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**CITY OF SAINT PAUL**

# **INTRODUCTION TO HOST APPROVAL FOR 180 DEGREES SAINT PAUL FACILITY**

June 11, 2025



## CONDUIT REVENUE BONDS - REFRESH

- A bond is an obligation and a promise to make payments of principal and interest
- Conduit revenue bonds are special, limited revenue obligations of a governmental issuer and are not secured by any taxing powers, and are repayable solely from the revenues of the conduit borrower
- **The conduit borrower secures the loan funds either through a private lender or a bond underwriter**
- Conduit revenue bonds are utilized to provide tax-exempt interest rates for the borrower thereby reducing their interest payments



## CONDUIT REVENUE BONDS - REFRESH

- A conduit borrower cannot access tax-exempt financing without a conduit issuer (governmental issuer)
- The conduit issuer must either have jurisdiction over the area in which the project is located or receive “Host Approval” from such an entity
  - For projects located in Saint Paul -- the HRA, the City and the Port Authority are qualifying conduit issuers (the City has limitations), as well as Ramsey County and the State of Minnesota
- If the conduit issuer is not one of these entities listed, **Host Approval would need to be granted**, with a public hearing, before the conduit bond issuance could proceed
- In the absence of this type of financing, conventional financing (i.e., taxable interest rates) could be sought for the project.



## PROJECT AND REQUEST

- **180 Degrees** is a nonprofit entity that has been in existence for over 50 years and provides shelter for abused and trafficked youth, transitional living programs, community re-entry and safe harbor.
- They have extensive experience in providing safe space for youth and adults who need it with most of their funding through donations and government grants.
- They operate **Brittany's Place located in three buildings - 1281/1291/1301 East 7<sup>th</sup> Street**
- **Brittany's Place** is an emergency youth shelter and provides for a transitional living program.
- **180 Degrees** also operates facilities in St. Cloud, Minneapolis, Chanhassen and Rochester



## PROJECT AND REQUEST (CONT'D)

- **180 Degrees** is requesting a **Bank Qualified (BQ)** tax-exempt conduit bond to refinance a taxable loan originally used to complete renovations at Brittany's Place in 2021-2023
- **BQ bonds** are conduit bonds that enjoy a tax-advantaged status when purchased by commercial banks, enabling the bank to deduct 80% of the interest expense, and therefore offer a lower interest rate than otherwise would be provided with traditional tax-exempt obligations
- **The City of Eyota will be the conduit issuer, and the principal amount will not exceed \$850,000**
- The City of Eyota will also be issuing BQ bonds for a larger project in the Rochester area, as well as refinancing a taxable loan for a facility in Minneapolis
  - Minneapolis is similarly holding a public hearing this month to grant Host Approval to the City of Eyota



## PROJECT AND REQUEST (CONT'D)

- The City and HRA has authorized Host Approval on behalf of 501c3 entities over the years, including the following:
  - St. Paul Academy and Summit School
  - Playwrights' Center
  - HourCar
  - Achieve Language Academy
  - High School for Recording Arts
  - Hazelden Betty Ford Foundation (multiple locations)
- This request includes multiple locations in more than one city, which would compare to the Hazelden Betty Ford Foundation request



## REQUEST AND NEXT STEPS

- On June 18, the City Council will consider a resolution granting Host Approval to the city of Eyota following a public hearing.
- If approved, the project is scheduled to close in July and the HRA will receive a closing fee equal to 0.25% of the amount of conduit bonds issued (\$2,125 for \$850,000); an additional \$1,500 will be collected for City Attorney Office services; we have already received a \$5,000 application fee.
- **180 Degrees** will be required to register an Affirmative Action Plan with the City of Saint Paul
- With approval of this action, we will support an organization serving our most vulnerable populations.
- Dan Pfarr, the President and CEO of 180 Degrees is in attendance to answer any questions.



# Questions?

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