Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

City of Blaine
Anoka County, Minnesota
Minutes
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 3, 2022 **Council Chambers**

Meeting will take place immediately following the regular Council meeting

1 Call to Order

The hybrid meeting was called to order at 10:12PM by President Sanders followed by the Roll Call.

2 Roll Call

PRESENT: President Tim Sanders, Commissioners Wes Hovland, Julie Jeppson, Chris Massoglia (attending remotely), Tom Newland, and Richard Paul.

ABSENT: Commissioner Jess Robertson.

Quorum Present.
ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; 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: 6 - Commissioner Jeppson, Commissioner Robertson, Commissioner Paul, Commissioner Hovland, Commissioner Massoglia, and President Sanders

3 Minutes

3-1 Approval of the September 19, 2022 EDA Minutes

Attachments: Draft Minutes 091922

Moved by Commissioner Newland, seconded by Commissioner Jeppson, that the Minutes of September 19, 2022, be approved.

A roll call vote was taken. Motion adopted unanimously.

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

4 New Business

4-1 Approval of Loan with 4 Taps LLC

Attachments: Business Plan

Development Director Thorvig stated 4 Taps, LLC has requested a loan for $75,000 to remodel space at 10950 Club West Parkway, Suite #160. This building is located at 109th Avenue and Club West Parkway and is anchored by the Tavern and Wild Bills. The business concept is a self-pour taproom with pre-prepared food items along with partnering with local businesses to have customers order food and have it delivered to the establishment. A business plan is included which explains the business model, operations, etc. Earlier in 2022, the applicant presented at a workshop as certain changes were required to the city's alcoholic beverage ordinance to accommodate the limited food preparation at the business. The city council amended the alcoholic beverage ordinance on May 16, 2022, to accommodate the business's operation. It was noted at least 50% of the financing must come from a private lender or private equity. The applicant has secured financing in the amount of $315,000 from Northeast Bank therefore the requirement is met. There is also $35,000 in private equity contributed towards the project. Staff commented further on the qualifying request and recommended approval of the $75,000 load request for 4 Taps.

Commissioner Newland stated he was not thrilled with the fact the EDA was lending money because this was not a blighted property. Rather this was a very viable property. He questioned why it was the role of the EDA to lend money to the proposed tenant. Mr. Thorvig explained there were a lot of cities that have commercial loan programs as a secondary funding source. He reported Blaine created this program in 2019 with the intent to improve blighted properties. He stated this program was amended last summer to expand the program in order to attract new uses to the community given the costs they incur to buildout their space.

Commissioner Newland commented he did not see the uniqueness of this user. He stated he would like to see the EDA as a last resort for funding and not a second option. Mr. Thorvig suggested the applicant speak further to their financing mechanisms.

Jeremy Krog, 4 Taps representative, explained the EDA was his last resort. He noted he received an SBA loan. He discussed how the costs for the project and materials had greatly increased after COVID and noted this loan would save the project.

Commissioner Newland thanked Mr. Krog for his comments. He stated he did not want the EDA to be a barrier to progress, but he still had concerns regarding the request.

Commissioner Jeppson explained she understood Commissioner Newland's concerns. She agreed the city was not a bank, but reported the city did have programs in place to assist new businesses coming into the city. She reported the EDA was to be the last resort for these businesses.

Commissioner Newland questioned if the EDA had security to the loan. He commented he wanted assurances that this would not be a forgivable loan. Mr. Thorvig reported this loan was not designed to be forgivable.

Moved by Commissioner Jeppson, seconded by Commissioner Hovland, that Resolution No. 22-10, "Approval of Loan with 4 Taps LLC," be approved.

A roll call vote was taken. Motion adopted unanimously.

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

4-2 Fresh Picked Pizza Assistance Request

Mr. Thorvig stated in 2019, Fresh Picked Pizza received approvals to construct a new pizza restaurant at 8683 Central Avenue. The property was a redevelopment site and the development included demolition of dilapidated nursery building. The owner received a loan of up to $75,000 from the EDA in 2020 to assist with the building demolition. The loan amount was reduced to $29,359. The business owner has persevered through the pandemic and volatile construction market and is planning on opening the restaurant sometime in October or November. The project incurred a cost overrun of $11,600 related to installation of a new water line for the fire suppression system. Initially the contractor thought the existing domestic water line in 87th Avenue was sized to accommodate the fire suppression system; however, it was determined that a new water line had to be run to the service in the frontage road which is a larger line and can accommodate the fire suppression needs. The business owner has exhausted all other funding options for other project cost overruns including bank financing, personal finances, and contributions. He is asking if the EDA can assist to fund the $11,600 overrun related to the fire suppression line.

Lee Anderson, Fresh Picked Pizza representative, commented further on the project, noting there would be additional expenses in order to install the water line. He discussed how the cost for all materials had risen due to COVID. He stated he understood the EDA was not a bank, and he thanked the EDA for considering his request.

Commissioner Jeppson commented she supported Option 3 moving forward.

Commissioner Hovland supported this option as well.

Mayor Sanders asked if the budget within the fire suppression grant program was $75,000 annually. Mr. Thorvig reported this was the case.

Commissioner Newland explained he owns the property next door to Fresh Picked Pizza. He indicated he spoke to the city attorney regarding this matter and was told there was no conflict of interest. He commented on how costs have increased to install fire suppression systems. He asked what the city has into this site to date. Mr. Thorvig stated the city has $29,000 for the demolition, $25,000 in a forgivable SAC loan, as well as the request before the EDA.

Commissioner Newland questioned what other options business owners had if the EDA was not available as a last resort for unforeseen expenditures. He stated he did support this loan in order to move this project forward, but he also did not want the EDA to be seen as an open checkbook.

Mr. Anderson stated he understood this concern.

Commissioner Paul explained he supported the request in order to move Fresh Picked Pizza forward.

Moved by Commissioner Jeppson, seconded by Commissioner Hovland, that Resolution No. 22-11, "Fresh Picked Pizza Assistance Request Granting the Entire $11,600 by Utilizing Funds in the Fire Suppression Grant Program (Option 3)," be approved.

A roll call vote was taken. Motion adopted unanimously.

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

4-3 Approve Payment to the National Sports Center for the Purchase and Installation of Turf Fields

Mr. Thorvig stated staff is requesting EDA to authorize execution of a $2 million loan to the National Sports Center (NSC) to assist in funding the purchase and installation of two multi-purpose turf fields at the NSC. Staff and the City Attorney are working in conjunction with the NSC, as well as the Minnesota Amateur Sports Commission (MASC) to develop a loan agreement for execution. He stated there were many moving parts within the request and circumstances had changed. He requested the city attorney speak to this matter further.

City Attorney Nelson explained the City has $3.9 million dollars and those dollars would assist with purchasing the property on Nassau Street that was owned by the Minnesota Sports Commission. The remaining dollars would be a contribution to MASC to fund the turf fields. He reported the city was trying to move quickly on this in order to achieve a price quote the MASC had for the turf fields. He indicated staff recently learned the property on Nassau Street was state bond financed and there were specific terms that speak to how the property could be sold. These terms were reviewed in further detail with the EDA. He stated because of the terms that have to be met, the EDA cannot get the $2 million necessary for the turf fields to the NSC at this time. He recommended the EDA postpone action on this item to a future EDA meeting.

President Sanders noted he spoke with the executive director of MASC today regarding this project. Mr. Nelson stated he spoke with this organization today as well and it was his understanding they were unwilling to move forward with the terms of the forgivable loan because they did not want to move forward with the turf fields until they had all of the funding in place.

President Sanders explained the city would continue to work with MASC and the NSC in order to move this item forward.

No action was taken on this item.

Postponed

5 Other Business

None.

6 Adjournment

Moved by Commissioner Paul, seconded by Commissioner Jeppson, to adjourn the meeting at 10:44PM.

A roll call vote was taken. Motion adopted unanimously.

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