



City of Blaine Anoka County, Minnesota Minutes EDA

Blaine City Hall
10801 Town Sq Dr 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.

Monday, December 19, 2022

Council Chambers

1 Call to Order

The meeting was called to order at 9:39PM by President Sanders followed by the Roll Call.

2 Roll Call

PRESENT: President Tim Sanders, Commissioners Wes Hovland, Julie Jeppson, Chris Massoglia, Tom Newland, Richard Paul, and Jess Robertson.

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; Finance Director Joe Huss; Deputy Finance Director Ali Bong; City Engineer Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

Present: 6 - Commissioner Jeppson, Commissioner Robertson, Commissioner Paul, Commissioner Hovland, Commissioner Massoglia, and President Sanders

3 Minutes

3-1

Approval of the December 5, 2022 EDA Minutes

Attachments: [Unapproved Minutes 120522](#)

Moved by Commissioner Hovland, seconded by Commissioner Jeppson, that the Minutes of December 5, 2022, be approved.

Motion adopted unanimously.

Aye 6 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia President Sanders

4 New Business

4-1

Kingdom Baking Loan Extension Request

Attachments: [Letter from Business Owner](#)

Community Development Director Thorvig stated Kingdom Baking completed a redevelopment project at 10130 Sunset Avenue. The site had been occupied by an abandoned, blighted gas station. The business owner demolished the building and constructed a new bakery that opened in February 2022. In November 2020, the EDA approved a loan for the project through the EDA commercial loan program. The loan amount approved was \$75,000. The business owner has utilized \$69,500 of the funds. The primary source of financing was a bank loan. The EDA funds were used for demolition and other exterior site improvements including parking lot, landscaping, and signage. The loan was structured where payments would not begin until two years after the loan was approved. The intent was to allow for construction to be completed and the business to have time to be operational and profitable. Loan payments were scheduled to begin on November 1, 2022. It was noted the business owner has requested an extension for payments to begin on November 1, 2023 due to the delay in opening the business.

Commissioner Robertson asked what the original terms were for this loan. Mr. Thorvig explained the EDA approved a 10-year loan with the first two years being deferred and no interest being charged until year four. He stated the action before the EDA would be to push the terms of the loan out one year, with the loan terms beginning on November 1, 2023.

Commissioner Jeppson thanked the applicant for making this request. She noted she has heard wonderful things about Kingdom Bakery and noted she would be supporting the request.

Commissioner Paul hoped the business owner would be able to get additional signage in the building. He believed the bakery was providing great baked goods for the community. He stated he supported the extension of the loan for one year.

Moved by Commissioner Hovland, seconded by Commissioner Paul, that Resolution No. 22-15, "Kingdom Baking Loan Extension Request," be approved.

Motion adopted unanimously.

Aye 6 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
 Commissioner Hovland Commissioner Massoglia President Sanders

4-2

Approval of Preliminary Development Agreement for 105th Avenue Redevelopment Project

Attachments: [Preliminary Development Agreement](#)

Mr. Thorvig requested the EDA approve the predevelopment agreement for the 105th Avenue master plan. He explained in November, a master developer was selected for the 105th Avenue Redevelopment Area through an RFP process. The first step in the process is to execute a development

agreement between the Blaine Economic Development Authority (EDA) and the developer. A draft agreement was prepared by the EDA's legal counsel and provided to the developer. The developer provided comments and changes to the agreement. Over the last several weeks there have been various meetings and discussion between staff and the developer to understand the context of the changes and the developer's initial phasing plan for the project. Staff commented further on the regulations within the preliminary development agreement and recommended approval.

President Sanders stated he appreciated all of staff's work on this agreement and he looked forward to this area of Blaine being redeveloped.

Commissioner Massoglia asked if the expenses to the EDA would have to be approved by the EDA on a case by case basis. Mr. Thorvig explained this was something that could be further discussed. He anticipated the \$50,000 city manager threshold would be followed.

Commissioner Massoglia reported he could support the reimbursement of expenditures if the expense was of value or benefit to the city. He suggested some sort of process or plan be put in place for evaluating future expenditures with respect to this project.

Corey Burstad, Elevage representative, thanked the EDA for considering the developers agreement. He explained any expenses that would be considered reimbursable would be discussed and approved by staff. He stated it was his intention to be in alignment with staff and the EDA while moving forward on this project.

Mr. Thorvig stated he heard the feedback from the EDA and indicated he would make sure some sort of structure was in place.

Commissioner Paul requested further information on Phase I. Mr. Burstad stated he would be working on the layout and land acquisitions. He explained he would be keeping staff apprised of the situation in order to assist the EDA in making informed decisions.

Commissioner Paul encouraged staff to get the newly elected city councilmembers/ commissioners properly up to speed on this project.

Commissioner Newland asked what would be included on Exhibit A and B. Mr. Thorvig reported Exhibit A would include a map of all of the EDA properties and Exhibit B would have a concept plan from the developer.

Commissioner Massoglia indicated he was not totally comfortable with the proposed termination fee in Phase III (\$500,000). He explained he understood the terminations fees for Phase I and Phase II.

President Sanders indicated this developer was selected to be the master developer. He stated the reasoning behind the termination fee was that if the EDA were to walk away, the city had to understand the developer has invested a great deal of time and resources into this project. He explained the

termination fee would assist the developer in recouping their fees. He reported he was comfortable with the proposed termination fee. It was his hope the city would not have to come close to utilizing this fee.

Commissioner Robertson stated this was a \$400 million project and the developer was all in. She indicated she supported the proposed termination fee given how substantial this project would be to the community.

Commissioner Massoglia commented he was on board with Mr. Burstad acting as the developer for this project. However, he believed when the city was negotiating an agreement, it should be free of penalties.

Mr. Burstad commented further on the process that has been followed to draft the developers agreement and stated he would continue to have a dialogues with staff as this project moves forward. He noted he would be available to meet with commissioners to further discuss the steps involved in this project.

Commissioner Robertson indicated she was not an expert in large redevelopment projects. She reported Mr. Thorvig and Mr. Burstad were experts in this field. She explained she was going to respect the work they have done on this agreement and asked that the EDA do the same.

Commissioner Massoglia stated it seemed like the termination fee was a bit unusual and that was why he brought it up.

President Sanders reported this was an a-typical development, because the city and the developer do not own all of the land. For this reason, an a-typical termination fee was suggested in the rare event that the two parties had to part ways and did not move onto Phase III. He was of the opinion the proposed agreement protected the city.

Commissioner Jeppson called the question.

Moved by Mayor Sanders, seconded by Commissioner Hovland, that Resolution No. 22-19, "Approval of Preliminary Development Agreement for 105th Avenue Redevelopment Project," be approved.

Motion adopted unanimously.

Aye 6 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia President Sanders

4-3

Authorize The Blaine Economic Development Authority, Having All The Powers Of A Housing Redevelopment Authority, To Levy A Property Tax Upon The Taxable Property In The City Of Blaine For 2023

Deputy Finance Director Bong stated pursuant to requirements to adopt annual budgets for all operating funds, staff is bringing forward the proposed 2023 Tax Levy for board consideration and adoption.

Moved by Commissioner Robertson, seconded by Commissioner Hovland, that Resolution No. 22-16, "Authorize The Blaine Economic Development Authority, Having All The Powers Of A Housing Redevelopment Authority, To Levy A

Property Tax Upon The Taxable Property In The City Of Blaine For 2023," be approved.

Motion adopted unanimously.

Aye 6 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia President Sanders

4-4

Adopt the 2023 EDA Fund Budget

Attachments: [EDA Summary Budget](#)

Ms. Bong stated pursuant to requirements to adopt annual budgets for all operating funds, staff is bringing forward the proposed 2023 EDA Fund Budget for EDA Board consideration and adoption. The EDA discussed its 2023 budget at a number of Blaine City Council workshops throughout 2022. The budget presented herein reflects the 2023 budget for which the EDA has given conceptual approval. Staff commented further on the proposed budget for 2023 and recommended approval.

Commissioner Massoglia asked why \$393,000 was being placed in the general fund for administrative fees. Ms. Bong discussed how charge backs were completed through all funds. She explained this was the historical practice of the city and EDA. She indicated the reason this practice was established was to ensure all areas that received benefit from city administrative services were appropriately reimbursing for that time.

Moved by Commissioner Jeppson, seconded by Commissioner Newland, that Resolution No. 22-17, "Adopt the 2023 EDA Fund Budget," be approved.

Motion adopted unanimously.

Aye 6 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia President Sanders

5 Other Business

None.

6 Adjournment

Moved by Commissioner Hovland, seconded by Commissioner Jeppson, to adjourn the meeting at 10:19PM.

Motion adopted unanimously.