



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, November 17, 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 09-29-2025
5. Discussion Items
 - 5.A. Adopt EDA Resolution 2025-84 Amending Temporary Transfer Spending Plan
6. Other Business
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
SEPTEMBER 29, 2025**

1. Call to Order

President Hubbard called the meeting to order at 8:47 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 Benesh, second by Commissioner Grau to adopt the agenda as presented.

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes of 15-09-2025

Motion by Commissioner Grau, second by Commissioner Benesh to approve the minutes of the September 15, 2025, EDA Meeting Minutes.

Motion carried.

5. Discussion Items

5A. Modification of the Redevelopment Plan for Redevelopment Project Area No. 4, Establishing Tax Increment Financing No. 250, Adopting a TIF Plan, and Authorizing the Execution of a TIF Agreement and Granting a Business Subsidy

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

5A.i. Adopt Resolution 2025-65 Modifying the boundary of Redevelopment Project Area No. 4 to Incorporate TIF 25, establishing Tax Increment Funding (economic development) District No. 25 and Adopting a Tax Increment Financing Plan

Motion by Commissioner Sheveland, second by Commissioner Benesh to approve Resolution 2025-65 Modifying the boundary of Redevelopment Project Area No. 4 to Incorporate TIF 25, establishing Tax Increment Financing (economic development) District No. 25 and Adopting a Tax Increment Financing Plan.

Motion carried.

5A.ii. Adopt Resolution 2025-66 authorizing the execution of a Tax Increment Financing Agreement and granting a Business Subsidy

Motion by Commissioner Benesh, second by President Hubbard to approve Resolution 2025-66 authorizing the execution of a TIF Financing Agreement and granting a Business Subsidy.

Motion carried.

DRAFT

5B. Adopt EDA Resolution No. 2025-69 Establishing a Preliminary Chaska EDA Maximum Levy for Payable 2026

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

Motion by Commissioner Grau, second by Commissioner Benesh to adopt EDA Resolution 2025-69 establishing a Preliminary Maximum Property Tax Levy for payable 2026.

Motion carried.

6. Other Business

There was no other business.

7. Adjourn

Motion by Commissioner Hatfield, second by Commissioner Sheveland to adjourn the meeting at 8:54 p.m.

Motion carried.

REQUEST FOR ACTION ECONOMIC DEVELOPMENT AUTHORITY 11/17/2025

Subject: Temporary Transfer Spending Plan Extension Resolution EDA 2025-84

Prepared By: Julie Grove, Economic Development Coordinator

Background

In Minnesota, tax increment revenue may only be spent on eligible public improvements per the Tax Increment Financing Act. However, in 2021, the Minnesota Legislature temporarily expanded the allowable use of unobligated tax increment to support private development and stimulate job creation and retention. On December 5, 2022, the City Council approved a Temporary Transfer Spending Plan to utilize these funds. The funds were required to be used for building construction or substantial rehabilitation, and construction was required to start by December 31, 2025.

In the 2025 Legislative session, the Minnesota Legislature extended the temporary transfer authority, pushing back the construction deadline to December 31, 2026, and permitted the use of interest earned on those funds. To implement these changes, the Economic Development Authority (EDA) must approve the extension, and the use of interest earned on the transferred increment.

Spending Plan

The 2022 adopted Spending Plan outlines the TIF Districts from which the funds would come from, the amount of unobligated TIF funds as of December 31, 2022, and how the city anticipates using those funds. In an analysis with Baker Tilly, the city's financial consultant, three housing TIF districts were identified with approximately \$2.25M in unobligated funds that were transferred to help meet some of the development goals the city identified. With accrued interest, today these funds are nearly \$2.5M.

The City Council and EDA must amend the exiting Spending Plan by resolution. The amendment must describe the intended use of the transferred increment, extend the commencement deadline to December 31, 2026, and authorize use of interest earned on the transferred increment. The attached amended plan allows the City greater flexibility in using unobligated TIF funds than normally permitted under TIF law. While specific projects have not been identified in the plan, it does consider how these funds could assist the development goals identified throughout Downtown Chaska while also providing flexibility for the funds to be used elsewhere in the city should opportunities arise. The EDA will be required to approve the use of any funds once a project is identified.

Recommendation

Staff recommends the EDA adopt the resolution extending the Temporary Spending Plan.

EDA ACTION REQUESTED

Motion to Adopt Resolution EDA 2025-84 Amending the Temporary Transfer Spending Plan for Tax Increment Financing District No. 12, Tax Increment Financing District No. 13, and Tax Increment Financing District No. 19.

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

RESOLUTION

DATE: 11/17/2025 RESOLUTION NO. EDA 2025-84

MOTION BY COUNCILMEMBER _____ SECOND BY COUNCILMEMBER _____

**RESOLUTION AMENDING A SPENDING PLAN FOR TAX INCREMENT FINANCING
(HOUSING) DISTRICT NO. 12, TAX INCREMENT FINANCING (HOUSING) DISTRICT
NO. 13, AND TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 19**

WHEREAS, the Board of Commissioners (the "Board") of the Chaska Economic Development Authority (the "HRA") and the City Council (the "Council") of the City of Chaska, Minnesota (the "City") established Tax Increment Financing (Housing) District No. 12, Tax Increment Financing (Housing) District No. 13, and Tax Increment Financing (Housing) District No. 19 (the "TIF Districts"), pursuant to, and in accordance with Minnesota Statutes, Section 469.174 to 469.1794, inclusive, as amended (the "Act"); and

WHEREAS, the HRA adopted a written spending plan for the TIF Districts (the "Spending Plan"), pursuant to, and in accordance with, Minnesota Statutes, Sections 469.176, Subd. 4n inclusive, as amended ("Subd. 4n") to transfer existing and unobligated tax increment revenues from the TIF Districts for use in stimulating construction or substantial rehabilitation of private development in a way that will also create or retain jobs in the City so long as the construction commenced by December 31, 2025; and

WHEREAS, the State Legislature amended Subd. 4n in 2025 to allow a municipality to extend the deadline for the commencement of construction by one year to December 31, 2026 and also utilize interest earnings on transferred increment for Spending Plan activities if specifically authorized within an amended spending plan approved by December 31, 2025; and

WHEREAS, the HRA has investigated the facts relating to the Spending Plan and has caused the Amended and Restated Spending Plan to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the Amended and Restated Spending Plan, including, but not limited to, requesting that the Council cause notice of a public hearing to be published and hold a public hearing on amending the adopted Spending Plan.

NOW, THEREFORE BE IT RESOLVED by the Board as follows:

1. The HRA hereby reaffirms the original findings for the TIF Districts and Spending Plan in finding that the adoption of the proposed Amended and Restated Spending Plan conforms in all respects to the requirements of the Act and will result in creation or retention of jobs in the State

of Minnesota (the "State") and help preserve and enhance the tax base of the State and thereby serves a public purpose.

2. The HRA further finds that the Amended and Restated Spending Plan will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the Project Area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible. Conditioned upon the approval thereof by the Council following its public hearing thereon, the Amended and Restated Spending Plan, as presented to the HRA on this date, is hereby approved, established and adopted and shall be placed on file in the office of the Executive Director of the HRA.

3. Upon approval of the Amended and Restated Spending Plan by the Council, HRA staff, advisors and legal counsel are authorized and directed to proceed with the implementation of the Amended and Restated Spending Plan and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the Amended and Restated Spending Plan does not constitute approval of any project or a development agreement with any developer.

4. Upon approval of the Amended and Restated Spending Plan by the Council, the Executive Director of the HRA is authorized and directed to forward a copy of the Amended and Restated Spending Plan to the Office of the State Auditor pursuant to Minnesota Statutes 469.176, Subd. 4n.

Adopted by the Chaska Economic Development Authority this 17th day of November 2025.

Taylor Hubbard, President

Attest _____
Chaska Deputy Clerk

Amended Spending Plan

for

**Tax Increment Financing (Housing)
District No. 12**

**Tax Increment Financing (Housing)
District No. 13**

**Tax Increment Financing (Housing)
District No. 19**

City of Chaska, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Original Spending Plan Approved: December 5, 2022

Public Hearing for Amended Spending Plan: November 17, 2025

Anticipated Approval of Amended Spending Plan: November 17, 2025

TABLE OF CONTENTS

Introduction	1
A. Purpose	1
B. Unobligated TIF Funds	2
C. Plan	2
Temporary Transfer Authority Summary	Exhibit I

Amended Spending Plan

for

**Tax Increment Financing (Housing) District No. 12,
Tax Increment Financing (Housing) District No. 13, and
Tax Increment Financing (Housing) District No. 19**

Introduction

The State Legislature amended the TIF law (the “Law”) in 2021 to provide flexibility to cities to utilize unobligated tax increment revenues in their districts to promote construction and job creation in their communities. Increments expended under the Law do not count against any pooling limitations of the districts. The TIF law was further amended in 2025 to allow for an extension of the timeline for cities to utilize unobligated tax increment revenues as authorized in the adopted Amended Spending Plan. In accordance with Minnesota Statutes, Section 469.176, subd. 4n, as amended, the city may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2026.

The law allows authorities (Cities, HRAs, EDAs) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities if it will create or retain jobs in this state, including construction jobs. In addition, they can make an equity or similar investment in a corporation, partnership, or limited liability company that they determine it is necessary to make construction of private development happen. The City had until December 31, 2022, to transfer the funds to another designated City fund, and the dollars were to be expended by December 31, 2025. Any unused TIF dollars must be returned to the applicable TIF district after this date. The 2025 legislation extended the timeline for spending of TIF dollars to December 31, 2026.

The City of Chaska, Minnesota (the “City”), established Tax Increment Financing (Housing) District No. 12, Tax Increment Financing (Housing) District No. 13 and Tax Increment Financing (Housing) District No. 19 to achieve certain development objectives of the City (the “TIF Districts”) including construction of affordable housing. The TIF Districts are administered by the City and have been identified as TIF Districts that contain unobligated tax increment revenues. The following text represents the amended spending plan (the “Amended Spending Plan”) for the Districts.

In accordance with the 2025 legislation, the City may amend the spending plan prior to December 31, 2025, to extend the deadline for use of transferred increments from December 31, 2025, to December 31, 2026, and to authorize the use of interest earned on transferred increment. The amended spending plan must be approved after holding a public hearing. The City must have provided a copy of the original spending plan approved and signed by the municipality, as well as any approved and signed amended spending plans, to the Office of the State Auditor.

Section A Purpose

The Districts are administered by the City. The City proposes to adopt an Amended Spending Plan for the TIF Districts in accordance with Minnesota Statutes, Section 469.176 Subd. 4n.

The purpose of the Amended Spending Plan is to assist in the private development or redevelopment of sites or lands or areas within the City in conformity with the City’s Comprehensive Plan or other City

plans or objectives using unobligated tax increment revenues from the TIF Districts. The unobligated tax increments are to be utilized for one of the following purposes:

- 1) to provide improvements, loans, interest rate subsidies, or assistance in any form to the private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities if the following conditions exist:
 - a. it will create or retain jobs in the state, including construction jobs;
 - b. construction of the project and spending of the funds commences before December 31, 2026, and
 - c. the construction would not have commenced before that date without the assistance.
- 2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the City determines is necessary to make construction of a development that meets the requirements of the law financially feasible.

The City created a TIF Spending Plan in 2022 for Tax Increment Financing (Housing) District No. 12, Tax Increment Financing (Housing) District No. 13 and Tax Increment Financing (Housing) District No. 19, which contained unobligated tax increment revenues to take advantage of the enacted special legislation that provides the city with greater flexibility on the use of TIF funds to promote construction and job creation. The City held a public hearing on December 5, 2022, to adopt the TIF Spending Plan. The funds were transferred from the respective TIF 12, 13 and 19 Funds and into a separate fund prior to December 31, 2022. The TIF dollars are held in a separate account and currently earning interest on the unspent funds.

In accordance with Minnesota Statutes, Section 469.176, subd. 4n, as amended, the city may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2026, provided that the transferred increment was collected from TIF District No. 12, TIF District No. 13 or TIF District No. 19, in the city of Chaska, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

The amended spending plan must be approved after holding a public hearing. The temporary authority to transfer the unobligated increment expired on December 31, 2022, and the transferred increment must now be spent by December 31, 2026 (after the extension). All transferred increments must be spent, loaned, invested, or otherwise irrevocably committed by December 31, 2026. Any funds unspent shall be returned to the originating TIF Fund and if the TIF District has been decertified, remitted to the County for redistribution.

The City has been working on several development and redevelopment initiatives in the City that further the City's strategic initiatives of creating a vibrant downtown, implementing an established plan for growth and active development in southwest Chaska, and providing quality City facilities and services. Several of the projects identified to meet these initiatives are anticipated to require public assistance to be financially feasible and have been identified as potential qualifying uses for which unobligated tax increments, as further described in the next section of the Amended Spending Plan, will be necessary to fill a financial gap and allow for construction to occur.

The assistance provided pursuant to this Amended Spending Plan shall be subject to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Law"), if applicable, and shall be subject to the City's Business Subsidy Policy.

Section B Unobligated TIF Funds

The City identified a total of \$3,000,000 of unobligated tax increments from the districts that were available as of December 31, 2022. The funds have accrued interest earnings, and the City expects

to utilize interest earned on the transferred tax increments in addition to the original revenue. It is anticipated the unobligated tax increments will be used on eligible costs of future eligible projects that may include acquisition, site improvements/preparation costs, public improvements, utilities, other qualifying improvements, and other related expenses associated with development of the projects. It is anticipated the unobligated tax increments will be used on eligible costs of future eligible projects that may include acquisition, site improvements/preparation costs, public improvements, utilities, other qualifying improvements, and other related expenses associated with development of the projects. Such projects are further described in paragraph one in Section C hereto.

Section C Amended Spending Plan

Under the Amended Spending Plan, the City is authorized as follows:

1. To use unobligated tax increments from the TIF Districts to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities in financing assistance to further the goals in the City's Comprehensive Plan or other City plans or objectives, if doing so will create or retain jobs in the state, including construction jobs.

The assistance authorized under this Amended Spending Plan is intended to further the goals within the City's Comprehensive Plan and other City plans or objectives. Preference for financing assistance will be for proposed development and redevelopment projects in the City that are anticipated to include acquisition, site preparation, public improvements, utilities, and other eligible redevelopment/development costs related to construction of future projects. The City has identified potential project areas in the City that are within the City's Redevelopment Project Area, including City Square West, which area is anticipated to provide for additional mixed-income housing, commercial, retail and community space for residents, downtown residential housing opportunities, potential grocery store and/or supporting retail establishments, and infrastructure improvements for additional industrial and residential growth. Such projects are expected to result in new job creation. The projects shall commence before December 31, 2026 (unless a later commencement date is authorized by law) with the funds expended by that same date and shall include projects that would not commence by such date without the assistance provided pursuant to this Amended Spending Plan.

2. To administratively amend the budget set forth in the Tax Increment Financing Plans for the TIF Districts as necessary to provide for the assistance authorized by this Amended Spending Plan.
3. To take any other action necessary and authorized under the Law in connection with the construction or substantial rehabilitation of facilities of the type described in paragraph one above.
4. To authorize and direct staff to maintain a copy of this Amended Spending Plan with the City's records for the TIF District, and to file a copy of the Amended Spending Plan with the Office of the State Auditor.

In 2021, the Legislature enacted expanded, temporary authority to transfer unobligated tax increments for purposes of assisting private development consisting of the construction or substantial

rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state. Proposed amidst the COVID-19 pandemic, the enacted law is narrower than initially proposed and is similar to 2010 legislation that temporarily expanded the use of TIF with the aim of stimulating economic recovery after the Great Recession. The TIF law was further amended in 2025 to allow for an extension of the timeline for cities to utilize unobligated tax increment revenues as authorized in the adopted Spending Plan. In accordance with Minnesota Statutes, Section 469.176, subd. 4n, as amended, the city of Chaska may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2026.

Authority and Purposes

The new law temporarily permits a development authority to elect, by resolution, to transfer unobligated increment for certain specified purposes. The new law does not, however, override requirements to pay bonds to which increments are pledged.

Any transfer under this provision must be for the purpose of assisting private development that meets all of the following criteria:

1. it consists of the construction or substantial rehabilitation of buildings and ancillary facilities;
2. it creates or retains jobs in the state, including construction jobs; and
3. construction of the projects commences before December 31, 2026, spending of the funds occurs prior to December 31, 2026, and the projects would not have commenced, and funds expended before that date without the assistance.

Developments that would already commence construction prior to December 31, 2026, or those that do not add or retain jobs in the state, would not be permitted beneficiaries of the transfer. Transfers must provide the assistance in one or both of the following ways:

1. by providing improvements, loans, interest rate subsidies, or assistance in any form to the private development; or
2. by making an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development financially feasible.

In order to demonstrate compliance with the new provision, the authority may wish to include affirmation of the qualifications in the written resolution electing to make the transfer. The authority also should keep documentation that demonstrates that the development created or retained jobs in the state and that commencement of construction by December 31, 2025, depended on the transfer.

Approvals and Spending Plan

Prior to approving the use of this temporary transfer authority by resolution, a development authority must also create a written spending plan that authorizes the development authority to provide the assistance or make the investment that makes the development qualify. The plan must detail the use of transferred increment. The OSA recommends identifying planned expenditures using the same categories identified in TIF plans and TIF reporting (e.g., acquisition, site preparation, financing costs, etc.), except for a category for administrative expenses, because administrative expenses are not included in the permissible uses of the transferred increment in the new law.

The municipality (which may or not be the same as the development authority) must also approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing.

An authority making a transfer under this authority must provide a copy of the spending plan approved and signed by the municipality to the Office of the State Auditor. Plans should be emailed to TIF@osa.state.mn.us as soon as possible after their approval.

Parameters and Limitations

The authority to transfer increments under this provision expired on December 31, 2022. Amounts being transferred under this provision must be transferred from the fund or account in which tax

increments are segregated and into a separate fund or account by December 31, 2022. Amounts must not be expended directly from the transferring TIF fund or account, and may not be spent after December 31, 2022, if they remain in the TIF district's fund or account at that time. All transfers must be spent by December 31, 2026.

Transfers from a TIF district in calendar years 2021 and 2022 are limited to a maximum transfer equal to the excess of the district's unobligated increment. Under the provision, unobligated increment includes any increment not required for payment of obligations due during the six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged. Therefore, the transfer of increment for 2021 is limited to the eligible balance of tax increment at the end of 2020, less amounts needed to pay bonds, pay-as-you-go notes, and interfund loans due from January 1, 2021, to June 30, 2021. Similarly, the transfer of increment for 2022 is limited to the eligible balance of tax increment at the end of 2021, less amounts needed to pay bonds, pay-as-you-go notes, and interfund loans due from January 1, 2022, to June 30, 2022.

Presumably, receipts of tax increment for the first half taxes in each year would be used to make payments on outstanding obligations due in the second half of each year but note that this authority does not provide any exception to pay those obligations to which tax increment is pledged, and an authority should not transfer amounts that might impair their ability to make payments on those obligations.

Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this authority. Therefore, the 2020 and 2021 balances of tax increment should be carefully evaluated prior to making transfers in 2021 and 2022, respectively. For example, excess increment calculated for 2019 that might remain in the TIF fund after it should have been returned by September 30, 2020, would not be eligible for transfer, nor would any subsequent excess increment be eligible for a transfer after it should have been returned. Likewise, if a district receives tax increment after it should have decertified under the Six-Year Rule, such amounts of increment would also not be eligible for transfer.

Unspent Transfers

Increment not spent by December 31, 2026, must be returned to the fund(s) of the contributing TIF district(s). The distribution of returned amounts need not be proportional to the amount contributed, but the amount returned to each TIF district must not exceed the amount transferred from the district.