



**Request for City Council Committee Action from the  
Department of Community Planning and Economic Development - CPED**

**Date:** September 11, 2007  
**To:** Council Member Lisa Goodman, Community Development Committee  
**Subject:** Restructure of MIGIZI Communications, Inc. NRP Loan #AA960070 for the Maiingun Center at 3101-3127 East Lake Street

**Recommendation:** Approve loan restructure to: (1) payoff the initial principal of \$ 187,500 from the proceeds of the June 29, 2007 Council approved issuance of a Bank Qualified Bank Direct Tax-exempt Revenue Bond to MIGIZI Communications; (2) convert the remaining balance of \$ 61,875 to a no interest loan requiring no payments for five years to September 19, 2012; and (3) require equal monthly payments for five years from October 19, 2012 to September 19, 2017

**Previous Directives:** (1) On June 29, 2007, the City Council gave final approval to the issuance of up to \$1,000,000 in Bank Qualified Bank Direct Tax-exempt Revenue Bonds to MIGIZI Communications, Inc to refinance outstanding indebtedness incurred when purchasing and improving the Maiingun Center Project in the Longfellow Neighborhood, Ward 9. (2) On August 16, 1996, the MCDA and MIGIZI Communications, Inc. executed a Neighborhood Revitalization Program Transition Project Loan and Grant Agreement (C-10665) with a loan amount of \$187,500 for the Maiingun Center Project. (3) One month later, on September 19, 1996, MCDA and MIGIZI Communications, Inc. executed the associated NRP Loan Promissory Note AA960070 and NRP Loan Mortgage AA920018 for \$187,500.

Prepared by: Rebecca Brown, Project Coordinator, CPED	phone: 673-5018
Approved by: Charles T. Lutz, Deputy Director, CPED	_____
Robert D. Miller, NRP Director	_____
Presenter in Committee: Rebecca Brown	

**Financial Impact**

- Financial impact  
Under the proposed restructure, the City will receive full payment of \$61,875 by October 2017. According to the original loan terms, the City would receive \$64,858 by October 2010. The present value difference of these two is a present value loss of \$14,207.
- Action is within the Business Plan

## **Reviews**

Neighborhood Revitalization Program

## **Community Impact**

Neighborhood Notification: NA

City Goals: One Minneapolis \* A safe place to call home \* Lifelong learning second to none

Sustainability Targets: NA

Comprehensive Plan: 1.8 Take steps to eliminate discrimination against protected classes and promote a wider understanding of the value of diversity in our community  
4.3 Encourage redevelopment on Commercial Corridors that enhances street character and expands the range of goods and services offered

Zoning Code: NA

Living Wage/Business Subsidy Agreement: NA

Job Linkage: NA

## **Supporting Information**

The not-for-profit organization, MIGIZI Communications, Inc, was established in 1977. The word MIGIZI means "bald eagle" in the Ojibwe language. The bald eagle "signifies excellence of communication, guardianship of the public trust and high standards for reporting and ethics." The organization's mission is to "affect and contribute to social justice and positive change by committing resources to telecommunications, education, health/wellness, and other areas that contribute to capacity-building within the American Indian community."

The organization runs a Side by Side Program for upper-level elementary and middle-school students at charter and alternative schools that consists of customized curriculum and classes in technology, computers, math, and science. For elementary students, MIGIZI developed the Cloud Family Curriculum, an informative, fun way for students to learn social themes and culture through telling family member stories.

## **Discussion of Financial Statements**

Development Finance and NRP staff reviewed financial statements from MIGIZI and found that while MIGIZI experienced significant problems with their working capital in 2003 and 2004, the 2005 and 2006 figures show MIGIZI making notable strides toward resolving their financial problems. However, the organization remains in a financial position where it needs additional time to continue improving their working capital before incurring monthly payments for their debt obligations. By paying off the original principal amount from the bond issue and delaying repayment of the accrued interest for five years, MIGIZI will have additional time to strengthen their financial position.

## **Repayment**

The loan was a Transition Fund allocation of the NRP Policy Board in 1996. The original loan terms are as follows:

- Simple interest at the rate of 3 percent per annum from September 19, 1996 until the Loan Funds are repaid in full
- No principal or interest payments required until September 19, 2006

- Principal and interest payments amortized over four years and made in 48 equal monthly installments beginning on September 19, 2006 and continuing on the first day of each month thereafter
- On September 19, 2010 the entire outstanding unpaid principal balance shall be immediately due and payable

MIGIZI Communications will pay the full principal balance of \$187,500 using revenue from the state issued tax-exempt revenue bonds. The remaining loan balance after this payment will be \$61,875 of accrued interest, which will be recapitalized for repayment per the conditions of this restructuring. At NRP Director Bob Miller's request, the remaining loan balance will be repaid as follows:

- No interest for the entire length of the loan
- No payments required until November 1, 2012
- Payments amortized over five years and made in 60 equal monthly installments beginning on November 1, 2012 and continuing on the first day of each month thereafter
- On October 1, 2017 the entire outstanding unpaid balance shall be immediately due and payable

The terms and provisions of the original Loan Agreement will stay the same in the amended Loan Agreement. An amended promissory note and an amended mortgage will secure the loan.

### **Attachments**

- 1) Amended Loan Amortization Schedule