

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

REPORT TO THE COMMISSIONERS

DATE: MARCH 10, 2021

REGARDING: RESOLUTION APPROVING A TEMPORARY POLICY
REGARDING THE ISSUANCE OF CONDUIT REVENUE BONDS
FOR THE BENEFIT OF CHARTER SCHOOL PROJECTS, CITYWIDE

Requested Board Action

Consideration of a resolution establishing a temporary policy regarding the issuance of conduit revenue bonds for the benefit of Charter School projects. THIS RESOLUTION WAS LAID OVER FROM OCTOBER 14, 2020.

Background

On August 26, 2020, the HRA Board discussed a proposal from a charter school for the issuance of conduit revenue bonds. The following issues were identified:

- Commissioners expressed a number of concerns about charter schools and HRA bond issuance supporting charter schools including, but not limited to, impacts to the City tax base and impacts to public services including infrastructure and parks.
- HRA Board members made various requests for information from City staff before another charter school proposal for the issuance of conduit revenue bonds can be brought forward.
- Prior to August 26, 2020, HRA staff had received several inquiries from charter schools that may have been planning to request the issuance of conduit revenue bonds; and the amount of time necessary to study and compile the requested information to the HRA Board is yet unknown.
- On September 9, 2020, staff presented a resolution recommending that a temporary policy be enacted that halts the consideration of proposals for the issuance of conduit revenue bonds for charter schools either through direct issuance or through host approval. This action would serve to notify all charter schools that they will need to explore an alternative financing plan for their project. This policy will ONLY apply to charter schools and will apply to ALL charter school requests for the issuance of conduit revenue bonds, including requests to finance or refinance charter school facilities. All other proposals for conduit

revenue bonds from any other type of entity besides charter schools will continue to be considered by the HRA Board.

- On September 9, 2020, the HRA Board discussed the proposed resolution, amended the contents of the resolution by adding an end date to the temporary halt: until March 9, 2021 unless earlier amended or revoked; but the revised resolution was then laid over until October 14, 2020.
- Between the September and October meetings, staff gathered additional input from board members regarding the requested scope of the study.
- On October 14, 2020, the HRA Board discussed and finalized the scope of the conduit bond study, which is **attached**, and laid over the resolution, as previously amended, to today's meeting.

Budget Action

N/A

Future Action

N/A

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The HRA is authorized to issue conduit revenue bonds to finance the costs of the acquisition, construction, and improvement of revenue producing enterprises. The HRA Board needs to authorize the issuance of the conduit revenue bonds for a specific project; or the HRA Board needs to consent to the issuance of the conduit revenue bonds for a specific project by another qualifying issuer (Host Approval). Action that will prevent inconsistent approvals on a case by case basis is desired and halting transactions during the identified study period would aide in this outcome.

Recommendation:

The HRA Executive Director does not have a recommendation regarding the adoption of the resolution.

Sponsored by: Chair Tolbert

Staff: Jenny Wolfe, 266-6680

Attachment:

- Scope of Conduit Bond Study