

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 5/3/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Charles Curtis
Presented by: Charles Curtis
File Type: Resolution
Subcategory: Bond

Subject:

Hiawatha Affiliated Building Corporation and Hiawatha Academies revenue bond issuance.

Description:

Passage of resolution approving the issuance of up to \$25,000,000 of 501 (c)(3) Tax-exempt Revenue Bonds for Hiawatha Affiliated Building Corporation and Hiawatha Academies.

Previous Actions:

In 2015 City of Minneapolis and the Minneapolis Community Development Agency approved previous 501 (c)(3) Tax-exempt Revenue Bonds in the amount of \$6,080,000. In 2013, City of Minneapolis authorized Host Approval of the issuance of 501 (c)(3) Tax-exempt Revenue Bonds by the City of Falcon Heights.

Ward/Address:

Ward 8

3800 Pleasant Avenue South

Ward 11

1611 East 46th Street and 4640 17th Avenue South

Ward 12

3810 East 56th Street

Background/Analysis:

Hiawatha Academies is a non-profit 501 (c)(3) organization and a public charter school. Hiawatha Academies has an award-winning network of high performing college preparatory schools serving over 1,000 students from predominately low income communities focused on closing the achievement gap.

The school network currently consists of:

- Morris Park facility, located at 3810 East 56th Street, serving 390 K-4 students
- College Prep Middle School, located at 3800 Pleasant Avenue South, serving 336 5th to 8th grade students
- Northrup Facility, located at 1611 East 46th Street, serving 234 K-2 students
- Collegiate High School, located at 4640 17th Avenue South, serving 104 students

Hiawatha Academies currently has 156 full time employees and will add 22 full time positions beginning in Fall 2016.

Charter Schools Development Corporation, a national organization dedicated to assisting in the establishment of charter schools, currently owns the Morris Park Facility, the Northrup Facility, and the Collegiate High School. Hiawatha Affiliated Building Corporation and Hiawatha Academies will acquire these three facilities from Charter Schools Development Corporation using the proceeds from the proposed revenue bond issue to do so. There will not be any significant renovations at these facilities. Purchasing the facilities will end the occupancy fees that Hiawatha Academies currently pays to Charter Schools Development Corporation and allow Hiawatha Academies to remain as the exclusive tenant of the facilities.

Hiawatha Academies currently leases the College Prep Middle School from Sagrado Corazon De Jesus Church and will remain as the tenant in this facility.

Hiawatha Academies has submitted the proposed facility acquisition to the Minnesota Department of Education for review and comment.

Financial Review:

No additional appropriation required, amount included in current budget.

Note: The City of Minneapolis Administration Fees will decrease by approximately \$15,000 a year for the payoff of the 2015 bonds, but increase by approximately \$55,000 for the proposed 2016 bonds.

- Future budget impact anticipated.**
- Approved by the Permanent Review Committee.**
- Meets Small and Underutilized Business Program goals.**

Attachments:

1. Resolution