

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

**REPORT TO THE COMMISSIONERS**

**DATE: SEPTEMBER 24, 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 METRO DEAF SCHOOL PROJECT, 1125 ENERGY PARK DRIVE, AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO; DISTRICT 10, WARD 4**

## **Requested Board Action**

The requested action includes a public hearing and approval for the HRA to issue up to \$12,500,000 in conduit lease revenue and refunding bonds for 1House2Hands, Inc., a nonprofit corporation (“Borrower”) for the benefit of the Metro Deaf School Project. The proceeds of the bonds will be used to finance project costs and partially refinance conduit bonds issued by the HRA in 2018.

## **Background**

The Metro Deaf School (the “School”) is operating a public charter school located at 1125 Energy Park Drive. The School was established by teachers, parents and community members under Minnesota’s charter school law and opened in September 1993, serving students in Kindergarten through Grade 8. The school has since expanded to include an Early Childhood Special Education program for 3–5-year-olds and then expanded through Grade 12. They draw students from the 7-county metro area and western Wisconsin; the University of St. Thomas is their authorizer.

The School’s mission is to “promote academic excellence for Deaf and Hard of Hearing students using an ASL/English bilingual approach. Our primary purpose is to empower our students to develop the skills and knowledge to succeed as global citizens.”

The HRA issued \$14.975 million in conduit lease revenue bonds for the School in 2018 to finance the construction of their current facility (the “Prior Bonds”). The current balance is \$13.825 million.

We have received an application on behalf of the School to issue up to \$12.5 million in conduit lease revenue and refunding bonds (the “2025 Bonds”). The School is proposing to demolish an existing storage garage and construct an addition to the school building to include gym and classroom space (detailed below). In addition to the HRA issued bonds, the school has also applied to the Port Authority (joint application) for their issuance of up to \$5 million in Bank Qualified (BQ) conduit lease revenue bonds. The HRA cannot issue BQ bonds, and it is our practice to request the Port to issue when they are able.

The gym and classroom addition are 24,950 square feet; with gym, administration and commons area using 20,963 square feet and the classroom addition using 3,967 square feet. The building has been designed with much input by the staff and main stake holders to create spaces that address the unique and specific needs of the students.

The Project property is zoned I-1 in District 10 (the profile of the planning district is **attached**); the I-1 zoning permits the School’s proposed land uses (see the **attached** map). The School has contacted District 10 and will be presenting their proposal to the D10 Land Use Committee on September 17.

### **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 \$12,500,000 and will be sold as a Public Offering with Raymond James serving as underwriter. The 2025 Bonds will be unrated and offered on a negotiated sale basis to the institutional and accredited investor marketplace in minimum bond denominations of \$100,000, consistent with PED's conduit bond policy for unrated bonds. The HRA will require the initial purchasers to execute an Investor Letter.

The estimated interest rates will range from 6.25% to 6.75% with an average of 6.74% and a proposed final maturity of 6/15/2060 (35-year term). The Port issued BQ bonds will have a term of up to 15 years and will be purchased by Northeast Bank. The Prior Bonds to be refinanced mature in years 2026 through 2038, with the principal amounts due in years 2039 through 2053 remaining outstanding. The total cost of the project is currently estimated to total \$15,108,802, including the Port issued bonds, as shown below. The principal estimated for the 2025 Bonds shown below is \$8,735,000 and the principal amount that will remain outstanding from the Prior Bonds is \$9,550,000.

<b>Sources of Funds</b>	<b>Amount</b>
Series 2025 Bonds – HRA Issued	\$8,735,000
BQ Bonds issued by Port Authority	4,145,000
Prior Bonds Transfers/Excess Funds	1,158,025
Equity from School	1,070,777
<b>Total Sources of Funds</b>	<b>\$15,108,802</b>
<b>Uses of Funds</b>	<b>Amount</b>
Project Fund	\$9,000,000
Refunding Account	4,360,871
Debt Service Reserve Fund	1,191,333
Costs of Issuance/UD/Rounding	556,598
<b>Total Uses of Funds</b>	<b>\$15,108,802</b>

## PED Credit Committee Review

The PED Credit Committee reviewed the proposal for conduit bonds on September 2, 2025, and found it to be consistent with PED's conduit bond policies.

## **Compliance**

The Borrower has acknowledged receiving City/HRA compliance documents specifying that the following compliance requirements are applicable to this project:

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

## **Green/Sustainable Development**

The Borrower provided the following: The building envelope includes low e glazing and high performance, energy efficient window system. Precast wall panels meet or exceed energy efficient building envelope requirements. Roof system meets or exceeds the depth of insulation required. Site improvements include compliance to provide current or future EV charging stations.

## **Environmental Impact Disclosure**

N/A

## **Historic Preservation**

N/A

## **Public Purpose/Comprehensive Plan Conformance**

The Project will result in educational opportunities for approximately 200 students and provide improved facilities including a gym and increased classroom space. The Project will create an estimated 60 construction jobs. The School currently employs 123 and projects to increase their full-time employment by seven (7) employees with four non-licensed staff positions and three licensed positions.

This Project is generally consistent with the 2040 Saint Paul Comprehensive Plan. The School is located near the center of the Lexington-Front Neighborhood Node. The 70 Neighborhood Nodes designated in the 2040 comp plan are an existing and planned system of compact, mixed-use and commercial centers intended to increase access to community services (such as health care), businesses, and institutional uses and to support transit access and pedestrian-oriented neighborhoods. Neighborhood Nodes also help to focus both public and private investment in the

community. Although the Metro Deaf School serves a regional population, additional investment in the location is consistent with overall intent of designated Neighborhood Nodes.

Several specific policies in the Land Use Chapter of the 2040 Saint Paul Comprehensive Plan are also consistent with HRA issuance of additional conduit bond funding for the proposed Metro Deaf School.

Policy LU-30 calls for the City to “[F]ocus growth at Neighborhood Nodes” and “[I]ncrease density toward the center of the node”. Policy LU-33 calls for the City to “[P]romote amenities” in Neighborhood Nodes including “neighborhood-scale civic and institutional uses such as schools, libraries and recreation facilities”. Finally, Policy LU-53 states that the City should “[P]ursue partnerships with area colleges and universities that strengthen connections to the community and adjacent neighborhoods; and support workforce development, business creation and innovation, and retention of youth and young professionals”, consistent with the role of the University of St. Thomas as authorizer for the Metro Deaf School.

The District 10 Como Community Plan (adopted 2016) generally supports investment in the neighborhood but does not include policies directly relevant to the proposed project.

#### **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 \$12,500,000 in conduit revenue bonds by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) for the Metro Deaf School Project. Notice of time, place, and purpose of this hearing was published in the Pioneer Press the official newspaper of the Authority on the 13th of September 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 \$12,500,000 in conduit lease revenue and refunding bonds for the Metro Deaf School Project and the execution of related documents.

**Sponsored by:** Commissioner Coleman

**Staff:** Jenny Wolfe, 651-266-6680

**Attachments**

- Map
- District 10 Demographic Profile