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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: CONDUIT DEBT FEE POLICY
DATE: NOVEMBER 24, 2025

Originally presented on November 17th, the purpose of this policy is to establish the fees charged by the City of New Prague (the "City") to recover administrative costs for services related to the issuance of conduit debt obligations. This policy aligns with other municipalities and was reviewed by our Municipal Advisors. The City Council asked for changes to the proposed Conduit Debt Fee Policy. An updated copy is included and the changes are below:

POLICY

1. For debt issued through the City of New Prague as conduit debt under Minnesota statutes and IRS regulations for which the proceeds are to be loaned to a borrower and repaid through revenues and/or proceeds from a project for which the proceeds were borrowed, the City of New Prague will charge an upfront administrative fee ~~of up to~~[in the amount of](#) 1% of the principal amount of the bonds, or as negotiated by the New Prague City Council.
2. The applicant must select a qualified financial adviser or underwriter to assist the applicant in preparing all necessary application documents and materials. The financial adviser will submit a letter that establishes the financial feasibility of the project. Applications may, in the alternative, include a signed letter from a responsible financial institution indicating that the project is economically feasible and viable and stating that bonds can be successfully sold for the project or that an individual or institution intends to purchase [all of](#) the bonds. If the applicant is not seeking other public assistance for the project, the City's financial advisor will be required to review the project for financial feasibility.

The applicant must receive approval from the appropriate state agencies, secure financing and commence construction within one year of the date of the resolution giving preliminary approval to the project or the housing program. Upon application, the Council may approve an extension of the preliminary approval.

The City ~~may will~~-appoint [its own](#) bond counsel [to represent the City's interest for](#) the bond issue, which will normally be the City's regularly retained bond counsel.

3. Projects must be compatible with the overall development plans and objectives of the City and shall meet all applicable zoning and land use regulations of the City.
4. Prior to closing and delivery of the bonds for the project, the applicant must pay, or commit to pay at closing an administrative fee in the amount of 1% of par of the bonds, or as negotiated by [the New Prague City Council](#) ~~ased upon size of issuance~~. The administrative fees required by this paragraph will be adjusted at or paid prior to delivery of the bonds if necessary to ensure compliance with the Internal Revenue Code and regulations.

Recommendation

Staff recommends approval of the Conduit Debt Fee Policy.