

**CITY OF FALCON HEIGHTS  
COUNCIL RESOLUTION**

July 10, 2013

No. 13-16

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**RESOLUTION APPROVING THE ISSUANCE AND SALE OF THE EDUCATIONAL  
FACILITIES REVENUE NOTES, SERIES 2013A AND SERIES 2013B AND  
AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO  
(CHARTER SCHOOLS DEVELOPMENT CORPORATION/HIAWATHA ACADEMIES  
PROJECT)**

WHEREAS,

(a) Minnesota Statutes, Chapter 469.152 to 469.1655, as amended (the “Act”), relating to municipal industrial development, gives municipalities the power to issue revenue obligations for the purpose of financing industrial development and to enter into agreements necessary or convenient in the exercise of the powers granted by the Act;

(b) The City Council of the City of Falcon Heights, Minnesota (the City”) has received from Charter Schools Development Corporation, a nonprofit corporation organized under the laws of the District of Columbia (the “Borrower”), a proposal that the City assist in financing a Project hereinafter described through the issuance of revenue notes, as further defined below, the “Notes,” pursuant to the Act;

(c) The City desires to facilitate the selective development of the community, retain and help to provide the range of services and employment opportunities required by the population, including educational services; and the Project will assist the City in achieving those objectives and will enhance the image and reputation of the community;

(d) The project to be financed by the Notes is the (i) refinancing of certain outstanding taxable indebtedness of the Borrower, the proceeds of which were used for the acquisition of and renovations to a charter school facility located at 3810 East 56<sup>th</sup> Street, Minneapolis, Minnesota (“Hiawatha Academies - Morris Park”); (ii) financing of improvements to Hiawatha Academies - Morris Park consisting of new ceilings, a bathroom facility, kitchen ventilation work, maintenance of unit ventilators and radiators and resurfacing of the parking lot; and (iii) financing of the acquisition, construction and renovation of a charter school facility located at 1611 East 46<sup>th</sup> Street, Minneapolis, Minnesota (“Hiawatha Academies - Northrup” and, with Hiawatha Academies – Morris Park, the “Project”), including an approximately 15,400 square foot addition to the existing building. The Project will be owned by the Borrower and leased to and operated by Hiawatha Academies, a Minnesota nonprofit corporation having federal income tax-exempt 501(c)(3) status as a public (charter) school (the “School”).

(e) The City has been advised by representatives of the Borrower that conventional, commercial financing to pay the capital cost of the Project is available only on a

limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced;

(f) Based on representations of the Borrower, no public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project; and

(g) The Borrower has advised the City that a public hearing on the Project was held on July 9, 2013 by the City of Minneapolis (“Minneapolis”) as the host city, after notice was published as required by the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), at which public hearing all those appearing who desired to speak were heard and written comments were accepted; and it is anticipated that Minneapolis will approve the issuance of the Notes on July 19, 2013; and

(h) A public hearing on the Project was held on the date hereof by the City Council, after notice was published and materials made available for public inspection at the City Hall, all as required by the Act and Section 147(f) of the Code, at which public hearing all those appearing who desired to speak were heard and written comments were accepted.

BE IT RESOLVED by the City Council of the City of Falcon Heights, Minnesota (the “City”), as follows:

**SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.**

1.1 Findings. The City hereby finds, determines and declares as follows:

(a) The City is a municipal corporation and a political subdivision of the State of Minnesota and is authorized under the Act to assist the revenue producing project herein referred to, and to issue and sell the Notes, as hereinafter defined, for the purpose, in the manner and upon the terms and conditions set forth in the Act and in this Resolution.

(b) The issuance and sale of the Educational Facilities Revenue Notes, Series 2013A and Series 2013B (Charter Schools Development Corporation/Hiawatha Academies Project) (the “Notes”) by the City, pursuant to the Act, is in the best interest of the City, and the City hereby determines to issue the Notes and to sell the Notes to Minnesota Bank & Trust in Edina, Minnesota, or another bank in Minnesota (the “Lender”), as provided herein. The City will loan the proceeds of the Notes (the “Loan”) to the Borrower in order to finance the Project.

(c) Pursuant to a Loan Agreement (the “Loan Agreement”) to be entered into between the City and the Borrower, the Borrower has agreed to repay the Notes in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Notes. In addition, the Loan Agreement contains provisions relating to the maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the City and the Borrower deem necessary or desirable for the financing of the Project. A draft of the Loan Agreement has been submitted to the City Council.

(d) Pursuant to a Pledge Agreement (the “Pledge Agreement”) to be entered into between the City and the Lender, the City has pledged and granted a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses). A draft of the Pledge Agreement has been submitted to the City Council.

(e) Pursuant to two Mortgages, Security Agreements, Fixture Financing Statements and Assignments of Leases and Rents (collectively, the “Mortgage”) to be executed by the Borrower in favor of the Lender, the Borrower has secured payment of amounts due under the Loan Agreement and Notes by granting to the Lender a mortgage and security interest in the property described therein. A draft of the Mortgage has been submitted to the City Council.

(f) Pursuant to a Disbursing Agreement (the “Disbursing Agreement”) to be entered into between the Lender, a disbursing agent and the Borrower, the proceeds of the Notes will be disbursed to the Borrower for the acquisition, construction and equipping of the Project. A draft of the Disbursing Agreement has been submitted to the City Council.

(g) Pursuant to one or more Lease Agreements (collectively, the “Lease”) to be entered into between the Borrower and the Lessee, the Project will be leased to and operated by the School.

(h) The Notes will be special, limited obligations of the City. The Notes shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the City be subject to any liability thereon. No holder of the Notes shall ever have the right to compel any exercise of the taxing power of the City to pay the Notes or the interest thereon, nor to enforce payment thereof against any property of the City. The Notes shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

(i) On the basis of information available to the City it appears, and the City hereby finds, that the Project constitutes properties, real and personal, used or useful in connection with one or more revenue producing enterprises, whether or not operated for profit, within the meaning of Subdivision 2(b) of Section 469.153 of the Act; that the Project furthers the purposes stated in Section 469.152; that the availability of the financing under the Act and the willingness of the City to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to assist in the prevention of the emergence of blighted and marginal land, to help prevent chronic unemployment, to help the surrounding area retain and eventually improve the tax base, to provide the range of service and employment opportunities required by the population, to help prevent the movement of talented and educated persons out of the state and to areas within the state where their services may not be as effectively used, to promote more intensive development and use of land within the City of Minneapolis and surrounding communities, and to provide available adequate educational services to residents of the state at a reasonable cost.

(j) It is desirable, feasible and consistent with the objects and purposes of the Act to issue the Notes for the purpose of financing the costs of the Project.

**SECTION 2. THE NOTES.**

2.1 Authorized Amount and Form of Notes. The Notes are hereby approved and shall be issued pursuant to this Resolution in substantially the form submitted to the City Council with such appropriate variations, omissions and insertions as are necessary and appropriate and are permitted or required by this Resolution, and in accordance with the further provisions hereof; and the total aggregate principal amount of the Notes that may be outstanding hereunder is expressly limited to \$8,000,000, unless a duplicate Note is issued pursuant to Section 2.7 or Section 2.10. The Notes shall bear interest at a variable rate as set forth therein.

2.2 The Notes. The Notes shall be dated as of the date of delivery to the Lender, shall be payable at the times and in the manner, shall bear interest at the rate, and shall be subject to such other terms and conditions as are set forth therein.

2.3 Execution. The Notes shall be executed on behalf of the City by the signatures of its Mayor and the Administrator and shall be sealed with the seal of the City; provided that the seal may be intentionally omitted as provided by law. In case any officer whose signature shall appear on the Notes shall cease to be such officer before the delivery of the Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if had remained in office until delivery. In the event of the absence or disability of the Mayor or the Administrator such officers of the City as, in the opinion of the City Attorney, may act in their behalf, shall without further act or authorization of the City Council execute and deliver the Notes.

2.4 Delivery of Initial Notes. Before delivery of the Notes there shall be filed with the Lender (except to the extent waived by the Lender) the following items:

- (1) an executed copy of each of the following documents:
  - (a) the Loan Agreement;
  - (b) the Pledge Agreement;
  - (c) the Mortgage;
  - (d) the Disbursing Agreement; and
  - (e) the Lease.
- (2) an opinion of Counsel for the Borrower as prescribed by the Lender and Bond Counsel;
- (3) an opinion of Counsel for the School as prescribed by the Lender and Bond Counsel;

(4) the opinion of Bond Counsel as to the validity and tax exempt status of the Notes;

(5) 501(c)(3) determination letters from the Internal Revenue Service evidencing that the Borrower and the School are exempt from income taxation under Section 501(a) of the Code;

(6) such other documents and opinions as Bond Counsel may reasonably require for purposes of rendering its opinion required in subsection (4) above or that the Lender may reasonably require for the closing.

2.5 Disposition of Proceeds of the Notes. Upon delivery of the Notes to Lender, the Lender shall, on behalf of the City, disburse the proceeds of the Notes for payment of Project Costs in accordance with the terms of the Loan Agreement.

2.6 Registration of Transfer. The City will cause to be kept at the office of the City Administrator a Note Register in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of transfers of ownership of the Notes. The Notes shall be initially registered in the name of the Lender and shall be transferable upon the Note Register by the Lender in person or by its agent duly authorized in writing, upon surrender of the Notes together with a written instrument of transfer satisfactory to the City Administrator, duly executed by the Lender or its duly authorized agent. The following form of assignment shall be sufficient for said purpose.

For value received \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ the within Note of the City of Falcon Heights, Minnesota, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer said Note on the books of said City with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Section 2.9 of the Resolution authorizing the issuance of the Note.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

Upon such transfer the City Administrator shall note the date of registration and the name and address of the new Lender in the applicable Note Register and in the registration blank appearing on the Note.

2.7 Mutilated, Lost or Destroyed Notes. In case the Notes issued hereunder shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and delivered, a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Notes, or in lieu of and in substitution for such Note destroyed or lost, upon the Lender's paying the reasonable expenses and charges of the City in connection therewith, and in the case of a Note destroyed or lost, the filing with the City of evidence satisfactory to the City with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Notes prior to payment.

2.8 Ownership of Notes. The City may deem and treat the person in whose name a Note is last registered in the Note Register and by notation on the Note whether or not such Note shall be overdue, as the absolute owner of such Note for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary.

2.9 Limitation on Notes Transfers. The Notes will be issued to an "accredited investor" and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Notes may not be assigned or transferred in whole or part, nor may a participation interest in the Notes be given pursuant to any participation agreement, except to another "accredited investor" or "financial institution" in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s).

2.10 Issuance of a New Note. Subject to the provisions of Section 2.9, the City shall, at the request and expense of the Lender, issue a new Note, in aggregate outstanding principal amount equal to that of the Note surrendered, and of like tenor except as to number, principal amount, and the amount of the periodic installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

### **SECTION 3. GENERAL COVENANTS.**

3.1 Payment of Principal and Interest. The City covenants that it will promptly pay or cause to be paid the principal of and interest on the Notes at the place, on the dates, solely from the source and in the manner provided herein and in the Notes. The principal and interest are payable solely from and secured by revenues and proceeds derived from the Loan Agreement, the Pledge Agreement, and the Disbursing Agreement, which revenues and proceeds are hereby specifically pledged to the payment thereof in the manner and to the extent specified in the Notes, the Loan Agreement, the Pledge Agreement, and the Disbursing Agreement; and nothing in the Notes or in this Resolution shall be considered as assigning, pledging or otherwise encumbering any other funds or assets of the City.

3.2 Performance of and Authority for Covenants. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution, in the Notes executed, authenticated and delivered hereunder and in all proceedings of the City Council pertaining thereto; that it is duly authorized under the Constitution and laws of the State of Minnesota including particularly and without limitation the

Act, to issue the Notes authorized hereby, pledge the revenues and assign the Loan Agreement in the manner and to the extent set forth in this Resolution, the Notes, the Loan Agreement, the Pledge Agreement, and the Disbursing Agreement; that all action on its part for the issuance of the Notes and for the execution and delivery thereof has been duly and effectively taken; and that the Notes in the hands of the Lender are and will be valid and enforceable special limited obligations of the City according to the terms thereof.

3.3 Enforcement and Performance of Covenants. The City agrees to enforce all covenants and obligations of the Borrower under the Loan Agreement and Disbursing Agreement, upon request of the Lender and being indemnified to the satisfaction of the City for all expenses and claims arising therefrom, and to perform all covenants and other provisions pertaining to the City contained in the Notes and the Loan Agreement and subject to Section 3.4.

3.4 Nature of Security. Notwithstanding anything contained in the Notes, the Loan Agreement, the Pledge Agreement, or any other document referred to in Section 2.4 to the contrary, under the provisions of the Act the Notes may not be payable from or be a charge upon any funds of the City other than the revenues and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon, nor shall the Notes otherwise contribute or give rise to a pecuniary liability of the City or, to the extent permitted by law, any of the City's officers, employees and agents. No holder of the Notes shall ever have the right to compel any exercise of the taxing power of the City to pay the Notes or the interest thereon, or to enforce payment thereof against any property of the City other than the revenues pledged under the Pledge Agreement; and the Notes shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City; and the Notes shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; but nothing in the Act impairs the rights of the Lender to enforce the covenants made for the security thereof as provided in this Resolution, the Loan Agreement, the Pledge Agreement, and the Disbursing Agreement, and in the Act, and by authority of the Act, the City has made the covenants and agreements herein for the benefit of the Lender; provided that in any event, the agreement of the City to perform or enforce the covenants and other provisions contained in the Notes, the Loan Agreement, the Pledge Agreement, and the Disbursing Agreement shall be subject at all times to the availability of revenues under the Loan Agreement sufficient to pay all costs of such performance or the enforcement thereof, and the City shall not be subject to any personal or pecuniary liability thereon.

3.5 Qualified Tax Exempt Obligation. In order to qualify the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the City hereby makes the following factual statements and representations;

(a) the Notes are not treated as a "private activity bond" under Section 265(b)(3) of the Code;

(b) the City hereby designates the Notes as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the City (and all entities whose obligations will be aggregated with those of the City) during the calendar year 2013 will not exceed \$10,000,000;

(d) not more than \$10,000,000 of obligations issued by the City during the calendar year 2013 have been designated for purposes of Section 265(b)(3) of the Code; and

(e) the aggregate face amount of the Notes does not exceed \$10,000,000.

3.6 Approval of Program. The City has established a governmental program of acquiring purpose investments for qualified 501(c)(3) projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

(a) the program involves the origination or acquisition of purpose investments;

(b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;

(c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;

(d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and

(e) the City shall not waive the right to treat the investment as a program investment.

#### **SECTION 4. MISCELLANEOUS.**

4.1 DEED Application. The financing of the Project by the issuance of the Notes by the Issuer is subject to, among other things, (a) the approval of the Project by the City and the Minnesota Department of Employment and Economic Development, (b) final approval by the City, the Borrower and the purchaser of the Notes as to the ultimate details of the financing, and (c) review and approval of the proposed Project by Bond Counsel.



4.2 Reimbursement. In anticipation of the approval of the Project by the State of Minnesota, Department of Employment and Economic Development and all other necessary entities and the issuance of the Notes to finance all or a portion of the Project, and in order that completion of the Project will not be unduly delayed when approved, the City hereby authorizes the Borrower, in accordance with the provisions of the Act and subject to the terms and conditions imposed by the Lender, to provide for the acquisition, construction, and equipping of the Project by such means as shall be available to the Borrower and in the manner determined by the Borrower, and without advertisement for bids as may be required for the construction and acquisition of other municipal facilities; the City hereby ratifies, affirms, and approves all actions heretofore taken by the Borrower consistent with and in anticipation of such authority; and the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Project to be financed from the proceeds of the Notes as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Notes if and when delivered but otherwise without liability on the part of the City.

4.3 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Resolution contained shall not affect the remaining portions of this Resolution or any part thereof.

4.4 Authentication of Transcript. The officers of the City are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the validity of the Notes. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the City as to the correctness of all statements contained therein.

4.5 Authorization to Execute Agreements. The forms of the proposed Loan Agreement and the Pledge Agreement are hereby approved in substantially the form presented to the City Council, together with such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel prior to the execution of the documents. The Mayor and the Administrator of the City are authorized to execute the Loan Agreement and the Pledge Agreement and such other documents as Bond Counsel consider appropriate in connection with the issuance of the Notes, in the name of and on behalf of the City. In the event of the absence or disability of the Mayor or the Administrator such officers of the City as, in the opinion of the City Attorney, may act on their behalf, shall without further act or authorization of the City Council do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers. The execution of any instrument by the appropriate officer or officers of the City herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

Adopted by the City Council of Falcon Heights, Minnesota, this 10th day of July, 2013.

Moved by: *Harris*

Approved by: 

~~Peter Lindstrom~~ *Keith Gosline*  
Mayor *Pro Tem*  
July 10, 2013

LINDSTROM *Absent* 3 In Favor  
GOSLINE  
HARRIS 0 Against  
LONG  
MERCER-TAYLOR *Absent*

Attested by: 

Bart Fischer  
City Administrator  
July 10, 2013



CITY OF  
**FALCON HEIGHTS**

2077 W. Larpenteur Avenue  
Falcon Heights, MN 55113-5594

email: [mail@falconheights.org](mailto:mail@falconheights.org)  
website: [www.falconheights.org](http://www.falconheights.org)

*The City That Soars!*

Phone - (651) 792-7600  
Fax - (651) 792-7610

July 10, 2013

Mr. Bob Isaacson  
Minnesota Department of Employment and Economic Development  
First National Bank Building  
332 Minnesota Street, E200  
St. Paul, Minnesota 55101

Re: City of Falcon Heights, Minnesota – Educational Facilities Revenue  
Notes, Series 2013A and Series 2013B (Charter Schools Development  
Corporation/Hiawatha Academies Project)

Dear Mr. Isaacson:

Attached hereto in duplicate is the application of the City of Falcon Heights, Minnesota (the "City"), for approval of the above referenced project (the "Project") including a copy of the Resolution adopted by the City Council approving the issuance of the notes.

As indicated in the attached Resolution, we believe that this Project fully meets the public purpose requirements of Minnesota Statutes, Sections 469.152 to 469.1655, as amended (the "Act"). Charter Schools Development Corporation, a District of Columbia nonprofit corporation, provides educational facilities by leasing public school buildings to Hiawatha Academies, a Minnesota nonprofit corporation, formed as public charter schools pursuant to Minnesota Statutes, Section 124D.10. The City Council desires to help promote development of educational facilities and believes that the financing of the Project by the issuance of the revenue notes will accomplish that objective. Reference is made to the Resolution for a more definitive statement of the public purposes served by the financing.

The Project does not contain any property to be sold or affixed or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

The City has complied with the notice and hearing requirements of Minnesota Statutes, Section 469.154, subdivision 4, and agrees it will comply with the reporting requirements set forth in Minnesota Statutes, Section 469.154, subdivisions 5 and 7. The public hearing was held on July 10, 2013 at 7:00 p.m., at the City Hall in the City of



CITY OF  
**FALCON HEIGHTS**

2077 W. Larpenteur Avenue  
Falcon Heights, MN 55113-5594

email: [mail@falconheights.org](mailto:mail@falconheights.org)  
website: [www.falconheights.org](http://www.falconheights.org)

*The City That Soars!*

Phone - (651) 792-7600  
Fax - (651) 792-7610

Falcon Heights, a draft copy of the enclosed application with all attachments was available for public inspection and all interested parties were afforded an opportunity to express their views.

The City will undertake to encourage that the employment opportunities made available by the Project will, if feasible, be offered to individuals who are unemployed or who are economically disadvantaged.

We respectfully request prompt approval by the Minnesota Department of Employment and Economic Development of the Project under the provisions of the Act.

Sincerely,

Keith Gosline  
Mayor Pro Tem  
CITY OF FALCON HEIGHTS,  
MINNESOTA

**Application for Approval of Industrial Development/Revenue Bond Project**  
**Pursuant to Minn. Stat. 469.152 – 469.165**

Page 1 of 3

Please submit two copies of this form but only one copy of supporting documents requested on page 2.

Name of Issuer (Municipality or Redevelopment agency): City of Falcon Heights, Minnesota

Contracting Party Business Name: Charter Schools Development Corporation, a District of Columbia nonprofit corporation

Business Industry and/or Products: Provides educational facilities by leasing public school buildings to Hiawatha Academies, formed as public (charter) schools pursuant to Minnesota Statutes, Section 124D.10.

Description of Project Financed by Bond Proceeds: (i) refinance certain outstanding taxable indebtedness of the Borrower, the proceeds of which were used for the acquisition of and renovations to a charter school facility located at 3810 East 56th Street, Minneapolis, Minnesota ("Hiawatha Academies - Morris Park"); (ii) finance improvements to Hiawatha Academies - Morris Park consisting of new ceilings, a bathroom facility, kitchen ventilation work, maintenance of unit ventilators and radiators and resurfacing of the parking lot; and (iii) finance the acquisition, construction and renovation of a charter school facility located at 1611 East 46th Street, Minneapolis, Minnesota ("Hiawatha Academies - Northrup"), including an approximately 15,400 square foot addition to the existing building.

Location (address and city) of Project: 3810 East 56<sup>th</sup> Street, Minneapolis, Minnesota and 1611 East 46<sup>th</sup> Street, Minneapolis, Minnesota

Dates of Construction (if applicable): Construction at Northrup will commence January 2014

Date Project Funded by Bonds Expected to be Operational: Morris Park is currently operational; Northrup will be operational September 1, 2014.

New (not currently in Minnesota) Permanent Full-Time Jobs Created by Project: 40

Expected Annual Wages of New Full-Time Jobs: \$1.76 million annually

Current Jobs at Location: 40 at Morris Park; no current jobs at Northrup

Amount of Issuance Authority Expected to be Requested from MMB: None. Qualified 501(c)(3) bonds.

Maturity Schedule and Interest Rates: 10 years at a variable rate of interest

Bond Counsel: Catherine J. Courtney, Briggs and Morgan, P.A. Phone: 612-977-8765

**Application for Approval of Industrial Development/Revenue Bond Project**  
**Pursuant to Minn. Stat. 469.152 – 469.165**

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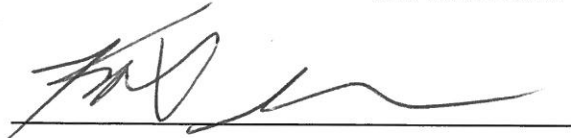
The following exhibits are furnished with this application and are incorporated herein by reference:

1. An opinion of bond counsel that the proposal constitutes a project under Minn. Stat. 469.153, Subd. 2.
2. A copy of the resolution by the governing body of the Issuer giving preliminary approval for the issuance of its revenue bonds and stating that the project, except for a project under Minn. Stat. 469.153, Subd. 2(g) or (j), furthers the purposes of Minn. Stat. 469.152 – 469.165.
3. A letter of intent to purchase the bond issue or a letter confirming the feasibility of the project from a financial standpoint.
4. A comprehensive statement by the municipality indicating how the project satisfies the purposes of Minn. Stat. 469.152 - 469.165.
5. A statement signed by a representative of the Issuer that the project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.
6. A statement signed by a representative of the Issuer that a public hearing was conducted pursuant to Minn. Stat. 469.154, Subd. 4. The statement shall include the date, time and place of the meeting and certify that a draft copy of this application with all attachments was available for public inspection and that all interested parties were afforded an opportunity to express their views.
7. A statement signed by the principal representative of the issuing authority to the effect that upon entering into the revenue agreement, the information required by Minn. Stat. 469.154, Subd. 5 will be submitted to the Department (not applicable to projects under Minn. Stat. 469.153, Subd. 2(g) or (j)).
8. The plan for encouraging the targeting of employment opportunities to economically disadvantaged or unemployed individuals. (See Minn. Stat. 469.154, Subd. 7.)
9. Affidavit(s) of publication or copies of notice(s) as published which indicate the date(s) of publication and the newspaper(s) in which the notice(s) were published.

**Application for Approval of Industrial Development/Revenue Bond Project**  
**Pursuant to Minn. Stat. 469.152 – 469.165**

Page 3 of 3

We, the undersigned, are principal officer(s) or representative(s) of the Issuer  
and solicit DEED's approval of this project.



Signature

Keith Gosline, Mayor Pro Tem

Print Name and Title

2077 Larpenteur Avenue West

Street Address

Falcon Heights, MN 55113-5551

City, State and Zip

N/A

E-Mail

July 10, 2013

Date



Signature

Bart Fischer, Administrator

Print Name and Title

2077 Larpenteur Avenue West

Street Address

Falcon Heights, MN 55113-5551

City, State and Zip

bfischer@ci.falcon-heights.mn.us

E-Mail

July 10, 2013

Date

**DEED Approval**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Approval Date

*(Approval shall not be deemed to be an approval on the feasibility of the project or the terms  
of the revenue agreement to be executed or the bonds to be issued thereof.)*

Send two copies of form and one copy of supporting documents noted on page 2 to:

Minnesota Department of Employment and Economic Development

Bob Isaacson, Director, JOBZ & Business Finance

1<sup>st</sup> National Bank Building

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St. Paul, Minnesota 55101

Phone: 651-259-7458

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