



## Request for City Council Committee Action from the Department of Community Planning & Economic Development

**Date:** July 25, 2006

**To:** Council Member Lisa Goodman, Community Development

**Subject:** Request for Preliminary and Final Approval of up to \$2.7 million in Tax-exempt 501(c)(3) Bank Qualified Bank Direct Revenue Bonds, Series 2006, for A Chance to Grow Academy

**Recommendation:** The CPED Director recommends that the City Council adopt the attached Resolution giving Preliminary and Final Approval to the issuance of up to \$2.7 million in Tax-exempt 501(c)(3) Bank Qualified Bank Direct Revenue Bonds, Series 2006, for A Chance to Grow Academy.

**MCDA Board Recommendation:** Forward this report to the Minneapolis Community Development Agency Board of Commissioners for their approval and adoption of the attached Resolution giving Preliminary and Final Approval of up to \$2.7 million in Tax-exempt 501(c)(3) Bank Qualified Bank Direct Revenue Bonds, Series 2006, for A Chance to Grow Academy.

**Previous Directives:** none

**Prepared by:** Greg Davidson, Sr. Economic Development Specialist  
**Phone:** 612-673-5070

**Approved by:** Chuck Lutz, Deputy Director CPED \_\_\_\_\_

**Permanent Review Committee** (PRC) Approval  Not Applicable

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

**Presenter in Committee:** Greg Davidson

### Financial Impact

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the  Capital Budget or  Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan:  Action is within the plan.  Action requires a change to plan.
- Other financial impact (Explain): The issuance of these revenue bonds will generate bond administrative fees of approximately \$7,500 a year that are used to support the small business assistance programs of the City of Minneapolis.
- Request provided to department's finance contact when provided to the Committee Coordinator.

## Community Impact

Neighborhood Notification: Ward 3 - Bottineau Neighborhood has been informed.

City Goals: A Chance to Grow develops lifelong learning and innovations to assist youth with learning differences.

Comprehensive Plan: In Compliance

Zoning Code: R2B – Approved as C.U.P. for use as Developmental Achievement Center.

Other: N/A

## Background/Supporting Information:

Address: 1800 2<sup>nd</sup> St NE (Ward 3) Phone: 612-789-1236

web address: [www.actg.org](http://www.actg.org)

A Chance To Grow (ACTG) is a multi-service, non-profit agency that directly serves approximately 600 clients daily and thousands indirectly across the nation via its educational programs and consulting. About 40,000 students in over 200 schools are implementing programs on a daily basis specifically developed at their school, *New Visions School* in Northeast Minneapolis. They are dedicated to the habilitation, rehabilitation and education of children and youth with non-progressive brain injuries. This includes: coma, head trauma, cerebral palsy, autism, genetic errors such as *Down Syndrome*, developmental delay, ADD, and various forms of learning disabilities. ACTG has only one site at 1800 2nd Street Northeast.

A group of parents established A Chance To Grow in 1983 to help their children, who had sustained disabling brain injuries, reach their full potential. Since then, ACTG has grown to include a full continuum of services for children with brain injuries and developmental delays ranging from mild learning disabilities through problems as challenging as autism, cerebral-palsy and coma. Initially, services focused only on children with severely debilitating brain injuries and included neurological assessment, an individualized treatment plan and training for family members and volunteers (as many as 60 per week). The volunteers and family members would implement the treatment plan in the child's home. Treatment was designed to increase the brain's neurological functioning by increasing the frequency, intensity and duration of stimuli to it, and to stimulate the growth of new brain pathways to compensate for those that were injured.

In the mid-1980s, ACTG became a Medicare-certified home health agency, which allowed it to bill public and private health coverage programs and to offer the services of paid personal care attendants (PCAs) supervised by registered nurses. The presence of PCAs relieved families of the need to constantly recruit and train new volunteers and ensured more consistent care. Believing that many of the exercises that helped severely brain-injured children regain brain function could be adapted to help children with learning issues, ACTG's founders created a curriculum for children with learning problems. An independent evaluator working with experimental and control groups found the new curriculum to be more effective than traditional education services for children "at risk" of failure in the classroom. This led to opening New Visions School (NVS) in 1992, a school for children having difficulty learning to read. In 1994, New Visions became the state's 11th charter school and now has separate 501 ( c )( 3 ) status.

During the early 1990s, ACTG developed specialty clinics designed to help children struggling in school to close their learning gaps. The clinics focused on developing children's visual and auditory skills and ability to focus and relax simultaneously. These services are provided free-of-charge to any New Visions student who needs them and on a fee-per-service basis to the general community. ACTG and New Visions are co-located in northeast Minneapolis.

Funding sources include local and national foundations and corporations, county-state-federal government support, as well as the U.S. Department of Education. Clients result from word of mouth or professional referrals from social service agencies and schools.

Board members include: - Mary Barrick Minneapolis Park Board  
 - Harold Crump President, KSTP Television  
 - Jon Liss CEO, National Camera Exchange  
 - Fred Ojile Partner, Messinger, Ojile, Pierce & Pomeroy

Financials appear good. Fiscal year 2005 show total revenues of \$5.8 million an increased of 31% over 2003. Net income is positive and provides a 1.31 times total debt service coverage.

**Type of Financing:**

<b>Sources:</b>	\$2,672,000	these 501(c)(3) Tax-exempt bonds
	<u>28,000</u>	owner's equity
	\$2,700,000	
<b>Uses:</b>	\$2,017,000	refinance existing mortgage
	446,000	working capital line from Franklin Bank
	150,000	energy saving improvements
	<u>87,000</u>	estimated closing costs
	\$2,700,000	

**Present Employment:** 149 Full Time  
 273 Part time

**New Employment:** ACTG expects to hire approximately:  
 30 Full time and 55 part-time employees within the  
 next 2 years as a result of this bond financing.

**Assessor's Estimate Annual Tax:** N/A Tax-exempt institution.

**Affirmative Action Compliance:** Civil Rights approved the AA plan on file with the  
 State of Minnesota.

**CITY IRB POLICIES:**

Job Component

Minimum standard of one (1) job per 1,000 square feet of building area. As a Tax-exempt entity they are exempt from this requirement. – **N/A**

Property Improvements

No more than 25% of the bond proceeds may be used for land and acquisition. If purchasing an existing building, an amount equal to at least 15% of the acquisition cost must be spent on rehabilitation expenditures. – **Project complies.**

Restaurant/Bank

IRB financing is allowed for a restaurant or a bank if it is built or rehabilitated in an CPED Redevelopment Area. No more than 25% of the bond proceeds can be used to finance retail food and beverage establishments, automobile dealerships or recreation or entertainment facilities.  
- **Project complies.**

Tax-exempt Institution

IRB financing is allowed for a restaurant or a bank if it is built or rehabilitated in an CPED Redevelopment Area. No more than 25% of the bond proceeds can be used to finance retail food and beverage establishments, automobile dealerships or recreation or entertainment facilities.  
- **Project complies.**

IRB CAP:

Refinancing is permitted when new jobs are created or when a significant number of jobs is preserved; any interest cost savings must directly reduce patient costs.  
- **Project complies.**

BOND COUNSEL:

The project is not subject to the volume cap, in that the project is exempt from income tax under Internal Revenue Code Section 501(c)(3) for its exempt purposes and is classified thereunder as a non-profit organization.

BOND COUNSEL:

Gray Plant Mooty, LLC

COUNCIL MEMBER INFORMED:

Yes

FINANCIAL ADVISOR:

Academy Consultants, St. Louis Park, MN

FINANCIAL UNDERWRITER:

Western Bank, St. Paul, MN