Excerpted from:

Staff Report

Minneapolis Empowerment Zone (EZ) Governance Board Meeting: Thursday, June 14, 2007, 1:30 PM – 3:30 PM, CROWN ROLLER MILL, Conference Room 3.

III. Action Items

- a. Strategic Plan Allocations
 - I. NEON (Attachment II) *

NEON is a collaboration to bring together key stakeholders in North Minneapolis to focus existing entrepreneur and business development efforts into one comprehensive program so that efforts are consolidated and supported through a single initiative for a reduction of duplicated efforts and a maximum return on investment. NEON will provide a single delivery system through which partner efforts will be unified to increase effectiveness of business and entrepreneurial development along West Broadway and North Minneapolis as a whole.

NEON will achieve this through focusing on three strategic areas: Entrepreneur training, financing packaging and technical assistance. The following partnership roles have been identified:

- Northway Community Trust-Fiscal Agency, Community Expertise
- NDC-Entrepreneur Classes, Technical Assistance, Loan funding,
- MCCD-Technical Assistance, Loan funding
- Emerge- Entrepreneur Classes, Job training alternative
- NRRC-Community Expertise, Staff
- WBBAC- Community Expertise
- Pieces/Renaissance Business Center-Physical Location
- LISC-TBD
- Twin Cities Rise- Job training alternative
- Lukeworks-Staffing and coordinating the partnership, proposal writing

NEON will allow the EZ to provide the "on the street" technical assistance and support for businesses on the Northside, especially on the West Broadway corridor, and will join the partnership to help shape the mission and direction. The funding provided will go towards staffing in three areas: "on the street", partnership management, and entrepreneur classes.

Over the course of the last 7 months Staff has worked with NEON to revise their original proposal to remove extraneous costs and to address financial concerns. The largest of these dealt with the financial management of the fiscal agent and employer for the partnership, Northside Residents Redevelopment Council (NRRC). At the request of another potential funder, NEON agreed to transfer the fiscal agent function to the Northway Community Trust. However, the current and potential future employee for NEON are NRRC Staff. NRRC is currently in

the process of working out the default status they are in with City. In order to support this project but address the concern of the fiscal accountability, Staff has developed the following terms for an agreement if approved:

- EZ Contract will be with Northway
- Agreement between Northway and NRRC specifies that the only expenses eligible will be current and the future ½ time staff salaries alone (no rent, supervision, supplies, administration fees, etc.)
- Detailed invoices from NRRC will be submitted to the EZ with Northway's invoices

Northway has agreed to these terms. Neighborhood Development Center (NDC) has also agreed that if anything should happen to NRRC that makes employment unfeasible, the staff will move to NDC. Staff is concerned about the investment in this manner, but believes that the process applied will garner a secure transaction. Staff would like the Governance Board to discuss and approve the recommendation if concerns can be appeased.

Recommendation: Award \$125,000.00 to NEON to facilitate entrepreneurship and small business development on the Northside.