

<b>Economic Development Enhancement Fund</b>	<b>Fund 439</b>
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**PURPOSE OF THE FUND:**

The Economic Development Enhancement Fund (DEF) accounts for grants and interest income to assist San José small businesses by providing loan guarantees to lenders for transactions that do not meet traditional banking standards and provides direct loans to eligible and qualified borrowers to close the gap in financing when the lender does not provide the total amount of funds requested. In addition, technical assistance is provided to small businesses as necessary. The fund was established by the City Council to encourage job retention and creation for San José residents; increase sales revenue for the City of San José; and initiate overall economic development.

In November 2006 the City Council approved the reallocation of DEF funding to support the City's Economic Development Catalyst Program by providing equity financing to San José small businesses through a competitively selected intermediary investment service provider. The intermediary investment service provider identifies packages and presents for City approval equity investment in high growth businesses. If approved, the investment service provider facilitates on-going technical assistance and prepares the exit strategy to secure the City's return on the specific company investments.

**AUTHORITY FOR THE FUND:**

San José Municipal Code Sections 4.80.440 through 4.80.460. Revenue and expenditure estimates are budgeted via City Council funding sources resolution and appropriation ordinance, respectively.

**SOURCE OF FUNDS:**

All of the following moneys shall be placed in and credited to the Economic Development Enhancement Fund:

- All moneys received from borrowers for the repayment of Economic Development Enhancement Fund loans.
- All interest earned on funds within the Economic Development Enhancement Fund.
- All moneys which the City Council from time to time may transfer to or order to be placed in or credited to the Economic Development Enhancement Fund.

**FUND RESTRICTIONS:**

While the use of moneys within this fund is not subject to Proposition 218, certain moneys in this fund may be restricted, as described below.

Moneys in the Economic Development Enhancement Fund may only be expended to provide funding assistance for activities and projects that enhance economic development in the City, including but not limited to, job creation and City revenue enhancement.

**Economic Development Enhancement Fund      Fund 439****FUND RESTRICTIONS (CONT'D.):**

All interest earned on funds within the Economic Development Enhancement Fund must be expended on services within the fund.

**LEAD RESPONSIBILITY:**

- Office of Economic Development
- Finance Department

**FINANCIAL INFORMATION AND LOCATION:****Comprehensive Annual Financial Report (CAFR) Designation:**

Governmental Fund-Special Revenue

**Budget Location:**

Adopted Operating Budget

**Funding Sources Resolution and Appropriation Ordinance Location:**

Section 24.02