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**To:** Mayor Nelson and Members of the City Council

**From:** Daniel R. Buchholtz, ICMA-CM, Administrator, Clerk/Treasurer

**Date:** April 2, 2026

**Subject:** Lease Agreement for 8480 Highway 65 NE

Attached for the City Council's consideration is a lease agreement between the City of Spring Lake Park and True North Greens, LLC for the premises located at 8480 Highway 65 NE. The proposed lease is consistent with the direction provided by the City Council.

- **Key Lease Terms**
  - **Use:** Tenant will operate a state-licensed indoor cannabis cultivation facility. No other use is permitted without City approval.
  - **Term:** Five-year initial lease term (May 1, 2026 – April 30, 2031) with one optional 26-month extension to June 30, 2033.
  - **Rent:**
    - Monthly rent of \$3,500, triple-net.
    - Four-month rent holiday from May 1–August 31, 2026.
    - Annual 3% rent increase beginning May 1, 2027.
  - **Operating Costs:** Tenant reimburses the City for property taxes, insurance, and its pro-rata share of building operating costs. Initial estimated reimbursements are \$408.25/month for taxes and \$74.16/month for insurance.
  - **Improvements:** Tenant accepts the premises “as-is” and is responsible for all interior build-out and future maintenance. Any alterations require prior City approval.
  - **Environmental Requirements:** Tenant must comply with MPCA directives and accommodate operation/maintenance of the existing vapor mitigation system.
  - **Odor Control:** Strict odor-control requirements apply. Repeated violations (three within two years) constitute grounds for immediate termination.
  - **Security Deposit:** One month's gross rent.
  - **Personal Guaranty:** Tenant's principal provides a full personal guaranty for all lease obligations.

Staff recommends approval of the lease agreement with True North Greens, LLC as presented.

If you have any questions, please do not hesitate to contact me at 763-784-6491.