



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, June 30, 2025
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 02/24/2025
5. Discussion Items
6. Other Business
 - 6.A. Consent of the Chaska Economic Development Authority to Assignment of Tax Increment Financing Development Agreement for Chaska Place (North Meadows) Apartments
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
FEBRUARY 24, 2025**

1. Call to Order

President Hubbard called the meeting to order at 10:30 p.m.

2. Roll Call

Roll call was taken. Present: President Hubbard and Commissioners Benesh, Hatfield, Grau, and Sheveland.

Absent: None.

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

3. Agenda

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

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes of 27-1-2025

Motion by Commissioner Hatfield, second by Commissioner Grau to approve the minutes of the January 27, 2025 EDA Meeting Minutes.

Motion carried.

5. Discussion Items

5A. EDA Resolution No. 2025-19 Approving a Land Donation Agreement

Assistant Executive Director Durbin introduced and provided an overview of this item.

Commissioner Sheveland asked if the land is behind KFC. Assistant Executive Director Durbin confirmed that is correct.

President Hubbard noted it is exciting to see the plan for the land.

Motion by Commissioner Sheveland, second by Commissioner Benesh to adopt EDA Resolution No. 2025-19 approving a land donation agreement.

Motion carried.

6. Other Business

There was no other business.

7. Adjourn

Motion by Commissioner Hatfield, second by Commissioner Grau to adjourn the meeting at 10:38 p.m.

Motion carried.

DRAFT

**REQUEST FOR ACTION
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
6/30/2025**

Subject: Consent of the Chaska Economic Development Authority to Assignment of Tax Increment Financing Development Agreement for Chaska Place (North Meadows) Apartments

Prepared By: Julie Grove, Economic Development Coordinator

History

In August 2002, the Chaska EDA entered into a development agreement with North Meadows Apartments, LLC as part of the establishment of a housing tax increment financing district (TIF 13). As part of the original agreement, North Meadows built a 127-unit partially affordable rental apartment building. Also, attached to the agreement was a tax increment financing note that provided pay as you go tax increment assistance to offer a portion of the units as affordable. In April 2009 North Meadows sold the property to SB Chaska Partners, LLC and the EDA assigned the agreement and note to the new buyers. The EDA approved a Consent of Assignment of the TIF Note in 2009, 2013 and 2016 to facilitate SB Chaska Partners loan refinancing.

On February 1, 2024, the TIF Note obligation was paid in full. However, the district will remain open to allow surplus funds to be pooled and used to support affordable housing initiatives elsewhere in the community. The existing number of affordable rental units will be maintained for the duration of the TIF district.

Update

The owners of Chaska Place Apartments are currently looking to sell their property to Granite Hybrid Fund 2 LLC (Granite Towers Equity Group) and are requesting the EDA approve the execution of an Assignment of the Development Agreement, a Subordination Agreement, and an Estoppel, in order for the closing to take place. These attached agreements are required for closing since the TIF district remains open for pooling purposes.

The City's Attorney has reviewed the documents and staff is recommending approval.

EDA ACTION REQUESTED

Motion to authorize the President and Executive Director of the EDA to execute the closing agreements between the Chaska Economic Development Authority and Granite Hybrid Fund 2 LLC related to the sale of Chaska Place Apartments.

ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT AND TIF NOTE

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Agreement”) is made as of _____, 2025, by and between **SB CHASKA PARTNERS LLC**, a Delaware limited liability company (“Assignor”), and **GRANITE HYBRID FUND 2 LLC**, a Texas limited liability company (“Assignee”).

RECITALS

WHEREAS, the Chaska Economic Development Authority, a public body corporate and politic (the “Authority”), and North Meadows Apartments LLC, a Minnesota general partnership (“North Meadows”), were parties to that certain Development Agreement dated as of August 21, 2002, as further amended and assigned (the “Development Agreement”), which was subsequently assigned by North Meadows to the Assignor upon the Assignor’s acquisition of the Property and Improvements, as defined below.

WHEREAS, pursuant to the Development Agreement, North Meadows constructed certain “Improvements” as more specifically defined in the Development Agreement and known as “Chaska Place Apartments” on certain real property located at 20325 Engler Blvd., Chaska, Minnesota, and as legally described on the attached EXHIBIT A (the “Property”).

WHEREAS, pursuant to the terms of the Development Agreement, the Authority issued to North Meadows its Taxable Limited Revenue Tax Increment Note (North Meadows Apartments, LLC Project), dated August 21, 2022, in the original principal amount of \$922,221 (the “TIF Note”).

WHEREAS, the Assignor and Assignee are parties to that certain Purchase and Sale Agreement dated April 29, 2025 (the “Purchase Agreement”) whereby the Assignor agreed to sell to the Assignee and the Assignee agreed to purchase from the Assignor the Improvements and the Property.

WHEREAS, the Assignor also agreed to assign to the Assignee and the Assignee has agreed to assume, the rights, obligations and responsibilities of the Assignor under the terms of the Development Agreement and the TIF Note. The Assignor has confirmed to the Assignee that the Improvements under the Development Agreement have been completed and all payments under the TIF Note have been made.

WHEREAS, pursuant to Section 8.1 of the Development Agreement, the prior written consent of the Authority is required for any sale, assignment or conveyance of the Property.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms not defined herein shall have the meanings given such terms in the Development Agreement or the TIF Note, as applicable.

2. Assignment and Assumption of the Development Agreement and TIF Note. The Assignor hereby assigns to the Assignee all of its interests in the Development Agreement and the TIF Note. The Assignee hereby accepts such interests (the “Assignee Obligations”), subject to the terms of this Agreement. Assignor and Assignee each acknowledge that the obligations under the TIF Note has been fulfilled by the Authority and the TIF Note has been paid in full as of the date hereof.

3. Covenants of Assignee. The Assignee expressly assumes any remaining obligations of the Assignor under the terms of the Development Agreement and the TIF Note accruing from and after the date hereof and agrees to be subject to all the conditions and restrictions to which the Assignor is subject under the Development Agreement and the TIF Note.

4. Mutual Indemnification. Assignor shall indemnify and hold Assignee harmless from and against all obligations and responsibilities under the terms of the Development Agreement and the TIF Note to the extent such obligations and responsibilities were applicable to the period and required to be performed prior to the date of this Agreement. Assignee shall indemnify and hold Assignor harmless from and against all obligations and responsibilities under the terms of the Development Agreement and the TIF Note to the extent that such obligations and responsibilities are applicable to the period and required to be performed from and after the date of this Agreement.

5. Notices. For purposes of providing notice to the Assignee under the Development Agreement, following the date hereof, the Assignee’s address and contact information is set forth below:

To the Assignee:

Granite Hybrid Fund 2 LLC
Granite Towers Equity Group, LLC
Attn: Dan Brisse, Mike Roeder
Email: dan@granitetowersequitygroup.com
mike@granitetowersequitygroup.com

6. Governing Law. It is agreed that this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota.

7. Entirety of Agreement. This Agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

8. Modification. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if placed in writing and signed by each party or an authorized representative of each party.

9. Execution in Counterparts. This Agreement may be executed, acknowledged, and delivered in any number of counterparts and each of such counterparts shall constitute an original but all of which together shall constitute one agreement.

10. Authority Consent. By executing its counterpart to this Agreement attached hereto as Exhibit B, the Authority approves the transfer of the Improvements and the Property by the Assignor to the Assignee.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Agreement to be executed as of the date and year first written above.

SB CHASKA PARTNERS LLC,
a Delaware limited liability company

By: _____
Scott W. Bader
Its: Administrative Member

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Scott W. Bader, the Administrative Member of SB Chaska Partners LLC, a Delaware limited liability company, on behalf of the company.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402-4629

GRANITE HYBRID FUND 2 LLC,
a Texas limited liability company

By: _____
Mike Roeder
Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025 by Mike Roeder, the _____ of Granite Hybrid Fund 2 LLC, a Texas limited liability company, on behalf of the company.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

Lot 1, Block 1, North Meadow Ninth Addition, Carver County, Minnesota

Abstract and Torrens – Certificate of Title No. 34240.0

EXHIBIT B

**CONSENT TO ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT
AND TIF NOTE**

The Authority hereby consents to the transfer of the Property and Improvements located at 20325 Engler Blvd., Chaska, Minnesota, by SB Chaska Partners LLC to Granite Hybrid Fund 2, LLC.

Executed _____, 2025.

AUTHORITY:

Chaska Economic Development Authority

By: _____
Name: _____
Title: _____

31928418v2

Prepared by, and after recording, return to:

Nora G. Nickel, Esquire
Troutman Pepper Locke LLP
Post Office Box 1122
Richmond, Virginia 23218-1122

SUBORDINATION AGREEMENT

GOVERNMENTAL ENTITY

**SUBORDINATION AGREEMENT GOVERNMENTAL ENTITY FOR REGULATORY
AGREEMENT
REGULATORY AGREEMENT ONLY/NO SUBORDINATE DEBT**

THIS SUBORDINATION AGREEMENT FOR REGULATORY AGREEMENT (this “**Agreement**”) is effective as of the 30th day of June, 2025, by the **CHASKA ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic (“**Governmental Entity**”), and **GRANITE HYBRID FUND 2 LLC**, a Texas limited liability company (“**Borrower**”), for the benefit of **LUMENT REAL ESTATE CAPITAL, LLC**, a Delaware limited liability company, its successors and assigns (“**Lender**”).

RECITALS:

A. Simultaneously herewith Lender is making a loan to Borrower in the original principal amount of \$21,922,000.00 (“**Loan**”) pursuant to a Multifamily Loan and Security Agreement between Lender and Borrower (as supplemented or amended from time to time, the “**Loan Agreement**”) and evidenced by a Multifamily Note by Borrower to Lender (as supplemented or amended from time to time, the “**Note**”). The Loan is to be secured by a Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing that will be recorded among the records of Carver County, Minnesota (“**Official Records**”) (as supplemented or amended from time to time, the “**Mortgage**”) of certain improved real property located in Carver County, Minnesota, as more particularly described on Exhibit A attached hereto (“**Property**”). The Loan Agreement, the Note and the Mortgage, together with all other documents executed with respect to the Loan, are hereinafter collectively referred to as the “**Loan Documents**”.

B. In connection with the construction and development of the Property, predecessor-in-interest to Borrower entered into a certain Development Agreement dated as of August 21, 2002, as amended by a First Amendment to Development Agreement dated as of November 21, 2002 (“**Regulatory Agreement**”) in favor of the Governmental Entity, which was recorded in Carver County, Minnesota, pursuant to which the Property was subjected to certain restrictions by Governmental Entity.

C. As a condition to making the Loan, Lender requires that the lien of the Mortgage be superior to the lien of the Regulatory Agreement. Lender will not make the Loan unless Governmental Entity and Borrower agree to subordinate their rights and obligations under the Regulatory Agreement.

E. Borrower and Governmental Entity hereby agree to subordinate the Regulatory Agreement on and subject to the terms, conditions and requirements set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. The foregoing Recitals are hereby incorporated into this Agreement as agreements among the parties.

2. Subordination. The Governmental Entity hereby agrees that the Regulatory Agreement is and shall at all times continue to be, subordinate, subject and inferior to the rights of Lender under the Loan Documents and that the liens, rights (including approval and consent rights), remedies, payment interests, priority interests, and security interests granted to Governmental Entity pursuant to or in connection with the Regulatory Agreement are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights (including approval and consent rights), remedies, payment, priority and security interests granted to Lender pursuant to the Loan Documents and the terms, covenants, conditions, operations and effects thereof. Notwithstanding the above, Governmental Entity may exercise the remedies of specific performance or injunctive relief at any time in the event of a default under or breach of the terms of the Regulatory Agreement.

3. Financing, Encumbrance and Approval. Governmental Entity hereby approves and acknowledges the financing evidenced by the Mortgage. Governmental Entity further agrees that any transfer of the Property in connection with foreclosure of the Mortgage or a deed in lieu thereof shall not require Governmental Entity's consent but shall require notice to Governmental Entity.

4. Satisfaction of Prior Indebtedness. Governmental Entity acknowledges and agrees that the "Loan" associated with and defined in the Regulatory Agreement, owed by Borrower's predecessor in interest to Governmental Entity has been forgiven by the Governmental Entity, in all respects. Borrower's acquisition of the Property subject to the Regulatory Agreement does not in any way constitute an assumption of the "Loan".

5. Lender Notice of Default. In consideration of Governmental Entity's agreements contained in this Agreement, Lender agrees that in the event of any default by Borrower under the Loan Documents, Governmental Entity shall be entitled to receive a copy of any notice of default given by Lender to Borrower under the Loan Documents. Neither the giving nor the failure to give a notice to Governmental Entity pursuant to this Section 5 will affect the validity of any notice given by Lender to the Borrower.

6. Governmental Entity Notice of Default. Governmental Entity shall give Lender a concurrent copy of each material notice (including without limitation each notice of default) given by Governmental Entity under or with respect to the Regulatory Agreement, and agrees that Lender, at Lender's sole election, shall have the right (but not the obligation) to cure any default by Borrower under the Regulatory Agreement on its and/or Borrower's behalf. Governmental Entity hereby represents that, to the best of its knowledge, there is no current default under the Regulatory Agreement.

7. Governmental Entity's Rights. Except as set forth in Sections [2 and 8] of this Agreement, nothing in this Agreement is intended to abridge or adversely affect any right or

obligation of Borrower and/or Governmental Entity, respectively, under the Regulatory Agreement; provided that, (A) the Regulatory Agreement may be released but it may not be modified, amended, changed or otherwise altered without the prior written consent of Lender so long as the Loan is secured by the Property and (B) for so long as the Loan is secured by the Property, notwithstanding the terms of the Regulatory Agreement to the contrary, neither Borrower nor Governmental Entity will, without Lender's prior written consent, exercise or seek any right or remedy under the Regulatory Agreement or available at law or in equity which will or could result in (i) a transfer of possession of the Property or the control, operations or management thereof, (ii) the collection or possession of rents or revenues from or with respect to the Property by any party other than Borrower or Lender; (iii) appointment of a receiver for the Property; (iv) the application of insurance or condemnation proceeds other than as approved by Lender pursuant to the Loan Documents; (v) the removal or replacement of the existing property manager of the Property; (vi) a material adverse effect on Lender's security for the Loan or (vii) recovery of amounts of Available Tax Increment (as defined in the Regulatory Agreement) that have been paid to Borrower under the Note (as defined in the Regulatory Agreement).

8. Foreclosure by Lender. In the event of foreclosure, deed in lieu of foreclosure, or similar disposition of the Property by Lender, no consent shall be required from Governmental Entity.

9. Entire Agreement. This Agreement represents the entire understanding and agreement between the parties hereto with regard to the subordination of the Regulatory Agreement to the lien or charge of the Loan Documents, and shall supersede and cancel any prior agreements with regard to this subject matter.

10. Binding Provisions. The covenants and agreements contained in this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of the respective parties to this Agreement.

11. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

12. Modifications. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

13. Notices. All notices required or permitted hereunder shall be deemed to have been received either (i) when delivered by hand and the party giving such notice has received a signed receipt thereof, or (ii) three (3) days following the date deposited in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed as follows (or addressed in such other manner as the party being notified shall have requested by written notice to the other party):

If to Governmental Entity:
Chaska Economic Development Authority
One City Hall Plaza

Chaska, Minnesota 55318

If to Lender:

Lument Real Estate Capital, LLC
10 West Broad Street, 8th Floor
Columbus, Ohio 43215

With a copy to:

Troutman Pepper Locke LLP
1001 Haxall Point
Richmond, Virginia 23219
Attn: Nora G. Nickel, Esquire

If to Borrower:

Granite Hybrid Fund 2 LLC
P.O. Box 1999
Maple Grove, Minnesota 55311

14. Further Instruments. Each of the parties hereto will, whenever and as often as they shall be requested to do so by the other, execute, acknowledge and deliver, or cause to be executed, acknowledged or delivered, any and all such further instruments and documents as may be reasonably necessary to carry out the intent and purpose of this Agreement, and to do any and all further acts reasonably necessary to carry out the intent and purpose of this Agreement.

15. Valid Authorization. Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf of such party with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.

16. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which when taken together constitute one and the same instrument, binding on all of the parties. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE REGULATORY AGREEMENT BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF THE MORTGAGE.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year above written.

GOVERNMENTAL ENTITY

**CHASKA ECONOMIC DEVELOPMENT
AUTHORITY**, a public body corporate and
politic

By: _____
Name:
Title:

STATE OF _____, _____ County, ss:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction this _____ day of _____, 2025 by _____ who is _____ of Chaska Economic Development Authority, a public body corporate and politic, for and on behalf of the development authority.

Notary Public

My commission expires: _____

BORROWER:

GRANITE HYBRID FUND 2 LLC, a Texas
limited liability company

By: _____
Michael Roeder
Authorized Signatory

STATE OF _____, _____ County, ss:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction this _____ day of _____, 2025 by Michael Roeder who is Authorized Signatory of Granite Hybrid Fund 2 LLC, a Texas limited liability company, for and on behalf of the limited liability company.

Notary Public

My commission expires: _____

LENDER:

LUMENT REAL ESTATE CAPITAL, LLC, a
Delaware limited liability company

By: _____
Name:
Title:

STATE OF _____, _____ County, ss:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction
this _____ day of _____, 2025 by _____ who is
_____ of Lument Real Estate Capital, LLC, a Delaware limited
liability company, for and on behalf of the limited liability company.

Notary Public

My commission expires: _____

EXHIBIT A
Legal Description

Chaska Economic Development Authority
_____, 2025

To:
Granite Hybrid Fund 2 LLC

And To:
Lument Real Estate Capital, LLC

Re: Estoppel Certificate – 20325 Engler Blvd., Chaska, Minnesota

Dear Granite Hybrid Fund 2 LLC and Lument Real Estate Capital, LLC:

The Chaska Economic Development Authority (the “Authority”) provides this Estoppel Certificate (this “Certificate”) in connection with the contemplated acquisition of the property located at 20325 Engler Blvd., Chaska, Minnesota (the “Property”) by Granite Hybrid Fund 2 LLC, a Texas limited liability company (the “Buyer”), and its financing by Lument Real Estate Capital, LLC, a Delaware limited liability company (the “Lender”).

The Authority certifies the following as of the date hereof:

1. **Development Agreement:** The Property is subject to that certain Development Agreement dated August 21, 2002, recorded as Document No. T170343 in the Carver County real property records (the “Development Agreement”). The Development Agreement remains in full force and effect and has not been amended, modified, or terminated, except as follows: That certain First Amendment to Development Agreement dated November 21, 2008 recorded as Document No. 497970.
2. **Compliance:** To the Authority’s knowledge, the Property is currently in compliance/not in compliance with the Development Agreement.
3. **Affordability Term:** The affordability restrictions under the Development Agreement remain in effect until _____. The termination date of Development Agreement and Occupancy Restriction is December 1, 2029
4. **TIF Note Status:** The Tax Increment Financing Note (the “TIF Note”) issued in connection with the Development Agreement has been paid off and satisfied in full, and there are no outstanding obligations or payments due under the TIF Note.
5. **Reimbursements:** The total amount of reimbursements paid to the current owner and all prior owners of the Property under the TIF Note or any related development agreement is \$ _____ as of the date of this Certificate. No additional reimbursements are due or payable and the final payment was made February 1, 2024.

6. Lender Documentation: The Authority does not require any additional documentation or agreements from Lender in connection with the proposed financing of the Property.

7. Transfer Consent: The Authority hereby consents to the transfer of the Property from the current owner to Granite Hybrid Fund 2 LLC, subject to compliance with the Development Agreement and applicable law. Such consent shall not be deemed to waive or modify any obligations or restrictions under the Development Agreement.

8. No Default: To the Authority's knowledge, no default exists under the Development Agreement and no notices of violation or noncompliance have been issued and remain outstanding.

9. Reliance: This Certificate may be relied upon by Buyer, Lender, their successors, assigns, agents, and counsel in connection with the acquisition and financing of the Property.

Nothing herein shall constitute a waiver of any right or remedy of the Authority under the Development Agreement, at law, or in equity, all of which are expressly reserved.

Sincerely,

Chaska Economic Development Authority

By: _____

Name: _____

Its: _____