



Legislation Text

File #: RES 20-1049, **Version:** 1

Approving the issuance of conduit revenue obligations by the Port Authority of the City of Saint Paul for the benefit of Hmong College Prep Academy Project, 1515 Brewster Street, and approving related documents. (District 10, Ward 4)

WHEREAS, under Minnesota Statutes, Sections 469.048 through 469.068 and 469.084, as amended (the "Port Authority Act"), and Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the "Development Act"), the Port Authority of the City of Saint Paul (the "PASP") is authorized to issue revenue bonds to finance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit; and

WHEREAS, Hmong Education Reform Company, a Minnesota nonprofit corporation (the "Borrower") has requested that the PASP issue a revenue note to be designated Charter School Lease Revenue Note (Hmong College Prep Academy Project), Series 2020-2 in an original aggregate principal amount not to exceed \$7,000,000 (the "2020 Note") and loan the proceeds derived from the sale of the 2020 Note to the Borrower, pursuant to the terms of a Loan Agreement dated on or after September 1, 2020 (the "Loan Agreement"), between the PASP and the Borrower to be used, together with funds held by the bond trustee for the Series 2012A Bonds (as defined below) and Hmong College Prep Academy, a Minnesota nonprofit corporation and public charter school (the "School") and proceeds of revenue bond to be issued by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), to: (i) finance costs related to the acquisition, construction and equipping of a new approximately 93,000 square foot middle school with approximately 45 classrooms, a new gym, robotics suite, offices, and other support areas on 3 floors and remodeling of an approximately 13,500 square foot portion of the existing school facility and an approximately 3,000 square foot addition thereto to connect the existing building and the new building via skyway all located at 1515 Brewster Street in the City of Saint Paul, Minnesota (the "City") (collectively, and together with related facilities and improvements, the "School Facility"); (ii) refund the HRA's Charter School Lease Revenue Bonds (Hmong Education Reform Company) Series 2012A (the "Series 2012A Bonds"), the proceeds of which financed the renovation and expansion of the School Facility including the acquisition of an approximately 1.33-acre parking lot and financed or refinanced other improvements to the School Facility; (iii) if necessary, fund a debt service reserve fund; (iv) pay a portion of the interest on the 2020 Note, if necessary; and (v) pay the costs of issuing the 2020 Note (collectively, the "Project"); and

WHEREAS, the 2020 Note is proposed to be issued under the terms of a resolution of the Board of Commissioners of the PASP adopted on July 28, 2020 (the "Note Resolution") and are proposed to be sold to Northeast Bank, a Minnesota state banking corporation (the "Lender"); and

WHEREAS, the Loan Agreement requires the Borrower to make loan repayments to produce revenue sufficient to pay the principal of, premium, if any, and interest on the 2020 Note when due, and the PASP will assign its rights to the loan repayments (excluding certain reserved rights of the PASP), additional payments, and certain other rights under the Loan Agreement to the Lender pursuant to the terms of a Pledge Agreement between the PASP and the Lender; and

WHEREAS, the 2020 Note proposed to be issued by the PASP to partially finance the Project and the related costs will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreement; (ii) other revenues pledged to or otherwise received by the Borrower; and (iii) other security provided or arranged by the Borrower, including a mortgage and an assignment of leases and rents; and

WHEREAS, Section 469.084, subdivision 11 of the Port Authority Act provides that any issue of revenue obligations authorized by the PASP shall be issued only with the consent of the City Council of the City of Saint Paul, by resolution adopted in accordance with law; and

WHEREAS, to meet the requirements of state law, the PASP has requested that the City Council give its approval to the issuance of the proposed 2020 Note by the PASP, subject to final approval of the details of the 2020 Note by the PASP; and

WHEREAS, a public hearing (the "Public Hearing") on the Project and the issuance of the 2020 Note was held by the Board of Commissioners of the PASP on July 28, 2020 after notice of such Public Hearing is published and materials are made available for public inspection at the offices of the PASP, as required by the Development Act and Section 147(f) of the Internal Revenue Code of 1986, as amended, at which Public Hearing all those appearing who so desired to speak were heard.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Saint Paul, Minnesota, as follows:

Section 1. Consent. In accordance with the requirements of Section 147(f) of the Code and Section 469.084, subdivision 11 of the Port Authority Act, the City Council hereby approves the issuance of the 2020 Note, including any bond or revenue obligation issued to refund or refinance such 2020 Note, by the PASP for the purposes described herein, the exact details of which, including but not limited to, provisions relating to maturities, interest rates, and redemption are to be determined by the PASP.

Section 2. Severability. If any section, paragraph, or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity, or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of this resolution.

Section 3. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.