AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, March 18, 2024
IMMEDIATELY FOLLOWING CITY COUNCIL MEETING

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
    4.A. Approve the 12/18/2023 EDA Meeting Minutes
5. Discussion Items
    5.A. Approve Downtown Building Improvement Program Loan Application from Chaska Mill Properties for 500 N Pine St
    5.B. Bond Sale Reimbursement
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 18, 2023

Draft

1. Call to Order

Acting President Huang called the meeting to order at 8:12 p.m.

2. Roll Call

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

Absent: Windschitl.

Also Present: Elise Durbin, Assistant Executive Director; Matt Podhradsky, Executive Director; Nate Kabat, Community Development Director

3. Agenda

By general consensus, the agenda was adopted as presented.

4. Minutes

4.A. Approve EDA Meeting Minutes of 10-16-2023

Motion by Commissioner Hubbard, second by Commissioner Grau to approve the minutes of the October 16, 2023 EDA Meeting Minutes.
Motion carried.

5. Discussion Items

5A. Adopt Resolution EDA 2023-97, Resolution Adopting the 2024 EDA Budget and EDA Property Tax Levy for Payable 2024

Executive Director Podhradsky introduced and provided an overview of this item and noted that staff recommended approval.

Acting President Huang noted that this information tied back to what was discussed at the City Council meeting prior to the EDA meeting.

Motion by Commissioner Grau, second by Commissioner Hatfield to adopt EDA Resolution No. 2023-97, Resolution Approving the 2024 EDA Budget and Property Tax Levy for Payable 2024.
Motion carried.

6. Other Business

6A. City Administrator's Report

Commissioner Hubbard noted that she had recently learned that the hotel sold and asked for an update. Executive Director Podhradsky explained the City was still trying to figure out what is going on with the hotel. He stated there does not appear to have been a formal auction but a bid was accepted. The City does not know anything about the closing or who the purchaser is, but he had heard the same rumors that Commissioner Hubbard had outlined.

7. Adjourn

Motion by Commissioner Hatfield, second by Commissioner Hubbard to adjourn the meeting at 8:18 p.m.
Motion carried.

REQUEST FOR ACTION
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
3/18/2024

Subject: **Approve Downtown Building Improvement Program Loan Application from Chaska Mill Properties LLC for 500 N Pine St**

Prepared By: Julie Grove, Economic Development Coordinator

Background

Since the mid-1990's the Chaska Economic Development Authority (EDA) has offered a loan program to businesses and property owners in downtown Chaska to restore buildings throughout downtown. In 2023 the program was modified to include renovations on the rear of the building and amend funding amounts and terms. The purpose of the program is to encourage restoration of downtown buildings on both the front and rear facades in order to strengthen the overall character of the area.

Current Request

Staff has been working with the property owner of 500 N Pine St (Chaska Mill building) for several months discussing how their restoration plans for the property can coincide with the new pedestrian tunnel being constructed next to their building as part of the Hwy 41 construction project (at Hwy 41 & 5th St).

The brick portion of Chaska Mill was originally built in 1897 and functioned as a steam-operated mill. An addition was built in 1903 (See photo below). The building operated as a mill until the 1970's after which it was converted into a multi-tenant commercial building. This property is one of several previously rehabilitated buildings downtown and is considered an important "anchor" that contributes to the vitality of downtown Chaska.

As part of their current plans, the property owner intends to replace the existing deck and door entrances on all sides of the building to visually enhance the building exterior and increase the safety of all entrances. Specifically, the improvements planned as part of this request include:

- Replace decking and railing
- New stairways
- Improve entrance doors and vestibule area
- Stain deck ceiling

The property owner has begun some of the work by replacing one of the stairs which was in poor condition and created a safety hazard. The remainder of the work will be completed after EDA's approval of the loan. Upon completion of the Highway 41 project, the property owner has plans to install additional landscaping and sidewalk improvements adjacent to the new tunnel. The goal of this project is to further entice customers to visit Chaska Mill businesses.

The Building Official and planning staff have approved a building permit for the work. Plans are included in Attachment A.

The total cost of the project is $31,475. Per the program guidelines, there is a 50 percent match by the property owner, so the requested loan amount is approximately $15,740. Of that loan, $7,870 will be a low interest loan repayable over 10 years. The other half will be a deferred, forgivable loan, with 10 percent forgiven for each year that they remain the property owner. Should they decide the sell before the end of the 10 years, they will be required to pay back the remaining balance of the forgivable portion of the loan, in addition to any outstanding balance on the loan interest loan portion.

The project is consistent with the Downtown Building Improvement Program guidelines, and staff recommends the EDA approve a loan in the amount of $15,740. and allow work to begin immediately.

EDA ACTION REQUESTED
Motion to approve the Downtown Building Improvement Program Loan request for Chaska Mill Properties LLC for work to be completed at 500 N Pine St. and authorize the Assistant Executive Director to execute the necessary loan documents.

Attachment A

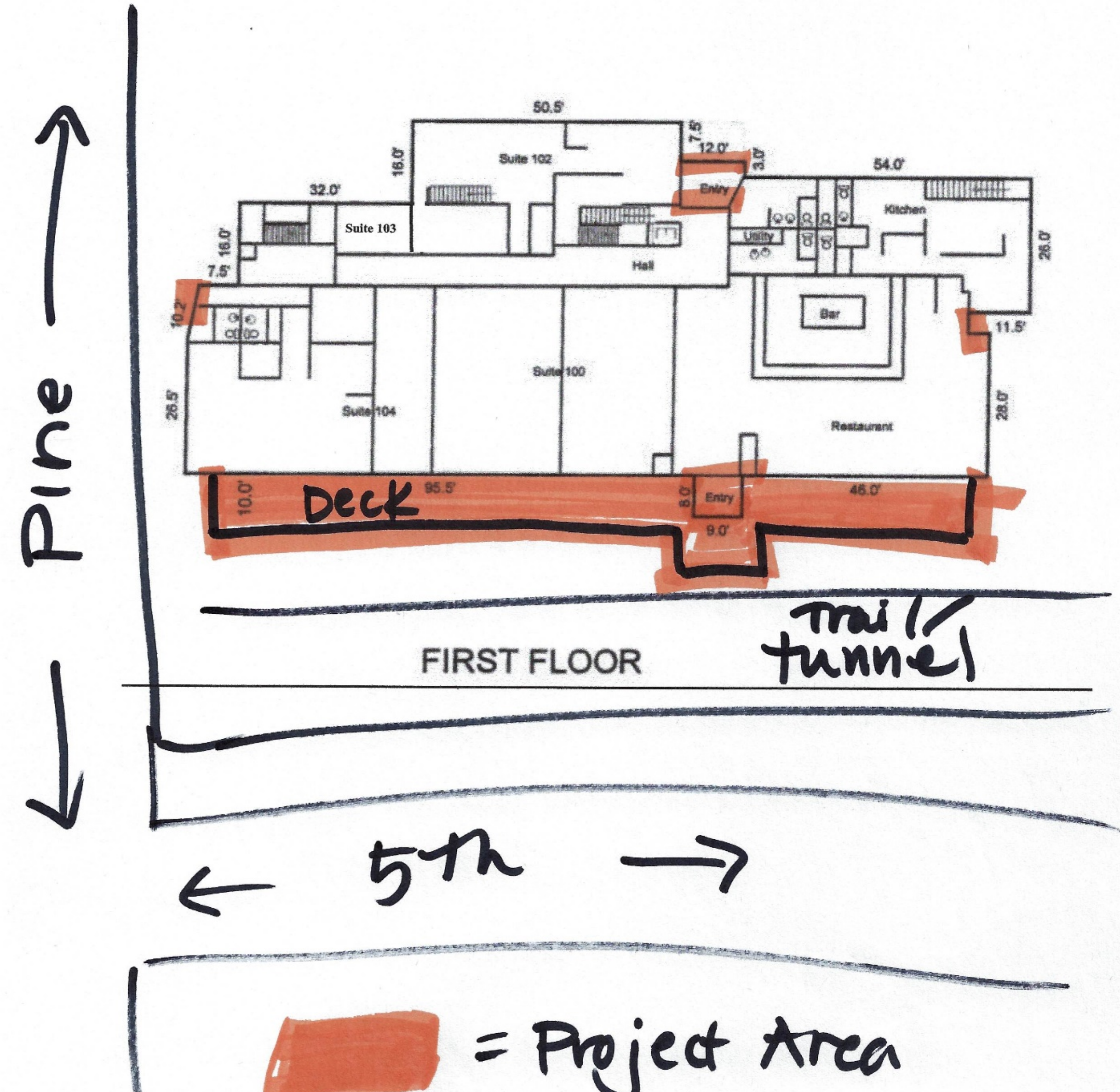
Chaska Mill Properties
500 N Pine St

Project:
Entrance Improvements to Historic Chaska Mill Building in Downtown Chaska at 500 N Pine St. Project includes replacing existing deck railings with Red Cedar to match existing rotted wood resulting in improved stain and door conditions.

The new pedestrian tunnel impacts access and visibility of the Chaska Mill. The improvements to the deck and entrances will make the exterior more inviting to visit and use even when impacted with accessibility changes. The improvements will create a better look and improve safety conditions needed to entice customers to use and visit Chaska Mill businesses.

Riverside construction will conduct the work on the deck and door entrances. JJ Twin Cities painting will complete the staining.

Plans below highlight work to be completed:



* Replace Deck Railing
* New Stairway
* Improve Entrance Doors / vestibule Area
* Stain Deck Ceiling

Page 1 of 1

REQUEST FOR ACTION
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
03/18/24

Subject: Bond Sale Reimbursement

Reviewed by: Noel Graczyk
Prepared by: Erica Mattice

Background

The Chaska Economic Development Authority (EDA) anticipates issuing lease revenue bonds in 2024 to finance the project costs to construct the City of Chaska Public Safety Facility. Prior to issuance of any such bonded debt the EDA must first comply with IRS regulations regarding reimbursement requirements.

In accordance with IRS regulations, the EDA must declare its intent to reimburse itself prior to payment of project expenditures. The project as listed in the proposed reimbursement resolution will incur costs that will be reimbursed from future bond sales and thus must be declared by the EDA for possible future reimbursement.

The enclosed proposed resolution establishes compliance with IRS reimbursement regulations.

Staff recommends adoption of the resolution.

CHASKA EDA ACTION REQUESTED
Motion to adopt Chaska EDA Resolution No 2024-28 Establishing Compliance with Reimbursement Bond Regulations under the Internal Revenue Code of 1986.

CERTIFICATION OF MINUTES RELATING TO REIMBURSEMENT

Issuer: Economic Development Authority of the City of Chaska, Minnesota

Governing body: Board of Commissioners

Kind, date, time and place of meeting: A regular meeting held Monday, March 18, 2024, at 7:00 p.m., at Chaska City Hall in the Council Chambers located at One City Hall Plaza, Chaska, Minnesota, or by electronic means, as authorized by law.

Members present:

Members absent:

Documents attached: Excerpt of minutes of the above-described meeting relating to the resolution described below.

RESOLUTION NO. EDA 2024-28

RESOLUTION ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE OF 1986

I, the undersigned, being the duly qualified and acting recording officer of the Issuer certify that the documents attached hereto, as described above, have been carefully compared with the original records of the Issuer in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of the Issuer, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body of the Issuer at said meeting, so far as they relate to the resolution described above; and that said meeting was duly held by the governing body of the Issuer at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on Tuesday, March 19, 2024.

____

Denise Beebe, Deputy Secretary

EXCERPT OF MINUTES

Commissioner ____________________ introduced the following resolution and moved its adoption, which motion was seconded by Commissioner _____________________:

RESOLUTION NO. EDA 2024-28

RESOLUTION ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE OF 1986

WHEREAS, the Economic Development Authority of the City of Chaska, Minnesota (the "Issuer"), proposes to enter into or issue one or more tax-exempt obligations (whether one or more, the "Financing"), for the purpose of funding the acquisition, construction, improvement and equipping of the Chaska Public Safety Building (the "Project").

WHEREAS, the Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the "Reimbursement Regulations") dealing with the issuance of tax-exempt obligations all or a portion of the proceeds of which are to be used to reimburse project expenditures incurred prior to the date of issuance of such tax-exempt obligations.

WHEREAS, the Reimbursement Regulations generally require that the Issuer make a declaration of its official intent to reimburse itself for such original expenditures out of the proceeds of a tax-exempt obligation no later than 60 days after payment of the expenditures to be reimbursed, that the tax-exempt obligation be entered into and the reimbursement allocation be made from the proceeds of such tax-exempt obligation within the reimbursement period (as defined in the Reimbursement Regulations) and that the expenditures reimbursed be capital expenditures or costs of issuance of the tax-exempt obligation.

WHEREAS, the Issuer desires to comply with requirements of the Reimbursement Regulations with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED that the Issuer proposes to undertake the Project and to make original expenditures with respect to the Project prior to the issuance of the Financing.

RESOLVED FURTHER that the Issuer reasonably expects to enter into the Financing to finance such Project in the maximum aggregate principal amount of $54,000,000.00, and to reimburse the Issuer for such original expenditures from the proceeds of the Financing as permitted by law.

RESOLVED FURTHER that other than (i) de minimis amounts permitted to be reimbursed pursuant to Section 1.150-2(f)(1) of the Reimbursement Regulations or (ii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Reimbursement Regulations, the Issuer will not seek reimbursement for any original expenditures with respect to the Project paid more than 60 days prior to the date of adoption of this resolution.

RESOLVED FURTHER that all original expenditures for which reimbursement is sought will be capital expenditures, costs of issuance of the Financing issued to finance the Project or extraordinary working capital expenditures under Section 1.148-6(d)(3)(ii)(B) of the Income Tax Regulations.

RESOLVED FURTHER, that no reimbursement allocation contemplated hereby shall be used to avoid the restrictions under Section 142 through 147 of the Internal Revenue Code of 1986 (the "Code") or employ an abusive arbitrage device to avoid the arbitrage restrictions of Section 148 of the Code.

RESOLVED FURTHER that as of the date hereof, there are no Issuer funds reserved, pledged, allocated on a long term basis or otherwise set aside (or reasonably expected to be reserved, pledged, allocated on a long term basis or otherwise set aside) to provide permanent financing for the original expenditures to be financed by the Financing; consequently, it is not expected that the issuance of the Financing will result in the creation of any replacement proceeds.

RESOLVED FURTHER that for a period of one year following any allocation of Financing proceeds to reimburse an expenditure, the Issuer will not use funds corresponding to the Financing proceeds for which a reimbursement allocation was made in a manner that results in the creation of replacement proceeds of the Financing or another issue of tax-exempt obligations (other than amounts deposited into a bona fide debt service fund).

RESOLVED FURTHER that the Administrative Services Director / Treasurer of the City of Chaska (the "Authorized Officer") or his or her designee shall be responsible for making the "reimbursement allocations" described in the Reimbursement Regulations, being generally the transfer of the appropriate amount of proceeds of the Financing to reimburse the source of temporary financing used by the Issuer to make payment of the original expenditures relating to the Project; each reimbursement allocation will be made not later than 18 months after the later of (i) the date of the original expenditure or (ii) the date the Project is placed in service or abandoned (but in no event later than three years after the original expenditure is paid), will be evidenced by an entry on the official books and records of the Issuer maintained for the Financing issued to finance the Project, and will specifically identify the original expenditures being reimbursed.

BE IT FINALLY RESOLVED that this resolution shall be in full force and effect from and after its passage.

Adopted: Monday, March 18, 2024

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.