



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: July 1, 2025

Subject: Lease Agreement – 8478 Highway 65 NE (True North Greens, LLC)

Staff has negotiated a lease agreement with True North Greens, LLC for the property located at 8478 Highway 65 NE, recently acquired by the City as part of its economic redevelopment strategy. Under the terms of the agreement, the City will lease the building to True North Greens for a state-licensed marijuana dispensary for an initial five-year term beginning July 1, 2025, with an option for a three-year extension.

Key lease terms include:

- *Base Rent:* \$8,167/month with 3% annual increases. The first three months are rent-free.
- *Tenant Responsibilities:* All operating costs, utilities, taxes, and insurance (reimbursed to the City monthly).
- *Security Deposit:* Two months' rent.
- *Improvements and Maintenance:* Tenant accepts the premises "as is" and is responsible for all interior improvements and ongoing maintenance. City retains approval rights for any modifications.
- *Environmental Disclosure:* Tenant acknowledges known environmental conditions and agrees to comply with MPCA remediation requirements and support maintenance of the vapor mitigation system.
- *Use Restrictions:* The premises may only be used for a dispensary and associated legal sales; subleasing is prohibited without City approval, which approval shall not be unreasonably withheld.
- *Guaranty:* The lease is personally guaranteed by the business principal.

Staff recommends approval of the lease agreement as presented.

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