



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, July 20, 2026
IMMEDIATELY FOLLOWING CITY COUNCIL MEETING

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - 4.A. Meeting Minutes 06-15-2026
5. Discussion Items
 - 5.A. Authorize Letter of Intent for TIF Assistance for the Proposed Big Woods Business Park Project
6. Other Business
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
JUNE 15, 2026**

1. Call to Order

The meeting was called to order by President Hubbard at 9:50 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; Elise Durbin, Assistant Executive Director; Nate Kabat, Community Development Director; and Noel Graczyk, Administrative Services Director.

3. Adopt Agenda

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

Motion carried.

4. Approve Previous Meeting Minutes

4.A. Meeting Minutes 05/04/2026

Motion by Commissioner Sheveland, second by Commissioner Grau to approve the minutes from May 4, 2026.

Motion carried.

5. Discussion Items

5.A. Approve Purchase Agreement with American Legion for Property

Executive Director Podhradsky introduced Community Development Director Nate Kabat to present this item to the Economic Development Authority. Mr. Kabat presented this item to the Economic Development Authority.

President Hubbard noted that she appreciates the work of City Staff, and the American Legion has been wonderful to work with.

Motion by Commissioner Hatfield, second by Commissioner Benesh to authorize the President and Executive Director to sign the Purchase Agreement between the City of Chaska and the American Legion Post #57.

Motion carried.

5.B. Adopt Resolution EDA 2026-58, Ratifying the Sale of Chaska EDA Series 2026A Bonds

Motion by Commissioner Hatfield, second by Commissioner Benesh to adopt Resolution EDA 2026-58 Ratifying the Sale and Authorizing the Issuance of \$55,765,000 Lease Revenue Bonds, Series 206A, and Authorizing Execution of Related Documents.

Motion carried.

6. Other Business

7. Adjourn

Motion by Commissioner Benesh, second by Commissioner Sheveland to adjourn the meeting at 9:58 p.m.

Motion carried.

REQUEST FOR ACTION CHAKSA ECONOMIC DEVELOPMENT AUTHORITY 7/20/26

Subject: Authorize Letter of Intent for TIF Assistance to Proposed Big Woods Business Park (North) Phase I project

Prepared By: Julie Grove, Economic Development Coordinator

Background

On June 15, 2026, the City Council approved the Big Woods Business Park (North) Phase I Preliminary Site & Building Plan, Preliminary Plat & Comprehensive Plan Amendment for a 218,000 square foot distribution center and Phase I public improvements including road infrastructure, utilities, trails and grading for the entire north business park. The project is located in the SW Chaska Business Park. The Council is expected to consider the final Site and Building Plan in August or September 2026. Construction is anticipated to begin in the fall of 2026. To help make the construction of the public improvements financially feasible, the developer, Scannell Properties, has submitted an application requesting Tax Increment Financing (TIF) assistance.

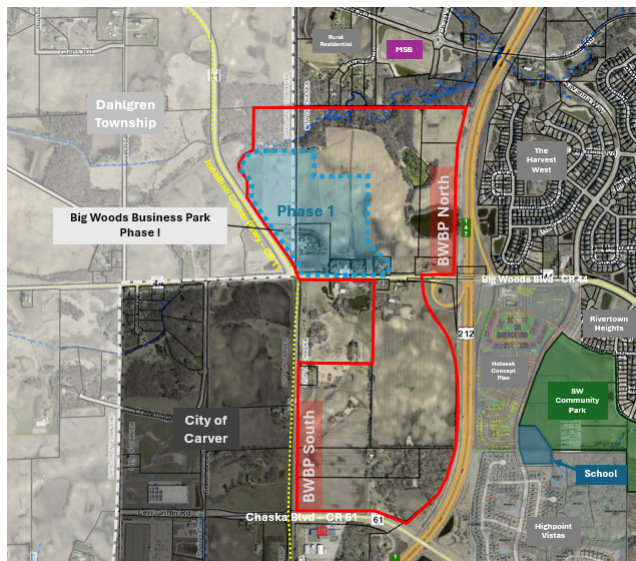


Figure 1: Existing Location & Context Map

Specifically, Phase I is anticipated to include:

- Construction of the Phase I facility and associated parking and site improvements.
- Public improvements to Big Woods Boulevard and construction of Public Road A serving Big Woods Business Park North.
- Extension of sanitary sewer, water, and related public utilities from Chaska Creek Boulevard south across the ravine and through the development area.
- Mass grading throughout Big Woods Business Park North to balance site elevations and establish finished grades necessary to support future development parcels.

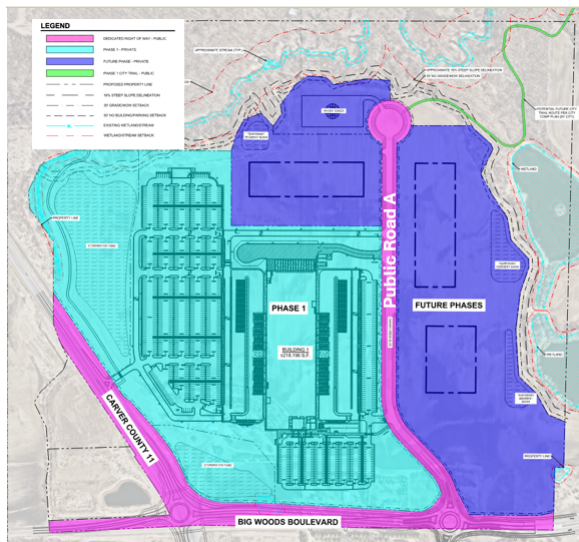


Figure 2: Phasing Map – Phase I =turquoise, green and pink.
Future Phases = purple

Tax Increment Financing (TIF)

Tax Increment Financing (TIF) is a public financing tool that allows the City to support eligible development and infrastructure projects by using the future increase in property tax revenue generated by the development to reimburse approved eligible project costs.

Consistent with the City's TIF Policy, assistance may be considered for industrial projects that expand the tax base, create business opportunities, generate high-quality jobs, support public infrastructure investment, and would not occur without public assistance.

In Chaska, the TIF process begins with a Letter of Intent, followed by negotiation of a TIF Plan and TIF Agreement outlining the project scope, financing, and eligible costs. Upon approval by the City Council and EDA, the TIF District may be established and certified, allowing the project to proceed to grading and construction. Typically, the TIF review process runs simultaneously to the planning review process.

Letter of Intent

The proposed Phase I project is expected to provide significant benefits, including:

- Approximately 200 new full-time jobs with average annual wages of approximately \$60,000.
- An additional estimated 400 additional jobs related to distribution and delivery activities.
- Expansion and diversification of Chaska's industrial employment base.
- Growth of commercial and industrial tax base benefiting the City, County, and School District.
- Construction of public infrastructure, including roads and utilities, that will serve both the Phase I development and future development areas within the north business park.
- Creation of development-ready industrial sites that can attract additional private investment and future employers.

In order, to construct the project, the developer must make significant upfront investments in public infrastructure, including new roads, utility extensions, mass grading and site preparation. These improvements are needed not only for the Phase I facility but also to prepare the entire northern portion of the business park for future industrial development.

The project qualifies for TIF assistance under the City's TIF policy as an eligible industrial development and is eligible to be established as an eight-year Economic Development TIF District. While the Phase I development would serve as the basis for creating the TIF district and generating tax increment, the end user of Phase I is not requesting TIF assistance for construction of the Phase I warehouse building or any associated private improvements. Instead, the requested TIF assistance is being requested by the developer and would be used solely to reimburse eligible public infrastructure and site development costs that support the overall Big Woods Business Park North development.

Under the City's policy, eligible industrial projects may receive TIF assistance in an amount up to two times the amount of property taxes generated by the completed project, or up to three times those taxes if the project reserves sufficient land to accommodate a future building expansion of at least 50%.

The developer has requested TIF assistance equal to three times the property taxes generated by the Phase I facility, along with any remaining increment generated within the district, to help finance the extraordinary upfront costs of constructing the public infrastructure needed to develop the entire business park.

This project differs from a typical industrial development because the public infrastructure needed to serve the site is being constructed by the developer rather than the City. Usually, with industrial development that has multiple phases, the City would construct the public roads, utilities, and other infrastructure needed to support new development as projects move forward. In this case, the end user has an accelerated construction schedule that cannot be accommodated through the City's normal infrastructure installation timeframe. To meet that timeline, the developer has agreed to design and construct the required public infrastructure to City standards, assume the associated financial and construction risk, and complete improvements that will ultimately serve not only the Phase I development but also future industrial development throughout the northern portion of Big Woods Business Park.

As a result, the project includes extraordinary upfront public infrastructure costs that would not typically be incurred as part of a single industrial development. After reviewing the project, City staff and the City's financial consultant, Baker Tilly, concluded that these costs create a financing hardship that would not otherwise exist under a more typical development scenario. Staff also notes that the requested TIF assistance would be used solely to reimburse eligible public infrastructure and site development costs that benefit the broader business park. No TIF assistance would be used for construction of the Phase I building or other private building improvements.

Based on this review, staff recommends the following TIF framework, outlined in the attached Letter of Intent, for consideration:

- Establish an Economic Development TIF District for the Phase I project.

- Provide TIF assistance equal to three (3) times the annual property taxes generated by the Phase I development, plus any remaining excess tax increment generated within the TIF District. The City would retain up to twenty percent (20%) of the tax increment for statutory pooling and administrative costs (this percentage is still under negotiation), and fiscal disparities will not be deducted from the total benefit. The final amount of TIF assistance is still being negotiated and will be subject to final project costs, valuation, tax capacity, financial analysis and City approval.
- Structure the assistance as a Pay-As-You-Go TIF Note.
- Assistance will include certification of final costs following the completion of Phase 1, and a one-time "Lookback" review approximately one year after project stabilization and completion of the public improvements to confirm the completed project is substantially consistent with the assumptions used to evaluate the TIF request. The results of this review may be used to adjust the final amount and terms of the TIF assistance as provided in the TIF Agreement.
- Limit TIF reimbursements to eligible public infrastructure costs, including Public Road A, utility extensions, grading, and other qualifying public improvements that benefit the overall northern business park. No TIF proceeds may be used for construction of the Phase I facility including the warehouse building or other private improvements.
- Require the developer to construct the Phase I project in accordance with the approved plans and obtain a Certificate of Occupancy.
- The developer agrees to participate in the City's due diligence process, including an independent review of project financials to determine the need for, and appropriate amount of, TIF assistance.

Although the proposed Phase I TIF assistance exceeds the level typically contemplated under the City's TIF Policy, staff believes this approach is appropriate because the Phase I developer is constructing public infrastructure that will directly benefit future development throughout Big Woods Business Park North.

To ensure the overall development, beyond Phase I, remains consistent with the intent of the City's TIF Policy, staff recommends that any TIF assistance provided above the City's standard policy for Phase I (i.e. 2 or 3 times amount of property taxes) be treated as an advance investment in the future development of the business park. The amount of assistance provided above the policy would be allocated proportionately among future development parcels under the developers ownership. As those parcels develop and request TIF assistance, their allocated share of the Phase I assistance beyond the policy would be deducted from any future TIF assistance that may be approved.

This approach recognizes that the Phase I developer is advancing the cost of infrastructure that benefits the entire business park while helping ensure that, when all development phases are considered cumulatively, the total TIF assistance provided across Big Woods Business Park North remains closely aligned with the City's TIF Policy.

Future Development TIF Framework

- Chaska's objective is to apply its TIF Policy consistently across the entire Big Woods Business Park North development area by evaluating TIF assistance on a cumulative basis rather than by individual development phase.

- Because the proposed Phase I TIF assistance exceeds the amount typically available under the City's TIF Policy, the assistance provided above the policy level will be allocated among future development parcels of the Big Wood Business Park North on a proportional square-footage basis.
- As future development phases, under the control of the developer, request TIF assistance, each phase's allocated share of the additional Phase I assistance will be deducted from any TIF assistance that may otherwise be considered for that project (example 2x minus the new lots Phase I share). This approach recognizes that the Phase I developer is funding public infrastructure that benefits the entire business park while helping ensure that total TIF assistance across all development phases remains generally consistent with the City's TIF Policy.
- Future TIF districts may include eligible land acquisition, site development, and infrastructure-related costs not previously constructed with Phase I.
- Each future development proposal will be evaluated independently based on the project, financing gap, project economics, and anticipated public benefits. Nothing in this framework guarantees the approval or availability of future TIF assistance.

The attached Letter of Intent (LOI), negotiated by city staff and the developer, outlines the proposed TIF framework, key business terms as summarized in this report, and notes the remaining items that are still under negotiation. While the parties have reached agreement on the overall policy framework, some of the financial terms remain under negotiation. The final TIF plan, TIF Agreement and financial terms, including the final amount of TIF assistance, will be subject to completion of the required financial analysis, preparation of the TIF documents, continued negotiations and review and approval by both the City Council and the EDA.

Approval of the LOI establishes the City's intent to continue negotiating the proposed TIF assistance under the framework outlined in the letter. The LOI is not a binding commitment to provide TIF assistance or establish a TIF district. Any future TIF district and related TIF agreement will be considered through separate public actions and approvals by the City Council and EDA.

Recommendation

The proposed TIF district supports industrial development in the SW Chaska Business Park, which has been planned for some time. City staff recommend that the EDA authorize the City EDA Executive 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 TIF Agreement Documents.

EDA ACTION REQUESTED

Motion to authorize the EDA Executive Director to execute the Letter of Intent for TIF assistance to the proposed Big Woods Business Park Project.



CITY OF CHASKA

ONE CITY HALL PLAZA / CHASKA MN 55318-1962

7/16/2026

Scannell Properties
Jake Kurth
294 Grove Lane, Ste 140
Wayzata, MN 55391

RE: Letter of Intent – Tax Increment Financing Assistance for Big Woods Business Park Phase I

Dear Mr. Kurth:

On behalf of the City of Chaska (the “City”) and the City of Chaska Economic Development Authority (“EDA,” and both individually and collectively with the City, “Chaska”), we are pleased to express the City's support for the proposed development of Big Woods Business Park Phase I located within the Southwest Business Park area.

Based on the City Council's approval on June 15, 2026, of the Preliminary Plat, Site and Building Plan, Rezoning, and Comprehensive Plan Amendment for Big Woods Business Park Phase I (PC 2026-08), Chaska recognizes the significant economic development opportunity represented by this project and is supportive of moving forward with the proposed development.

Chaska's understanding of the Phase I development includes the construction of approximately 218,000 square feet of warehouse and distribution center (the “Phase I Facility”) together with associated parking, site improvements, construction of a new public roadway including utility extensions to support the entire business park beyond phase I, and site grading necessary to support both the initial development and future industrial growth within Big Woods Business Park North (as approved o in Preliminary Site plan casefile PC 2026-08).

Specifically, Phase I is anticipated to include:

- Construction of the Phase I Facility and associated parking and site improvements.
- Public improvements to Big Woods Boulevard and construction of Public Road A serving Big Woods Business Park North.
- Extension of sanitary sewer, water, and related public utilities from Chaska Creek Boulevard south across the ravine and through the development area.
- Mass grading throughout Big Woods Business Park North to balance site elevations and establish finished grades necessary to support future development parcels.

Chaska believes the project will provide substantial public benefits, including:

- Creation of approximately 200 direct jobs with average annual wages estimated at approximately \$60,000.



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- Support for an estimated 400 additional jobs associated with distribution and delivery activities.
- Expansion and diversification of Chaska's industrial employment base.
- Significant public infrastructure investments, including roads, and utilities that will serve both Phase I and future development areas.
- Increased commercial and industrial tax base for the City, County, and School District.
- Creation of development-ready sites that will attract additional private investment and high-quality industrial users within the Southwest Business Park.

Chaska also recognizes that the project requires substantial upfront investment in public infrastructure, including roadway construction, utility extensions across challenging topography, and extensive site preparation activities necessary to make the property developable. These improvements are intended to serve not only the Phase I Facility but also future development of parcels throughout Big Woods Business Park North.

Based on information provided by Scannell Properties and Chaska and its financial consultants review of the project, Chaska acknowledges that the extraordinary cost of these public improvements creates a financing gap that would not otherwise exist under typical industrial development conditions. Chaska further understands that requested Tax Increment Financing ("TIF") assistance would be utilized solely for eligible public infrastructure and site development costs associated with the entire north industrial park and would not be used for the construction of the Phase I warehouse building or its building components.

Subject to completion of Chaska's underwriting, financial review, and approval of all required TIF documentation, Chaska is prepared to consider the following TIF assistance framework for Phase I:

- Establishment of a TIF District for Phase I consistent with the development proposal approved by the City Council on June 15, 2026.
- TIF assistance equal to three (3) times the annual property taxes generated by the Phase I development, plus any remaining excess tax increment generated within the TIF District. Chaska would retain up to twenty percent (20%) of the tax increment for statutory pooling and administrative costs (this percentage is still under negotiation), and fiscal disparities will not be deducted from the total benefit. The final amount of TIF assistance is still being negotiated and will be subject to final project costs, valuation, tax capacity, financial analysis and City approval.
- Assistance to be structured as a Pay-As-You-Go Tax Increment Financing Note.
- Retained pooling may be adjusted to accommodate needs of eligible project costs outside of the immediate area of Phase I.
- Assistance will include certification of final costs following the completion of Phase 1, and a one-time Lookback review approximately one year following stabilization of the



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Phase I Development and completion of related infrastructure improvements to evaluate whether the completed project is substantially consistent with the development and financial assumptions made in evaluating the TIF request. The results of such review may be considered by Chaska in determining the final amount and terms of the TIF assistance, as set forth in the TIF Agreement.

- TIF proceeds to be used solely for reimbursement of eligible public infrastructure costs related to the entire north industrial park, including construction of Public Road A, utility extensions, grading, and related public improvements constructed by the developer and dedicated or benefiting the public development area.
- The developer agrees to participate in the City's due diligence process, including an independent review of project financials to determine the need for, and appropriate amount of, TIF assistance.
- Developer agrees to build the Phase I Development according to the approved building plans and successfully obtain a certificate of occupancy
- Negotiate a business subsidy agreement, if required.
- Pay the required \$10,000 administrative fee for City economic development assistance.

Future Development Phases

Recognizing that the infrastructure improvements constructed as part of the Phase I Development will provide substantial benefit to future development parcels within Big Woods Business Park North, Chaska intends to work collaboratively with the developer to evaluate TIF assistance for future phases as development occurs.

Chaska's current intent is to establish separate TIF Districts for future development phases or parcels within Big Woods Business Park North as individual development projects are proposed.

For future TIF requests, Chaska anticipates the following framework:

- The proportionate share of excess TIF assistance provided through Phase I will be deducted from any future TIF assistance being considered for subsequent development phases.
- The excess TIF assistance provided in the Phase I Development will be allocated among future development parcels on a proportional square footage basis. As future parcels develop, their allocated share of the Phase I Development excess assistance will be repaid through a corresponding reduction in future TIF assistance.
- Eligible costs for future TIF districts may include land acquisition and related development costs. In particular, future TIF assistance may be used to offset increased land costs attributable to the public road, utility, grading, and infrastructure improvements constructed as part of Phase I.



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- Chaska's objective is to apply its TIF policy consistently across the overall Big Woods Business Park North development area, with assistance levels evaluated on a cumulative basis.
- Each future phase will be independently evaluated to determine whether additional TIF assistance is warranted based upon the specific development proposal, project economics, financing gap, and public benefits being provided. **CHASKA DOES NOT GUARANTY THE APPROVAL OR AVAILABILITY OF FUTURE TIF ASSISTANCE.**

Chaska appreciates the opportunity to partner with you on this significant economic development project and recognizes the substantial benefits it is expected to provide the community. The proposed investment will support the continued growth in Chaska's industrial and employment base, create quality jobs, expand the city's commercial tax base, and expand critical infrastructure that will facilitate future development opportunities within SW Chaska.

We look forward to working collaboratively with you as the project progresses and to establishing a successful partnership that supports both the Phase I development and growth within the business park.

Any assistance remains subject to completion of financial underwriting, negotiation and execution of definitive TIF and development agreements, preparation of required TIF documentation, public hearings, and approval by the City Council and Board of the EDA as well as the remaining land use entitlements.

If you have any questions, please do not hesitate to contact me at 952-227-7529.

Sincerely,

Matt Podhradsky
City Administrator

By signing this letter, I am in agreement with the above stated conditions being utilized to draft a TIF Agreement for this project. **I understand that signing this letter does not guaranty the approval or availability of any TIF Assistance by Chaska.**



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Jake Kurth
Scannell Properties

Date: _____