

Memorandum

TO: City Council

FROM: Tom Simonson , Assistant City Manager and Community Development Director

DATE: July 21, 2025

SUBJECT: Shoreview host approval to the issuance of tax-exempt obligations by the City of North Oaks for the Church of Saint Odilia refinancing

ITEM NUMBER: 9.a

SECTION: PUBLIC HEARINGS

REQUESTED MOTION

Motion 1

To close the public hearing at _____ pm.

Motion 2

To grant Shoreview host city approval to the issuance of tax-exempt conduit revenue bond obligations for the Church of Saint Odilia planned refinancing.

INTRODUCTION

The Church of St. Odilia, located in Shoreview, is pursuing the refinancing of their remaining debt from a school expansion project undertaken in 2017. The City of Shoreview must consent to the tax-exempt bond financing by granting host approval since St. Odilia is located in our community. St. Odilia School (preschool through 8th grade) is located at 3495 Victoria Street North.

Due to a delay in the church securing an issuer, the city council opened the required public hearing on June 16 and approved a motion to continue the hearing until the July 21 meeting.

DISCUSSION

A municipality may issue tax-exempt obligations that are designated by the city as “bank qualified,” which gives banks certain favorable tax treatment for governmental bonds and bonds issued for the benefit of 501(c)(3) organizations (in this case St. Odilia as the borrower). A city may designate up to \$10 million of such bonds as bank qualified in each calendar year. Bank qualified obligations tend to have lower interest rates than non-bank qualified bonds, so they are preferable to the borrower when they can be used. These proposed bonds now requested to be issued to refund (or refinance) the prior bond, will provide St. Odilia cost savings on their remaining loan debt.

In 2017, the City of North Oaks served as the conduit issuer of a \$4,900,000 Educational Facilities Revenue Note, Series 2017 (St. Odilia School Project), the proceeds of which were loaned to the borrower St. Odilia to finance their project. At that time, the City of Shoreview was issuing our own bond financing for projects, which was close to the bank-qualified

threshold of \$10 million, and we were not able to issue bonds on behalf of St. Odilia. Therefore, the City of North Oaks agreed to serve as the issuer for the financing of the St. Odilia School improvements. In 2025, the City of Shoreview is issuing bonds to finance several major projects including the city hall office renovations and new fire station headquarters, so once again is not in position to serve as the conduit issuer for the St. Odilia refinancing. The plan originally was for the City of North Oaks to again serve as the issuer of bank qualified bonds, however, St. Odilia is now working with the City of Arden Hills. Arden Hills is currently reviewing the request, but their city approval will not occur until the next month. If Arden Hills does not agree to serve as the issuer, then St. Odilia will seek another city to serve in this capacity.

Because the St. Odilia property where the improvements occurred is located in Shoreview, pursuant to both federal tax law and State law, Shoreview must grant what is called "host approval" consenting for another city to act as the issuer for the benefit of the borrower. It should be noted, that the city has taken similar actions on numerous occasions over the years granting either conduit financing or host approval of other non-profit organizations including Ecumen, Presbyterian Homes, Northwest YMCA, Northeast Youth and Family Services, Twin City Christian Homes (now Avinity), and St. Odilia.

Included with this report is a summary letter from the Fryberger Law Firm representing the borrower, outlining the proposed refinancing and role of Shoreview and issuing city (North Oaks at the time of the letter) in the approval process. There are no legal risks, liability, or financial obligations to the City of Shoreview associated with the proposed refinancing.

RECOMMENDATION

Since the bond issuing city has not officially been identified, the recommendation is for the city council to hold the public hearing and take action to grant host city approval for the proposed refinancing by St. Odilia. Once an issuing city agrees to approve the bonding, the city council will then be asked to formally adopt a resolution consenting to the financing as the host city. Staff is recommending the city council conduct the required public hearing and then take action to grant Shoreview host approval to the issuance of tax-exempt conduit revenue bond obligations for the St. Odilia refinancing.

ATTACHMENTS

[Letter to Shoreview Re St Odilia Refinancing](#)