

To Village of Cottage Grove Board of Trustees

From Rick Manthe and Larry Konopacki

Date May 14, 2021

Re AVID Real Estate Development Agreement

The Village Board meeting scheduled for Monday, May 17, 2021, includes an agenda item specifying that the Board will discuss and consider a draft developer's agreement for the AVID Real Estate project occurring on lot 1 in Commerce Park. The draft development agreement is included in the materials for the Board meeting. Village staff and counsel recommend Village Board approval of this agreement.

AVID Real Estate's proposed project is an approximately 31,000 square foot industrial/flex use building. The following are a few notable provisions in the draft developer agreement:

1. Financial Incentives. The Village will make an initial incentive grant in the form of a purchase price credit in the amount of \$148,093, and a direct cash grant to Developer in the amount of \$55,000. The Village will also provide up to \$380,640, from property tax increment created by this project on taxes paid by AVID Real Estate.
2. Assessed Value Guarantee. AVID Real Estate will guarantee an assessed value for the property after completion of construction of the project of \$3,000,000.
3. Given that the Developer only needs to install sidewalks, an adjustment was made to the standard letter of credit procedures. The Village cannot unilaterally increase the required letter of credit amount after the Developer supplies an acceptable letter of credit.