

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: JULY 24, 2013

REGARDING: AUTHORIZATION OF A LOAN UNDER THE STRATEGIC INVESTMENT FUND PROGRAM TO WEST ACADEMIC PUBLISHING FOR 444 CEDAR STREET. DISTRICT 17

Requested Board Action

Approval of an \$80,000 forgivable Strategic Investment Fund (“SIF”) loan to West Academic Publishing.

Background

West Academic Publishing (“West”) was divested from Thomson Reuters and sold to Eureka Growth Capital in February 2013. West, with 2012 revenue exceeding \$43 million, provides legal textbooks, casebooks, study guides and other course-related materials in both print and digital media formats for law school faculty and students in the United States.

West, currently located in Eagan, MN at the Thomson Reuters headquarters, will be setting up its corporate headquarters in Saint Paul and is looking to lease 18,000 sq. ft. in the UBS Plaza Building located at 444 Cedar Street. It is committed to having a minimum of 80 full-time employees on site by the end of its first year in Saint Paul, primarily professional positions earning on average \$80,000 per year. The proposed \$80,000 forgivable SIF loan, to be used for purchasing furniture and equipment, will help make this location more attractive compared to other options West is considering.

444 Cedar Street is located in a B-5 zoning district, with all of West’s current and proposed land uses permitted. See Attachment D for a demographic profile of District 17, the Saint Paul planning district where 444 Cedar Street is located. No existing businesses will be displaced or relocated as a result of this project, and there was no land acquisition that took place as a result of eminent domain.

Budget Action

This loan is funded from fiscal year 2013 budgeted funds in the HRA Loan Enterprise – Strategic Investment Fund (117-26510-0547).

Financing Structure

Uses:		Sources:	
Equipment / Furniture	<u>\$80,000</u>	SIF Loan	<u>\$80,000</u>
Total:	\$80,000		\$80,000

The Strategic Investment Fund (SIF) guidelines define eligible uses as “capital expenses, leasehold improvements, or other renovation of the space they will occupy, and parking and transit costs.” West does not plan to undertake any construction activities with this SIF loan, but will use the proceeds for the purchase of furniture and equipment related to its relocation.

The term of the loan would be five years. The interest rate would be 4.25% (prime plus one). Each scheduled yearly payment on the loan would be forgiven if West maintains at least 80 full-time (or full-time equivalent) jobs on site. The loan will be a full recourse obligation of West, and the HRA will have a separate security interest in the firm’s fixtures, equipment and other business assets.

PED Credit Committee Review

The PED Credit Committee will review this loan on July 22, 2013, with a recommended Risk Rating of Forgivable – Strategic Investment.

Compliance

Due to the amount of the HRA assistance, and the fact that there is no construction activity associated with this loan, the only compliance requirements are the Vendor Outreach Program and Affirmative Action. West has acknowledged that these compliance requirements will apply.

Green/Sustainable Development

The project will comply with the Saint Paul/HRA Sustainability Initiative.

Environmental Impact Disclosure

N/A

Historic Preservation

This project does not need to be reviewed by either HPC PED staff or the HPC Commission.

Public Purpose

Along with bringing at least 80 new employees to Saint Paul, this action will help to stabilize the downtown tax base with the occupancy of currently vacant and underutilized commercial office space. This action complies with the statement in the “Working” chapter of the *Saint Paul Downtown Development Strategy* that encourages “all employers needing office space to meet their needs within the existing supply of vacant office space.” West will also add to the growing list of companies with a national presence that are choosing to have significant facilities located in Saint Paul, thereby enhancing the City’s reputation as a great place to do business.

Recommendation:

The Executive Director and staff recommend approval of the attached Resolution authorizing the loan to West Academic Publishing.

Sponsored by: Commissioner Thune.

Staff: Martin Schieckel 266-6580

Attachments

- **Attachment A – Resolution**
- **Attachment B – Map/Address of Project**
- **Attachment C – Public Purpose Form**
- **Attachment D – Census Facts**