



Securities

**HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA  
CHARTER SCHOOL LEASE REVENUE BONDS  
(HOPE COMMUNITY ACADEMY PROJECT)**

**\$20,510,000\* SERIES 2020A**

**PRELIMINARY TERM SHEET**

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- Issuer:** The Issuer will be the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) as conduit municipal issuer.
- Obligor:** HOPE Community Academy (the “School”) is a valid public charter school operating under MN Statute 469 as Public Charter District #4070 and is authorized by the University of St. Thomas (the “Authorizer”). The School will be obligated under a Lease Agreement, a Pledge and Covenant Agreement and other security instruments, as necessary.
- Borrower:** The Borrower is HCA Building Company (the “Company”) a Minnesota non-profit corporation and tax-exempt 501(c)(3) charitable organization. The Company has been formed for the sole and exclusive purpose of leasing a charter school facility to HOPE Community Academy. The Borrower will have Lease Agreements and other agreements with the School sufficient to pay debt service and all other obligations of the Bonds.
- Charter Contract:** The School is authorized by University of St. Thomas and is in a renewed charter contract running to June 30, 2021. The School has operated since 2000 and has received multiple charter contract renewals. The School is in good standing with its authorizer. The authorizer has also approved this High School expansion project and has approved both PreK and 9-12 grade levels for expansion of the School’s operation.
- Project:** The Borrower will construct a 60,000 square foot addition to its existing facility at 720 Payne Avenue, St. Paul, Minnesota. Along with this new addition, there will be select renovation of classrooms in the existing facility as well as the acquisition of adjacent parcels for green space and surface parking.

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*\* Preliminary; subject to change*



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The 60,000 square foot expansion is being designed to accommodate:

- Approximately 20 classrooms that will include rooms for standard course education, band, choir, the arts, and supportive functions
- Cultural center and classroom
- High school regulated gymnasium
- Relocation and expansion of administrative offices to one centralized location adjacent to the proposed main entrance

Renovations at the existing facility will include:

- Modifications to some existing classrooms for reprogramming purposes
- Expansion to the cafeteria and kitchen
- Relocation/expansion of the administrative functions within the facility.

**Project Fund Uses:**

Total project fund will be approximately \$17,115,000.\* The Project Fund has been sized to cover all costs related to the project including costs of a Guaranteed Maximum Price construction contract, architectural and engineer fees and all hard and soft costs for required development of the Project.

**Bond Proceeds:**

Proceeds of the Series 2020 Bonds will be used to fund project costs, reserves as needed, capitalized interest as needed and pay issuance costs of the Series 2020 Bonds.

**Additional parity bonds to Series 2015:**

The Borrower has outstanding Series 2015 bonds issued by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota. The Series 2020 bonds will be issued as additional bonds under the Series 2015 Indenture, Loan Agreement and other Series 2015 documentation.

**Bond Maturity:**

The Bonds will mature in serial and/or term format and will have an expected final maturity of December 1, 2055.

**Payment Dates:**

Interest due with respect to the Series 2020 Bonds will be paid semi-annually on June 1 and December 1 of each year commencing June 1, 2021. The principal, with respect to the Series 2020 Bonds, is payable annually commencing December 2025. Interest will be calculated on the basis of a 360-day year, with twelve months of thirty days, and the following amounts will comprise the principal sinking fund schedule.

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### Maturity Schedule\*

Dec 1 Year	Sinking Fund	Dec 1 Year	Sinking Fund
2025	\$110,000	2039	\$225,000
2026	115,000	2040	235,000
2027	125,000	2041	250,000
2028	125,000	2042	260,000
2029	130,000	2043	0
2030	135,000	2044	970,000
2031	145,000	2045	1,020,000
2032	150,000	2046	1,075,000
2033	165,000	2047	1,130,000
2034	170,000	2048	1,185,000
2035	180,000	2049	1,245,000
2036	190,000	2050	1,310,000
2037	200,000	2051	1,380,000
2038	215,000	2052	1,450,000
		2053	1,525,000
		2054	1,600,000
		2055	3,495,000

*Any final maturity schedule will be tailored to match school cash flow projections.*

**Expected Term Bonds\*:**      **Tax-Exempt Series 2020**  
 Term 1 – Maturity 2030  
 Term 2 – Maturity 2040  
 Term 3 – Maturity 2055

**Optional Redemption:**      Optional bond redemption dates for the Series 2020 Bonds to be determined.

**Tax-Exempt/Bank Qualification Status:**      The Bonds will be tax-exempt obligations of the Issuer pursuant to either Section 103 or Section 145 of the Internal Revenue Code, as amended. The Bonds will not be designated as bank qualified and will **not** be subject to the alternative minimum tax for individuals.

**Bond Rating:**      The Bonds will be rated by Standard & Poor’s. The Borrowers Series 2015 bonds are rated BB. It is expected the Series 2020 bonds will be rated in the same category.

**Expected Delivery & Dated Date:**      December, 2020

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- Security:** Security for the Series 2020 Bonds shall include the following:
- Lease Obligation and Pledge and Covenant Agreement from the School.
  - Pledge and assignment to the Trustee of all State funding due each School from the State of Minnesota.
  - A Reserve Fund in the amount of one year’s maximum annual debt service on the Bonds will be held by the Trustee for the benefit of bondholders.
  - First Mortgage and security interest on the land, building and personal property comprising the Project.
  - Assignment of all leases between the School and all other organizations.
  - All covenants for Debt Service Coverage, Days Cash on Hand , reporting and other Covenants as stated in the Series 2015 Indenture, Loan Agreement and Pledge and Covenant agreement and other documents will apply to the Borrower and the School.
  - Other security provisions as determined essential to the offering.

**Bond Trustee:** UMB, National Association.

**Registrar/Paying Agent:** The Bonds will be issued as fully registered bonds and when issued, will be registered in the name of Cede & Co. as nominee of the Depository Trust Co., New York, New York. The Bond Trustee is expected to serve as initial registrar and paying agent.

**Bond Counsel:** Kennedy & Graven, Chartered

**Borrower’s Counsel:** Dorsey & Whitney, LLP

**Underwriter’s Counsel:** Best & Flanagan LLP

**Sources and Uses\*:** An estimate of the sources and uses of funds for the Project is as follows:

<u>Sources:</u>	
Tax-Exempt Series 2020 Bonds	\$20,510,000.00
Reoffering Premium	425,810.10
Equity contribution	<u>340,208.80</u>
Total Sources:	<u>\$21,276,018.90</u>
 <u>Uses:</u>	
Project Fund	\$17,115,000.00
Debt Service Reserve Fund	1,764,224.52
Capitalized Interest	1,637,444.17

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Costs of Issuance	400,000.00
Underwriting Discount	358,925.00
Rounding Amount	<u>425.21</u>
Total Uses:	<u>\$21,276,018.90</u>

**Conditions Precedent  
To Funding & Closing:**

The Project shall be fully funded at Bond issuance, subject to the following conditions:

- Validation and good standing of Charter Contract for the School from their Authorizer.
- Verification of enrollment.
- Review and Comment approval of project from Minnesota Department of Education.
- 5-year forecasted budget prepared by management.
- Guaranteed maximum price construction contract with completion date and liquidated damages.
- Assignment of construction and architect contract.
- Title Insurance in an amount and form acceptable to the Underwriter.
- All appropriate documentation shall have been completed to the mutual satisfaction of all parties and all requisite legal opinions shall have been given.
- Signed Bond Purchase Agreement between Borrower and Underwriter.
- Other conditions as determined in the course of the Offering.

**Type of Offering:**

The Bonds will be offered as a Limited Public Offering with Colliers Securities LLC serving as Underwriter. Bonds will be offered in minimum denominations to be determined by the issuance policies of the Housing and Redevelopment Authority of the City of Saint Paul.