



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA EVENT CENTER - 3210 CHASKA BLVD & ZOOM
Monday, February 22, 2021
7:00 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - A. Approve the December 21, 2020 EDA Meeting Minutes
5. Discussion Items
 - A. Authorize Letter of Intent for TIF Assistance to Proposed Oppidan Industrial Project
6. Other Business
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 21, 2020**

DRAFT

1. Call to Order

President Windschitl called the meeting to order at 9:27 pm.

2. Roll Call

Roll call was taken. Present: Commissioners Hatfield, Hubbard, Grau, and President Windschitl.
Absent: None.

Also Present: Nate Kabat, Assistant Executive Director and Matt Podhradsky, Executive Director.

3. Agenda

Motion by Commissioner Hatfield, second by Commissioner Hubbard to adopt the agenda as presented.
Motion carried.

4. Minutes

Motion by Commissioner Grau, second by Commissioner Hatfield to approve the minutes of the September 21, 2020 EDA meeting.
Motion carried.

5. Adopt Resolution EDA 2020-10, Adopting 2021 EDA Budget and Property Tax Levy for Payable 2021

Executive Director Podhradsky presented the item to the Commission.

The Commission noted this item has been discussed at length in previous City Council Meetings.

Motion by Commissioner Hatfield, second by Commissioner Hubbard to adopt Resolution No. EDA 2020-10 adopting the 2021 EDA Budget and property tax levy for payable 2021.
Motion carried.

6. Other Business

Per request of the Commission, Assistant Executive Director Kabat provided an update on the Ernst House.

7. Adjourn

Motion by Commissioner Hatfield, second by President Windschitl to adjourn the meeting at 9:33 pm.
Motion carried.

REQUEST FOR ACTION

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

2/22/2021

Subject: Authorize Letter of Intent for TIF Assistance to Proposed Oppidan Industrial Project

Prepared By: Nate Kabat

Background

On January 25, 2021, the City Council approved the preliminary plans for the Oppidan industrial project in the Chaska Creek Business Park. The project proposes to develop two industrial buildings. Talking with the developer, Oppidan expects the first building to be built on Outlot E at 168,000 square feet beginning this year and the second building to be built on Outlot A at 133,000 square feet targeted for a 2022 build start. Both buildings will serve industrial users and are designed to accommodate multiple tenants.

Update

The buildings will create significant tax base and bring new industrial jobs to the community. In addition, the buildings are among the first industrial users to locate in the Chaska Creek Business Park specifically and the southwest Chaska industrial area more generally. With these two buildings leading development in this area, there are significant infrastructure extensions that get triggered to serve both the buildings directly and the industrial development areas in general. Among the needed public improvements include the sewer extension up Creek Road, water connections, the connection of Chaska Creek Boulevard to Creek Road, and urbanization of Creek Road for areas serving the proposed development.

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 8-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 \$700,000, and other stipulations tied to the award of assistance. The developer will use the assistance to pay for assessments that exist on the development sites tied to the extension of Chaska Creek Boulevard.

The TIF district is projected to generate nearly \$2 Million of increment in excess of the assistance to the developer. This excess will be used by the City to offset infrastructure costs necessary to support this development. In this case, the Creek Road sewer extension will be the primary use of the excess dollars. Importantly, in addition to serving this project, the Creek Road sewer extension will also provide capacity to the entire area of southwest Chaska located west of Hwy 212 that is guided for business park development.

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 supports significant industrial development in the Chaska Creek Business Park, which has been planned for this development for some time. In addition, the excess TIF the district will generate provides significant funding for critical infrastructure that lays the groundwork for further business park development in the City. City staff recommends authorizing the EDA Director to execute the Letter of Intent with the Developer 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 Oppidan industrial project.



City of Chaska

February 16, 2021

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

Re: Letter of Eligibility for Project Assistance for proposed 168,000 square foot industrial building for Parcel ID 302040070 and for proposed 133,000 square foot industrial building for Parcel ID 301840030 in the Chaska Creek Business Park

Dear Mr. Moore:

Based on the January 25, 2021, approval of the Preliminary Plat, Site & Building Plan, and Rezoning for Chaska Creek Industrial/P.C. No. 2020-25 by the City Council, the City of Chaska is supportive of your proposed project at PID 302040070 (Outlot E) and PID 301840030 (Outlot A). The site is also part of an Assessment Agreement between the City of Chaska and the land developer recorded July 19, 2017.

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 168,000 square foot multi-tenant industrial facility and a 133,000 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:

- Create an Economic Development TIF District to include the property listed above provided the statutory definition for the district is met on the site.
- Provide tax increment assistance to the project in the form of a 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 302040070, proposed 168,000 sf with assessed value of \$89 per sf.:
 - Estimated Annual TIF eligible Taxes: \$197,000
 - Estimated TIF Pay-go Note: \$394,000

- PID 301840030, proposed 133,000 sf with assessed value of \$89 per sf.:
 - Estimated Annual TIF eligible Taxes: \$155,000
 - Estimated TIF Pay-go Note: \$310,000

You as the Developer agree to:

- Develop one 168,000 square foot multi-tenant industrial facility and one 133,000 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 preliminary plan approval/P.C. No. 2020-25.
- Hold to the terms and conditions outlined in the Assessment Agreement between the City of Chaska and the land developer recorded July 19, 2017.
- 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 or enter into an assessment agreement for street and utility improvements along Creek Road for improvements necessary to serve Outlot E.
- 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 pending outcomes of the financial review.
- 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,

Nate Kabat
Assistant City Administrator

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.

Jay Morse 2.19.21

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