

CITY OF COTTAGE GROVE
12800 Ravine Parkway South
Cottage Grove, Minnesota 55016
Council Chamber - 7:30 AM

April 9, 2024

Economic Development Authority

AGENDA

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - 3.1 Approval of Meeting Minutes
4. Business Items
 - 4.1 DARTS Presentation
 - 4.2 Economic Development Update/Business Inquiry
 - 4.3 3rd Amendment to Amended and Restated Contract for Private Development (NorthPoint)
 - 4.4 Tax Increment Revenue Note (Up North Plastics)
 - 4.5 Termination of Contract for Private Development (Modern Automotive Performance)
 - 4.6 Proposal to Prepare a Housing Needs Assessment
 - 4.7 Grow Minnesota! Partnership Program
 - 4.8 Dominion Certification of Compliance
5. Public Hearings
6. Other Business
 - 6.1 EDA Calendar
 - 6.2 EDA Comments
 - 6.3 Response to Previous EDA Comments
7. Workshop
 - 7.1 Business Retention and Expansion Program Workshop
8. Presentations
9. Adjournment

CITY OF COTTAGE GROVE

ECONOMIC DEVELOPMENT AUTHORITY

MINUTES Economic Development Authority (EDA) Meeting February 13, 2024

Pursuant to due call and notice thereof, a meeting of the Economic Development Authority was held on the 13th day of February, 2024, at 7:30 a.m.

CALL TO ORDER

The meeting was called to order at 7:30 a.m. by EDA President Bailey.

ROLL CALL

Alexa Anderson, Administration Specialist, called the roll: EDA President Bailey-Here; EDA Vice President Olsen-Here; EDA Member Carey-Absent; EDA Member Jean-Baptiste-Here; EDA Member Myers-Here; EDA Member Scott-Absent; EDA Member Tschida-Arrived after Roll Call.

Members Present: Myron Bailey, EDA President
Justin Olsen, EDA Vice President
Obed Jean-Baptiste, EDA Member
Dan Myers, EDA Member
Thomas Tschida, EDA Member

Members Absent: EDA Member Carey
EDA Member Scott

Staff Present: Jennifer Levitt, City Administrator
Emily Schmitz, Community Development Director
Alexa Anderson, Administration Specialist

Others Present: None.

APPROVAL OF MINUTES

3.1 Approval of January 9, 2024 EDA Meeting Minutes

EDA Vice President Olsen made a motion to approve the January 9, 2024 EDA Meeting Minutes. Motion was seconded by EDA Member Myers. Motion passed unanimously (5-to-0 vote).

BUSINESS ITEMS

4.1 Economic Development Update/Business Inquiry

Jennifer Levitt, City Administrator, gave the Beige Book report: Employment: Grew moderately since the last report. Price Pressures: Were mild overall; businesses reported that prices they charged to customers had not changed since the last report. Most workers surveyed reported that they were

experiencing difficulties finding a new job, mainly relates to skills gaps; however, low pay and childcare affordability was also a factor in mobility. Administrator Levitt stated just as an update, we've been working with Washington County, the Chamber, and also with our State Legislators as we look at child care affordability because we know that is a challenge. As the legislative session started yesterday, she knows our legislators will also be looking at childcare affordability because that is a factor enabling people to have mobility. Consumer Spending: Rose modestly. Construction Activity: Was slightly lower. Commercial Real Estate Activity: Remained flat. Office Market Sector: Was soft; however, retail vacancies improved, which we've seen here in Cottage Grove. Residential Real Estate: Remains subdued; she stated she would say that's more nationally, as when we look at the City of Cottage Grove, our new housing starts, both multifamily and single family, are still coming in relatively strong. Our actual overall lot count is still strong. She's anticipating as we get through the Spring Showcase, we're probably going to see our new housing starts improve back to pre-interest rate hike days. Manufacturing Activity: Decreased slightly. Agricultural Conditions: Remained unchanged. Minority and Women-Owned Businesses: Reported lower sales, and profits continued to decline since the last report.

Cottage Grove Construction Updates: Hohenstein's: Still making really great progress, the roof steel is in place. This winter construction season has been very favorable for everybody, and they're no exception. Right now, they've gone vertical with their precast Tilt-Up Panel walls. The permit for the interior office space has been submitted for review. Dunkin' Donuts: Construction is complete, and yesterday they started with their soft open. Our Public Safety team visited them yesterday to showcase that they were indeed open. We will keep you posted when we have a formal ribbon-cutting date. Chase Bank: Located in front of Kohl's. They're making good progress, their footing and foundation walls have been completed. Right now, with the fact that this winter doesn't really look like winter, everybody is enjoying a very favorable construction season. For Cottage Grove, even with our water treatment plant, we're probably well over a month ahead of schedule. O2B Kids: They're making good progress, framing continues. Norhart Apartments: Located near Hadley Avenue and 103rd Street, plans have been submitted for their building permit. Trellis (Bluestem Apartments): Their permit is under review. Dodge Nature Center - Shepard Farm: A Temporary Certificate of Occupancy has been granted. The old estate that sits back from the roadway has been renovated; we will be excited to share with you when there will be an opportunity to tour that, as they've gotten their Certificate of Occupancy. Glacial Valley Park: The Certificate of Occupancy has been issued, so the building can now be reserved for a business meeting, family gathering, or party opportunities, that's a great place. So, check out the rental opportunity there.

Administrator Levitt stated she'd be happy to stand for any questions, but none were asked.

4.2 First Amendment to the Purchase Agreement - Kwik Trip

Administrator Levitt stated the City of Cottage Grove and the EDA entered into a Purchase Agreement with Kwik Trip and WAG Farms in October, 2023, which was in the fall. One of the key factors that an entity needs to do, specifically on this site, is a wetland delineation. When you look at a wetland delineation, you need to ensure that you have plants, soil, and presence of water; unfortunately, in October and into the winter here, they can't actually do a wetland delineation. So, they've actually asked for an extension to their closing date, which was originally April 1, 2024; they're now going to move the closing date to the end of November 2024. There's nothing extreme here in regards to the Purchase Agreement change, it's just changing the closing date. At this point in time, if there is an opportunity for them to close sooner, they will, but they'd just like to have that buffer to ensure they can get their wetland delineation done. In addition, they weren't anticipating construction

starting until 2025; so, this doesn't really set them back at all. The recommendation is on the screen for your consideration.

EDA President Bailey asked if anyone had questions for Administrator Levitt.

EDA Member Jean-Baptiste stated when he read the packet, it seemed like they were adding additional earnest money towards the purchase. He asked if that's refundable or is it non-refundable should they decide to proceed forward with the transaction.

Administrator Levitt replied that's a good point. We did ask for additional escrow to secure this, it does go hard at this time; so, if they were to remove themselves from the Purchase Agreement, that cash would not be returned to them. If they proceed to closing, that money is deducted then from the sale price at closing.

EDA President Bailey stated that was a good question.

Recommendation

By motion: Adopt Resolution 2024-01 consenting to the First Amendment to the Purchase Agreement between WAG Farms and the EDA and the First Amendment to the Purchase Agreement between the EDA and Kwik Trip, Inc. subject to minor modification approved by the City Attorney.

EDA Vice President Olsen made a motion to Adopt Resolution 2024-01 consenting to the First Amendment to the Purchase Agreement between WAG Farms and the EDA and the First Amendment to the Purchase Agreement between the EDA and Kwik Trip, Inc. subject to minor modification approved by the City Attorney. Motion was seconded by EDA Member Tschida. Motion passed unanimously, (5-to-0 vote).

4.3 Dowdle Art Project - Amendment to the Services Agreement

Administrator Levitt stated as all of you are aware, Eric Dowdle was in town to visit Cottage Grove in January. He had an opportunity to tour the community and engage with folks within the community, and with some businesses through the Chamber. As we started to look at some of the dates, some of the challenges that he had with his supplier related to the puzzle manufacturing were such that they could not meet the Strawberry Fest deadline that we had in the contract, which was June 13. So, we decided that another unveiling date that would work really well was the actual Food Truck Festival, on September 14. This will be an opportunity we think that's even better than the June date; originally, we were going to have the June activity kickoff just before Strawberry Fest, and we were going to sell the puzzles at Strawberry Fest. Now, if we make the puzzle unveiling part of the larger event at the Food Truck Festival, it would be more prominent, it will enable more people to actually come out and engage with the puzzle and tell our story here in Cottage Grove. It will probably also continue to help with puzzle sales. The good news is the contract does allow for that exclusive selling period for one year, so we can still sell at Strawberry Fest in 2025. So, even though it didn't hit our original plan, sometimes Plan B may actually work out better to be able to celebrate with the community. So, there are a couple of modifications to the agreement with Dowdle for the adjustments to the unveiling date and the payment date for the first payment for the puzzles. We're looking for your approval of these amendments.

Mayor Bailey asked if the EDA Members had any questions.

EDA Vice President Olsen thanked Administrator Levitt for all of the updates, told her she did a very nice job pinch hitting today. With respect to the Dowdle puzzle program that we're pursuing, he

stated he had the opportunity to meet with Jaime Mann, who is spearheading the Food Truck Festival on behalf of the Convention and Visitors Bureau, for which he is now the Chair. We spent some time talking through what our game plan looks like for this year's festival. This becoming part of the Food Truck Festival is actually a huge win, in our opinion. Last year's Food Truck Festival was our first ever, we had 23 food trucks that came to the festival, and of course, we had the Cottage Grove Lions there, we had live music, we had John Yang and the One Family folks come and do a beanbag tournament, etc. This year, as you know, we are looking to expand our footprint into a marketplace and some other fun things; we feel like this is the perfect opportunity to bring the community together in September to unveil the puzzle without all the hullabaloo of Strawberry Fest going on around us, so a little bit less distraction. We also think that it's going to help us attract an even bigger crowd than last year, which we estimated at about 6,000 people; we feel pretty comfortable this year we'll be at 10,000+ with some additional food trucks. Of course, it's only a one-day event, so it's a snooze and you lose kind of thing, you have to show up on the day of. So, all of that being said, the question is this: Are we planning to have kind of the same programming in place that we talked about when we met with Eric, with respect to him and his team? I know he has some social media folks that he works with and some other things; we're not missing out on any of those opportunities by moving it to September, are we?

Administrator Levitt replied no, at this point, we actually think it's probably going to be even bigger because now we won't be limited by space or parking. More people can actually come out, we'll have larger tents and gathering places so the people that are actually going to be able to tell the story may be front and center on stage, maybe even before the first band kicks off, for example. We're still working out the logistics, but it'll provide the opportunity to showcase each piece and each story that the puzzle talks about. So, she thinks it's an exciting opportunity to bring the community together as we share our story together, and then be able to celebrate with it in such a unique way. Down at the golf course, we would have been limited by space and parking. As you mentioned, we're hoping over 6,000 people come. So, she thinks that's an exciting opportunity.

EDA Vice President Olsen stated absolutely, so, we'll all pray for good weather and we look forward to having Eric and his team in town again. He is so excited about this, he thinks it's really going to resonate with the members of the public in terms of a good piece of memorabilia, but also a good way to celebrate not only who we were but also who we are today as a City. So, thanks very much for that.

EDA President Bailey stated he'll just piggyback on that. When we posted about this program on social media, he was actually frankly surprised at the number of people who know about Eric Dowdle and the program that he does, the number who talked about having purchased Dowdle puzzles and they love them, and now we're going to be a part of that. The other thing that he thought was interesting and exciting was at the beginning of all of this, he didn't realize it was part of a national thing for the birthday or the anniversary of the United States of America, in a couple years. So, we're going to be part of something bigger than just Cottage Grove when we celebrate 250 years as America. So, he thinks that's going to be kind of cool that we're part of whatever that's going to be, as we've been told to kind of stay tuned as that happens. It's pretty awesome.

EDA Member Tschida asked because he's the one who can't make the deadline, are we getting any kind of discount on this project? I mean, it doesn't seem like there's any financial relief or incentive for us other than it's another opportunity in September.

Administrator Levitt replied the only change that we made was actually the payment schedule was then correlated to the later date; so, we did maintain the same exact pay schedule value, but just the actual date in which those payments would be made are now subject to the later completion date.

Recommendation

By motion: Approve the attached amendment to the professional services agreement with Dowdle Studios, LLC, to move the final project completion date to September 14, 2024.

EDA Member Jean-Baptiste made a motion to approve the attached amendment to the professional services agreement with Dowdle Studios, LLC, to move the final project completion date to September 14, 2024. Motion was seconded by EDA Member Myers. Motion passed (4-to-1 vote, Nay vote by EDA Member Tschida).

5 PUBLIC HEARINGS - None.

6 OTHER BUSINESS

6.1 EDA Calendar

EDA President Bailey stated at your table here is the EDA Calendar, basically showing some of the meetings for the next half a month or so. He mentioned, on a side note, that this Friday starts the River Oaks Fish Fry, as well as probably Fish Frys everywhere else; if you're interested and want to go to River Oaks for a Fish Fry, reservations are required, so please make those ahead of time.

6.2 EDA Comments

EDA Vice President Olsen stated we just got done talking about our Food Truck Festival, which he can tell you the Convention and Visitors Bureau is very excited about for this year, especially due to the success that we experienced last year. We're anticipating 40 food trucks this year vs. 23 last year, we're anticipating some additional offerings for those in attendance, including a marketplace where vendors can come and share their artistic or other talents with the public. He has a lot of respect for those people because he is not that guy, he's lucky if he can draw a stick figure. The reason that he brings it up is in speaking with Jaime Mann, who is spearheading the Food Truck Festival Committee, one of the things that we discussed was getting more people involved within the scope of the public. He knows that our Convention and Visitors Bureau team will be involved with planning and executing, but he wanted to make an offer to members of the EDA if you are interested, to let him know, and we would get you in contact with Jaime. This is an opportunity for you to be part of the Food Truck Festival Committee and share your thoughts, share your ideas, look at some of the ways in which we are going to be celebrating the community on that day, including the Dowdle Puzzle project, and really become a part, from the ground up, of what we think is going to be just an amazing day. So, if you have any interest in being part of the planning for the Food Truck Festival, let us know. You can speak to me, you can certainly speak to the Mayor or Jennifer or whomever, and we'll get you in touch with Jaime. But it would be nice to have some partnership from the EDA, in addition to the Convention and Visitors Bureau and other members of the committee; for example, Laurie Levine, from the Chamber is on the committee, and we have several City staff members, but it's a big lift and as everybody knows, more hands make that a lot easier. So, anyway, he just wanted to share that and see if anybody had any interest. Give it some thought, let us know. With that, he turned it back to the Mayor.

EDA President Bailey stated he'd point out on the screen, just so you all are aware, at this point, it doesn't appear that we'll need to have a meeting in March. So, we don't just have meetings for the sake of meetings. So, unless something changes, our next EDA meeting will be Tuesday, April 9, 2024, so you get a reprieve for one month.

6.3 Response to Previous EDA Comments - None.

7 **WORKSHOP** - None.

8 **PRESENTATIONS** - None.

9 **ADJOURNMENT**

EDA Member Myers made a motion to adjourn. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (5-to-0 vote). The meeting was adjourned at 7:49 a.m.

Respectfully submitted,

Gretchen Larson, Economic Development Director

/jag



Federal Reserve Bank of Minneapolis

Summary of Economic Activity

The Ninth District economy grew slightly since the previous report. Respondents to a January survey reported a slight increase in sales and orders over the previous month. Employment grew slightly, but overall labor demand softened somewhat. Wage pressures were moderate but continued to ease, and prices rose modestly. Consumer spending and agricultural conditions declined, while commercial real estate activity was flat. Construction, manufacturing, and residential real estate activity increased slightly. Activity among minority- and women-owned businesses declined slightly.

Labor Markets

Employment grew slightly since the last report. Hiring demand remained positive overall but softened somewhat. Demand for full-time, year-round employees fell modestly, particularly among leisure and hospitality firms affected by unseasonal winter conditions. Softer labor conditions were also reported in construction, manufacturing, wholesale, and transportation sectors. More firms cut workers, though this number was still a small fraction compared with those looking for workers. Contacts reported modestly improved labor availability. A Minnesota finance company said, "It depends on the position. Higher-level positions are hard to find qualified candidates. Lower-level positions are starting to have more applications." A large manufacturer in South Dakota reported that slowing demand over the last year cooled its labor needs, but "finding workers to replace turnover is still moderately difficult." Firms were a bit less optimistic about future hiring needs than they were previously, but still positive overall.

Wage pressures were moderate overall but have been easing compared with previous levels. A survey of almost 700 firms found that roughly half reported wage increases of 3 percent or more, with 18 percent seeing increases of more than 5 percent; both measures were moderately lower than those of earlier surveys. Some firms reported wage pressure was easing due to better labor availability, reduced business, an inability to pass higher costs on to customers, and declining reimbursement rates from government health care programs.

Prices

Prices increased modestly since the last report. A quarter of respondents to a District business survey reported increasing customer prices in January from a month earlier, while 63 percent reported no change in pricing. Input price pressures remained greater than final prices; 41 percent reported increases in January. Retail fuel prices in District states increased slightly since the last report. Prices received by farmers increased in December from a year earlier for chickpeas, dry edible beans, lentils, chickens, and cattle; prices decreased for corn, wheat, soybeans, hay, sugar beets, potatoes, canola, milk, hogs, turkeys, and eggs.

Worker Experience

Workers highlighted opportunities for career development, income improvement, and schedule flexibility as their top three priorities when looking for a job. The majority were confident that they would find a job in the next three months. Contacts who switched jobs or recently became employed after a period of unemployment said the most challenging part of their job search was finding a job that pays what they need. Most of them got jobs in health care, followed by education and manufacturing. The majority had applied for up to five jobs before being hired. Contacts reported higher prices across most items in recent weeks, mainly in food. “I wish my twenty-dollar [sandwich] lunch went back to [costing] ten,” said a Minnesota worker. “It instead keeps going up.”

Consumer Spending

Consumer spending was down since the last report. Unseasonably warm weather hurt businesses catering to winter activity; firms in retail, accommodation, and entertainment saw lower revenues across the District. Ski hills in Montana and Michigan’s Upper Peninsula (U.P.) closed due to lack of snow. January hotel occupancy fell in most District states, including by 12 percent in Montana. An accommodations firm in the U.P. said bookings were 20 percent higher to start the year, but “most guests cancel due to lack of snow. We are now showing a 25 percent decline. This is having a devastating effect on all local businesses.” However, contacts reported healthy underlying demand; weather was a confounding factor, but expectations for spring tourism were positive. Consumer spending remained active in some other areas; new-vehicle sales rose 18 percent in January at one large dealership, and sales of powersport vehicles also rose across the District. Contacts noted that some consumers continued to adjust purchasing habits due to high prices. A grocer in southern Minnesota said that customer counts remained strong, but “customers are starting to pull back on their purchases.”

Construction and Real Estate

Construction declined overall since the last report. Firms reported that both active and future projects out for bid were lower. Commercial permitting for new projects in January was widely lower. Single-family development remained soft, with modest but spotty increases in some District markets compared with a year earlier. Multifamily permitting has slowed significantly. Home remodeling activity has also slowed for some firms. A Minnesota contact said that “consumers quite abruptly stopped spending discretionary income on larger home improvements.”

Commercial real estate was flat. Office space continued to see negative absorption due in part to soft employment in office-using sectors. Industrial vacancy rates rose slightly, but slowing speculative development allowed rental rates to rise. Retail vacancy rates were comparatively low, thanks to very slow development of new space and new leasing activity. Residential real estate grew modestly from low levels, with a modest majority of larger markets seeing year-over-year sales growth in January.

Manufacturing

Manufacturing activity increased slightly since the previous report. A regional index of manufacturing conditions indicated expansion in activity in Minnesota, North Dakota, and South Dakota in January relative to a month earlier. However, demand continued to slide. Two-thirds of manufacturing sector respondents to a District business survey reported that January sales fell from a month earlier. A large custom fabricator reported that demand from large customers had slowed, but they were “not sure if they are reducing inventories to free up cash, or if demand is softer.” In contrast, several producers of construction materials and electronics reported an uptick in demand.

Agriculture, Energy, and Natural Resources

District agricultural conditions declined. Ninth District farm income declined in the last quarter of 2023 relative to a year earlier, according to most lenders responding to an agricultural conditions survey. Capital spending also decreased on balance, while farm household spending continued to increase. Sector contacts reported that current prices for some commodities were below breakeven levels for many producers; however, input costs have moderated somewhat. Oil and gas exploration activity increased slightly since the previous report. District iron ore mines, already near capacity, increased production since the last report.

Minority- and Women-Owned Business Enterprises

Activity among minority- and women-owned business enterprises (MWBE) declined for slightly more contacts than not over the most recent four-week period. Expectations for future activity over the next four weeks edged slightly more positive. Wages among these contacts were mostly unchanged; only one-third said they had recently increased wages. Some reported that benefit costs were still climbing. “Health insurance jumped yet again for 2024,” shared a Minnesota contact. Staffing levels and worker demand were mostly flat, and only a slight majority expected labor demand to increase over the coming weeks. Profits were lower on balance, with little change expected in the coming weeks.

For more information about District economic conditions, visit <https://www.minneapolisfed.org/region-and-community>.

TO: Economic Development Authority

FROM: Emily Schmitz, Community Development Director

DATE: April 4, 2024

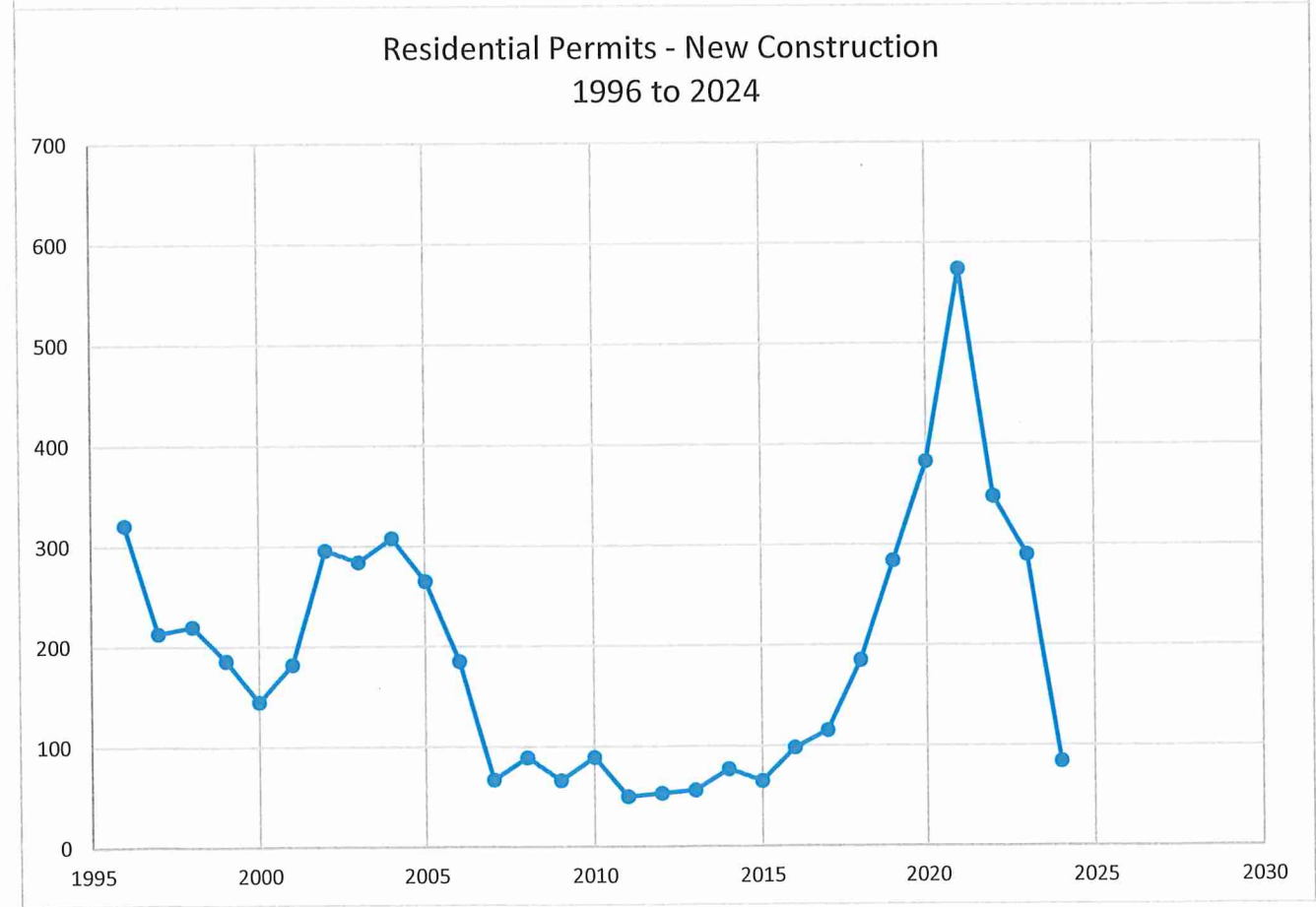
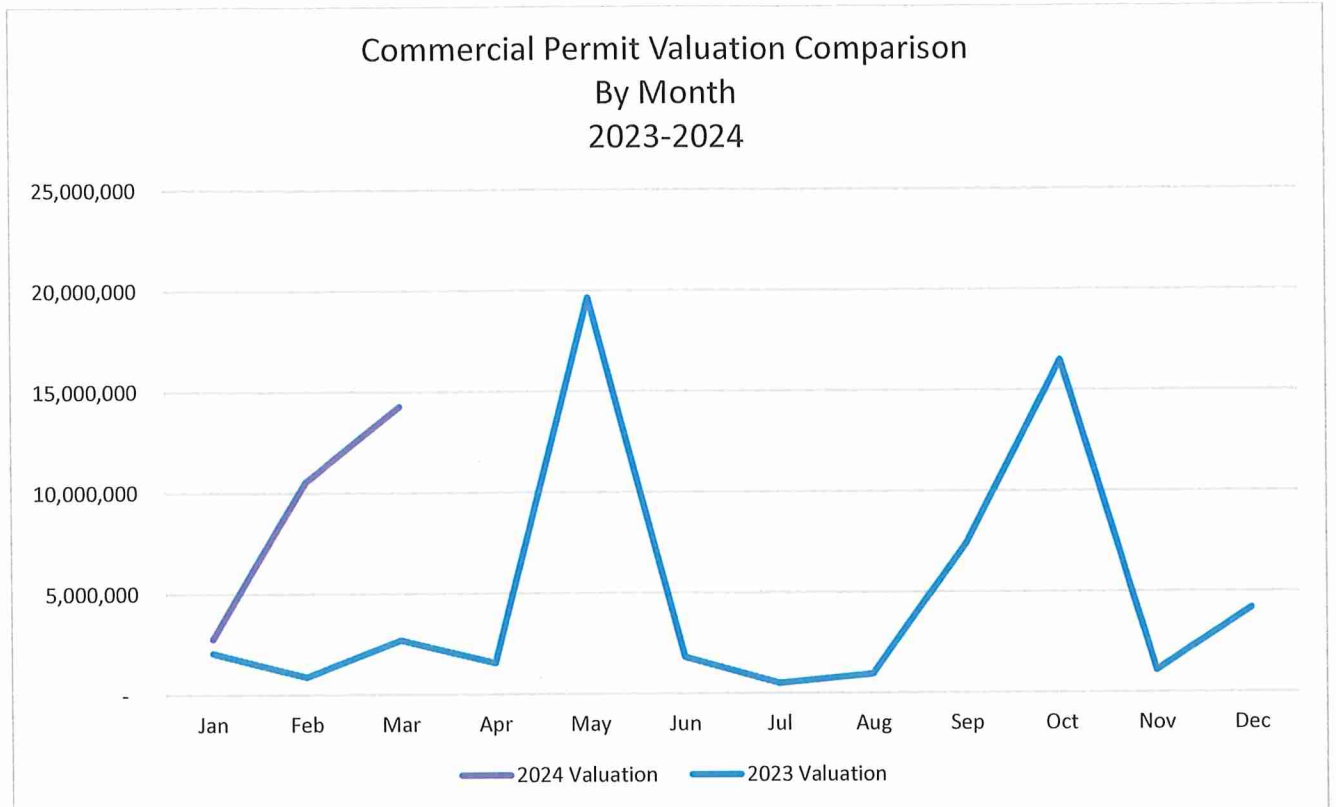
RE: Development Update

Building Permits

Building Permit Statistics:

Between March 1 and March 31, there were 297 building permits issued with a total valuation of \$25,182,244, including 21 single-family homes valued at \$7,434,762 and 6 townhomes valued at \$1,747,344. In addition, the building permit was issued for the Bluestem Senior Apartments that will be located at 7601 79th Street South, consisting of 52 units with a valuation of 10,250,000.





Current Project Updates

Building Construction Projects

Hohenstein's: Installation of the drive-through cooler and the interior office area framing has begun.



Low-Zone Water Treatment Plant: Footing/slab and poured wall work continues.



Utility Building: Plans have been reviewed and approved.

3M Projects:

- Buildings #136 and #197 – Plans have been reviewed and approved for modification to these two existing buildings.
- Building #150 – Framing inspection for the addition will be conducted within the next two weeks.
- Building #150 – A Temporary Certificate of Occupancy has issued with minor items still outstanding.
- Building #151 – Installation of process piping continues.
- Incinerator – The first of many demolition permits has been submitted for the removal of the equipment and tearing down the building.

Chase Bank: The exterior of the building is nearing completion as interior framing and trade work begin.



O2B Kids: Interior framing continues with interior trade work starting.



Okoruwa Pediatric Dental: The permit has been issued for a new pediatric dental office in the Summerhill Building.

Bluestem Senior Apartments: The building permit has been issued as site work begins for this project located at 7601 79th Street South.

Norhart Apartment Building: Plans have been reviewed and a review letter provided for the new apartment building to be located at 10251 Hadley Avenue.

Park High School: Plans have been reviewed and approved for electrical and mechanical upgrades to the school as well as for a new press box, enlarged concession stand, and minor plumbing improvements to the restrooms at the stadium.

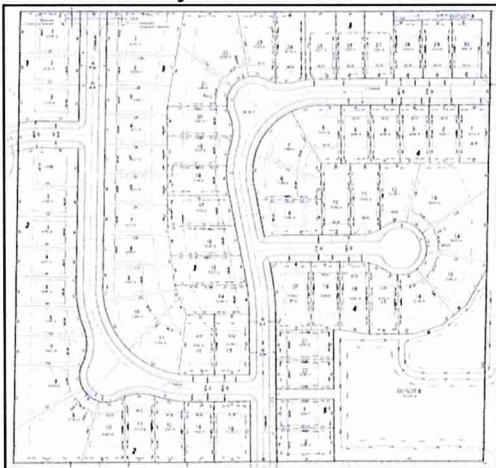
ISD #833 District Service Center: Plans are currently under review for a new roof, mechanical upgrades, and some interior remodeling.

Planning Division

March 25, 2024, Planning Commission Meeting:

The Planning Commission met on March 25, 2024, and reviewed the following application:

Summer Valley – ZA2024-008 & PP2024-008: Summergate Development (Applicant) is requesting approval of a Zoning Amendment to rezone 24.5 acres of land located south of the Woodbury Border, east of the Northwick Park development, and west of the Parkview Pointe development, from AG-2, Agriculture, to R-3, Single Family Residential, and a preliminary plat consisting of 71 single family lots and 2 outlots. Two citizens spoke at the public hearing with questions about construction access to the site and about vibrational control during construction. The Planning Commission unanimously (6-to-0 vote) recommended that the City Council approve the zoning amendment and preliminary plat for Summer Valley. The Council will take final action at their April 17, 2024, meeting.



Preliminary Plat



Location Map

April 22, 2024, Planning Commission Meeting

The following applications were received for the April 22, 2024, Planning Commission Meeting:

- School Bus Garage Fuel Tanks – Cases PP2024-010, SP2024-010, FP2024-010
- Lot Split at 9670 Kimbro – Cases MS2024-011, V2024-011
- Zoning and Sign Code Updates – Case TA2024-012



TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: April 4, 2024

RE: Third Amendment to Amended and Restated Contract for Private Development with NorthPoint BGO Cottage Grove Logistics Park, LLC

Background

In May of 2022, the EDA approved a first amendment to the TIF agreement and contract with NorthPoint to include a Building 1a and address the issues shared by NorthPoint that the bids for engineering and construction of the public roads they are required to build, were approximately \$4.5 million more than preliminary estimates. As a result of the discussions, the EDA approved an amended and restated contract for TIF.

In February of 2023 the EDA approved a request from NorthPoint for a second amendment to the amended and restated TIF Agreement to change the commencement date for Phase II from April 30 to October 31, 2023. In early May, representatives from NorthPoint reported that given the current interest rate environment and constraints within banking and lending institutions, they were requesting a second amendment to the current contract.

In January of 2024 the team at NorthPoint met again with the city and shared that leasing conditions had not changed as much as they had hoped since the last requested extension in May of 2023. The chart below shows the new commencement and completion dates requested for Phases II, III and IV. The size of the buildings for Phases Ia to IV have also changed. Overall, if all goes as planned with the remaining phases, the overall size of the buildings in total will decrease by approximately 88,800 SF.

Phase	Square Feet	Commencement Date	Completion Date
I	776,252 <u>775,000</u>	April 30, 2022	July 30, 2024
Ia	520,000 <u>295,000</u>	August 30, 2022 <u>August 30, 2025</u>	July 30, 2025 <u>July 30, 2026</u>
II	730,000 <u>660,000</u>	April 30, 2024 <u>April 30, 2025</u>	July 30, 2025 <u>July 30, 2026</u>
III	677,600 <u>832,000</u>	April 30, 2024 <u>April 30, 2026</u>	July 30, 2026 <u>July 30, 2027</u>
IV	739,000 <u>792,000</u>	April 30, 2025 <u>April 30, 2027</u>	July 30, 2027 <u>July 30, 2028</u>

The third amendment to the amended and restated agreement between the EDA and NP BGO Cottage Grove Logistics Park, LLC was sent to our TIF Attorney, Ron Batty. Upon review of the contract Mr. Batty made the changes requested by NorthPoint as reflected in this memo.

Our financial consultants at Ehlers also reviewed the impact of this request on the TIF amounts and on a conservative basis, the TIF generated will be around \$7,166,000 vs. the \$12.5M that the EDA originally approved. This results in a note that will never be paid off so the ability to decertify the district early will likely not happen.

The number of jobs created will also change as reflected in the chart below from an original number of 1,870 to 1,200. The jobs must be created in each phase two years from the issuance of the building permit. Phase I, consisting of two buildings, 7601 and 7701 100th Street South were issued CO on 5/8 and 12/13, 2023 respectively. As of this report staff is still waiting on jobs numbers but we will update when they are available.

Phase	No. of Jobs at 200% of State Minimum	No. of Jobs at 160% of Federal Minimum	No. of Additional Jobs to Total 1,870
I	50	275 230	25
Ia	25 20	200 90	25
II	75 40	308 190	50
III	75 55	300 245	50
IV	75 50	300 230	37
TOTAL	300 215	1,383 985	187

Recommendation

By motion:

- A. Approve the Third Amendment to the Amended and Restated Contract for Private Development by and between the Cottage Grove Economic Development Authority and NP BGO Cottage Grove Logistics Park, LLC.

Attachment

Third Amendment to Amend and Restate Contract for Private Development by and between Cottage Grove EDA and NP BGO Cottage Grove Logistics Park, LLC.

EXECUTION

**THIRD AMENDMENT TO
AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT
BY AND BETWEEN
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
AND
NP BGO COTTAGE GROVE LOGISTICS PARK, LLC**

This Document Was Drafted By:

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(612) 337-9300

THIRD AMENDMENT TO AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT

THIS Third Amendment to Amended and Restated Contract for Private Development (this “Third Amendment”), is made as of the _____ day of _____, 2024, between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, having its principal office at 12800 Ravine Parkway South, Cottage Grove, Minnesota 55016 (the “EDA”), and NP BGO Cottage Grove Logistics Park, LLC (aka NP CG Logistics, LLC), a limited liability company under the laws of Delaware, having its principal offices at 3315 North Oak Trafficway, Kansas City, Missouri 64116 (the “Developer”) and together with the EDA, the “Parties”.

THIS Third Amendment further amends that certain Amended and Restated Contract for Private Development, approved by the EDA on May 10, 2022, between the EDA and the Developer (the “Amended and Restated CPD”), which Amended and Restated CPD was amended by that First Amendment to Amended and Restated Contract for Private Development, dated February 14, 2023 (the “First Amendment”) and that Second Amendment to Amended and Restated Contract for Private Development, dated August 29, 2023 (the “Second Amendment”) and together with the Amended and Restated CPD, the First Amendment, and this Third Amendment, the “CPD”.

RECITALS

WHEREAS, on November 9, 2021, the EDA held a public hearing and approved a business subsidy for the Developer in accordance with Minnesota Statutes, sections 116J.993 to 116J.995; and

WHEREAS, on December 14, 2021, the EDA modified the development district program (the “Program”) for Development District No. 1 (the “Development District”), pursuant to Minnesota Statutes, sections 469.090 to 469.1082 and approved a tax increment financing plan (the “TIF Plan”) for Tax Increment Financing District No. 1-20, an economic development tax increment financing district (the “TIF District”), pursuant to Minnesota Statutes, sections 469.174 to 469.179; and

WHEREAS, on December 14, 2021, the city of Cottage Grove (the “City”) held a public hearing and approved the modified Program and adopted the TIF Plan and approved the business subsidy to the Developer; and

WHEREAS, on December 14, 2021, the EDA approved a Contract for Private Development with the Developer for the development of a large qualified manufacturing and distribution facility; and

WHEREAS, on May 10, 2022, the EDA approved the Amended and Restated CPD with the Developer regarding the qualified manufacturing and distribution facility; and

WHEREAS, pursuant to the Amended and Restated CPD, the Developer agreed to commence and complete construction of Phase II of the Minimum Improvements by April 30, 2023, and July 30, 2025, respectively; and

WHEREAS, pursuant to the First Amendment, the Developer agreed commence construction of the Phase II Minimum Improvements by October 31, 2023; and

WHEREAS, pursuant to the Second Amendment, the Developer agreed to complete Phase Ia of the Minimum Improvements by July 30, 2025 and commence construction of Phase II of the Minimum Improvements by April 30, 2024; and

WHEREAS, the Developer has requested and the Parties desire to further amend the CPD to again modify the commencement and completion dates for Phase II, Phase III, and Phase IV of the Minimum Improvements, the number of jobs to be created in each phase and decrease the principal amount of the Note and the Business Subsidy.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations set forth in this Third Amendment, the Parties hereby agree as follows:

ARTICLE 1

Interpretation; Definitions

1.01. Interpretation; Definitions.

(a) In this Third Amendment, unless otherwise noted, underline and strike-through text shall be used to indicate amendments to the Amended and Restated CPD. Underline text shall indicate new language, and ~~strike-through text~~ shall indicate removed language.

(b) In this Third Amendment, the terms used and defined in the Amended and Restated CPD, as amended by the First Amendment, shall have the same meanings when used herein, unless defined otherwise herein.

ARTICLE 2

AMENDMENTS

2.01. Amendment to Phased Construction, Commencement and Completion.

The chart in Section 3.3 of the Amended and Restated CPD, as amended by the First Amendment, is hereby further amended as follows:

Phase	Square Feet	Commencement Date	Completion Date
I	776,252 <u>775,000</u>	April 30, 2022	July 30, 2024
Ia	520,000 <u>295,000</u>	August 30, 2022 <u>August 30, 2025</u>	July 30, 2025 <u>July 30, 2026</u>
II	730,000 <u>660,000</u>	April 30, 2024 <u>April 30, 2025</u>	July 30, 2025 <u>July 30, 2026</u>
III	677,600 <u>832,000</u>	April 30, 2024 <u>April 30, 2026</u>	July 30, 2026 <u>July 30, 2027</u>
IV	739,000 <u>792,000</u>	April 30, 2025 <u>April 30, 2027</u>	July 30, 2027 <u>July 30, 2028</u>

2.02. Reduced Principal Amount of Note and Business Subsidy.

- a) The first sentence of section 4.2(a) is amended to read as follows:

Section 4.2. Issuance of Pay-As-You-Go Note. (a) In consideration of the Developer constructing the Minimum Improvements and the Public Improvements and to finance partial reimbursement of the Qualifying Costs, the EDA will issue and the Developer will receive the Note in the principal amount of ~~\$12,000,000~~ \$7,166,000, subject to reduction in accordance with section 4.5 of this Agreement, in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit D.

- b) Section 5.1(a) is amended to read as follows:

Section 5.1. Compliance with Business Subsidy Provisions.

(a) The business subsidy provided by the EDA to the Developer pursuant to this Agreement includes providing the Development Assistance to the Developer in an amount not to exceed ~~\$12,000,000~~ \$7,166,000.

2.03. Amended Jobs.

Section 5.2 is amended to read as follows:

Section 5.2. Job and Wage Goals. The Developer agrees to create a minimum of ~~1,870~~ 1,200 new jobs on the Property over the ~~four~~ five Phases of the Minimum Improvements. At least ~~300~~ 215 of those jobs shall pay at least 200 percent of the State minimum wage in effect at the time of issuance of the Certificate of Occupancy, exclusive of benefits. At least ~~1,383~~ 985 jobs shall pay at least 160 percent of the federal minimum wage for persons 20 years of age or older at the time of issuance of the Certificate of Occupancy, exclusive of benefits (~~300 plus 1,383 equals~~ 90 percent of the jobs paying at least 160 percent of federal minimum wage). The jobs associated

with each Phase shall be as shown below and must be created within two years of the Benefit Date of each Phase:

Phase	No. of Jobs at 200% of State Minimum	No. of Jobs at 160% of Federal Minimum	No. of Additional Jobs to Total 1,870
I	50	275 230	25
Ia	25 20	200 90	25
II	75 40	308 190	50
III	75 55	300 245	50
IV	75 50	300 230	37
TOTAL	300 215	1,383 985	187

Notwithstanding anything to the contrary herein, if the wage and job goals described in this section 5.2 are met within two years of the respective Benefit Date, those goals are deemed satisfied despite the Developer's continuing obligations under sections 5.1(f) and 5.4.

ARTICLE 3 MISCELLANEOUS

3.01. Governing Law. This Third Amendment will be governed by and construed in accordance with the internal laws of the State, without giving effect to otherwise applicable principles of conflicts of law.

3.02. Severability. If any term or provision of this Third Amendment or the application thereof to any person or circumstance shall, to any extent, be inconsistent with, invalid or unenforceable under the TIF Act, Business Subsidy Act, or any applicable laws or legal requirements, the remainder of this Third Amendment, or the application of such term or provision to persons or circumstances other than those as to which it was held invalid or unenforceable, shall not be affected thereby, and each term or provision of this Third Amendment shall be valid and enforceable to the fullest extent permitted by the TIF Act, Business Subsidy Act, and any applicable laws or legal requirements.

3.03. Execution in Counterparts and Delivery of Electronic Signatures. This Third Amendment may be executed in any number of counterparts. All such counterparts will be deemed to be originals and will together constitute but one and the same instrument. The executed counterparts of this Third Amendment may be delivered by electronic means, such as email or facsimile, and the receiving party may rely on the receipt of such executed counterpart as if the original had been received.

3.04. Ratification and Acknowledgment. Except as otherwise amended hereby, all of the provisions, covenants, terms and conditions of the Amended and Restated CPD, as amended by the First Amendment and by the Second Amendment, shall remain unaltered and in full force and effect, and the CPD is in all respects agreed to, ratified and confirmed by the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed as of the date first above written.

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Myron Bailey, President

By _____
Its Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2024, by Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2024.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2024, by Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2024.

Notary Public

NP BGO COTTAGE GROVE LOGISTICS PARK,
LLC

By: NPD BGO Cottage Grove Logistics Park JV,
LLC, its Sole Member

By: NPD Management, LLC, a Missouri limited
liability Company, its Manager

By _____
Nathaniel Hagedorn, Manager

STATE OF MISSOURI)
) ss.
COUNTY OF CLAY)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2024, by Nathaniel Hagedorn, Manager of NPD Management, LLC, the Manager of NPD BGO Cottage Grove Logistics Park JV, LLC, the Sole Member of NP BGO Cottage Grove Logistics Park, LLC, a Delaware limited liability company, on behalf of the company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2024.

Notary Public

EXHIBIT A

The property subject to the foregoing Third Amendment to Amended and Restated Contract for Private Development is as follows:

Lot 1 and Lot 2, Block 1, Cottage Grove Logistics Park
Outlots A, B, C, and D, Cottage Grove Logistics Park,
all in Washington County, Minnesota

TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: March 26, 2024

RE: Resolution 2024-04 approving the issuance of a Tax Increment Revenue
note for Up North Plastics

Background

The Up North Plastics is located at 9480 Jamaica Avenue South has been in the City Business Park since 1981. Their original location included a 451,000 square foot facility and they employed 252 full-time employees. In 2018 representatives from Up North approached the city about their expansion plans which included adding a 428,353 square foot facility to increase their production capacity and increase their employee base by 200 jobs. At the time, Up North Plastics was also considering locating the expansion of their operations to other states. In order to keep the capital investment and the additional 200 jobs in the city, in January of 2019 the EDA approved the creation of TIF District No. 1-19 for Up North Plastics.



Up North Plastic Facility

In addition to the creation of the TIF District, the EDA also supported a request by Up North to apply for funds through DEED to the Job Creation Fund (JCF) and the Minnesota Investment Fund (MIF). In 2023 staff and representatives from DEED worked with Up North to officially close out the files for MIF and JCF.

Now that the project is complete and Up North has certified and filed their final paperwork with the city, their TIF note can be issued. The attached Resolution 2024-04, drafted by our TIF Attorney Ron Batty, authorizes the issuance of a revenue note in an amount not to exceed \$829,000 payable to Up North Plastics. The first payment will be paid on August 1, 2024 and then every February 1 and August 1 thereafter to and including February 1, 2030.

Our financial consultants at Ehlers worked with Mr. Batty and staff to review all the required paperwork submitted by Up North and finds everything in compliance with the original TIF Plan and Development Agreement.

Recommendation

Approve Resolution 2024-04 approving the issuance of, and providing the form, terms, covenants and directions for the issuances of its taxable tax increment revenue note, series 2024-A in an aggregate principal amount not to exceed \$829,000.

Attachment

Resolution 2024-04

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-04

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2024-A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$892,000

BE IT RESOLVED BY the Cottage Grove Economic Development Authority (the “EDA”), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 1-19 (the “TIF District”) within the Development District No.1 (“Development District”) and adopted a tax increment financing plan for the purpose of financing certain improvements within the Development District. The EDA has authority over the TIF District and the Development District.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Development District. The bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of the EDA that it issue and sell its Taxable Tax Increment Revenue Note, Series 2024-A (the “Note”), in the aggregate principal amount of \$892,000.00, for the purpose of financing certain public costs of the Development District.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Contract for Private Development (the “Agreement”) between the EDA and Up North Plastics, Inc., a Minnesota business corporation (the “Owner”) and authorized the President and Executive Director to execute the Agreement. Pursuant to the terms and conditions of the Agreement, the Note will be issued to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of 5.0 percent per annum. In exchange for the EDA’s issuance of the Note to the Owner, the Owner will pay certain costs related to the Minimum Improvements (the “Qualifying Costs”, as defined in the Agreement) pursuant to Article IV of the Agreement. The Note will be delivered in the principal amount of \$892,000.00 for reimbursement of the Owner’s costs in accordance with the terms of the Agreement.

Section 2. Form of Note. The Note will be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
WASHINGTON COUNTY

No. R-1

\$892,000.00

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2024-A

Rate

Date
of Original Issue

5.0%

April____, 2024

The Cottage Grove Economic Development Authority (the “EDA”), for value received, certifies that it is indebted and hereby promises to pay to Up North Plastics, Inc., or its registered assigns (the “Owner”), the principal sum of \$892,000.00 and to pay interest thereon at the rate of 5.0% per annum, as and to the extent set forth herein. This Note is issued pursuant to the Contract for Private Development between the EDA and the Owner dated January 16, 2019, as amended by the First Amendment to Contract for Private Development dated January 14, 2020 (the “Agreement”). Capitalized terms not otherwise defined herein have the meanings provided in the Agreement.

1. Payments. Principal and interest (“Payments”) will be paid on August 1, 2024, and each February 1 and August 1 thereafter to and including February 1, 2030 (“Payment Dates”), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon 30 days written notice to the EDA. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein will accrue on the unpaid principal, commencing on the date of original issue. Interest will be simple, non-compounding interest and will be computed on the basis of a year of 360 days and twelve 30-day months and charged for actual days principal is unpaid. To the extent that Available Tax Increment is insufficient to pay principal and interest on any Payment Date, unpaid interest will not be added to principal.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Property (defined in the Agreement) and paid to the EDA by Washington County. For the payment on August 1, 2024, Available Tax document will include all amounts received by the EDA prior to that date. For

payments due thereafter, Available Tax document will include amounts received by the EDA in the six months preceding the Payment Date, all as the terms are defined in the Agreement. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest hereon to the extent of Available Tax Increment. If on any Payment Date there is insufficient Available Tax Increment to pay accrued and unpaid interest on this Note on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the EDA has Available Tax Increment in excess of the amount necessary to pay the accrued and unpaid interest on this Note on such subsequent Payment Date. The EDA will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final Payment on February 1, 2030.

4. Optional Prepayment. The principal sum and all accrued interest payable under this Note is pre-payable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the EDA may, notwithstanding any notice and cure provisions in the Agreement, withhold from Payments hereunder all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, within 30 days after the Event of Default is cured. If on any date there has occurred and is continuing, after notice and opportunity to cure have been provided in accordance with the Agreement, any Event of Default under the Agreement, the EDA may exercise its remedies under the Agreement, including but not limited to terminating this Note. Reference is hereby made to all of the provisions of the Agreement for a fuller statement of the rights and obligations of the EDA to pay the principal of and interest on this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

6. Nature of Obligation. This Note is a single note in the total principal amount of \$892,000.00 issued to aid in financing certain Qualifying Costs of a Development District undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 through 469.179, as amended. This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof. This Note and the interest hereon will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of Cottage Grove. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and

credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment or Available Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the EDA, and are not intended as representations on which the Developer may rely.

THE EDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. Subject to certain limitations set forth herein, this Note is transferable upon the books of the EDA kept for that purpose at the principal office of the Executive Director of the EDA as Registrar, by the Owner hereof in person or by the Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the EDA, duly executed by the Owner. Upon the transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the EDA with respect to the transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the Cottage Grove Economic Development Authority has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

**COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY**

Myron Bailey, President

Jennifer Levitt, Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the Executive Director of the EDA, in the name of the person last listed below.

Date of Registration

Registered Owner

Signature of EDA Executive Director

Up North Plastics, Inc.
9480 Jamaica Ave South
Cottage Grove, MN 55016
Federal ID #75-2317504

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note will be issued as a single typewritten note numbered R-1.

The Note will be issuable only in fully registered form. Principal of and interest on the Note will be payable by check or draft issued by the Registrar described herein.

3.02. Dates. Principal of and interest on the Note will be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not the day is a business day.

3.03. Registration. The EDA hereby appoints the Executive Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the EDA and the Registrar with respect thereto will be as follows:

(a) Register. The Registrar will keep at her office a bond register in which the Registrar will provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.

(c) Cancellation. The Note surrendered upon any transfer will be promptly cancelled by the Registrar and thereafter disposed of as directed by the EDA.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until she is satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar will incur no liability for her refusal, in good faith, to make transfers which she, in her judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The EDA and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all the payments so made to any registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability of the EDA upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note becomes mutilated or is lost, stolen, or destroyed, the Registrar will deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the EDA and the Registrar will be named as obligees. The Note so surrendered to the Registrar will

be cancelled by her and evidence of the cancellation will be given to the EDA. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it will not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the EDA by the signatures of its President and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the EDA to the Owner following the delivery of the necessary items delineated in Section 4.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The EDA agrees to pay the principal of and interest on the Note from Available Tax Increment as defined in the Note. Available Tax Increment will be applied first to accrued interest, and then to unpaid principal of the Note in accordance with the terms of the form of Note set forth in Section 3 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no accrued interest or principal thereof (to the extent required to be paid pursuant to this resolution) remains unpaid, the EDA will maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The EDA irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment which is not otherwise obligated. Any Available Tax Increment remaining in the Bond Fund will be transferred to the EDA's account for the TIF District upon the payment of all principal and interest to be paid with respect to the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the EDA are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the EDA, and the other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all the certified copies, certificates, and affidavits, including any heretofore furnished, will be deemed representations of the EDA as to the facts recited therein.

Section 6. Effective Date. This resolution will be effective upon execution by the President and Executive Director following authorization by the board of commissioners of the EDA.

Adopted by the board of commissioners of the Cottage Grove Economic Development Authority,
this 9th day of April, 2024.

Myron Bailey, President

Jennifer Levitt, Executive Director



TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: April 2, 2024

RE: Resolution 2024-05 terminating contract for private development and tax increment financing note for TIF District 1-18 and Resolution 2024-06 Requesting Decertification of Tax Increment Financing District 1-18

Background

In August of 2017 Modern Automotive Performance (MAP), located at 9800 Hemingway in the City's Business Park, approached the city to discuss relocation of their existing facility outside the city or expansion at their current location. In an effort to keep the capital investment and the jobs to be created in the city, city representatives discussed options with MAP that might encourage MAP to remain at their current location. In the ensuing conversations representatives from MAP determined, that since they qualified for the Job Creation Fund through DEED and potentially TIF financing through the City's Business Subsidy Program, that expanding their operations at their current location was their best option.

MAP went on to expand their facility by approximately 20,000 SF and to create 21 jobs. As a result of their compliance, in May of 2019 the EDA approved issuance of Tax Increment Revenue Note Series 2019A to Modern Automotive Performance for TIF 1-18 as MAP had fulfilled their obligations related to capital investment and jobs created.

In late 2023 the city became aware that MAP had decided to relocate to Wisconsin and build a new facility. Their representatives stated that the decision was based primarily upon the fact that much of their client base and their staff lived in Wisconsin. In early January staff went to MAP to visit them to confirm if the move was going to happen and observed a sign on the doors that stated the business was no longer open to walk in customers. It appeared that the building was essentially vacant and a brokerage sign was on the property indicating that the building was for sale or lease. Staff then reached out the brokers from Colliers who confirmed that MAP had in fact vacated the building.

On January 23, 2024 the city TIF Attorney Ron Batty, sent the building owner, 9800 Hemingway, LLC a certified letter declaring an Event of Default since the building was no longer being used for its original purpose and giving them 30 days' notice to cure the default. On March 28, 2024 having received no response to the cure the default, Mr. Batty sent another certified letter to the owner 9800 Hemingway, LLC. The letter stated that since the default was not cured, that the EDA would consider adoption of a resolution terminating the Contract for Private Development and the Taxable Tax Increment Note dated May 15, 2019 at their April 9, 2024 meeting.

As a part of the process Mr. Batty also prepared a resolution, upon recommendation of the City's financial advisors at Ehlers, that TIF District 1-18 also be decertified.

Recommendation

Approve Resolution 2024-05 terminating the contract for private development and Tax Increment Financing note for Modern Automotive Project in TIF District 1-18.

Approve Resolution 2024-06 Requesting Decertification of Tax Increment Financing District 1-18 and direct EDA staff and consultants to send the Resolution to the Washington County Auditor to decertify Tax Increment Financing District 1-18.

Attachment

Certified letter dated January 23, 2024 - Notice to cure default

Certified letter dated March 28, 2024 - Notice to terminate Contract for Private Development and TIF note related to Modern Automotive Project, 9800 Hemingway, LLC

Resolution 2024-05 - Notice to terminate Contract for Private Development and TIF note related to Modern Automotive Project

Resolution 2024-06 – Requesting Decertification of Tax Increment Financing District 1-18

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-05

**RESOLUTION TERMINATING CONTRACT FOR PRIVATE
DEVELOPMENT AND TAX INCREMENT FINANCING NOTE FOR
MODERN AUTOMOTIVE PROJECT IN TIF DISTRICT NO. 1-18**

Be It Resolved by the Cottage Grove Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The EDA previously entered into that certain Contract for Private Development (the “Agreement”) with 9800 Hemingway, LLC (the “Developer”) dated May 29, 2018 related to the Modern Automotive project at 9800 Hemingway Avenue South in Cottage Grove (the “Project”).

1.02. the Project is located in the EDA’s Tax Increment Financing district No. 1-18 (the “TIF District”).

1.03. The TIF District is an economic development district under Minnesota Statutes, sections 469.174 through 469.179 (the “TIF Act”).

1.04. Section 469.176, subd. 4c of the TIF Act provides that only certain uses are permitted in economic development districts.

1.05. The Agreement mandates that the uses in the Project be consistent with the uses allowed under the TIF Act.

1.06. On May 15, 2019 the EDA issued its Taxable Tax Increment Revenue Note, Series 2019A related to the Project.

1.07. In 2023 the EDA became aware that the facility at 9800 Hemingway Drive was no longer being used in accordance with the Agreement because the building was unoccupied.

1.08. By letter dated January 23, 2024, the EDA declared an Event of Default under the Agreement for failure to continue a permitted use in the Project and giving the Developer 30 days to cure the default.

1.09. No payment on the Note was made on February 1, 2024 due to the default existing at that time.

1.10. More than 30 days has passed since the Developer was notified of the default and the Developer has failed to cure the default.

1.11. Section 9.2 of the Agreement specifies the remedies available to the EDA upon failure to cure an Event of Default, including termination of the Agreement and the Note.

Section 2. Termination of Agreement and Note.

2.01. The Agreement is hereby terminated and the EDA shall have no further obligations under the Agreement.

2.02. The Note is hereby terminated and no additional payments shall be made to the Developer under the Note, including the payment due on February 1, 2024.

Section 3. Additional Actions.

3.01. EDA staff and consultants are hereby authorized and directed to take any and all additional actions necessary or convenient to carry out the intent of this resolution.

Section 4. Effective Date.

4.01. This resolution is effective upon its adoption.

Adopted by the Board of Commissioners of the EDA this 9th day of April, 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-06

**RESOLUTION REQUESTING DECERTIFICATION OF TAX
INCREMENT FINANCING DISTRICT NO. 1-18**

Be It Resolved by the Cottage Grove Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The EDA previously established Tax Increment Financing District No. 1-18 (the “TIF District”) and is the Authority for the TIF District.

1.02. The EDA also entered into a tax increment financing agreement (the “Agreement”) and issued a taxable tax increment revenue note (the “Note”) in connection with a project in the TIF District but has terminated the Agreement and the Note due to an Event of Default which was not cured in accordance with the Agreement.

1.03. There are no other projects within or financial obligations of the TIF District and the EDA has determined it is in the public interest to decertify the TIF District.

Section 2. Decertification TIF District.

2.01. The EDA hereby requests that the Washington County Auditor decertify the TIF District as soon as possible.

2.02. EDA staff and consultants are hereby authorized and directed to transmit a copy of this resolution and the confirmation of decertification form to the Auditor no later than June 30, 2024 and to take any and all additional actions necessary or convenient to carry out the intention of this resolution.

Adopted by the Board of Commissioners of the EDA this 9th day of April, 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director



Fifth Street Towers
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

RONALD H. BATTY
Attorney at Law
Direct Dial (612) 337-9262
Email: rbatty@kennedy-graven.com

March 28, 2024

VIA CERTIFIED MAIL/RETURN RECEIPT

Mr. Christopher Carey
9800 Hemingway, LLC
9461 Dunes Lane
Cottage Grove, MN 55016

Re: Termination of Contract for Private Development and TIF Note related to Modern
Automotive Project, 9800 Hemingway Avenue South, Cottage Grove

Dear Mr. Carey:

By letter dated January 23, 2024, you were notified that the Cottage Grove Economic Development Authority (the "EDA") had declared an Event of Default under that certain Contract for Private Development between the EDA and 9800 Hemingway, LLC dated May 29, 2018 (the "Agreement") for failure to continue operation of the Minimum Improvements for one of the uses required by Article VII of the Agreement. The notice provided 30 days to cure the default.

Because the default has not been cured and is continuing, the EDA will consider adoption of a resolution terminating the Agreement and the Taxable Tax Increment Note dated May 15, 2019 (the "Note") issued pursuant to the Agreement. Termination of the Agreement and the Note will end the EDA's obligations regarding the project and no additional payments will be made under the Note. The EDA may also request that the Washington County Auditor decertify Tax Increment Financing district No. 1-18.

The EDA will consider adoption of a resolution directing the above at its meeting on April 9, 2024.

Very truly yours,

Ronald H. Batty
Cottage Grove EDA Attorney

cc: Jennifer Levitt, Executive Director
Nathan M. Brandenburg



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Saint Paul
St. Cloud

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RONALD H. BATTY
Attorney at Law
Direct Dial (612) 337-9262
Email: rbatty@kennedy-graven.com

January 23, 2024

VIA CERTIFIED MAIL/RETURN RECEIPT

Mr. Christopher Carey
9800 Hemingway, LLC
9461 Dunes Lane
Cottage Grove, MN 55016

Re: Notice of Default Related to Modern Automotive Project, 9800 Hemingway Avenue
South, Cottage Grove, Minnesota

This is to notify you that the Cottage Grove Economic Development Authority (the "EDA") hereby declares an Event of Default under that certain Contract for Private Development Between the EDA and 9800 Hemingway, LLC dated May 29, 2018 (the "Agreement"). The Event of Default is failure to continue operation of the Minimum Improvements for one of the uses under Minnesota Statutes, section 469.176, subd. 4c as required by Article VII of the Agreement.

A Taxable Tax Increment Revenue Note (the "Note") was issued under the Agreement on May 15, 2019. Pursuant to section 5 of the Note, the EDA will withhold the February 1, 2024 payment on the Note due to the Event of Default.

This constitutes notice pursuant to Article IX of the Agreement that you have 30 days to cure the default. If you fail to do so, the EDA will consider its options, including terminating the Agreement and the Note and decertifying the tax increment financing district.

Very truly yours,

A handwritten signature in blue ink that reads "Ronald H. Batty".

Ronald H. Batty
Cottage Grove EDA Attorney

CC: Jennifer Levitt, Executive Director
Nathan M. Brandenburg



TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

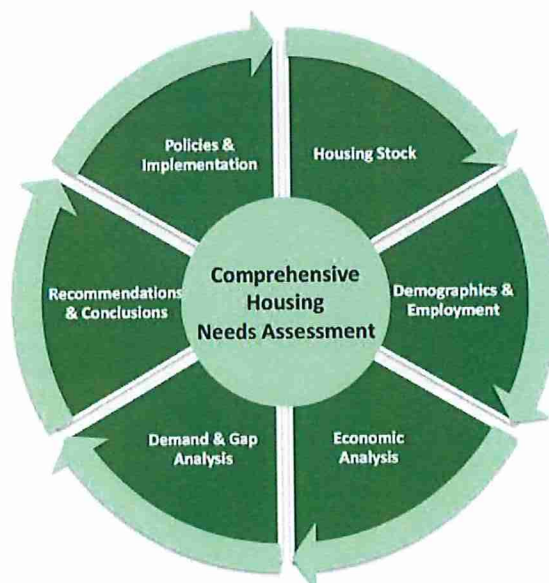
DATE: April 2, 2024

RE: Proposal to prepare a Housing Needs Assessment

Background

At the city council strategic planning session in January one of the recommendations presented by the community development team was to consider engaging the services of a consultant to assist the city the development of a housing needs assessment. As a part of the process staff reached out to the team at Maxfield Research & Consulting to request a proposal. Maxfield is recognized as a leader in the field of housing assessment studies typically performing over 100 studies each year in the Upper Midwest.

The market analysis will assess the potential need/demand for developing different types of owned and rented housing in Cottage Grove to 2040 based on an examination of demographic and employment growth trends and current housing market conditions. Detailed recommendations (number of units/lots; unit mix and sizes; prices/rents; housing features and amenities, etc.) for the housing types identified as needed in the short-term (2024 to 2030) and long-term (2030 to 2040) will be provided. Furthermore, the housing study will also identify and recommend housing initiatives to close gaps where needed.



Secondary research that will be utilized includes data obtained from reliable published sources including the Census Bureau, ESRI (a national demographics firm), State demographic centers and economic development agencies, among others. Published secondary data is always reviewed carefully considering other local factors revealed through the primary research that may have an impact on the analysis. The result is a custom report that provides information that is timely and locally pertinent.

Recommendation

Approve the attached agreement with Maxfield Research & Consulting for the creation of a Housing Needs Assessment for the city in an amount not to exceed \$22,875.

Attachment

Housing Needs Assessment Proposal

A Proposal to Prepare a Housing Needs Assessment for the City of Cottage Grove, Minnesota

Prepared for:

City of Cottage Grove
Cottage Grove, MN

March 2024



Maxfield
Research & Consulting

2823 Hamline Avenue North
Roseville, MN 55113
612.338.0012
www.maxfieldresearch.com

March 27, 2024

Ms. Gretchen Larson
Economic Development Director
City of Cottage Grove
12800 Ravine Parkway South
Cottage Grove, MN 55016

Ms. Larson:

Thank you for contacting Maxfield Research and Consulting, LLC to provide a proposal for a Housing Needs Assessment for the City of Cottage Grove, Minnesota. Maxfield Research & Consulting is a full-service real estate consulting and advisory firm that has provided consulting services on multiple private and public sector projects and recently completed a county-wide analysis for Washington County.

The analysis would examine demographic and economic factors, current housing market conditions and would determine the market potential for developing additional housing products in the City where needs have been identified. We will provide detailed recommendations (number of units/lots; unit mix and sizes; price/rent; housing features and amenities, etc.) for the housing types identified as being needed in the short- and long-term. In addition, recommendations will be provided on housing programs and other housing strategies (if needed) that can be initiated to attract specific housing products.

Along with the proposal is a statement of qualifications for our firm which provides a company background, outlines our services and representative clients, and provides resumes of Maxfield staff who would be conducting the housing study. We welcome the opportunity to work with you on this project. If this proposal meets with your approval, please sign and return one copy of the scope of work. Please call me at (612) 904-7977 or email me at if you have any questions about the proposed work program or if you need any other information. I can also be reached via email at mbujold@maxfieldresearch.com

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC



Mary C. Bujold
President

Attachment



Maxfield

Research & Consulting

Breaking Ground since 1983

March 27, 2024

Ms. Gretchen Larson
Economic Development Director
City of Cottage Grove
12800 Ravine Parkway South
Cottage Grove, MN 55016

PROPOSAL/CONTRACT FOR PROFESSIONAL SERVICES

Maxfield Research and Consulting, LLC proposes to provide market research and consulting services to the City of Cottage Grove (the "Client") to prepare a Housing Needs Assessment. The market analysis will assess the potential need/demand for developing different types of owned and rented housing in Cottage Grove to 2040 based on an examination of demographic and employment growth trends and current housing market conditions. Detailed recommendations (number of units/lots; unit mix and sizes; prices/rents; housing features and amenities, etc.) for the housing types identified as needed in the short-term (2024 to 2030) and long-term (2030 to 2040) would be provided. Furthermore, the housing study will identify and recommend housing initiatives to close gaps where needed.

DESCRIPTION AND BIOGRAPHY OF FIRM

Maxfield Research and Consulting, LLC has 40 years of experience in assisting communities to determine market conditions for planning and development efforts, providing demographic estimates and projections, and analyzing county and municipal commercial and residential real estate needs. Our thorough knowledge of market trends in the real estate industry allows us to support our clients with valuable information that affects planning and development. We are able to determine viable solutions to the issues that communities face. We are local, regional and national with work completed in over 40 states.

Maxfield Research and Consulting, LLC provides research and analysis in the areas of general market housing, student housing, senior housing, office, retail, hospitality, industrial, and financial institutions. Maxfield also has experience in organizing and conducting focus groups, preparing and administering on-line and mail surveys, holding public forums for large scale planning documents, and organizing and making presentations to city councils, planning commissions, and economic development authorities. A more detailed company overview is in the Appendix.

METHODOLOGY

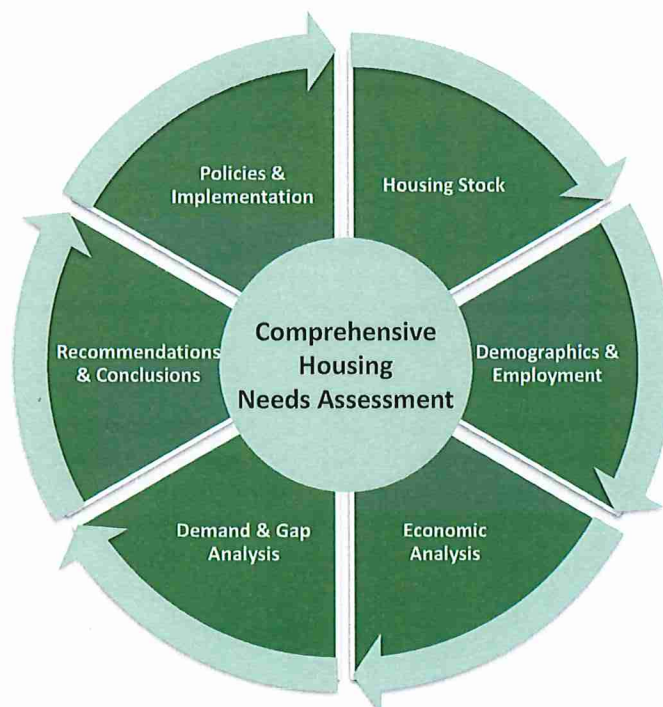
It is our understanding that the primary objective of this analysis is to provide the City of Cottage Grove with a market-based analysis that will identify current and future housing needs in Cottage Grove and help decision makers develop a greater understanding of the City's housing market. Maxfield Research and Consulting, LLC will provide detailed recommendations and an action plan for housing development (short- and long-term) and recommend tools and strategies to assist implementation. Our findings will provide a basis for community leaders, stakeholders, and decision-makers to guide future efforts when addressing housing needs.

The hallmark of Maxfield Research and Consulting, LLC's approach to comprehensive housing studies is a thoughtful, in-depth combination of primary and secondary research. Primary research includes surveys of existing housing properties, one-on-one interviews with major employers, developers, builders, Realtors, property managers, city and government agency staff, and others familiar with housing issues and the local housing market. Secondary research includes data obtained from reliable published sources including the Census Bureau, ESRI (a national demographics firm), State demographic centers and economic development agencies, among others.

Published secondary data is always reviewed carefully considering other local factors revealed through the primary research that may have an impact on the analysis. The result is a custom report that provides the Client with information that is timely and locally pertinent.

Our work approach will draw on our experience and expertise in conducting housing studies on behalf of public entities and private developers.

Maxfield Research and Consulting, LLC routinely completes over 100 housing studies annually and is a market leader on housing research and consulting in the Upper Midwest.



WHY MAXFIELD RESEARCH?

We Know Cottage Grove and the Twin Cities Metro Area

- Benefit: Work efficiency – our past experience in Cottage Grove and throughout the Twin Cities Metro Area will allow us to be on the ground immediately

Housing Inventory

- Benefit: Maxfield Research's proprietary housing data includes detailed information on multifamily properties across the Metro Area and Minnesota

Experience Counts

- Benefit: Committed team of senior-level leaders; the four team members dedicated to this project have a combined 70-plus years of experience and have completed nearly 30 Comprehensive Housing Studies over the past two years

Local Knowledge - National Experience

- Benefit: Our work is grounded in local issues/reality and we can integrate best practices from elsewhere

Relationships

- Benefit: We have deep relationships with the development community; we understand their barriers and opportunities, we know what they are looking for and they will talk to us

Full-Service Real Estate Advisory Firm

- Benefit: We understand the connection between all real estate types and we advise both public- and private-sector clients

Comprehensive Approach

- Benefit: Data-driven analyses generate conclusions and recommendations based on market realities

On the Ground Field Research

- Benefit: Hands-on field work, in-person interviews, and telephone surveys, combined with the analysis of the Census and other data to gain the most information possible.

Proven Methodologies & Results Oriented

- Benefit: Our process for projecting housing demand has proven to be effective and we deliver action-oriented strategies

RESEARCH STAFF



Mary Bujold, CRE, President, Maxfield Research and Consulting, LLC, will serve as principle-in-charge of the project and serves as a consultant for the recommendations. Ms. Bujold has forty years of experience in housing market research and is regarded as a market expert in the field of residential real estate. Ms. Bujold has been involved in numerous housing and commercial analyses for private developers and public agencies. Ms. Bujold has worked closely with several counties on housing needs over the years including Dakota, Scott, Washington and Anoka in the Metro Area and the City of Cedar Rapids, Iowa.



Mr. Joe Hollman, Senior Analyst would assist Mr. Mullins on the project as a principal analyst. With over 20 years of experience, Mr. Hollman would be responsible for completing a portion of the data gathering, preparing the conclusions and recommendations, and compiling the written report. Mr. Hollman was the lead analyst on several recent research studies that focused on the demand for residential and commercial real estate, including comprehensive housing studies for the City of Luverne, Minnesota and the City of Maple Grove, Minnesota and Goodhue County, MN. Mr. Hollman is currently working on an analysis for the City of Lake City, MN.



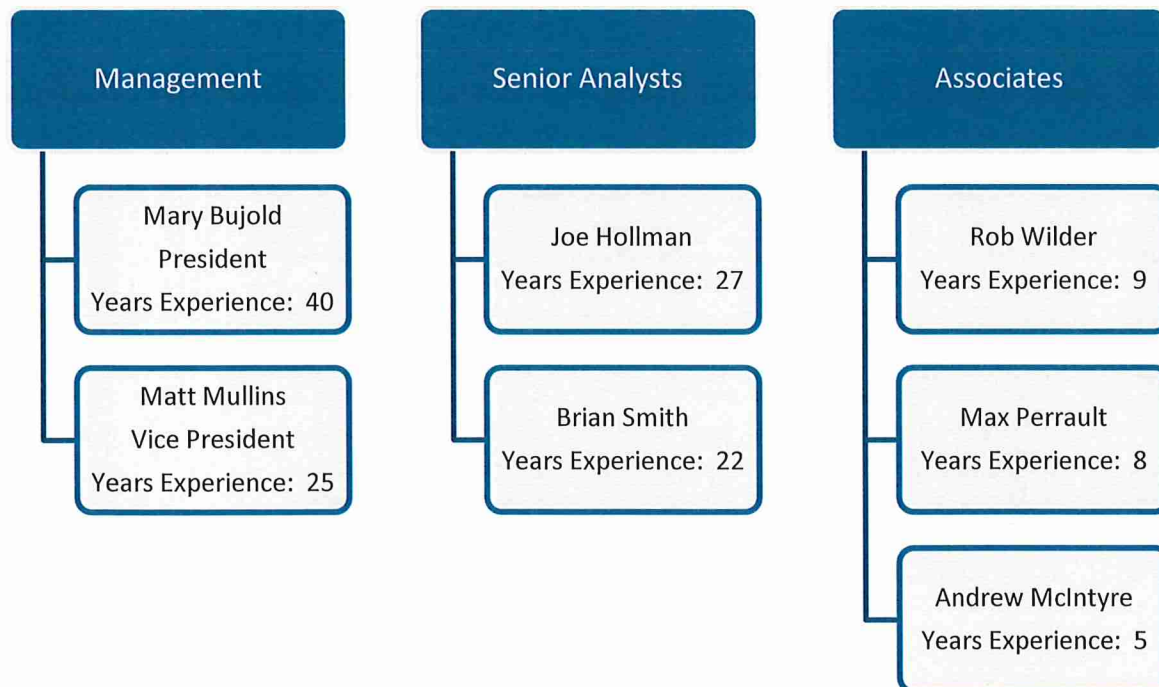
Mr. Andrew McIntyre, Research Associate, will provide data gathering services for this project. Mr. McIntyre will be responsible for compiling demographic and employment data, gathering base market information and GIS mapping. Mr. McIntyre has been the primary analyst on several comprehensive housing needs analyses during his tenure with Maxfield Research and Consulting, LLC, including studies for the Cities of St. Cloud, Edina and Worthington, Minnesota and the Counties of Scott and Washington.

Maxfield Research reserves the right to substitute staff assigned to the project based on current workloads and scheduling needs.

Consultant's Name: Maxfield Research and Consulting, LLC
Year Established: 1983
Type of Ownership: LLC
Federal ID Number: 41-1463801
Employees: 7

Primary Contact:
Ms. Mary C. Bujold
President
Maxfield Research and Consulting, LLC
2823 Hamline Avenue North
Roseville, MN 55113
email: mbujold@maxfieldresearch.com
www.maxfieldresearch.com

**Maxfield Research and Consulting, LLC
Organization Chart**



SCOPE AND COST OF SERVICES – Comprehensive Housing Needs Assessment

A. Project Kickoff Meeting

1. Meet with representatives of the City of Cottage Grove and other stakeholders to review project goals and objectives. Refine work program if required. This report will require some assistance from the stakeholders; data requests and other project assistance will be discussed during this time.

B. Review of Past Studies/Planning Documents

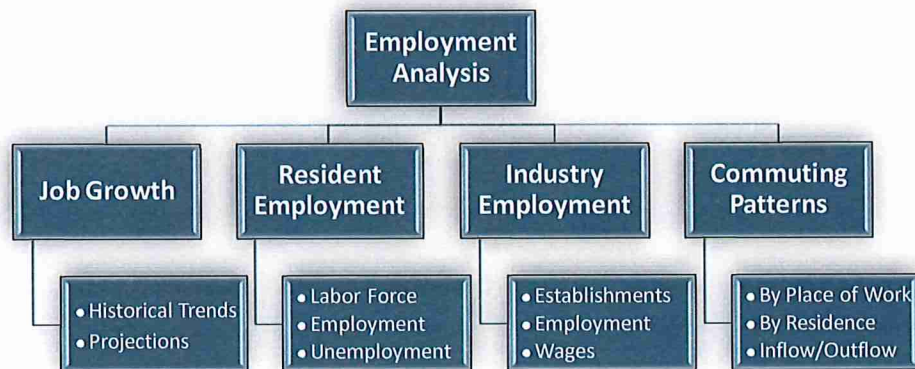
1. Obtain information on past housing studies/planning documents, ordinances, or other research reports/publications with information pertinent to the assignment. Review these documents and identify information from these documents that is important for this analysis; identify how current conditions have changed. This may include recent housing studies completed by the City, Comprehensive Plans, recently implemented housing policies or ordinances, etc.
2. Summarize information obtained from previous documents and their impact on the current analysis; include conflicting information or document key issues and their relevance to the current project.

C. Demographic Analysis

1. Identify a primary housing draw area for Cottage Grove.
2. Analyze population and household growth trends and projections to 2040; incorporate 2020 Decennial Census data as needed for benchmarking.
3. Update and examine demographic information on:
 - a) Population age distribution
 - b) Persons per household (household size)
 - c) Household incomes by age of householder
 - d) Household incomes by tenure
 - e) Household net worth
 - f) Household tenure
 - g) Household tenure by age of householder
 - h) Household tenure by household size
 - i) Household type
 - j) Diversity/ethnicity/culture
4. Present information on mobility trends.
5. Summarize links between the demographic profile and housing demand.
6. Discuss the implications of the findings on housing demand in Cottage Grove.

D. Employment Trends

1. Examine local data on resident employment (based on place of residence).
2. Examine local data on covered employment (based on location of jobs).
3. Project job growth to 2040 utilizing information compiled by MN DEED and the Metropolitan Council. Analyze any business expansions/contractions and their effect on the local housing market.
4. Identify commuting patterns of area workers.
 - a) Place of residence vs. place of employment
 - b) Wages
 - c) Demographic characteristics
5. Identify major employers and conduct interviews regarding housing needs of their employees.
6. Discuss the implications of the findings on housing demand in Cottage Grove.



E. Housing Characteristics & Condition

1. Compile statistics on the age of the housing stock in Cottage Grove and the draw area.
2. Compile data on the number of residential units built from number of permits issued for Cottage Grove and the draw area.
3. For specific data points not included in the Decennial Census, use information from the American Community Survey (ACS) (US Census Bureau). Compile the following:
 - a) Renter-occupied units by contract rent
 - b) Owner-occupied housing units by value
 - c) Owner-occupied housing units by mortgage status
 - d) Housing units by structure and occupancy
 - e) Housing units by occupancy status and tenure
4. Identify the residential land supply in the City and its impact on potential housing production (data to be provided by Client).
5. Discuss the implications of the findings on housing demand in Cottage Grove.

F. For-Sale Housing Market Analysis

1. Provide data on housing resale values (single-family and multifamily); examine price distribution and average/median sale price of home resales in Cottage Grove and the draw area.
2. Analyze data on the inventory and list price of homes currently for sale.
3. Survey active and recently completed for-sale housing developments (single-family homes, townhomes, twinhomes, etc.) in Cottage Grove and the surrounding area; analyze information on product types, lot sizes, home sizes, sale prices and absorption (if available). For condominium or cooperative products (if any), provide data on building and unit amenities and common areas.
4. Identify pending for-sale housing developments in Cottage Grove and the draw area and discuss the likely impact of these developments on the housing market.
5. Interview real estate sales agents, developers, and builders to assess the overall strength of the for-sale housing market, buyer profiles, desired housing types and price range and unmet market niches.
6. Based on interviews with City staff discuss the overall condition of the owner-occupied housing stock in the City.

G. General Occupancy Rental Market Analysis

1. Survey larger (12 units or more) general occupancy rental housing properties, including subsidized (deep subsidy/extremely low income), affordable (shallow subsidy/very low income and market rate developments in the City. Map locations of the multifamily housing stock.
2. Analyze data collected from the rental survey on year built/remodeled, monthly rents, vacancies, per square-foot rents, unit types/sizes and features, common area amenities, and resident profiles.
3. Based on monthly rents by unit type; collected NOAH (naturally occurring affordable housing) by Area Median Income (AMI) in Cottage Grove. Determine the number of older rental housings units that are serving as affordable housing in the marketplace.
4. Inventory pending rental developments in Cottage Grove and the draw area and assess their potential impact on the market.
5. Interview owners/managers of rental housing in the area to assess rental trends and the need for additional rental housing in the City. Identify appropriate rental rates and the target markets for new rental construction in the community.

H. Senior Housing Market Analysis

1. Inventory existing senior housing developments in the draw area, including subsidized (deep subsidy), affordable (shallow subsidy), and market rate developments. Projects will include rental and for-sale active adult, independent living with services available, assisted living and memory care senior housing developments. In addition, collect information on skilled nursing facilities. Map locations of the senior housing stock.

2. Update and analyze data collected from the survey on year opened, number of units, vacancies, pricing, unit types and features, common-area amenities, services provided (if applicable), and resident profile.
3. Inventory pending senior developments in Cottage Grove and the draw area and assess their potential impact on the market.
4. Interview managers/sponsors of senior housing in the area to assess market trends and the potential need for additional senior housing in Cottage Grove.

I. Housing Affordability

1. Review and present income limits, maximum gross rents, and fair market rents by household size in Washington County.
2. Based on income guidelines, present maximum rents based on household size and Area Median Income.
3. Based on the average rents by unit type from the *General Occupancy Rental Market Analysis Section*, present information on income-qualified renter households.
4. Based on the median home resale value from the *For-Sale Housing Market Analysis Section*, present information on income-qualified owner households.
5. Identify the number of cost burdened households (i.e., households paying more than 30% of their income on housing) in Cottage Grove. Present cost burdened information for renters and owners.
6. Discuss housing voucher program in Cottage Grove and present information on historic housing vouchers; both ported in and in the City.
7. Obtain information from the Met Council and Metro HRA regarding the housing vouchers distributed in Cottage Grove.

J. Conclusions and Recommendations

1. Quantify demand for housing (subsidized, affordable, and market rate) in Cottage Grove to 2040 based on household and employment growth projections, income estimates, pent-up demand, turnover/mobility and estimated replacement needs. (Prepare projections from 2024 to 2030 and from 2030 to 2040).
2. Identify potential target markets for new for-sale, rental, and senior housing.
3. Identify current housing gaps and discuss the primary deficiencies in the housing stock in Cottage Grove.
4. Based on current market conditions (i.e., vacancy rates, development pipeline, etc.) along with projected demand, identify market segments at risk of saturation (if any).
5. Based on lot supply and absorption trends, discuss the current supply and whether more lots should be platted to meet projected demand.
6. Suggest an appropriate housing mix by product type (rental, ownership, and senior) and price points; discuss the target markets for each.
7. Suggest appropriate development concepts in the short-term (developments needed by 2030) and long-term (2030 to 2040), including number of units, unit mix, sizes, sale prices or monthly rents, and in-unit features and common area amenities.

8. Discuss the potential need for public/private partnerships to achieve housing development goals and support economic development in Cottage Grove.
9. Discuss housing strategies and resources including specific housing programs that may be administered by the City to help achieve housing goals (i.e., home improvement loans, energy and environmental sustainability, foreclosure assistance, first-time home buyer classes, etc.).
10. Provide recommendations on other challenges and opportunities that relate to the housing stock and housing development in the City.

K. Meetings and Client Contact

1. One kick-off meeting with Client (in person or via conference call).
2. Review of Draft analysis (via conference call or in person) to review report findings with Client.
3. Formal presentation to appropriate governing body (in-person).
4. Report Preparation.

Cost for Housing Needs Assessment (Staff Time)

\$22,875.00

GIS MAPPING

Maxfield Research and Consulting, LLC will present key data visually and spatially through GIS mapping. However, Maxfield Research will require assistance from the Client to obtain parcel level data and the City/County assessor database. We will provide a detailed data request list that will outline the mapping and data needs.

COST PROPOSAL

The work outlined under the Scope of Services for the **Housing Needs Assessment** will be performed for Twenty-Two Thousand Eight Hundred Seventy-Five Dollars (\$22,875.00), including out-of-pocket expenses, postage, travel costs, data purchases and electronic PDF versions of the draft and final reports. Work completed on the assignment would be billed to the Client monthly as costs are incurred. Any additional research or meeting time requested by the Client beyond that set forth in the accompanying Scope of Services will be billed at our normal hourly rates for staff time (\$55 to \$160).

The following fee proposal provides a detailed summary of staff hours needed to complete this project. The fee proposal includes a breakdown of costs by project task and Maxfield Research and Consulting, LLC staff assigned to the project.

FEE PROPOSAL						
HOUSING NEEDS ASSESSMENT FOR COTTAGE GROVE, MINNESOTA						
Project Task	Maxfield Research and Consulting, LLC Staff					Cost by Task
	Mary Bujold	Joe Hollman	Andrew McIntyre	Admin. Assistant	Maxfield Research	
	President	Sr. Analyst	Associate	Support	Total	
A. Project Kick-off & Windshield Survey	1	4	0	0	5	\$760
B. Review of Past Studies	0	2	2	0	4	\$470
C. Demographic Analysis	2	4	16	0	22	\$2,280
D. Employment Trends	2	8	10	0	20	\$2,370
E. Housing Characteristics and Condition	0	2	10	0	12	\$1,150
F. For-Sale Housing Market Analysis	2	10	8	0	20	\$2,500
G. General Occupancy Rental Analysis	2	8	20	0	30	\$3,220
H. Senior Housing Market Analysis	4	2	8	0	14	\$1,620
I. Housing Affordability	3	8	12	0	23	\$2,700
J. Conclusions and Recommendations	4	8	6	0	18	\$2,350
K. Meetings and Report Preparation	6	4	6	3	19	\$2,265
L. Mapping & GIS	0	0	14	0	14	\$1,190
Total Hours	26	60	112	3	201	
(times) Hourly Rate	160	150	85	65		
Total Cost for Staff Time	4,160	9,000	9,520	195	\$22,875	
**Printing cost billed at our direct cost estimated at \$100 per bound color copy.						

WORK PRODUCT

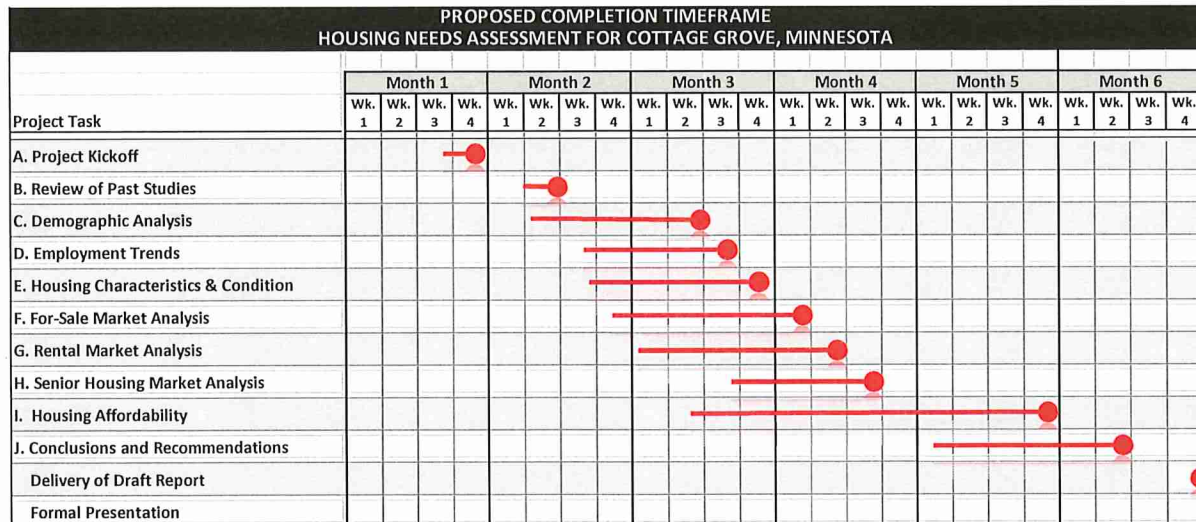
Findings will be presented in an electronic PDF format. Bound color copies are optional and would be billed at our direct printing cost estimated at \$100 per copy.

The Housing Needs Assessment is accepted by many lenders, limited partners, investors or governmental bodies who require such documentation to satisfy their financing criteria.

COMPLETION TIME

The work outlined under Scope of Services will be completed in draft form within 120 days of the execution of this agreement unless delayed by unexpected emergencies, forces beyond the control of the parties, or by written agreement of the parties.

A final report would be issued within two weeks of receiving all comments and feedback from the Client.



PAYMENT

All invoices are payable to Maxfield Research and Consulting, LLC within fifteen (15) days of receipt of an invoice showing the work completed and the direct costs for expenses. A finance charge of one and one-half percent (1.5%) per month will be added to the unpaid balance of each invoice not paid within thirty (30) days.

All invoices are sent via email. A current email address needs to be supplied to Maxfield Research for billing purposes. A final invoice will be sent with the release of the draft report.

DISCLAIMER

The objective of this research assignment is to gather and analyze as many market components as is reasonable within the time limits and projected staff hours set forth in this agreement.

We assume no responsibility for matters legal in character. The property/land is assumed to be free and clear of any indebtedness, liens or encumbrances; and good and marketable title and competent management are assumed, unless otherwise stated.

If building plans or site plans are included in the report, they are to be considered only approximate and are submitted to assist the reader in visualizing the property. We assume no responsibility for the accuracy of any building or site plans.

Certain information and statistics contained in the report, which are the basis for conclusions contained in the report, will be furnished by other independent sources. While we believe this information is reliable, it has not been independently verified by us and we assume no responsibility for its accuracy.

The conclusions in the report are based on our best judgments as market research consultants. Maxfield Research and Consulting, LLC disclaims any express or implied warranty of assurance of representation that the projections or conclusions will be realized as stated.

The result of the proposed project may be achieved, but also may vary due to changing market conditions characteristic of the real estate industry, changes in facts that were the basis of conclusions in this report, or other unforeseen circumstances.

In the event payment is not received on a timely basis, Maxfield Research and Consulting, LLC shall be entitled to a lien against the subject property.

This agreement will be construed according to the laws of the State of Minnesota.

TERMINATION

This agreement may be terminated upon written notification of either party to the other. In the event of termination, the Client will pay Maxfield Research and Consulting, LLC for staff hours performed at the firm's normal hourly rates, plus all expenses incurred through the date of termination.

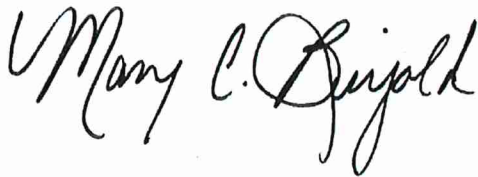
If this proposal meets with your approval, please sign and return one copy to the offices of Maxfield Research and Consulting, LLC.

The costs outlined in the Scope of Services shall remain in effect for a period of 90 days from the date listed at the top of this contract.

Agreed to this _____ day of _____ 2024.

MAXFIELD RESEARCH AND CONSULTING, LLC

CITY OF COTTAGE GROVE



Mary C. Bujold
President

(Signature of Authorized Signer)

By: _____
(Print Name of Authorized Signer)

Its: _____
(Print Title of Authorized Signer)

SELECTED HOUSING STUDIES/REFERENCES
Maxfield Research and Consulting, LLC

- 1. Comprehensive Housing Needs Assessment for Golden Valley, Minnesota** **2023**
Client: City of Golden Valley
Contact: Christine Costello, (763) 593-3983, ccostello@goldenvalleymn.gov
- 2. Comprehensive Housing Needs Assessment for St. Louis Park, Minnesota** **2023**
Client: City of St. Louis Park
Contact: Marney Olson, (952) 924-2196, molson@stlouisparkmn.gov
- 3. Comprehensive Housing Needs Assessment for Lakeville, Minnesota** **2023**
Client: City of Lakeville
Contact: Tina Goodroad, (952) 985-4421, tgoodroad@lakevillemn.gov
- 4. Comprehensive Housing Needs Analysis for St. Cloud, Minnesota** **2023**
Client: City of St. Cloud
Contact: Matt Glaesman, (320) 650-3110, matt.glaesman@ci.stcloud.mn.us
- 5. Comprehensive Housing Needs Assessment for Maple Grove, Minnesota** **2020**
Client: City of Maple Grove
Contact: Joe Hogeboom, (763) 494-6045, jhogeboom@maplegrovmn.gov
- 6. Comprehensive Housing Needs Analysis for Sherburne County, Minnesota** **2020**
Client: Sherburne County
Contact: Dan Weber, (763) 765-3007, Dan.Weber@co.sherburne.mn.us
- 7. Comprehensive Housing Market Analysis for Edina, Minnesota** **2020**
Client: City of Edina
Contact: Scott Neal, (952) 826-0401, sneal@EdinaMN.gov
- 8. Comprehensive Housing Market Study for White Bear Lake, Minnesota** **2020**
Client: City of White Bear Lake
Contact: Tracy Shimek, (651) 762-4838, tshimek@whitebearlake.org
- 9. Comprehensive Housing Needs Analysis for St. Cloud, Minnesota** **2019**
Client: City of St. Cloud
Contact: Matt Glaesman, (320) 650-3110, matt.glaesman@ci.stcloud.mn.us
- 10. Comprehensive Housing Market Study for the City of Ramsey, Minnesota** **2019**
Client: City of Ramsey | Community Development
Contact: Tim Gladhill, (763) 433-9826, tgladhill@cityoframsey.com

-
- | | |
|--|-------------|
| 11. Comprehensive Housing Needs Update for Roseville, Minnesota | 2018 |
| Client: Roseville Economic Development Authority | |
| Contact: Ms. Jeanne Kelsey, (651) 792-7086, Jeanne.Kelsey@cityofroseville.com | |
| 12. Comprehensive Housing Needs Update for St. Louis Park, Minnesota | 2018 |
| Client: City of St. Louis Park | |
| Contact: Ms. Karen Barton, (952) 924-2684, kbarton@stlouispark.org | |
| 13. Comprehensive Housing Needs Analysis for Bloomington, Minnesota | 2017 |
| Client: Bloomington Housing and Redevelopment Authority | |
| Contact: Mr. Bryan Hartman, (952) 563-8943, BHartman@bloomingtonmn.gov | |
| 14. Comprehensive Housing Needs Analysis for Golden Valley, Minnesota | 2017 |
| Client: City of Golden Valley | |
| Contact: Mr. Jason Zimmerman, (763) 593-8099, jzimmerman@goldenvalleymn.gov | |

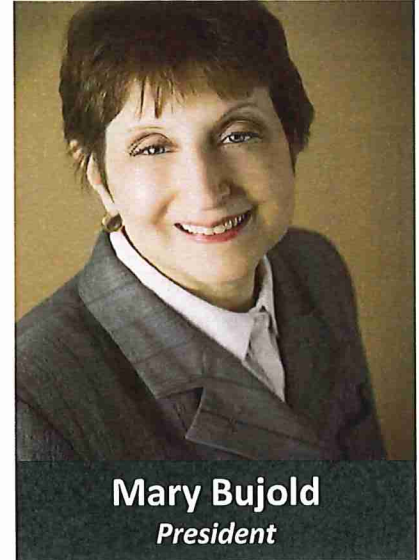
—APPENDIX—



Maxfield

Research & Consulting

Breaking Ground since 1983



Mary Bujold
President

GENERAL BACKGROUND

Mary has over 35 years of experience in real estate research and consulting and is considered a market expert in the field of residential real estate and in market analysis for financial institutions. She regularly testifies as an expert witness for eminent domain, tax appeal and other types of real estate litigation.

As President, she heads projects for large-scale land use and redevelopment studies including downtown revitalization for private developers and municipalities as well as private developers and universities on their student housing needs.

Mary frequently gives presentations at seminars and workshop sessions on current real estate market topics.

EDUCATION

Bachelor of Arts in Business Administration
Marquette University
Masters of Business Administration
University of Minnesota

PROFESSIONAL DESIGNATIONS AND APPOINTMENTS

Counselors of Real Estate (CRE)
CRE Investment Committee Chair
CRE Counseling Corps Committee
CRE Minneapolis Chapter Chair
Housing Development Committee-Project for Pride in Living

PROFESSIONAL ORGANIZATIONS

Counselors of Real Estate (CRE)
National Association of Realtors (NAR)
Minnesota Association of Realtors (MAR)
Minneapolis Area Association of Realtors (MAAR)
Lake Superior Association of Realtors (LSAR)
National Historic Trust – Main Street Center
Sensible Land Use Coalition
Lambda Alpha International (LAI)

EXPERIENCE

- ♦ *Large-scale Redevelopment*
- ♦ *Master-planned Communities*
- ♦ *Rental Housing*
- ♦ *Condominium Housing*
- ♦ *Senior Housing*
- ♦ *Student Housing*
- ♦ *Financial Institutions*
- ♦ *Expert Testimony and Litigation Support*
- ♦ *Comprehensive Housing Needs*
- ♦ *Retail Analysis*
- ♦ *Downtown Revitalization*
- ♦ *Industrial Analyses*
- ♦ *Fiscal Impact Analyses*

CONTACT INFORMATION

2823 Hamline Avenue North
Roseville, MN 55113
(Office) 612-904-7977 (Fax) 612-904-7979
Email: mbujold@maxfieldresearch.com
www.maxfieldresearch.com



Maxfield

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GENERAL BACKGROUND

As a former city planner and commercial real estate professional, Joe has over 25 years of experience in the research, analysis and presentation of data relevant to the real estate industry. He has expertise in commercial real estate, housing, city planning, location analytics, and demographic analysis.

Prior to joining Maxfield Research, Joe was a member of the national research team for Cushman & Wakefield, one of the world's largest commercial real estate firms. In this role, he conducted research and analyses focusing on the office, industrial and retail real estate markets in the Twin Cities Metropolitan Area. Before joining the commercial real estate industry, Joe was a planner for the following organizations: City of Columbia Heights, Minnesota; Arrowhead Regional Development Commission in Duluth, Minnesota; and, Peoria County, Illinois. As a planner, he contributed to the creation of multiple comprehensive plans, land use studies, zoning ordinances and site assessments.

EDUCATION

Bachelor of Science in Geography
University of Wisconsin at La Crosse

EXPERIENCE

- ◆ *Retail, Office and Industrial Real Estate*
- ◆ *Redevelopment*
- ◆ *Hotel Feasibility*
- ◆ *Market Rate Rental Housing*
- ◆ *Affordable Rental Housing*
- ◆ *Market Potential Analyses*
- ◆ *Comprehensive Housing Needs Analyses*
- ◆ *Amphitheaters*
- ◆ *Senior Housing*
- ◆ *Age-restricted active adult communities*
- ◆ *Detached Single-Family Housing*
- ◆ *Condominiums*



Joe Hollman
Senior Associate

CONTACT INFORMATION

2823 Hamline Avenue North
Roseville, MN 55113
(Office) 612-904-7973 (Fax) 612-904-7979
Email: jhollman@maxfieldresearch.com
www.maxfieldresearch.com



Maxfield

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GENERAL BACKGROUND

Andrew joined Maxfield Research and Consulting in September 2018 as a Research Associate. His professional experience prior to Maxfield includes positions with city and county government in planning and economic development as well as in the private sector providing market research, demographic analysis and site selection.

His skills and knowledge of both the public and private sectors has helped him complete in depth studies for numerous public entities and developers.

Andrew has completed studies in a variety of geographic contexts including urban, suburban, exurban, and rural locations. Specific metropolitan areas he has study experience in include the Twin Cities, Des Moines, Sioux Falls, and Fargo-Moorhead. Overall, Andrew has worked on projects in the following states: Minnesota, Iowa, South Dakota, North Dakota, Wisconsin, and Wyoming.

In addition to his work in communities throughout the US, Andrew also has an interest in development abroad, a result of his education and study abroad experiences in South Africa and Western Europe.

EDUCATION

Bachelor of Arts in Political Science and History
Concentration in Africa and the Americas
St. Olaf College

Master of Urban and Regional Planning ([Capstone Project](#))

Graduate Certificate in African Studies
University of Michigan

Professional Organizations

- *Urban Land Institute (ULI)*
- *Young Professionals of Minneapolis (YPM)*



Andrew McIntyre
Research Associate

EXPERIENCE

- ♦ *Planning and Demographic Analysis*
- ♦ *GIS Mapping*
- ♦ *Market Research and Site Selection*
- ♦ *Community Needs Assessments*
- ♦ *Permanent Supportive Housing Market Assessments*
- ♦ *Housing Market Analysis*
- ♦ *Market Rate Rental Housing*
- ♦ *Tax Credit and Affordable Rental Housing*
- ♦ *Senior Housing and Retirement Communities*
- ♦ *Storage Facilities*
- ♦ *Market Segmentation*

CONTACT INFORMATION

2823 Hamline Ave N
Roseville, MN 55427
612-338-0012

Email: amcintyre@maxfieldresearch.com
www.maxfieldresearch.com



Maxfield

Research & Consulting

Breaking Ground since 1983

WHO WE ARE

Maxfield Research & Consulting is a full-service research firm providing timely and comprehensive real estate market information and analysis that is critical to the success of our clients. With 35 years of experience in real estate market feasibility and consulting, our expertise enables us to offer solutions to difficult challenges. We assess the needs of each project, anticipate problems and provide solutions. We work closely with each client to assure our research data and analysis provide exactly the information needed in planning and developing new projects. We provide customized studies designed to deliver strategic framework for each of our clients' objectives to optimize land use and value of their real estate needs.

Developing dynamic relationships and delivering strategic solutions has earned us our clients' confidence in our expertise. Our broad experience and varied customer base includes public, private and institutional clients seeking crucial information in making decisions regarding the latest trends in the real estate industry.

Maxfield is a local, regional, national and international player in the real estate consulting industry.

OUR CLIENTS

Public Sector—Recommendations provide decision makers a guide to future planning. Strategic counsel on market trends and real estate activities assists clients with a value added service.

Private Sector—Provides clients with objective and unbiased advice to position themselves to maximize opportunity and reduce risk.

Institutional Sector—Extensive experience serving broad spectrum of clients with unique organizational needs.

WHAT WE DO

- ♦ **Residential**—Assist with information on multifamily, senior housing, tax credit, master-planned communities and residential scenarios.
- ♦ **Commercial**—Analysis for retail, office, industrial and hotel space working with private developers on specific projects.
- ♦ **Land Use**—Highest and best use assessments, redevelopment and development issues, collaborating with planning consultants to provide market data and support land use recommendations.
- ♦ **Special**—Provide expert testimony and litigation support, economic impact analysis, and financial pro-formas.
- ♦ **Consulting Services**—Custom analysis according to specific needs, specified aspects regarding floor plans, unit-mix, premium pricing assessments and competitive shopping.

OUR STAFF

Mary Bujold, President
Matt Mullins, Vice President
Joe Hollman, Senior Research Associate
Brian Smith, Senior Research Associate
Andrew McIntyre, Research Associate
Max Perrault, Research Associate
Rob Wilder, Research Associate



TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: March 26, 2024

RE: Grow Minnesota! Partnership Program

Background

In fall 2016, the city partnered with the University of Minnesota Extension Program to work on a Business Retention and Expansion (BRE) Strategies Project. After the original study in 2017 was concluded, the economic development team continued on with the program by creating priority work plans for years 2018-2021. During 2022 and 2023 changes in staffing and other projects caused the official BRE program to be temporarily suspend. However, informal discussions with businesses, the chamber and other partners continued.

As we explore reigniting the official BRE Program, we researched what other cities were doing and how things may have changed in the BRE arena. One of the partnerships we explored with the assistance of the Chamber was the Grow MN! Program. Staff and Chamber President, Laurie Levine met with Sean O'Neill of the MN Chamber of Commerce who oversees the Grow MN! Program. We discussed services that the team at Grow MN! could offer that would be of benefit to the EDA as it relates to our BRE Program.

Attached is a spreadsheet that summarizes all of the services offered with partnership in Grow MN!. Services such as customization of questions for site visits, experts at Grown MN! participating in visits, specialized software that we can access to enter and tabulate survey results, and the ability of our businesses to participate in online surveys would all be very helpful. The ability to also access their software, HubSpot, to tabulate results of visits, is a part of the membership so we don't need to purchase this specialized tracking software. Plus, the team at Grow MN! will analyze the results of our visits and offer advice and recommendations.

Costs for the Advanced Partners designation is an annual fee of \$1,000. An added benefit is that if the EDA is a partner, our local chamber can access the services as well and also offer businesses the same assistance to their membership at no cost to them. This would allow our team to coordinate with the Chamber and reach even more businesses to participate in online surveys, utilize the supplier match subscription allowing access to local suppliers, and many more services.

Recommendation

Authorize participation in the Grow MN! Program at the Advanced Partnership level in the amount of \$1,000 annually.

Attachment

Overview of Grow Minnesota Partnership Program

2024 Grow Minnesota!® Partnership Program			
Products/Services	Advanced Partners	Standard Partners	Description
Grow Minnesota!® visit forms and database			
Survey (Standard) - Online and printed forms with real-time access to visit data	X	X	Access to standard HubSpot form or custom Google form with partner logo, three localized "flex questions", and a link to a Google spreadsheet showing full info for each visit entered. Spreadsheet will update automatically with new data and accessed on-demand.
Survey (Advanced) - Online and printed forms with real-time data access and tailored options to customize with local questions	X		Same options as Standard. In addition, Grow Minnesota! will work with Advanced Partners to create and coordinate tailored form solutions with localized visit questions, on a case-by-case basis. Also, Advanced Partners utilizing the HubSpot form will receive updated Google spreadsheets of their visit data on a quarterly basis, or upon request.
Administrative data support	X		Limited data entry available for non-digitalized visits, upon request
Local reports, presentations, and consulting services			
Economic insights reports	X	X	Quarterly digital report on Minnesota's economy that includes analysis of statewide economic trends.
Partner visit results (Standard)	X	X	Partners may request data of their local visits completed through an Excel or Google spreadsheet at any time.
Partner visit results customized report (Advanced)	X		Receive an in-depth analysis of local, regional, statewide visit data, and presentation of findings to your organization/community, upon request.
Custom Tableau dashboard	X		Tableau dashboard with interactive digital charts showing local partner visit data/trends, upon request.
Strategic business and industry outreach consulting	X		Provide data and consultation for local/regional partners to develop targeted business retention strategies.
Training and visit support			

Staff and volunteer training and tools	X	X	Provide virtual or in-person training on all facets of the program upon request.
Visits - accompanied by Grow MN! staff, virtual and in-person	X	X	Grow MN! staff may accompany a partner on strategic visits upon request, based on staff availability.
Business assistance for local chamber members	X		Provide business assistance to partner-members upon request. Partners will be recognized as initiating the assistance.
Other resources and services			
Business assistance - access to electronic resources	X	X	Online 24/7 economic development resources, partner toolkit, monthly partner emails.
MN Supplier Match subscription - registration and sourcing	X	X	No cost for MSM registration and access to the database for partners and their local businesses.
Website - partner mapping indicator	X	X	Recognition as a partner on the Grow MN! webpage.
Partner event(s)	X	X	Grow MN! will host an annual event(s) recognizing the work of partners, release of annual data/specialized reports.
Communications and content management support	X	X	Provide assistance with Grow MN! local marketing needs such as branded materials, press releases, newsletter articles, digital strategies, etc.
Special projects and strategies	X	X	Engagement in specialized projects, focused studies, etc. which support Grow MN! mission.
Advanced Partner Council	X		Participation in peer-based, bi-monthly meetings along with any focus groups developed for specialized projects.
Webinars and roundtables	X		Access to Grow MN! and Minnesota Chamber webinars and roundtables at the Minnesota Chamber member rate.
Fee-for-services discount	X		Advanced tier rate discounted at \$75/hour. Intermediate and Basic Partners pay the standard hourly rate of \$110/hour.
Consultative/Specialty projects	Hourly/Participation Rates Apply		
Research	Hourly/Participation Rates Apply		
	Grow MN! can assist local partners and their business members for items such as supplier data, industry data, and business resources.		

Reports - preparation and presentation of customized, in-depth analysis	Hourly/Participation Rates Apply		Grow MNI can provide customized reports/presentations that analyze local, regional, and/or state economic trends using Grow MNI visit data and supplemental economic data sources.
	Annual Partner Fees		
	\$1,000	\$500	

Gretchen Larson

From: O'Neil, Sean <SONeil@mnchamber.com>
Sent: Tuesday, March 26, 2024 6:10 PM
To: Gretchen Larson
Subject: Re: Follow Up

*gl notes
not for EDA
packet*

EXTERNAL EMAIL WARNING: This email originated from an outside organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Gretchen,

Thanks for the questions! See my answers below in red.

I want to double check a few things as I do the write up to the EDA so we can become Advanced Partner. So, any of our businesses could sign up for these services below? Correct! We provide up to 2 hours of free consultation and assistance.

Plus, we have a set of questions thus far, but I think that some are too complicated, and others don't make sense between business sizes, is that the tailored form with localized questions visits you can help with? Absolutely, we can work with you to customize your visit form so it works for your purposes. There are a few basic fields that are required (like business name, contact, etc.) so they can upload correctly into our CRM. But the rest can be tailored. Whenever you're ready, I'll loop in my colleague who can work further with you on this.

In looking at the spreadsheet it seems a heck of a deal for a \$1,000. How many EDO's do you have who are members now? And do you get asked to go on a lot of visits and/or do you and your team only do the larger businesses? We have 82 Grow Minnesota! partners across the state. Are partners are made up of local chambers and EDO's. We take joint visit requests on a case-by-case basis, but we're happy to meet with any business in your community – they don't have to be a certain size. Since you are in the metro, the travel issue isn't a barrier so just let us know any time you want someone from our team to join you.

I have lots of questions, but we can go over them as they come up since right now I just want to think of what the board may ask and make sure we are on the same page! Great – feel free to circle back with any others that come up!

Best,
Sean

From: Gretchen Larson <GLarson@cottagegrovemn.gov>
Sent: Tuesday, March 26, 2024 4:18 PM
To: O'Neil, Sean <SONeil@mnchamber.com>
Subject: Follow Up

Hi Sean –

I want to double check a few things as I do the write up to the EDA so we can become Advanced Partner. So, any of our businesses could sign up for these services below?

Plus, we have a set of questions thus far, but I think that some are too complicated, and others don't make sense between business sizes, is that the tailored form with localized questions visits you can help with?

In looking at the spreadsheet it seems a heck of a deal for a \$1,000. How many EDO's do you have who are members now? And do you get asked to go on a lot of visits and/or do you and your team only do the larger businesses? I have lots of questions, but we can go over them as they come up since right now I just want to think of what the board may ask and make sure we are on the same page!

WHAT WE DO:

Our Grow Minnesota! staff provide up to two hours of free consultation and follow-up assistance to identify potential resources and connections for your business.

Minnesota Chamber members receive additional assistance at no cost.

HOW IT WORKS:

1. Schedule a free consultation with one of our Grow Minnesota! staff.
2. During the consultation, we ask questions to get to know your business – what you do, your key challenges, opportunities, and priorities for growth.
3. Then we identify any potential programs or connections that fit your needs and send you a curated list of resources to review.
4. Finally, we help you take the next step, providing further program details and making introductions to the right contacts as needed.

Get started by completing this short **Grow Minnesota! form** and let us know how we can assist your business.

Gretchen Larson
Economic Development Director
City of Cottage Grove
12800 Ravine Parkway S.
Cottage Grove, MN 55016
Direct: 651-458-2830 | glarson@cottagegrovemn.gov
General: 651-458-2800 | www.cottagegrovemn.gov



TO: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Gretchen Larson, Economic Development Director
Brenda Malinowski, Finance Director

DATE: March 1, 2024

RE: Dominion Certification of Compliance

Background

In March 2016 the Economic Development Authority (EDA) approved a modification to Development District No. 1 to approve a tax increment financing plan (TIF Plan) for Tax Increment Financing District 1-17 (Dominium), a housing district. The developer, Cottage Grove Leased Housing Associates I, LLLP, was proposing to build a multi-family, senior affordable housing project with 184 units.

As a part of the TIF agreement, the owners of the Dominion are required to file an annual report no later than February 15. The report must certify that are in compliance with the TIF Plan and development agreement, which required that 80% of the units be affordable senior housing units and 20% would be affordable, but not necessarily restricted to seniors.

Discussion

On February 13 the city received a Certification of Compliance from Dominium, along with a Tax Credit Project Report, Unit Status. The unit status is a comprehensive report of all of their rental units, tenant information related to gross annual income, and percentage of rents charged as compared to the area median income (AMI) limits for each unit.

Staff has reviewed the information submitted and finds that Dominium is in compliance with the TIF requirements in the development agreement. The Certification of Compliance report is attached, however, the Tax Credit Project Report, Unit Status, contains confidential information on the tenants and is therefore, on file with the city but not attached to this report.

Recommendation

Receive staff report as presented.

Attachment

Dominium Certification of Compliance Annual Report

OWNER'S CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

To: Washington County CDAProject Name: Legends of Cottage Grove State Project ID Number: D7984Project Address: 6999 East Point Douglas Road South Cottage Grove 55016-3065General Partner: Cottage Grove Leased Housing Associates I, LLCGeneral Partner Email: psween.inspections@dominiuminc.comTax ID # of Ownership Entity: 47-5467395Certification Dates: From: January 1, 2023 To: December 31, 2023☐ No buildings have been Placed in Service☐ At least one building has been Placed in Service but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page 3 to sign and date this form.

Resyndication Properties Only:

☐ No buildings have been placed in service under the most recent allocation.☐ At least one building has been placed in service under the most recent allocation, but the owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and complete the certification for the original allocation.

The undersigned Paul Sween for Cottage Grove Leased Housing Associates I, LLC
on behalf of Cottage Grove Leased Housing Associates I, LLLP (the "Owner"), hereby certifies that:

- The project meets the minimum requirements of: (check one)
 - ☐ 20-50 test under Section 42(g)(1)(A) of the Code
 - ☐ 40-60 test under Section 42(g)(1)(B) of the Code
 - ☒ The Average Income test under Section 42(g)(1)(C)
 - ☐ 15-40 test for "deep rent-skewed" projects under Section 42(g)(4) and 142 (d)(4)(B) of the Code
- There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:
 - ☒ **True** ☐ **False** If "False," attach documentation of the applicable fraction to be reported to the IRS for each building in the project for the certification year.
- At initial occupancy, the owner has received a Tenant Income Certification from each low-income resident and documentation to support that certification, and if applicable, at annual recertification, the owner has received a Tenant Income Certification and documentation to support that certification.
 - ☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
- The owner has received an annual Student Self Certification for each low-income household.
 - ☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
- Each qualified low-income unit is rent-restricted under Section 42(g)(2) of the Code.
 - ☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
- All low-income units in the project are for use by the general public and are used on a non-transient basis, except as otherwise permitted by Section 42 of the Code.
 - ☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
- The property is in compliance with all Fair Housing Act regulations and there have been no violations of the Fair Housing regulations, including accessibility guidelines, filed against the project within the reporting period.
 - ☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.

This certification and any attachments are made under penalty of perjury. Failure to complete this form in its entirety will result in noncompliance with program regulations. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the credit allocator.

8. Each building in the project is suitable for occupancy taking into account local health, safety, building codes, and Uniform Physical Condition Standards (UPCS) as defined by HUD, and the state or local government unit responsible for building code inspections did not issue a report of a violation for any building or low-income unit in the project.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation, including a copy of the violation report and any documentation of correction.
9. There have there been no changes in the eligible basis under Section 42(d) for any building in the project.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
10. All resident facilities included in the eligible basis of any building in the project are provided on a comparable basis without a separate fee to all residents in the building.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
11. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
12. If the income of a low-income household increased above the limit allowed in Section 42(g)(2)(D), all next available units of comparable or smaller size in that building were rented to an income qualified household.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
13. An extended low-income housing commitment as described in section 42(h)(6) is in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher of eligibility under Section 8 of the United States Housing Act of 1937, and all warranties, covenants, and representations contained in the Regulatory Agreement (Extended Use Agreement) and the Reservation Contract remain in force.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
14. If the owner received a Credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the code, the non-profit entity materially participated in the operation of the development within the meaning of Section 469(h).
☐ **True** ☐ **False** ☒ **N/A** If "False," attach an explanation and the supporting documentation.
15. There has been no change in the ownership or management of the property since the completion of the last Certification of Continuing Program Compliance.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
16. The property is in compliance with the Violence Against Women Act requirements and all related implementing regulations providing protections for residents and applicants who are victims of domestic violence, dating violence, sexual assault, and/or stalking.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
17. Pursuant to IRS Revenue Ruling 2004-82, the owner has not evicted any resident, or refused to renew any lease, except for good cause.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.
18. The owner continues to comply with all terms it agreed to in its application for Credit authority, including all federal and state-level program requirements and any commitments for which it received points or other preferential treatment in its application.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.

This certification and any attachments are made under penalty of perjury. Failure to complete this form in its entirety will result in noncompliance with program regulations. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the credit allocator.

19. The property has not suffered a casualty loss resulting in the current displacement of residents.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation outlining the circumstances and date of the casualty loss and date on which the tenant(s) were able to return to their unit(s).
20. The owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher.
☒ **True** ☐ **False** If "False," attach an explanation and the supporting documentation.

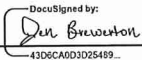
I, Paul Sween
(Print Name of Owner/Authorized Signer)

the undersigned Owner, being duly sworn, hereby represent and certify under penalty of perjury that the project is otherwise in compliance with the U.S. Tax Code, any Treasury/IRS Regulations, the applicable state Qualified Allocation Plan, and all other applicable laws, rules, and regulations. The information contained in this statement and answers to the above questions, including any attachments hereto, are true, correct and complete to the best of my knowledge. I further certify that I have the requisite authority to execute this Owner's Annual Certification.

(If there has been a change in signing authority, please attach a copy of the corporate resolutions or minutes from the partnership meeting, showing the undersigned has the authority to execute these documents for the ownership entity.)

Cottage Grove Leased Housing Associates I, LLLP

Name: ~~Paul Sween~~ Jen Brewerton on behalf of Paul Sween

Signature: 

Date: 2/12/2024

This certification and any attachments are made under penalty of perjury. Failure to complete this form in its entirety will result in noncompliance with program regulations. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the credit allocator.

[illegible]

CHANGES IN OWNERSHIP OR MANAGEMENT

(to be completed **ONLY** if "False" marked for question 15 above)

TRANSFER OF OWNERSHIP

Date of Change:	
Taxpayer ID Number:	
Legal Owner Entity Name:	
General Partnership:	
Status of Partnership (LLC, etc):	

CHANGE IN OWNER CONTACT

Date of Change:	
Owner Contact - First Name:	
Owner Contact - Last Name:	
Owner Contact Phone:	
Owner Contact Fax:	
Owner Contact Email:	

CHANGE IN MANAGEMENT CONTACT

Date of Change:	
Management Co. Name:	
Management Address:	
Management City:	
Management State:	
Management Zip:	
Management Contact - First Name:	
Management Contact - Last Name:	
Management Contact Phone:	
Management Contact Fax:	
Management Contact Email:	



TO: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: April 3, 2024

RE: Business Retention & Expansion Workshop

Background

In January we provided the board with a draft BRE Plan which summarized the work that had been undertaken by the Executive Director and staff since the inception of the program in 2017 into a formalized document.

At the workshop immediately following the regular business of the EDA we will meet in the St. Croix room to review a brief outline of the BRE program and history and the plans for 2024.

As a part of the relaunch of the program we would like to know if the board is interested in the following:

- Provide input on the survey questions to be asked as they have evolved over time and in relation to the type/style of businesses interviewed. Not all questions may be relevant to every business because of many factors such as size, type of ownership, franchise versus mom and pop, etc.
- If the board would like to be involved in the process of selecting the companies to be interviewed.
- If you wish to participate in interviews of selected companies. In addition to any participation by board members, community partners such as Xcel, MCCD (Open to Business), Wash Co. CDA, Grow MN! and select business industry partners may also be invited to participate in interviews.

Attachments

Business Retention & Expansion Program Plan, including 2020 and 2021 Surveys
Business Retention & Expansion Program Summary 2017-2023



TO: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: January 4, 2024

RE: Business Retention and Expansion Program – Draft Plan

Background

In fall 2016, the city partnered with the University of Minnesota Extension Program to work on a Business Retention and Expansion (BRE) Strategies Project. As a part of the project, the economic development team was to conduct 50 visits over the course of the next 12 months. The economic development team missed the mark just slightly with 41 visits completed. The survey results, which were released in June 2017, were still considered to be credible with 41 visits. In general, the businesses reported that overall, the city was a safe and great place to live and work.

At that time, businesses reported that their most significant challenges were attracting workforce talent and inability to expand at their current location. The majority of businesses also reported that they had an actionable business plan and that they had selected their location based upon their customer base. In addition, most reported being satisfied or very satisfied with area schools, highway accessibility, utility costs, community attitude towards business, the quality of life, government and regulations in general, and taxes and fees. The lack of dining establishments and hotel accommodations were cited as shortcomings that needed to be addressed and most businesses also wanted to see more community events and festivals.

After the original study in 2017 was concluded, the economic development team continued on with the program by creating priority work plans for years 2018-2021 and even with the COVID crisis which caused enormous interruptions in workflows, the team still managed to keep the program moving forward.

Discussion

During latter half of 2022 and 2023 changes in staffing and other projects caused the official BRE program to be suspend. Now that the numerous staffing changes have been resolved, it is time to resume the work that was temporarily suspend and a reboot of BRE Program is planned for 2024. A draft plan that formalizes with work already completed is attached for review.

Recommendation

Receive a draft BRE Plan for review and discussion at an upcoming workshop to be scheduled.

Attachments

Draft Business Retention and Expansion Program



Business Retention and Expansion Program

DRAFT PLAN

January 9, 2024

BUSINESS RETENTION & EXPANSION PROGRAM OVERVIEW

The City of Cottage Grove Business Retention and Expansion (BRE) Program is a community-based program used to open lines of communication and build relationships among the City and local businesses in order to maintain a healthy local economy and an improved business climate. The Cottage Grove BRE Program promotes job growth and business expansion by helping identify concerns and barriers to the survival and growth of local businesses.

Program Goals

- Establish and build relationships with local employers to accurately assess their business needs, challenges, or opportunities for expansion and growth.
- Provide better information and understanding for all local leaders of the strengths and weaknesses of the business climate.
- Foster more employment opportunities.
- Build cooperation and consensus among local government, economic development organizations, and businesses and support collective action focused on improving the local and regional business climate.

Short-term objectives

- Provide community support for local business
- Help businesses improve profitability
- Identify and address immediate concerns of individual business
- Let local businesses know how much they are valued in the community
- Establish an implementation plan to improve the business climate
- Compile an inventory of existing businesses with contact information

Long-term objectives

- Increase the competitiveness of local businesses
- Promote business development and job creation
- Establish an implementation plan of action for business growth

Ultimately, BRE programs serve to answer the following two questions:

- 1) Who can we help to grow in order to expand employment and the tax base? and,
- 2) Who is at risk of closing or moving that we can help to stay open or remain in the community.

Additionally, the BRE Program will assist the City, the Economic Development Department, community partners and leaders gather business intelligence on local businesses. BRE surveys, company visits, and other formal or informal data gathering techniques can also provide a snapshot of the community's business climate.

BUSINESS SELECTION & VISITS

The City of Cottage Grove greatly values its existing businesses and is poised to assist in their growth and expansion. A key factor in the BRE Program is business visits. These are visits made to as many area businesses as possible and help build relationships between business leaders and the economic development team. These visits create a connection between staff and businesses so as problems or obstacles arise, businesses know who to contact for assistance. The information gathered during such visits typically provides insights on local business needs, plans for relocation, expansion, or closure, and perceptions or attitudes of the business community.

How does it work?

Economic Development Program staff will arrange a site visit with a designated company. Before the visit, staff will collect information and conduct research on the business via available public records such as their website, competitors, and other information that may be useful during discussions. During the visit, staff will connect with the business and fill out the associated business survey document (see attached). Following the visit, staff will work to resolve any issues or questions that arise during the meeting, follow-up as needed, or make connections to other partners or resources. After the visit, the business is encouraged to contact staff as appropriate when assistance is needed. These efforts are meant to assist existing companies to ensure their retention and expansion within the community.

How many visits are scheduled and how do they occur?

- Visits: 10-15 targeted per size/focus area
- Visits may be conducted face-to-face or virtually

Who conducts the visits?

- City Economic Development staff (may include City Councilmembers)
- Other business industry partners as appropriate

What are the benefits?

- Provides companies with an economic development contact within the City to address issues or needs.
- Provides the City with greater insight and understanding of companies and their key decision makers.
- Increases communication and cooperation between the City and local companies.

The following section outlines the general steps in the BRE business visit process.

Introductory Contact

Initial contact with the businesses will be made by a staff member via the preferred contact method (typically phone or email) to schedule a visit. This allows staff to make introductions or get a preliminary idea of what information or resources will be helpful to have prepared for the visit. The preliminary call or email will assist in determining what partners should perhaps join on

the visit and better prepare the team in researching for resources to address any concerns and having them prepared for the visit.

Business Survey Form

A Business Survey (Attachment A) will be used during site visits to guide data collection and discussion. By using a consistent survey, staff is able to track businesses that have been contacted, categorize and better address concerns, and identify trends both within specific industries and other categories.

Follow-Up

A “thank you” will be sent to each person interviewed after the meeting expressing the City’s appreciation for the business. Staff will maintain a contact list by company and input all information gathered into the system. Staff can then re-evaluate any business needs at the end of the year. If concerns are brought up during the initial interview, they will be addressed afterward with the appropriate persons, and actions taken will be relayed to the business. When needed, an additional visit will be made with appropriate representatives from the BRE team to address the issues.

Business Selection Process

Staff will include a cross-section of businesses in the city in the visitation cycle. The City Economic Development Department will devise a process for selecting which businesses receive a visit based on various goals and targets. This process will allow for diversity and inclusion of particular subgroups of interest within the business community. Part of this process involves using the two-digit North American Industry Classification System (NAICS) business sector coding to ensure adequate representation of businesses chosen from each sector of the local economy. Businesses will be prioritized using selection criteria including number of employees, building size, land and building space available for potential expansion, and other business factors. Although this method is not statistically representative of the greater business population, it will provide the team with information from businesses in the following sub-categories: large, medium, small, and start-up.

Businesses may be chosen at random or may be selected based on key factors or economic criteria. These businesses can include but are not limited to:

- Long-standing businesses in the community;
- Creative, model businesses;
- Large employers;
- New businesses with growth potential;
- Minority-owned businesses;
- Businesses that serve an ethnic market;
- Businesses that serve existing businesses; and
- Unusual businesses that add character.

TIMELINE

Successful BRE programs are cyclical and continuous. Knowing what the issues are for businesses is an ongoing process for business and economic support organizations. Throughout the BRE cycle, there are months devoted to collecting and assessing data, providing reports to stakeholders, evaluating the effectiveness of the program, and making any needed adjustments. The cycle concludes with an evaluation period that includes follow-up on immediate 'red flag' issues in addition to short and long terms action plans. The follow-up phase is ongoing and includes action throughout the year to address concerns or needs.

BRE visit cycle	January – August
Evaluation period	September – December

PARTNERS/LOCAL RESOURCES

It takes a team of community and regional stakeholders to make a BRE program effective.

A critical component of the BRE Program will be to build a team of economic, community and workforce development organizations that provide programs, resources, and services to the business community. With a team of service and resource providers in place, we will more effectively build a cohesive, responsive approach to address the needs of businesses in the city.

The following groups/organizations will be utilized to assist in successfully supporting the business community:

- EDA
- Washington County CDA
- Chamber of Commerce
- Career Workforce Solutions
- MCCD
- DEED
- Individual business leaders in the community
- Utility companies

ACTIVITIES & INITIATIVES

Fostering relationships with businesses and business leaders requires intentional engagement and support. We must go beyond the basic business surveys and visitation model to a more comprehensive, value-added model that can address various aspects of business operations, including marketing, finances, workforce training and development, and strategic planning. Therefore, in addition to the business visits, there are other factors to the BRE plan that can be considered to strengthen engagement within the business community. These include:

- Small business workshops
- Online economic development newsletter (E-Connect)
- Annual Business Survey
- Networking opportunities/Peer Roundtables

- Workforce Development
- Access to local business resources
- Access to funding sources

All of the above activities can be addressed with the assistance of our community partners such as the Chamber of Commerce, MCCD, Washington County Career Workforce, and others.

DATA COLLECTION

The information gathered from visits and surveys can provide valuable intelligence on the successes and obstacles facing businesses in the city. This information then helps the Economic Development team identify the key issues that need to be addressed. It also helps to tailor the programs and support services that provide the most value to local businesses.

The goal of the program is to capture both quantitative and qualitative data regarding business operations, expansions, challenges, and the overall business climate. The following are representations of the type of data sets that will be collected.

Quantitative Measures

- Number jobs created/retained
- Number of retained businesses
- Cost per job created/retained
- Number of businesses visited
- Number of businesses surveyed
- Number of businesses assisted
- Percent of jobs held by local residents/LMI
- Average salary of jobs created

Qualitative Measures

- Business perceptions of local government
- Business perceptions of the community
- Relationship between business retention programs and city services available to businesses (e.g. workforce development initiatives)
- Involvement of assisted businesses in other community activities

ASSESSING RESULTS

During the evaluation period (September-December), the information gathered during the visit cycle will be evaluated for general needs the businesses may have as well as to assess the success of our approach to supporting the business community. For example, tracking how many businesses have remained open and how many have expanded their activities can indicate whether or not the BRE program efforts are producing results. An annual assessment of the program will provide information on which aspects of the program worked well and which did not.

Questions to be considered in evaluating the BRE Program

- To what extent was the BRE initiative effective in retaining and/or expanding business in our community?
- What changes occurred in the community as a result of BRE? Why?
- What statistics or stories (e.g. a business did not relocate because of the program) can we report back to the community?
- What objectives were not achieved? Why not?
- What challenges or opportunities did we experience in terms of implementing the project?

Report Results

The Economic Development Department will communicate BRE results through periodic reports that summarizes the BRE activities. BRE visit and survey data, along with other reports, will be compiled into discernible trends to inform City Council, EDA, stakeholders, investors, and the public. These periodic reports will be used to help track progress and identify things that require attention, as well as acknowledge achievements. Relevant information in these reports may include number of BRE visits, expansion plans, perception of the area's business climate, utilization of economic development programs, and more.



City of Cottage Grove
Business Retention and Expansion (BR&E)
Interview Guide (2021)

Business Information

Business Name: _____

Business Phone: _____

Contact Name: _____

Contact Email/Phone: _____

Visit date: _____

Interviewers: _____

What is your primary business sector?

- ☐ Retail/Wholesale ☐ Restaurant/Attraction ☐ Professional Services ☐ Personal Services

What type is your facility? (check all that apply)

- ☐ Branch ☐ Franchise ☐ Sales-Office ☐ Other
☐ Distribution ☐ Headquarters ☐ Retail

Which of the following best describes your business?

- ☐ Locally owned and operated, with one location
☐ Locally owned and operated, with more than one location
☐ Franchise
☐ Branch or division of a larger company

Is this business location owned or leased?

- ☐ Owned ☐ Leased

What brought your business to Cottage Grove?

How many years has your business been in operation in Cottage Grove? _____

What is your biggest accomplishment in the past two years?

When was your business plan last updated??

- ☐ Less than 1 year ☐ 1-3 years ☐ 4-5 years
☐ Greater than 5 years ☐ We do not have a business plan

Has the company ownership changed recently or is change imminent?

- ☐ Yes ☐ No

Over the past year, have business sales: (select one)

- ☐ Increased ☐ Been relatively stable ☐ Not identified
☐ Decreased ☐ Fluctuated widely

What has contributed to the increase or decrease in sales?

What are the company's major products and/or services?

Workforce

How many full-time employees are at this business? _____

How many part-time employees are at this business? _____

What is the average hourly starting wage paid to both full-time and part-time employees?

Has the number of employees at this facility changed in the past two years? (select one)

- ☐ Increased ☐ Decreased ☐ Stayed the same

If increased, how many employees have been hired in the past two years? _____

If you have hired in the past year, was it hard to fill positions?

- ☐ Yes ☐ No

If applicable, what contributed to the challenges in filling open positions? (select all that apply)

- ☐ Poor work ethic ☐ Lack of qualified candidates ☐ Challenging location
☐ Lack of candidates ☐ Competition ☐ Other

In the next year, do you expect the number of jobs to: (select one)

- ☐ Increase ☐ Decrease ☐ Be relatively stable ☐ Unsure

What types of jobs are you hiring?

Do you anticipate needing to train existing employees?

- ☐ Yes ☐ No

Please indicate where a majority of your employees live:

- ☐ Within 5 miles of your location
☐ Within 5-10 miles of your location
☐ Within 10-20 miles of your location
☐ Over 20 miles from your location

Does the community have enough of the right type of housing for your current and future employees?

- ☐ Yes ☐ No

If no, what type of housing do you think current and future employees would like to see in Cottage Grove?

Community

Do you live in Cottage Grove?

- ☐ Yes ☐ No

What are the strengths and weaknesses of the community?

Strengths: _____

Weaknesses: _____

Have you interacted with any of the departments at City Hall? If so, what department and please describe your experience.

How has or is the COVID-19 pandemic affecting your business and what resources do you need to continue to operate efficiently in the community?

Business Climate

Do any of the following affect your business? (select all that apply)

- | | | |
|--|---|---|
| ☐ Storefront | ☐ Congested streets near your business | ☐ Security/Policing |
| ☐ Accessibility | | ☐ Insufficient financing |
| ☐ Signage | ☐ Insufficient parking | ☐ Public transportation |

Please rank the local business climate with 1 being poor and 5 being excellent.

	1	2	3	4	5	n/a
Highway Infrastructure	☐	☐	☐	☐	☐	☐
Air Service	☐	☐	☐	☐	☐	☐
Proximity to Suppliers	☐	☐	☐	☐	☐	☐
Social Organizations and Networks	☐	☐	☐	☐	☐	☐
Lending by local financial institutions	☐	☐	☐	☐	☐	☐
Community attitude towards business	☐	☐	☐	☐	☐	☐
Chamber of Commerce	☐	☐	☐	☐	☐	☐
Economic Development Authority	☐	☐	☐	☐	☐	☐
Local Taxes	☐	☐	☐	☐	☐	☐
Local Fees	☐	☐	☐	☐	☐	☐
Telecommunication/Broadband Service	☐	☐	☐	☐	☐	☐
Telecommunication/Broadband Rates	☐	☐	☐	☐	☐	☐
Electric Rates	☐	☐	☐	☐	☐	☐
Electric Reliability	☐	☐	☐	☐	☐	☐
Availability of space for rent or lease	☐	☐	☐	☐	☐	☐
Land Costs	☐	☐	☐	☐	☐	☐

Do you have any suggestions for improvement of the local business climate?

Business Development

Which of the following services or opportunities would be beneficial to support your business?

- | | |
|---|--|
| ☐ E-marketing, social media and online content workshops | ☐ Cooperative advertising/joint marketing |
| ☐ Workforce planning, employee training and attraction | ☐ Business networking sessions |
| ☐ Attraction of related supply and services businesses | ☐ Trade shows |
| | ☐ Marketing seminars |
| | ☐ Assistance updating business plan |
| | ☐ Productivity improvement workshops |

Please indicate whether you have used, have not used, are unaware of, or do not qualify for the following services and programs.

	Yes	No	Unaware of this service	Do not qualify for this service
Façade Improvement Program	☐	☐	☐	☐
City of Cottage Grove Tax Abatement	☐	☐	☐	☐
City of Cottage Grove Tax Increment Financing	☐	☐	☐	☐
MN Investment Fund	☐	☐	☐	☐
MN Job Creation Fund	☐	☐	☐	☐
MN Job Skills Partnership	☐	☐	☐	☐
MN Data Center Sales Tax Incentive	☐	☐	☐	☐
Xcel Energy Business Incentive and Sustainability Rider	☐	☐	☐	☐
Property Assessed Clean Energy (PACE) Financing	☐	☐	☐	☐
Open to Business Program	☐	☐	☐	☐

Plans

In the next 18 months, do you plan to experience any of the following?

- ☐ Remaining the same ☐ Relocating ☐ Closing
☐ Downsizing ☐ Selling ☐ Expanding

If you plan to relocate, sell, downsize or close, why? _____

If you plan to expand, will your expansion lead to any of the following?

- ☐ Increase in workforce ☐ Additional products
☐ Increase in training ☐ Additional services
☐ Increase in floor space
☐ Other (please specify) _____

Is your business currently experiencing difficulties with your expansion plans?

- ☐ Yes ☐ No

If yes, what are the major difficulties with your expansion plans?

- ☐ Trained staff ☐ Available land/sites ☐ Outdated facilities and
☐ Seasonality ☐ Access to financing infrastructure

If you plan to expand, in which areas can the City assist you?

- | | | |
|------------------------------------|-------------------------------------|--|
| ☐ Marketing | ☐ Permitting | ☐ Training |
| ☐ Financing | ☐ Location | ☐ No assistance is needed |

Tourism

Is your business affected by the tourism industry in Cottage Grove?

- ☐ Yes ☐ No

What could be done to make Cottage Grove a more appealing tourist area?

- | | |
|--|---|
| ☐ More restaurants | ☐ Improve signage |
| ☐ More niche market specialty shops | ☐ Improve general appearance of roadside areas |
| ☐ More entertainment facilities | ☐ Enforce property standards |
| ☐ More and better events | ☐ Address buildings in poor condition |
| ☐ Improve tourism information outlets | ☐ Other: _____ |

Are you aware that the City of the Cottage Grove has a Convention and Visitor's Bureau (CGCVB)?

- ☐ Yes ☐ No

If there would be an opportunity for your business to collaborate with the CGCVB, would you be interested?

- ☐ Yes ☐ No

Other

Would you like to share any additional comments, concerns or suggestions?

Post Discussion Visit (STAFF ONLY)

Does this company require follow up?

- ☐ Yes ☐ No

If yes, what organizations(s) should assist? (select all that apply)

- | | | |
|--------------------------------------|---|--------------------------------------|
| ☐ City | ☐ University/Technical College | ☐ Workforce |
| ☐ Chamber | ☐ State | ☐ GREATER MSP |
| ☐ Other _____ | | |



POST DISCUSSION VISIT

Does this company require follow up? YES NO

If yes, what organization(s) should assist (select all that apply):

☐ City ☐ Chamber ☐ College ☐ State ☐ Workforce ☐ GREATER MSP ☐ Other



City of Cottage Grove
Business Retention and Expansion (BR&E)
Interview Guide (2020)

COMPANY INFORMATION

Company Name:

Contact Name/Email:

Visit Date:

Interviewers:

BUSINESS AND FACILITY DETAILS:

Primary Business Sector?

Type of facility (select all that apply):

- ☐ Branch ☐ Distribution ☐ Franchise ☐ Headquarters ☐ Home-based ☐ Manufacturing ☐
R&D
☐ Sales-Office

Is this facility owned or leased? Owned Leased

Does company have a succession plan? YES NO

Has the company ownership changed? YES NO

Or is change imminent? YES NO

Explain:

Over the past year, have company sales (select one):

- ☐ Increased ☐ Decreased ☐ Been relatively stable ☐ Fluctuated widely ☐ Not
identified

What has contributed to the increase or decrease in sales?

PRODUCTS AND SERVICES

What are the company's major products and services?

Has this company introduced new products? YES NO

Briefly describe new products:



EMPLOYMENT AND WORKFORCE

How many full-time employees are at this facility?

What is the average hourly starting wage paid to employees in each department?

Has the number of employees at this facility changed in the past year (select one):

☐ Increased ☐ Decreased ☐ Stayed the same

If increased, how many employees have been hired in the past year? _____

In the next year, do you expect the number of jobs at facility to (select one):

☐ Increase ☐ Decrease ☐ Be relatively stable ☐ Unsure

Do you plan to hire in the next 2-5 years? YES NO

If yes, how many employees do you anticipate hiring? _____

What types of jobs are you hiring?

If you have hired in the past year, was it hard to fill positions? YES NO

What contributed to the challenges in filling open positions? (select all that apply):

☐ Poor work ethic ☐ Lack of basic education ☐ Lack of technical skills ☐ Lack of candidates
☐ Challenging location ☐ Competition ☐ Other

Do you anticipate needing to train existing employees: YES NO

What type of training is needed?

Does the community have enough housing and the right type of housing for your future employees?

YES NO

MARKET INFORMATION

Company's primary market (select one):

☐ International ☐ United States ☐ Midwest (including MN) ☐ Minnesota ☐ Local



Company's fastest growing geographic market (select one):

☐ International ☐ United States ☐ Midwest (including MN) ☐ Minnesota ☐ Local ☐ Not identified

Do you export or have clients outside of the United States?

YES NO

If so, where (select all that apply):

☐ Africa & Middle East ☐ Canada ☐ Europe & Russia ☐ Greater China ☐ India, Pakistan, Central/South Asia

☐ Japan & Korea ☐ Southeast Asia ☐ Australia & Pacific Oceania ☐ Latin America & Caribbean ☐ Mexico

☐ Other _____

Percent of sales outside of the US?

Are you interested in exporting or learning how to obtain clients outside of the U.S. (exporting)?

☐ Yes ☐ No

INVESTMENT PLAN

Does the company plan to (check all that apply)

☐ Invest in new facilities ☐ Make major equipment purchase ☐ Renovate/Expand current facilities
☐ None

Approximate date of investment (select one):

☐ Within one year ☐ Within two years ☐ Within three years ☐ Unsure

Do you currently have room on your site to expand? YES NO

If investing in new location, why (select all that apply)?

☐ Access to labor ☐ Access to markets ☐ Environmental permit obstacles ☐ High state taxes
☐ High local taxes ☐ Labor costs ☐ Lease expiration ☐ No room at this location ☐ Quality of workforce
☐ Transportation/infrastructure ☐ Other _____



COMMUNITY

What are the strengths and weaknesses of the community?

Have you interacted with any of the departments at City Hall? If so, what department and please describe your experience.

Are there any priority projects or initiatives the City should consider in order to enhance the business climate?

Rank the local business climate: Community Rankings: 1 = Poor 5 = Great						
<u>Education and Training</u>						
K-12	1	2	3	4	5	n/a
Higher education	1	2	3	4	5	n/a
Customized Training Programs	1	2	3	4	5	n/a
Overall Workforce Quality	1	2	3	4	5	n/a
<u>Transportation/Location</u>						
Public Transportation	1	2	3	4	5	n/a
Highway Infrastructure	1	2	3	4	5	n/a
Air Service	1	2	3	4	5	n/a
Proximity to Suppliers	1	2	3	4	5	n/a
<u>Quality of Life</u>						
Recreational Opportunities	1	2	3	4	5	n/a
Cultural Opportunities	1	2	3	4	5	n/a
Crime Rate	1	2	3	4	5	n/a
Social Organizations and Networks	1	2	3	4	5	n/a
Housing Supply for Workforce	1	2	3	4	5	n/a
<u>Local Access to Capital</u>						
Lending by local financial institutions	1	2	3	4	5	n/a
Assistance from local governments and/or non-profits	1	2	3	4	5	n/a
<u>Local Business Support</u>						
Community attitude toward business	1	2	3	4	5	n/a
Chamber of Commerce	1	2	3	4	5	n/a
Economic Development Authority	1	2	3	4	5	n/a
<u>Local Government</u>						
Fire Department	1	2	3	4	5	n/a
Police Department	1	2	3	4	5	n/a
Planning and Zoning	1	2	3	4	5	n/a
Code Enforcement	1	2	3	4	5	n/a
<u>Government and Regulations</u>						
Attitude towards business	1	2	3	4	5	n/a
Local Taxes	1	2	3	4	5	n/a
Local fees	1	2	3	4	5	n/a
<u>Utilities</u>						
Telecommunications/Broadband Service	1	2	3	4	5	n/a
Telecommunications/Broadband Rates	1	2	3	4	5	n/a
Electric Rates	1	2	3	4	5	n/a
Electric Reliability	1	2	3	4	5	n/a



TO: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: April 3, 2024

RE: Business Retention & Expansion Program Summary 2017-2023

2017 BR&E

The Cottage Grove Business Retention and Expansion Program began in 2017 with a mix of commercial and industrial businesses. The City of Cottage Grove partnered with the University of Minnesota Extension to implement its first BR&E program. That year 41 business interviews were completed and there were four key priority projects and initiatives that came out of those interviews. The priorities were:

1. Work more closely with the Chamber to offer more focused events such as lunch and learns and assist the city with marketing efforts.
2. Address the need for skilled workers by partnering with the school district to develop specialized programs.
3. Work with Comcast and other providers to increase broadband speeds and reduce costs.
4. Better communication with businesses related to the signage requirements.
5. Continue the BRE Program.

Major projects or programs that were completed as a result of the 2017 BR&E program included the South Washington School District the Inventor Space, Comcast running high-speed internet along 97th Street, and continuing the Business Retention & Expansion Program in 2018.

2018 BR&E

In 2018, 12 businesses were interviewed as part of the BR&E program. The focus of the interviews were any commercial or industrial businesses that were new to the community and existing businesses that were not interviewed as part of the 2017 program. There were four projects and initiatives that came out of the interviews were:

1. Work with telecommunications companies to address High-speed Fiber.
2. Need to have more high-density housing in the city both affordable and market rate.
3. Address commercial beautification of aging retail spaces.
4. Continue to create information that explains the city sign ordinance.

As a result of the 2018 program the City of Cottage Grove started the Façade Improvement Program in 2019. This program has resulted in the approval of four projects for a total of \$100,000 of support. Indirectly, the work on marketing the community to developers for high density housing also resulted in the development of Grove80 Apartments at the site of the former City Hall.

2019 BR&E

As a result of staffing changes and increased workload due to major projects in the Business Park no BR&E programed visits occurred in 2019.

2020 BR&E

The 2020 BR&E Program focused on the Cottage Grove Business Park. In total 11 interviews were completed and there were four key priority projects and initiatives that came out of those interviews. The priorities were:

1. Address the need for more public transportation options to widen the worker pool.
2. Customized training programs to increase worker skill set.
3. Create more housing options especially high-density housing.
4. Increase options for entertainment, restaurants and hotels.

The city, as part of its 2020 Strategic Plan, worked to address development of a bus rapid transit station at the Shoppes at Cottage View. Work had already started with Washington County to potentially add this site to the Red Rock Corridor plan. The city began working with the school district to raise awareness regarding trades, working with the school district on developing post-secondary EMT courses, engaging with businesses to create a network for job opportunities and finally exploring creation of a higher education campus. As part of the housing needs, staff worked to develop a comprehensive housing plan that includes promoting sustainable development, increasing housing density, and developing public-private partnerships. In 2020 the City of Cottage Grove started the Visitors Bureau, which has the goal of increasing visitors to the community for the attraction of new restaurants and hotels. Further the City of Cottage Grove continues to market commercial properties for development to developers and brokers at events like MNCAR and ICSC Recon.

2021 BR&E

2021 was a challenging year with most businesses contacted said they were unable to participate due to the on-going challenges related to the COVID-19 pandemic, supply and worker shortages, and a variety of other issues associated with simply trying to stay in business. Of those businesses who did participate the general consensus was that there continued to be a lack of dining and entertainment establishments, challenges finding staffing and there were too many signage restrictions. These issues have been a reoccurring theme over the past five years. As for quality of life, most thought that the city was safe and affordable with lots of parks and green spaces to enjoy.

2022-2023 BR&E

During latter half of 2022 and 2023 changes in staffing and other projects caused the official BRE program to be temporarily suspend. Now that the numerous staffing changes have been resolved, it is time to resume the work that was temporarily suspend and a reboot of BRE Program is planned for 2024.