

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 8, 2020

**REGARDING: AUTHORIZATION OF A LOAN UNDER THE STRATEGIC INVESTMENT
FUND PROGRAM TO EMMONS & OLIVIER RESOURCES, INC 1919
UNIVERSITY AVE, DISTRICT 11, WARD 4**

Requested Board Action

Approval of a \$49,500 forgivable Strategic Investment Fund (“SIF”) loan to Emmons & Olivier Resources, Inc. (“EOR”).

Background

EOR is a water resource professional organization providing water resources services for watershed districts and watershed management organizations, municipalities, counties, federal and state agencies, corporations, and individuals. EOR incorporated in 1996 and is currently headquartered in Oakdale, MN. In 2016 EOR first contacted the City of Saint Paul’s economic development team for assistance in relocating to Saint Paul.

Since that time, EOR has identified a new facility in Saint Paul that will serve as their new corporate headquarters. EOR considered spaces throughout the Twin Cities Metro and wanted to come somewhere welcoming to their business needs. With the approval of Strategic Investment Funds, the company will be able to purchase furniture and equipment to support their transition to a space located at 1919 University Ave, known as University Centre. They will immediately relocate 30 jobs and hire at least three more by the end of the year. They plan to grow and expand in this new location over the next ten years.

1919 University Ave is in a T4 Traditional Neighborhood zone with all EOR’s proposed land uses permitted. See attached demographic profile of District 11, the Saint Paul planning district where 1919 University Ave is located. No existing businesses will be displaced or relocated because of this project, and no land acquisition took place as a result of eminent domain.

Budget Action

This loan is funded from budgeted funds in the HRA Loan Enterprise – Strategic Investment Fund. No budget amendment is required. If this resolution is adopted, the balance in the SIF program will be \$208,602.

Future Action

N/A

Financing Structure

| Uses: | | Sources: | |
|-----------------------|-----------------|-----------------|-----------------|
| Equipment / Furniture | <u>\$49,500</u> | SIF Loan | <u>\$49,500</u> |
| Total: | \$49,500 | | \$49,500 |

SIF guidelines define eligible uses as “capital expenses, leasehold improvements or other renovation of the space they will occupy, and parking and transit costs.” EOR 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 and the interest rate would be 5.75% (prime plus one percent). Each scheduled yearly payment on the loan would be forgiven if EOR maintains at least 33 full-time (or full-time equivalent) jobs on site. The loan will be a full-recourse obligation of EOR, 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 reviewed and approved this loan on December 16, 2019, with a recommended Risk Rating of Forgivable – Strategic Investment.

Compliance

Based on the amount of the HRA assistance, and the fact that there is no construction activity associated with this loan, the compliance requirements would be minimal. EOR has acknowledged that these compliance requirements may apply.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Along with bringing at least 33 employees to Saint Paul with future job opportunities ahead, this action will help to stabilize the tax base by allowing the utilization of commercial space currently vacant and underutilized, and add density to a neighborhood district. EOR will add to the companies choosing to relocate and expand 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 SIF loan to EOR.

Sponsored by: Commissioner Jalali

Staff: Mary Rick, 266-1124

Attachments

- **Map**
- **Public Purpose**
- **District 11 Profile**