

Keystone Community Services

Community Food Center
1800 University Ave W

CDBG / CDBG-CV Subordination

June 12, 2024



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Background

- Keystone Community Services is the largest food shelf in Ramsey County
- They provide vital community-based services for 35,000 individuals annually
- Previously, they operated their food shelf services out of multiple locations
- In June 2020, they identified the building(s) at 1790-1800 University Ave W for consolidating their food shelf operations, and entered into a purchase agreement



Background

- The acquisition and renovation total project cost was \$11,025,629
- Sources from or passing through the City / HRA included:
 - Neighborhood STAR grant of \$56,334
 - LCA TOD Development grant of \$445,592
 - CDBG forgivable loan of \$1,260,214
 - CDBG-CV (Coronavirus) forgivable loan of \$1,342,041
- At the time of signing the CDBG / CDBG-CV loan agreement, the City / HRA was subordinate to a \$2,600,000 loan from Sunrise Banks



State of MN Appropriation

- In the 2023 State legislative session, after the City / HRA loan agreement was signed, Keystone received a \$2,600,000 General Fund cash appropriation
- Although a grant, terms of the State Appropriation include that it will not allow any prior and/or superior lien imposed upon the Property without consent of the State – essentially, the City / HRA loans need to be subordinate to the State Appropriation



Requested Action next HRA meeting

- Recommending the authorization and approval of a subordination of the \$2,602,255 CDBG / CDBG-CV loan to Keystone
- Which will allow them to access the \$2,600,000 State Appropriation
 - The State Appropriation will then be used to pay off the Sunrise Banks loan and other outstanding project invoices









Questions?