



STPAUL.GOV

CITY OF SAINT PAUL

INTRODUCTION TO CONDUIT REVENUE BONDS FOR TWIN CITIES GERMAN IMMERSION SCHOOL

October 8, 2025



CONDUIT REVENUE BONDS - REVISIT

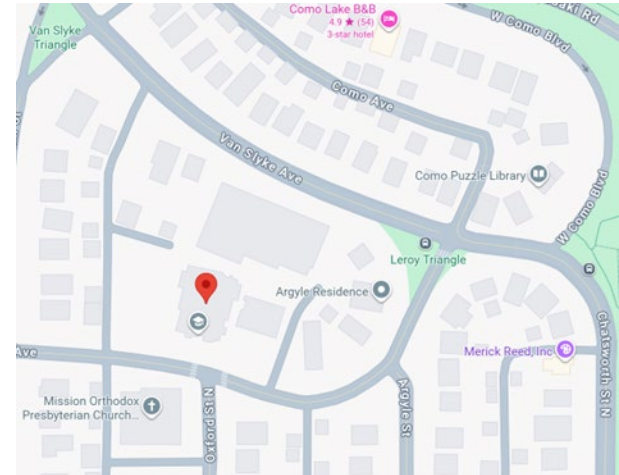
- Conduit revenue bonds are special, limited revenue obligations of the HRA and generally provide tax-exempt interest rates for the borrower*
 - tax-exempt interest rates reduce the cost of the debt for the borrower
- The bonds do not include a general or moral obligation of the HRA or City and are not secured by any taxing powers of the HRA or City
- **The bonds are repayable solely from the revenues of the borrower**
- The HRA serves only as a conduit for project financing, and the borrower secures the loan funds either through a private lender or a bond underwriter, which entity therefore completes due diligence into the project and the entities involved
- **The HRA and City undertake no risk by issuing the bonds**
- In the absence of the HRA issued bonds, the borrower would need to seek conventional financing (i.e., taxable interest rates), therefore increasing the cost of their debt

**The borrower, in this case, is an organization that is tax exempt under Section 501(c)(3) of the Internal Revenue Code (nonprofit entity)*



TWIN CITIES GERMAN IMMERSION SCHOOL

Twin Cities German Immersion School (TCGIS) is a Minnesota public charter school located at 1031 Como Avenue. The school was founded in 2005 with Kindergarten and Grade 1 and added grades each year and now currently serves grade K through 8 with a current enrollment of 550.





TWIN CITIES GERMAN IMMERSION SCHOOL BACKGROUND

- In 2013, the HRA issued \$8,545,000 in conduit revenue bonds to finance the acquisition and construction of the school's current facility (the "Prior Bonds")
- The current outstanding balance of the Prior Bonds is \$6,815,000
- In 2019, TCGIS completed additional renovations to their facility and the HRA issued \$7,155,000 in conduit revenue bonds (the "2019 Bonds")
- TCGIS is authorized by the University of St. Thomas and is focused on innovative education of the whole child through German Immersion



TWIN CITIES GERMAN IMMERSION SCHOOL PROPOSAL

- TCGIS applied to the HRA to issue up to \$10 million in conduit revenue bonds to refinance/refund the Prior Bonds
- The purpose of the refinancing is to reduce annual bond payments, through an extension of the final maturity date for the Prior Bonds
- The 2025 Bonds will be issued in an amount not to exceed \$10,000,000 and will be sold as a Public Offering with Piper Sandler serving as the bond underwriter
- The 2025 Bonds will be sold in minimum bond denominations consistent with PED's conduit bond policy which will depend on the credit rating
 - The bond underwriter is anticipating a credit rating of BB from S&P, resulting in required minimum bond denominations of \$25,000



TWIN CITIES GERMAN IMMERSION SCHOOL PROPOSAL

- The Prior Bonds mature July 1, 2044, and the proposed 2025 Bonds will extend the final maturity date to July 1, 2065 (21 additional years)
- Current projections include bond payment savings of approximately \$55,000 per year
- The 2025 Bonds are special, limited revenue obligations of the HRA and are repayable solely from the revenues of the School and not of the HRA or City and the HRA receives fees (revenue) for issuing the conduit revenue bonds
- **The 2019 Bonds are not included in the refinancing and will remain in place**
- The proposed sources and uses for the 2025 Bonds is shown on the following slide



TWIN CITIES GERMAN IMMERSION SCHOOL PROPOSAL

Sources and Uses

Proposed 2025 Bonds

Sources of Funds	Amount
Series 2025A Bonds (Tax-Exempt)	\$7,120,000
Series 2025B Bonds (Taxable)	270,000
2013 Reserve Fund	566,750
2013 Bond Fund Transfer	188,583
Total Sources of Funds	\$8,145,333

Uses of Funds	Amount
Refund Series 2013 Bonds	\$6,939,942
Fund DSRF	822,937
Underwriter Discount	129,325
Costs of Issuance/Rounding	253,129
Total Uses of Funds	\$8,145,333



TWIN CITIES GERMAN IMMERSION SCHOOL PROPOSAL

- The PED Credit Committee reviewed the proposal on September 23
- The review consists of a determination that the proposed bond issuance meets PED's conduit bond policies
 - The policies cover the fees to be collected and the sale and placement requirements for HRA issued conduit revenue bonds
- TCGIS will pay all required fees, and the 2025 Bonds will be sold consistent with HRA required placement and sale requirements, which include the required minimum bond denominations
- The HRA is currently collecting fees from the Prior Bonds; with the extended final maturity we will collect additional fees (revenue), including a closing fee equal to 0.25% of the bond principal issued (\$18,475 for \$7.39M as shown on the prior slide)
 - The HRA's General Fund budget for 2025 includes \$2.9M of conduit bond fee revenue, and of this total \$772K is from closing fees and the above represents 2.4% of the budget



GOVERNMENTAL APPROVALS

- The HRA Board is required to authorize the issuance of the bonds and to hold a public hearing (with the extension of the final maturity)
- The City Council is also required to authorize the issuance of the bonds as the elected representative of the governmental unit
- **Resolutions will be considered by both the HRA Board and City Council on October 15**
- As stated earlier, the 2025 Bonds are special, limited revenue obligations of the HRA and are repayable **solely from the revenues of the borrower and not of the HRA or City**
- **The HRA receives fees (revenue) for issuing the 2025 Bonds**



COMPLIANCE REQUIRED FOR CONDUIT REVENUE BONDS

- The following compliance will be required for the transaction:
 - Affirmative Action/Equal Employment Opportunity (AA/EEO) – Requiring the borrower (the school's building company) to file an affirmative action program registration to diversify and implement fair employment practices with its workforce
- This is a refinancing only and no construction is included which would have required additional compliance



TWIN CITIES GERMAN IMMERSION SCHOOL CONTACT

- Elizabeth Zehnpfennig, the Executive Director/Principal for the School is present to answer any questions
 - Elizabeth Zehnpfennig, ezehnpfennig@tcgis.org
 - 651-492-7106



Questions?

Staff Contact:

Jenny Wolfe, PED, HRA Debt Manager

651-266-6680

jenny.wolfe@ci.stpaul.mn.us