



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMGERS & ZOOM
Monday, May 16, 2022
7:30 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - A. Approve the April 4, 2022 EDA Meeting Minutes
5. Discussion Items
 - A. Authorize Letter of Intent for TIP Assistance for Proposed Chaska Creek Industrial Phase 3/Oppidan Project
6. Other Business
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
APRIL 4, 2022**

1. Call to Order

President Windschitl called the meeting to order at 8:33 pm.

2. Roll Call

Roll call was taken. Present: Commissioners Grau, Hubbard, Huang, and President Windschitl.

Absent: Commissioner Hatfield

Also Present: Elise Durbin, Assistant Executive Director and Matt Podhradsky, Executive Director.

3. Agenda

Motion by Commissioner Hubbard, second by Commissioner Huang adopt the agenda as presented.

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes 2-28-2022

Motion by Commissioner Grau, second by Commissioner Hubbard to approve the February 28, 2022 EDA Meeting Minutes.

Motion carried.

5. Discussion Items

5.A. Lease Agreement with NorthStar Regional for Property located at 314 Walnut Street

Assistant Executive Director Durbin presented this item to the Commission and provided some background.

President Windschitl asked if they do a walk-through periodically to make sure it is being properly maintained.

Executive Director Podhradsky stated usually maintenance performs a walk-through of the property when they need to fix something.

Commissioner Hubbard asked if the fact that the lease states it can be extended another 2 years past the initial 5 years, would be an issue if the City decided after the 5 years that they would like to move forward with a new purpose for the property.

Executive Director Podhradsky stated it wouldn't be an issue because there would most likely be a few years of preparation and transitioning that would occur and that is probably the reasoning for that additional 2 years being in the lease.

Motion by Commissioner Hubbard, second by Commissioner Huang authorizing the President and Executive Director to execute the lease agreement with NorthStar Regional pertaining to property located at 314 Walnut Street.

Motion carried.

6. Other Business

None.

7. Adjourn

Motion by Commissioner Grau, second by Commissioner Hubbard to adjourn the meeting at 8:34 pm.
Motion carried.

REQUEST FOR ACTION

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

May 16, 2022

Subject: Authorize Letter of Intent for TIF Assistance to Proposed Chaska Creek Industrial Phase 3/Oppidan Project

Prepared By: Elise Durbin, Assistant Executive Director

Background

In 2021, the City Council approved the plans for the first two phases of the Oppidan Chaska Creek Industrial development in the Chaska Creek Business Park. The first building is under construction and expected to be completed this summer, while the second building will begin construction this summer and be finished later in the year.

On March 21, 2022, the City Council approved Oppidan's Preliminary Site & Building Plan, Preliminary Plat and Rezoning for the Chaska Creek Industrial Park Phase 3. The Council is expected to consider the final Site and Building Plan and Final Plat at the May 16 City Council meeting. The project proposes to develop one, multi-tenant industrial building at approximately 177,500 square feet. This building is targeted to begin construction in late 2022/early 2023.

Letter of Intent

As with previous phases of this project, this new building will create significant tax base and bring new industrial jobs to the community. As is consistent with City and EDA policy, the industrial development is eligible for TIF assistance. The industrial use of this project qualifies the site for an eight-year economic development TIF district. City and EDA policy states that the project is eligible to receive an amount equal to two times the TIF eligible property taxes generated by the completed project. The attached Letter of Intent details the estimated eligible amounts totaling approximately \$418,000, and other stipulations tied to the award of assistance.

Additionally, as was found in the previous phase, soil corrections are also needed on this site in order to build the planned project. The cost to address these issues is approximately \$593,557. As was done in the previous phase, the developer has agreed to pay for half of these costs, and has requested additional TIF assistance to cover the other half of the remediation costs up to \$296,778 in a TIF Pay-Go Note. This additional assistance is also covered in the Letter of Intent.

Staff have negotiated the Letter of Intent with the developer and all parties are in agreement with the provisions contained in it. By entering a Letter of Intent with the developer, the EDA is establishing the basics of what will ultimately result in a TIF and Development Agreement. While the Letter of Intent is not a legally binding document, the resulting agreement will be once approved.

Recommendation

The proposed TIF district continues to support the industrial development in the Chaska Creek Business Park, which has been planned for for some time. City staff recommends authorizing the EDA Director to execute the Letter of Intent with the Developer, and to proceed with drafting the final agreement documents.

CITY COUNCIL ACTION REQUESTED

Motion to authorize the EDA Director to execute the Letter of Intent for TIF assistance to the proposed Chaska Creek Industrial Phase 3/Oppidan project.



City of Chaska

April 27, 2022

Jay Moore
Oppidan
400 Water Street, Suite 200
Excelsior, MN 55331

Re: Letter of Eligibility for Project Assistance for proposed 177,500 square foot industrial building for Parcel ID 300060800

Dear Mr. Moore:

Based on the December 20, 2021, approval of the Concept Plan for Chaska Creek Industrial Phase 3/Oppidan/PC #2021-19 by the City Council, the City of Chaska is supportive of your proposed project at PID 300060800. The site is also part of Assessment Agreements between the City of Chaska and Club West Partners, LLC approved August 24, 2021.

The following will detail terms that the City is willing to offer in support of the project in addition to expectations the City will have of you as the project developer in exchange for any assistance provided. Dollar amounts provided in this letter are only estimates to be used for planning purposes. Final dollar amounts for the assistance will be determined based on the final development plans and financial analysis as approved by the City Council. The award of this assistance package is also subject to City Council and Chaska EDA approval of a Development and Tax Increment Agreement.

The assistance package outlined assumes a 177,500 square foot multi-tenant industrial facility with no more than 15% of the square feet used for nonqualifying uses as defined by state statute.

Terms of the City of Chaska's Assistance Package:

- Include the property listed above in TIF District #24 established by the Chaska City Council and Chaska EDA on April 5, 2021, provided the statutory definition for the district is met on the site.
- Provide tax increment assistance to the project in the form of one (1) pay-go note to the developer, payable twice a year over the term of the district. The developer will be eligible to benefit from increment generated by the project based on the City's existing policy as follows:
 - Two times annual TIF eligible taxes if property is acquired to accommodate only the proposed project. The following amounts are estimates that may change because of the final financial analysis.
 - PID 300060800, proposed 177,500 sf with assessed value of \$89 per sf.:
 - Estimated Annual TIF eligible Taxes: \$209,000
 - Estimated net present value TIF Pay-go Note: \$418,000

- Provide assistance in addition to the City's existing tax increment policy to address significant soils issues that have been identified on Lot 1, Block 1, Chaska Club West Industrial. Remediation necessary to bring the site to buildability will cost approximately \$593,557 in total. The City agrees to contribute tax increment equivalent to half of the actual remediation cost as a TIF Pay-go Note not to exceed net present value of \$296,778.

You as the Developer agree to:

- Develop one 177,500 square foot multi-tenant industrial facility.
- Submit into, and successfully complete, the typical planning review process to obtain final approval, including successfully addressing staff comments and contingencies outlined in the concept plan approval/ PC #2021-19, and subsequent contingencies that may be identified at the pending preliminary and final approval stages.
- Hold to the terms and conditions outlined in the Assessment Agreements between the City of Chaska and Club West Partners, LLC approved August 24, 2021.
- Build the project per approved final plans and successfully obtain a certificate of occupancy.
- Pay or enter into a development agreement for City development fees to include Water Area, Sanitary Sewer Area, Storm Water Area, Water Connection, Sanitary Sewer Connection, Park Dedication, and Trail fees. Met Council Fees are assumed as separate from City fees.
- Pay all other applicable development and building fees.
- All plans for improvements and agreements for City support will be subject to City Council and EDA Board approval as applicable.
- Negotiate a Minimum Assessment Agreement and/or Minimum Increment Agreement for the duration of the Development and Tax Increment Agreement.
- Pay the required \$10,000 administrative fee for City economic development assistance.

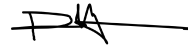
We look forward to working with you on this project. We recognize that this project has the potential to maximize the value of the site in line with long-range plans for the location which includes generating high quality jobs to support the City's goal to host at least two jobs per household. Notwithstanding the stated intentions of the parties, neither party is legally obligated to complete the terms of this letter and may withdraw from it at any time for any reason.

If this letter is acceptable to you, please execute and return a copy of this letter along with the \$10,000 deposit. Upon receipt, the City of Chaska will move forward immediately to start the process of establishing this assistance package for the project. The assistance package described in this letter is contingent on City Council approval, and subject to change based on final building design, plan approval, and final analysis to inform a development agreement.

Sincerely,

Matt Podhradsky
City Administrator/EDA Executive Director

I hereby agree to the terms and conditions in this Letter of Intent, and with this executed letter and deposit hereby request and authorize the City of Chaska/Chaska EDA to move forward to establish the assistance package for this project.



4/29/2022

Name

Date