



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, July 21, 2025
IMMEDIATELY FOLLOWING CITY COUNCIL MEETING

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - 4.A. Minutes from 06-30-2025
5. Discussion Items
 - 5.A. Letter of Intent with Auto Pros to purchase and expand on EDA property at 1595 Old Audubon Road
 - 5.B. Authorize Letter of Intent for TIF Assistance for the Proposed EDCO Project
6. Other Business
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
JUNE 30, 2025**

1. Call to Order

President Hubbard called the meeting to order at 8:52 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 Hatfield, second by Commissioner Benesh to adopt the agenda as presented.

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes of 24-02-2025

Motion by Commissioner Hatfield, second by Commissioner Benesh to approve the minutes of the February 24, 2025, EDA Meeting Minutes.

Motion carried.

5. Discussion Items

None.

6. Other Business

6A. Consent of the Chaska Economic Development Authority to Assignment of Tax Increment Financing Development Agreement for Chaska Place (North Meadows) Apartments

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

Motion by Commissioner Benesh, second by Commissioner Sheveland 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.

Motion carried.

7. Adjourn

Motion by President Hubbard, second by Commissioner Grau to adjourn the meeting at 8:58 p.m.

Motion carried.

REQUEST FOR ACTION CHASKA ECONOMIC DEVELOPMENT AUTHORITY 7/21/2025

Subject: Authorize the Executive Director to sign a Letter of Intent with Auto Pros to purchase and expand on property at 1595 Old Audubon Road

Prepared By: Julie Grove, Economic Development Coordinator

Background

Staff has received a request from Auto Pros to purchase an EDA property located at 1595 Old Audubon Road. Auto Pros is a locally owned and operated auto repair business adjacent to the EDA site, and they would like to expand their operations.

The subject property is a .47 acre vacant lot located in southeast Chaska, between Hwy 61 and Engler Boulevard. The property was obtained by the City as part of the downtown levy and diversion channel project. The properties obtained at that time included everything east of Old Audubon Rd., south of Engler and west of the diversion channel - what is now Auto Pros and the two businesses to the north. All of these parcels were remnants as part of the levy project and are not used for flood control.

The EDA parcel has previously been approved for industrial/commercial use. In 1997, the City Council approved a Final PLAT, Rezoning to a Planned Industrial District (PID), and Site Plan for the Channel Addition, creating two lots at 1601 & 1595 Old Audubon Road, with the intent to construct two industrial/commercial buildings. The north site was sold and a 3,744 sq. ft building was constructed. Originally built as a storage and maintenance facility for West Suburban Towing, it is now fully occupied by Auto Pros. The southern lot, the focus of this proposal, is currently undeveloped and still under EDA ownership. Should the EDA retain this property, it would remain responsible for its maintenance and any associated liabilities. Selling the parcel would allow development on an underutilized site and return the land to the tax rolls.



Auto Pros Of Chaska is a family-owned auto repair shop founded by Gary Goeman over 40 years ago, it is now owned and managed by Brandon Goeman, Gary's Son, and Bob Carlson. They have grown steadily, transitioning from a tenant to the full occupant of the existing building. The business provides high-quality automotive services and has now outgrown its current footprint.

To meet growing demand, the business is proposing a 3,014 sq. ft. expansion that would add four new service bays and a redesigned customer lobby. Auto Pros currently employs nine team members, and the expansion is expected to create an additional 7 to 8 jobs, bringing the total staff to 16 or 17.

In May 2024, Auto Pros formally requested to purchase the southern parcel. As part of their due diligence, they completed soil testing, which revealed peat and poor soil conditions in parts of the site. Consequently, construction will require geopiers, increasing the development cost. Despite this, the business has prepared initial site plans and worked with staff to negotiate a fair purchase price.

A critical site consideration is a 36-inch sewer pipe running north-south along the western property line (see map below). The existing 25-foot drainage and utility easement is not sufficient for future access or repairs. Staff is currently working with the business to secure a larger easement, which will be finalized during the planning approval process and required as a condition of sale. This larger easement has been factored into the proposed purchase price.



Staff has continued to work with Auto Pro's on their development plans. Upon approval of the Letter of Intent Auto Pros intends to submit an application for preliminary planning approvals for the expansion in August, followed by final site and building plan approvals. During this time staff will negotiate a purchase agreement with Auto Pros. After final planning approvals are complete, the purchase agreement will be brought back to the EDA for approval and formal authorization of the sale.

This expansion provides an opportunity to advance the City and EDA goals to redevelop underutilized sites around the city. Some benefits of this project include:

- Supports the growth of a long-standing local business
- Creates jobs and expands the local employment base
- Puts underutilized land back on the tax rolls
- Retains a successful business within the city
- Encourages development that aligns with the City's industrial/commercial vision for the area

Proposed Terms of Letter of Intent (LOI)

Attached to this memo is a Letter of Intent drafted by staff and signed by Auto Pros. The terms of this agreement are generally outlined in the following:

1. Sale Price: \$35,000
2. Conditions of Sale:
 - Execution of a purchase agreement approved by the EDA
 - Completion of the planning process, including Preliminary and Final Approvals for the proposed 3,014 sq. ft. building expansion including service bays and lobby
 - Dedication of a larger easement for the 36-inch sewer pipe
3. Closing Timeline: Land sale would occur following final planning approvals
4. Buyer Responsibilities:
 - Pay all legal and closing costs, including fees for the LOI and purchase agreement
5. Contingencies: All actions contingent upon approval by the EDA and City Council

Recommendation

Staff believes this proposal offers a productive reuse of an underutilized EDA property. The expansion supports a thriving local business, aligns with city development goals, and returns the land to the tax rolls. Because of this, staff recommends that the EDA approve the action requested below.

EDA ACTION REQUESTED

Motion to authorize the Executive Director to sign a Letter of Intent with Auto Pros of Chaska for the sale of the EDA-owned property at 1595 Old Audubon Rd, to support the expansion of the business located at 1601 Old Audubon.



CITY OF CHASKA
ONE CITY HALL PLAZA / CHASKA MN 55318-1962

July 21, 2025

Mr. Bob Carlson
Auto Pros of Minnesota LLC
1603 Old Audubon Road
Chaska, MN 55318

RE: Letter of Intent to purchase .47 acres of land at 1595 Old Audubon Road, Chaska (PID 301130040)

Dear Mr. Carlson,

This letter is intended to outline the basic terms and conditions of the sale of property located at 1595 Old Audubon Road (PID 301130040) (the “**Property**”) from the Chaska Economic Development Authority (“**EDA**”) to Auto Pros of Chaska (“**Buyer**”).

The purpose of this letter is to summarize discussions concerning the purchase and sale as well as the development of the Property and to set forth a basis upon which the parties, together with their respective attorneys, may proceed to draft and negotiate toward the execution of a definitive and binding purchase and sale contract for the Property (“**Purchase Agreement**”). It is understood that either party may terminate negotiation of the Purchase Agreement at any time and for any reason (or no reason).

Based on the foregoing understanding, the parties desire to negotiate a Purchase Agreement with the following terms and conditions:

- Purchase Price. The purchase price for the Property will be \$35,000.00.
- Earnest Money. Buyer will be required to deposit \$10,000 (“**Earnest Money**”) in escrow with a title company of EDA’s choosing (“**Title Company**”) upon execution of a Purchase Agreement, which will be applicable to the Purchase Price at Closing.
- Due Diligence Period. Buyer will have a 90 day Due Diligence Period from the date the Purchase Agreement is fully executed to review all matters pertaining to the Property, including, without limitation, the conditions of title, survey, and an environmental audit. The Purchase Agreement shall terminate, and the Earnest Money will be refunded to Buyer in the event Buyer gives written notice to EDA that the results of Buyer’s examinations and investigations undertaken during the Inspection Period are unsatisfactory to Buyer in Buyer’s sole discretion, provided that such written notice is received by EDA on or before the expiration of the Due Diligence Period.

- Closing Date. The purchase of the Property will close (“**Closing**”) 20 days following the expiration of the Due Diligence Period.
- Property Condition. Buyer agrees that it will be purchasing the Property “As-Is” and “with all faults,” with no warranty by EDA of any kind, expressed or implied, except as provided in the Purchase Agreement.
- Closing Costs. Buyer shall pay all Closing Costs required in connection with the Purchase Agreement, including the following: (i) Buyer’s legal fees, (ii) EDA’s legal fees related to the drafting of this letter of intent and the Purchase Agreement, (iii) the cost of the Title Commitment, the premium for the Title Policy, and the cost of all endorsements to the Title Policy, (iv) the cost of an updated survey of the Property, if Buyer elects to obtain one, (v) the Title Company’s closing fee, if any, (vi) the cost to record the Special Warranty Deed conveying title to the Property to Buyer at Closing, and (vii) all transfer tax imposed by the State in connection with the sale.
- Closing Contingencies. EDA’s obligation to Close is expressly contingent upon completion of the following prior to Closing:
 - Planning Approvals. Buyer must successfully complete, at Buyer’s sole expense, the full planning process and obtain all required governmental approvals for its proposed 3,000 square foot addition to Auto Pro’s of Chaska , including Preliminary Approval and Final Approval. Buyer will also be required to pay all City fees as normally required as part of a building permit. In the event this contingency is not satisfied at or before Closing, EDA shall be entitled to terminate the Purchase Agreement, and the Earnest Money shall be retained by EDA as liquidated damages.
 - Sewer Pipe Easement. Prior to Closing Buyer must grant an easement, at Buyer’s sole expense, in favor of EDA over the 36-inch sewer pipe running north/south along the western side of both the Property and Buyer’s adjacent property (PIDs 301130040 & 301130020). The size of the easement shall be determined by the City of Chaska. EDA and Buyer shall negotiate the terms and conditions, and agree upon a final form of the easement agreement, prior to Closing. In the event this contingency is not satisfied at or before Closing, EDA shall be entitled to terminate the Purchase Agreement, and the Earnest Money shall be retained by EDA as liquidated damages.
 - EDA Approvals. EDA must have received all necessary approvals to enter into the Purchase Agreement and consummate the Closing from both the Chaska Economic Development Authority and the Chaska City Council. In the event this contingency is not satisfied at or before Closing, EDA shall be entitled to terminate the Purchase Agreement, and the Earnest Money shall be returned to Buyer.

This Letter of Intent is intended to outline terms to be used in a definitive Purchase Agreement. This document is non-binding to either party and shall expire if no Purchase Agreement is signed.

Buyer and EDA agree that the terms described herein, and the existence of the letter of intent are confidential. Accordingly, Buyer and EDA will keep confidential all such terms and the fact of the existence of this letter of intent.

If you desire to proceed to negotiate a Purchase Agreement based upon the foregoing understandings, please sign this letter in the place provided below and return it to the EDA. Upon receipt of the signed copy of this letter from Buyer, the EDA's counsel will prepare an initial draft of the Purchase Agreement.

The Chaska EDA is truly excited about this project and hopes that we are able to move forward in making this a reality in our community! If you should have any questions, please do not hesitate to contact me at

Sincerely,

Matt Podhradsky
City Administrator/EDA Executive Director

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.

<u>Robert Carlson</u>	<u>7/14/2025</u>
Name	Date

REQUEST FOR ACTION CHASKA ECONOMIC DEVELOPMENT AUTHORITY 7/21/25

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

Prepared By: Julie Grove, Economic Development Coordinator

Background

On May 19, 2025, the City Council approved the EDCO Preliminary Site & Building Plan, Preliminary Plat & Rezoning for a two-story office/manufacturing/warehouse building totaling approximately 235,800 square feet in SW Chaska Business Park. The Council is expected to consider the final Site and Building Plan in August 2025. The planned project will include manufacturing and warehousing of prefinished metal siding products, along with office space to serve as the corporate headquarters and accommodate supporting operations. Construction is scheduled to begin in the spring of 2026. To help make the construction financially feasible, EDCO has submitted an application requesting Tax Increment Financing (TIF) assistance.

Tax Increment Financing (TIF)

TIF is a public financing tool used by local governments to fund development and infrastructure projects. It allows a city to invest in development and/or infrastructure by utilizing the future increase in property tax revenue that the project is expected to generate. The difference between current tax revenue (the "base") and the higher revenue after development (the "increment") is used to pay the investment.

Per the City's Tax Increment Financing (TIF) policy, TIF assistance may be considered for industrial development projects that expand the local tax base, create business opportunities, and generate high-quality jobs. The primary goal of this policy is to promote desirable development that would not occur without public assistance and to support the public infrastructure necessary for such projects.

The typical process begins with the execution of a Letter of Intent, which outlines the general terms to be considered in establishing a TIF district. Following this, the City and developer negotiate a TIF Plan and Development Agreement, which define the district boundaries, project budget, financing structure, and eligible costs.

If both the City Council and the Economic Development Authority (EDA) approve the TIF Plan and Development Agreement, the TIF district may be formally established and certified. Upon certification, the development project may proceed to construction.

Letter of Intent

This new headquarters facility will significantly expand the local tax base and generate new industrial jobs within the community. In accordance with Chaska's TIF policy, the project qualifies

TIF assistance as an eligible industrial development. Due to the project's industrial nature, the site is eligible for designation as an eight-year Economic Development TIF District.

Under the City's policy, eligible projects may receive TIF assistance equal to two times the amount of TIF-eligible property taxes generated upon project completion. That amount may increase to three times the eligible taxes if the project includes sufficient land to accommodate a future expansion of at least 50% of the building's size. This project meets that later criterion and is therefore eligible for TIF assistance equal to three times the TIF-eligible property taxes generated.

The attached Letter of Intent (LOI), negotiated by city staff and signed by the developer, outlines the estimated eligible assistance amount—approximately \$1,644,173—along with other terms and conditions associated with the award.

By entering into the LOI, the City and EDA are establishing the foundational terms that will inform the creation of a future TIF District and Development Agreement. While the LOI itself is not legally binding, the subsequent TIF Plan and Development Agreement will become binding once finalized and formally approved.

Recommendation

The proposed TIF district supports continued industrial development in the SW Chaska Business Park, which has been planned for some time. City staff recommend that the EDA authorize the EDA Director to execute the Letter of Intent with the developer and initiate the process to establish a TIF District including the preparation of the necessary TIF Plan and Development Agreement Documents.

ECONOMIC DEVELOPMENT AUTHORITY ACTION REQUESTED

Motion to authorize the EDA Executive Director to execute the Letter of Intent for TIF assistance to the proposed EDCO Project.



City of Chaska

July 21, 2025

Kent Carlotto
TCWG, LLC
222 S. 9th St., Suite 4050
Minneapolis, MN 55402

Re: Letter of Eligibility for Project Assistance for proposed 235,000 square foot industrial building for Parcel ID 306940070

Dear Mr. Carlotto:

Based on the May 19, 2025, approval of the TCWG owned / EDCO (occupant) Preliminary Site & Building Plan/P.C. No. 2025-08 by the City Council, the City of Chaska is supportive of your proposed project at PID 306940070.

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 235,805 square foot office, manufacturing, warehouse facility for EDCO with small ancillary office space, and a potential future expansion of up to 120,000 square feet. The building is proposed to produce and house EDCO products as well as corporate leadership and ancillary office functions.

Terms of the City of Chaska's Assistance Package:

- Create a 9-year economic development TIF district to include the property listed above provided the statutory definition for establishment of 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, for reimbursement of certain TIF-eligible expenditures. The developer will be eligible to benefit from increment generated by the project based on the City's existing policy as follows:
 - Based on annual estimated taxes of \$548,058, the developer will be eligible for:
 - Three times annual assistance if property is acquired to accommodate the proposed project in addition to future expansion of no less than one-third of the initial build out: Estimated at \$1,644,173.

You as the Developer agree to:

- Develop a 235,805 square foot office, manufacturing, warehouse and small ancillary office facility for EDCO Products.
- 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. 2025-08, and subsequent contingencies that may be identified at the pending final approval stages.
- Negotiate a Minimum Assessment Agreement for the duration of the Development and Tax Increment Agreement.
- Hold to the terms and conditions outlined in the Minimum Assessment Agreement between the City of Chaska and the land developer to be recorded with the completion of the TIF District creation.
- Build the project per approved final plans and successfully obtain a certificate of occupancy.
- Pay or enter into an assessment agreement for the development fees to include but are not limited to 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 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.

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 that location which includes generating high quality jobs to support the City's goal of hosting at least two jobs per household.

If this letter is acceptable to you, please execute and return a copy of this letter. 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,

Matt Podhradsky
City Administrator/EDA Executive Director

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.



Kent Carlotto, as Vice President of TCWG, LLC