



AGENDA
ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL COUNCIL CHAMBER
Monday, January 28, 2019
7:00 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - A. Approve EDA Minutes from 12-17-2018
5. Discussion Items
 - A. Assignment and Assumption of Lease Agreement with NorthStar Regional P.S.C. for Property Located at 314 Walnut St.
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 17, 2018

DRAFT

1. Call to Order

President Windschitl called the meeting to order at 7 pm.

2. Roll Call

Roll call was taken. Present: Commissioners Boe, Geisler, Huang, Schulz and President Windschitl

Also Present: Nate Kabat, Assistant Executive Director; Luke Melchert, City Attorney; Kevin Ringwald, Community Development Director; and, Matt Podhradsky, Executive Director.

3. Agenda

Motion by Commissioner Geisler, second by Commissioner Boe, to adopt the agenda as presented.

Motion carried.

4. Minutes

Motion by Commissioner Schulz, second by Commissioner Geisler, to approve the minutes of the September 17, 2018 EDA meeting.

Motion carried.

5. Discussion Items

5A. Adopt Resolution EDA 2018-14, Approving the 2019 EDA Budget and Approving the Assessed 2018 Payable 2019 EDA Property Tax Levy

Executive Director Podhradsky presented the item to the Commission.

Motion by Commissioner Geisler, second by Commissioner Schulz, to adopt Resolution EDA 2018-14 approving the 2019 EDA Budget and the Assessed 2018 Payable 2019 EDA Property Tax Levy.

Motion carried.

5B. Authorize the Executive Director to sign a letter of intent with DDK Construction, Inc. to buy approximately 3.91 acres of land at Chaska Boulevard and Fire Lane

Executive Director Podhradsky introduced the item to the Commission.

Assistant Executive Director Kabat presented the item to the Commission.

Commissioner Boe inquired if during the time lag, the property will continue to be on the market.

Assistant Executive Director Kabat explained that the industrial portion in the back has the option in place to continue to market it, and if a group comes in that is able to pull off a project in a quicker timeframe, they could work with them. He noted that DDK would have the first option to match any offer that came in. Assistant Executive Director Kabat explained that DDK has intent to move forward and build the office/condo portion in the front in short order. He

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explained the timeline and planning process DDK needs to undergo prior to closing on the purchase.

Commissioner Huang asked if this project did not pan out, would another developer need to start from scratch, or would what is approved today be a part of that parcel.

Assistant Executive Director Kabat stated that the EDA is looking at the letter of intent as a sort of concept plan for the purchase.

Executive Director Podhradsky explained that the planning process will dictate what direction development goes.

Commissioner Geisler inquired if there are any tenants interested yet.

Assistant Executive Director Kabat stated that DDK has been talking to a number of groups but there are none that have been ready to release names of yet.

Commissioner Schulz asked if there was any safety net in place if they are unable to continue with the three lots in the front.

Assistant Executive Director Kabat explained this would be looked at when going into the purchase agreement.

Executive Director Podhradsky provided further detail regarding this.

Motion by Commissioner Schulz, second by Commissioner Boe, to authorize the Executive Director to sign a letter of intent with DDK Construction, Inc. to buy approximately 3.91 acres of land at Chaska Boulevard and Fire Lane in Chaska, Minnesota.

Motion carried.

5C. Authorize the Executive Director to sign a letter of intent with Talle & Associates, Inc. to purchase and redevelop the Ernst House Property at 211 and 217 Walnut St

Executive Director Podhradsky introduced the item to the Commission.

Assistant Executive Director Kabat presented the item to the Commission.

President Windschitl asked how the storefront loan is used.

Assistant Executive Director Kabat stated it is designed for businesses and also to help with preserving the historic nature of downtown, and continued with his presentation of the item.

The Commission expressed their approval of the item.

Motion by Commissioner Huang, second by Commissioner Geisler, to authorize the Executive Director to sign a letter of intent with Talle & Associates, Inc. to purchase and redevelop the Ernst House Property at 211 and 217 Walnut St.

Motion carried.

6. Other Business

None

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7. Adjourn

Motion by Commissioner Boe, second by Commissioner Huang, to adjourn the meeting at 7:30 pm.
Motion carried.

REQUEST FOR ACTION

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

1/28/2019

Subject: Assignment and Assumption of Lease Agreement with NorthStar Regional P.S.C. for Property Located at 314 Walnut St.

Prepared By: Nate Kabat, Assistant City Administrator

Background

The property located at 314 Walnut St, formerly operated as the Peacock Inn Bed & Breakfast, is presently owned by the Chaska EDA and has been leased to Five Stars Recovery Center since 2011. In 2017, the EDA approved an extension of the lease through 2022. Per the terms of that extension, payments started on May 1, 2017 at \$2,400.00 and increase 3% annually on April 1st for the remainder of the lease.

Five Stars Recovery has been an excellent tenant of the 314 Walnut Street property by both caring for the property and providing cash flow to cover the City's obligations on the property. The location is good for their business and the lease generates revenue to cover the City's obligations until the mortgage is fully paid around 2022. The current term of the lease also sets the City up to reevaluate the best long term use of the property after key improvements to City Square West and Walnut Street are complete.

Update

Five Star Recovery recently changed its ownership structure and is now under the ownership of NorthStar Regional P.S.C. The services provided will remain the same, and management is not changing for the facility at 314 Walnut Street. As a result of the ownership change, NorthStar Regional P.S.C. has requested an assignment and assumption of lease agreement be entered into to acknowledge the new ownership group's relationship with the City for the property. Staff have worked with the City Attorney's office to draft the necessary document. This document has been reviewed by NorthStar, and they have agreed to its terms. The impact of this agreement is simply to acknowledge the new ownership of Five Star Recovery.

Recommendation

Given the excellent track record of the current tenant, staff recommends authorizing the President and Executive Director to execute the attached Assignment and Assumption of Lease Agreement.

EDA ACTION REQUESTED

Motion to authorize the EDA President and Executive Director to execute the Assignment and Assumption of Lease Agreement with NorthStar Regional P.S.C. for Property Located at 314 Walnut St.

ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (the "Agreement") is made and entered into effective this 22nd day of January, 2019, by and between Five Stars Recovery Center (the "Original Tenant"); NorthStar Regional P.S.C. (the "Successor Tenant"); and Chaska Economic Development Authority (the "Landlord").

WHEREAS, Landlord and Original Tenant are parties to a Lease dated May 1, 2017 (the "Lease") involving certain real property located at 314 Walnut Street, Chaska, Minnesota (the "Premises"); and

WHEREAS, Original Tenant desires to assign all of its rights, obligations, and privileges in and to the Lease for the Premises to Successor Tenant; and

WHEREAS, Successor Tenant wishes to assume all of the rights, obligations, and privileges under the Lease between the Landlord and the Original Tenant for the Premises; and

WHEREAS, Landlord is willing to consent to the assignment and assumption of the Lease from the Original Tenant to the Successor Tenant.

NOW, THEREFORE, it is hereby stipulated and agreed by and between the parties hereto as follows:

1. Assignment and Assumption. Original Tenant assigns to Successor Tenant and Successor Tenant assumes all of the rights, obligations, and privileges of the Original Tenant under the terms of the Lease for the Premises.
2. No Defaults. The Original Tenant acknowledges that there are no elements of default under the Lease.
3. Acceptance of the Premises and Lease. Successor Tenant accepts the Premises in its present condition and acknowledges that the Landlord is not in default under any terms and conditions of the Lease.
4. Consent to Assignment and Assumption. Landlord consents to the assignment and assumption of the Lease from the Original Tenant to the Successor Tenant.
5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Any executed counterpart of this Agreement delivered by facsimile or other electronic transmission to a party hereto shall constitute an original counterpart of this Agreement.

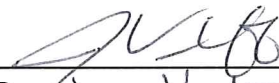
IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective the day and year first above written.

COUNTERPART SIGNATURE PAGES TO FOLLOW

**THIS IS A COUNTERPART SIGNATURE PAGE TO THE ASSIGNMENT AND ASSUMPTION OF LEASE
AGREEMENT AMONGST FIVE STARS RECOVERY CENTER; NORTHSTAR REGIONAL P.S.C.; AND
CHASKA ECONOMIC DEVELOPMENT AUTHORITY**

ORIGINAL TENANT

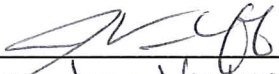
FIVE STARS RECOVERY CENTER


By: Jason Vanderschiff
Its: CEO

**THIS IS A COUNTERPART SIGNATURE PAGE TO THE ASSIGNMENT AND ASSUMPTION OF LEASE
AGREEMENT AMONGST FIVE STARS RECOVERY CENTER; NORTHSTAR REGIONAL P.S.C.; AND
CHASKA ECONOMIC DEVELOPMENT AUTHORITY**

SUCCESSOR TENANT

NORTHSTAR REGIONAL P.S.C.


By: _____
Its: CEO

**THIS IS A COUNTERPART SIGNATURE PAGE TO THE ASSIGNMENT AND ASSUMPTION OF LEASE
AGREEMENT AMONGST FIVE STARS RECOVERY CENTER; NORTHSTAR REGIONAL P.S.C.; AND
CHASKA ECONOMIC DEVELOPMENT AUTHORITY**

LANDLORD

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

By: Mark Windschitl
Its: President

By: Matthew Podhradsky
Its: Executive Director

[https://mhslaw.sharepoint.com/sites/08000/43221/draftdocs/assignment and assumption of lease 01.09.19.docx](https://mhslaw.sharepoint.com/sites/08000/43221/draftdocs/assignment%20and%20assumption%20of%20lease%2001.09.19.docx)