



City of Blaine Anoka County, Minnesota Minutes

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

EDA

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.

The council chambers will have limited seating, with audience chairs being set up at least six feet apart. There will be an overflow area where the meeting can be watched in the Cloverleaf Farms Room, also with chairs set up at least six feet apart.

Monday, October 4, 2021

Council Chambers

Meeting will take place immediately following the City Council meeting

1 Call to Order

The meeting was called to order at 8:57PM by President Sanders followed by the Roll Call.

2 Roll Call

PRESENT: President Tim Sanders, Commissioners Wes Hovland, Julie Jeppson (participating remotely pursuant to State Statute 13D.02), Chris Massoglia, Richard Paul, Jess Robertson, and Jason Smith.

ABSENT: None.

Quorum Present.

ALSO PRESENT: Community Development Director Erik Thorvig; Public Works Director Jon Haukaas; Police Chief/Safety Services Manager Brian Podany; Finance Director Joe Huss; City Engineer Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

Present: 7 - Commissioner Jeppson, Commissioner Robertson, Commissioner Paul, Commissioner Hovland, Commissioner Massoglia, Commissioner Smith, and President Sanders

3 Minutes

3-1

Approval of the September 20, 2021 EDA Minutes

Attachments: [092021](#)

Moved by Commissioner Jeppson, seconded by Commissioner Robertson, that the Minutes of September 20, 2021, be approved.

A roll call vote was taken. Motion adopted unanimously.

Aye 7 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia Commissioner Smith
President Sanders

4 New Business

4-1

Consideration of Lease to Blake Drilling for Properties at 10590 Radisson Road, 10600 Radisson Road, and 2150 106th Lane

Attachments: [Lease Agreement](#)

Community Development Director Thorvig stated the EDA is considering entering into a lease for properties at 10590 Radisson Road, 10600 Radisson Road, and 2150 106th Lane to Blake Drilling. Staff noted on July 19, 2021, the EDA approved entering into a purchase agreement with Blake Drilling to purchase properties at 10590 Radisson Road, 10600 Radisson Road, and 2150 106th Lane. Blake Drilling is relocating their operation and the properties are located in the 105th Avenue redevelopment area. The purchase price is \$1,900,000. The purchase agreement has been executed by both parties and one of the contingencies of the purchase agreement is entering into a lease agreement allowing Blake Drilling to occupy the property while they construct their new facility. Staff reviewed the general terms of the lease agreement in further detail with the Council and recommended approval.

President Sanders expressed concern with the proposed timeline in the lease, which was 26 months. He explained this put the city in the bind and delays the progress the city would like to make on this land.

Marty Fischer, Premier Commercial Properties, thanked President Sanders for his question. He noted Blake Drilling intends to be out of the building by March. However, there were concerns with delays in construction materials, which led Blake Drilling to request a later termination date.

President Sanders feared the city was being asked to be put on the hook for the worst case scenario and this was difficult for him to assume on behalf of the city of Blaine. He supported the city providing Blake Drilling 18 months with the understanding the lease could be extended.

Commissioner Jeppson agreed the lease as it stands has the city assuming the majority of the burden. She appreciated the fact that Blake Drilling would be working to get out of their building as soon as possible but her recommendation would be to change the termination date on the lease to June 30, 2023.

Mr. Fischer indicated this was a reasonable solution.

Commissioner Robertson explained she was having a difficult time with the

lease. She indicated she could appreciate a good compromise but feared the city was giving too much on this lease, especially for 26 months.

Commissioner Massoglia concurred. He explained the city just paid \$1.9 million for this property and would not be allowing the company to rent it back for \$1 while the city was paying the property taxes. He did not recall the previous discussions involving the tenant not having to pay rent.

Commissioner Paul requested further information regarding the lease rental rate. Mr. Thorvig explained part of the negotiation on the purchase price was consideration of other things that wouldn't occur if a private entity had purchased this property. He stated there was not details of the rental rate previously known but were negotiated between the city and Blake Drilling. He reported if a lease agreement does not get approved by the EDA this jeopardizes the sale of the property. He indicated this would be a big setback as he believed the seller has been reasonable with the sale price given the original ask. He commented part of the reason they sold to the EDA was due to the accommodations that were made.

Mr. Fischer explained this property has been on the market for several years and Blake Drilling has been very adamant about the value of their property. He reported what allowed them to concede to a lower purchase price was the accommodations that were made on the lease.

Commissioner Paul questioned how this sale would look to the auditor. He anticipated this purchase would be very hard to understand.

Commissioner Jeppson commented she understood Commissioner Massoglia and Commissioner Robertson's concerns regarding the lease. She indicated at first glance it made no sense, however, when looking at the background, the purchase price, along with the future potential of this property, then it begins to make more sense. She reported this property was within the designated city center area. She stated this made the property have value and part of that value was allowing for commendations within the agreement that in the short term do not make sense, but in the long term will make more sense.

President Sanders encouraged the EDA members to support the motion on the floor.

Commissioner Massoglia expressed frustration with the process the council and EDA had to follow. He understood this property was good for the long run. However, he felt that the council and EDA was being taken advantage of and anticipated Blake Drilling would be in this property as long as possible. He stated Blake Drilling got everything they wanted in this lease and could not understand why the city would be paying their property taxes during the term of the lease. He encouraged the EDA to do better the next time it goes through this process.

President Sanders discussed how the EDA was acquiring this property while helping a Blaine business in order to achieve something greater for the

community. He reported this was not an isolated deal but rather was the price of progress. He stated he understood the frustrations of the EDA and recommended all future arrangements be walked into with eyes wide open.

Mr. Fischer reminded the EDA that the property was being purchased for \$1.9 million instead of the \$2.3 asking price.

Commissioner Hovland called the question.

Moved by Commissioner Jeppson, seconded by President Sanders, that Resolution No. 21-13, "Consideration of Lease to Blake Drilling for Properties at 10590 Radisson Road, 10600 Radisson Road, and 2150 106th Lane," be approved.

Substitute motion moved by Commissioner Jeppson, seconded by President Sanders, to recommended the lease have an end date of June 30, 2023, and include lease extensions in 60-day increments based on a hardship clause to be determined by staff and the seller.

A roll call vote was taken. Substitute motion adopted 5-2 (Commissioner Massoglia and Commissioner Robertson opposed).

A roll call vote was taken. Motion adopted 5-2 (Commissioner Massoglia and Commissioner Robertson opposed).

Aye 5 - Commissioner Jeppson Commissioner Paul Commissioner Hovland
Commissioner Smith President Sanders

Nay 2 - Commissioner Robertson Commissioner Massoglia

5 Other Business

None.

6 Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Jeppson, to adjourn the meeting at 9:28PM.

A roll call vote was taken. Motion adopted unanimously.

Aye 7 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia Commissioner Smith
President Sanders