

Memorandum

Date: March 20, 2008

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Request for Allocation Increase for Midtown Phillips

At the December 17, 2007 meeting of the NRP Policy Board, the Board approved a resolution that appropriated \$125,000 from the Administrative Contingency Fund approved by the Board on March 22, 2004 as an additional NRP commitment to the relocation loan offered to the Allina Health Systems. This made the total NRP commitment \$245,000. The Board also authorized the Director to spend up to that amount for this loan and negotiate and sign any Agreements needed to transfer these funds without further approval from the Board.

As a prerequisite to the contracting of these funds the Midtown Phillips neighborhood included this strategy in its part of the Phillips neighborhood action plan and provided \$5,000 of their NRP funds for the relocation loan. They are also acting, as we have requested, to approve a modification to their neighborhood action plan that would allow them to accept an additional \$245,000 from NRP to support the expenditures for this loan agreement. The Minneapolis City Council approved the December increase in the allocation of NRP funds at its February 1, 2008 meeting but modified the conditions associated with the terms of repayment. A copy of the City Council action is attached for your reference and NRP files.

In order to initiate this contract, I am requesting that the Board increase the Phase I allocation for Midtown Phillips by the amount of the NRP commitment to the loan program. In accordance with the actions already approved by the Policy Board and Minneapolis City Council, the plan modification request being approved by Midtown Phillips, and in the interest of completing this long pending contract, I am, therefore, recommending approval of the following resolution:

RESOLVED, That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board ("Board") approves an increase of \$245,000 in the neighborhood allocation for Midtown Phillips to accommodate a transfer of funds from the City of Minneapolis NRP Fund 01CNR to Midtown Phillips;

RESOLVED FURTHER, That this increase shall not be counted, in any way, against the calculation of the Phase II allocation for Midtown Phillips;

RESOLVED FURTHER, That this allocation shall only be used to fund the contract implementing the Job Relocation, Resident Recruitment, and Community Stabilization Agreement Between the Allina Health System, NRP, Midtown Phillips, and the City of Minneapolis; and

RESOLVED FURTHER, That any repayments on this loan be credited first to Midtown Phillips until their investment is fully returned and then to the NRP's City of Minneapolis Fund 01CNR Administrative Contingency allocation.

Economic Development for Redevelopment Program grant funding for Bassett Creek Valley, Franklin Avenue LRT Project Area, SEMI/URP (University Research Park) Bioscience Zone, and Spirit on Lake Cooperative, and that the City's Finance Officer, Contracts Administrator or Purchasing Agent and/or other duly authorized City staff are hereby authorized to execute such agreements as are necessary to implement the projects.

Adopted 2/1/2008.

Comm Dev & W&M/Budget - Your Committee, having under consideration the following recommendations to support the Job Relocation, Resident Recruitment and Community Stabilization Agreement between the Neighborhood Revitalization Program (NRP) and Allina Health System:

- a) Approval of the use of up to \$125,000 from the NRP Administrative Contingency Fund, as set forth in the Agreement between the Allina Health System and NRP contained in the Department of Community Planning & Economic Development staff report;
- b) Passage of the accompanying resolution increasing the Community Planning and Economic Development (CPED) Department appropriation by \$125,000 in the NRP fund for implementation of said Plan; and
- c) That the proper City officers be authorized to enter into any contracts or agreements needed to implement said Plan;

now recommends-

Comm Dev - Approval of said recommendations.

Ways & Means/Budget - That the matter be forwarded without recommendation.

Goodman moved that the report be amended to approve the Community Development Committee recommendation and to delete the Ways & Means/Budget Committee recommendation. Seconded.

Lilligren moved to substitute the following report for the above report. Seconded.

Comm Dev & W&M/Budget - Your Committee, having under consideration support of the Job Relocation, Resident Recruitment and Community Stabilization Agreement between the Neighborhood Revitalization Program (NRP) and Allina Health System, now recommends:

- a) Approval of the use of up to \$245,000 from the NRP Administrative Contingency Fund to provide a \$250,000 forgivable loan to Allina Health System for the Job Relocation, Resident Recruitment and Community Stabilization Program at the Midtown Exchange Project;
- b) Passage of the accompanying resolution increasing the Community Planning and Economic Development (CPED) Department appropriation by \$125,000 in the NRP fund for implementation of said Plan;
- c) That \$5,000 of the \$250,000 loan to Allina Health System is to come from those NRP neighborhoods that choose to contribute NRP funds from their neighborhood action plans to the Job Relocation, Resident Recruitment and Community Stabilization Program. The amount of the \$245,000 NRP Administrative Contingency Fund contribution to the Allina loan will be reduced by the amount of neighborhood action plan contributions that exceeds \$5,000;

d) That Allina Health System will have 10 years to repay the loan and will receive credits against the loan for providing the following benefits to the City:

1. Hiring Minneapolis residents who live in the neighborhoods targeted for CDBG purposes.
2. Providing homeownership assistance to employees working at the Midtown Exchange Project to purchase homes in Minneapolis.
3. Providing job training to Minneapolis residents to work at the Midtown Exchange Project; and

e) That CPED staff be directed to negotiate loan terms with Allina Health System and the NRP Policy Board Staff Director and authorize the appropriate City officers to enter into any contracts or agreements needed to make the loan to Allina Health System as approved herein.

Ostrow moved to amend the substitute report by deleting paragraph (c). Seconded.

Adopted upon a voice vote.

FEBRUARY 1, 2008

Schiff moved to substitute the following language for the above substituted report: "The Minneapolis City Council reaffirm its commitment of December 23, 2005, in City Council Resolution No. 2005R-679. Additional NRP funds may be approved if directed by NRP Plans." Seconded.

Lost. Yeas, 5; Nays, 8 as follows:

Yeas - Schiff, Glidden, Remington, Samuels, Gordon.

Nays - Ostrow, Lilligren, Colvin Roy, Benson, Goodman, Hodges, Hofstede, Johnson.

The substitute report, as amended, was adopted 2/1/2008.

Yeas, 9; Nays, 4 as follows:

Yeas - Ostrow, Lilligren, Colvin Roy, Benson, Goodman, Hodges, Samuels, Hofstede, Johnson.

Nays - Schiff, Glidden, Remington, Gordon.