



City of Blaine

Economic Development Authority

September 16, 2024 | 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 9:51PM by President Sanders followed by the Roll Call.

2. Roll Call

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

ABSENT: Commissioner Jess Robertson.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Director of Administrative Services Scott Johnson; Police Captain Russ Clark; Finance Director Jason Zimmerman; Community Development Specialist Elizabeth Showalter; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2024-405 Approval of the September 4, 2024 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Newland, seconded by Commissioner Massoglia, that the Minutes of September 4, 2024, be approved.

Motion adopted unanimously.

4. Public Hearing

4.1. RES 24-174 Resolution Approving for the Sale of the EDA Owned Property in the 105th Avenue Redevelopment District

Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated the City of Blaine has acquired certain property within the 105th Avenue Redevelopment district since 2016. The EDA currently owns the following properties:

10610 Nassau Street	10550 Nassau Street
10524 Nassau Street	10601 Nassau Street
10549 Nassau Street	10525 Nassau Street
2111 105th Avenue	10550 Radisson Road
10590 Radisson Road	10600 Radisson Road
2150 106th Lane	2190 106th Lane

Mr. Thorvig reported to date, the EDA has paid \$8,408,311 with existing EDA cash for the purchases. An appraisal, paid for by the City, was completed for the entire area to be acquired by the developer, including City and EDA property. The appraisal valued the land as vacant, commercial value. The appraisal identified a value of \$11 per square foot of land. The developer will be acquiring a total of 973,130 square feet of land. This includes one property owned by the City of Blaine which is being considered by separate action. This equates to an overall purchase price of \$10,704,430. A purchase agreement is currently being drafted that encompasses both the City and EDA-owned property. The purchase agreement identifies a targeted closing date for the week of October 7, 2024. The buyer is Blaine Town Center East, LLC, which is the master developer. The total purchase price is \$10,704,430. Any property acquired by the EDA that has an existing lease will be transferred to the buyer. Based on the closed session discussion by the City Council on September 9, 2024, certain components of the purchase agreement are being finalized. Minnesota State Statute requires a public hearing prior to an Economic Development Authority selling property. It was noted the proposed purchase would allow the EDA to be paid \$3,704,300 to be used for other citywide EDA programs. Staff commented on the terms of the purchase in agreement noting they are consistent with information discussed by the City Council during their closed session. Staff recommended the EDA hold a public hearing and approve the sale of the EDA owned property in the 105th Avenue Redevelopment District.

President Sanders opened the public hearing at 10:01PM.

There being no public input, President Sanders closed the public hearing at 10:02PM.

Moved by Commissioner Newland, seconded by Commissioner Massoglia, to adopt a Resolution Approving the Sale of the EDA Owned Property in the 105th Avenue Redevelopment District.

Commissioner Saroya explained the City doesn't own three properties within the redevelopment district. She asked for an update on negotiations for the remaining properties and possible eminent domain. Mr. Thorvig explained he and the city attorney have been working with the remaining three property owners. He stated he has been in discussions with one property owner and City Attorney Loonan has been working on the

other two properties. He indicated if an when offers are discussed, this will be done in closed session. City Attorney Loonan reported the City has had difficulty in reaching out to two of the property owners, but in recent months has established direct contact with one of the owners. The city was now evaluating this property and active negotiations were moving forward. He commented the other property owner's attorney has been contacted and discussions were underway. He indicated he was directly communicating with both properties and both appear to be heading in a positive direction.

Commissioner Saroya questioned if two property owners were willing to sell and one was not. Mr. Thorvig indicated he was working with the remaining property off of 106th Lane. He explained he last spoke to the property owner a month ago and the property owner was assessing when he would like to sell.

Commissioner Saroya inquired if eminent domain would not be used for the remaining three properties. Mr. Loonan reported the EDA was not contemplating eminent domain for the properties at this time.

Motion adopted unanimously.

5. New Business

- 5.1.** RES 24-166 Resolution Authorizing a Contract with Refined Lending for an Interest Rate Buydown on Home Mortgages
Sponsors: Elizabeth Showalter, Community Development Specialist

Community Development Specialist Showalter stated the City Council directed staff at the July 15 City Council Workshop to pursue an interest rate buy down program with a local lender. Following release of a request for proposals, staff is recommending the EDA select Refined Lending as the lender partner for this program.

Moved by Commissioner Massoglia, seconded by Commissioner Larson, to adopt a Resolution Authorizing a Contract with Refined Lending for an Interest Rate Buydown on Home Mortgages.

Commissioner Newland asked for feedback on why the other lenders chose not to respond. Ms. Showalter explained staff reached out to six different lenders and only heard back from one. She stated she did not hear back from the other lenders on why they chose not to respond to the proposal.

Commissioner Massoglia thanked staff for working to find a lender that would partner with the EDA on this program.

Commissioner Saroya asked if there is a conflict of interest with Mr. Raich with these interest rate buy downs given the fact he was just given a CUP extension. Mr. Thorvig reported Nate Raich was the owner or CEO of Refined Lending, but he was also part of the CUP extension that was discussed at the City Council meeting. Ms. Showalter clarified Mr. Raich is the Regional Vice President of Refined Lending which was a division of Luminate

Home Loans.

Commissioner Saroya questioned if this was a conflict of interest because Mr. Raich would be building houses in the community and then be financing them through a City sponsored loan program. Mr. Loonan explained he was confused by the question. He reported there was nothing indicating Mr. Raich would not be issuing loans for the houses he would be building. He commented on the strict parameters that would be put in place for the loan program and these limitations would be regulated by the City. He was of the opinion the scenario Commissioner Saroya was describing did not exist.

Commissioner Saroya inquired if there would be a separation between Mr. Raich's development and these loans. Mr. Showalter stated there was nothing written into the terms that the borrower would not be eligible for this program. However, in compliance with the multitude of regulations in place for home loans, these homeowners would not be able to reserve the loan funding.

Motion adopted 6-1 (Councilmember Saroya opposed).

- 5.2.** RES 24-167 Resolution Approving Modification of Terms for Down Payment Assistance Program and Utilizing the Local Affordable Housing Aid Fund for Ongoing Funding for the Program
Sponsors: Elizabeth Showalter, Community Development Specialist

Ms. Showalter stated staff is proposing modifications to the existing down payment assistance program to better meet the needs of first time home buyers while maintaining a sustainable level of spending. Staff is also proposing to fund the program out of Local Affordable Housing Aid when funds are available in that account.

Moved by Commissioner Newland, seconded by Commissioner Massoglia, to adopt a Resolution Approving Modification of Terms for Down Payment Assistance Program and Utilizing the Local Affordable Housing Aid Fund for Ongoing Funding for the Program.

Commissioner Massoglia requested further information regarding the funding levels of the programs. Ms. Showalter provided the EDA with further information on the balance LAHA and Hill funds.

Commissioner Massoglia inquired if curb appeal funds could be used for ash tree removal. Ms. Showalter explained 25% of the cost could be covered by curb appeal funds and noted if tree removal was completed something new would have to be replanted.

Motion adopted unanimously.

- 5.3.** RES 24-190 Resolution Adopting the Proposed 2025 Blaine Economic Development Authority Property Tax Levy, Having all the Powers of a Housing Redevelopment Authority
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated Minnesota Statute 275.065 requires that special taxing authorities, including the Blaine Economic Development Authority, to certify to the county auditor the proposed property tax levy for taxes payable in the following year by September 30th annually. Staff commented further on the proposed EDA tax levy and recommended approval.

Moved by Commissioner Newland, seconded by Commissioner Fleming, to adopt a Resolution Adopting the Proposed 2025 Blaine Economic Development Authority Property Tax Levy, Having all the Powers of a Housing Redevelopment Authority.

Motion adopted unanimously.

6. Old Business

None.

7. Adjournment

President Sanders adjourned the EDA meeting at 10:23PM.



Signed by

Tim Sanders, President

Attest by:

Catherine M. Sorensen, CMC, City Clerk