

### When will repaid funds become available?

The repayment of funds is scheduled to occur over the next four years, from 2017 to 2020. \$3,390,597.25 will be available in 2017. Here is the repayment schedule:

<u>Year</u>	<u>Repayment</u>
2017	\$3,390,597.25
2018	\$2,989,260.71
2019	\$1,381,046.60
2020	\$1,381,046.49
	<u>\$9,141,951.05</u>

### What is the source of repaid funds?

Repayment will be from the Consolidated Redevelopment Tax Increment Financing District, the same source that currently funds the Community Participation Program. The repayment schedule assumes that the district will generate enough revenue to support the repayments in addition to other obligations (including funding of the Community Participation Program through 2020). These assumptions are based on projections, so in the event of changes in the tax laws or economic factors outside the City's control, it is possible future payments could be deferred.

### Will my neighborhood be able to use all of its repaid funds right away?

Some neighborhoods will be able to use all their repaid funds starting in 2017, while others will have funds become available through the next four years, according to the following schedule:

- Phase II plans with frozen funds (after adjusting for the 2012 Equity Fund) of less than \$55,000 will have 100% available to contract in 2017
- Phase II plans with frozen funds (after adjusting for the 2012 Equity Fund) of \$55,000-\$155,000 will have funds become available to contract over 2017 and 2018 (50% each year)
- Phase II plans with a frozen funds (after adjusting for the 2012 Equity Fund) greater than \$155,000 will have funds become available to contract over the years 2017-2020 (25% each year).

You can find a schedule of when funds will be available each year for all neighborhoods at this link:<http://www.minneapolismn.gov/www/groups/public/@clerk/documents/webcontent/wcmsp-193143.pdf>

### What can the repaid funds be used for?

The repaid funds are available to be used in accordance with those strategies in your neighborhood's Phase II NRP plan with available balances. As always, funds can be reallocated (and strategies revised) following the policy on Changing Approved Neighborhood Plans. Phase II plans must continue to allocate 70% of plan funds to housing and housing related activities.

Before spending any funds, you need to have two key items in place: an approved strategy in a Phase II plan with funds available for contracting, and a contract between the City and a vendor (such as the neighborhood organization itself) that details when and how funds will be used. Please check with your assigned Neighborhood Support Specialist when you begin planning any NRP project.

### Originally, \$10 million was frozen by the City Council's action on the 2011 budget. Why is only \$9,141,951.05 being repaid?

The original City Council action in December 2010 froze \$12.68 million of Phase II NRP funds. Subsequent City Council actions restored \$3.538 million of Phase II funds.

- \$2.68 million restored directly to NRP Phase II plans by City Council action in 2011. This reduced the amount to be repaid to \$10 million.

- \$858,049 was restored through the Community Participation Program “Equity Fund” in 2012. The Equity Fund was an additional allocation provided to neighborhood organizations in addition to the Community Participation Program allocations for the 2012-2013 funding cycle. This reduced the amount to be repaid to \$9,141,951.05.

Those groups receiving an Equity Fund allocation are included in the schedule of funds noted above.

**The City Council resolution and the language in the Request for Committee Action refers to a transfer of \$3,390,597 rather than \$9,141,951. Why the difference?**

The language in the RCA and the Resolution transfer funds and adjust the City’s budget for this year. Future year transfers will be handled as part of the City’s regular budget process.

**Why are the funds being repaid at this time?**

The Consolidated TIF District expires in 2020, and that has been the source of funding for our neighborhood programs since 2011. Recent projections indicate that the Consolidated TIF District will generate sufficient revenues to fully recapitalize the Phase II NPR plans. However, waiting until next year would mean trying to repay the funds over three years of revenue rather than four, waiting until 2019 would mean repaying from two years of revenue, etc., so repayment gets more difficult with each year that passes.

**Will any further action by the City Council be required?**

Yes, the City Council will need to approve changes to the current TIF plan for the district to increase the amount of revenues that can be collected. The Finance and Property Services Department will bring this proposal to the City Council at a future date.