

Strategic Investment Fund

Program Purpose: To attract businesses to Saint Paul whose local operations will do the most to expand the City's economy.

How It Works: The Program uses a two-tiered evaluation process to: first, determine eligibility for incentive financing; and second, to determine the amount of program funds for which a firm may be eligible.

Eligible Businesses:

- Must be a for-profit business.
- Must be currently located outside of Saint Paul city limits.
- Must have a record of profitability over the preceding two years.
- Must be constructing, purchasing or leasing (minimum five years) commercial or industrial space in Saint Paul.
- The Program establishes additional evaluation criteria measuring positive economic impacts.

Eligible Costs: Funds may be used for costs associated with capital expenses, making leasehold improvements, renovation, land acquisition, building purchase or construction, providing off-street parking, and/or acquiring other long term assets.

Amount Available: Maximum loan amounts are determined based on an evaluation of positive economic impact; and the number of full time (or full time equivalent), non-seasonal jobs to be located and retained by the firm within the City of Saint Paul.

All program funding is structured as loans with flexible terms of repayment, including an option for gradual loan forgiveness tied to retention of employment levels. Loan amounts range from \$1,000 per employee up to a maximum of \$3,000 per employee.

Approval Process: The affected District Council is notified of proposed loans after it passes preliminary staff screening. Each loan is approved by the HRA Board of Commissioners.

Interest Rate: Negotiable.

Term of Loan: Term of the loan may be up to 10 years, but in no event longer than the term of a lease if the business location is to be leased property.

Collateral: Security requirements will include that loans will be full recourse obligations of the firm, a mortgage on the business property, or an option for assumption of the lease if the property is leased, and a fixture filing on the firm's fixtures and equipment.

Loan Forgiveness: Optional structure which permits a borrower to submit evidence of its retention of committed employment levels in lieu of all, or any portion, of a scheduled loan payment, resulting in the forgiveness of a portion of the principal and/or interest due on the loan.

Fees: 1.5% of the loan amount.

Other Requirements: Technical assistance is provided to all firms receiving Program funds in order to comply with all state and local policies such as prevailing wage standards for construction, affirmative action/equal employment opportunity, targeted business program, and the First Source employment program.