



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: August 24, 2004

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Tara Beard, Project Coordinator, Phone 612-673-5043

Presenter in Committee: John Harrington, Senior Project Coordinator, Phone 612-673-5018

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Minnesota Indian Women's Resource Center loan restructuring.

RECOMMENDATION: Approve the restructuring of Community Economic Development Fund (CEDF)/Community Development Block Grant (CDBG) loan #AA910002 and authorize appropriate City officials to execute all necessary documents related to the recommended action.

Previous Directives: In January of 1991, the Deputy Executive Director of the MCDA executed a CEDF/CDBG loan agreement for \$150,000 with the Minnesota Indian Women's Resource Center (MIWRC) for the renovation of their facility at 2300 15th Ave. S. (PID # 35-029-24-12-0246). (Presumably, this action was approved by the MCDA Board, however, record of such is not readily available.)

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
 Request provided to the Budget Office when provided to the Committee Coordinator

Approval of this loan restructuring will create a postponement in the City's receipt of \$47,270.56 in principal and interest payments over the recommended deferment period of five years. Currently, a balance of \$41,104.84 remains on the loan, and five years of non-accruing deferment will result in foregoing receipt of \$6,165.72 in interest revenue for the City.

Community Impact (Summarize below)

Ward: 6

Neighborhood Notification: The Ventura Village neighborhood was notified of MIWRC's request by mail on July 22, 2004.

City Goals: The loan restructuring would support the Minnesota Indian Women's Resource Center's ability to achieve the City's goal to "promote public, community and private partnerships to address disparities and to support strong, healthy families and communities," as approved by the City Council and Mayor in January 2003.

Comprehensive Plan: The use of the CEDF/CDBG loan is consistent with the following Minneapolis Plan policies: (1.6) Minneapolis will promote community-based initiatives in youth programming; (1.13) Minneapolis will protect and improve residents' health by preventing disease, disability, and violence; and (5.4) Minneapolis will promote and expand opportunities for adult learning that recognize our diverse communities of interest.

Zoning Code: N/A

Living Wage/Job Linkage: N/A

Background/Supporting Information

Minnesota Indian Women's Resource Center (MIWRC) was established in 1984 to "develop programs that bring about positive changes for Native American women and their families." MIWRC is a non-profit organization that offers many programs for its clients including chemical dependency programs, low-income housing, and free legal service to victims of domestic violence and sexual assault.

In 1991, a CEDF/CDBG loan agreement in the amount of \$150,000 was executed by MCDA's Deputy Executive Director to renovate MIWRC's facility at 2300 15th Ave. S. The loan was approved at a 3% interest rate over a period of 186 months (15.5 years) beginning on July 10th, 1992. Since that date MIWRC has been making regular monthly payments.

The monthly debt service on the loan is \$1,009.42, and annual debt service is \$12,113.04. At this time, there is a principal balance left on the loan of \$41,104.84.

Financial Overview

According to information provided by MIWRC, key staff departures (including the former Executive Director), a previous lack of strategic financial planning, and the organization's heavy reliance on state and county reimbursements have created an

environment of financial hardship and instability at the center. As a part of MIWRC's plan to bring financial stability to the organization, they are seeking forgiveness and/or restructuring of their current debts where possible. MIWRC has recently been awarded a deferment and eventual forgiveness of their building debt from the Minnesota Housing Finance Agency (MHFA).

Other plans to bring about financial stability include cutting expenses, more aggressive fundraising, and eliminating new program development for the short term. Furthermore, MIWRC has recently received over \$100,000 in grants and expects another \$50,000 for this year.

MIWRC's next payment due on loan #AA910002 is scheduled for September 10, 2004. CPED staff recommends that a five year, non-accruing deferment begin on September 1, 2004. Thus, the first payment *not required* under the deferment terms would be the payment currently due on September 10, 2004.

Conclusion

Because of the strength of MIWRC's financial stability strategy, the good faith recent grantors and the MHFA have expressed in the organization, and MIWRC's history of loan repayment, CPED staff recommends a non-accruing deferment of loan #AA910002 for the next five years to begin on September 1, 2004, with no payments scheduled until September 10, 2009.