

To Village of Cottage Grove Board of Trustees

From Rick Manthe and Larry Konopacki

Date May 14, 2021

Re JEK CRE 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 JEK CRE project located along Highway N and adjacent to the well station. The draft development agreement is included in the materials for the Board meeting. Village staff and counsel recommend Village Board approval of this agreement.

JEK CRE's proposed project is an approximately 15,000 square foot retail and professional services 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 \$300,000. The Village will also provide up to \$300,000 from property tax increment created by this project on taxes paid by JEK CRE.
2. Assessed Value Guarantee. JEK CRE will guarantee an assessed value for the property after completion of construction of the project of \$4,000,000.
3. The Developer still needs to obtain site plan approval for this project. Once a site plan is approved, it automatically becomes incorporated into the agreement, and the Developer will have to abide by any site plan requirements.