

# **Job Relocation, Resident Recruitment, and Community Stabilization Agreement**

## **Between the**

### **Allina Health System, NRP and the Midtown Phillips Neighborhoods of South Minneapolis**

#### **I. Job Relocation and Resident Recruitment**

- 1) Allina Health System ("Allina") will have relocated approximately 1800 employees from metro locations to the Allina Commons in the Midtown Exchange at Lake Street and Chicago Avenue by July 1, 2007.
- 2) A substantial portion of the jobs that Allina brought to the Midtown Exchange are positions that pay a living wage, provide significant fringe benefits for the employees, and a portion of the jobs do not require a college degree.
- 3) The Minneapolis Neighborhood Revitalization Program (hereinafter "NRP") and the Midtown Phillips, ~~East Phillips and Whittier~~ neighborhoods (hereinafter "~~participating neighborhood~~Midtowns") believe that relocating these jobs to the Midtown Exchange is beneficial to their neighborhoods adjacent to the Midtown Exchange and can help achieve Living Wage employment for ~~their~~ South Minneapolis residents.
- 4) ~~The participating neighborhoods~~Midtown feels very strongly that jobs located at the Midtown Exchange should be available and marketed to neighborhood residents and can significantly improve local economic conditions while helping stabilize local families. This is especially true for the activities being relocated because of the number of jobs in the relocating organizations, the average salary of these positions and the limited prerequisites for obtaining one of these positions.
- 5) The intent of NRP is to provide a forgivable loan to Allina, in the total amount of \$250,000, under the terms and conditions described herein. ~~At this time, funding commitments have been received for \$155,000. NRP will work to secure an additional amount of up to \$95,000 from neighborhoods that can benefit from this Agreement, governmental jurisdictions and other sources to bring the amount of this loan to \$250,000. The remaining \$95,000, when committed, will be funded with an amendment to this Agreement.~~

~~The participating neighborhoods~~Midtown and the NRP will provide the initial ~~\$155,000~~\$ 5,000 to Allina from its neighborhood NRP allocation in ~~March 2007~~ or at a mutually agreeable date and NRP will provide the remaining \$ 245,000. The total of \$ 250,000~~\$155,000~~ is a loan from NRP and ~~the neighborhoods~~Midtown to Allina with a 23% simple annual interest rate calculated on the loaned principal and any prior

interest accumulation. The loan (principal and accumulated interest) is due and payable 10 years from the day the loan is closed. No payments on the loan are required until the date of maturity. The principal and interest may be fully forgiven as a result of Allina's hiring and retaining residents from ~~the participating neighborhoods~~ Midtown or providing homeownership loans and educational scholarships to the hired residents as described in this Agreement.

7)6) During the term of the loan, Allina will receive credits against the unpaid loan principal and interest for each new employee from ~~the participating neighborhoods~~ Midtown that is hired by Allina for positions in the hospital and physician billing operation. The amount of the credit will be:

- \$ 500 for each person hired from ~~the participating neighborhoods~~ Midtown who remains in the position for which they were hired for at least 6 months.
- \$ 1,000 additional for each person hired from ~~the participating neighborhoods~~ Midtown who is still an Allina ~~employee~~ employee 2 years after the original date of their hiring.
- \$ 1,000 additional for each person hired from ~~the participating neighborhoods~~ Midtown who is still an Allina employee 5 years after the original date of their hiring.

[Note: Eligibility for credits will be based on the address of the potential employee at the time of their hire. After being hired the credits will accrue during the person's employment regardless of their neighborhood of residence in future years.]

8)7) During the term of the loan, Allina will also receive credits against the unpaid loan principal and interest for each new employee from ~~the participating neighborhoods~~ Midtown that is hired by Allina Health Systems or its vendors for positions located at the Allina Commons, Abbott Northwestern Hospital, the Phillips Eye Institute, or Midtown Exchange that provide a starting per hour salary of \$10 or more. The amount of the credit will be ~~[I don't understand why the credits should be smaller for hires in this category, so long as they meet the living wages objectives of the neighborhoods]:~~

- \$ 200 ~~[\$500?]~~ for each person hired from ~~the participating neighborhoods~~ Midtown who remains in the position for which they were hired for at least 6 months.
- \$ 500 ~~[\$1,000?]~~ additional for each person hired from ~~the participating neighborhoods~~ Midtown who is still an Allina employee 2 years after the original date of their hiring.

- \$ 500 [~~\$1,000?~~] additional for each person hired from ~~the participating neighborhoods~~ Midtown who is still an Allina employee 5 years after the original date of their hiring.

[Note: Eligibility for credits will be based on the address of the potential employee at the time of their hire. After being hired the credits will accrue during the person's employment regardless of their neighborhood of residence in future years.]

9)8) Allina will provide the Director of the NRP with an annual report, beginning with a report for the first full calendar year after funding under this agreement, showing the number of hospital and physician billing hires from ~~each of the participating neighborhoods~~ Midtown during the year, the number retained for 6 months, the number retained for 2 years, the number retained for 5 years, and the cumulative totals since the loan was closed. The same information will be provided on the hires for the other positions at the Allina Commons, Abbott Northwestern Hospital, Phillips Eye Institute, and the Midtown Exchange. The amount of the credit will be determined annually before the interest payable for the year is calculated. Allina will be prepared to provide representatives from NRP and ~~the participating neighborhoods~~ Midtown with more detailed information, as and if requested, on the dates of hire and current status for each person hired from ~~the participating neighborhoods~~ Midtown and a map showing the distribution of the employees so hired.

10)9) Where appropriate, given the position to be filled, Allina will work with NRP, ~~the participating neighborhoods~~ Midtown, and appropriate workforce development organizations from the "Employment and Training Administrative Vendor List" of the City of Minneapolis to assist with the recruiting, hiring and training of new employees as they may be needed. Allina is expected to hire the best persons available, regardless of their residency, from the pools of applicants for these positions.

11)10) Any disputes concerning the hiring and retention credits will be submitted to a three-person committee for review and resolution. Such committee will consist of the Director of the Minneapolis Neighborhood Revitalization Program (NRP); one representative from ~~the involved neighborhoods~~ Midtown; and a representative from Allina. ~~for review and decision. The decision of the NRP Director on the issues in question will be final [this seems a tad strong — is there another way for effective dispute resolution?].~~

12)11) The credits for the year will be deducted from the beginning loan balance (along with any homeownership and education credits) to establish the end of year balance. The interest rate will be applied to the end of year balance and the interest so calculated will be added to the end of year balance to form the beginning loan balance for the next year. This process will be completed each year of the loan's term or until the loan principal and interest have been fully repaid via the credits. The amount due and payable to ~~the neighborhoods~~ Midtown and NRP at the end of the term will be the beginning loan balance, if any, for the 11<sup>th</sup> year of the loan. Any remaining loan

balance paid by Allina to NRP will be distributed by NRP to ~~the neighborhoods~~ Midtown proportionate to their participation in the total amount of the original loan, and Allina shall have no further obligations to NRP or to ~~the participating neighborhoods~~ Midtown.

- ~~13)~~ 12) ~~The participating neighborhoods~~ Midtown ~~have~~ has made the following commitments from the very limited NRP funds available to ~~these~~ this neighborhoods to support the availability of these jobs to their residents:

• Whittier: _____	25,000
• Midtown Phillips: _____	5,000
• East Phillips _____	5,000

The Minneapolis Neighborhood Revitalization Program (NRP) will provide \$ ~~120~~245,000 to the loan pool to bring the total for the pool to \$ 250,000., ~~and will continue to pursue funding from other neighborhood groups, governmental jurisdictions and other sources to bring the total amount funded to \$250,000.~~

## **II. Community Redevelopment**

### **A. Housing**

- 1) At Allina's sole discretion, based on availability of funding and job opportunities, two additional incentives may be created to maximize the economic benefit to ~~the participating neighborhoods~~ Midtown, neighborhood residents, and Allina and Abbott Northwestern employees of this job relocation and neighborhood improvement effort. These programs will build on two past initiatives of Allina and Abbott Northwestern (i.e. the "Abbott Northwestern Hospital Home Ownership Program" and the "Train to Work" Program). The goal is to continue to "provide the necessary links between housing, jobs, transportation, social services" and education that will stabilize and improve economic and social conditions in the ~~much~~-challenged neighborhoods surrounding the Midtown Exchange and for the individuals and families that live there.
- 2) The neighborhoods surrounding the Midtown Exchange are firm believers in helping to build resident wealth by creating opportunities for homeownership. Homeownership builds neighborhood stability while it helps residents meet their housing needs. Allina and Abbott Northwestern have previously demonstrated their support for homeownership by establishing the Abbott Northwestern Hospital Home Ownership Program that helped potential homeowners by providing downpayment assistance.
- 3) A homeownership incentive fund may be created by Allina for neighborhood residents hired under this Agreement for positions in the South Minneapolis operations of Allina and Abbott Northwestern Hospital. If Allina elects to reinstate this program, the NRP agrees to assist Allina where possible in identifying potential funding sources, and applying (jointly, if appropriate or advantageous) for such funding. In the event Allina

provides funds to ~~neighborhood~~ Midtown residents under such a program, ~~Allina~~, Allina will receive a \$1 credit against the unpaid balance of ~~the loan~~ the loan for every \$2 provided by Allina or Abbott Northwestern Hospital to assist employees hired under this Agreement who are residents of ~~the participating neighborhoods~~ Midtown with the purchase of a housing unit ~~in one of the participating neighborhoods~~ Midtown. The credit provided against the unpaid loan balance will be limited to a maximum of \$50,000 over the term of the loan. The maximum downpayment assistance credit allowed for a single household will be \$5,000. The employee would be eligible for this support only after Allina/Abbott Northwestern has employed them for at least 18 months. The monies provided to the employee may be structured as a zero interest deferred due on sale loan, or in another form acceptable to Allina.

## **B. Education**

- 1) One of the most effective avenues available for individuals and families to break the cycle of poverty is to improve their education and future employment options. Abbott Northwestern recognized this when they established the Train to Work Program that assisted neighborhood residents with preparation for entry-level positions at Abbott Northwestern and Children's Hospitals. It is in the best interest of ~~the participating neighborhoods~~ Midtown and Allina/Abbott Northwestern to continue creating a workforce trained to meet the future employment needs of the hospital and health care industry.
- 2) At Allina's sole discretion, based on availability of funding and job opportunities, a career training program and educational scholarship fund may be created as part of the employment package for residents of ~~the participating neighborhoods~~ Midtown that are hired by Allina for the Midtown Exchange location. The program may provide training or a scholarship from Allina/Abbott Northwestern of up to \$ 10,000 to assist a resident hired under this program to pursue additional education that improves their future earnings potential. ~~The NRP participating neighborhoods~~ will give a credit of \$1 against the unpaid balance of the loan provided to Allina for each \$2 used for this purpose by an eligible resident/employee from Midtown.
- 3) The credit provided against the unpaid loan balance will be limited to a maximum of \$20,000 over the term of the loan. Employees would be eligible for this support only after Allina/Abbott Northwestern has employed them for at least 2 years. The amount of support provided would be approved by Allina annually and would continue as long as the employee meets the academic performance and attendance standards of the training/educational program in which they are participating.
- 4) The monies provided for continuing education may be structured as a zero interest deferred loan that would be completely forgiven if the employee pursues an

educational curriculum in a health care field and continues to be employed at Allina or any of its affiliated institutions in the health care field for which they were trained for at least five years after the date of completion of the approved educational program, or as Allina may otherwise deem appropriate. If the employee completes a portion of this time commitment but then leaves Allina/Abbott Northwestern, Allina may elect to require the employee to repay a proportionate part of their educational loan (i.e. If the employee leaves employment 3 years after completing their educational program they would be required to repay 40% of their educational loan ( $2/5=40\%$ ). If the employee's chosen educational activity is in a non health care related field, or the employee is trained in a health care field and is employed at a health care organization other than Allina or its affiliated health care operations after completing their education, Allina may elect to require the employee to pay back the loan in its entirety (but without interest) by the employee over a 10 year period beginning with the year after the educational activity is completed. Any money paid back to Allina would be deposited back into the training program for future students. Notwithstanding the foregoing descriptions of potential program structures, Allina shall determine all terms of such loan program, in its sole discretion. If an employee has to pay back some or the entire loan, Allina will still get the credit.

### **III. Indemnification**

Allina shall hold harmless, defend and indemnify the NRP, its Policy Board and staff and the Board's and staffs of ~~the neighborhood organizations signing this Agreement~~ Midtown from any and all claims, actions, suits, charges and judgments whatsoever that arise out of Allina's performance or nonperformance of the services called for in this Agreement, except to the extent due to the NRP's, its Policy Board's or staff's negligence or willful negligence.

### **IV. Tangible Property**

The parties agree that all tangible items produced in any form (i.e. written materials, videos, etc.) that discuss or present this Agreement, its implementation or results shall reside in the public domain and be available to any of the parties without royalty or fee. The parties may reproduce, publish, or otherwise use this material to promote, explain, or review the results of this Agreement.

### **V. Discrimination**

Allina agrees that during the life of this Agreement, it will not discriminate against any potential participant because of race, color, creed, national origin, ancestry, religion, sex, affectional preference, disability, age, marital status, or status with regard to public assistance. This Agreement may be canceled or terminated by the NRP and all money due or to become due to NRP or Midtown ~~the neighborhoods~~ shall be immediately payable for a violation of the terms and conditions of this paragraph.

**VI. Amendments**

All amendments or modifications to this Agreement must be in writing and approved by all parties.

**VII. Conclusion**

This Agreement constitutes a major and visionary investment by NRP, ~~the~~ the Midtown Phillips, ~~East Phillips and Whittier~~ neighborhoods, and Allina and its affiliated institutions in the people and neighborhoods of South Minneapolis.

**Allina Health Systems**

**Midtown Phillips**

By \_\_\_\_\_ By \_\_\_\_\_

Its \_\_\_\_\_ Its \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

~~**Whittier (WA)**~~  
~~**Minneapolis NRP**~~

~~**East Phillips**~~

~~**Ryan Companies**~~

By \_\_\_\_\_ By \_\_\_\_\_ By \_\_\_\_\_

Its \_\_\_\_\_ Its \_\_\_\_\_ Its \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_ Date \_\_\_\_\_

**Minneapolis NRP**

By \_\_\_\_\_

Its \_\_\_\_\_

Date \_\_\_\_\_

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