

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: AUGUST 20, 2025

REGARDING: RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF CONDUIT CHARTER SCHOOL LEASE REVENUE AND REFUNDING BONDS, UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.1655, FOR THE NOVA CLASSICAL ACADEMY PROJECT, 1455 VICTORIA WAY AND APPROVING RELATED DOCUMENTS; DISTRICT 9, WARD 3

Requested Board Action

The requested action includes a public hearing and approval for the HRA to issue up to \$25,000,000 in conduit lease revenue and refunding bonds for the Friends of Nova Classical Academy, a nonprofit corporation (the “Borrower”). The proceeds of the bonds will be used to finance project costs and partially refinance conduit bonds issued by the HRA in 2016 and 2021.

Background

Nova Classical Academy (the “School”) is an operating public charter school authorized by Friends of Education and located at 1455 Victoria Way. The School offers a rigorous K– 12 college-preparatory education in the classical tradition. The School opened in 2003 with grades K – 6 and has since expanded to grades K – 12. As of July 2025, the anticipated enrollment for the upcoming school year (2025-2026) is 1,062. The HRA issued \$17.54 million in conduit lease revenue bonds for the School in 2011 to finance the construction of their current facility, including the acquisition of HRA owned property (the “2011 Bonds”), and in 2016, the HRA issued \$17.06 million in conduit lease revenue refunding bonds to refund a portion of the 2011 Bonds and to finance the acquisition of property and complete site improvements (the “2016 Bonds”), and in 2021, the HRA issued \$4.93 million in conduit lease revenue refunding bonds to refund the balance of the 2011 Bonds then outstanding. The current balances, following the 9/1/2025 payments, are as follows: 2016 Bonds: \$16.7 million; 2021 Bonds: \$3.205 million.

The Borrower has submitted an application to the HRA to issue up to \$25,000,000 in conduit lease revenue bonds (the “2025 Bonds”) to finance an expansion to their current facility, detailed below, and refinance a portion of the prior bonds issued by the HRA.

The proposed 28,363 square foot two-story building, approximately 33 feet high, will be located north of the existing school on an undeveloped 1.14-acre pie-shaped lot owned by the school’s affiliated building company, The Friends of Nova Classical Academy. This lot was acquired with proceeds from the 2016 Bonds. The proposed project includes the following: storm shelter, locker rooms, office space, meeting space, flexible classroom space, and accessory areas. The shelter will feature two practice courts that double as flex space, support physical education classes, and provide indoor recess options for inclement weather days. A fitness area mezzanine will overlook the main floor of the shelter. The second-floor area of the existing school impacted by the skyway will be reconfigured to include dedicated learning spaces for speech, occupational therapy, and behavioral services. The third floor will be modified to include a locker bay for approximately 150 students, which will lessen congestion in corridors.

The undeveloped property is zoned T3-M and the School has applied to the Zoning Committee to amend the Victoria Park Master Plan to change the parcel designation from mixed-residential to institutional, and request variances to: 1) Reduce the FAR from 0.5 to 0.39; 2) Reduce the minimum opening percentage for doors and windows; 3) Increase the front yard setback from a maximum of 10 feet to a maximum 139 feet; 4) Increase parking lot frontage width from 60 feet to 97 feet along Mercer Way and to 180 feet along Kay Avenue; 5) Locate parking in front yard; and 6) Omit parking area interior landscaping. The Zoning Committee considered the request at their July 31 meeting and approved the amendment and variances with conditions. The Planning Commission will need to vote on the variances and will also be sending a recommendation on the Master Plan amendment to City Council for their consideration. The Fort Road Federation submitted a letter in opposition to their requested amendment and variances. A map of the School is **attached**. The demographic profile of District 9, the Saint Paul planning in which the property is located is **attached**.

Budget Action

This is a conduit bond issue. The 2025 Bonds shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint Paul, or any agency or political subdivision thereof, and shall not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and do not grant the owners or holders of the bonds any right to have the HRA, City of Saint Paul or any agency or political subdivision thereof to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Principal and interest on the 2025 Bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

The City Council will be considering a companion resolution on this same date.

Financing Structure

The 2025 Bonds will be issued in an amount not to exceed \$25,000,000 and will be sold as a Public Offering with Piper Sandler serving as underwriter, in minimum bond denominations consistent with PED's conduit bond policy which will depend on the credit rating. The underwriter has applied to Standard & Poor's (S&P) for a credit rating and expects to receive a rating of BB+ (the current rating on the prior bonds), requiring minimum bond denominations of \$25,000. The final maturity for the 2025 Bonds will be 9/1/2065. The total estimated cost of the Project is \$25,330,000 and includes a contribution from the School of \$4,025,000 as shown below:

Sources of Funds	Amount
Series 2025 Bonds	21,305,000
School Cash Contribution	3,000,000
School Capital Improvement Fund	1,025,000
Total Sources	\$25,330,000

Uses of Funds	Amount
Project Fund	\$13,300,000
Refunding Account	11,086,170
Debt Service Reserve Fund	326,691
Costs of Issuance/UD/Rounding	617,139
Total Uses	\$25,330,000

PED Credit Committee Review

The PED Credit Committee reviewed the proposal for conduit bonds on August 5, 2025, and found it to be consistent with HRA's conduit bond policy.

Compliance

The School has acknowledged receiving City/HRA compliance documents specifying that the following compliance requirements are applicable to the construction of the Project:

- Vendor Outreach Program, Chapter 84.01.
- Affirmative Action, Chapter 183.04 applies to both the contractor and the borrower.
- Labor Standards City Davis-Bacon (Prevailing Wages) applies to the construction work

Green/Sustainable Development

The School is utilizing multiple sustainable features in their new building including the following: energy-efficient windows, lighting controls with occupancy sensing, solar ready rooftop and/or solar field, low-flow fixtures to minimize water usage, Smart Building Technology, flexible learning spaces, etc.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

Nova Classical Academy provides educational opportunities to over 1,000 students in grades K through 12 and employs 137 full-time staff and 44 part-time staff. They anticipate the Project will add an additional 10 part-time staff (mostly extracurricular coaches). The proposed conduit bond issuance will improve the School's facilities and maintain their current enrollment.

The proposed master plan modifications are consistent with the Comprehensive Plan. The Land Use chapter contains the following relevant strategies (The project area is located near the Victoria

Park Neighborhood Node centered on the Otto/7th Street West intersection less than 400' to the northwest):

- a) LU-33. Promote amenities that support those who live and work in Neighborhood Nodes, including frequent transit service, vibrant business districts, a range of housing choices, and neighborhood-scale civic and institutional uses such as schools, libraries and recreation facilities.
- b) LU-54. Ensure institutional campuses are compatible with their surrounding neighborhoods by managing parking demand and supply, maintaining institution-owned housing stock, minimizing traffic congestion, and providing for safe pedestrian and bicycle access.

Statement of Chairwoman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of approving the issuance of approximately \$25,000,000 in conduit revenue bonds by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) for the Nova Classical Academy Project. Notice of time, place, and purpose of this hearing was published in the Pioneer Press the official newspaper of the Authority on the 4th of August 2025. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The HRA Executive Director recommends approval of the resolution which authorizes the issuance of up to \$25,000,000 in conduit lease revenue and refunding bonds for the Nova Classical Academy Charter School Project and the execution of related documents.

Sponsored by: Vice Chair Jost and Commissioner Noecker

Staff: Jenny Wolfe, 651-266-6680

Attachment

- **Map**
- **District 9 Demographic Profile**