



AGENDA  
CHASKA ECONOMIC DEVELOPMENT AUTHORITY  
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM  
Monday, April 04, 2022  
7:00 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
  - A. Approve EDA Meeting Minutes 2-28-2022
5. Discussion Items
  - A. Lease Agreement with NorthStar Regional for Property Located at 314 Walnut Street
6. Other Business
7. Adjourn

**- MINUTES -**  
**CHASKA ECONOMIC DEVELOPMENT AUTHORITY**  
**FEBRUARY 28, 2022**

DRAFT

1. Call to Order

President Windschitl called the meeting to order at 10:10 pm.

2. Roll Call

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

Absent: None.

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 12-20-2021

Motion by Commissioner Huang, second by Commissioner Grau to approve the December 20, 2021 EDA Meeting Minutes.

Motion carried.

4.B. Approve EDA Meeting Minutes 01-03-2022

Motion by Commissioner Hatfield, second by Commissioner Hubbard to approve the January 3, 2022 EDA Meeting Minutes.

Motion carried.

5.A. Adopt Resolution EDA 2022-1, Resolution Approving Sale of Property to Pulte Homes for the Del Webb Development

Community Development Director Nate Kabat presented this item to the Commission and provided some background.

Motion by Commissioner Hatfield, second by Commissioner Huang to approve Resolution EDA 2022-1 approving sale of property to Pulte Homes for the Del Webb Development.

Motion carried.

6. Other Business

None.

7. Adjourn

Motion by Commissioner Hatfield, second by Commissioner Huang to adjourn the meeting at 10:16 pm.

Motion carried.

# REQUEST FOR ACTION

## CHASKA ECONOMIC DEVELOPMENT AUTHORITY

### 04/04/2022

**Subject: Lease Agreement with NorthStar Regional for Property Located at 314 Walnut St.**

Prepared By: Elise Durbin, Assistant Executive Director

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#### **Background**

The property located at 314 Walnut Street, formerly the Peacock Inn Bed & Breakfast, has been leased to Five Stars Recovery Center/NorthStar Regional since 2011. NorthStar Regional is a non-profit providing addiction treatment and mental health services. The initial five-year lease had a monthly rent of \$2,200. The most recent five-year lease had a monthly rent starting at \$2,400 and increasing annually by three percent.

#### **Updated Lease Agreement**

The current lease agreement with NorthStar Regional ends on April 30, 2022. Staff has negotiated a five-year extension. Key lease terms include:

- The lease will begin on May 1, 2022 and end April 30, 2027.
- Rent payments start on May 1, 2022 at \$2,755.25 and increase two percent annually on May 1 for the remainder of the lease.
- NorthStar Regional is responsible for maintenance to ensure the property stays in good repair, while the city is responsible for maintaining the roof, foundation, exterior doors/walls/windows, and the electrical system.

The EDA continues to view the lease of this property to NorthStar Regional as an interim use that allows the EDA to generate revenue that covers the loan, maintenance, and property tax expenses for the site. As more improvements are made in downtown over the next five years, it will give the EDA an opportunity evaluate future uses for this site.

#### **Recommendation**

NorthStar Regional has and continues to maintain good condition of the property and pay their rent on time. Additionally, the rent has allowed for the cash flow to cover the city's financial obligations and at the end of this five-year lease, the loan on this property will be paid off. For these reasons, staff recommends authorizing the EDA President and Executive Director to execute the updated lease agreement.

#### **EDA ACTION REQUESTED**

Motion authorizing the President and Executive Director to execute the lease agreement with NorthStar Regional pertaining to property located at 314 Walnut Street.

## LEASE AGREEMENT

THIS LEASE is made and entered into upon execution by and between Chaska Economic Development Authority, a body corporate and politic under the laws of the State of Minnesota (the "Landlord") and NorthStar Regional, a Nevada corporation registered as a foreign corporation in Minnesota as NorthStar Regional P.S.C. (the "Tenant").

PREMISES: Landlord does hereby lease unto Tenant the following described premises ("314 Walnut Street"):

A single-family home in the entire space of 314 Walnut Street, Chaska, MN 55318. Space does not include garage or basement. However, in the event of a severe weather threat, the basement may be utilized as a storm shelter, said property being situated on the following described real property:

Lot Eight (8), except the South Ten (10) feet thereof, and all of Lot Nine (9) in Block Twenty-nine (29), of the Townsite (now City) of Chaska, according to the plat thereof on file and of record in the office of the County Recorder, Carver County, Minnesota.

TERM: Landlord, for and in consideration of the covenants, conditions and agreements herein contained and subject to the following provisions, does hereby lease to Tenant, and Tenant does hereby lease from Landlord, 314 Walnut Street for a term of sixty (60) months, commencing on the 1st day of May, 2022 (the "Term").

RENEWAL OPTION: The Tenant may extend the Term of this lease for an additional two years on the same terms and conditions as herein provided, except that the monthly rental shall be agreed upon between the parties, by giving written notice of such renewal at least 60 days prior to the expiration day of this Term.

RENT: The Tenant shall pay to the Landlord, during the Term, monthly amounts as hereinafter stated and which rent shall be paid in advance before the first day of each month in lawful money of the United States of America to the Landlord at One City Hall Plaza, Chaska, Minnesota 55318, or at such other place or places as designated in writing. Schedule of said monthly rent shall be as follows:

- (1) The sum of \$2,755.25 beginning on May 1, 2022 and continuing each month thereafter to and including April 1, 2023.
- (2) The sum of \$2,810.35 beginning on May 1, 2023 and continuing each month thereafter to and including April 1, 2024.

- (3) The sum of \$2,866.56 beginning on May 1, 2024 and continuing each month thereafter to and including April 1, 2025.
- (4) The sum of \$2,923.89 beginning on May 1, 2025 and continuing each month thereafter to and including April 1, 2026.
- (5) The sum of \$2,982.37 beginning on May 1, 2026 and continuing each month thereafter to and including April 1, 2027.

If all terms and conditions are fully complied with by Tenant, then the security deposit shall be returned to Tenant on surrender of the premises in a good state and condition, reasonable use, wear and tear and damages from fire and other casualty thereof excepted, provided that the building and grounds are free from personal possessions and the inside is in broom clean condition at the termination of this lease.

USE OF PREMISES: Tenant shall use 314 Walnut Street during the Term hereof for a nine-person residential treatment facility, in accordance with the zoning ordinances of the City of Chaska, Minnesota and for no other purpose whatsoever. Tenant shall not conduct, or permit to be conducted, any activity or place any equipment in or about 314 Walnut Street which will in any increase the rate of fire insurance or other insurance on said 314 Walnut Street, and if any increase in the rate of fire insurance or other insurance results from the activity or equipment of Tenant in or about 314 Walnut Street, Tenant shall be liable for such increase and shall reimburse Landlord thereof.

ACCEPTANCE OF PREMISES: Taking possession of 314 Walnut Street by Tenant shall be conclusive evidence that 314 Walnut Street were, on that date, in good, clean and tenantable conditions with all mechanical systems working, as represented by the Landlord and accepted by the Tenant.

OPERATING COSTS: The parties mutually agree as follows:

- (a) Tenant shall, during the Term of this lease, pay and discharge punctually, as and when the same become due and payable, even if the same do not become due and payable until after the expiration or cancellation of this lease all:
  - (1) license fees, business taxes and all other charges of any kind, which shall or may during the term of this lease be charged, levied, assessed, or imposed, or become liens upon or with respect to 314 Walnut Street, or any part thereof, together with all interest and penalties thereon, resulting, arising or occurring from Tenant's occupation and use of 314 Walnut Street for the purpose hereinabove stated, under or by virtue of all pertinent laws, orders, rules or regulations.
  - (2) charges for all business systems used in connection with its occupation of 314 Walnut Street, including, but not limited to, telephone, telegraph, data transmittal

services, music, security and communications systems, and any other similar systems and/or services furnished to 314 Walnut Street at Tenant's request.

- (b) In case of nonpayment of rent, license fees, or other charges, the same shall, until paid constitute a lien upon any inventory, furnishings, fixtures or other property owned by Tenant located upon said premises, and the lien may be foreclosed according to law. Tenant shall not remove said inventory, furnishings, fixtures or other property until said rental, license fees or other charges have been paid unless directed to do so by the Landlord.
- (c) Landlord shall, during the term of this lease, pay and discharge punctually, all real estate taxes, including special assessments for public improvements, which are or may be assessed, levied, imposed or become a lien against 314 Walnut Street and the land upon which it is situated.
- (d) Landlord shall provide 314 Walnut Street with adequate heating, air conditioning, lighting, water and sewer service. In addition, the Tenant shall agree that there is adequate lighting on the outside areas of 314 Walnut Street during nighttime hours for building security and Tenant ingress and egress. Tenant shall be responsible for, and shall pay promptly when due, metered electricity, metered gas, water and sewer service, and storm sewer fee; and Tenant shall be responsible for trash and recycling to its respective 314 Walnut Street.

INSURANCE: Landlord shall be responsible for maintaining fire insurance and extended coverage on the demised premises in an amount equal to its full insurable value and Tenant shall be responsible for insurance coverage, if it desires, on personal property contained in the leased premises.

Tenant shall, throughout the term of this lease, maintain at its cost and expense general liability and insurance at an amount not less than \$2,000,000.00 naming Landlord as an additional named insured and which policy shall not be cancelable without giving Landlord at least twenty (20) days' notice thereof. This requirement may be satisfied by an umbrella policy naming the Landlord as an additional named insured.

LANDLORD LIABILITY: Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, family members, guests or trespassers for:

- (a) termination of the lease by reason of the destruction or condemnation of 314 Walnut Street, fire, robbery, theft or any other casualties.
- (b) any leakage or bursting of pipes or water vessels in any part or portion of 314 Walnut Street from water, rain, snow or underground water that may leak into 314 Walnut Street.

- (c) the interruption in the use of 314 Walnut Street as a result of the occurrence of any or all of the above.

INFESTATION: Tenant shall be responsible for any and all bug, spider and infestations that may occur during the Term of this lease.

WAIVER OF SUBROGATION: Notwithstanding anything in this lease to the contrary, if 314 Walnut Street is damaged or destroyed by fire or other perils, the Tenant, its agents, employees, representatives and invitees are hereby released from liability by reason thereof as a result of such damage or destruction, and if any improvements, fixtures, equipment, supplies, merchandise or other property, whether that of the Tenant or others in, upon or about 314 Walnut Street is damaged or destroyed by fire or other perils, irrespective of the cause of such fire or other extended coverage risks, the Landlord, its agents, employees, representatives and invitees are hereby released from any liability as a result of such damage or destruction.

LEASE SUBORDINATE: Landlord may cause this lease to be made subject and subordinate to all ground or underlying leases, mortgages, restrictions which may now affect 314 Walnut Street and to all renewals and extensions thereof. For confirmation of such subordination, Tenant shall execute promptly any subordination and attornment agreement requested by the Landlord.

ESTOPPEL CERTIFICATE: Tenant agrees that at any time and from time to time upon not less than ten (10) days prior written notice by the Landlord, it will execute, acknowledge and deliver to the Landlord, a statement in writing:

- (a) certifying that this lease is unmodified and in full force and effect or if there have been modifications, that this lease is in full force and effect as modified and stating the modifications;
- (b) stating the date to which the rent and other charges hereunder have been paid by Tenant;
- (c) stating whether Landlord is in default in the performance of any covenants, agreements or conditions contained in this lease and if so, specifying such defaults of which Tenant may have knowledge;
- (d) responding to such other matters as Landlord reasonably requests.

Any such statement delivered pursuant hereto may be relied upon by any owner or prospective purchaser of 314 Walnut Street, any prospective mortgagee of 314 Walnut Street or Landlord's interest therein, or any prospective assignee of any such mortgage.

DEFAULT: Tenant shall be in default if:

- (a) Tenant fails to make timely payment of any installment of rent and Landlord has given Tenant ten (10) days written notice of such default;
- (b) Tenant has failed in the observance or performance of Tenant's covenants, agreements or obligations under this lease and Landlord has given Tenant thirty (30) days written notice of such default;
- (c) Tenant makes a general assignment of Tenant's assets for the benefit of creditors. Then, in any such event, Landlord may, without process re-enter immediately into 314 Walnut Street and remove all persons and property therefrom, and at its option, annul and cancel this lease as to all future rights of Tenant and have, regain and repossess and enjoy 314 Walnut Street, anything herein to the contrary notwithstanding, and Tenant hereby expressly waives the service of any notice in writing of intent to re-enter as aforesaid, and also all right of restoration to possessions of 314 Walnut Street after re-entry or after judgment of possession thereof. In case of any such termination, Tenant will indemnify Landlord against all loss of rents and other damages which it may incur by reason of such termination during the residue of the lease term and also against all attorney's fees and expenses incurred in enforcing any of the terms of this lease. If Tenant shall abandon 314 Walnut Street before the expiration or termination of the term of this lease, Landlord may accelerate Tenant's entire rental obligation hereunder and the entire rent due for the balance of the term hereof shall immediately become due and payable. 314 Walnut Street may be relet by Landlord for such rent and upon such terms as are not unreasonable under the circumstances and Tenant shall be liable for all damages sustained by Landlord including deficiency in rent, reasonable attorney's fees and expenses of renting same. Provisions contained in this paragraph shall be in addition to and shall not prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired term of this lease. Landlord shall have the right to commence one or more actions to enforce the terms of this paragraph and the commencement and prosecution of one action shall not be deemed a waiver of an estoppel from commencing one or more actions from time to time in the future. All rights and demands of Landlord under this lease shall be cumulative and shall not be exclusive of any other rights and remedies provided to Landlord under applicable law. It is agreed and understood that the total one year rental amount stated for 314 Walnut Street described is a consideration in limiting the Tenant's liability.

RIGHT TO CURE DEFAULTS: If Tenant defaults in the observance or performance of any of Tenant's covenants, agreements or obligations hereunder wherein the default can be cured by the expenditure of money, Landlord may, but without obligation, and without limiting any other remedies which it may have by reason of such default, cure the default, charge the cost thereof to Tenant and Tenant shall pay the same forthwith upon demand, together with interest thereon at the rate of 12% per annum including the cost of Landlord in connection with said default, to the extent allowed by law.



EMINENT DOMAIN, CONDEMNATION OR CASUALTY LOSS: If the entire 314 Walnut Street, or that portion which is subject to this Lease is taken by eminent domain or condemnation, this Lease shall automatically terminate as of the date of taking. If 314 Walnut Street is substantially damaged or destroyed by fire or other casualty, Landlord shall have the right to terminate this Lease, provided it gives written notice thereof to the Tenant within ninety (90) days after such damage or destruction. If Landlord elects not to terminate, Landlord shall, within a reasonable time and its own expense, restore 314 Walnut Street, exclusively of any alterations or other changes made to 314 Walnut Street at any time by or at the directions or request of Tenant, to as near the condition which existed immediately prior to such damage or destruction as reasonable possible. In the event Landlord so elects to restore 314 Walnut Street, rent shall fully abate during such untenable portion of 314 Walnut Street bears to the entire 314 Walnut Street. Landlord shall not be responsible to Tenant for damages to or destruction of any furniture, equipment, alterations or other changes made or installed in, on or about 314 Walnut Street regardless of the cause of the damage or destruction.

HOLDING OVER: Should Tenant continue to occupy 314 Walnut Street, or any part thereof, after the expiration or termination of the Term or of any optional renewal term, whether with or against the consent of Landlord, such tenancy shall, at the election of Landlord, be:

From month-to-month in which event Tenant shall pay to Landlord for each additional month or partial month an amount equal to 110% of the rent in effect for the last period prior to the date of such expiration or termination.

NOTICES: Any notice or demand which, under the terms of the Lease or under any statute must or may be given or made by the parties hereto, shall be in writing and shall be effective upon being placed in the United States Mail;

(a) If to Landlord at: Chaska Economic Development Authority  
Attn: Executive Director  
One City Hall Plaza  
Chaska, MN 55318

(b) If to Tenant at: NorthStar Regional P.S.C.  
c/o Jason Vanderscoff  
102 East 2<sup>nd</sup> Street  
Suite 110B  
Chaska, MN 55318

LANDLORD'S RIGHT OF ENTRY: Landlord and its authorized agents shall have the right to enter the 314 Walnut Street, following notice, during normal working hours for the following purposes:

- (a) inspecting the general conditions and state of repair;
- (b) the making of repairs required by Landlord;

- (c) the showing to any prospective purchaser or tenant.

If this Lease has not been renewed or extended prior to the final sixty (60) day period of the Lease term, Landlord and its authorized agents shall have the right to erect on or about 314 Walnut Street a customary sign, during the final thirty (30) days, advertising the property for lease or for sale. Landlord and its authorized agents shall have the right to enter 314 Walnut Street at any time during an emergency when such entry is reasonable deemed to preserve the 314 Walnut Street from serious damage or destruction.

ASSIGNMENTS AND SUBLETTING: Tenant shall not assign this lease or sublet any portions of 314 Walnut Street (except to an affiliated company) without the prior written consent of Landlord, which shall not be unreasonably withheld. In determining whether to grant consent to Tenant's sublet or assignment request, Landlord may consider any reasonable factor. Landlord and Tenant agree that any one of the following factors, or any other reasonable factor, will be reasonable grounds for deciding Tenant's request:

- (a) financial strength of the proposed subtenant/assignee must be at least adequate so that the Tenant can be reasonably expected to meet lease obligations;
- (b) use of the premises by the proposed subtenant/assignee must be in accordance with the use permitted by the lease;
- (c) use of the premises will not violate any other agreements affecting the premises, the Landlord or other Tenants.

KEYS: Landlord agrees to provide Tenant with one (1) key to 314 Walnut Street. Tenant may make additional copies for its own use, provided that at the expiration or termination of this Lease, Tenant shall give Landlord all copies of all keys to 314 Walnut Street.

MAINTENANCE BY LANDLORD: Landlord shall at its expense maintain the roof, foundation, exterior doors, walls and exterior windows and electrical system of 314 Walnut Street, in good repair and condition, ordinary wear and tear excepted; provided, however, if the need for such repair is attributable to or results from the negligent occupancy of Tenant, then, in such case, Tenant agrees to reimburse Landlord for all costs and expenses incurred by Landlord with respect to such repair.

MAINTENANCE BY TENANT: Tenant shall at its expense maintain all other parts of 314 Walnut Street in good repair and condition, including but not limited to repairs (including all necessary replacements parts) to and cleaning of the interior window glass, plate glass, light bulbs, floor coverings and wall coverings, and any mechanical or electrical systems it may install in the course of operating its business in 314 Walnut Street. In addition, the tenant agrees to maintain faulty appliances. Tenant shall maintain heating, ventilation and cooling systems up to but not including a complete system failure. Concealed or non-concealed plumbing repairs will be

covered by Tenant up to a total cost of \$225.00/incident. In addition, the tenant shall carry the CenterPoint Energy Maintenance coverage on all major appliances. Tenant shall be responsible for all snow removal and lawn maintenance.

**SURRENDER OF 314 WALNUT STREET:** Upon the expiration or termination of the lease Term or any extension thereof, Tenant shall at its expense:

- (a) remove Tenant's goods and effects, debris and those of all persons claiming under Tenant;
- (b) quit and deliver up 314 Walnut Street to Landlord peaceable and quietly in as good order and condition as the same were on the date the Lease term commenced or were thereafter placed in by Landlord, reasonable wear and tear and damages from fire and other casualty excepted.

Any property left in 314 Walnut Street after the expiration or termination of the Lease term shall be deemed to have been abandoned and shall become the property of Landlord to dispose of as Landlord deems expedient.

**MISCELLANEOUS:** This Lease shall be binding upon and inure for the benefit of the parties hereto and subject to the restrictions and limitations herein contained, their respective heirs, successors and assigns. Tenant shall, upon the written request of Landlord, execute a memorandum or short lease form, in a form suitable for recording. This lease shall be construed in accordance with the laws of the State of Minnesota. The captions in this lease are for convenience only and are not part of this lease. Additional provisions, if any, set forth in the attached Exhibits are included herein and by reference made a part hereof. If there is any conflict between the terms, conditions and provisions of this lease and the terms, conditions and provisions of said Exhibits, the terms, conditions and provisions of the Exhibits shall control and take precedence. Failure of the Landlord to insist, in any one or more instances, upon strict performance of any term, covenant or condition of the lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future, of such term, covenant condition or option, but the same shall continue and remain in full force and effect. The receipt by Landlord of rents with knowledge of a breach of any terms, covenant and conditions of this lease by Tenant shall not be deemed a waiver of such breach, and Landlord shall not be deemed to have waived any provision of this lease unless expressed in writing and signed by the Landlord. This lease may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the undersigned have executed this lease this \_\_\_\_ day of April, 2022.

LANDLORD: Chaska Economic Development Authority

By: \_\_\_\_\_  
Mark Windschitl, Its President

By: \_\_\_\_\_  
Matthew Podhradsky, Its Executive Director

STATE OF MINNESOTA     )  
                                          )  
COUNTY OF CARVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of April, 2022, by Mark Windschitl, President of Chaska Economic Development Authority, a body corporate and politic under the laws of the State of Minnesota.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA     )  
                                          )  
COUNTY OF CARVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of April 2022, by Matthew Podhradsky, Executive Director of Chaska Economic Development Authority, a body corporate and politic under the laws of the State of Minnesota.

\_\_\_\_\_  
Notary Public

IN WITNESS WHEREOF, the undersigned have executed this lease this \_\_\_\_ day of April, 2022.

TENANT: NorthStar Regional, P.S.C.

By: \_\_\_\_\_  
\_\_\_\_\_, Its \_\_\_\_\_

STATE OF MINNESOTA     )  
                                          )  
COUNTY OF CARVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2022, by \_\_\_\_\_, \_\_\_\_\_ of NorthStar Regional, P.S.C.

\_\_\_\_\_  
Notary Public