



City of Blaine

Economic Development Authority

December 18, 2023 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 8:27 PM by President Sanders followed by the Roll Call.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners Terra Fleming, Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Captain Mark Boerboom; Captain Matt Carlson; Officer Justin Pohlman; Finance Director Jason Zimmerman; Finance Analyst Jenna Trittin; Director of Engineering Dan Schluender; City Attorney Tom Loonan; Senior Parks and Recreation Manager Jerome Krieger; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2023-591 Approval of the November 20, 2023 Economic Development Authority (EDA) Minutes

Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Newland, seconded by Commissioner Massoglia, that the Minutes of November 20, 2023, be approved.

Motion adopted unanimously.

4. Public Hearing

4.1. RES 23-212 Approval of Minnesota Investment Fund Application in Connection with City of Blaine EDA for the Chandler Industries Project
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated Chandler Industries is a privately owned multi-site contract manufacturer of precision machined and fabricated sheet metal components and assemblies. Chandler was founded in 1962 by Chandler Olsen in Montevideo, MN. After two subsequent ownership changes, it was acquired in April 2011 by Arch Equity Partners, a private investment firm located in St. Louis, MO who formed Chandler Investment Group (CIG), which owns Chandler Industries, Inc. After the initial acquisition of Chandler, the company expanded its operations by acquiring 4 additional businesses in Minnesota. In 2023, Chandler consolidated its Minneapolis and Bethel divisions into a single new division in Blaine at the new Blaine 35 project located at 35W and County Road J. The Blaine division also serves as Chandler's corporate headquarters. Chandler currently serves customers in the aerospace, defense, industrial, medical, space and semiconductor, and electronic connector markets. Chandler employs approximately 300 people across all divisions.

Mr. Thorvig reported the request for Minnesota Investment Fund assistance will assist in 3 primary areas – Machining, Assembly, and Quality. The project requires two large capital expenditure investments – \$395,990 for a Haas VF-9 and \$627,998 for a DMG DMU-50. The machining will take place in Chandler Industries' existing 100,000 SF leased facility, with approximately 1,000 SF used for each machine cell. Required leasehold improvements will primarily be for machine installation and work-cell setup and will not exceed \$50,000. In addition to the capital expenditures, Chandler will expand the assembly and quality teams and work areas to support the increased volume by 10 jobs. Chandler Industries has been working with the City of Blaine and the Minnesota Department of Employment and Economic Development (DEED) to help identify programs that can assist with these expenditures. Chandler is proposing to finance the project with a combination of bank financing and a \$320,000 loan from the Minnesota Investment Fund (MIF), a DEED Program. The MIF provides financing to help add new workers and retain high-quality jobs on a statewide basis in manufacturing and technology-related industries. The MIF loan application is prepared and submitted by City staff and funds are awarded to the local unit of government (EDA) who provides the loan to the eligible business. Therefore, the City will act as a pass-through and administrator for the loan.

Mr. Thorvig reported the MIF loan amount requested is \$320,000. The Blaine EDA is allowed to set the interest rate between 0-3%, which staff has proposed at 0% which is consistent with other MIF loans in the state. Any interest collected would be split between DEED and the City. The no/low interest rate of MIF is attractive for businesses. The term is 7 years. This project is repayable only and does not qualify for partial loan forgiveness. The MIF loan is backed by collateral which will be collected in the event of default. Assuming the resolution is approved, staff will submit the application forward for approval to DEED. If the loan is approved, Chandler will begin hiring and capital expenditures immediately.

President Sanders opened the public hearing at 8:31PM.

There being no comments from the public, President Sanders closed the public hearing at 8:31 PM.

Moved by Commissioner Newland, seconded by Commissioner Massoglia, to Approve the Minnesota Investment Fund Application in Connection with City of Blaine EDA for the Chandler Industries Project.

Commissioner Robertson thanked Chandler Industries for choosing Blaine.

Motion adopted unanimously.

5. New Business

- 5.1.** RES 23-198 Approving Amendment to the Purchase Agreement for 10550 Radisson Road and Lease Agreement
Sponsors: Erik Thorvig, Community Development Director

Mr. Thorvig stated on August 21, 2023, the EDA approved a purchase agreement for the property at 10550 Radisson Road. The property is owned by Busch Investments, LLC and Dusty's Truck Repair is located on the property. The business and property are mutually owned. This property is part of the 105th Avenue redevelopment area. City staff approached the owners in April 2023 regarding whether they would be interested in selling. After several meetings and correspondence, the EDA and owner agreed to a purchase price of \$1,683,000. This purchase price was part of the purchase agreement approved by the EDA in August. Since then, the owners have requested an increase to the purchase price that was originally agreed upon. The City Council/EDA discussed an amended offer at a closed session on November 20, 2023. The EDA offered an increase in the sale price to \$1,744,200, which the owner has agreed to. A revision to the purchase agreement is necessary to reflect the new purchase price. Closing would occur on or before January 31, 2024.

Mr. Thorvig explained the current owner/business has indicated a desire to stay at the property through a portion of the summer. This arrangement can be accommodated through a lease agreement where the EDA would close on the property and allow the business to remain as a tenant. This occurred with Blake Driling when the EDA acquired their property at 10600 Radisson Road in 2021. The lease agreement identifies the ability for the business to remain until June 30, 2024, with a potential of 30-day extensions mutually agreed upon by both parties. Development isn't anticipated in this portion of the project until 2025, so there may be flexibility in the timing of when the business needs to vacate, dependent on the business needs and when the developer will purchase property from the EDA and begin construction. The company will lease the property for \$1 and be responsible for all maintenance and utilities. The EDA will be responsible for property taxes during the lease period.

Moved by Commissioner Robertson, seconded by Commissioner Newland, to approve an Amendment to the Purchase Agreement for 10550 Radisson Road and Lease Agreement.

Commissioner Saroya explained she would not be supporting this project or any other project within the 105th Area Redevelopment project due to pending and ongoing conflict of interests concerns for her constituents.

Motion adopted 6-1 (Commissioner Saroya opposed).

5.2. RES 23-206 Adopt the 2024 EDA Fund Budget and Property Tax Levy
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated the board is asked to adopt the 2024 Property Tax Levy and EDA Budget. The proposed final 2024 EDA levy is equal to the preliminary levy amount of \$1,000,000. As previously noted, this levy is proposed to be the same as the 2023 levy. At the proposed preliminary levy amount, the median value single family property in Blaine valued at \$327,400, which experienced an increase in valuation of 2.18%, is estimated to have the EDA's share of their property tax bill decrease by approximately \$3.20 or 11.65% for 2024. As a reminder, assessed values are still subject to change slightly. The proposed levy is anticipated to result in an approximate tax capacity rate of 0.759%.

Moved by Commissioner Fleming, seconded by Commissioner Massoglia, to Adopt the 2024 EDA Fund Budget and Property Tax Levy.

Motion adopted unanimously.

6. Old Business

None.

7. Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Newland, to adjourn the meeting at 8:41PM.

Motion adopted unanimously.



Signed by

Tim Sanders, President

Attest by:

Catherine M. Sorensen, CMC, City Clerk

