

## **FOR IMMEDIATE RELEASE**

### **Councilmember Calls on State and Federal Authorities to Investigate Mismanagement of Taxpayer Funds, Conflicts of Interest, Retaliation in Blaine**

(BLAINE, MN, 10/8/2024)- On October 7, 2024, Blaine City Councilmember Lori Saroya called on state and federal authorities to investigate allegations of mismanagement of taxpayer funds, conflicts of interest, and retaliation against her for raising those concerns.

On October 7, 2024, the Blaine City Council “censured” Saroya for asking questions at public meetings, including the planning commission and city council meetings, about allegations raised by residents pertaining to fraud, corruption and mismanagement by city officials.

In a letter to the Department of Justice and the MN Inspector General, Saroya asked for an independent investigation and full audit into the city’s finances, including the use of taxpayer funds and staff time, that directly benefit the mayor and his business associates. Saroya wrote: “My goal is to protect Blaine residents and ensure full transparency in what appears to be an attempt to hide mismanagement and worse.”

The concerns center around Blaine’s new 105<sup>th</sup> sports entertainment district project. Although Saroya supports development and the concept of a sports entertainment district in Blaine, she has repeatedly raised residents’ concerns with the process and allegations of personal financial dealings, mismanagement of taxpayer funds, and conflicts of interests.

No one on the city council recused themselves from the RFP process for the selection of the developer for the 105<sup>th</sup> sports entertainment district project, despite allegations of existing friendships, business partnerships, and donations to their political campaigns from the developer. Residents allege the developer lacks experience and access to funding for a project of this caliber and size, relying heavily on tax-abatement and TIF funding.

Residents also allege that the same developer owns a building that houses Mayor Tim Sanders’ The Ball Park restaurant near the upcoming sports entertainment district. At meetings and in neighborhood forums, residents raised objections to the approval process for The Ball Park, alleging the following involving Mayor Sanders:

- Received special treatment from the developer and preference over other businesses interested in the same space;
- Used city staff time for his personal business dealings and received special treatment from staff;
- Told staff to bypass the planning commission for his project;
- Did not leave the council chambers when his application was discussed.
- Signed his own CUP.

SEE: Blaine City Council rocked by allegations the mayor has a conflict of interest in sports project

<https://minnesotareformer.com/2023/11/21/blaine-city-council-rocked-by-allegations-the-mayor-has-a-conflict-of-interest-in-sports-project/>

Mayor Tim Sanders/his nonprofit is allegedly facing an FBI investigation of a nonprofit involved in alleged fraud and/or financial mismanagement during his tenure as executive director.

SEE: KARE 11 Investigates: A mayor, a nonprofit under state investigation, unanswered questions

<https://www.kare11.com/article/news/investigations/kare-11-investigates-mayor-nonprofit-under-state-investigation-unanswered-questions/89-0c8364b5-7a2a-42ff-978a-7d6a0b8fba23>

SEE ALSO: FBI investigating Twin Cities company and nonprofit

<https://www.kare11.com/article/news/investigations/kare-11-investigates-fbi-investigating-twin-cities-company-nonprofit/89-dcc77f05-5359-47f1-9ea1-ed2f430e0ad2>

SEE ALSO: MN cuts funding to Refocus Recovery, citing evidence of fraud

<https://www.kare11.com/article/news/investigations/kare-11-investigates-mn-cuts-funding-to-refocus-recovery/89-a541f7cc-5cab-4019-970a-6904154382de>

Despite the alleged conflicts of interest and his personal and financial gain from the sports entertainment district and baseball stadium, Mayor Sanders has not recused himself from these discussions and negotiations on the sports entertainment district and baseball stadium. As the Ward 1 councilmember, whose district this project is in, Saroya was excluded from attending contract negotiations and other meetings with the developer- while the mayor was present at these meetings.

The city has provided millions in tax abatement, along with TIF funding, to the 105<sup>th</sup> sports entertainment district development, including \$42 million for a baseball stadium. The city received a complaint from a Minnesota resident regarding allegations of PPP fraud concerning this developer. The resident claimed that she reported the PPP fraud allegations to the Pandemic Oversight Committee and the US Attorney's Office.

Earlier this year, the city financed \$12 million in turf fields at the National Sports Center in exchange for property for the 105<sup>th</sup> sports entertainment district, despite concerns from residents involving long-term effects of synthetic turf and PFAS- which will be banned in Minnesota starting in 2025. The city relied on a report by the turf field manufacturer and their own online searches before approving spending \$12 million on turf fields.

SEE: Amid PFAS concerns, Blaine City Council approved \$12 million in property tax abatement for new artificial turf fields

<https://www.minnpost.com/metro/2024/04/amid-pfas-concerns-blaine-city-council-approved-12-million-in-property-tax-abatement-for-new-artificial-turf-fields/>

Saroya has also raised concerns around what appears to be strong-arming small business owners in the 105<sup>th</sup> redevelopment area and forcing them out by threatening eminent domain. Saroya noted that these are mostly elderly owners who have owned the property for decades.

“As the first Muslim and woman of color on a hostile city council, I already experience a hostile environment and abuse from some councilmembers and staff,” said Saroya. “Raising issues regarding evidence of malfeasance by the City, inappropriate and negligent management of taxpayer funds and other issues of obvious citizen concern that do not reflect well on city management has resulted in additional retaliation against me.”

SEE: Group accuses new Blaine City Council member of making racist comments, wants her to quit

<https://www.startribune.com/group-accuses-new-blaine-city-council-member-of-making-racist-comments-wants-her-to-quit/600281102/>

Saroya said she gave the city multiple opportunities to address the issues internally. She has repeatedly asked the city for an independent investigation, proper oversight, and for an impartial legal opinion into these matters.

Residents allege that the city attorney advising the city on the project and matters pertaining to conflicts of interest has his fees paid by the developer.

“Ultimately, my duty is to the City of Blaine and to Ward 1 residents,” Saroya said. “It is my ethical obligation as an elected official to seek transparency and raise concerns, ensuring that taxpayer money is spent in the way residents have entrusted us to.”

Last month, Saroya called for an independent investigation into the city manager after the city lost \$1.5 million in taxpayer funds and did not inform residents, instead giving the city manager a massive pay raise.

SEE: KARE 11 discovered the City of Blaine lost \$1.5 million to scammers – and tried to keep it quiet.

<https://www.kare11.com/article/news/investigations/kare-11-investigates-blaine-15-million-scam/89-f52e37bc-b3ae-49e6-94dd-86eaab350643>

SEE ALSO: Blaine council member Lori Saroya calls for investigation into city manager

[https://www.hometownsource.com/abc\\_newspapers/community/blaine/blaine-council-member-calls-for-investigation-into-city-manager/article\\_266d7ca0-5f18-11ef-bfda-bb2dd863c30f.html](https://www.hometownsource.com/abc_newspapers/community/blaine/blaine-council-member-calls-for-investigation-into-city-manager/article_266d7ca0-5f18-11ef-bfda-bb2dd863c30f.html)

“We need some oversight in Blaine- into the mayor's personal financial gain and business dealings with the city, alleged developer PPP fraud and special treatment, the city's sports entertainment district and baseball stadium project, the missing money and city manager's pay raise, and the city council's new retaliatory code of conduct that prevents councilmembers from even asking these important questions in a public meeting,” Saroya said.

Councilmember Saroya represents Blaine's Ward 1.

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CONTACT: Blaine City Councilmember Lori Saroya, [LSaroya@blainemn.gov](mailto:LSaroya@blainemn.gov), 612-516-1073