



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, September 20, 2021

7:15 PM

Council Chambers

1 Call to Order

The meeting was called to order at 7:15PM by President Sanders followed by the Roll Call.

2 Roll Call

PRESENT: President Tim Sanders, Commissioners Wes Hovland, Chris Massoglia, Richard Paul, Jess Robertson, and Jason Smith.

ABSENT: Commissioner Julie Jeppson.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; 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: 6 - Commissioner Robertson, Commissioner Paul, Commissioner Hovland, Commissioner Massoglia, Commissioner Smith, and President Sanders

Absent: 1 - Commissioner Jeppson

3 Minutes

3-1

Approval of the September 8, 2021 EDA Minutes

Attachments: [Sept 8 Minutes](#)

Moved by Commissioner Hovland, seconded by Commissioner Paul, that the

Minutes of September 8, 2021, be approved.

Motion adopted unanimously.

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

4 New Business

4-1 Kingdom Bakery Loan Request

Attachments: [Kingdom Request](#)
[Small Business Loan Flyer](#)

Community Development Director Thorvig stated on July 6, 2020 the EDA approved a loan in the amount of \$50,000 to Kingdom Bakery to help facilitate construction of a new bakery at 10130 Sunset Avenue. The loan was provided through the City of Blaine Commercial Loan Program which was established in 2018. This loan program allows for loans up to \$75,000 to assist in various activities such as demolition, site improvements, signage, etc. The business owner purchased the property in 2015 with a plan to construct a new bakery. The site originally was a gas station and the business owner had to demolish the original building. The purpose of the loan was to assist in the demolition and other site improvement costs. The business owner began construction of the new building in 2020. To date, the entire \$50,000 has been spent on building demolition (\$29,936), tree removal (\$5,700), a portion of the parking lot (\$12,750) and fence (\$1,614).

Mr. Thorvig stated according to the business owner, due to material costs and shortage of labor, prices have increased for the project. There is currently \$148,350 of interior work and \$49,675 of exterior work remaining along with a \$5,000 contractor fee totaling \$203,025. There is only \$125,941 remaining from the private financing for the project. Therefore, the project needs an additional \$77,083 in order to be completed. The business owner has requested an additional \$25,000 from the EDA to maximize the loan amount allowed through the commercial loan program. The business owner would still need to obtain additional equity or financing to complete the project as the \$25,000 does not fulfill the \$77,083 financing gap that exists. As a result, staff is concerned that if an additional \$25,000 is provided from the EDA that the project may still not be completed. Staff would recommend that if additional money is provided by the EDA, that no money be disbursed until the business owner can prove that they have secured additional equity or financing to complete the project. It was noted the EDA loan is structured at 0% interest for the first three (3) years and 3.25% interest years four through maturity on July 1, 2030. The first payment would not be due until November 1, 2022. If additional dollars are provided, the loan agreement would be amended to reflect a higher amount, however the terms would not change.

Commissioner Hovland stated the EDA had a lot of discussion over this project. He believed this bakery would be an asset to the neighborhood and would be better than the gas station that existed before. He indicated he would hate to see this business fail before it has even started. He questioned

if the business owner saw a problem with securing the additional funding.

Debbie Zongo, 2286 Cloud Drive, reported they would be able to provide documentation that the remaining funding was available from the bank. She discussed how it would be beneficial for her to have support from the city when requesting additional funding from the bank.

Commissioner Hovland stated this has been a difficult time for everyone. He explained he would be in favor of moving this loan request forward. He asked if the Zongo's had another bakery site.

Francois Zongo, 2286 Cloud Drive, reported he had another bakery in Stacy, Minnesota. He noted he had \$120,000 in the bank and he has been talking with the bank about getting an additional \$50,000. He discussed how there was a shortage of workers along with an increase in the cost for building materials due to COVID. He described how these factors and dishonest contractors had adversely impacted his project. He commented further on the contractor he has in place to complete the interior and exterior work.

President Sanders stated he would be willing to support an additional \$25,000 for the bakery, subject to the Zongo's securing the funding gap from another entity. Mr. Thorvig stated this language was included in the resolution recommended for approval.

Commissioner Paul stated he hoped the Zongo's would have success with their project going forward.

Moved by President Sanders, seconded by Commissioner Hovland, that Resolution No. 21-11, "Kingdom Bakery Loan Request," be approved.

Motion adopted unanimously.

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

4-2

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 2022

Finance Director Huss stated Minnesota statutes require special taxing districts to certify preliminary property tax levies to county auditors by September 30. The Blaine Economic Development Authority (EDA) functions as a special taxing district and is therefore, authorized to levy taxes under these same enabling statutes. Staff reviewed the goals of the EDA per the most recent Comprehensive Plan. It was noted for 2021, the EDA adopted a levy of \$700,000 which was a \$125,000 reduction from the 2020 EDA levy of \$825,000. For 2022, staff is recommending a tax levy of \$750,000.

Moved by Commissioner Hovland, seconded by Commissioner Paul, that Resolution No. 21-12, "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 2022," be approved.

Motion adopted unanimously.

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

5 Other Business

Mr. Thorvig thanked the commissioners that participated in Business Recognition Day.

President Sanders thanked staff for their efforts and stated he appreciated all of the businesses in Blaine that continue to invest in the community.

6 Adjournment

Moved by President Sanders, seconded by Commissioner Hovland, to adjourn the meeting at 7:35PM.

Motion adopted unanimously.
At 7:35PM