



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, May 1, 2023
IMMEDIATELY FOLLOWING CITY COUNCIL MEETING

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - 4.A. EDA Meeting Minutes 1-9-2023
5. Discussion Items
 - 5.A. Adopt EDA Resolution 2023-43 Approving a Letter of Undertaking
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
JANUARY 9, 2023

DRAFT

1. Call to Order

President Windschitl called the meeting to order at 9:28 p.m.

2. Roll Call

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

Absent: None.

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

3. Agenda

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

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes of 12-19-2022

Motion by Commissioner Hubbard, second by Commissioner Huang to approve the minutes of the December 19, 2022 EDA Meeting Minutes.

Motion carried.

5. Discussion Items

5A. Items Related to the Redevelopment of the Chaska Building Center Site

Executive Director Podhradsky introduced and provided an overview of this item.

President Windschitl opened the public hearing at 9:31 p.m.

No one appeared to address the EDA.

President Windschitl closed the public hearing at 9:32 p.m.

Motion by Commissioner Grau, second by Commissioner Huang to adopt EDA resolution 2023-4 approving the sale of the property; a purchase agreement between the EDA and Lariat Companies, Inc.; and a Development Agreement between the EDA, City of Chaska, and Lariat Companies, Inc.

Motion carried.

6. Other Business

There was no other business.

7. Adjourn

Motion by Commissioner Hubbard, second by Commissioner Grau to adjourn the meeting at 9:33 p.m.

Motion carried.

REQUEST FOR ACTION

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

5/1/2023

Subject: Adopt EDA Resolution 2023-43 Approving a Letter of Undertaking

Prepared By: Elise Durbin, Assistant Executive Director

Background

For many years, the EDA has been working to redevelop the site that was once occupied by the Chaska Building Center. The site, located on Chaska Boulevard (CSAH 61) between East Creek and Fire Lane, has been partially developed with the DDK Construction offices and Formacoat. The EDA owns this remaining 3.72-acre vacant site through a Contract for Deed with Bremer Bank. Additionally, there is an existing Tax Increment Financing District across the entire site, including this parcel, that was established to facilitate the redevelopment.

In September 2021, the EDA entered into a Letter of Intent with Lariat Companies, Inc. to acquire the property and build a multi-tenant light industrial/manufacturing/office building. Since that time, the developer has been working on plan details and with staff on both a purchase agreement and development agreement for the site.

In October 2022, the project received Final Site and Building Plan approval to build a 41,000 square foot building for office, warehouse, and quasi-retail uses. The building will accommodate 25 tenants with spaces ranging in size from 1,320 to 2,460 square feet. The tenants are anticipated to be small businesses that could be working out of their homes currently or are in need of larger spaces, such as contractors, on-line retailers, dance studios, and similar uses.

In January 2023, the EDA and the City approved a Development Agreement and Purchase Agreement with Lariat Companies, Inc., the city and the EDA for the transfer of this property and the redevelopment of the site upon the following general terms:

- Lariat Companies, Inc. will pay to the EDA \$243,065 for the site, which reflects the \$1.50 per square foot price the property has been marketed at.
- To support the TIF, Lariat Companies, Inc. agrees that as of January 2, 2024, the minimum market value to be assessed for the property shall be \$5,800,000.
- Chaska EDA agrees to pay Bremer Bank, with whom the EDA has a Contract for Deed with for the site, \$495,065.
- The city will:
 - Waive the following development fees: water area, sanitary sewer area, storm water area, parkland dedication and trails.
 - Repave Fire Lane within six months after project completion (weather permitting) and not assess the property.
- Closing is to happen no later than June 15, 2023 and construction is to begin no later than June 30, 2023.

EDA Undertaking to Clear Title to the Redevelopment Property

During Lariat Companies' inspection of title to the redevelopment property under the terms of the purchase agreement, a title issue (described below) was discovered with respect to the property related to Bremer Bank's acquisition of the property pursuant to an Agreement for Voluntary Foreclosure with its prior owner, Klingelhutz Land & Building Company.

The title issue is related to the fact that, since the property is "registered" or "Torrens" property under Minnesota law, after a foreclosure, state law requires that a "proceeding subsequent to initial registration" be completed in order to issue a new certificate of title to the property in the name of the foreclosing party. This proceeding subsequent is in process, but not yet complete, thereby creating a title defect that limits the ability of Bremer Bank and the EDA to transfer the property to Lariat Company with clean title.

Lariat is interested in closing on the property and commencing construction as soon as possible, and before the proceeding subsequent will be completed. Lariat's title insurance company is willing to insure Lariat's title to the property notwithstanding the pending proceeding subsequent if Bremer Bank and/or the EDA agree to undertake to finish the "proceeding subsequent" in a timely manner and be responsible for any costs related thereto. If the property were not "registered" or "Torrens", Lariat's title insurance company would be willing to close and insure Lariat's title without further action, but the proceeding subsequent is a necessary procedural step for "registered" or "Torrens" property.

Bremer Bank's lawyers are currently processing the proceeding subsequent at Bremer Bank's cost and are nearly finished, but Bremer Bank is not willing sign an agreement with the title company to undertake to complete the proceeding subsequent, partially due to some issues raised by Carver County examiner of titles processing the proceeding subsequent.

The EDA's attorney at Dorsey & Whitney has reviewed the status of the proceeding subsequent and the open items, and believes that the proceeding subsequent will be completed and the open items resolved without issue, primarily due to the facts that the original foreclosure was a voluntary foreclosure and that more than two years has passed since the original foreclosure proceedings.

Lariat has asked the EDA to undertake to complete the proceeding subsequent pursuant to the "letter of undertaking" in favor of Old Republic Title Insurance Company in order to allow Lariat to close on the property and begin construction.

Staff Recommendation

This site is the last piece in a many-year effort to redevelop the former Chaska Building Center site. The Lariat project works to accomplish the City Council's Vision of "In 2025 Chaska has a vibrant downtown" by redeveloping an underutilized site, adding jobs to the downtown area, and bringing a new type of facility to the community. There is minimal risk in undertaking to complete the proceeding subsequent compared to the benefit of ensuring that the Lariat project is completed, and its benefits realized. Because of this, staff recommends that the EDA approve the action requested below.

EDA ACTION REQUESTED

Adopt EDA resolution 2023-43 approving the EDA's execution of a letter of undertaking in favor of Old Republic Title Insurance Company to complete the pending proceeding subsequent.

**ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA
CARVER COUNTY, MINNESOTA**

RESOLUTION

DATE 5/1/2023 **RESOLUTION NO.** EDA 2023-43

MOTION BY COUNCILMEMBER _____ **SECOND BY COUNCILMEMBER** _____

RESOLUTION GRANTING APPROVAL OF A LETTER OF UNDERTAKING BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA (THE "EDA"), IN FAVOR OF OLD REPUBLIC TITLE INSURANCE COMPANY ("OLD REPUBLIC") AND LARIAT COMPANIES, INC., A MINNESOTA CORPORATION ("LARIAT")

BE IT RESOLVED by the EDA as follows:

Section 1. Recitals.

1.01. Pursuant to Minnesota Statute Sections 469.001 through 469.047 and 469.090 through 469.1082, as amended (the "Act"), the EDA has created Redevelopment Project Area No. 4 (the "Project Area").

1.02. The EDA has agreed to sell and convey its interest in the following property within the Project Area located at 2950 Chaska Boulevard (the "Property") to Lariat pursuant to a purchase agreement (the "Purchase Agreement") in form and substance previously approved by the EDA:

Lot 2, Block 1, Formacoat Addition, Carver County, Minnesota.

1.03. The EDA, pursuant to the Act, has entered into a Development Agreement (the "Development Agreement") with the City of Chaska (the "City") and Lariat, under which (i) Lariat will construct an approximately 40,000 square-foot multi-tenant industrial facility for the development of a small bay industrial space for small businesses on the Property (the "Project") and (ii) the EDA and the City will provide certain financial accommodations to Lariat in connection with the same.

1.04. During Lariat's inspection of title to the Property under the terms of the Purchase Agreement, it was discovered that a required "proceeding subsequent to initial registration" related to Bremer Bank's acquisition of the property pursuant to an Agreement for Voluntary Foreclosure with its prior owner, Klingelhutz Land & Building Company, has not been completed.

1.05. In order for Lariat to close on the Property and begin construction the Project, and for Old Republic to insure Lariat's title to the Property, Lariat and Old Republic have requested that the EDA undertake to complete the pending proceeding subsequent to initial registration pursuant to a "letter of undertaking" in favor of Old Republic and Lariat (the "Letter of Undertaking").

Section 2. EDA Approval of Letter of Undertaking.

2.01. The EDA hereby approves the Letter of Undertaking substantially in the form presented to the EDA Board of Commissioners. The EDA hereby authorizes its President or Executive Director, each individually or together, in their discretion and at such time, if any, as they may deem appropriate, to execute the same on behalf of the EDA, and to carry out, on behalf of the EDA, the EDA's obligations thereunder.

2.02. The approval hereby given to the Letter of Undertaking includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the EDA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the EDA. The officers authorized herein to execute said documents are further authorized to take all steps and execute and deliver such documents, instruments or agreements on behalf of the EDA, as any such person shall deem necessary, desirable or appropriate to otherwise carry out the purposes of the matters authorized by this resolution or as contemplated by any of the agreements or documents authorized by this resolution. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof.

2.03. All actions of any EDA member taken prior to the date hereof on behalf of the EDA in connection with the Letter of Undertaking are hereby approved, adopted and ratified in all respects.

Passed and adopted by the Board of Commissioners of the Economic Development Authority of the City of Chaska, Minnesota, this 1st day of May, 2023.

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF CHASKA, MINNESOTA

By: _____
Mark Windschitl, President

ATTEST:

Chaska Deputy Clerk

April __, 2023

Old Republic National Title Insurance Company
11055 Wayzata Boulevard
Suite 250
Minnetonka, MN 55305

Re: Carver County Certificate of Title No. 40653.0
Ile No. ORTE749110

The undersigned hereby agrees to undertake the obligation to obtain an Order from a Proceedings Subsequent to Initial Registration. Said Order shall instruct the Registrar of Titles of Carver County to issue a New Certificate of Title in the name of Lariat Companies, Inc., a Minnesota corporation and free from Memorials filed as Document Nos. 141497, 141498, 146634, 161862, 161863, 168355, 168401, 168402, 168403, 170754, 184530, 184572187905, 192301, 207058, 207060, 207067, 208997, 217086 and 218316 and the Recital of easement and ingress in Document No. 100613.

The undersigned agrees to complete said Proceedings in a timely manner and will be responsible for any costs related thereto without seeking any compensation from Old Republic National Title Insurance Company or Lariat Companies, Inc.