

DESCRIPTION OF PROPOSED SCHOOL CONSTRUCTION PROJECT

Hiawatha Academies #4170, through its affiliated building corporation, Hiawatha Collegiate High School Affiliated Building Corporation (HCHSABC), is proposing the purchase of and improvements to an existing facility located on a 4.7 acre site at 3530 East 28th Street, Minneapolis, Minnesota. The total project cost is estimated to be \$27,046,350. The purchase price of the existing facility is \$4,289,089. Proposed improvements include a building addition, site improvements and major renovations of the existing facility at an estimated cost of \$21,046,350. Other costs include \$1,065,688 in capitalized interest. With the proposed addition, the facility will provide 102,600 square feet of building space to serve high school students.

The proposed projects will be financed by multiple funding streams, including: tax credit equity from New Market Tax Credits (NMTC), direct and leverage loans from Sunrise Bank and a subordinate loan from the Nonprofits Assistance Fund. Financing amounts by source are show below:

• NMTC Equity	\$5,089,500
• Direct Bank Loan	\$12,046,350
• Leverage Bank Loan	\$6,886,095
• Subordinate Loan	<u>\$3,024,405</u>
	\$27,046,350

HCHSABC will be responsible for the annual debt service payments associated with the proposed facility acquisition and will, in turn, lease the facility on a long-term basis to Hiawatha Academies #4170. The charter school will use lease aid under M.S. §124E.22 and unrestricted general fund dollars to fund the annual lease payments.

Hiawatha Academies #4170 has supplied enrollment and operating cost projections showing they will have sufficient pupils and financial resources to fund the lease costs associated with the proposed facility acquisition and improvements. The charter school board believes the proposed acquisition and improvements are in the best interest of the charter school and address both current and long-term facility needs.

REVIEW AND COMMENT STATEMENT

Based upon the department's analysis of the charter school's required documentation and other pertinent information from sources of the Minnesota Department of Education, as required under M.S. § 124E.13, Subd. 4, and M.S. § 123B.71, the Commissioner of Education is providing a positive review and comment for the proposed facility acquisition.

ADDITIONAL INFORMATION IS AVAILABLE

Persons desiring additional information regarding the proposed facility acquisitions should contact the administrative office of Hiawatha Academies #4170.



Dr. Brenda Cassellius
Commissioner

May 30, 2017