

Minneapolis Neighborhood Revitalization Policy Board

MINUTES OF THE REGULAR MEETING OF

October 24, 2005

Present and Voting: Debbie Evans, Sean Wherley, Carol Pass, Jeffrey Strand, Peter McLaughlin, Gail Dorfman, David Fey (Alternate, Mayor's Office), Paul Ostrow, Byron Laher, Ken Kelash (Alternate, Central Labor Union), Diane Hofstede, and Rep. Joe Mullery, chair, presiding.

Alternates Attending: Nicholas Kakos

Absent: Mark Stenglein, R.T. Rybak, Jon Olson (excused), Lydia Lee (excused), Emmett Carson, Bill McCarthy, Todd Klingel

Staff: Bob Miller, Carsten Slostad

Others Present: Jack Kryst, Jeff Schneider, Don Snyder, and Pamela Frantum

I. CALL TO ORDER

Representative Joe Mullery, chair, called the meeting to order at 4:44 p.m. in Conference Room C-2350 in the Hennepin County Government Center.

II. APPROVAL OF THE AGENDA

Upon a motion by Diane Hofstede and seconded by Jeffrey Strand the agenda was adopted.

III. APPROVAL OF THE MINUTES

Upon a motion by Ken Kelash and seconded by Diane Hofstede the minutes of the September 26, 2005 meeting were adopted.

IV. POLICY ITEMS

1. Program Income Policy

[NRP / PR#2005-15]

The Program Income Policy was circulated for 60 days for review and comment by neighborhoods and jurisdictions. Bob Miller reviewed suggested changes and advised the Policy Board that the revised policy was ready for formal adoption. Upon a motion by Ken Kelash and seconded by Byron Laher, the following resolution was adopted. A copy of the adopted Program Income Policy is attached to these minutes.

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board adopts the following Program Income Policy as the policy of the NRP;

RESOLVED FURTHER: That NRP staff is directed to transmit the approved policy to the neighborhoods and joint powers members for their information, referral, and files.

2. Revised NRP Funding Projections

Funding projections were presented to the Policy Board at the June 27, 2005 meeting. After reviewing those projections, the Board requested further review of the projections and a second presentation by the Development Finance Division. Jack Kryst and Pam Frantum worked on this request and presented revised projections. Members used this opportunity to discuss some of the assumptions made, especially in the area of transferring funds to the debt service reserve. Bob Miller reminded the Policy Board that although these numbers show a better revenue projection than the June 2005 projection, they are still projections and can and will change.

V. ACTION ITEM

1. NRP Fiscal Year 2006 Administrative Budget [NRP / PR#2005-16]

Bob Miller reviewed the budget and asked members to do the same before voting on it at the November meeting. As part of the review he highlighted NRP Phase I projects by neighborhood. Board members commented that these highlights should be made widely available to neighborhoods and the media. Ken Kelash then moved and Diane Hofstede seconded the following resolution, which was adopted.

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board directs NRP staff to distribute the NRP Fiscal Year 2006 Budget Supporting Documents to all neighborhood organization board members and to post this information on the NRP website as well.

VI. PRESENTATIONS & REPORTS

1. Kingfield Neighborhood Phase I Plan Review

The review was presented, received and filed.

VII. ADJOURNMENT

The meeting was adjourned at p.m.

Carsten Slostad, Secretary Pro Tem

ATTEST: Joe Mullery, Chair

*Minneapolis Neighborhood Revitalization Program
Policy Board Policy, Adopted October 24, 2005*

Use of Program Income

The Minneapolis Neighborhood Revitalization Program (NRP) was established by State Law and City Ordinance to "preserve and enhance within the neighborhoods of the city private and public infrastructure, health and safety, economic vitality, sense of community and social benefits". NRP accomplishes this through neighborhood developed, approved, and implemented action plans.

NRP has consistently recognized that it is in the best interests of the neighborhoods and the city to encourage the effective investment of the limited NRP funds provided to the neighborhoods. For many neighborhoods meeting the needs of their residents also helps leverage and recycle the revenues originally received from NRP and expended to implement their neighborhood action plan. It is important that these resources be available to the neighborhood for future use.

NRP's external counsel has opined that funds expended by the neighborhoods are NRP funds. NRP recognizes and encourages neighborhood efforts to invest the NRP dollars allocated to neighborhood action plans wisely by establishing loan and other recapture programs to generate program income for continuing reinvestment in the neighborhood. The Policy Board recognizes and is committed to ensuring that program income generated from NRP funded investments by a neighborhood will be reserved for future use by that neighborhood and that such funds will be available for NRP eligible neighborhood expenditures.

Definition of Program Income

NRP program income is revenue generated by NRP funds expended to implement an approved Transition Fund, Early Access, or Affordable Housing Reserve Fund project or First Step or Neighborhood Action Plan strategy, or accomplishing any other NRP related activity where one of the intents of the program, project, service or activity being funded is to recapture some or all of the NRP funds used for future investment by the neighborhood. The methods that may generate program income include, but are not limited to:

1. Sale or lease of goods and services, tangible or intangible, purchased or produced with NRP funds;
2. Sale or lease of real and personal property and equipment, tangible or intangible, purchased with NRP funds;
3. Repayments of loans, grants or advances made with NRP funds;
4. Interest or other earnings on or resulting from NRP funds; and

5. Program, project or administrative fees generated by NRP funded programs, projects, services or activities.

When program income is generated by activities partially funded by NRP funds, the amount of income to be credited as NRP program income will be equal to the NRP fund percentage of the total funds for the activity multiplied by the total program income generated.

Uses of Program Income

The uses of program income include, but are not limited to:

1. Implementing any strategy included in an NRP approved neighborhood action plan or plan modification.
2. Funding an approved Transition Fund or Early Access project in Phase I if the program income was generated by that program or project.
3. Accomplishing any approved NRP related program, project, service or activity.

Allocating Program Income

Neighborhood organizations must use the NRP's policy on "Changing Approved Neighborhood Action Plans and Early Access Requests" to allocate or reallocate NRP program income, unless the program income will be used to fund the same activity under the terms of the existing contract for that activity.

If the program income is to be spent **under the same program or strategy** that generated the income, the neighborhood organization must provide the program administrator, NRP and the contract administrator with a written approval of the use of the program income and any restrictions (such as a not-to-exceed dollar amount or time of performance period) that may apply. This use of program income does not require a Plan Modification or contract amendment.

If the program income is to be spent **on a different program or strategy** in the neighborhood's approved neighborhood action plan, the neighborhood organization must follow the process contained in NRP's policy on "Changing Approved Neighborhood Action Plans and Early Access Requests" and submit any approved Plan Modification request to NRP for review and processing.

Accounting and Reporting

NRP funds provided to neighborhoods are public funds for investment in the revitalization of the neighborhood and city. It is important that they be managed appropriately and that any income generated be reported to NRP and the city.

Neighborhoods and their contracted program administrators (e.g. CEE, MNHS, PPL, GMHC) should record any NRP funds that they receive in an easily identifiable account to facilitate accurate recording of the use of these funds. Program income generated should be tracked and recorded by the originating strategy.

If it is neither practical nor possible to track NRP program income by strategy, this income should be tracked and recorded by the NRP funded contract generating the income.

The organization contracting to implement any program resulting in the generation of program income shall complete and submit an annual report to the NRP and the City in a format mutually agreeable to both NRP and the City Finance Department.

Contract Guidelines

Contracts with NRP for any NRP funded program, project, service or activity that may result in program income must contain language that specifically reserves that income for the future use of the neighborhood or NRP in accordance with the provisions of this policy. Any contract provision(s) relating to program income must be approved by NRP.

Contracts that will result in the expenditure of NRP funds will specify that NRP program income will only be:

1. Used to pay contractor costs incurred under that specific contract;
2. Used to pay costs directly associated with the NRP program, project, service or activity generating the program income;
3. Held in an account until such time as there are sufficient funds to reinvest under the terms of that specific contract;
4. Held in an account until such time as the neighborhood requests that the accumulated funds be allocated or reallocated to other approved NRP activities, or
5. Used to support programs, projects, services and activities that qualify as "NRP eligible" under the NRP Law.

The City is requested to include similar language in any City contracts that expend NRP funds and may generate NRP program income.