



## **Review and Comment Submission**

**May 15, 2018**

The following Review and Comment Submission was approved by the Twin Cities German Immersion School Board on April 26, 2018. This submission is to seek a positive review from the Minnesota Department of Education so the Twin Cities German Immersion School Building Company can remodel its facility to meet the needs of the current and future learners of the Twin Cities German Immersion School.

May 8, 2018

Commissioner Brenda Casselius  
Minnesota Department of Education  
1500 Highway 36 West  
Roseville, MN 55113

This submission is to comply with the requirements under Minnesota Statutes, sections 123B.71 and 124D.10, concerning review and comment by the Minnesota Department of Education (MDE).

The Twin Cities German Immersion School (TCGIS) is a public charter school that has operated in St. Paul since its inception in 2005. After twelve years under the authorization of St. Paul's Germanic American Institute, the school entered into a new authorizing agreement with the University of St. Thomas in 2017. The school serves grades K-8 with an average daily membership (ADM) of 550 for the 2017-2018 school year, having grown from initially offering just kindergarten and first grade. The school has twice moved to accommodate additional students as it has grown.

TCGIS and the TCGIS Building Company seek approval to remodel the school's facility, removing the current former church sanctuary functioning as a gym, its basement a cafeteria. Replacing it will be space for a full-sized gym, a larger cafeteria and space for additional classrooms, small learning spaces and offices. The current site, our home for the last five school years, is proving inadequate for current program offerings. Space concerns, along with long term maintenance costs are making it clear that significant changes to our facility are necessary.

Financing for the project will come from \$6.425 million in tax exempt bonds backed by charter school lease revenue from the Twin Cities German Immersion School, with the City of Saint Paul Housing and Redevelopment Authority as the issuer and Piper Jaffray & Co. as the underwriter. The remaining funds will come from reserves established and held by the Twin Cities German Immersion School Building Company. Ten Square is providing development management and consulting. The school's budget scenario can be found in Appendix A.

Since TCGIS is a Minnesota public charter school, this project does not require voter approval through a bond referendum election. The Board of Directors for the Twin Cities German Immersion School, under the leadership of the chair, Kelly Laudon, and the treasurer, Sam Walling, has reviewed and approved this document on April 26, 2018.



Ted Anderson  
TCGIS Director

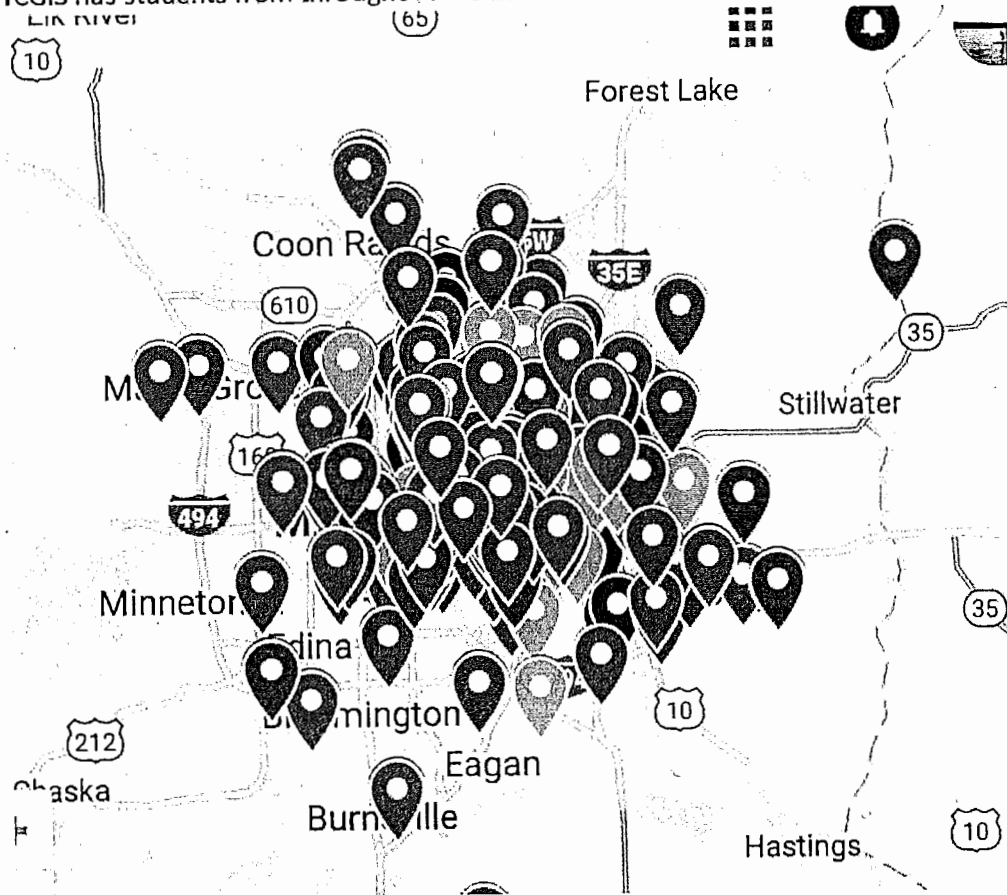
### TCGIS Review and Comment Submission Information

*A school board proposing a lease purchase, construction, expansion or remodeling of a facility with a cost in excess of \$500,000 if it has a capital loan outstanding or \$1,400,000 per school site if it does not have a capital loan outstanding, shall submit to the commissioner a proposal containing the following information:*

- 1) The geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years

**Geographic area and population served.** The school serves the entire Twin Cities metropolitan area. While the primary communities are Minneapolis and St. Paul, families from a number of suburbs are enrolled, including Mounds View, South Washington County, Roseville, North St. Paul, Maplewood, St. Anthony, and New Brighton. Because of the German language immersion and world citizenship educational philosophy of the school, the population includes a number of families with native German speakers. The following outlines student demographics using MDE submitted student counts for the 2017-18 school year.

TCGIS has students from throughout the metro area:



**Table 1. TCGIS 2017-18 Demographics**

Grade	Total Count	% Minority	% Male	% Female	% Free/ Red. Lunch	% Spec. Ed.	% LEP Served
K	73	6.9%	64.4%	35.6%	12.3%	6.8%	0.0%
1	75	9.3%	50.7%	49.3%	5.3%	4.0%	0.0%
2	74	6.8%	55.4%	44.6%	10.8%	8.1%	2.7%
3	74	9.5%	41.9%	58.1%	2.7%	6.8%	0.0%
4	69	28.9%	42.0%	58.0%	4.3%	24.6%	0.0%
5	61	9.8%	52.5%	47.5%	8.2%	16.4%	4.9%
6	52	7.7%	59.6%	40.4%	7.7%	23.1%	1.9%
7	44	9.1%	31.1%	68.9%	4.5%	18.2%	2.3%
8	34	11.7%	35.3%	64.7%	14.7%	11.8%	2.9%
<b>Total</b>	<b>556</b>	<b>11.2%</b>	<b>49.5%</b>	<b>50.5%</b>	<b>7.6%</b>	<b>12.6%</b>	<b>1.4%</b>

**Student enrollment.** The following tables provide historical and projected enrollment information.

**Table 2. TCGIS Average Daily Membership (ADM) by Grade and Year, 2009-17**

School Year	K	1	2	3	4	5	6	7	8	Total
2009-10	42.6	38.6	39.0	31.4	22.4	17.8	--	--	--	191.8
2010-11	45.3	46.6	36.0	36.5	29.4	21.0	17.4	--	--	232.3
2011-12	42.9	49.6	46.4	33.5	37.5	23.9	20.0	14.0	--	267.9
2012-13	70.7	48.3	47.0	46.7	31.7	31.5	24.0	11.0	8.4	319.2
2013-14	68.5	70.1	49.5	44.1	43.9	34.6	28.6	22.0	11.0	372.2
2014-15	69.5	72.4	70.2	49.0	46.7	41.1	35.0	27.0	22.0	432.8
2015-16	72.4	70.9	72.2	70.5	47.6	45.9	38.0	34.0	26.0	477.4
2016-17	72.7	73.7	73.0	69.3	64.9	52.0	45.5	34.2	32.0	517.2

Table 3. TCGIS Enrollment Count and Projections, 2018-2023

			Actual	Budget	Projections				
			2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Enrollment Projections									
		Grade K	72.68	68.58	72.00	72.00	72.00	72.00	72.00
		Grade 1	73.74	75.22	72.00	72.00	72.00	72.00	72.00
		Grade 2	72.99	73.65	72.00	72.00	72.00	72.00	72.00
		Grade 3	69.27	72.88	72.00	72.00	72.00	72.00	72.00
		Grade 4	64.85	69.08	72.00	72.00	72.00	72.00	72.00
		Grade 5	52.00	60.24	67.00	70.00	70.00	70.00	72.00
		Grade 6	45.53	52.00	58.00	65.00	68.00	68.00	68.00
		Grade 7	34.15	44.47	48.00	55.00	63.00	66.00	66.00
		Grade 8	32.00	34.16	42.00	46.00	53.00	61.00	64.00
Total Number of Students/ADMs			517.21	550.28	575.00	596.00	614.00	625.00	630.00
		Total Number of Pupil Units	530.44	566.01	593.00	616.20	637.20	650.40	656.00

2) A list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts

Twin Cities German Immersion School is located at a single site on Como Avenue in St. Paul, which the school has occupied since 2013. In 2015, TCGIS BC acquired the school, constructed in 1957 and the former church sanctuary; constructed in 1928, both renovated in 2014. The two buildings were permanently linked into a single facility by an addition completed in April 2015.

Since the school first began operating it had been in two previous buildings. In both cases, space was leased at existing facilities and growth of student population was a primary factor in moving. Other factors in the most recent move included risks in (1) the future availability of gymnasium space as well as outdoor space, and (2) unsustainable rent increases. The facilities are summarized in the table below.

**Table 4. Summary of TCGIS Facilities**

<b>Years</b>	<b>Facility Description</b>	<b>Location</b>
2005 – 2008	Leased existing building for entire school	***1399 Eustis St., St. Paul
2008 – 2013	Leased existing building for entire school; remodeling and expansion to second floor; gymnasium services contracted through adjacent YMCA	1745 University Ave, St. Paul
2013 – 2014	Leased existing buildings for entire school (school building and former church)	1030 Como Ave., St. Paul (and 1028 Van Slyke Ave.)
2014 – 2015	Continued lease; joined properties; construction of addition connecting separate buildings, with work substantially completed in 2014; TCGIS BC formed and property purchased	1031 Como Ave., St. Paul
2015-present	Leasing joined properties from TCGIS BC after it purchased the property	1031 Como Ave., St. Paul

**3) A list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, the process used to determine the deficiencies, a list of those deficiencies that will and will not be addressed by the proposed project, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility**

**Deficiencies:**

First and foremost, the school suffers from an unforeseen lack of space. The enrollment projections on which it was based have been surpassed by a full section per grade in grades 5-8. Expected attrition after grade 4, common in most other immersion schools, has not materialized. The current facility was built for 3 sections K-4 and 2 sections thereafter. In SY 2017-2018, TCGIS had its first year with 3 sections of grade 5. In order to accommodate this, a computer lab was converted to a classroom. In the coming year, another multi-purpose room will have to be converted, which will put even more pressure on the auxiliary services offered at school, particularly OT.

In addition to the lack of whole classrooms, TCGIS is also experiencing an increased need for smaller learning spaces. As education evolves, RTI supports and programs like ADSIS demand that students receive more specialized learning opportunities. Currently TCGIS provides these services largely in hallways. Staff report significant challenges working with students in spaces with privacy and noise concerns.

The additional middle school sections have placed a major stress on the scheduling process. With only one gym space available, TCGIS has been forced to schedule Kindergarten and 1st grade PE in the cafeteria. While not optimal, it works. With additional MS sections coming, this will no longer be an option. New construction with a larger gym space that allows for two classes simultaneously would solve this, enabling greater scheduling flexibility across the school.

The same problems of crowdedness affect the scheduling of lunch groups. As it stands the cafeteria is full and scheduling very tight.

The inefficiency of the footprint of the former church sanctuary is proving more and more problematic. With two levels and considerable amounts of unusable square footage proposed new construction would enable comfortable delivery of our educational program without a significantly larger footprint. In addition, the former sanctuary building has several spaces which are not used (too small) and are thus hard to monitor, giving rise to concerns for student safety.

With these space concerns in mind, the TCGIS School Board's Facilities Committee has been exploring all possible options since 2016. As part of that process, extensive research was done to determine the long term costs involved with remaining in our current facility. Through that work, it has become clear in the last two years that maintenance costs for the former church space will become a significant burden for the school, hampering our ability to maintain a strong fund balance and diverting funds from classroom to facility. This slide show, also attached as Appendix E, from community listening sessions outlines the details.

**4) A description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed**

Purpose and square footage of the proposed addition:

**NEW ADDITION**

Lower Level - Total Square footage: 11,080

Gymnasium	7,700 sq ft
Boys	190 sq ft
Girls	190 sq ft
Boys Locker room	200 sq ft
Girls Locker room	200 sq ft
Circulation	1,820 sq ft

First Floor - Total Square footage: 3,970

Cafeteria	2,475 sq ft
Kitchen	560 sq ft
Table Storage	200 sq ft
Commons	735 sq ft

**Second Floor - Total Square footage: 8,100**

Commons	390 sq ft
Boys	222 sq ft
Girls	222 sq ft
Sm Group	(4) 140 sq ft
Office	(2) 140 sq ft
Breakout	220 sq ft
Breakout	140 sq ft
Classrooms	(3) 730 sq. ft
Classrooms	720 sq. ft
Classrooms	750 sq. ft
Classrooms	615 sq. ft

Please see the attached building drawings (Appendix B) for code and square footage.

**EXPENDITURES FOR THE PROJECT**

Pay Off of Existing Loan	\$ 282,194
Improvements - Hard Costs	\$ 4,825,000
Debt Service Reserve Fund	\$ 337,250
Soft Costs (Including Commissions)	\$ 800,556
Capitalized Interest	\$ 30,000
Project Contingency	\$ 50,000
<u>Development Consultant Fees</u>	<u>\$ 100,000</u>
<b>TOTAL</b>	<b>\$ 6,425,000</b>

Demolition is projected to begin June 2019. Construction is scheduled to begin in July 2019 and to be completed by December 2019.

**5) A specification of the source of financing the project, including applicable statutory citations; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation**

By law charter schools cannot own their own facilities, nor can they levy taxes or secure bond financing to buy property and build schools. Charter schools may work with affiliated **nonprofit** building corporations ("ABCs") or other nonprofit entities that own and bond for facilities on the behalf of charter schools. Thus, it is the ABC, or the third party and **not** the school who is obligated to pay the debt (the bonds) on the property and facility. TCGIS has an existing lease agreement with TCGIS BC to lease the facility to meet the needs of the school's students and families.

Financing for the project will come from \$6.425 million in tax exempt bonds backed by charter school lease revenue from the Twin Cities German Immersion School, with the City of Saint Paul

Housing and Redevelopment Authority as the issuer and Piper Jaffray & Co. as the underwriter. The remaining funds will come from reserves established and held by the TCGIS BC. Ten Square is providing development management and consulting.

Appendix A provides the Budget Projection Schedule for TCGIS the school into 2018-2023.

Appendix C provides the estimated details of the anticipated tax exempt bond financing including interest and principal payments and associated expenses from 2019-2053.

**Sources and Uses of Funds  
Twin Cities German Immersion School  
Lease Revenue Bonds**

**Sources of Financing**

Long-Term Financing (Piper - tax exempt bonds)	\$ 6,087,750
<u>Debt Service Reserve Fund</u>	<u>\$ 337,250</u>
<b>Total Project Financing</b>	<b>\$ 6,425,000</b>

**Uses of Financing**

**EXPENDITURES FOR THE PROJECT**

Pay Off of Existing Loan	\$ 282,194
Improvements - Hard Costs	\$ 4,825,000
Debt Service Reserve Fund	\$ 337,250
Soft Costs (Including Commissions)	\$ 800,556
Capitalized Interest	\$ 30,000
Project Contingency	\$ 50,000
<u>Development Consultant Fees</u>	<u>\$ 100,000</u>
<b>TOTAL</b>	<b>\$ 6,425,000</b>

6) Documents obligating the school district and contractors to comply with Minnesota Statutes, section 123B.71, subdivision 9, clause (6), items (i) to (vii), in planning and executing the project.

see Appendix D

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## BOND DEBT SERVICE

Housing & Redevelopment Authority of the City of Saint Paul  
Charter School Lease Revenue Bonds  
(Twin Cities German Immersion School Project)  
Series 2018

Period Ending	Principal	Interest	Debt Service
07/01/2019		299,833.33	299,833.33
07/01/2020		321,250.00	321,250.00
07/01/2021		321,250.00	321,250.00
07/01/2022		321,250.00	321,250.00
07/01/2023		321,250.00	321,250.00
07/01/2024		321,250.00	321,250.00
07/01/2025		321,250.00	321,250.00
07/01/2026		321,250.00	321,250.00
07/01/2027		321,250.00	321,250.00
07/01/2028	5,000	321,250.00	326,250.00
07/01/2029		321,000.00	321,000.00
07/01/2030	5,000	321,000.00	326,000.00
07/01/2031	5,000	320,750.00	325,750.00
07/01/2032		320,500.00	320,500.00
07/01/2033		320,500.00	320,500.00
07/01/2034	5,000	320,500.00	325,500.00
07/01/2035	5,000	320,250.00	325,250.00
07/01/2036		320,000.00	320,000.00
07/01/2037	5,000	320,000.00	325,000.00
07/01/2038	5,000	319,750.00	324,750.00
07/01/2039	5,000	319,500.00	324,500.00
07/01/2040	5,000	319,250.00	324,250.00
07/01/2041	5,000	319,000.00	324,000.00
07/01/2042		318,750.00	318,750.00
07/01/2043	5,000	318,750.00	323,750.00
07/01/2044	5,000	318,500.00	323,500.00
07/01/2045	570,000	318,250.00	888,250.00
07/01/2046	600,000	289,750.00	889,750.00
07/01/2047	635,000	259,750.00	894,750.00
07/01/2048	665,000	228,000.00	893,000.00
07/01/2049	700,000	194,750.00	894,750.00
07/01/2050	740,000	159,750.00	899,750.00
07/01/2051	775,000	122,750.00	897,750.00
07/01/2052	820,000	84,000.00	904,000.00
07/01/2053	860,000	43,000.00	903,000.00
	6,425,000	10,009,083.33	16,434,083.33

## TOTAL OUTSTANDING INDEBTEDNESS

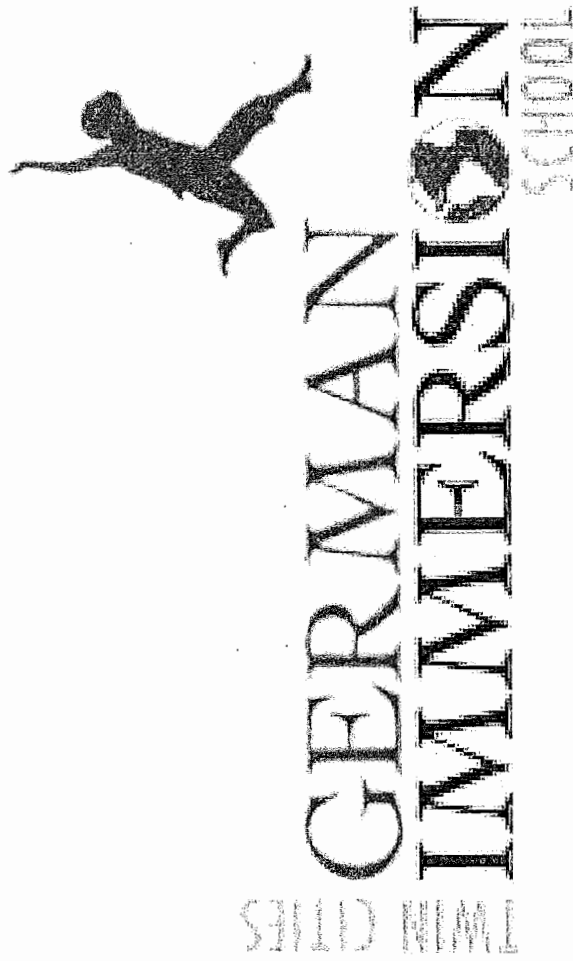
**Housing & Redevelopment Authority of the City of Saint Paul  
Charter School Lease Revenue Bonds  
(Twin Cities German Immersion School Project)  
Series 2018**

Period Ending	Series 2018	Series 2013AB	Aggregate Debt Service
07/01/2019	299,833.33	562,750	862,583.33
07/01/2020	321,250.00	566,150	887,400.00
07/01/2021	321,250.00	564,150	885,400.00
07/01/2022	321,250.00	561,950	883,200.00
07/01/2023	321,250.00	564,550	885,800.00
07/01/2024	321,250.00	566,750	888,000.00
07/01/2025	321,250.00	566,500	887,750.00
07/01/2026	321,250.00	565,750	887,000.00
07/01/2027	321,250.00	564,500	885,750.00
07/01/2028	326,250.00	562,750	889,000.00
07/01/2029	321,000.00	565,500	886,500.00
07/01/2030	326,000.00	562,500	888,500.00
07/01/2031	325,750.00	564,000	889,750.00
07/01/2032	320,500.00	564,750	885,250.00
07/01/2033	320,500.00	564,750	885,250.00
07/01/2034	325,500.00	564,000	889,500.00
07/01/2035	325,250.00	562,500	887,750.00
07/01/2036	320,000.00	565,250	885,250.00
07/01/2037	325,000.00	562,000	887,000.00
07/01/2038	324,750.00	563,000	887,750.00
07/01/2039	324,500.00	563,000	887,500.00
07/01/2040	324,250.00	562,000	886,250.00
07/01/2041	324,000.00	565,000	889,000.00
07/01/2042	318,750.00	566,750	885,500.00
07/01/2043	323,750.00	562,250	886,000.00
07/01/2044	323,500.00	561,750	885,250.00
07/01/2045	888,250.00		888,250.00
07/01/2046	889,750.00		889,750.00
07/01/2047	894,750.00		894,750.00
07/01/2048	893,000.00		893,000.00
07/01/2049	894,750.00		894,750.00
07/01/2050	899,750.00		899,750.00
07/01/2051	897,750.00		897,750.00
07/01/2052	904,000.00		904,000.00
07/01/2053	903,000.00		903,000.00
	16,434,083.33	14,664,800	31,098,883.33

## ANNUAL LEASE DETAIL

### Housing & Redevelopment Authority of the City of Saint Paul Charter School Lease Revenue Bonds (Twin Cities German Immersion School Project) Series 2018

Date	Series 2018	Series 2013	Expenses and CIF	Fund earnings & draws	Total	Annual Total
07/01/2019	299,833.33	562,750.00	74,062.50	71,000.00	865,645.83	865,645.83
07/01/2020	321,250.00	566,150.00	74,062.50	62,000.00	899,462.50	899,462.50
07/01/2021	321,250.00	564,150.00	74,062.50	29,000.00	930,462.50	930,462.50
07/01/2022	321,250.00	561,950.00	74,062.50		957,262.50	957,262.50
07/01/2023	321,250.00	564,550.00	74,062.50		959,862.50	959,862.50
07/01/2024	321,250.00	566,750.00	74,062.50		962,062.50	962,062.50
07/01/2025	321,250.00	566,500.00	74,062.50		961,812.50	961,812.50
07/01/2026	321,250.00	565,750.00	74,062.50		961,062.50	961,062.50
07/01/2027	321,250.00	564,500.00	74,062.50		959,812.50	959,812.50
07/01/2028	326,250.00	562,750.00	74,050.00		963,050.00	963,050.00
07/01/2029	321,000.00	565,500.00	74,050.00		960,550.00	960,550.00
07/01/2030	326,000.00	562,500.00	74,037.50		962,537.50	962,537.50
07/01/2031	325,750.00	564,000.00	74,025.00		963,775.00	963,775.00
07/01/2032	320,500.00	564,750.00	74,025.00		959,275.00	959,275.00
07/01/2033	320,500.00	564,750.00	74,025.00		959,275.00	959,275.00
07/01/2034	325,500.00	564,000.00	74,012.50		963,512.50	963,512.50
07/01/2035	325,250.00	562,500.00	74,000.00		961,750.00	961,750.00
07/01/2036	320,000.00	565,250.00	74,000.00		959,250.00	959,250.00
07/01/2037	325,000.00	562,000.00	73,987.50		960,987.50	960,987.50
07/01/2038	324,750.00	563,000.00	73,975.00		961,725.00	961,725.00
07/01/2039	324,500.00	563,000.00	73,962.50		961,462.50	961,462.50
07/01/2040	324,250.00	562,000.00	73,950.00		960,200.00	960,200.00
07/01/2041	324,000.00	565,000.00	73,937.50		962,937.50	962,937.50
07/01/2042	318,750.00	566,750.00	73,937.50		959,437.50	959,437.50
07/01/2043	323,750.00	562,250.00	73,925.00		959,925.00	959,925.00
07/01/2044	323,500.00	561,750.00	73,912.50		959,162.50	959,162.50
07/01/2045	888,250.00		72,487.50		960,737.50	960,737.50
07/01/2046	889,750.00		70,987.50		960,737.50	960,737.50
07/01/2047	894,750.00		69,400.00		964,150.00	964,150.00
07/01/2048	893,000.00		67,737.50		960,737.50	960,737.50
07/01/2049	894,750.00		65,987.50		960,737.50	960,737.50
07/01/2050	899,750.00		64,137.50		963,887.50	963,887.50
07/01/2051	897,750.00		62,200.00		959,950.00	959,950.00
07/01/2052	904,000.00		60,150.00		964,150.00	964,150.00
07/01/2053	903,000.00		58,000.00	337,250.00	623,750.00	623,750.00
	16,434,083.33	14,664,800.00	2,515,462.50	499,250.00	33,115,095.83	33,115,095.83



# **TCCGIS Listening Session**

**Facilities**

**April 9, 2018**

## FACILITY USE PROJECTIONS

### •Original Intent

- The School was originally designed to hold 3 sections through 4<sup>th</sup> grade, and 2 sections for 5<sup>th</sup> through 8<sup>th</sup> grade.

### •Current Trajectories

- There are currently 3 sections in Kindergarten through the 5<sup>th</sup> grade.
- Current attrition rates indicate that the school will sustain 3 sections through the 8<sup>th</sup> grade.

### •Projected Student Population

2017-18	2018-19	2019-20	2020-21	2021-22
555	570	591	606	613

# FACILITY USE PROJECTIONS

## • Facility Needs

- Given growth projections, the School needs additional classrooms and additional spaces / offices when at projected capacity:
- 4 Classrooms, plus 2 specialty spaces
- 4 Special Ed. / Student Auxiliary Spaces
- 5 Admin. / Staff Spaces
- Gym Space
- Cafeteria

## • Timeline – Needed for the 2019-20 Academic Year

GERMAN  
IMMERSION

# FACILITY USE – OPTIONS

## •The Board has considered various options.

- Stay within the current space / footprint.
- Lease additional space.
- Buy additional space.
- Build additional space.

## •Staying within the current space is undesirable.

- Lose meeting room 100.
- Need to use cafeteria as gym space for K-1.
- Lose current staff lounge.
- Limited opportunity to increase office, spec. ed. and breakout spaces.
- Increased wear and tear and decreased flexibility for scheduling.

# FACILITY USE – OPTIONS

## • Leasing options are limited and inconvenient.

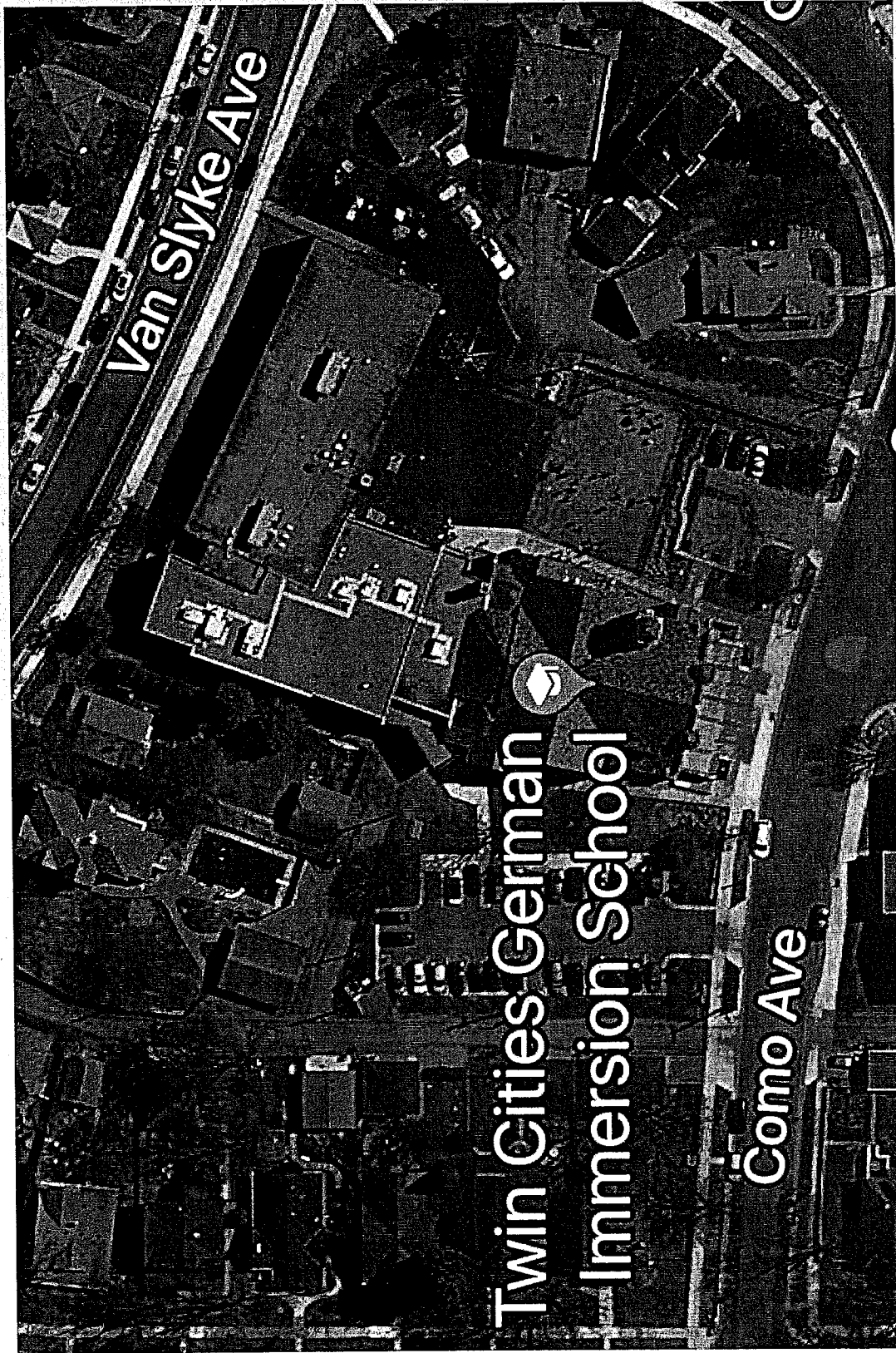
- St. Bernard's and Metro Deaf School.
- Leases are expensive as a long term solution and impact reserves.
- Multiple locations create logistics issues for parents and admin., as well as additional administrative costs: ~\$170K-\$200K per year.

## • Purchasing options are expensive and inadequate.

- Metro Deaf School.
- Not big enough for 3 sections of K-8.
- Space is more than what we need to house just part of the school, and would create split campus issues.
- Does not have the outdoor space that the Como location provides.

# IMMERSION

# SOLUTIONS?



Twin Cities German  
Immersion School

# FACILITY USE – OPTIONS

## • Considerations Regarding New Construction:

- Building on the current footprint.
- Purchasing additional land adjacent to the school.

## • Additional Land Options:

- 1040 Como Ave. – Orthodox Presbyterian Church – a great neighbor who is renting space to us, but its property is not for sale.
- 1010 Van Slyke Ave. – House to the SE – preliminary discussions revealed that the property is not for sale.
- 1042 Van Slyke Ave. – House to the NW – purchase agreement had been signed, but decided against moving forward with purchasing.

## • Any kind of new construction costs MONEY.

# FACILITIES OWNERSHIP

- **The School does not own the school building.**
  - Minnesota law prevents charter schools from using public funds to purchase the facilities from which they operate.
  - The School leases the building from the TCGIS Building Co., an affiliated company whose sole purpose is to own and maintain the school building.
- **The Building Co. issued bonds to pay for the building.**
  - To get money to purchase the school building and to build the addition, the Building Co. issued ~\$9,000,000 of bonds.
  - The Building Co. uses the lease money from the School to make the payments on the bonds, and to make capital improvements to the school building.
  - Bond payments are currently between \$500,000 - \$560,000 per year.

## FACILITIES FUNDING

### • The State of Minnesota pays most of the lease.

- The State will provide up to 90% of the lease expense, at a maximum rate of \$1,314 per pupil unit.
- The School and the Building Co. have a lease that maximizes the amount of lease aid the school receives each year.

### • A portion of lease payments can be used to improve the school building.

- The lease payment currently exceeds the bond payments.
- The Building Co. can use some of this money for things like new windows, new doors, new roofs . . . and new construction.
- The "Capital Improvement" account currently holds around \$400,000.

INVERSION

# FACILITIES MAINTENANCE

## • The projected costs of maintaining the school building and the Aula are significant.

- Facilities staff projects that the Aula will require up to \$1,195,000 worth of improvements in the next 7-10 years.
- Facilities staff also projects that the school building will require up to \$535,000 worth of improvements in the next 7-10 years.

## • The combined maintenance costs will consume most of the lease surplus.

- The projected surplus for this year is \$260,000.
- Spread across 7 years, the annual maintenance costs for the school building and the Aula are \$250,000.

IMMERSION

SCHOOL

## BONDING & GROWTH

- **As the School grows, the difference between lease payments and bond payments may continue to grow.**
  - Increased enrollment means that we will earn more lease aid and will pay additional costs, but the bond payments will remain the same.
- **The School's growth may support a new bond issuance.**
  - A new bond issuance would be used to replace the Aula with a modern gym, cafeteria, and additional classrooms.
  - The new bonds would be paid for with the increased lease aid, plus savings from avoiding Aula maintenance.
- **The critical issue is student growth projections.**
  - Because new bond payments would rely on increased enrollment, it is important to be conservative in preparing these projections.

## OTHER OPTIONS?

### • Is it possible to build and keep the Aula?

- Keeping the Aula and building would consume precious playground space and/or parking spaces.
- Even under more aggressive enrollment growth projections, the school cannot support the projected maintenance costs and additional bonds.

### • What if we don't build at all?

- At three sections per grade, programming at the school will likely suffer from lack of classroom space and the financial burden of the Aula.

### • What if we don't have three sections per grade?

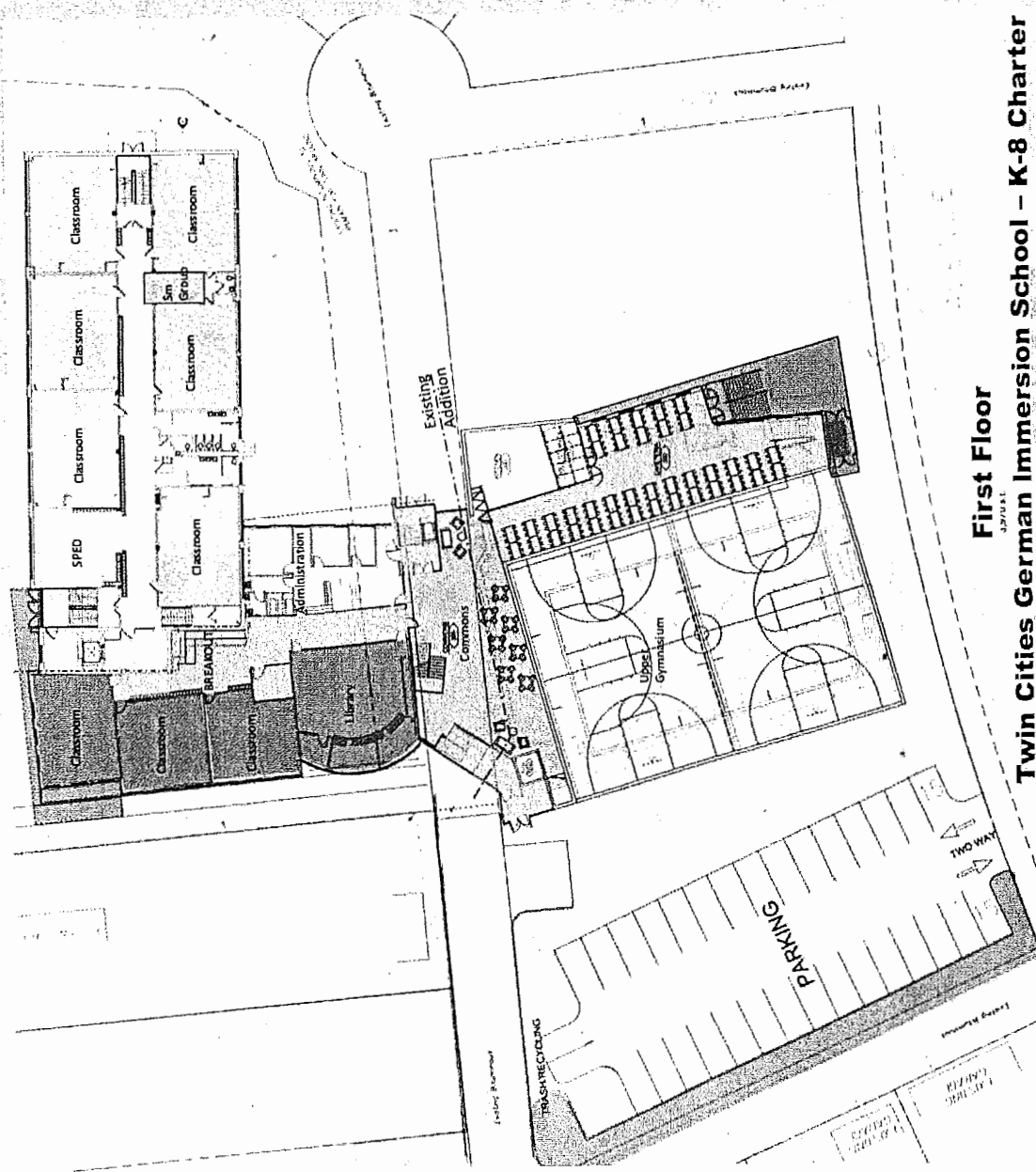
- A student population built on two sections per grade is not sufficient to make the bond payments and maintain the school building and Aula.

EXISTING SCHOOL

PHASE I ADDITION

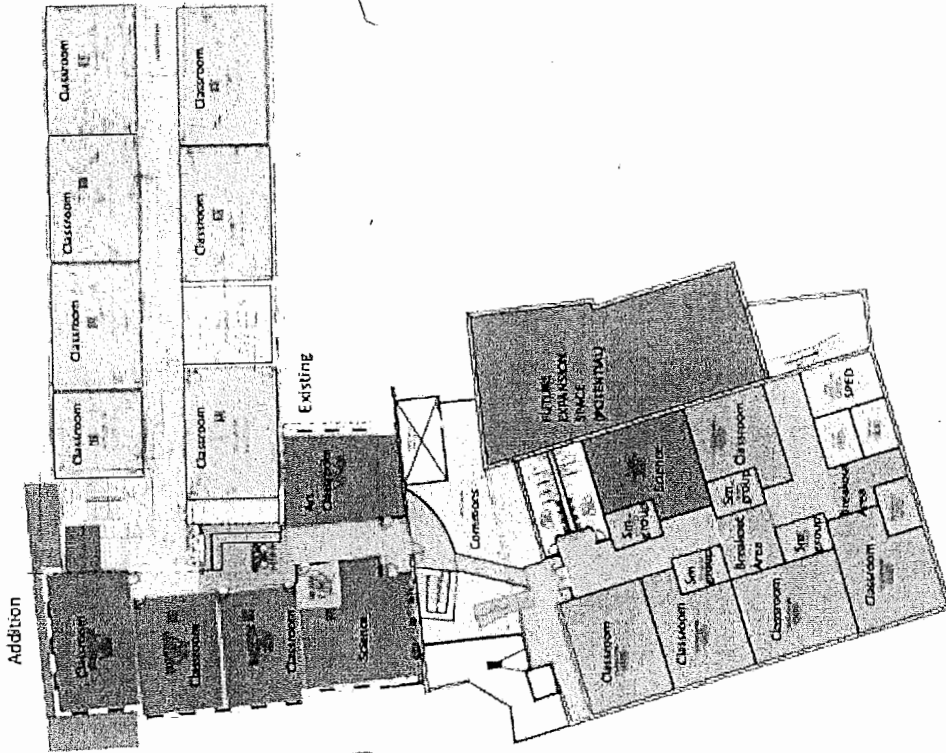
GYM AND CLASSROOM ADDITION

# SOLUTION



**First Floor**  
 3/2/01  
**Twin Cities German Immersion School - K-8 Charter**

# SOLUTION



## Second Floor

### Building Information

Existing: 9,800 s.f. @ 3 floors =  
Phase I Addition:

First 7,135 s.f.  
Second 6,400 s.f.  
Ground 7,135 s.f.

29,400 s.f.  
20,670 s.f.

### Phase II Addition:

First 3,970 s.f.  
Second 8,100 s.f.  
Ground 11,080 s.f.

23,150 s.f.

Total Complex S.F. =

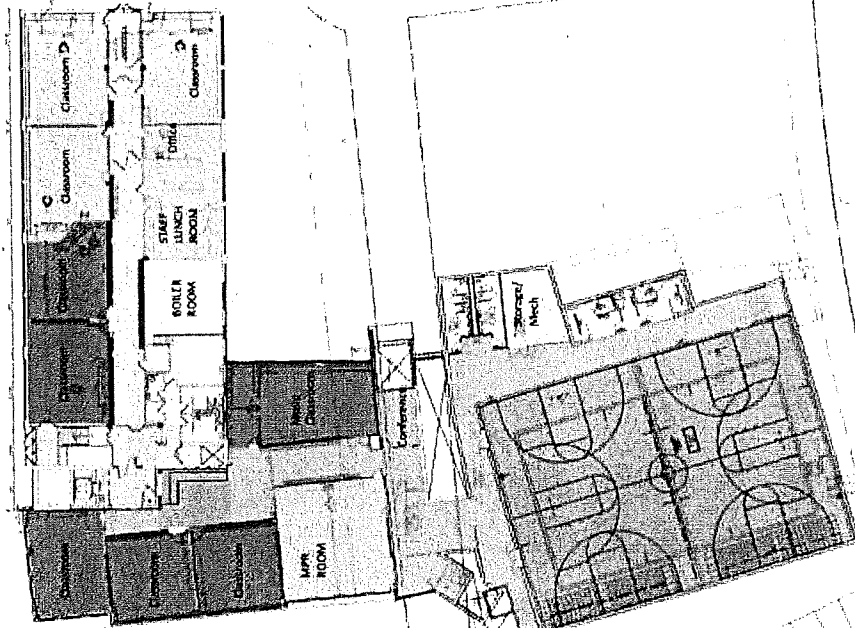
73,220 s.f.

- Phase II classrooms
- Specialist classrooms
- Phase I classrooms
- Original Classrooms
- Small Group Classrooms
- Administrative/Support
- Gym/J. Cafeteria/Commons
- Service
- Circulation
- Future Expansion (potential)

## Second Floor

**Twin Cities German Immersion School – K-8 Charter School**  
1031 Como Ave. Saint Paul, MN

# SOLUTION



## Ground Floor

### Building Information

Existing: 9,800 s.f. @ 3 floors =  
29,400 s.f.  
20,670 s.f.

#### Phase I Addition:

First 7,135 s.f.  
Second 6,400 s.f.  
Ground 7,135 s.f.

#### Phase II Addition:

First 3,970 s.f.  
Second 8,100 s.f.  
Ground 11,080 s.f.

Total Complex S.F. =

23,150 s.f.

73,220 s.f.

- Phase II classrooms
- Specialty classrooms
- Phase I classrooms
- Original classrooms
- Small Group Classrooms
- Administrative/Support
- Gym/ Cafeteria/ Commons
- Service
- Circulation
- Future Expansion (potential)

## Ground Floor

Twin Cities German Immersion School – K-8 Charter School  
1031 Como Ave. Saint Paul, MN

## Next Steps

### Architecturally

Reviewing staff surveys/interviews with user groups  
Design team meetings  
Programmatic use  
Schematic design development

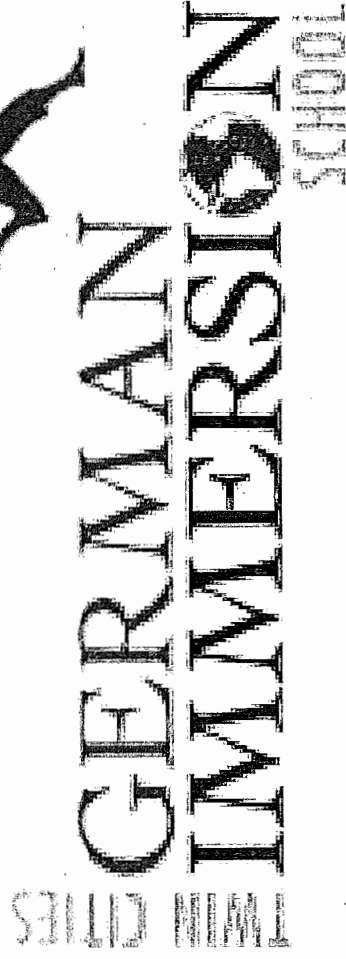
### Finances

Bond underwriter review  
Bond issuance

### Construction

Create construction plan - interviewing general contractors

COMMISSION



**Now we want to hear from you.**

Nic Ludwig - Facility Chair - [nludwig@tcgis.org](mailto:nludwig@tcgis.org)

## Classroom building long term maintenance

\$535,000 maintenance in next 7-10 years

- Boiler \$120,000
- Asbestos in boiler room \$40,000 (currently non-friable)
- Unit heaters and thermostats \$65,000
- Water Heater \$10,000
- Roof \$150,000
- South Windows \$65,000
- North Windows \$65,000
- Entry doors \$20,000

## Aula long term maintenance

\$845,000-\$1.1M maintenance in next 7-10 years

- Boiler \$120,000
- Water Heaters \$20,000
- Windows/Doors \$75,000
- Roof \$500,000-\$750,000
- Masonry \$120,000
- Sound Dampening \$10,000
- Sprinkler System \$100,000 (optional)

## Preliminary Basic Project Costs (Estimate)

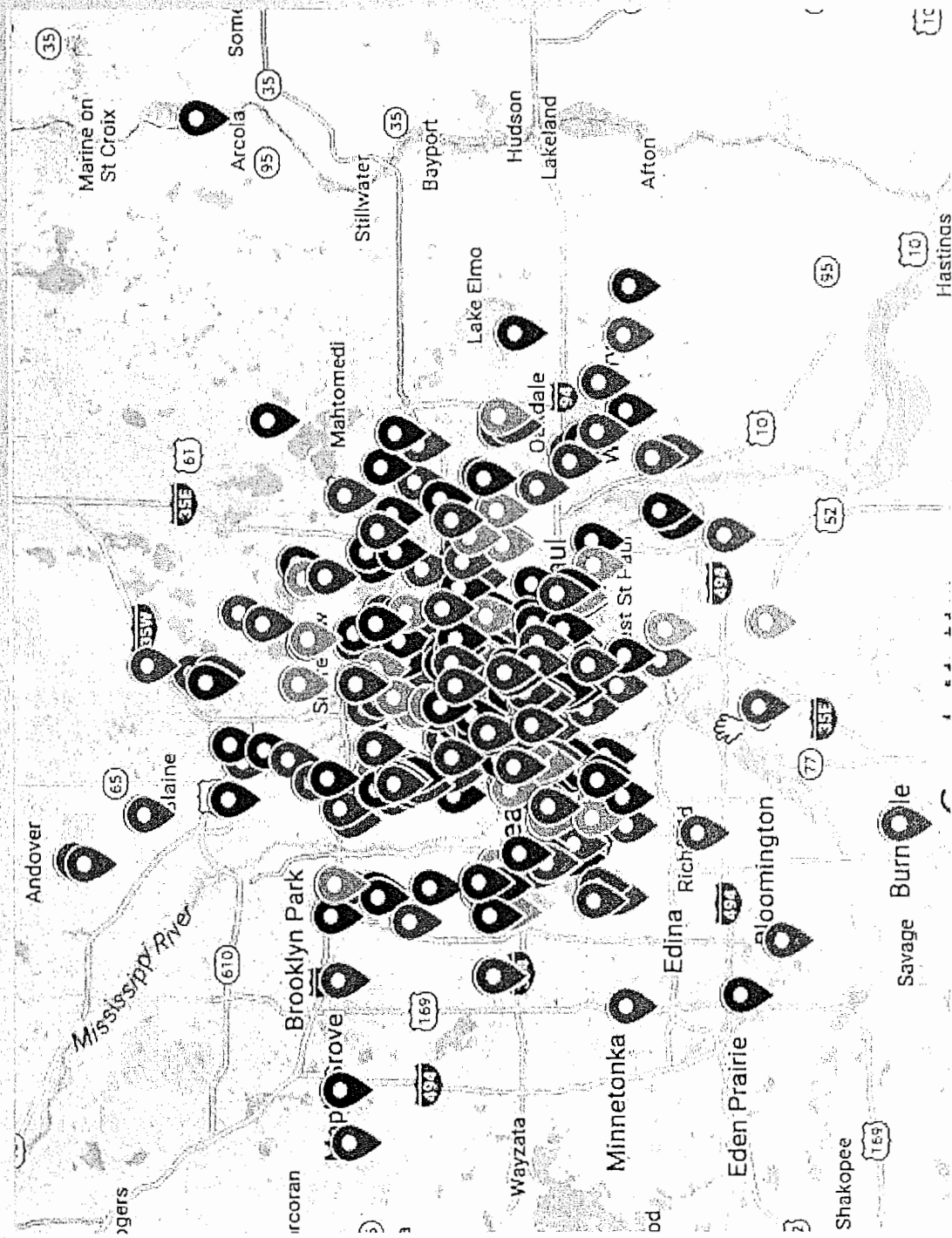
Improvements - Hard Costs	\$4,315,400
Debt Service Reserve Fund	\$321,174
Soft Costs (Including Commissions	\$864,246
Project Contingency	\$100,000
Development Consultant Fees	\$131,991
Total Project Costs	\$5,732,811

(Bond underwriter reviewing finances)

## **Charter School Facilities - Prior Expansion**

- The prior expansion was paid for with bonds we are currently re-paying.
- This money is in the Building Fund, and cannot be used for general school operations, but *can* be used for expansion.
- The surplus in lease payments over bond payments represents the additional debt service we could assume as part of a new bond issuance.
- Charter schools cannot levy property taxes to fund expansion projects. TCGIS receives \$1314 per student for building related expenses.

# F A Q

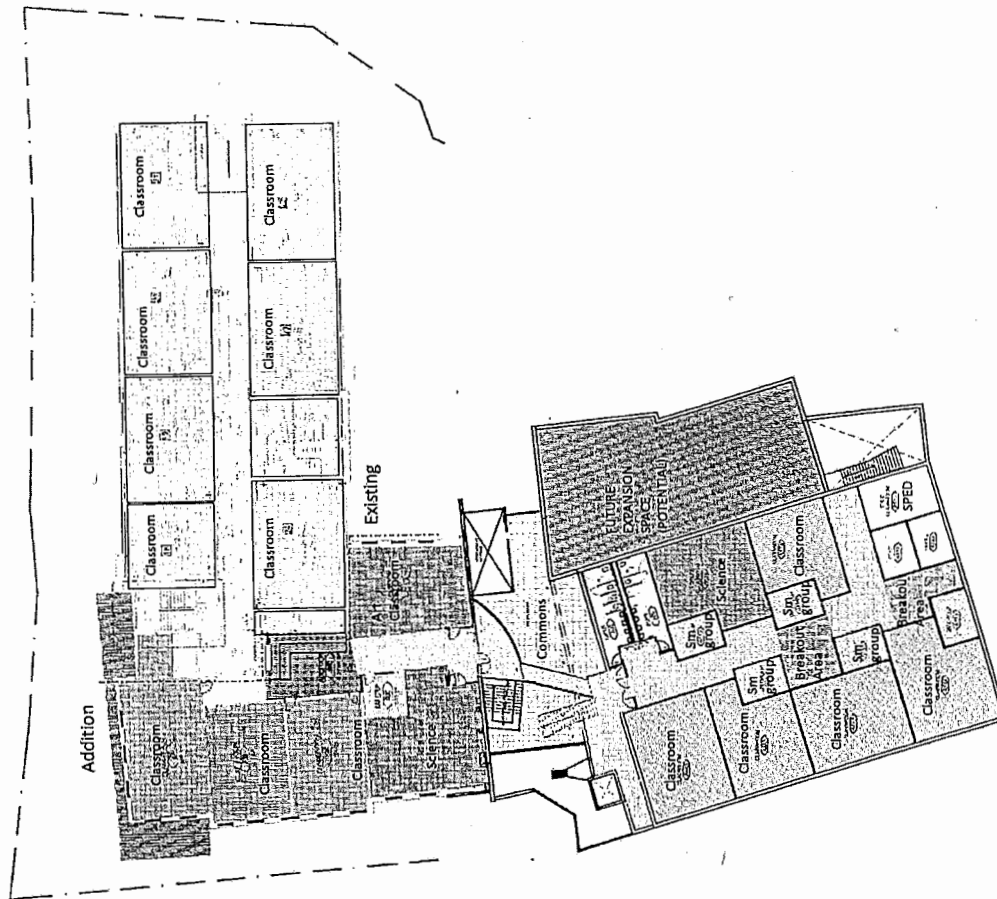




**Existing Acreage: .76 Acres**  
**West parcel Acreage: .2 Acres**

**Twin Cities German Immersion School – K-8 Charter School**  
**1031 Como Ave. Saint Paul, MN**





## Second Floor

### Building Information

Existing: 9,800 @ 3 floors =  
Phase I Addition:

First 7,135 s.f.  
Second 6,400 s.f.  
Ground 7,135 s.f.

29,400 S.F.  
20,670 S.F.

Phase II Addition:

First 8,970 s.f.  
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Ground 11,080 s.f.

23,150 S.F.

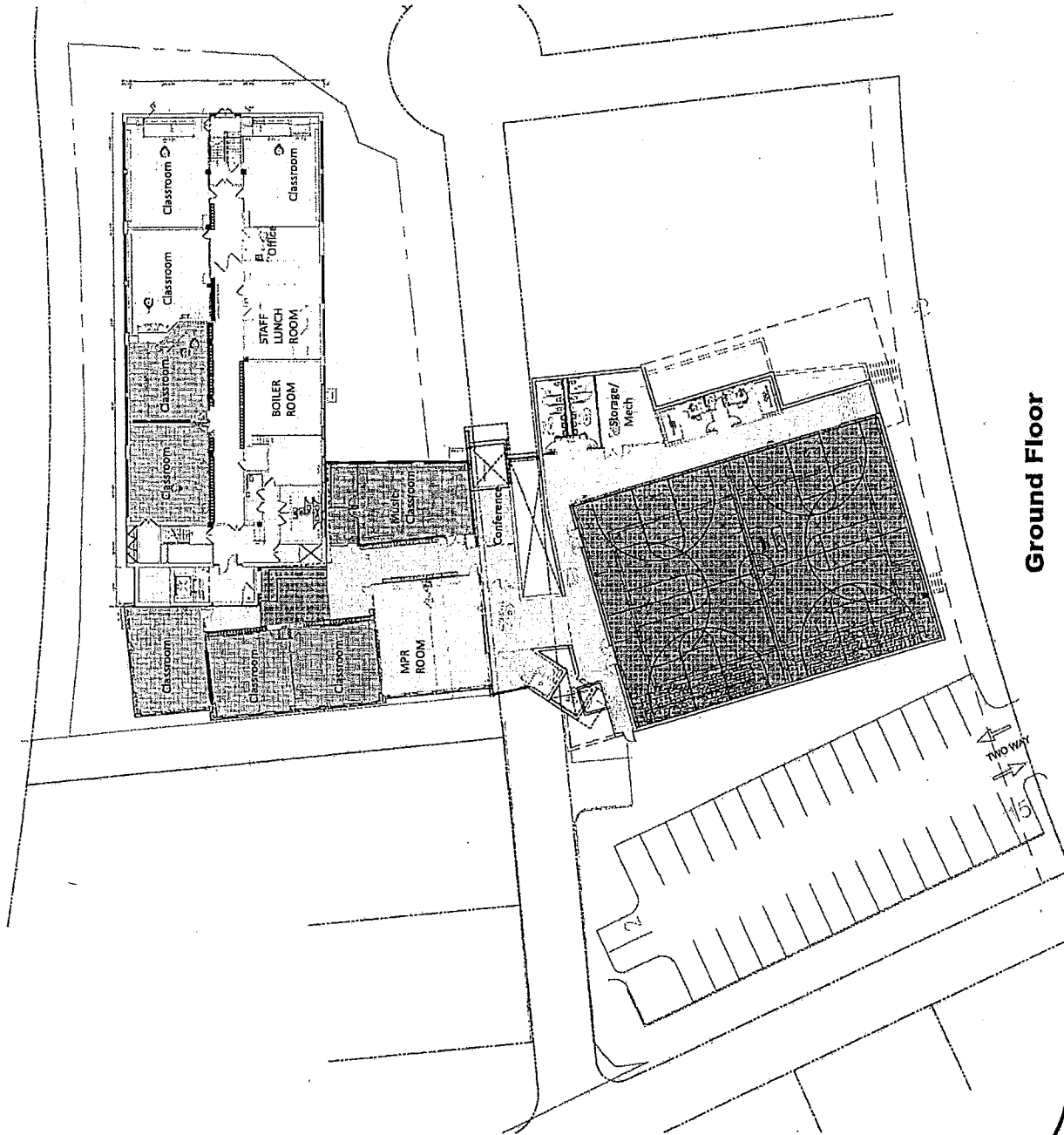
Total Complex S.F. =

73,220 S.F.

<input type="checkbox"/>	Phase II classrooms
<input type="checkbox"/>	Specialist classrooms
<input type="checkbox"/>	Phase I classrooms
<input type="checkbox"/>	Original classrooms
<input type="checkbox"/>	Small Group Classrooms
<input type="checkbox"/>	Administrative/Support
<input type="checkbox"/>	Gym./Cafeteria/commons
<input type="checkbox"/>	Service
<input type="checkbox"/>	Circulation
<input type="checkbox"/>	Future Expansion (potential)

## Second Floor

Twin Cities German Immersion School – K-8 Charter School  
1031 Como Ave. Saint Paul, MN



Ground Floor

**Twin Cities German Immersion School – K-8 Charter School**  
**1031 Como Ave. Saint Paul, MN**

## Ground Floor

### Building Information

Existing: 9,800 @ 3 floors =

Phase I Addition:

First 7,135 s.f.

Second 6,400 s.f.

Ground 7,135 s.f.

Phase II Addition:

First 3,970 s.f.

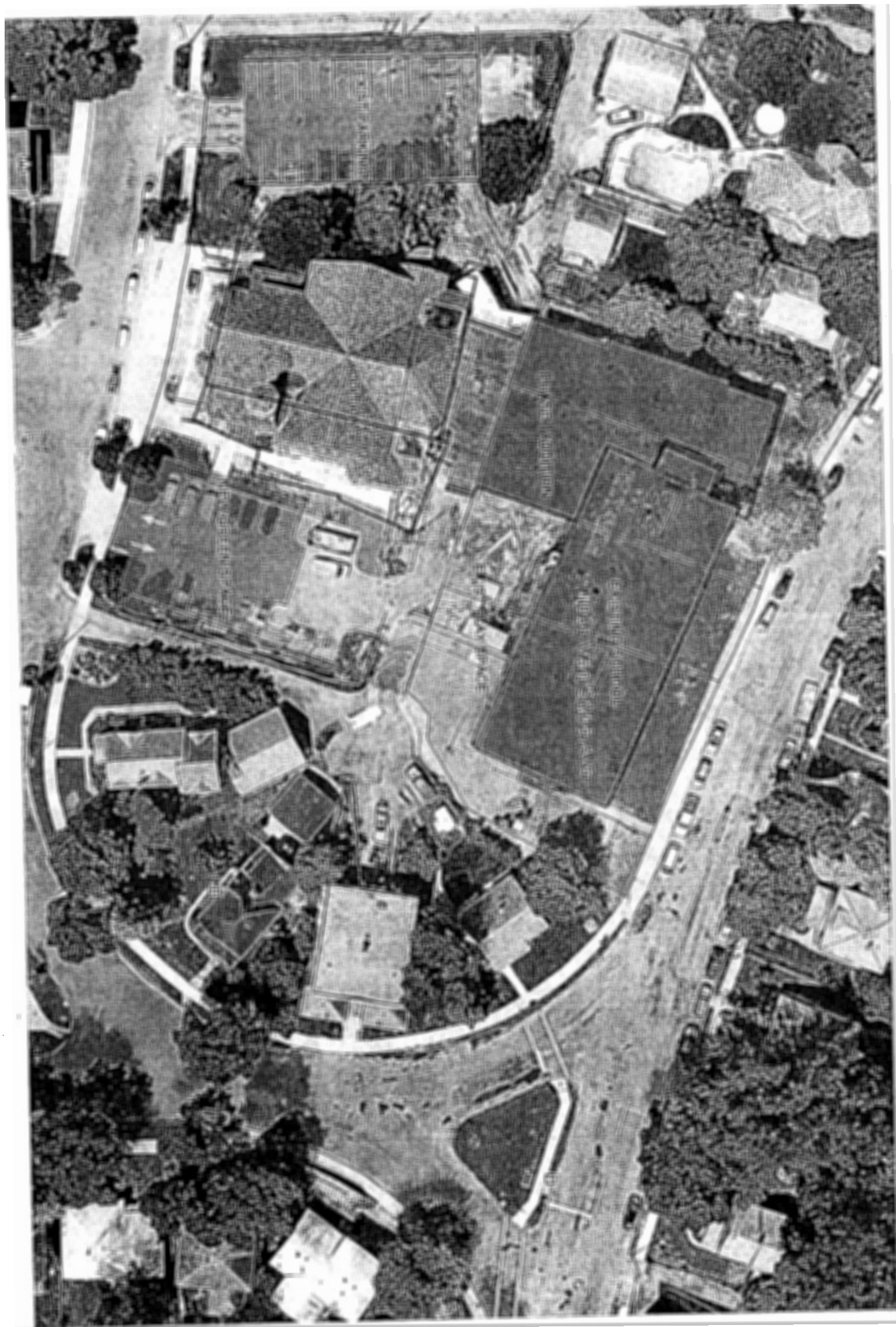
Second 8,100 s.f.

Ground 11,080 s.f.

Total Complex S.F. =

73,220 S.F.

Phase II classrooms	11,080
Specialist classrooms	3,970
Phase I classrooms	7,135
Original Classrooms	6,400
Small Group Classrooms	7,135
Administrative/Support	11,080
Gym./Cafeteria/commons	11,080
Service	11,080
Circulation	11,080
Future Expansion (potential)	11,080



~~Attachment 1~~ *Appendix D*  
**Review and Comment**  
**Section #6 Documentation**  
**(as amended by the 2014 Legislature)**

*1 of 2*

Documentation obligating the school district and contractors to comply with items (i) to (vii) in planning and executing the project:

- (i) The school district will be in compliance with Minnesota Statute 471.345 governing municipal contracts issued for this project;
- (ii) The school district and the architects will include elements of sustainable design for this project;
- (iii) If the project installs or modifies facility mechanical systems, the school district, architect/engineers and contractors will be in compliance with school facility commissioning under Minnesota Statute 123B.72 certifying the plans and designs for the heating, ventilating, air conditioning, and air filtration for an extensively renovated or new facility meet or exceed current code standards, including the ASHRAE air filtration standard 52.1;
- (iv) If the project creates or modifies interior spaces, the district, architects/engineers and relevant contractors have considered the American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools on maximum background noise level and reverberation times;
- (v) The project will be in compliance with Minnesota State Fire Code;
- (vi) The project will be in compliance with Minnesota Statute chapter 326B governing building codes; and
- (vii) The school district and the architects/ engineers have been in consultation with affected government units about the impact of the project on utilities, roads, sewers, sidewalks, retention ponds, school bus and automobile traffic, access to mass transit, and safe access for pedestrians and cyclists.

The school district and architect/engineers will maintain documentation showing compliance with these items upon and subsequent to project completion.

Superintendent Signature: \_\_\_\_\_

Date

*5-12-18*

Board Chair Signature: \_\_\_\_\_

Date

Architect/Engineer Signature: \_\_\_\_\_

Deborah Rathman

Date

4/7/2016

*Appendix D*  
~~Attachment 4~~  
Review and Comment  
Section #6 Documentation  
(as amended by the 2014 Legislature)

212

Documentation obligating the school district and contractors to comply with items (i) to (vii) in planning and executing the project:

- (i) The school district will be in compliance with Minnesota Statute 471.345 governing municipal contracts issued for this project;
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The school district and architect/engineers will maintain documentation showing compliance with these items upon and subsequent to project completion.

Twin Cities German Immersion School Building Company

  
Kelly Laudon, Board President

Signature: \_\_\_\_\_

Date

4/26/2018

Twin Cities German Immersion School FY18 - 23 Budget Scenarios									
	Current Budget	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023		
Enrollment/ADM	551		575	596	614	625	630		
All Funds									
State Aid	\$ 5,956,817	\$ 6,370,566	\$ 6,704,783	\$ 7,028,142	\$ 7,260,153	\$ 7,438,598	\$ 7,438,598		
Federal Aid	99,648	103,622	107,044	109,958	111,671	112,355	112,355		
Local Revenues	324,407	342,702	359,933	376,154	389,149	399,253	399,253		
Food Service Fund	163,455	174,942	185,888	196,316	204,858	211,692	211,692		
Community Service Fund	295,000	309,750	325,238	341,499	358,574	376,503	376,503		
<b>Total Revenues</b>	<b>\$ 6,839,327</b>	<b>\$ 7,301,583</b>	<b>\$ 7,682,886</b>	<b>\$ 8,052,070</b>	<b>\$ 8,324,406</b>	<b>\$ 8,538,401</b>	<b>\$ 8,538,401</b>		
Salaries	\$ 2,314,891	\$ 2,459,983	\$ 2,620,907	\$ 2,782,498	\$ 2,871,698	\$ 2,956,449	\$ 2,956,449		
Benefits	520,323	604,656	668,251	699,416	742,106	771,110	771,110		
Special Education Costs	1,396,243	1,485,234	1,555,352	1,631,998	1,694,515	1,744,482	1,744,482		
Contracted Services	768,504	833,354	900,964	954,621	1,001,614	1,042,883	1,042,883		
Lease Costs, including church	831,001	875,380	899,652	930,462	957,263	959,863	959,863		
Supplies	216,000	253,428	278,596	273,307	283,767	291,758	291,758		
Capital Assets	26,000	76,669	126,040	78,014	79,066	79,876	79,876		
Other	37,402	38,719	40,057	41,409	42,637	43,740	43,740		
Food Service Fund	156,025	172,494	183,255	192,565	201,935	205,565	205,565		
Community Service Fund	265,080	283,382	300,791	315,356	328,770	337,292	337,292		
<b>Total Expenditures</b>	<b>\$ 6,531,469</b>	<b>\$ 7,083,299</b>	<b>\$ 7,573,866</b>	<b>\$ 7,899,644</b>	<b>\$ 8,203,372</b>	<b>\$ 8,433,018</b>	<b>\$ 8,433,018</b>		
Operating (Loss)/Income	\$ 307,859	\$ 218,284	\$ 109,020	\$ 152,425	\$ 121,033	\$ 105,383	\$ 105,383		
Beginning Fund Balance	\$ 1,602,143	\$ 1,910,002	\$ 2,128,286	\$ 2,237,306	\$ 2,389,731	\$ 2,510,765	\$ 2,510,765		
Ending Fund Balance	\$ 1,910,002	\$ 2,128,286	\$ 2,237,306	\$ 2,389,731	\$ 2,510,765	\$ 2,616,147	\$ 2,616,147		
Fund Balance % of Expenditures	29.2%	30.0%	29.5%	30.3%	30.6%	31.0%	31.0%		
Debt Service coverage Ratio	1.71	1.44	1.33	1.33	1.28	1.22	1.22		

EXCLUDE  
FUND, ONLY

EXCLUDE

EXCLUDE

Twin Cities German Immersion School Balance Sheet Projections						
	Projected Balance June 30, 2018	Projected Balance June 30, 2019	Projected Balance June 30, 2020	Projected Balance June 30, 2021	Projected Balance June 30, 2022	Projected Balance June 30, 2023
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$ 1,800,014	\$ 2,008,907	\$ 2,115,615	\$ 2,265,729	\$ 2,388,695	\$ 2,500,341
Accounts Receivable	21,055	22,794	24,202	25,396	26,535	27,143
Due from Building Company	25,000	26,250	27,563	28,941	30,388	31,907
State Aids Receivable	595,682	637,057	670,478	702,814	726,015	743,860
Federal Aids Receivable	19,930	20,724	21,409	21,992	22,334	22,471
Prepaid Expenses and Deposits	17,157	18,015	18,916	19,861	20,854	21,897
<b>Total All Assets</b>	<b>\$ 2,478,837</b>	<b>\$ 2,733,747</b>	<b>\$ 2,878,183</b>	<b>\$ 3,064,733</b>	<b>\$ 3,214,822</b>	<b>\$ 3,347,618</b>
<b>Liabilities and Fund Balance</b>						
<b>Current Liabilities</b>						
Salaries & Benefits Payable	324,102	348,491	371,058	391,693	406,583	419,123
Accounts Payable	230,341	241,858	253,951	266,648	279,980	293,979
Deferred Revenue	14,392	15,112	15,868	16,661	17,494	18,369
<b>Total Current Liabilities</b>	<b>\$ 568,835</b>	<b>\$ 605,461</b>	<b>\$ 640,876</b>	<b>\$ 675,002</b>	<b>\$ 704,057</b>	<b>\$ 731,471</b>
Fund Balance	1,910,002	2,128,286	2,237,306	2,389,731	2,510,765	2,616,147
<b>Total Fund Balance</b>	<b>1,910,002</b>	<b>2,128,286</b>	<b>2,237,306</b>	<b>2,389,731</b>	<b>2,510,765</b>	<b>2,616,147</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,478,837</b>	<b>\$ 2,733,747</b>	<b>\$ 2,878,183</b>	<b>\$ 3,064,733</b>	<b>\$ 3,214,822</b>	<b>\$ 3,347,618</b>
<b>Expenditures per Day</b>	\$ 17,894	\$ 19,406	\$ 20,750	\$ 21,643	\$ 22,475	\$ 23,104
<b>Estimated Days of Cash on Hand</b>						
Cash + MDE Receivable	134	136	134	137	139	140
Cash Only	101	104	102	105	106	108
The projected statements are presented on a budgetary basis and do not include the activity of the building company.						

# **Twin City German Immersion School**

## **Forecasted Schedule of Debt Service Coverage Analysis**

Fiscal Years through June 30, 2023 - max debt

	Projection				
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022 2022-2023
<b>Annual Surplus</b>	\$ 307,859	\$ 218,284	\$ 109,020	\$ 152,425	\$ 121,033 \$ 105,383
<b>Additions</b>					
Principal and Interest Costs on Bonds and NPAF Loan	562,418	791,583	825,400	856,400	883,200 885,800
Annual rent for Capital Improvement Account	30,000	30,000	30,000	30,000	30,000 30,000
Capitalized Assets	58,875	98,099	133,719	97,785	100,142 61,802
<b>Net Income Available for Debt Service</b>	<b>\$ 959,152</b>	<b>\$ 1,137,967</b>	<b>\$ 1,098,139</b>	<b>\$ 1,136,610</b>	<b>\$ 1,134,376 \$ 1,082,984</b>
<b>Debt Service Payments</b>					
Debt Service on 2013 & 2018 Bonds & NPAF Loan	562,418	791,583	825,400	856,400	883,200 885,800
<b>Total Debt Service Payments</b>	<b>\$ 562,418</b>	<b>\$ 791,583</b>	<b>\$ 825,400</b>	<b>\$ 856,400</b>	<b>\$ 883,200 \$ 885,800</b>
<b>Debt Service Coverage Ratio</b>	<b>1.71</b>	<b>1.44</b>	<b>1.33</b>	<b>1.33</b>	<b>1.28 1.22</b>
<b>Maximum Annual Debt Service Coverage Ratio</b>	<b>n/a</b>	<b>1.18</b>	<b>1.14</b>	<b>1.18</b>	<b>1.18 1.12</b>
MAD = \$964,150					
DS coverage ratio assumes 75% of capital improvements will be capitalized					

TCGIS Building Company Budget For the Years-Ending June 30		Budget						
		2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
	Enrollment	550,74	575,00	596,00	614,00	625,00	630,00	
<b>Revenues</b>								
	Interest	\$ 5,760	\$ 6,048	\$ 6,048	\$ 6,350	\$ 6,668	\$ 7,001	
	Rent	826,701	865,780	899,652	930,462	957,263	959,863	
	Bond/Loan Proceeds	-	6,087,750	-	-	-	-	
	<b>Total Revenue</b>	<b>\$ 832,461</b>	<b>\$ 6,959,578</b>	<b>\$ 905,700</b>	<b>\$ 936,812</b>	<b>\$ 963,931</b>	<b>\$ 966,864</b>	
<b>Expenditures</b>								
	Handicap Entrance Door	4,300	-	-	-	-	-	
	Roof leaks and Inspection	2,511	-	-	-	-	-	
	Construction Costs, FY18-19 Bond	-	5,424,830	-	-	-	-	
	Issuance Costs	-	397,056	-	-	-	-	
	Existing School Building	-	-	53,500	53,500	53,500	53,500	
	Mgmt/trustee Fees/audit/Bank	24,500	24,990	25,490	26,000	26,520	27,050	
	<b>NPAF Loan</b>							
	Principal	9,362	265,049	-	-	-	-	
	Interest and Fiscal Charges	15,406	-	-	-	-	-	
<b>Debt Service</b>								
	New Debt, Int Only till 2028	-	228,833	259,250	292,250	321,250	321,250	
	Principal	130,000	160,000	165,000	175,000	175,000	175,000	
	Interest and Fiscal Charges	407,650	401,075	394,450	384,650	384,650	384,650	
	<b>Total Expenditures</b>	<b>\$ 593,729</b>	<b>\$ 6,901,833</b>	<b>\$ 897,690</b>	<b>\$ 931,400</b>	<b>\$ 960,920</b>	<b>\$ 961,450</b>	
	<b>Change in Fund Balance</b>	<b>\$ 238,732</b>	<b>\$ 57,745</b>	<b>\$ 8,010</b>	<b>\$ 5,413</b>	<b>\$ 3,011</b>	<b>\$ 5,414</b>	
	Beginning Fund Balance	\$1,301,730	\$ 1,540,462	\$ 1,598,207	\$ 1,606,218	\$ 1,611,630	\$ 1,614,642	
	Ending Fund Balance	1,540,462	1,598,207	\$ 1,606,218	\$ 1,611,630	\$ 1,614,642	\$ 1,620,056	