



CITY COUNCIL MEETING

AGENDA SECTION	ITEMS FOR CONSIDERATION
MEETING DATE	SEPTEMBER 28, 2026

ITEM:	Amendment of Prodeo Bond Agreements		
Presenting Item: Mitchell Forney, Community Development			
DEPARTMENT: Community Development		BY/DATE: Mitchell Forney / September 23, 2026	
CORE CITY STRATEGIES:			
_Community that Grows with Purpose and Equity		_Engaged, Effective and Forward-Thinking	
_High Quality Public Spaces		XResilient and Prosperous Economy	
_Safe, Accessible and Built for Everyone		_Inclusive and Connected Community	

BACKGROUND

In 2019, the City of Columbia Heights issued Charter School Lease Revenue Bonds for the Prodeo Academy Project, with the proceeds loaned to Friends of Prodeo Inc. to finance the acquisition, demolition, construction, and equipping of the charter school facility located at 4141 University Avenue Northeast. The Series 2019A Bonds remain outstanding, while the related Taxable Series 2019B Bonds matured in July 2024 and are no longer outstanding.

Prodeo Academy is proposing to acquire additional charter school facilities in the City of Saint Paul. The proposed financing for the St. Paul Project requires the consent from the City and the holders of the bonds, for which 100% of the bondholders have agreed to the proposed transaction. This leaves the final step in amending the bond agreement documents to reflect the changes necessary for the new project.

Ultimately, the proposed amendments and St. Paul Mortgage add a new collateral/liquidity deposit obligation but do not change the stated bond yield, maturity, scheduled principal or interest payments, or priority of the original collateral package. In particular, the proposed amendments add the St. Paul Project into the bondholder security package, but only through a new second-lien mortgage (the St. Paul Mortgage) rather than by changing the original collateral (the school facility located in Columbia Heights). In addition, there is a requirement to fund a newly established Stabilization Fund in the amount \$750,000, and replenishment of any deficiency of such amount. The First Supplemental Indenture allows the Trustee to transfer amounts in the Stabilization Fund to the Bond Fund in the event of any deficiency in the Bond Fund to pay debt service on the Series 2019A Bonds. Therefore, the addition of the Stabilization Fund improves the payment waterfall from the holders' perspective.

Because the City is the issuer of the Series 2019A Bonds, the proposed amendments require City Council approval and execution of the First Amendment to the Loan Agreement and First Supplemental Indenture. The City is not providing additional financing for the St. Paul Project or assuming additional financial liability as part of the proposed amendments. The resolution expressly maintains the Series 2019A Bonds as special, limited

obligations of the City, payable solely from the revenues and other sources identified in the bond documents, and does not create a charge against the City's general credit or taxing powers.

The City's Bond Counsel has determined that the proposed amendments will not adversely affect the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes, satisfying a requirement of the original bond documents.

SUMMARY OF CURRENT STATUS

The proposed First Amendment to Loan Agreement, First Supplemental Indenture, and St. Paul Mortgage have been presented to the City for approval. If approved, the Mayor and City Manager will be authorized to execute the First Amendment to the Loan Agreement and First Supplemental Indenture, allowing Prodeo Academy to proceed with the St. Paul Campus Financing. The Company and School are responsible for the costs incurred by the City in connection with the transaction.

The proposed transaction provides an opportunity for Prodeo Academy to expand its facilities while maintaining the existing terms and security structure of the City's outstanding Series 2019A Bonds and adding the Stabilization Fund and additional collateral to the bondholder security package.

STAFF RECOMMENDATION

Staff recommend approval of the resolution approving the First Amendment to Loan Agreement, First Supplemental Indenture of Trust, St. Paul Mortgage, and related documents associated with the Prodeo Academy Series 2019A Bonds. Approval will allow the proposed St. Paul Campus Financing to move forward while maintaining the City's existing obligations and protections associated with the outstanding bonds.

RECOMMENDED MOTION(S):
MOTION: Move to waive the reading of Resolution 2026-060, there being ample copies available to the public. MOTION: Motion to adopt Resolution 2026-060, approving the (insert description of what is called for in resolution).

ATTACHMENT(S)

1. Resolution 2026-060
2. First Supplemental Indenture
3. Amendment to Pledge Agreement
4. First Amendment to Loan Agreement