

To Village of Cottage Grove Board of Trustees

From Rick Manthe and Larry Konopacki

Date May 14, 2021

Re Grand Appliance 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 Grand Appliance project occurring on lot 14 of the 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.

Grand Appliance'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 \$166,000. The Village will also provide up to \$300,000, from property tax increment created by this project on taxes paid by Grand Appliance.
2. Assessed Value Guarantee. Grand Appliance will guarantee an assessed value for the property after completion of construction of the project of \$2,800,000.
3. The Developer still needs approval of a precise implementation plan for the project. Once the Village approves a precise implementation plan, those requirements will be incorporated into the agreement.
4. Typically the development agreement would include a personal guaranty from a member of the developer's LLC. In this case, that personal guaranty is a corporate guaranty from Grand Appliance Company, Inc., guaranteeing the obligations of the developer's LLC.

5. Although public improvements are required for this project, they are relatively minor. Therefore, there will be no letter of credit required for this agreement. The Village will still retain several options for ensuring the public improvements are constructed to Village standards.