



"A Growing Community"

BAXTER ECONOMIC DEVELOPMENT AUTHORITY AGENDA

Tuesday, June 07, 2022 at 6:30 PM

Baxter City Hall, 13190 Memorywood Drive, Baxter, MN

CALL TO ORDER

ROLL CALL

MINUTES

- [1.](#) Approve EDA Minutes from February 15, 2022

OLD BUSINESS

NEW BUSINESS

- [2.](#) Approve Option Agreement for Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3
- [3.](#) EDA Real Estate Marketing Update

EDA BOARD MEMBER COMMENTS AND DISCUSSION

Comments received may be placed on a future meeting agenda for consideration.

ADJOURN



ITEM REPORT
ECONOMIC DEVELOPMENT AUTHORITY

Agenda Date: 6/7/2022
Agenda Section: Choose an item.

Department Origination: Administration

Agenda Item: Approve EDA Minutes from February 15, 2022

Approval Required: Simple Majority Vote

BACKGROUND

The meeting minutes from February 15, 2022 have been prepared.

FINANCIAL IMPLICATIONS

STAFF RECOMMENDATIONS

Staff recommends the EDA approve the meeting minutes.

ACTION REQUESTED

Motion to approve the EDA minutes from February 15, 2022.

BAXTER ECONOMIC DEVELOPMENT AUTHORITY
February 15, 2022
6:15 PM

1. Call to Order

Vice President Tabatt called the meeting to order at 6:15 p.m.

2. Roll Call

Vice President Tabatt, Treasurer Connie Lyscio, and member Darrel Olson were present. President Mark Cross and John Ward were absent.

Executive Director Brad Chapulis, Assistant Treasurer Jeremy Vacinek, Secretary Kelly Steele, Trevor Thompson, and Josh Doty.

3. Minutes

A. Approve EDA Minutes from May 4, 2021

MOTION by Connie Lyscio, seconded by Darrel Olson to Approve the EDA Minutes from May 4, 2021. Motion unanimously approved.

4. Old Business

None.

5. New Business

A. Election and Appointment of EDA Officers

Executive Director Chapulis explained City Code requires the annual appointment of officers. The positions of president, vice president, and treasurer must be held by a commissioner. The positions of executive director, secretary, and assistant treasurer do not need to be held by a commissioner.

MOTION by Darrel Olson, seconded by Connie Lyscio to Approve Election and Appointment of EDA Officers as Presented. Motion unanimously approved.

B. Real Estate Report - City/EDA Owner Properties

Executive Director Chapulis recommends removing four parcels from marketing for sale. Those parcels are the Isle Drive property; City Center Property to complete an assessment for a new city hall; Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3 as staff is currently in negotiations with the adjacent property owner for the sale; and all residential properties located along Cedar Scenic Drive.

Executive Director Chapulis also recommends the EDA form a subcommittee of the EDA to research the current residential market and formulate a plan of sale of the EDA residential properties to minimize impact on the existing market.

Executive Director Chapulis further recommends the EDA seek a realtor to enter into a limited brokerage agreement to get the remaining properties on MLS and work with BLAEDC to have the properties listed on various economic development platforms. The brokerage firm would not be representing the city or EDA and the cost of the services should be a few thousand dollars.

Staff is looking for consensus from the EDA at this time to proceed with the plan as explained with the future approval of a brokerage firm.

Vice President Tabatt and Treasurer Lyscio are willing to serve on the EDA subcommittee.

C. BLAEDC Annual Report

Tyler Glynn, BLAEDC, thanked the EDA for their continued support and summarized the activities BLAEDC has undertaken in the last year.

6. EDA Board Member Comments and Discussion. Comments received may be placed on a future meeting agenda for consideration.

Vice President Tabatt and Treasurer Lyscio would like to see more mixed use development as density is needed.

Mr. Olson would like to schedule future EDA meetings as required by the city code. The next meeting could be held in May or June, with three meetings scheduled per year. At the next meeting staff can update the EDA on Executive Director Chapulis' recommendations.

Mr. Glynn will work on developing a flyer to be used in marketing the properties.

Vice President Tabatt would like to see the city more diversified and to make it a priority as a board to have more discussion by the end of the year. Also, determine what the city can accomplish without the use of consultants.

7. Adjourn

MOTION by Connie Lyscio, seconded by Darrel Olson to Adjourn at 6:59 p.m. Motion unanimously approved.

Approved by:

Respectfully submitted,

**Mark Cross
President**

**Kelly Steele
Secretary**



ITEM REPORT
ECONOMIC DEVELOPMENT AUTHORITY

Agenda Date: 6/7/2022
Agenda Section: New Business

Department Origination: Administration

Agenda Item: Approve Option Agreement for Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3

Approval Required: Simple Majority Vote

BACKGROUND

Attached is a copy of a proposed option agreement between the Baxter EDA and T & E Properties, LLC. If executed by both parties, the agreement would provide the LLC the exclusive right to acquire Lot 1, Block 1, Fourth Addition to Baxter Industrial Park through 2026 with the ability to extend the agreement for an additional two years (through 2028). In exchange for the right, the company will pay the EDA \$1,250 upon execution of the agreement and an additional \$1,250 if the company extends the agreement through 2028. The \$1,250 payment represents approximately 0.5% of the current appraised value and established asking price for the subject property, which is \$241,200. The agreement was drafted by the City Attorney.

T & E Properties, LLC, is the real estate holding company for Lindar, Avantech, Triven and others. The LLC is currently completing an addition to its building located at 7794 Hastings Road and has interest in the property directly north of this site from the Baxter EDA for a future expansion. While they are not in a position to purchase the property immediately, the LLC is requesting the EDA consider entering into the option agreement. The option would allow the LLC to complete their due diligence on the EDA property, properly plan its next expansion, and proceed with the acquisition when its ready to proceed with the expansion sometime prior to the end of 2028.

FINANCIAL IMPLICATIONS

STAFF RECOMMENDATIONS

Staff recommends approval of the Option Agreement between the Baxter EDA and T & E Properties, LLC for Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3.

ACTION REQUESTED

Approve the attached Option Agreement.

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made and entered into this ___ day of _____, 2022, by and between the Baxter Economic Development Authority, a municipal corporation under the laws of the State of Minnesota, ("Seller") and T & E Properties, LLC ("Buyer").

RECITALS

1. Seller is the fee owner of certain real property located in Crow Wing County, Minnesota legally described as follows:

Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3, according to the plat thereof on file in the office of the Crow Wing County Recorder;

Together with all hereditaments, appurtenances, all easements, rights and other privileges benefitting the real property, (collectively, the "Property").

2. Buyer wishes to secure an option to purchase the Property, and Seller is willing to grant such an option upon the terms and conditions as hereinafter set forth.

NOW, THEREFORE, in consideration of the Option Payment, as defined below, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **RECITALS INCORPORATED.** The foregoing recitals are incorporated herein.
2. **GRANT OF OPTION.** Seller hereby grants to Buyer the exclusive and irrevocable option ("Option") to purchase the Property, subject to and in accordance with the terms and conditions set forth in this Agreement.
3. **OPTION PAYMENT.** As consideration for the Option granted herein, Buyer has paid to Seller the non-refundable sum of \$1,250 (the "Option Payment"), receipt of which is acknowledged by Seller.
4. **RESTRICTIONS ON TRANSFER.** Seller agrees that, during the Option Term, the Seller will not sell, lease, mortgage, convey or otherwise encumber the Property, or any part thereof. Seller shall not renew or extend any lease of all or part of the Property without Buyer's prior written consent.
5. **OPTION TERM.** The term of the Option shall commence on the date hereof and shall terminate at 5:00 p.m. Central Standard Time on December 31, 2026 (the "Option Term"). Buyer may extend the Option Term until 5:00 P.M. CST on December 31, 2028, ("Extended Option Term") by giving written notice to Seller on or before October 15, 2026, and paying to Seller on same date the non-refundable sum of \$1,250 ("Additional Option Payment").

6. EXERCISE OF OPTION/TERMS OF SALE. Buyer shall give written notice to seller of the exercise of the option on or before the Option Term or, if applicable, the Extended Option Term expires. Prior to exercise of the Option by the Buyer, Buyer may propose any changes to the terms and conditions as set out in the Purchase Agreement attached hereto as Exhibit A. Any changes to the Exhibit A Purchase Agreement requires mutual agreement in writing prior to the exercise of the Option by the Buyer. If no changes are proposed or are mutually agreeable, Buyer can proceed with excise of the Option, which will bind Buyer and Seller to the terms and conditions for the sale of the Property, as set out in the Purchase Agreement attached hereto as Exhibit A. If this Option is exercised, the Closing on the sale of the Property ("Closing") shall be held on or before 45 days from the date of exercise of the Option.

7. FAILURE TO EXERCISE OPTION. If Buyer failed to give written notice of exercise of the Option on or before the Option Term or, if applicable, the Extended Option Term expires, this Option shall automatically terminate, Buyer shall have no rights herein and Seller shall retain the Option Payment and any Additional Option Payment.

8. TITLE TO BE CONVEYED. Seller shall convey the Property to Buyer at Closing by Quit Claim Deed, free and clear of all liens, encumbrances, conditions, easements, restrictions and other conditions except for the following:

none.

9. INSPECTION OF THE PROPERTY. During the Option Term, Buyer and Buyer's agents shall be entitled to enter upon the Property to perform soil tests, environmental tests, and such other inspections, tests and studies as Buyer deems necessary, all at Buyer's sole cost and expense. Buyer shall, prior to expiration of the Option Term, restore the Property to the condition as it exists as of the date hereof and indemnify, defend and hold Seller harmless from any and all claims, of whatever nature, arising out of or relating to any act or omission of Buyer or Buyer's agents on the Property. Buyer shall not permit any mechanic's liens to be filed against the Property, and shall immediately discharge or obtain releases of any such mechanic liens. Buyer shall not be liable for any existing conditions on the Property, provided the Property is restored to the condition as it exists on the date hereof.

10. REPRESENTATIONS AND WARRANTIES BY SELLER. Seller warrants and represents the condition of the property as set forth in the Purchase Agreement attached hereto as Exhibit A.

11. SELLER'S COOPERATION. Seller shall cooperate with Buyer and take such reasonable actions as are needed for Buyer to obtain governmental approvals for Buyer's intended use of the Property, provided that Seller incur no cost and provided that no governmental approvals are effective until Buyer's purchase of the Property.

12. NOTICE. Any notice required or permitted under this Option shall be deemed given if delivered by personal delivery upon a party of its authorized representative, or if deposited in the U.S. mail, postage pre-paid and sent certified mail, return receipt requested; or if

deposited with a nationally recognized overnight courier, with costs pre-paid. Notices shall be addressed as follows:

If to Seller: Bradley Chapulis, EDA Executive Director
City of Baxter
PO Box 2626
Baxter, MN 56425

If to Buyer: T & E Properties, LLC
10191 County Road 127
Nisswa, MN 56468

Any party or its representative may change its address by giving written notice of such change, in the same manner as provided above, and said notice shall be effective ten days from the date notice is given. For the purposes of this Agreement, notice shall be deemed given on the date notice is deposited in the mail or personally delivered upon a party or authorized representative, all as provided above.

13. ASSIGNMENT. Buyer shall have the right to assign this Option to an entity owned or controlled by Buyer. Any other assignment shall require the written consent of Seller, which consent shall not be unreasonably withheld or delayed. Seller may not assign or transfer its interests in the Option without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed. Upon such assignment, both the assignee and assignor shall be subject to the terms and conditions of this Option, unless the parties agree otherwise.

14. ENTIRE AGREEMENT. This Option constitutes the entire agreement between the parties. This Option may not be changed orally, but only by an agreement signed by the parties.

15. HEADINGS. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

16. GOVERNING LAW. This Agreement shall be governed by an construed in accordance with the laws of the State of Minnesota, irrespective of the domicile of the parties.

17. SURVIVAL. The warranties and representations contained herein shall survive the Closing and delivery of the Deed.

18. BINDING EFFECT. This Option shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

19. TIME IS OF THE ESSENCE. Time is of the essence in the performance of the terms and conditions of this Option.

20. SAVINGS CLAUSE. If any term or condition of this Option is held to be invalid or unenforceable, such term or condition shall not be enforced but all other terms and conditions of this Agreement shall be deemed in full force and effect.

21. NO RECORDING. Buyer shall not record this Option, or any memorandum thereof, against the Property.

IN WITNESS WHEREOF, the parties have executed this Option Agreement on the date set forth after their signature below:

BUYER:

T & E Properties, LLC

SELLER:

Baxter Economic Development Authority

By _____
Its Chairman

By _____
Its Executive Director

PURCHASE AGREEMENT

PARTIES. This Purchase Agreement is made on _____, _____ by and between T & E Properties, LLC, Buyer, and the City of Baxter EDA, Seller.

OFFER/ACCEPTANCE. Buyer offers to purchaser and Seller agrees to sell real property within Crow Wing County, Minnesota legally described as:

Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3

3. ACCEPTANCE DEADLINE. The acceptance date of this Agreement is the date it is delivered by the last party signing to the other party.
4. PERSONAL PROPERTY AND FIXTURES INCLUDED IN SALE. None.
5. PRICE AND TERMS. The price for the real property included in this sale is \$241,200.43, which Buyer shall pay as follows: Earnest money of \$1,250 by cash receipt to be deposited the next business day after acceptance in the trust account of Breen & Person, Ltd. And the remaining Purchase Price due in full within 45 days of the execution of this agreement.
6. DEED/MARKETABLE TITLE. Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed conveying marketable title, subject to:
 - a) Reservation of any mineral right by the State of Minnesota;
7. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS. Seller warrants they shall pay all real estate taxes or assessments due or owing for the year of closing or prior years on date of closing prorated to the Date of Closing. Seller warrants that there shall be no special assessments.
8. TITLE AND EXAMINATION: Seller shall use Seller's best efforts to provide marketable title by the date of closing. In the event Seller has not provided marketable title by the date of closing, Seller shall have an additional 30 days to make title marketable or, in the alternative, Buyer may waive title defects by written notice to the Seller. In addition to the 30 day extension, Buyer and Seller may by mutual agreement further extend the closing date. Lacking such extension, either party may declare this Purchase Agreement null and void; neither party shall be liable for damages hereunder to the other and earnest money shall be refunded to Buyer; Buyer and Seller shall immediately sign a cancellation of Purchase Agreement.
9. RISK OF LOSS. If there is any loss or damage to the property between the date hereof and the date of closing, for any reason including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be in Seller. If the property is destroyed or substantially

damaged before the closing date, this Purchase Agreement shall become null and void, at Buyer's option, and earnest money shall be refunded to Buyer; Buyer and Seller shall immediately sign a cancellation of Purchase Agreement.

- 10. TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS AGREEMENT.
- 11. ENTIRE AGREEMENT: This purchase agreement, any attached exhibits and any addenda or amendment signed by the parties, shall constitute the entire agreement between Seller and Buyer, and supercedes any other written or oral agreement between Seller and Buyer. This Purchase Agreement can be modified only in writing signed by Seller and Buyer. All monetary sums are deemed to the United States currency for purposes of this agreement.
- 12. DEFAULT: If Buyer defaults in any of the agreements herein, Seller may terminate this Purchase Agreement, and payment made hereunder may be retained by Seller as liquidated damages. If this Purchase Agreement is not so terminated, Buyer or Seller may seek actual damages for breach of this Agreement or specific performance of this agreement; and, as to specific performance, such action must be commenced within six months after such right of action arises.
- 13. CLOSING: Closing of the transaction shall not occur until all applicable provisions of Minnesota Statute 469.105 have been met.

The undersigned agree to sell and buy for the price and terms and conditions set forth above.

BUYER:
T & E Properties, LLC

SELLER:
Baxter Economic Development
Authority (EDA)

By _____
Its Chairman

By _____
Its Executive Director



ITEM REPORT
ECONOMIC DEVELOPMENT AUTHORITY

Agenda Date: 6/7/2022
Agenda Section: New Business

Department Origination: Administration

Agenda Item: EDA Real Estate Marketing Update

Approval Required: Simple Majority Vote

BACKGROUND

At the February 15, 2022, EDA meeting, City staff presented the appraisal reports completed by Bill Ludenia on the EDA properties. After discussion, the EDA directed staff to explore the possibility of a limited brokerage agreement with local realtors for the marketing of the EDA commercial/industrial properties. Time has been set aside for staff to provide the Board with an update on its conversations with local realtors and to present a potential real estate marketing option utilizing BLAEDC.

FINANCIAL IMPLICATIONS

STAFF RECOMMENDATIONS

ACTION REQUESTED

At the conclusion of the discussion, staff would like direction from the EDA Board on how it would like to proceed with the marketing of its commercial/industrial properties.