



# City of Blaine Anoka County, Minnesota Minutes - Final

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.*

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Thursday, April 20, 2017

7:20 AM

Council Chambers

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### 1 Call to Order

The meeting was called to order at 7:34 p.m. by President Ryan followed by the Roll Call.

### 2 Roll Call

Quorum Present.

**ALSO PRESENT:** City Manager Clark Arneson; Planning and Community Development Director Bryan Schafer; Finance Director Joe Huss; Police Chief/Safety Services Manager Chris Olson; Economic Development Coordinator Erik Thorvig; Public Services Manager Bob Therres; City Engineer Jean Keely; Communications Technician Roark Haver; Senior Engineering Technician Jason Sundeen; and City Clerk Catherine Sorensen.

**Present:** 8 - Commissioner Clark, Commissioner Hovland, Commissioner King, Executive Director Arneson, President Ryan, Commissioner Swanson, Commissioner Jeppson, and Commissioner Garvais

### 3 Minutes

#### 3-1 [MIN 17-14](#)

MARCH 16, 2017 EDA MINUTES

**Moved by Commissioner Swanson, seconded by Commissioner Garvais, that the Minutes of March 16, 2017, be approved.**

**Motion adopted. Commissioner Jeppson abstained due to her absence.**

**Aye** 6 - Commissioner Clark Commissioner Hovland Commissioner King  
Executive Director Arneson President Ryan Commissioner Swanson  
Commissioner Garvais

**Abstain** 1 - Commissioner Jeppson

### 4 New Business

#### 4-1 [EDA RES 17-04](#)

APPROVING 4TH AMENDMENT TO PURCHASE AGREEMENT

**FOR THE SALE OF LAND TO ASPEN GARDENS HOLDINGS, LLC**

Economic Development Coordinator Thorvig explained on November 15, 2015 the Blaine EDA approved a land sale transaction which involved the Anoka County Highway Department selling land to the Blaine EDA, who then would sell land to Aspen Gardens Holdings, LLC to allow for development of an assisted living senior facility in the 9000 block of Lexington Avenue. The Blaine EDA has to act as the pass-through because the Anoka County Highway Department cannot sell land directly to a developer. The sale price is \$295,500.

Economic Development Coordinator Thorvig stated the purchase agreement specifically noted development of an assisted living facility along with a closing date of January 4th, 2016. The project has been delayed several times and staff has administratively amended the closing date. Anoka County Highway Department is the owner of the land currently and has been amendable in waiting for the project to occur rather than finding another buyer.

Economic Development Coordinator Thorvig reported the developer has proposed a change in product from an assisted living facility to 18 townhomes. Due to the change in product an amended purchase agreement is being brought forward for consideration. In general, the proposed changes include changing the proposed use from an assisted living facility to 18 townhome units and amending the closing date to October 1, 2017. If the project is approved the developer anticipates starting this spring/summer, however the later closing allows for a time buffer in case another delay occurs.

Commissioner Clark asked if all City costs would be covered through the proposed transaction. Economic Development Coordinator Thorvig explained all City costs would be covered.

**Moved by Commissioner King, seconded by Commissioner Jeppson, that Resolution No. 17-04, "Approving 4th Amendment to Purchase Agreement for the Sale of Land to Aspen Gardens Holding, LLC," be approved.**

**Motion adopted unanimously.**

**Aye** 7 - Commissioner Clark Commissioner Hovland Commissioner King  
Executive Director Arneson President Ryan Commissioner Swanson  
Commissioner Jeppson Commissioner Garvais

**4-2     [EDA RES 17-05](#)****PURCHASE OF 2111 105TH AVENUE NE & 10525 NASSAU STREET NE**

Economic Development Coordinator Thorvig reported at the January 5, 2017 workshop staff presented information on redevelopment of the corner of 105th Avenue and Radisson Road. The EDA was informed about the interest Kwik Trip has in the Gabrelcik property which is now under contract. In

addition, the owner of the two industrial properties directly west (10525 Nassau St. and 2111 105th Ave.) approached staff about plans for the area and asked whether the City may be interested in acquiring his properties. Direction was given to staff to negotiate with the property owner for a potential purchase.

Economic Development Coordinator Thorvig stated after several discussions with the property owner the following are the general terms of the proposed purchase:

- Purchase Price: \$1,267,000. Staff reviewed comparable industrial building sales in Blaine over the last two years. In general, those sales ranged from \$48.94/sf. - \$75.73/sf. The proposed sale price is \$72.30/sf., therefore in the comparable sale range.
- Closing would occur sometime in May, 2017.
- Arkad Corp. would vacate 10525 Nassau Street by 12/31/17. Arkad will remain in 2111 105th Avenue until 5/31/19 and rent the building from the EDA. Arkad will pay \$475/month in rent. The owner saw a benefit to staying in the building for an additional two years. Staff didn't have a concern with this as it generally aligns with Kwik Trip's development timeline. Arkad will maintain the property, pay utilities and maintain insurance for the two-year period of occupancy.
- The EDA will pay the property taxes for 2011 105th Ave in 2018 and 2019 (approximately \$32,256) because the property is rented. Rent payments (\$11,400 over two years) will go towards property taxes. The property at 10525 Nassau St. becomes tax exempt in 2018 because it is not leased and will be vacant. An agenda item for approving the lease will be on the 5/4 EDA agenda.

Economic Development Coordinator Thorvig explained staff will have future discussion as to when it makes sense to demolish the buildings. Timing may depend on when Kwik Trip starts their construction. The EDA will also have a future discussion on whether to market the property or hold it for a larger redevelopment. Funds for the purchase would come from pooled redevelopment TIF which currently has a balance of \$8,385,924.

Economic Development Coordinator Thorvig indicated the entire industrial park has been identified in the 2030 Comprehensive Plan as a redevelopment area and changes are beginning to occur in the park. In 2016, the Blaine EDA acquired 10610 Nassau St. and demolished the building and is currently marketing the property. The National Sports Center demolished the building at 10604 Nassau Street. Invictus Brewing has a purchase agreement for 2025 105th Ave. and hopes to begin construction of a brewery this spring. Three

new businesses have relocated or expanded in the park and have made improvements to their properties (Gary Carlson Equipment, BioClean, ASAP Plastics). Purchasing the two properties would continue redevelopment of the industrial park.

Commissioner Swanson questioned how staff determined the rental levels. He wanted to see the proposed rental rates cover the taxes. Economic Development Coordinator Thorvig commented on the negotiations that were held with the owner regarding the rental rates.

Commissioner Garvais asked if the proposed rental rate was similar to the rates paid by surrounding properties. Economic Development Coordinator Thorvig stated the proposed rate did was less than market rate, however the goal wasn't to make money on the lease but cover expenses. Economic Development Coordinator Thorvig stated that the seller and staff had several rounds of negotiations and the proposed lease rate was what the seller agreed to in order to have the sale price of the property at a number each party felt comfortable with.

Commissioner Garvais expressed concern with the price that was being paid for the property noting the rental rate was not in proper alignment with the price being paid for the site. Economic Development Coordinator Thorvig stated he had worked to find a middle ground with the property owner on both the rental rate and purchase price. He anticipated the City would be paying \$32,000 in property taxes over the next two years.

President Ryan inquired if a renegotiation would be a deal breaker. Economic Development Coordinator Thorvig believed this to be the case.

Commissioner Clark questioned if one property could be purchase now and the other could be purchased in 2019 to avoid the rental situation. Planning and Community Development Director Schafer stated both properties were being offered as a package deal for estate purposes. He recognized that the rental rate was lower than the market rate but believed the negotiated sale price made up this difference.

Commissioner Hovland anticipated that a new tenant would be expected to pay market rental rates, however, because the site would be rented back by the current tenant he supported the proposed rental rate.

Commissioner Swanson stated he could support the proposed rental rates given the fact it saved the City roughly \$400,000 in purchase price.

**Moved by Commissioner Clark, seconded by Commissioner Hovland, that Resolution No. 17-05, "Approving the Purchase of 2111 105th Avenue NE and 10525 Nassau Street NE," be approved.**

**Motion adopted unanimously.**

**Aye** 7 - Commissioner Clark Commissioner Hovland Commissioner King  
Executive Director Arneson President Ryan Commissioner Swanson  
Commissioner Jeppson Commissioner Garvais

**5     Other Business**

None.

**6     Adjournment**

**Moved by Commissioner Hovland, seconded by Commissioner Clark, to  
adjourn the meeting at 7:46 p.m.**

**Motion adopted unanimously.**

**Aye** 7 - Commissioner Clark Commissioner Hovland Commissioner King  
Executive Director Arneson President Ryan Commissioner Swanson  
Commissioner Jeppson Commissioner Garvais