City of Blaine
Economic Development Authority

January 21, 2026 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

The purpose of the Blaine Economic Development Authority is to increase the City's commercial/industrial tax base, provide employment opportunities, undertake redevelopment to enhance and maintain neighborhood economic stability, and address special needs, such as senior housing. As authorized under Minnesota State statutes, the Blaine City Council also serves as the Blaine Economic Development Authority.

AGENDA

1. Call to Order

2. Roll Call

3. Approval of Minutes

3.1. 2026-026 Approval of the December 15, 2025 Economic Development Authority (EDA) Minutes
Sponsors: Shari Russell, Receptionist

4. New Business

4.1. RES 26-22 Resolution to Adopt a Term Sheet for Cloverleaf Courts and Blaine Courts Apartments
Sponsors: Elizabeth Showalter, Community Development Specialist

5. Old Business

6. Adjournment

City of Blaine
Economic Development Authority

December 15, 2025 | 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 8:50PM by President Sanders followed by the Roll Call.

2. Roll Call

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

ABSENT: None.

Quorum Present.

ALSO PRESENT: Executive Director Erik Thorvig; Deputy Executive Director Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Director of Engineering Dan Schluender; Community Development Specialist Elizabeth Showalter; Assistant Finance Director Kyle Stasica; Accounting Manager Haley Chapman; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2025-291 Approval of the November 17, 2025, Economic Development Authority (EDA) Minutes.
Sponsors: Sheila Sellman, Community Development Director

Moved by Commissioner Newland, seconded by Commissioner Robertson, that the minutes of November 17, 2025, be approved.

Motion adopted unanimously.

4. New Business

4.1. RES 25-190 Resolution Adopting the 2026 Blaine Economic Development Authority Property Tax Levy

Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated Minnesota state law requires all special taxing authorities, including the Blaine Economic Development Authority, to certify their final 2026 adopted property tax levies to the county auditor on or before December 29, 2025. The proposed 2026 property tax levy for the Blaine EDA is $1,225,000, representing a $75,000 increase compared to the 2025 levy. This funding fully supports the ongoing operational expenses of the EDA and allocates $150,000 specifically for targeted development and redevelopment initiatives. As a reminder, this amount can only be reduced at the time the final levy is set per Minnesota State Statute. In November 2025, parcel specific estimates of property taxes for 2026 were mailed by the county auditor to property owners. The estimated taxes were based on the proposed tax levy adopted at the September 3, 2025, EDA board meeting. The median value residential property in Blaine valued at $346,000, which experienced an increase in valuation of 3.38 percent, is estimated to have the EDA's share of their property tax bill increase by approximately $1.45 or 5.1 percent for 2026. 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 0.905 percent. Following the adoption of the proposed levy, state law requires that counties, school districts, all cities, and all special taxing districts certify their final adopted payable 2026 property tax levies to the county auditor on or before December 29, 2025.

Moved by Commissioner Robertson, seconded by President Sanders, to adopt a Resolution Adopting the 2026 Blaine Economic Development Authority Property Tax Levy.

Amendment moved by Commissioner Newland, seconded by Commissioner Massoglia, to recommend the EDA retain the current EDA tax levy for 2026.

Commissioner Robertson stated she wished there was a willingness over the past 10 months to make cuts from the general levy or transportation fund. She reported she supported the EDA levy increasing because this fund supported the redevelopment of the community. She explained she did not support cutting $75,000 from the EDA levy because the EDA needed proper funding in order to move forward with the programs that were being proposed by the city.

Commissioner Massoglia indicated he could support the proposed cut to the EDA levy.

Amendment motion failed 3-4 (Commissioners Fleming, Ford, Robertson and President Sanders opposed).

Commissioner Ford indicated he was working to remain consistent with his vote and while he was cognizant of taxes, he believed the people in the community were also important. He explained he fully supported the slight increase in the EDA levy because this would be an investment in the community.

Motion adopted 4-3 (Commissioners Larson, Massoglia, and Newland opposed).

4.2. RES 25-185 Resolution to Approve Grant Program Modifications
Sponsors: Elizabeth Showalter, Community Development Specialist

Community Development Specialist Showalter stated changes to home improvement grant programs are proposed to simplify programs for applicants, reduce administration burden, better incentivize projects that otherwise would not occur and account for property value and construction cost increases.The EDA approved four home improvement grant programs starting in 2022 for a five year pilot program, spending down excess funds in the revolving loan fund. At that time the loan fund had $2.7 million. The current balance is $2.2 million with $785,000 in expected receivables. The five-year spend down plan assumed a $200,000 per year expenditure on the grant programs, which was used as a high estimate of anticipated usage. Actual expenditures on all home improvement grants and marketing expenses for the grant program has been $388,689.80 over the four year period, for an average of less than $100,000 per year. Therefore, sufficient funds remain to allow for three more years of home improvement grants. To ensure overspending does not occur, the curb appeal grants will be limited to $100,000 per year, instead of the current limit of $150,000. This cap does not apply to the major remodeling grants, which can be applied for at any time during the year. At that time, a down payment assistance program and deferred and forgivable accessibility loan program were created as part of the spend down. Since that time, down payment assistance has been limited to no more than $100,000 per year and is now fully funded by Local Affordable Housing Aid (LAHA). The next agenda item includes funding the accessibility program out of the LAHA fund as well. Staff is requesting EDA approval of minor changes to the grant programs and approval for three more years of the grant programs. The changes generally improve clarity, reduce administrative burden, and increase maximum grant amounts to account for current construction costs.

Moved by Commissioner Robertson, seconded by Commissioner Larson, to adopt a Resolution to Approve Grant Program Modifications.

Motion adopted unanimously.

4.3. RES 25-186 Resolution to Approve Loan Program Modifications
Sponsors: Elizabeth Showalter, Community Development Specialist

Ms. Showalter requested the EDA consider minor changes to home improvement loan programs are proposed to adapt to increased construction costs. The EDA offers a variety of home improvement loan programs with the goal of preserving high quality housing stock and preventing neighborhood decline. Staff recommends increasing the maximum loan amount on some loan programs to account for increased construction costs. The minimum and maximum loan amounts for most programs have been in place for well over a decade. Approximately 10 years ago, the maximum loan amount for the standard repayable single family loan was increased from $25,000 to $50,000, but amounts for manufactured home loans and last resort loans stayed the same. The proposed increases to the special purpose loans will have limited financial impact since the total loan issued under those programs typically between zero and five loans per year. Most last resort loans are for water heaters and furnaces, which typically fall within the existing loan amounts, but the large amounts allow for the program to be used for other emergency needs as well. Most loans issued through the accessibility loan program are for the maximum amount of $10,000. Staff recommends increasing that to $20,000 to account for the large cost of many home accessibility projects, and utilizing the Local Affordable Housing Aid (LAHA) instead of the Home Improvement Loan (HIL) fund for these loans, similar to the change made to the down payment assistance loan program in 2024.

Moved by Commissioner Fleming, seconded by Commissioner Ford, to adopt a Resolution to Approve Loan Program Modifications.

Motion adopted unanimously.

4.4. RES 25-198 Resolution to Approve Loan Forgiveness for Blaine University Avenue Townhomes

Sponsors: Elizabeth Showalter, Community Development Specialist

Ms. Showalter stated the EDA provided a $450,000 loan to ACCAP for the construction of the Blaine University Avenue Townhomes, utilizing pooled TIF funds in 2014. The conditions for forgiveness have been met, therefore, staff recommends forgiving the loan. The EDA provided $450,000 to Anoka County Community Action Partnership for the construction of the Blaine University Avenue Townhomes, located at the northeast corner of 109th Avenue and University Avenue. The funds were provided from pooled TIF and were advanced to ACCAP to allow for the acquisition of two parcels remaining in the assemblage necessary for the project without the financing for the complete project in place, and a mortgage was recorded on the property for the $450,000 amount. The staff report at the time outlined various scenarios for the project depending on the ability of ACCAP to secure the rest of the necessary financing. One scenario was that if the project was completed, the $450,000 would be forgiven. Certificates of Occupancy were issued for all units in 2016, and therefore the loan is eligible for forgiveness. The proposed resolution forgives the loan balance and authorizes the Executive Director to execute all necessary documents for loan forgiveness.

Moved by Commissioner Robertson, seconded by Commissioner Fleming, to adopt a Resolution to Approve Loan Forgiveness for Blaine University Avenue Townhomes.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

President Sanders adjourned the meeting at 9:10PM.

Motion adopted unanimously.

City of Blaine
Staff Report

File Number: RES 26-22

Agenda Date	Status
January 21, 2026	
In Control	**File Type**
Economic Development Authority	Resolution

New Business
- Elizabeth Showalter, Community Development Specialist

Agenda Item # 4.1

Resolution to Adopt a Term Sheet for Cloverleaf Courts and Blaine Courts Apartments

Executive Summary

The term sheet outlines the use of $500,000 of pooled Housing TIF and $500,000 of Local Affordable Housing Aid to assist Cloverleaf Courts and Blaine Courts with rehabilitation work.

Background

Blaine Courts (1990) and Cloverleaf Courts (2000) were developed by the EDA to provide affordable independent senior apartments for senior residents of Blaine and surrounding communities. In total, 157 units were built with these two buildings. The EDA owned, maintained and provided direction to a management company that oversaw the daily operations of both apartments.

On November 5, 2014, the EDA held a public hearing to consider the sale of its two senior housing facilities, Blaine Courts and Cloverleaf Courts. The EDA received two offers — one from Avinity Senior Living, and one from Lang-Nelson (LaNel Financial). On January 8, 2015, the EDA approved the purchase agreement for the sale of the properties to LaNel Financial. The total paid for the two properties was $10,650,000 with $9,650,000 paid at closing and $1 million in the form of separate promissory notes (issued by Hiawatha Lake Ventures II, LLC) for each facility ($290,000 for Blaine Courts and $710,000 for Cloverleaf Courts). The notes were structured as interest free for the first 5 years, interest only (at 4.25%) for the next 5 years, with a balloon payment in full at the end of the 10-year term.

In 2019, LaNel requested the notes be renegotiated to push the payment terms back 5 years to mirror the permanent funding in place. The EDA was generally in favor of this proposal. As the renegotiation was progressing, the COVID-19 pandemic hit, and discussions paused. At one point, there was consideration of providing LaNel funding assistance through the City's CARES allocation. As an alternative to direct assistance, the City/EDA, at staff's recommendation, considered renegotiating the notes to be a better alternative. Amended and restated promissory notes were prepared, however, there was never formal approval by the parties. On June 5, 2023, the EDA formally approved these restated notes. The restated note requires interest-only payments beginning in July 2025 and a balloon payment for the principal balance and any unpaid interest on June 1, 2030. LaNel has been current on all interest payments for the note, which started in July 2025.

In June 2025, representatives from LaNel contacted city staff to discuss opportunities for the City/EDA to provide financial assistance to complete various facility upgrades. Members of the Finance and Community Development Departments met with and communicated with LaNel in July, August, and September to better understand the financial request and impact on residents of each property.

Staff reviewed several sources of financial support including pooled Housing TIF, Local Affordable Housing Aid (LAHA), the existing notes, and 4(d) tax classification. Changes to the existing notes would reduce the receivables due to the general EDA fund, and 4(d) tax classification would reduce the property tax due to the property, thereby reducing income to the City general fund. At the January 12, 2026 City Council workshop, Council directed staff to structure the assistance with half coming from pooled Housing TIF and half from LAHA, which leaves sufficient funds in the pooled TIF account to allow for assistance to a future project, and to continue to implement the LAHA expenditures directed by the Council in 2024.

The term sheet attached outlines the structure for the financial assistance. Important aspects include:

- Funds will be paid out on a reimbursement basis.
- Affordability standards will be in place for 10 years.
- $1,000,000 of reimbursement for a minimum of $1,357,200 of project costs.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

The LAHA fund and the pooled Housing TIF account maintain current balances of approximately $850,000 and $1.2 million, respectively. These levels are sufficient to support a $500,000 expenditure from each account while retaining adequate reserves for future use.

Public Outreach/Input

Not applicable.

Staff Recommendation

By motion, adopt the term sheet.

Attachment List

1. Term Sheet
2. Request for Assistance

City of Blaine

Signature Copy

Resolution: RES 26-22

Resolution to Adopt a Term Sheet for Cloverleaf Courts and Blaine Courts Apartments

WHEREAS, the EDA received a request from LaNel Financial for assistance with capital improvements to two affordable senior housing properties; and

WHEREAS, the capital improvements cannot be completed without increasing rent to tenants by at least 10%; and

WHEREAS, the EDA is holding pooled Housing TIF, which can be utilized for this project; and

WHEREAS, the EDA received Local Affordable Housing Aid, which can be utilized for this project; and

WHEREAS, a non-binding term sheet has been prepared outlining the roles, responsibilities and obligations of each party.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby approves the term sheet and directs staff to prepare a funding agreement consistent with the term sheet.

PASSED by the Blaine Economic Development Authority this 21st day of January, 2026.

Non-Binding Term Sheet

Owner	Hiawatha Lake Properties I and Hiawatha Lake Properties II
Properties	Blaine Courts: 31-31-23-43-0047 and 31-31-23-43-0048 Cloverleaf Courts: 29-31-23-33-0008
Amount	$1 million
Source	$500,000 of pooled Housing TIF (on hand) $500,000 of local affordable housing aid
Form of Assistance	Reimbursement of eligible expenses
Required Improvements	• Common area flooring • HVAC Replacements • Window replacements • Accessibility Improvements • Exterior concrete repair/replacement • In unit appliance replacement • Elevator modernization Total project cost expected to be approximately $1,800,000. Project cost must include at least $8,700 per unit in depreciable capital expenditures. All required improvements must be completed within 24 months of execution of the TIF agreement.
Disbursement	First disbursement: Reimbursement of $500,00 upon submission of documentation of no less than $678,600 in project costs. Second disbursement: Remaining $500,000 upon completion of all required improvements
Rental Restrictions	Cloverleaf Courts: 21 of the 102 units must be affordable at 50% of Area Median Income and occupied by a Household at 50% of Area Median Income with rents that don't exceed 30% of 50% of AMI Blaine Courts: 11 of the 54 units must be affordable at 50% of Area Median Income and occupied by a Household at 50% of Area Median Income with rents that don't exceed 30% of 50% of AMI Income and rent rate reporting must be submitted to the EDA by January 31st of each year.

	Rent rates for all units may not increase more than once per year and not more than 5% per year, unless necessary due to demonstrated capital or operating cost increases. Rent restrictions remain in force for ten years following the execution of the TIF agreement and will be set forth in a declaration of restrictive covenants to be recorded against both properties.
Miscellaneous Conditions	The property owner agrees to not file for 4(d) tax classification.
Repayment of Assistance	Repayment of assistance is required in the event of default on the TIF agreement, including, but not limited to: • Failure to provide documentation demonstrating compliance with income and rent restrictions • Filing for 4(d) tax classification

Term sheet subject to 30 day review and agreement by counsel for both parties.

Final terms for funding to be documented in a funding agreement executed by both parties.

Cloverleaf Courts & Blaine Courts:

Senior Housing Capital Support Request

Request: $1,000,000 in City Funds

Executive Summary:

We own and operate two Senior Housing Properties in the City of Blaine:

- Cloverleaf Courts
- Blaine Courts

Property Summaries:

- These properties serve senior residents (aged 55+)
- The two properties were purchased from the City of Blaine, which assisted in the funding through two Notes totaling $1,000,000
- We have invested approximately the same amount back into the buildings

We're requesting $1,000,000 in City Funds to meet Future Capital Needs:

- This will allow us to continue avoiding large rent increases while maintaining quality Senior Housing

Background:

Properties Purchased with City Debt:

- Cloverleaf Courts: $710,000 Note
- Blaine Courts: $290,000 Note

Verbal agreement with City Staff:

- No Annual Rent Increases Greater than 5% for 5 years

We’ve continued to honor this while owning the buildings for over 10 years:

- Rents remain below market and stable despite rising costs
- We need the city funds to continue this trend

Cloverleaf Courts & Blaine Courts:

- **Built from Within**: Residents invite friends & neighbors, creating natural community
- **Resident-Driven Programs**: Garden clubs, events, lifelong learning
- **Award-Winning Staff**: Recognized leaders with deep dedication
- **Transportation Fleet**: 7 buses connecting residents to city life — Dining, Arboretum, State Fair, & more
- **City Benefits**:
    - Reduces isolation
    - Supports aging in place
    - Strengthens neighborhood engagement

Pictured: *Blaine Courts (Top), Cloverleaf Courts (Bottom)*

Our Investment to Date:

In 10 Years, we have Invested over $1,390,000 in Capital Improvements:

- Cloverleaf Courts: $911,261
- Blaine Courts: $483,164

Capital Improvements Include:

- Roofs
- Mechanical Systems (HVAC Repairs, Appliance Systems, etc.)
- Common Areas (Furniture, Carpets, Gathering Spaces)
- Safety / Accessibility Features (Fire & Safety, Doors, Electrical Upgrades)

Future Capital Needs:

Major System Upgrades Required:

- Appliance Replacements / Unit Upgrades - $729,000 **(Slide 8)**
- Common Area Flooring Replacements - $250,000 **(Slide 6)**
- Concrete Repairs - $100,000 **(Slide 7)**
- Elevator Modernization - $360,000
- HVAC Replacements - $100,000
- Security Improvements - $140,000
- Windows and Accessibility Improvements - $150,000 **(Slide 9)**

- **Total Future Capital Needs:** $1,829,000

City Funding will allow us to complete the above items without burdening Residents

Blaine Courts & Cloverleaf Courts Capital Needs (Common Area Flooring):

Common Area Flooring ($250,000):

- Replacing & repairing flooring in high-traffic common areas
- Updating worn or torn sections
- These upgrades directly support our residents' ability to move safely and confidently throughout either community

Pictured: *Blaine Courts (Top), Cloverleaf Courts (Bottom)*

Blaine Courts & Cloverleaf Courts Capital Needs (Exterior Concrete):

Exterior Concrete ($100,000):

- Repairing and replacing deteriorated exterior concrete
- Provide stable, slip-resistant walkways and entry areas, ensuring safe access to and from the building year-round
- Protects residents from avoidable injuries and also promotes their independence and confidence in navigating the community

Pictured: *Blaine Courts (Top), Cloverleaf Courts (Bottom)*

Blaine Courts & Cloverleaf Courts Capital Needs (Appliance & Kitchen Upgrades):

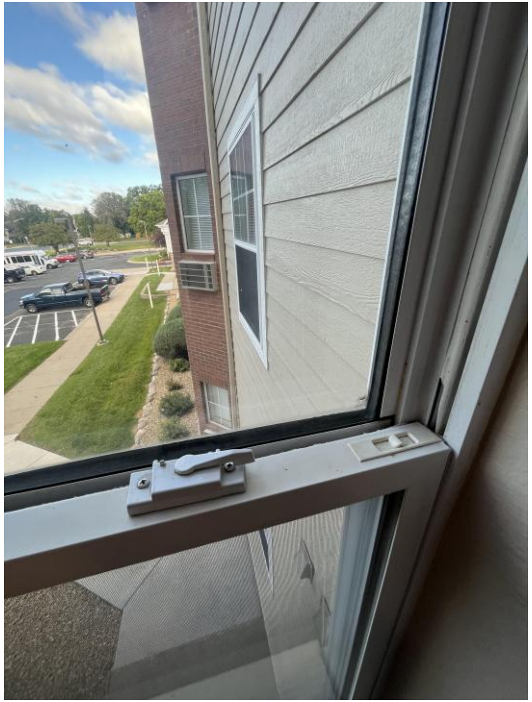
Appliance & Kitchen Upgrades ($729,000):

- Installing updated, senior-friendly, appliances
- Features:
  - Large, easy-to-turn knobs
  - Well-lit oven interiors
  - Highly visible digital clocks / timers to reduce the risk of burns, kitchen fires, and accidents caused by limited vision or mobility
- These upgrades make daily tasks easier and safer for aging hands and eyes

Cloverleaf Capital Needs (Window Replacements):

Window Replacements ($150,000):

- Existing windows have become an ongoing issue, leading to heat / utility inefficiencies
- Aggressive replacement program is needed to meet the needs of our vulnerable seniors



Rent Affordability / Commitment:

Rents have never been raised more than 5% in our 10 Years of Ownership

We propose:

- Reserving 20% of units at 50% AMI or below (for a term of 10 Years)
- This maintains deep affordability for our most vulnerable residents

Current Rents:

Cloverleaf Courts Current Rents (Average):

- Studio Units: $1,069 ($1.85 PSF)
- 1 Bedroom Units: $1,316 ($1.77 PSF)
- 2 Bedroom Units: $1,634 ($1.67 PSF)
- Average Increase (2021-2025): 4.49%

Blaine Courts Current Rents (Average):

- 1 Bedroom Units: $1,116 ($1.56 PSF)
- 2 Bedroom Units: $1,404 ($1.65 PSF)
- Average Increase (2021-2025): 4.46%

Current 50% AMI Rents (Anoka County):

- Studio Units: $1,158
- 1 Bedroom Units: $1,241
- 2 Bedroom Units: $1,490

Cloverleaf Courts Current Average Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
Studio	578	$1,069	$1.85
1 BR	743	$1,316	$1.77
2 BR	980	$1,634	$1.67

Blaine Courts Current Average Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
1 BR	717	$1,116	$1.56
2 BR	852	$1,404	$1.65

Anoka County 50% AMI Rents	
Unit Type	**Sq. Ft.**
Studio	$1,158
1 BR	$1,241
2 BR	$1,490

Market Comparison:

Senior (55+) Market Area Rent Levels (Average):

- 1 Bedroom Units: $1,730 ($2.17 PSF)
- 2 Bedroom Units: $2,443 ($2.15 PSF)

Senior (55+) Market Area Rents***			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
1 BR	796	$1,730	$2.17
2 BR	1,138	$2,443	$2.15

Average of 4 Area Senior (55+) Buildings:

***Aura Apartments (Fridley, MN)

***Estates of Arbor Oaks (Andover, MN)

***Risor of Blaine (Blaine, MN)

***Villas of Mounds View (Mounds View, MN)

Projected Rent Increase (to Cover Capital Needs):

Projected Increases: If funds from the City are not received / City Funding isn't awarded

Cloverleaf Courts Increased Rents (CAPX):

- Studio Units: $1,263 ($2.19 PSF)
- 1 Bedroom Units: $1,510 ($2.03 PSF)
- 2 Bedroom Units: $1,828 ($1.86 PSF)
- Increase to Current Rents:
  - Studio Units: 18.15%
  - 1 Bedroom Units: 14.74%
  - 2 Bedroom Units: 11.87%

Blaine Courts Increased Rents (CAPX):

- 1 Bedroom Units: $1,266 ($1.77 PSF)
- 2 Bedroom Units: $1,554 ($1.82 PSF)
- Increase to Current Rents:
  - 1 Bedroom Units: 13.44%
  - 2 Bedroom Units: 10.68%

Cloverleaf Courts Projected Increased Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
Studio	578	$1,263	$2.19
1 BR	743	$1,510	$2.03
2 BR	980	$1,828	$1.86

Blaine Courts Projected Increased Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
1 BR	717	$1,266	$1.77
2 BR	852	$1,554	$1.82

Impact of City Funding:

- Ensures Safety and Livability of Buildings
- Avoid Rent Increases that would Displace Seniors
- Honors the City’s Housing Goals and our Partnership
- Match our Historic Investment with City Support

Summary of Request:

We respectfully request $1,000,000 in City Funds to:

- Fund Capital Needs for Cloverleaf Courts & Blaine Courts
- Preserve Affordable, Dignified Housing for Seniors