Legislation Details (With Text)

File #:	RES 24-913 **Version:** 1		
Type:	Resolution	**Status:**	Passed
		In control:	City Council
		Final action:	6/26/2024
Title:	Approving a subordination of a $2,602,255 Community Development Block Grant (CDBG) / Community Development Block Grant Covid (CDBG-CV) loan to Keystone Community Services, 1790 -1800 University Avenue West (District 13, Ward 4).		
Sponsors:	Mitra Jalali		
Indexes:			
Code sections:			
Attachments:			

Date	Ver.	Action By	Action	Result
7/1/2024	1	Mayor's Office	Signed	
6/26/2024	1	City Council	Adopted	Pass

Approving a subordination of a $2,602,255 Community Development Block Grant (CDBG) / Community Development Block Grant Covid (CDBG-CV) loan to Keystone Community Services, 1790-1800 University Avenue West (District 13, Ward 4).
WHEREAS, the City of Saint Paul (“City”) is an entitlement grantee that receives direct funding from the United States Department of Housing and Urban Development (“HUD”) for the Community Development Block Grant Program (the “CDBG program award”); and

WHEREAS, on March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which authorized a variety of programs to address issues related to the COVID-19 public health emergency; and

WHEREAS, the City, as a CDBG program award entitlement grantee, was awarded special allocations of CDBG-CV funds through the CARES Act to prevent, prepare for, and respond to the COVID-19 public health emergency (the “CDBG-CV program award”)

WHEREAS, Keystone Community Services acquired two buildings located at 1790 and 1800 University Ave W (the “Property”) for the purpose of redeveloping them into a consolidated, transit-accessible food center (the “Project”); and

WHEREAS, the Project will create greater efficiencies and increase service to the community and in particular to low- and moderate- income persons; and

WHEREAS, on October 20, 2021, City Council approved the transfer of $902,255 in CDBG-CV award funds via RES 21-1438 for the Project; and

WHEREAS, on November 9, 2022, the Saint Paul Housing and Redevelopment Authority (“HRA”) recommended and authorized the approval of financing a $1,260,214 CDBG loan and a $439,786 CDBG-CV loan for the Project via RES 22-1728; and

WHEREAS, on November 16, 2022, City Council authorized the transfer of $1,260,214 in CDBG and

$439,786 in CDBG-CV funds to the Project; and

WHEREAS, on January 25, 2023, a development agreement for $902,255 and $439,786 of CDBG-CV and $1,260,214 of CDBG was executed, comprising a total loan amount of $2,602,255; and

WHEREAS, the CDBG / CDBG-CV loan includes a mortgage with a subordinate lien position to Sunrise Banks; and

WHEREAS, After the CDBG / CDBG-CV development agreement was executed, Keystone Community Services received an appropriation grant from the State of Minnesota (“State Appropriation”), which requires that no prior and/or superior lien may be imposed on the Property; and

WHEREAS, so that Keystone Community Services may access the State Appropriation, which would allow them to complete the Project, pay off remaining construction invoices, and minimize debt on the Project, the CDBG / CDBG-CV loan must subordinate its lien position; and

WHEREAS, on June 26, 2024, the HRA considered this matter and recommends the authorization and approval of the subordination of the CDBG / CDBG-CV Loan; and

WHEREAS, staff is recommending to the City Council that it approve the subordination of the CDBG / CDBG-CV Loan to the new first position lender as it will allow Keystone Community Services to pay off their bank loan and pay remaining project costs; now, therefore, be it

RESOLVED by the City Council of the City of Saint Paul:

1. that the City Council hereby approves and authorizes a subordination of the CDBG / CDBG-CV Loan under the terms consistent with applicable compliance requirements and terms herein.

2. that the City Council hereby approves and authorizes City staff to take all actions necessary to carry out the activities authorized by this Resolution, including finalizing all documents and agreements, subject to approval by the City Attorney’s Office.

3. that the proper City official(s) are hereby approved and authorized to execute any and all documents in connection with this Resolution, subject to approval by the City Attorney’s Office.

4. that this Resolution does not constitute a binding legal agreement; rather, the action taken herein shall not be effective until said documents are executed by the appropriate official(s) of the City.

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