

Minneapolis Neighborhood Revitalization Policy Board

MINUTES OF THE REGULAR MEETING OF

January 26, 2009

Present and Voting: Debbie Evans, Mark Hinds, Kari Anderson, Jeffrey Strand, Mark Stenglein, Cara Letofsky (Alternate, Mayor's Office), Barbara Johnson, Scott Vreeland (Alternate, Park Board), and Gail Dorfman, chair, presiding.

Alternates Attending: Brock Hanson, Carol Pass, Nicholas Kakos, Robert Lilligren

Absent: Peter McLaughlin, R.T. Rybak, Rep. Joe Mullery (excused), Tom Nordyke, Peggy Flanagan, David Ellis (excused), Ken Kelash

Staff: Bob Miller, Carsten Slostad

Others Present: Kerri Pierce Ruch, Gary Arntsen

I. CALL TO ORDER

Gail Dorfman, chair of the NRP Policy Board, called the meeting to order at 4:43 p.m.

II. APPROVAL OF THE AGENDA

Gail Dorfman asked that the presentation on Target Center Obligations be moved to the beginning of the meeting. Upon a motion by Scott Vreeland and seconded by Jeffrey Strand the revised agenda was adopted.

III. APPROVAL OF THE MINUTES

Upon a motion by Scott Vreeland and seconded by Gail Dorfman the minutes of the November 24, 2008 meeting were adopted

IV. ACTION ITEM

1. Appointment of a Nominating Committee

The chair appointed Mark Stenglein, Kari Anderson and David Ellis to serve on this committee. The committee will present a slate of officers for the Policy Board at the February meeting.

V. PRESENTATIONS & REPORTS

1. Presentation on Target Center Obligations

Pat Born, City Finance Officer, gave a brief overview of the history of the Target Center and the City's role with Target Center; ownership and financial support. He distributed summary documents to assist with his presentation on the complex funding and obligations the City has with this facility. The legislation that was adopted in 2008 now allows the City a source of funding for Target Center obligations. The City has projected using \$10 million per year from the new Redevelopment Finance District for Target Center principal and interest and \$2 million per year for expedited debt payments.

2. Update on Neighborhood Resolutions Relating to February 21 Meeting

Bob Miller reported that the required 60% response has been met and that the meeting planning will proceed.

3. Update on the Legal Advisory on the Omnibus Tax Bill

At the November meeting a request was made that asked the City to provide the legislative counsel's opinion that current NRP activities could continue under the new legislation. That information was provided and in the opinion of Policy Board members the answer was did not respond to the questions asked. Mark Hinds presented a resolution to ask specific questions for clarifying the use of funding from the 2008 Minnesota Legislature. His resolution was seconded by Jeffrey Strand and adopted.

WHEREAS the 2008 Legislature (Laws of Minnesota 2008, Chapter 366, Article 5, Section 37) authorized the City of Minneapolis to create Tax Increment Finance (TIF) District to be "*expended only to pay principal and interest on bond obligations issued by the city of Minneapolis or the Minneapolis Community Development Agency for Target Center, including the payment of principal and interest on any bonds issued to repay bonds or loans and for neighborhood revitalization purposes. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763 subdivisions 2, 3, and 4;*" and

WHEREAS a memorandum from the Minneapolis Attorney's Office from July 24, 2008 concluded that:

1. "*There is no express authority to pay administrative expenses with TIF from the special law redevelopment district and it is difficult to imply such authority.*"

2. *Since the 2008 Special law deems expenditures for authorized activities to be ‘in-district,’ the five year rule is not a concern. But it’s questionable whether the legislature intended to authorize a program of indefinite duration.*
3. *Many TIF limitations apply to the neighborhood revitalization activities that may be funded from the special law redevelopment district;” and*

WHEREAS a memorandum from Senate Counsel to Senator Dibble on October 6, 2008 concludes that the 2008 special law allows that: *“the city of Minneapolis [is] authorized the use of tax increments for administrative costs related to neighborhood revitalization purposes than can be funded under the new law”* and that *“there was no legislative intent to prohibit the use of tax increments from the this district for administrative costs related to the neighborhood redevelopment purposes,”* and that according to Ms. Waelti *“that there would be no problem with use of a ‘reasonable and accountable’ amount of tax increments for administrative purposes in the present context;”* and

WHEREAS the memorandum from Senate Counsel portends a conclusion that administrative expenses for neighborhood revitalization purposes are allowable under the 2008 law; it does not address the larger question of if the legislature intended to allow the same purposes for neighborhood revitalization purposes as are statutorily defined in MN Statute 469.1831 for the neighborhood revitalization purposes; and

WHEREAS the 2009 City of Minneapolis Budget allocated funds for the Neighborhood Investment & Community Innovation Fund, Neighborhood Operations, and the Department of Neighborhood and Community Relations from the TIF Districts created through this 2008 legislation; and

WHEREAS The funding from this legislation is the largest source of public funding currently allocated to neighborhood organizations after 2011; funding that is critical to the future capacity and health of neighborhood organizations; and

THEREFORE BE IT RESOLVED That the NRP Policy Board directs the NRP Director to seek clarification from House and Senate Legislative consul on the following questions:

1. Can the funds derived from the Laws of Minnesota, Chapter 366, Article 5, Section 37 be used for the purposes defined by MN Statute 469.1831 (Neighborhood Rehabilitation Program; First Class City)?
2. Can the funds derived from the Laws of Minnesota, Chapter 366, Article 5, Section 37 be used for neighborhoods throughout Minneapolis or are there geographic restrictions on the use of funds based on the location of the TIF Districts?

3. Are there any legislative restrictions on the amount of funds either programmatically or administratively that can be used for neighborhood revitalization purposes?

VII. ADJOURNMENT

The meeting was adjourned at 6:30 pm

Carsten Slostad, Secretary Pro Tem

ATTEST: Gail Dorfman , Chair