



ITEM REPORT  
ECONOMIC DEVELOPMENT AUTHORITY

Agenda Date: 5/19/2026  
Agenda Section: Old Business

**Department Origination:** Administration

**Agenda Item:** Purchase / Development Agreement for the Sale of Lots 1 & 2, Block 3, JMS Baxter Estates

- 1) Public Hearing @ 6:30 pm or shortly thereafter
- 2) Approve the purchase / development agreement for the sale of Lots 1 & 2, Block 3, JMS Baxter Estates to Kuepers Land Development, LLC

**Approval Required:** Simple Majority Vote

**BACKGROUND**

The EDA Board considered multiple offers for the 3.69 acres it owns in the southwest corner of the Clearwater Road / Forest Drive Intersection (Parcel ID 40060704 & 40060705 – subject parcels). On May 19<sup>th</sup>, the Board directed staff to proceed with the offer submitted by Kuepers Land Development, LLC, and to schedule a public hearing on the proposed sale for June 2, 2026.

In accordance with MN Statute 469.105, a public hearing has been scheduled for the proposed sale. Attached is the purchase / development agreement for the said sale that was drafted based on the terms negotiated by both parties. The said agreement states that the Board will sell the subject property to Kuepers for \$400,000, Kuepers will construct a 60-unit, 4-story multi-family apartment building on the said property, and that a closing date will be scheduled after the completion of a 90-day due diligence by Kuepers.

Attached is the current draft (as of Friday noon) of the proposed purchase / development agreement (PDA). Both parties are working towards a final draft. The final agreement, if different from current one, will be presented to the Board at the meeting. If a final version is not available at the time of the meeting, the Board will be not be requested to take action upon the conclusion of the public hearing.

**FINANCIAL IMPLICATIONS**

Parcel 40060705 (Lot 1) was previously acquired by the city and then transferred to the EDA. Parcel 40060704 (Lot 2) was deeded to the city by a prior developer's lending institution and transferred to the EDA. Expenditures related to the parcels, including the original acquisition costs, legal costs, property taxes, and special assessments from 2023 that were not certified, have been tracked for reimbursement once the parcels are sold. These costs to date total \$245,721.

The closing costs the EDA will be responsible for are outlined in the purchase/development agreement, including the 6% realtor's commission of \$24,000. These costs will be applied against the \$400,000 sales price also. The remaining sale proceeds after the prior expenditures and closing costs have been deducted (approximately \$120,000) will be allocated to the city's general fund for Lot 1 and the EDA for Lot 2 for their respective portions.

**STAFF RECOMMENDATIONS**

Should the PDA be finalized by the time of the meeting, Staff recommends approval of the PDA with Kuepers for the sale of the subject property.

**ACTION REQUESTED**

Should the PDA be finalized by the time of the meeting, Council is requested to approve the PDA with Kuepers for the sale of the subject property.