



COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MN 55016

COUNCIL CHAMBER

September 10, 2024

- 7:30 AM

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of Minutes
 - A July 9, 2024 Meeting Minutes
5. Business Items
 - A Development Updates
 - B Second Amendment to the Purchase Agreement between Kwik Trip and EDA and EDA and WAG
 - C Termination of Purchase Agreement between EDA and Ryan Co.
 - D Amendment to Professional Services Agreement with Dowdle Studios, LLC
 - E Dowdle Art Unveiling Updates
 - F Business Retention and Expansion Updates
6. Public Hearings
7. Other Business
8. Workshop
9. Presentations
10. Adjournment



MINUTES

July 9, 2024

CITY OF COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING

12800 Ravine Parkway S
Cottage Grove, MN 55016

Pursuant to due call and notice thereof, a meeting of the Economic Development Authority was held on the 9th day of June, 2024, at 7:30 a.m.

1. CALL TO ORDER

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

2. PLEDGE OF ALLEGIANCE

Mayor Bailey asked everyone to please rise and join in reciting the Pledge of Allegiance.

3. ROLL CALL

City Clerk Tammy Anderson called the roll: EDA President Bailey-Here; EDA Vice President Olsen-Here; EDA Member Carey-Here; EDA Member Myers-Here; EDA Member Scott-Here; EDA Member Tschida-Arrived after Roll Call was taken.

Members Absent: EDA Member Jean-Baptiste

Staff Present: Jennifer Levitt, City Administrator
Tammy Anderson, City Clerk
Zac Dockter, Parks and Recreation Director
Gretchen Larson, Economic Development Director
Emily Schmitz, Community Development Director

Others Present: Stacie Kvilvang, Ehlers

4. APPROVAL OF MINUTES

4.1 Approve the April 9, 2024 EDA Meeting Minutes.

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

5. PRESENTATIONS

5.1 LOST Presentation

Zac Dockter, Parks and Recreation Director, stated I appreciate the opportunity to talk to you today about our Preserve.Play.Prospier Plan, which is a program that gives our residents an opportunity to reinvest in new parks, recreation, and outdoor spaces. Parks and recreation is a definite point of pride in Cottage Grove; if you haven't been out and about this summer, I challenge you to go to any park, as all of our parks are getting used, and they're getting used a lot.

That usage just continues to grow as the community grows as well. We also see in all of our surveys and all of our communication with the residents that people appreciate and love their park and recreation system. It's getting harder and harder to fund large capital investments each year, as the cost of projects increase, the growth of the community means we're also investing into new areas. I will say that we've always been very proud of the fact that we also maintain what we have. If you travel out in the parks and the trails and the open space, you'll see that we do a very good job thanks to the Council's commitment to making sure that we're taking care of all of the acreage and all of the equipment we have out in the parks today.

It's been 40 years since we've had a voter-approved referendum, so it's been a long time since we've made a single large investment into multiple park spaces like we have here with voter approval. I want to make sure that people understand that this isn't a knee-jerk response to a funding need. So, we spent over 18 months, actually closer to two years, studying what our community wanted to see in its future recreation system. What we found through all the surveys and trying to connect with the community was that our

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residents want new and improved recreational opportunities for people of all ages, preservation of natural habitat, enhanced connection to parks and nature. Those are broad statements, and there are many specific things that fall under those, like playgrounds or ballfields or whatever it might be, but that's kind of the broad picture of what people want. We took the list of all the items that we heard people say that they wanted, then we tried to condense them and fit them into the park system that we have today.

So, the result of that effort brings us to this Preserve.Play.Prosper Plan, which is proposed to invest \$36M to renovate and revitalize our parks, recreational offerings, and outdoor spaces. There are three key projects: Hamlet Park, Mississippi Dunes Park, and then River Oaks Golf Course and Event Center.

Hamlet Park

Hamlet is our oldest and largest park in Cottage Grove. Obviously, we've invested a lot into Cottage Grove over the past 50 years, but since 1984 we haven't had a large single investment into the entire park itself. So, the proposed plan would invest \$17M to: Upgrade the play equipment; Build a new four-season recreational building; Install a small splash pad; Create a skateboard park; Build an amphitheater, Create an art walk/sculpture garden with benches and informational kiosk; Add a synthetic turf sports field with lighting; Finish the south baseball park complex. We've built two ballfields over the last five or six years, and we would add the last two ballfields on the south side of that. That also includes adding a third parking lot at the entry road, the trails, and landscaping; so, now the park from north to south is essentially complete.

Hamlet Park is kind of split into the north, the central hub, and then the south part of the ballfield complex. The central hub, pictured on the left, shows the main area, probably which you're most familiar with today. The reinvestment of those areas with the amphitheater, the skateboard park, etc. The north is the trail entry off of Grange and 80th Street, so we would enhance that area; that would be kind of where that art walk area would be, as well as a lot of landscaping to promote the north end trail entry.

Mississippi Dunes Park

We have a unique opportunity to create a new 33.3-acre nature themed public park along the Mississippi River. We have long pursued recreational opportunities along the river, and Council can attest that this has been a priority since I've been here, since 2001. One of the goals of Council has always been to increase public access to the Mississippi River. With this recent strategic acquisition, which by the way was all grant funded to get the 33.3 acres, we are now positioned to build a rare park that brings people to the river for a myriad of recreational experiences. So, the proposed \$13M would: Restore and preserve natural habitat of the site; Build up the shoreline along the river; Provide recreational river access for canoes, kayaks, small boats, and fishing; Construct new and enhance existing paved walking and natural hiking trails; Create a nature-based playground, pictured here on the right; Provide space for outdoor classrooms; Build an interpretive learning center, a building that has educational opportunities as well as event opportunities; Add facilities throughout for nature activities and picnicking.

Director Dockter displayed the Master Plan that we've been working on. There have been three-or-four reiterations of the Master Plan, and you'll see some new imagery coming out even after this, but this just kind of shows you how that park lays out. Again, we've acquired all that shoreline along the river from the former Mississippi Dunes golf course, so we're happy that there's almost 2,000 linear feet of shoreline that's been preserved for public access.

River Oaks Golf Course and Event Center

We have the opportunity to make this a year-round multiuse recreation destination for families and people of all ages. I just want to lead off with that this is not about growing the game of golf; this is about doing anything other than golf for the most part at River Oaks to try to get people down there. It is a point of pride in the community, people use it for all sorts of reasons, whether it's weddings, events, golf, bocce ball, bags tournaments, or whatever it might be. There are a variety of ways to use River Oaks, and we're trying to increase that opportunity. The proposed \$6M plan would: Install indoor multi-sports simulators; Add pickleball/event court; Create a new winter mountain biking course; Upgrade the building, as right now there's a separation between the two buildings and we would connect them to make it one building; Enhance the patio dining area, as the patio is a selling point for River Oaks with the river overlook; Build a 9-hole Himalayan putting green course designed for all skill levels, which would be more challenging with moguls, and that's all free to the public.

He displayed images of what the building might look like when it's all connected and enhancing the patio. At the Event Center, the court would align next to the bocce ball courts, and that will be multipurpose, you can have weddings there, small concerts, pickleball tournaments. I'm frequently asked about the golf course and the noise with the pickleballs; there is a little water feature we put in there to try to kind of drown out the sounds of the pickleball courts, but there are also balls that can be used to deaden the sound a little bit, screens that can be put up, and other things we can do to mitigate the sound. The golf course staff is extremely excited about that, and they don't see concerns with that noise. He displayed a photo of the Himalayan green, showing how that lays out next to the clubhouse.

Director Dockter stated I think most people say hey, it looks great, but it looks like it's expensive. As mentioned, it's \$17M for Hamlet Park, \$13M for Mississippi Dunes, and then \$6M for River Oaks Golf Course and Event Center. We've studied a myriad of ways to try

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to come up with a plan that pays for all of that, and we've landed on this idea of the Local Option Sales Tax, with which EDA President Bailey kicked off this presentation. It would result in a 0.5% sales tax increase on any purchases made in Cottage Grove that qualify under the sales tax law; that's basically .01 on every \$2 that you spend, or .50 on a \$100 purchase, and that's over a 25-year period. I should say that the sales tax expires either when the projects are paid off and this a maximum of \$36M; it's either 25 years or \$36M in tax revenue, whichever comes first.

Why the Local Option Sales Tax? It ensures that both residents and nonresidents share in the cost. So, if do a General Obligation Bond for a referendum, that means it solely lands on the backs of the property owners in Cottage Grove; we feel that this spreads it out a little bit more evenly. Also, because of all the visitors that come to Cottage Grove for parks and recreation, this shares the cost with visitors as well. The University of Minnesota did an economic study for us, and they project about 31.3% of sales tax would be paid for by nonresidents, with the remaining paid for by residents. It's also projected that number should continue to increase as Cottage Grove grows its share of non-tax portion.

How a Local Option Sales Tax Works: It's applied to the same items and services and follows the same exemptions as the State sales tax, so things like groceries, clothing, prescriptions, over-the-counter medications, and baby products are not taxed. Otherwise, anyone who purchases qualifying items and services in Cottage Grove would pay that 0.5% sales tax. Projections are each Cottage Grove resident is estimated to pay on average an additional \$23 per year, about \$1.92 per month, for investment into this project.

Questions on the Ballot: We need to have State authority to go to referendum on this, and if we have the authority to do that, one requirement is that each project stands on its own merit. So, there will be three different questions. There will be a header that explains what the City is asking as a summary with the Local Option Sales Tax, and then each project has its own vote. So, you will vote for Hamlet Park separately from Mississippi Dunes and River Oaks Golf Course. The key is if one of those projects pass, it's a 0.5% sales tax increase. If two or three pass, it's still a 0.5% sales tax increase. So, if one, two, or three pass, it's a 0.5% sales tax increase. If just one of the projects passes, there's a 0.5% sales tax increase, and we obviously would generate that revenue sooner and the tax would probably fall off sooner as well. If none of them pass, then there is no sales tax increase.

The key here is that we want to get people to the website. We spent a lot of time, energy, and effort building the website and it's very informative. It has frequently asked questions, a lot of detail on the park projects, and the imagery is being updated almost weekly. As we get questions from the public, we're trying to make sure that those get put on the website. So, as you talk with community members or you're visiting with people and they have questions, I would suggest you direct them to the website as there's a ton of information there. Of course, you can also call us; there are no secrets, everything's on the table, we'll answer any questions that come our way, but at the end of the day it's up to the voters to decide on how they'd like to see this referendum go. Early voting begins Friday, September 20, and Election Day is Tuesday, November 5, 2024. With that, I will stand for questions.

EDA President Bailey thanked Director Dockter for the presentation. He asked if the EDA Members had any particular questions about this proposal.

EDA Member Tschida asked where would this put us for sales tax amongst our neighbors? Like what is Woodbury doing, what is Hastings doing, etc.?

Director Dockter replied that's a very good question. On the website, there is a really good map on there that shows the Local Option Sales Taxes that are being charged in other communities. I think St. Paul is at 1.5%, and Woodbury is currently going to referendum for a 0.5% sales tax to fund their Public Safety facility. Oakdale, Golden Valley, and Bloomington have one in place. So, there's a good map that shows where we would fit in that; there are many communities that already charge a sales tax, typically 0.5% and up. There are also a number of communities that have the sales tax pending. I would direct you to the website to get better data.

EDA Member Tschida stated fair enough, I know St. Paul's is like the highest in the entire State, and they keep adding more of them.

EDA President Bailey stated the other question I sometimes hear and I know Director Dockter has heard this, too, is what if none of them pass? Obviously, personally speaking, I hope they all pass. If none of them pass, what happens with these projects? The answer really is the same as we've been doing for many years, we'd put them on our Capital Improvement Plan (CIP) and slowly but surely the items would get built over many, many years. The purpose behind this is we've heard what our citizens are asking for, so this is an opportunity for us to kind of hit the ground running and get these projects completed. Frankly, Hamlet Park has been worked on for a very, very long time, but we just kind of inch away at it, and that's fine, that's how we decided to do it over the years. This is our way to say, okay, we can put these projects in the ground, and get that park down on the river completed on a quicker basis rather than spreading it over a number of years. Again, I would just say please forward any questions to the website or ask any one of us elected official or our City staff. If the EDA Members have questions from the public, one way or the other, we want everybody to be informed. We've actually had that conversation with the gentleman whose company is working with us on the Local Option Sales Tax proposal; he stated the best thing we can do is make sure as many people as possible have a say in this. It's also a

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presidential election year, so that's the highest turnout, so it really gives everybody the opportunity to say yes or no on these particular questions.

EDA President Bailey thanked Director Dockter for coming in this morning and sharing the information.

5.2 Presentation by Stacie Kvilvang, Ehlers - Business Subsidy & Public Financing Policy

Mayor Bailey stated Stacie Kvilvang from Ehlers is here to discuss Business Subsidy and Public Financing Policy, so I'll kick it over to her to get us rolling.

Stacie Kvilvang thanked EDA President Bailey and the commissioners. There is just maybe one thing that I'll add onto the Local Option Sales Tax discussion is to always remind folks kind of the key thing is that 31% of that money is coming from outside residents coming here to actually use your facilities. So, that's great, that's a good opportunity because as you said, president, essentially that you eventually would do those projects, but it's just going to cost the residents more. So, it's a cheaper way to do it, and spread that around for the benefit of getting something today. That's always a key thing to remember is your using the money of the folks who are coming into Cottage Grove and actually using your facilities to assist in paying for that.

We're going to talk a little bit about your Business Subsidy and Public Financing Policy. We're going to talk about the tools that you have available, and then we're going to talk about some other things that have changed in the legislative session this past year.

So, what is a Business Subsidy? Essentially, it's a statutory requirement that's out there; basically, a Business Subsidy is assistance to commercial businesses, so housing is exempt. So, any housing developments that you may do are exempt from it, it's only for commercial developments. Typically, it's assistance of \$150K or more that kicks this in, where you have to go into your policy that talks about the specifics that you have to have for that. That subsidy can be anything from Tax Increment Financing (TIF) that you may provide, as you've done in the past on your Pay As You Go notes, it could be grants that you provide, it could be interest rate write downs; there are a multitude of things that you could provide. So, as long as that value is \$150K or more, you're going into what your Business Subsidy Policy would actually state.

In 2001 is when a lot of this came into play, as there were changes at the State Legislature. They said if you're going to provide a business subsidy, there's two main things required by Statute: 1) The State wanted to see a minimum job requirement for it, and 2) Wage floor requirement. That's all that's technically required by the Statute, along with doing an agreement, which cities had already done.

Essentially, when we went through this process with the EDA back in 2017, we set the job goal at one fulltime equivalent (FTE) employee. When we had the discussion with the EDA at that time, what I would say to you today is that's where it's at in most cities, because it's just a requirement, it's the minimum requirement. The reason we set it lower, at one job, is there will always be that one project that comes along that you really want, and it's not about job creation, it's about something else for your community. But the reality is, as you may know from all your projects, that job creation goal is actually a lot higher. So, if we take NorthPoint, for example, their job creation goal is over 200 jobs; so, your policy is just the minimum. What you actually get for the assistance that you're doing is likely going to be something higher, but we set it low for the time that that project comes, that job creation isn't the biggest thing that you're doing.

The second thing is the wage requirement. Most cities will set it off of what minimum wage is because that floats, it goes up over time. So, you are currently at two times the State Minimum Wage (2024 Minimum Wage is \$10.85 for large employers, so required to be at \$21.70). We had discussions when we set the policy to look at maybe more, but that was starting to get to be a wage that was really high for probably a lot of the jobs that you get. You didn't want to be able to miss out on some projects that you would want to actually get that are paying good wages at two times, so that's where we settled. In your policy, that's your minimum, it at least has to meet that, but it doesn't necessarily mean that it won't be more. If you take NorthPoint, some of those jobs are a lot higher than that and some are at and exceeding that as well. Again, it's just your policy that you have in there for that.

When we did your policy, we called it a Public Financing Policy, so that wraps in the Business Subsidy requirement, but on top of that, that Public Financing Policy is really a document that's a guide for developers that are coming to the City to build. It has everything in there that they would want to know about the City and what you are actually looking for. So, it's your application process and what are your priorities as an EDA or a City that you actually want to get done.

When we look at your Public Financing Policy, a lot of your things are standard, what we have in a lot of communities, that it meets the Comprehensive Plan, it talks about spin-off development, it talks about all these other things. But what I highlight for you are the two things at the bottom that are probably a little bit different for you as a City because we do like to make these a little bit more individual to the communities: 1) You wanted to improve or add public infrastructure, such as roads, utility extensions, stormwater ponding, etc. So, that's not unusual for a growth community because you're still developing. We always want development to pay for itself. Again, what that benefit is they're coming in for a development, and roads and utilities are needed to

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service it; so, they have to pay for that, but essentially, you're willing to give assistance to offset some of that cost because they can be pretty expensive. 2) You wanted to establish business interest that adds to the diversity of the City's offerings. When you're looking at some of it, what you're saying is that we have certain users here or office warehouse, we want to diversify; so, that's kind of a key priority that we have, let's not just do all the same. We want to be able to build into what we have for businesses and service and commerce that is here in our community.

The other thing that we always put in there is what's your desired qualifications? What are the projects that you really want to get or that you want to see in your community? So, this is where we personalize it to you again; the big four that you had last time was anything in your Business Park, the Gateway North district, Cottage View district, and then Langdon, along the portion of West Point Douglas Road, including the Majestic Ballroom, which will get redeveloped some day. So, that's a key for you, and again, the highlight looks a little bit different for you when you look at some of your desired qualifications, as you want development of a full or limited-service hotel. So, you're not necessarily different from other communities, but it just was a key factor of something that you wanted to do. You want opportunities for people to be able to stay, right, when they come to visit or there are weddings over at the golf course. You wanted more opportunities rather than having to go over to Woodbury or someplace else. You wanted to provide opportunities for entertainment venues, such as a movie theater, family fun center, or larger attraction unique to the City. So, again, you're trying to incorporate or make yourself a little bit more of a destination community for some of those things that not only your residents want, but you want other people to be able to come to your community and actually utilize.

Provide façade improvements: There was a lot of talk about some existing businesses that maybe could use some assistance with that. You wanted to help them spruce that up a little bit to change the character of a certain area. Again, the road access was key for a lot of developments that you're doing, and you actually wanted to provide some opportunities for some small businesses. So, let's not forget about the little guys that may eventually become the middle size guys or the big guys, right? You want to have opportunities for those smaller businesses to be able to come to the community and grow here with you.

Public Financing Tools

When you're going to give incentives, what tools do we have to try to draw these kinds of uses or developments that you have; the big two that you always use are TIF and Tax Abatement, and they're kind of the same.

As you recall, TIF is you've got a project or property that's paying property taxes at this level, it's got a certain value, but when you come in and develop or redevelop, the value is up here and you're paying more taxes. So, the tax increment that's available is the difference between current taxes and future taxes. There's little nuances with that with commercial because we have certain taxes that aren't available, but essentially that is what is available.

When you create a TIF District, you have final say and authority. County can't say no, the School District can't say no; it's all encompassed because the goal is development or redevelopment. When you're creating some of your Economic Development Districts that you've done, it's about jobs; that's what you're creating. You've had a couple redevelopments, and it's about getting rid of blight and changing that end use. You've also done some for affordable housing: The Dominion projects, which were the senior housing facilities, and the Rohrs that we also just approved here not long ago.

Tax Abatement: We treat it just like we do TIF, it's increased taxes that they're paying, but the difference with Tax Abatement is that each taxing entity gets their say, if they provide it or not. So, the City has a say, the County has a say, and the School District has a say. Traditionally, what we find throughout the metro is that when you do Tax Abatement, it's usually only the City that participates. The School District will participate if it's housing, especially roads and development for single-family development, because that means more kids, which means more money for the schools, so they're happy to do it. The County will sometimes, if it's about a big job driver or creation or something that meets their standards that they have for economic development within the County as a whole.

Others

- Grants: With any project that comes in, staff is always looking to see what grants are out there because we're always trying to find funds to augment so it's just not the City that's participating.
- Loans (EDA Funds): As an EDA, you could have a revolving loan fund, and you've done some of this through some State funds that you also got that you can provide to a business to either give as a startup or to create more jobs and do some other things. Again, we try to recycle any funds that you have to get them out in the community, working, we do it as a loan, we receive some of that back so that we can then put it back to work in the community again.
- Local Affordable Housing Aid (LAHA): That's a new tool that came out, so that's the .25% sales tax that's paid throughout the metro that's available for affordable housing only. Your City's allocation is about \$125K for 2024 that you'll have here, that's available.

Let's talk about the LAHA: As I said, you've got about \$125K that you'll get in this aid. What most cities are using it for is for their single family rehab programs. You can also use it for development of rental housing that's affordable, you can do it for new single family construction, but there are income requirements that are pretty open, which is really great and gives you a lot of flexibility in

how to use those dollars. In 2024, the legislature put a couple parameters around that. They said we don't want you to now get this \$125K and just use it as a levy reduction. So, whatever you were doing for other housing programs before, you have to keep doing that; this is to supplement that, it's not to replace it. What they're requiring is that you have to show over the past two years what you've put forward for affordable housing; it could be your CDBG dollars, it could be your actual HRA levy, it could be City levy dollars, anything else that you've done they want to see that because they want to make sure that in the next year, when you spend it, that you just didn't take something else away. So, you didn't spend \$200K last year, and now that you have this, you're only spending \$100K. Again, it's supposed to supplement what you're actually doing out there. I think a challenging thing is for Counties, as they have to regularly consult with local cities within their jurisdiction on qualifying projects, because they have a big portion of the allocation that they're going to be putting to work countywide.

Affordable Housing - Tax Credits

As you recall, there are low income housing tax credits, which are Federal tax credits that are available when you develop affordable rental housing. Essentially, what they're saying now is that if you go through Minnesota housing and you get a tax credit allocation, now you have to pay prevailing wage on that. So, this has been a big discussion at the legislature on a lot of things. They were actually talking about doing it if you actually give TIF as well. What it essentially does is it increases costs by 10%-15%; what does that mean at the end of the day? What that means is that those developers of the affordable housing and the tax credits are going to come to the local communities or others to ask for more money. It's going to cost us more, so it's kind of cost prohibitive in a sense. It's already challenging to build and construct affordable housing because the rents are so much lower, so it's hard to get the math to work. Now, it's getting a little bit harder, so we have to figure that out. There are a lot of communities that have their own local prevailing wage ordinances in place, and some of the developments have struggled or they're not getting the affordable housing at the level that they want. Some will say, well, it doesn't cost anything more to do this; that's not a true statement. When you talk to everyone, it's like yes, you are paying 10%-15%, or in some cases 20%, depending on where you're located, so you're paying more for this. This is something to be cognizant of, it's not a good thing, it's not a bad thing; it's a local choice for some things, but again, for anything that's getting State funding and the Federal tax credits, it's now an actual requirement. So, what we see now happening is the development community is kind of stepping back and taking a pause. There are some developments that have already been through their entitlement process, they've already been awarded either their credits or they're in the process of it. Developers are stepping back and saying we're not sure we're going to do this. For some that are so far in the process, they're going back to those local communities saying we need X amount more now to make this work because of this requirement. Cities have a choice to say yes, we'll dig some more and find some more assistance to provide you, or they're like we don't have anything, can we find it someplace else? So, projects may trickle and move forward, some are going to pause, and some just won't go forward at all. I also think what we're hearing from a lot of the local traditional affordable housing developers is they're starting to leave and find other markets where there aren't these requirements. It's going to be interesting to see how everything shakes out over time, to see what actually happens with regard to that.

Stacie stated with that, I'm happy to answer any questions about some of your local tools, your Business Subsidy Policy, etc.

EDA President Bailey thanked Stacie for the great information. He asked if the EDA Members had any questions at this point.

EDA Vice President Olsen thanked Stacie for being here this morning. One of the questions that I had about the LAHA is when it comes to the requirements around various funding levels, etc., does TIF or matching grant money that a city might use to help create an incentive here, does that count towards those requirements? Or is it purely for lack of a better phrase whatever dollars you hand out to the developer?

Stacie replied essentially it's dollars that you may hand out. So, it's still a little unclear and fuzzy with the reporting. You have done some things for affordable housing in the last two years, and we can show that we provided TIF for this. But you can't be penalized because not everything that comes forward is going to need TIF. It's something that you may do, but you may want to do that instead of TIF, of creating a district, which is also a goal of the legislature; they would also prefer to have less districts out there. So, we will see what happens with the full reporting, if they're going to penalize you for using TIF and saying you have to use that first in the future or not.

EDA Vice President Olsen said the grant issue for me is with many of the grants that we apply for and our City staff, as you know, does an incredible job of seeking out those third-party dollars, some of them come with the stipulation that you have to match up to a certain dollar amount. I was just curious if that match, because it is City funds, would count towards that requirement.

Stacie replied that will count towards that, yes.

EDA President Bailey thanked Stacie for her presentation.

6. BUSINESS ITEMS

6.1 Resolution 2024-07 - Decertification of Tax Increment Financing District No. 1-12

Stacie stated the EDA created this TIF District in 2001. It's larger than what's just shown on the slide here; it originally encompassed 44 parcels, and that was kind of the gateway area to your community that you were looking to develop within there. Some of the more key significant things that really happened where you gave your assistance was the Pres Homes senior housing development because you wanted some affordable senior housing, so that's a 44-unit development. You also have the former Grove Plaza area where the new Hy-Vee is as well; some incentives were also provided there.

In 2006, you entered into an agreement with the developer, Presbyterian Homes, for this site. Ten years later, in 2016, they finally got everything done and completed. So, sometimes it's just challenging. You're like oh, we created a District back in 2001, but it took us a while to get through. Sometimes it's hard to find a developer, it's hard to put the pricing and the financing and everything together and actually get to a point where certain things are happening and moving forward. So, you provided Pres Homes a \$2.4M pay-as-you-go (PAYGO) note, so again, they pay their property taxes and you reimburse them twice a year as they pay those taxes for the improvements. Those improvements were mostly public improvements for roads and intersection and lighting improvements that were happening in the area, and somewhat to an extent for some of the affordable housing. Again, it's something that came forward, they were able to meet that, and you issued the actual note for that.

The public improvements in the District included the roadways and waterways, some of what we see in the area. We got the first tax increment payment on that \$2.4M note in 2017; the anticipated last payment was going to be in 2029, when the District is actually done, as it's done at the end of 2028. So, February 1 is our last 2028 payment that we actually get. So, when we do these, we're always setting up our assistance or our notes based upon what we know today for values, tax rates, etc. Well, we're happy to say is that obligation is actually going to be paid off here on August 1, 2024. So, it's five years earlier than what we anticipated, and that District now is going to be decertified early, which is required by Statute. So, once all your obligations are done, you have to decertify that District. Before you today is the resolution to decertify this District for taxes payable in 2025. I'll be happy to answer any questions.

EDA President Bailey asked Stacie, just for the general public, now that we're decertifying this TIF District, what does that mean? Where do the tax dollars go now?

Stacie replied that's a great question. Essentially, we have modeled this into your long-range FMP, so we're always looking at your Districts and when they're going to be coming off. What it means is that you have more tax capacity available to levy taxes over. So, what you see is that if everything stayed the same and you had more value to levy over, your tax rate would go down; or you're using that captured amount that you have to actually do some other things in your community, and there's no difference to any of the taxpayers.

Recommendation: By motion: Approve Resolution 2024-07 Requesting Decertification of Tax Increment Financing District 1-12 and direct EDA staff and consultants to take all actions required to decertify the TIF District for taxes payable in 2025.

EDA Vice President Olsen made a motion to Approve Resolution 2024-07 Requesting Decertification of Tax Increment Financing District 1-12 and direct EDA staff and consultants to take all actions required to decertify the TIF District for taxes payable in 2025. Motion was seconded by EDA Member Tschida. Motion passed unanimously (6-to-0 vote).

6.2 Resolution 2024-08 - Decertification of Tax Increment Financing District No. 1-18

Mayor Bailey stated now we'll move on to Resolution 2024-08 - Decertification of Tax Increment Financing District No. 1-18. EDA Member Carey stated I'll recuse myself at this point, and EDA President Bailey thanked him for doing so.

Stacie this is for Modern Automotive that's located at 9800 Hemingway Avenue. In 2024, the District was Decertified by the EDA, and you had an action before you to do this earlier. Once we were getting ready to complete all of the Decertification actions, we were reminded that we had an Interfund Loan that was outstanding for this District. So, essentially, we are having you redo the Decertification Resolution because now it's going to be for taxes payable in 2025. Again, with this one, our August 1, 2024 payment will be the last payment on that Interfund Loan note, and then we will move it forward for Decertification, just like we are with TIF District 1-12. Stacie stated with that, I'll be happy to stand for any questions.

EDA President Bailey asked if there were any questions on this, and none were asked.

Recommendation: By Motion: Approve Resolution 2024-08 - Requesting Decertification of Tax Increment Financing District 1-18 and direct EDA staff and consultants to take all actions required to decertify the TIF District for taxes payable in 2025.

EDA Member Myers made a motion to Approve Resolution 2024-08 - Requesting Decertification of Tax Increment Financing District 1-18 and direct EDA staff and consultants to take all actions required to decertify the TIF District for taxes payable in 2025. Motion was seconded by EDA Member Tschida. Motion passed unanimously (5-to-0 vote, as EDA Member Carey recused himself).

6.3 Resolution 2024-09 - Tax Increment Revenue Note for NorthPoint PAYGO (Cottage Grove Logistics Park)

Stacie stated as you know, this is TIF District 1-20, a District that they are going to be developing, upwards of 3.4 million square-feet of industrial development. Originally, when you approved this District and the Agreement for that, you were looking to give them assistance of about \$12.1M. That amount has been significantly reduced, and the reason for that is because the projections of timing for development. So, they have currently finished Phase 1, as they were required in the Agreement; on the modifications that we have, it's just under 800,000 square feet that's been developed out there. We completed the lookback, so all their qualified costs and everything have been certified. The Public Works Director has signed off on the public improvements that have happened out there. So, now we're at the point that it is an action item before you for us to actually issue that Note. So, as stated before, that Note has been reduced from \$12.1M to about \$7.166M. With that, I'll be happy to answer any questions.

EDA President Bailey asked if any EDA Members had a question on this, and none were asked.

Recommendation: By Motion: Approve Resolution 2024-09, approving the issuance of, and providing the form, terms, covenants, and directions for the issuance of a taxable Tax Increment Revenue Note, Series 2024-B, in an aggregate principal amount not to exceed \$7,166,000.

Motion by EDA Member Tschida to Approve Resolution 2024-09, approving the issuance of, and providing the form, terms, covenants, and directions for the issuance of a taxable Tax Increment Revenue Note, Series 2024-B, in an aggregate principal amount not to exceed \$7,166,000. Motion was seconded by EDA Member Scott. Motion passed unanimously (6-to-0 vote).

6.4 Resolution 2024-010 - Housing and Redevelopment Authority Preliminary Levy

Stacie stated as you know, you already do an EDA Levy, but with your EDA, you have HRA powers, which is pretty common. So, you are able not only to do business development and business loans, but you're also able to do housing project and redevelopment projects. So, you've done it all: You've done affordable housing, you've done business loans, and EDA loans, etc. Essentially, that EDA Levy can only be used for those types of things business and economic development related, whereas an HRA Levy can only be used for housing and redevelopment. So, I'd say the HRA Levy gives you a lot more flexibility because with redevelopment, there's a lot of things that you can do within that. Again, it's great to have that EDA Levy for any loans that you may actually want to do.

Currently, the EDA Tax Levy is \$275K a year. The thing about the EDA Levy is that really it's a City Levy, so it's not as transparent, it's just added on as part of your rate, and you don't see a difference on your tax bill or anything like that, it's not a separate line item. What we're going to actually be doing is we're going to have you levy your HRA Levy as well. The thing is that with both the EDA Levy and the HRA Levy we have statutory maximums that you can do, and they're pretty close because the formula is pretty similar. It's based upon your Taxable Market Value. So, your maximum under the EDA Levy is about \$1.154M, and you're only levying \$275K; you're not taking full advantage of that, but we talked about this under your FMP with the City Council. We'll look to eventually start to ramp that up so that you have a good funding mechanism for future projects that you may want to be undertaking. So, we're not saying that this year that we want to do any increase in that overall levy, we're still going to keep it at \$275K. We're just going to split it between the EDA Levy and HRA Levy. As you can see, your HRA Levy maximum is about \$1.178M. Again, we're still just levying the same amount, we're just splitting it in the buckets and part of that is for transparency. So, now, because of the HRA Levy, you'll actually see that on your tax bill; it's a separate line item, so people can actually see that it's set aside for that.

The other things just to know about EDA and HRA Levies is since the EDA Levy is a City Levy, it's subject to levy limits, which we have not had in a very, very long time. The HRA Levy is not subject to that, if those ever come into play again. It's just something to take under advisement and consideration for that. The Resolution is before you to approve this and set the Public Hearing about that HRA Levy, which is being set for December 3, 2024, at 6:00 p.m. in the Council Chambers. That's part of the final budget approvals that you have. With that, I'll be happy to stand for any questions.

EDA President Bailey asked if any EDA Members had a question on this.

EDA Member Tschida stated I know at our last meeting, we did a housing study. When are we getting that back? I think that would help us inform as to what kind of projects we would see this used for. EDA President Bailey stated I'll have our City Administrator, Jennifer Levitt, speak to that.

Administrator Levitt stated EDA President and Members of the Commission, that's a great question. We will be seeing that housing study probably this fall, so we're anticipating we'll probably report back to you most likely in November with that study. Now, as you know, the City Council has a Strategic Plan, and their Strategic Plan has really included diversity of housing; that's been the mantra and the goal of the Council is to diversify as part of our Strategic Plan. Are we aware that there's a lot of pent-up need

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and demand in our community? Yes. So, is there any challenge to using these funds? No. Honestly, it's going to be more not having enough funds to meet the demands for housing. We hear it, especially from our seniors, there's not enough affordable senior housing, so we know that's a huge demand. Affordability is just huge in the metro right now, and so we know we need that. I know the mayor can attest to this; we met with a Metropolitan Council rep, we really want transit opportunities expanded in our community. Well, it's always that chicken or the egg; you can't get affordable housing if you don't have transit, and you can't get transit if you don't have affordable housing. So, as the City, we need to be making that investment in affordable housing to be able to meet our strategic goals and objectives and to meet the needs of our community. I would say that our needs far outweigh what we have money to do. So, I don't think the study itself is going to tell us anything we don't know because we already know there is this extreme need in our community and in the metro for affordable housing.

EDA President Bailey asked EDA Member Tschida if that answered his question; he replied yes, that's great.

EDA Member Tschida then asked can you remind us what kind of projects we'd be looking to do with this new levy? I know we did one project that was stated earlier, but is it just multifamily, affordable housing like that? Or is it the greater scope that we can accomplish with this?

Stacie replied essentially, your HRA Levy and EDA Levy dollars go into the pots and into the funds. With those, that can be used not only for projects, but it's also for staff and administration that you have. So, that will be utilized for any future projects that come forward. Again, you may have an HRA Levy and it's a matter of when we look at our buckets, at the big, larger financial plan for the City, if it's going to be set aside for specific projects or if we're going to utilize it as part of paying for administrative time or studies, things of that nature, to get you set and focused on a road and a path moving forward for certain projects.

EDA President Bailey stated I guess I'll just jump in there. For example, I happened to be at a meeting in Woodbury a while back, and I believe Woodbury's HRA has a couple million dollars in their account. What they're doing is they're trying to build that number up so that when they have something planned for that, so they're working with a developer to be able to utilize that amount of money. Yes, it's going to take us a while to build up to that amount, but I guess in our particular case, in my opinion, we have two separate buckets; one is really going to be more towards housing and affordable housing, the other one is more through, in my personal opinion, is like economic development kind of things, more on the commercial, business side of things. The HRA Levy only is specific, I believe, to housing, at least that's the way we're proposing it. So, that's kind of the process that we're looking at through there. But is there a project like right now that we go, hey, we could use this? I don't believe so. I know we have a project that had been looking at a spot in Cottage Grove, I don't know if you want to speak to that at this point.

Administrator Levitt replied staff has been meeting regularly with affordable housing builders. I know Council had met with one in a workshop session, down at the 103rd and Hadley area. We've had a number of people interested in that parcel. I think what's making it challenging is you heard in Stacie's presentation with some of those legislative changes, it's making the numbers more challenging. So, we are going to have to come to the table with more money, and so this is really the needed step to get us to that point to help that. Also, it'll help take the burden off of always using TIF for our financing mechanism. So, it's going to give us more tools in our toolbox to be able to offer and incentivize those projects that we really want for our community.

EDA Vice President Olsen stated I'm going to point this at Stacie, but you can certainly toss the ball this way if you need to. Historically, in the metro area, the Met Council has given guidance with respect to what is affordable. So, there's different levels. Back in the early 2000s, we were very lucky as a community that we had the side of the highway where the mayor and I both grew up, over by Hamlet Park, that was considered largely to be affordable housing, single-family homes, because they were older homes built by Orrin Thompson way back when. I think we have crossed over the threshold with respect to the percent of affordable housing that we have, based on property values raising up. So, I'm curious if you have any thoughts or insight into what the Met Council currently perceives as this level of housing is affordable, and when you cross over that threshold, it's no longer affordable. Have they given us new guidance? Is there anything that we should be aware of, in terms of these projects, and what the affordability component looks like or what is the metric that we're trying to hit?

Stacie replied that's a great question. So, the Met Council uses the same stats that the State uses and that local cities use, and it's what we use for TIF. So, HUD comes out every year in about April with what the statistical incomes are on the averages that you have, and they break that into buckets of 30% AMI, 50% AMI, 60% AMI, 80% AMI. So, essentially for anything that is rental housing, it can fall into any one of those buckets that you have and what percentage you have of units within that. Met Council will keep a little bit more of a deeper dive, or not necessarily, sometimes cities have more detailed stats on how many 30%, 50%, and 60% units that you have. When it comes to home ownership, we have kind of two different things, but they're still falling in that statistical data that's provided by the Federal government through HUD of what those affordability parameters are. When you look at Met Council for some of their programs, they would consider more of the affordability in that 60%-80% for home ownership. When you look at TIF Districts, it's at 100% for a family of two or less or 115% for a family of three or more. So, it's a little bit different. Again, it's not

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necessarily the Met Council setting those affordability parameters, they're using the same data that we all have to use for TIF and for other projects. But, again, some of the funding for single family with Met Council may go more in that 60%-80%.

EDA Vice President Olsen thanked Stacie and asked Administrator Levitt if she had anything to add.

Administrator Levitt stated the other thing, too, is Met Council obviously will start launching into our Comprehensive Plan Amendment for 2050 and we'll get our system statements in regards to some of those strategic goals that they have for us regarding our amount of affordability. Obviously, with our land use planning, we're well situated for that, but unfortunately, it does come down to funding for us to be able to hit all of those goals that Met Council establishes for us. We'll be getting our system statements soon, and we'll know what those targets and goals will be for our next Comprehensive Plan Amendment.

EDA President Bailey asked if there were any further questions for Stacie or staff; none were asked. He said there are two separate motions on this.

Recommendation: By Motion: 1) Approve Resolution 2024-10 authorizing a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2025, a special benefit tax levy, not to exceed \$137,500 per the Proposed 2025 Budget on file with the City. 2) Call for a Public Hearing to consider the adoption of the final levy to be held by the EDA at their regular meeting on December 3, 2024, at 6:00 p.m.

EDA Member Scott made a motion to Approve Resolution 2024-10 authorizing a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2025, a special benefit tax levy, not to exceed \$137,500 per the Proposed 2025 Budget on file with the City. Motion was seconded by EDA Member Myers. Motion passed (5-to-1, Nay vote by EDA Member Tschida).

EDA Vice President Olsen made a motion to call for a Public Hearing to consider the adoption of the final levy to be held by the EDA at their regular meeting on December 3, 2024, at 6:00 p.m. Motion was seconded by EDA Member Scott. Motion passed (5-to-1, Nay vote by EDA Member Tschida).

6.5 Beige Book Report and Economic Development Updates

Gretchen Larson, Economic Development Director, gave the Beige Book report for both April and May: Employment, Prices, and Consumer Spending: All grew slightly. Wage Increases: Moderate. Construction Activity: Improved since the last report, and construction starts were higher. Commercial Real Estate Activity: Flat. Industrial Space: Vacancy rates were higher, with interest rates and market saturation continued to plague that sector. Office Market Sector: Residential Real Estate: Sales were strong. Manufacturing Activity: Slowed. Agricultural Conditions: Remained stable. Oil and Gas Exploration: Remained unchanged. Minority and Women-Owned Businesses: Reported an equal share of lower, unchanged, or higher sales. So, the economy is doing well but not fantastic yet.

Cottage Grove Construction Updates: Bluestem Senior Living (Trellis): First floor framing is complete, second floor has started. O2B Kids: Finishing work on the project is continuing. Gerber Collision: Plans have been reviewed and approved for the new building; approval from Planning and Engineering is still needed. Discount Tire: Remodel plans have been reviewed for the project in the former Big O building. Hohenstein's: A Temporary Certificate of Occupancy was issued; they're hoping to do a grand opening or ribbon cutting later this month. Mr. Hohenstein said he'll certainly notify us when he's ready. NorthPoint: The building permit has been approved and invoiced for a speculative office buildout for the remaining space in the smaller NorthPoint building. Chase Bank: Interior finishing work continues. Preparations for paving the parking lots are near completion. Norhart Apartment Building: Plans have been approved, but payment for the permit is still pending. Director Larson stated she'd be happy to answer any questions, as would Emily Schmitz, the Community Development Director, but none were asked.

6.6 Dowdle Art Program Updates

Director Larson stated we're still coordinating logistics for the project, which is going to take place on September 14 at the Cottage Grove Middle School. We still need to determine the special guests that will be a part of the program, and we need to invite the local media to interview Mr. Dowdle and anyone else who will be in the program. As we talk about the special guests and their part in the program, the giclee wooden puzzle piece is when they come on the stage, they talk a little bit about their piece of the puzzle, and they actually put it into the puzzle. Eric has also created some mini videos for us to kind of generate excitement about the event, and one of those went out either last week or early this week. We're still working on the delivery of the painting and coordinating of the puzzles and also coordinating staffing needed to sell the puzzles at the event. We got a sneak peek at the painting, which is not really available to anybody other than you, and it's coming along nicely. So, we now we're still on track. She stated she'll be happy to answer any questions on this.

EDA Member Tschida stated I thought part of moving it to September was that this unveiling event would be open to the public.

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Director Larson replied that is correct, it is open to the public. It will start about 8:00 a.m. with the media and then the VIPs having a little bit of face time with the artist. Then we'll move into the public portion of it, where folks will be invited to be there to either purchase puzzles and participate in the program by seeing the entire unveiling. After that, we will hopefully take the artist over to the Food Truck Festival, where he'll continue to sign and sell puzzles.

EDA Member Tschida stated fair enough, thank you.

6.7 Business Retention and Expansion Program Updates

Director Larson stated on this item, staff tours are taking place at area businesses. At some point, EDA Members will also be invited to those tours. We're just starting it because part of the discussions that we had with the businesses was that they were interested in doing things a little more informally, on occasion, instead of always having to be some sort of production. So, we started with VanMeter and then we actually went over to Gardenworld as well. So those interested we'll be sending out invitations once we kind of figure out what the pattern is. Renewal by Andersen is supposed to be later this month. We're also working with the Chamber on Grow MN! on the draft survey questions. You all have had a chance to weigh in on them, and now we're using some more expertise since we joined the program to figure out what is the optimal number of questions to ask people, and can we make it a survey that's quick enough, short enough, and succinct enough that both small and large businesses will participate. Grow MN! is part of that program; they also agreed to analyze the surveys and join us in business interviews as well, as have some of you wanted to join in the interviews. We hope to have the draft survey completed in July, distributed after the Labor Day holiday, and give them 30 days to respond. In order to encourage the businesses to take the survey, we came up with the idea of the chance to win a \$250 gift certificate for like an afterhours team building event for the winner, with their employees, at River Oaks. It's moving forward, but we're not quite finished yet. I'll be happy to answer any questions about that.

EDA President Bailey stated the only comment I'll mention and I'll see if our EDA has any comments or questions, but in these interviews we are learning some pretty exciting things, whether it's businesses that want to continue to expand in Cottage Grove and are looking to us for guidance. In another particular case, a business that has been expanding multiple times in our community. We were at the golf outing for Swing for the Scholarship for the Chamber, and found out that they're already under spaced; in other words, they need more of a building. The good news for us is we can start working with them on finding additional building opportunities within the City of Cottage Grove. He personally thought another interesting thing was in most of these cases, these businesses want to actually own the buildings, they don't necessarily want to lease. So, we've got one of those warehouses at NorthPoint Logistics, which is completely filled now, correct?

Director Larson replied Director Schmitz has left, but I don't think the Lumberman's deal is finished, but they are interested in taking the rest of it.

EDA President Bailey stated obviously VanMeter has got the rest of that, so the biggest building in there is still vacant at this time. Director Larson replied yes, that is still vacant. There is a lot of interest in NorthPoint, but you're absolutely right; the City Administrator and the team have been working with all of the various businesses. As Stacie noted, things change sometimes, like NorthPoint always said they would never sell, and then they said, well, we'll think about it. The same thing with some saying, well, I just want to lease and I don't want to own it, some of them have changed their mind as well. So, all of those discussions are going on.

EDA President Bailey asked if there were any questions from the EDA, but none were asked. EDA President Bailey thanked Director Larson for the information.

7 PUBLIC HEARINGS - None.

8 OTHER BUSINESS

8.1 EDA CALENDAR - EDA President Bailey noted our next EDA Meeting will be on September 10, so there will not be a meeting in August.

8.2 EDA COMMENTS - None.

8.3 RESPONSE TO PREVIOUS EDA COMMENTS - None.

9 WORKSHOP - None.

10 ADJOURNMENT

EDA Vice President Olsen made a motion to adjourn. Motion was seconded by EDA Member Scott. Motion passed unanimously (6-to-0 vote). The meeting was adjourned at 8:35 a.m.

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Respectfully submitted,

Gretchen Larson

Economic Development Director

/jag

TO: Economic Development Authority

FROM: Emily Schmitz, Community Development Director

DATE: September 4, 2024

RE: Development Update

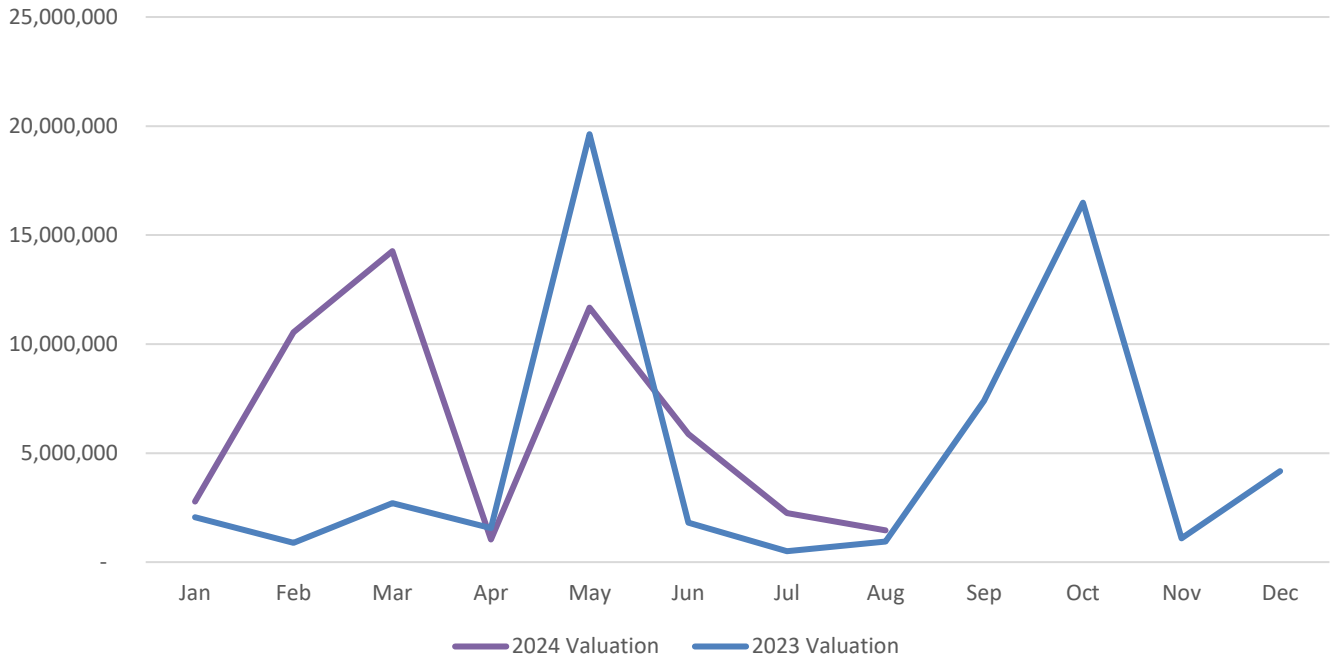
Building Permits

Building Permit Statistics:

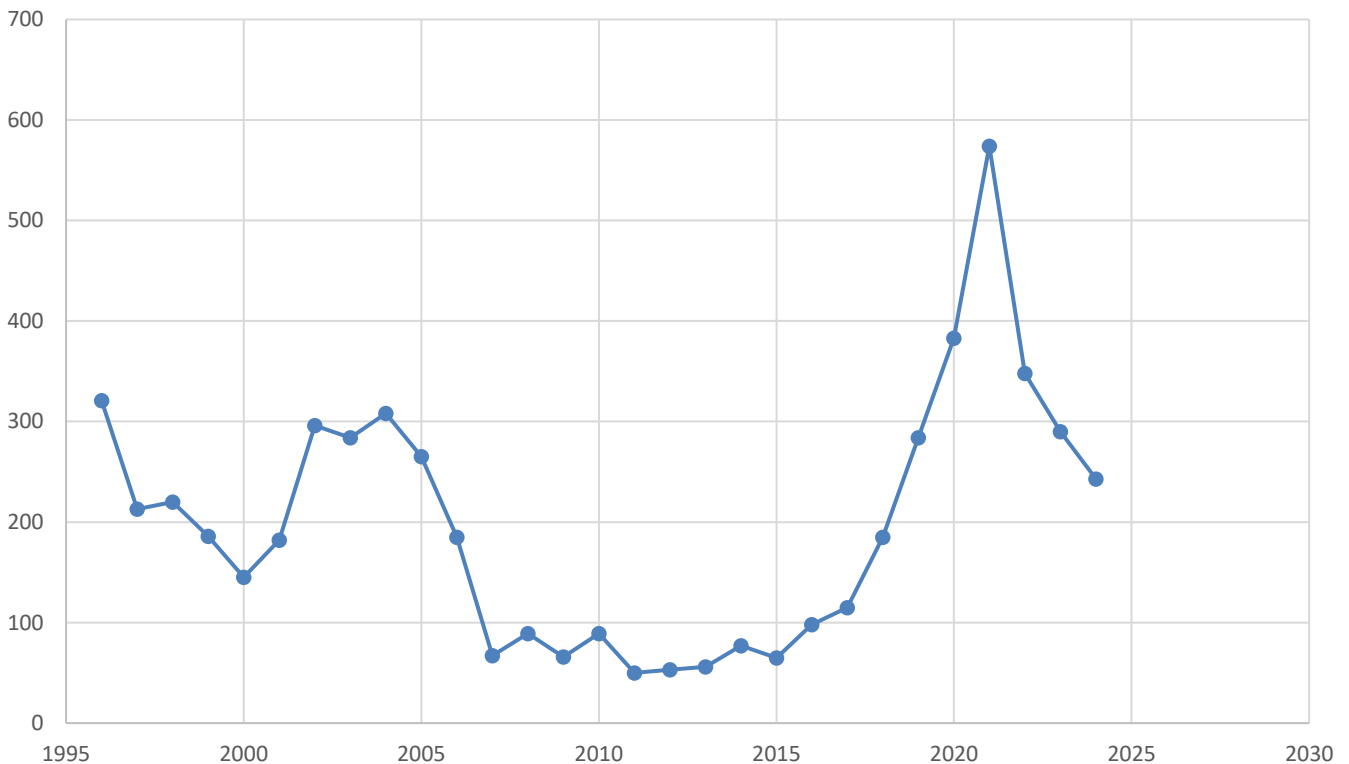
Between August 1 and August 31, there were 410 building permits issued with a total valuation of \$14,760,520, including 22 single-family homes valued at \$7,933,733 and 8 townhomes valued at \$2,438,407.



Commercial Permit Valuation Comparison
 By Month
 2023-2024



Residential Permits - New Construction
 1996 to 2024



Current Project Updates

Building Construction Projects

Bluestem Senior Apartments (7601 79th Street): The installation of the 4th floor exterior and interior walls as well as the roof framing are complete. The installation of the plumbing rough-in continues on the 1st, 2nd, 3rd, and 4th floors; installation of roof material has begun; and the electricians have started the installation of the electrical boxes and main panels. The fire sprinkler installation has started, and the mechanical contractor started installation on the exhaust fans and exhaust ductwork.



Norhart Apartment Building (10251 Hadley Avenue): The building permit has been reviewed and approved and is ready to be issued.

Chase Bank (7980 Hardwood Avenue): The rooftop solar permit has been approved and is ready for issuance.

O2B Kids (7781 Hardwood Avenue): The Temporary Certificate of Occupancy has been approved and the business is planning to open on September 9.

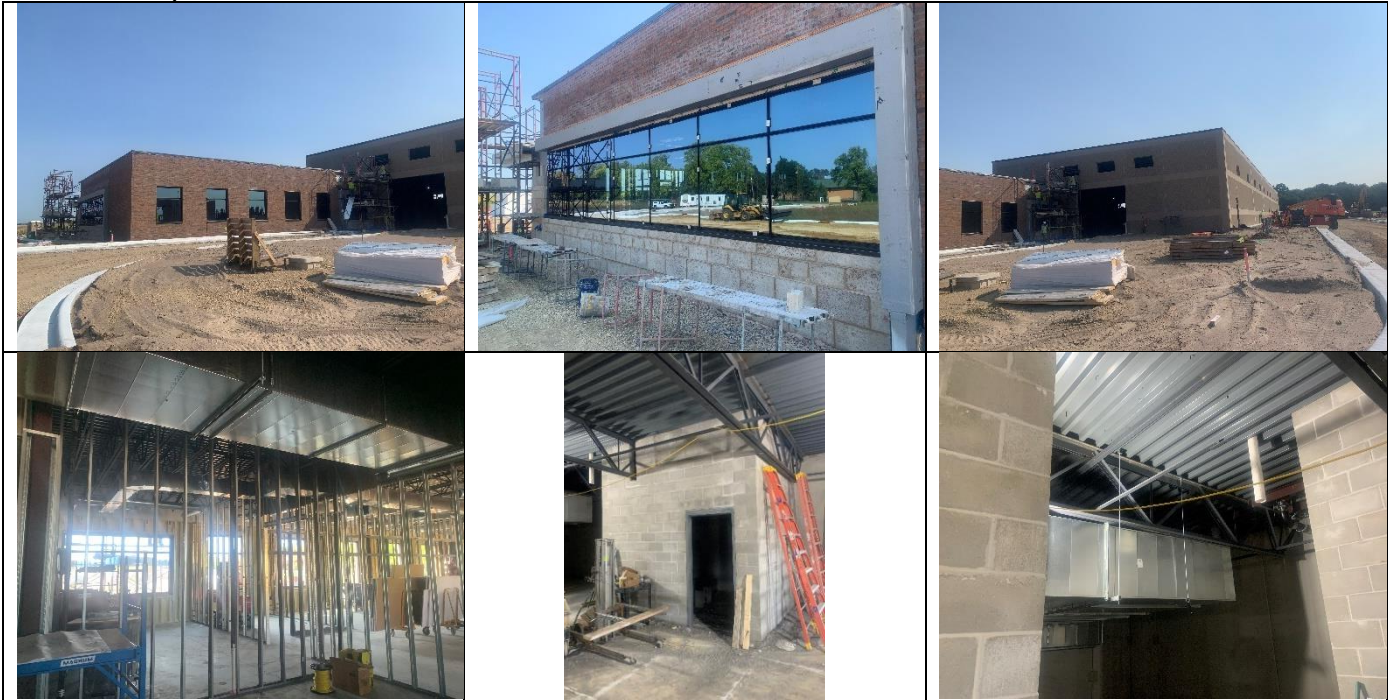
3M Cottage Grove (10746 Innovation Road):

- Building 151, Water Treatment Building – Temporary Certificate of Occupancy has been issued.
- Building 197, Nutrition Building – Foundation and installation of the modulator building shell is complete. Plumbing underground has been approved.

School District Program Center (8400 East Point Douglas Road): The project is nearing completion with final installation of ceiling tiles and parapet cap flashing. The exterior painting is complete.

Park High School Concession Building (8040 80th Street): The final building approval is pending electrical final inspection.

Utility Building (10875 Ideal Avenue): The contractor has started installing the interior walls in the office area and continues with the installation of interior block walls, windows, exterior doors, and exterior finishes. The contractor has finished the installation of the subbase and curbs for the parking and drive area. The installation of the interior ductwork continues. The installation of the roof is complete.



Low-Zone Water Treatment Plant (10901 Ideal Avenue): The installation of the large water filter tanks and process piping in the lower level continues. The contractor started the installation of the interior block walls, the precast concrete planks, and roof bar joist.



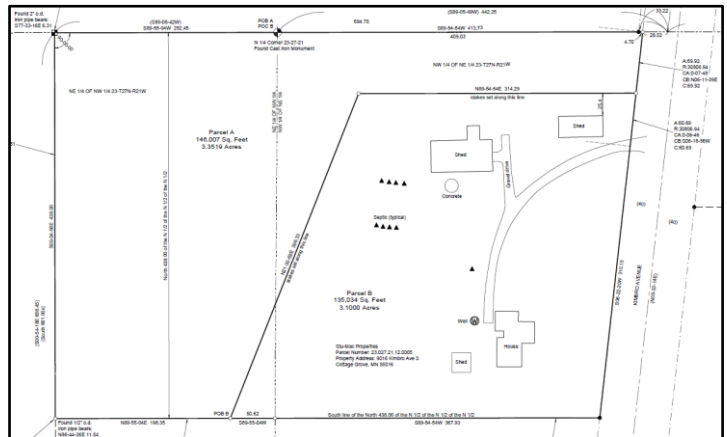


Planning Division

August 26, 2024, Planning Commission Meeting

The Planning Commission met on August 26, 2024, and reviewed the following application:

Lot Split at 9016 Kimbro – Cases MS2024-016 & V2024-016: Al Stewart has applied for a minor subdivision to subdivide a 6.45-acre parcel of land located at 9016 Kimbro Avenue South into two lots, a 3.1-acre parcel with the existing house and structures and a 3.35-acre buildable parcel, and a variance from the minimum 180-foot lot width at the road. At the meeting, the Planning Commission unanimously recommended approval of the applications on a 6-to-0 vote. The City Council will take final action at their September 4 meeting.



September 23, 2024 Planning Commission Meeting

This meeting has been cancelled as there is no business to come before the Planning Commission.



Federal Reserve Bank of Minneapolis

Summary of Economic Activity

Economic activity in the Ninth District was flat to slightly down since the previous report. Employment grew slightly, but labor demand continued to soften. Price pressures increased modestly, and wage growth was moderate. Consumer spending was mixed. Construction improved slightly, while real estate markets were mostly flat. Manufacturing slowed and agricultural conditions weakened as farm income fell. Activity among minority- and women-owned business enterprises was soft.

Labor Markets

Employment grew slightly since the last report. Labor demand remained positive but continued to soften. The share of firms with unfilled labor needs fell in May and June compared with earlier in the year. Expectations for future hiring were also soft. Tourism and hospitality firms in Minnesota noted lower seasonal labor demand for this time of year, especially for full-time workers. Staffing contacts reported declines in job orders. Labor availability continued to improve. Workforce contacts said that job fairs and job centers were seeing increased traffic. A Wisconsin source said there were “still plenty of job openings,” but employers were raising hiring standards and pausing on some hires. A Montana staffing contact said more job candidates were applying but employers were being picky with hiring because “have been burned time and time again since COVID so they are very cautious and hesitant when hiring.”

Wage growth was moderate. Survey respondents reported wage increases consistent with levels seen earlier in the year. A Montana staffing firm noted that wage growth was “still higher than pre-pandemic levels, but I’m not hearing about regular increases that would match the previous break-neck pace.”

Prices

Overall prices increased modestly, an easing in the pace of increase since the last report. More than half of firms responding to a monthly survey reported no change to sales prices in June from a month earlier, while fewer than a third increased their prices. Input price pressures remained greater than consumer price pressures on balance, and expectations for both input and final prices in the month ahead were more moderate, as more than 60 percent expected no change in

either. Contacts continued to report difficulty passing input cost increases through to customers. Retail fuel prices in District states were roughly unchanged since the last report. Prices received by farmers increased in May from a year earlier for dry edible beans, lentils, eggs, milk, hogs, and cattle; prices decreased for corn, soybeans, wheat, hay, canola, chickpeas, potatoes, chickens, and turkeys.

Worker Experience

Employed workers who responded to a recent survey were mostly satisfied with the schedule flexibility and work-life balance they were offered. On the flipside, they were least satisfied with available career advancement opportunities. About half of them were looking for different jobs but would hesitate to apply for or accept a job if pay was low or schedules were difficult. Access to training or education as well as affordable housing were listed as the top things that would help these workers reach their objectives. A hospitality worker in Deadwood, South Dakota, said that housing in the area had become unaffordable. “I had to move 45 minutes away, and even though we get paid well, we are being priced out,” they said.

Consumer Spending

Consumer spending was flat overall since the last report, with some variability. Tourism contacts reported some slowing, but activity remained healthy for some. A Montana camping contact noted that bookings had softened somewhat from last summer, “but operating at 90 or 95 percent capacity is still pretty darn good.” A contact in Michigan’s Upper Peninsula said that “inflation seems to have curbed some travel and talk of ‘staycations’ is returning.” Floods in southern Minnesota impacted tourism and other activities and caused some businesses to temporarily close. South Dakota retailers expected summer sales to be flat “at best,” said a contact there, adding that “consumers continue to trade down in a variety of areas, looking to spend less.” Hotel occupancy and average room rates saw healthy year-over-year increases in Minnesota and the Dakotas, but they were flat or declining in Montana and Wisconsin. Regional airports reported strong early summer traffic.

Construction and Real Estate

Construction improved slightly since the last report. Industry data showed that new projects and overall activity increased compared with last year. However, contacts were more mixed in their assessment. A Montana source said that contractors were busy, but projects were seeing more bids and smaller markups. A Minnesota contact in commercial glass said the company was “feeling the softening of the nonresidential construction market.” Single-family permitting was

down in many markets with the exception of Minneapolis-St. Paul, where permits rose more than 20 percent in May and June compared with last year. A manufactured housing firm said they were having a good year, but “our performance is an exception. Most that we talk to are down.”

Commercial real estate was flat to down slightly. Industrial space remained healthy but vacancy ticked slightly higher. Office property owners in Minneapolis-St. Paul continued to face “a glut of space” and refinancing challenges, according to an industry source. Retail and multifamily property owners have benefited from the lack of new construction, keeping a lid on vacancies; a contact said midlevel apartments “are faring better because of the value proposition.” Residential real estate was mixed, with recent home sales generally rising compared with last year in the eastern part of the District but slowing across much of the western portion.

Manufacturing

District manufacturing activity decreased briskly since the last report. A regional index of manufacturing conditions indicated decreased activity in June from the previous month in Minnesota, North Dakota, and South Dakota. Manufacturing sector respondents to a monthly survey reported that orders were down on balance in June from a month earlier. The outlook for the month ahead was similar. A custom manufacturer in North Dakota reported that “all of our customer demand seems to be dropping off,” while a Wisconsin metal fabricator commented, “in 43 years I have never seen it this slow.”

Agriculture Energy and Natural Resources

District agricultural conditions weakened since the last report. Lenders responding to an agricultural credit conditions survey overwhelmingly reported decreased farm incomes in the second quarter of 2024 relative to a year earlier, with expectations for further declines in the coming three months. Poultry producers were concerned about an avian influenza outbreak in the region. While ample precipitation was welcomed in some areas previously affected by drought, other areas were experiencing catastrophic flooding or delayed planting due to excess moisture. District oil and gas exploration activity was unchanged since the previous report.

Minority- and Women-Owned Business Enterprises

Activity among minority- and women-owned business enterprises (MWBE) was lower on balance. Contacts reported that consumers were being more careful with their expenses. Both headcount and hiring demand were mostly unchanged among contacts. More contacts raised wages in recent weeks compared with those who did not. Some continued to resort to higher pay to attract needed

talent. Expectations for future sales were slightly more upbeat, but hiring and headcount were expected to stay flat over the following weeks.

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



Federal Reserve Bank of Minneapolis

Summary of Economic Activity

The Ninth District economy contracted slightly since the previous report. Employment was flat and hiring activity softened. Prices increased slightly overall, and wage growth was moderate. Activity decreased in consumer spending, manufacturing, commercial construction, and commercial real estate. Activity among minority- and women-owned business enterprises was lower on balance. Residential construction was flat, while growth was noted in auto and residential real estate sales, and in energy. Agricultural conditions remained weak on balance.

Labor Markets

Employment was flat since the last report. Employers again reported fewer job openings. A small majority of firms reported that they were hiring, but many were replacing turnover, and a smaller share were adding full-time staff compared with earlier in the year. The share of firms cutting workers also grew but remained in the single digits. Overall, firms do not expect staffing levels to grow much over the next six months. A Minnesota staffing contact reported that job orders were down, “and a lot of businesses are getting a lot more picky” about who they hire. Labor availability continued to improve, though labor quality remained an issue. A South Dakota manufacturer said that labor “has undergone shrink-flation. [We’re] paying more for lower quality.”

Wage growth was moderate. Survey respondents reported wage increases consistent with levels seen earlier in the year. Employers noted that union workers often negotiated raises of three to five percent, depending on the sector; however, wages for nonunion employers were rising more slowly. A medium-sized retailer in North Dakota said, “If you are not offering a higher-than-inflation raise, you will potentially lose employees.”

Prices

Prices increased slightly overall, but the pace of growth eased further since the previous report. Nearly two-thirds of firms responding to a monthly survey reported no change to their sales prices in July compared with the previous month, while one in five increased their prices. Input prices continued to see more pressure than output prices, but contacts’ expectations for upcoming price increases were subdued. Contacts continued to report burdensome health care and other insur-

ance costs. Manufacturing and other contacts reported recent increases in freight costs. Retail fuel prices in District states decreased slightly since the last report.

Worker Experience

Workers and job seekers across the District continued to prioritize flexibility in the workplace, according to various contacts. A labor contact in the Upper Peninsula of Michigan shared that while there were fewer job opportunities compared with previous months, the labor market remained strong in some areas. “Anyone with a commercial driver’s license or mechanic license is still largely in demand,” they said, adding that younger workers in the area were prioritizing personal life over work and quitting at higher rates. “If they get hired somewhere and they don’t like it, they aren’t afraid to leave.” Some public sector workers reportedly changed jobs after their employers transitioned from defined benefit pensions to 401(k)s. A workforce development contact in South Dakota pointed out that insufficient affordable child care in the area was the main reason workers were demanding flexibility or disengaging from the labor force.

Consumer Spending

Consumer spending was slightly lower overall since the last report. Recent sales in retail, food service, and entertainment were unchanged overall from the previous quarter but lagged last year’s sales. A contact in home goods reported that summer demand had dropped because “the lower-end customer was really challenged.” A northern Wisconsin retailer said that tourist numbers seemed strong, “but they are spending money on ‘need’ items, not ‘want’ items.” A Minnesota retailer reported that “foot traffic is down and lots more lookers than buyers.” Three of the five District states saw summer hotel occupancy rise, while two states declined modestly; however, each state saw an increase in average revenue per room. Regional airports have seen strong traffic compared with last summer. Auto sales in the western part of the District were also up modestly from July through mid-August compared with last year. However, District sales of recreation and powersport vehicles have been sluggish.

Construction and Real Estate

Construction activity declined slightly since the last report. Industry data showed that new construction starts in July were mostly flat compared with the previous year. But contacts reported that there were fewer projects out for bid and more competitors. A Minnesota landscape company said it was converting a lower share of estimates into business. “Clients are feeling the economic pinch, and declining to move forward.” A Montana architecture and design firm noted that “lots of projects have been dormant due to interest rates and the resulting lack of capital.” Single-family residential permitting in July grew year over year in most of the District’s larger markets, but multi-family permitting fell.

Commercial real estate remained soft. Office vacancy rates ticked slightly higher after some improvement earlier in the year; subleasing also increased. Several major office buildings in the Minneapolis-St. Paul region reportedly went to auction. However, vacancy rates in retail and industrial remained low. Multifamily vacancy rates rose in some markets with large numbers of completions, but that's expected to plateau, given a decline in new development. Residential housing sales grew modestly overall in July compared with last year; however, there was considerable variability among District markets.

Manufacturing

Manufacturing activity contracted further since the previous report. A regional index of manufacturing conditions indicated decreased activity in July from the previous month in Minnesota, North Dakota, and South Dakota. Most sector contacts reported that orders were down in July from a month earlier. A producer of electrical inputs for equipment noted that their customers had excess inventories and weren't placing new orders. A custom manufacturer commented that the "ag and construction portion of our business is super slow."

Agriculture Energy and Natural Resources

District agricultural conditions remained weak on balance. Low prices for crops continued to weigh down incomes, while livestock and dairy producers were faring better. However, crops were mostly in good or excellent condition in most of the District, and soil moisture conditions improved in some areas that were experiencing flooding earlier in the summer. District oil and gas exploration activity increased slightly since the previous report.

Minority- and Women-Owned Business Enterprises

Activity among minority- and women-owned business enterprises (MWBE) was lower on balance. A contact at a services firm in Minnesota that relies on discretionary income noticed a "continual downturn" in spending in recent weeks. Only a small share of contacts reported higher profits over the past month. A contact in South Dakota added that although profits were up, that "doesn't mean [they] are where they should be." Capital expenditures, staffing levels, and job openings were unchanged for most contacts. A Minnesota entrepreneur attributed higher costs to rising shipping fees. A South Dakota entrepreneur noted their firm's ability to pass on increased costs to consumers was greatly diminished.

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

TO: President Bailey and Members of the Economic Development Authority

FROM: Gretchen Larson, Economic Development Director

DATE: September 6, 2024

RE: Resolution 2024-11 Second Amendment to the Purchase Agreement between the EDA and Kwik Trip and the EDA and WAG

The Economic Development Authority entered into agreements with WAG Farms and Kwik Trip in October 2023 for the purchase and sale of the vacant parcel located at 95th Street South and Jamaica Avenue South.



In January representatives from Kwik Trip requested an extension of the original closing date from April 1, 2024, to November 29, 2024, due to uncontrollable circumstances, as they needed more time to complete their project plans and conduct needed due diligence.

In July representatives from Kwik Trip contacted the city stating that there were issues still to be addressed with the Army Corps of Engineers. The City Administrator and City Engineer met with representatives of the Corps and Kwik Trip in early August. As a result of the discussion, the city has agreed to install a 54-inch pipe to direct the water away from the property. This change is both costly, approximately \$480,000 and it will create significant delays in the project timeline for Kwik Trip, who is still committed to the project. However, the issues with the Corps and the timing to correct, is such that they will be unable to close on November 29 as planned and they have requested to extended to the closing date to April 18, 2025.

In the interest of expediting Kwik Trip's ability to better understand the existing conditions of the property and the developability of the parcel, the city is pursuing the storm sewer rerouting this fall in advance of finalizing the sale of the property in the spring of 2025. The proposed project includes installing approximately 330 feet of 54-inch reinforced concrete pipe, four storm sewer structures, and one flared end section to reroute the storm sewer along Jamaica Avenue to the storm water flume, south of this parcel, on city property.

Plans and specifications have been prepared in accordance with city standards. The engineer's estimate for construction of the project is \$400,000. The total project cost is \$480,000 and is proposed to be funded through the Stormwater Area Fund and land sale proceeds. Construction will take place within city right-of-way, with appropriate removal and restoration within the WAG Farms property. The storm sewer extension is planned for fall of this year (2024). Attached you will find three renderings that reflect the existing wetland on the Kwik Trip parcel as result of in-place storm infrastructure, existing wetland in conflict with Kwik Trip's proposed site plan and realignment of storm sewer along Jamacia Ave to redirect water south of the Kwik Trip parcel.

Recommendation

Approve Resolution 2024-11 authorizing the Second Amendment to Purchase Agreement by and between WAG and EDA and the Second Amendment to Purchase Agreement by and between EDA and Developer to the extend the closing date to April 18, 2025, subject to minor modifications as approved by the City Attorney.

Attachments

Resolution 2024-11

Second Amendment to the Purchase Agreement with WAG Farms

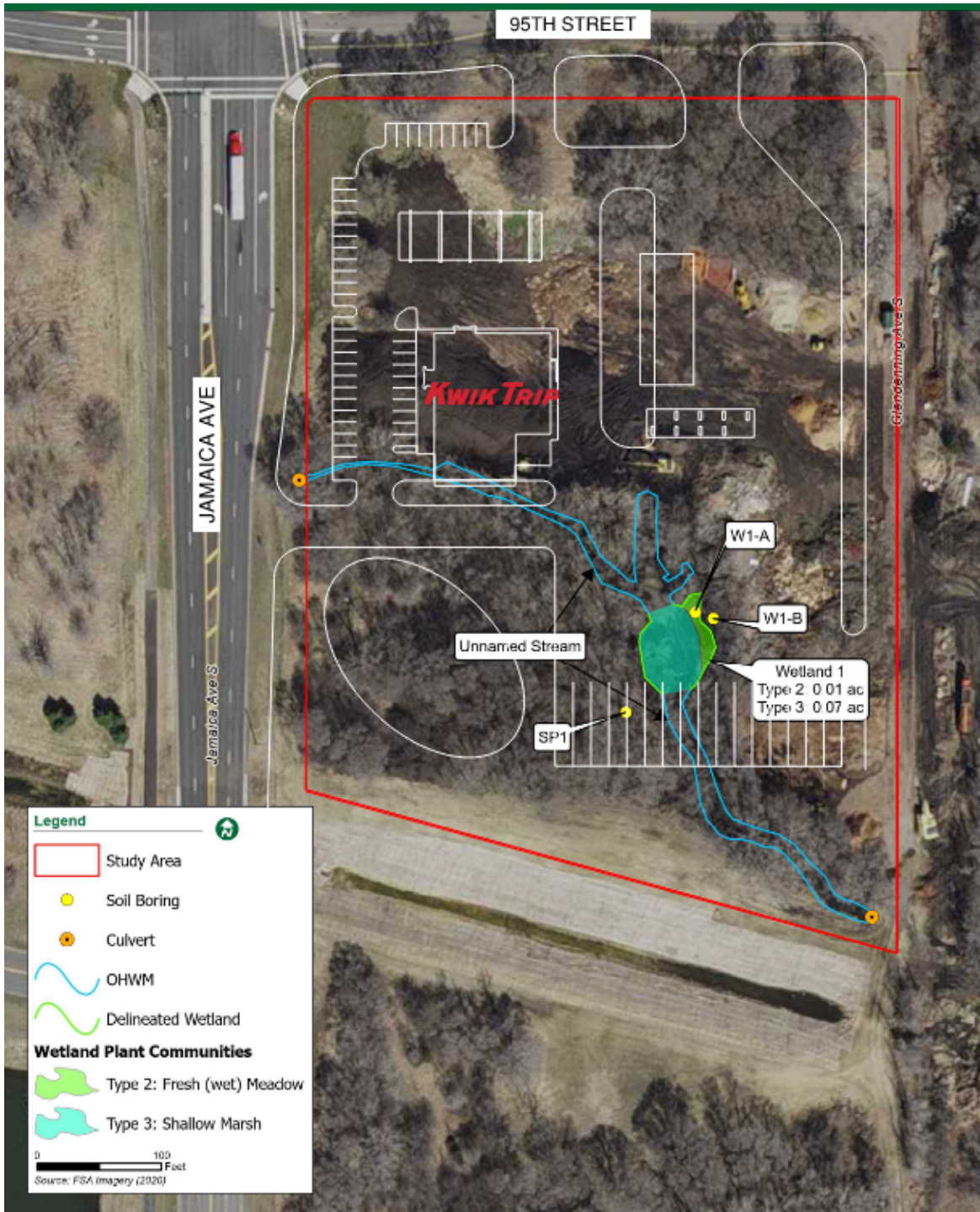
Second Amendment to the Purchase Agreement with Kwik Trip

2 Wetland

Existing wetland on Kwik Trip parcel as result of in-place storm infrastructure



1 Wetland with KT overlay
Existing wetland in conflict with Kwik Trip's proposed site plan



4 GIS Extension

Realignment of storm sewer along Jamaica Ave. to redirect water south of Kwik Trip parcel



CITY OF COTTAGE GROVE, MINNESOTA
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION 2024-11

**A RESOLUTION APPROVING THE SECOND AMENDMENT TO
PURCHASE AGREEMENT BY AND BETWEEN GLENDENNING FARMS, L.P., WAG
FARMS, INC. AND JOAN GLENDENNING KENNEDY FAMILY LIMITED PARTNERSHIP
AND COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY AND
THE SECOND AMENDMENT TO PURCHASE AGREEMENT BY AND BETWEEN THE
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
AND KWIK TRIP, INC.**

WHEREAS, on August 29, 2023, the Cottage Grove Economic Development Authority (“EDA”) by and through Resolution No. 2023-04, after a public hearing, approved the purchase of real property from Glendenning Farms, L.P., WAG Farms, Inc. and Joan Glendenning Kennedy Family Limited Partnership (“WAG”), and sale of the same property to Kwik Trip, Inc. (“Developer”), which is legally described as follows:

Lot 1, Block 2, Lake Flora Second Addition

Abstract Property

WHEREAS, the parties mutually agree to change the Closing Date to April 18, 2025, due to uncontrollable circumstances; and

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Cottage Grove Economic Development Authority as follows:

1. The Second Amendment to Purchase Agreement by and between WAG and EDA is hereby approved, subject to minor modification as approved by the City Attorney, and the appropriate officials are authorized to take such action as to effectuate its execution and implementation.
2. The Second Amendment to Purchase Agreement by and between EDA and Developer is hereby approved, subject to minor modification as approved by the City Attorney, and the appropriate officials are authorized to take such action as to effectuate its execution and implementation.

Adopted this 10th day of September, 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director

SECOND AMENDMENT TO PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO PURCHASE AGREEMENT (this “Second Amendment”) is entered into as of September 10, 2024 (the “Effective Date”), by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota (“EDA” or “Seller”), and Kwik Trip, Inc., a Wisconsin corporation (“Kwik Trip” or “Buyer”).

RECITALS

Recital No. 1. EDA and Kwik Trip entered into a Purchase Agreement dated October 6, 2023, as amended by that certain First Amendment to Purchase Agreement dated February 13, 2024 (collectively “Purchase Agreement”), for the purchase and sale of real property identified in the Purchase Agreement.

Recital No. 2. Pursuant to the Purchase Agreement, the Closing is to occur on or before November 29, 2024.

Recital No. 3. The parties mutually agree to extend the Closing Date to April 18, 2025 to address environmental issues.

NOW, THEREFORE, in consideration of the mutual promises and covenants of each to the other contained in this Second Amendment and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do covenant and agree as follows:

1. The entire Purchase Agreement is hereby incorporated into the Second Amendment, except as modified below.
2. Section 6 of the Purchase Agreement shall be removed in its entirety and replaced with the following:

6. **Closing.** The closing of the purchase and sale contemplated by this Agreement (the “Closing”) shall occur on or before April 18, 2025 (the “Closing Date”) at Title. Kwik Trip requested and EDA granted an extension from the original closing date of April 1, 2024, and Kwik Trip deposited the Additional Earnest Money in the sum of \$10,000 with Title. The Original Earnest Money and Additional Earnest Money shall be referred to collectively as the “Earnest Money.” If the parties proceed to Closing, all of the Earnest Money will be applied to the Purchase Price. EDA agrees to deliver legal and actual possession of the Property to Kwik Trip on the Closing Date, as the same may be extended. If the parties do not proceed to Closing, all of the Earnest Money will be refunded to Buyer.

3. Except as provided for above, the terms and provisions of the Purchase Agreement shall remain in full force and effect.
4. This Second Amendment and all disputes or controversies arising out of or relating to this Second Amendment, or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of Minnesota, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Minnesota.

5. Nothing contained herein shall be deemed a waiver by the EDA of any governmental immunity defenses, statutory or otherwise. Further, any and all claims brought by Developer or its successors or assigns, shall be subject to any governmental immunity defenses of the EDA and the maximum liability limits provided by Minnesota Statutes, Chapter 466.
6. This Second Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by the parties and delivered to the other parties.
7. This Second Amendment shall not be amended, modified or supplemented, except by a written instrument signed by an authorized representative of each party.

[The remainder of this page was intentionally left blank.]

IN AGREEMENT, the parties hereto have hereunto set their hands as of the Effective Date.

**SELLER:
COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
Myron Bailey
Its President

By _____
Jennifer Levitt
Its Executive Director

**BUYER:
KWIK TRIP, INC.**

By:  _____

Name: David P. Wagner _____

Title: CFO & Treasurer _____

SECOND AMENDMENT TO PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO PURCHASE AGREEMENT (this “Second Amendment”) is entered into as of September 10, 2024 (the “Effective Date”), by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota (“EDA”), and Glendenning Farms, L.P., a Minnesota limited partnership, WAG Farms, Inc., a Minnesota corporation and Joan Glendenning Kennedy Family Limited Partnership, a Minnesota limited partnership (individually and collectively “WAG”).

RECITALS

Recital No. 1. EDA and WAG entered into a Purchase Agreement dated August 29, 2023, as amended by that certain First Amendment to Purchase Agreement dated February 13, 2024 (collectively “Purchase Agreement”), for the purchase and sale of real property identified in the Purchase Agreement.

Recital No. 2. Pursuant to the Purchase Agreement, the Closing is to occur on or before November 29, 2024.

Recital No. 3. The parties mutually agree to extend the Closing Date to April 18, 2025 to address environmental issues.

NOW, THEREFORE, in consideration of the mutual promises and covenants of each to the other contained in this Second Amendment and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do covenant and agree as follows:

1. The entire Agreement is hereby incorporated into the Second Amendment, except as modified below.
2. Section 6 of the Agreement shall be removed in its entirety and replaced with the following:
 6. **Closing.** The closing of the purchase and sale contemplated by this Agreement (the “Closing”) shall occur on or before April 18, 2025 (the “Closing Date”), unless otherwise agreed to by the parties. WAG agrees to deliver legal and actual possession of the Property to EDA on the Closing Date.
3. Except as provided for above, the terms and provisions of the Agreement shall remain in full force and effect.
4. This Second Amendment and all disputes or controversies arising out of or relating to this Second Amendment, or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of Minnesota, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Minnesota.
5. Nothing contained herein shall be deemed a waiver by the EDA of any governmental immunity defenses, statutory or otherwise. Further, any and all claims brought by Developer or its successors or assigns, shall be subject to any governmental immunity

defenses of the EDA and the maximum liability limits provided by Minnesota Statutes, Chapter 466.

6. This Second Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by the parties and delivered to the other parties.
7. This Second Amendment shall not be amended, modified or supplemented, except by a written instrument signed by an authorized representative of each party.

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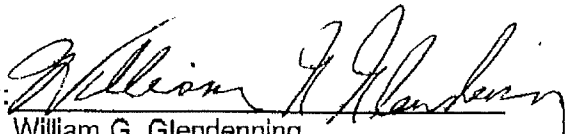
IN AGREEMENT, the parties hereto have hereunto set their hands as of the date hereinbefore first written.

**COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
Myron Bailey
Its President

By _____
Jennifer Levitt
Its Executive Director

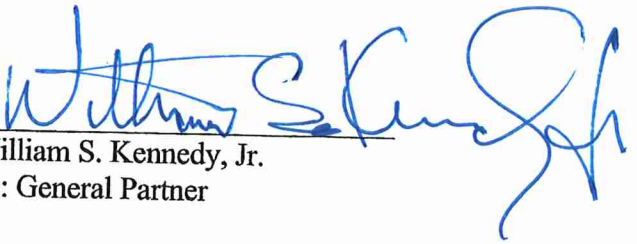
WAG FARMS, INC.

By: 
William G. Glendenning
Its: President

GLENDENNING FARMS, L.P.

By: 
William G. Glendenning
Its: General Partner

**JOAN GLENDENNING KENNEDY
FAMILY LIMITED PARTNERSHIP**

By: 
William S. Kennedy, Jr.
Its: General Partner

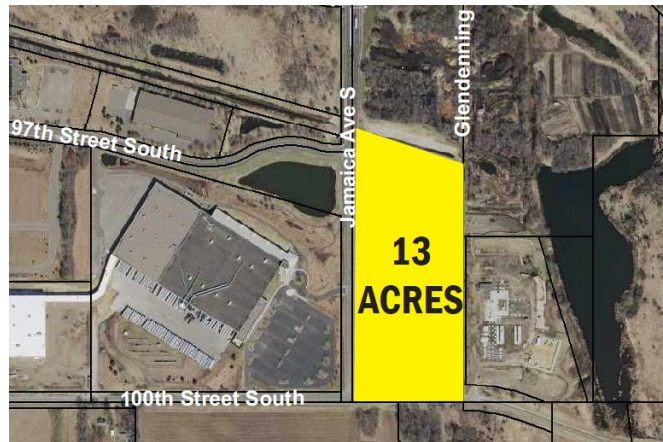
TO: President Bailey and Members of the Economic Development Authority

FROM: Gretchen Larson, Economic Development Director

DATE: September 6, 2024

RE: Resolution terminating purchase agreement between the Economic Development Authority (EDA) and Glendenning Farms, L.P. and WAG Farms, Inc. (WAG)

The Economic Development Authority entered into a purchase agreement with WAG in February of 2022 for the purchase of a vacant 13-acre parcel of land located at the intersection of Jamacia Ave S and 100th Street S, legally described as Lot 1, Block 1, Lake Flora Second Addition.



Ryan Co. was the ultimately purchaser of the property and the EDA had a purchase agreement with Ryan Co. Subsequent to the original agreements, Ryan Co. requested and was granted, two extensions of the closing date by the EDA. Unfortunately, given the current industrial market conditions, Ryan Co. has been unable to secure a client and has notified the city that they will not be able to close on the property by the September 6 deadline.

As a result of Ryan Co. being unable to close, a resolution was prepared by the City Attorney to terminate the purchase agreement between the EDA and WAG since the sale cannot move forward. Termination of the purchase agreement will result in the EDA retaining the earnest money in the amount of \$50,000 and \$20,000 of the earnest money will be returned to Ryan Co. for notifying the EDA of their inability to close by September 6. The EDA will retain \$21,000 of the \$50,000 non-refundable earnest money and \$29,000 will be sent to WAG if the termination resolution between the EDA and WAG is approved.

Recommendation

Adopt Resolution 2024-12 terminating the purchasing agreement with WAG for the 13-acre property located at Jamacia Ave S and 100th Street S, legally described as Lot 1, Block 1, Lake Flora Second Addition.

Attachments

Resolution 2024-12

**COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2024-11

**A RESOLUTION TERMINATING THE PURCHASE OF PROPERTY FOR LOT 1, BLOCK
1, LAKE FLORA SECOND ADDITION**

WHEREAS, the Cottage Grove Economic Development Authority, a public body corporate and politic (“EDA”) and Glendenning Farms, L.P., a Minnesota limited partnership, WAG Farms, Inc., a Minnesota corporation and Joan Glendenning Kennedy Family Limited Partnership, a Minnesota limited partnership (individually and collectively “WAG”) entered into a Purchase Agreement dated February 17, 2022, as amended by the First Amendment to Purchase Agreement dated August 25, 2022, as further amended by the Second Amendment to Purchase Agreement dated February 14, 2023, and as further amended by the Third Amendment to Purchase Agreement dated August 29, 2023 (collectively “Agreement”), for the purpose of purchase and development of certain real property legally described as Lot 1, Block 1, Lake Flora Second Addition (“Property”); and

WHEREAS, the EDA had entered into a purchase agreement with a developer (“Developer”) who deposited \$50,000 of earnest money (“Earnest Money”) with the Title Company that is nonrefundable; and

WHEREAS, Developer terminated its purchase agreement with the EDA and no longer desires to purchase the Property; and

WHEREAS, the EDA and WAG mutually desire to terminate its Agreement and divide the Earnest Money as described below.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Cottage Grove Economic Development Authority as follows:

1. The Purchase Agreement between the EDA and WAG is hereby terminated.
2. The EDA shall retain 42% of the Earnest Money, in the amount of \$21,000.
3. The EDA shall pay WAG 58% of the Earnest Money, in the amount of \$29,000, which shall be paid by check within 10 days of the date of the Agreement.
4. The Executive Director is authorized to take any other actions necessary to effectuate this Resolution.

Adopted this 10th day of September, 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director



September 4, 2024

VIA E-MAIL

Cottage Grove Economic Development
Authority
12800 Ravine Parkway South
Cottage Grove, MN 55016
Attn: Jennifer Levitt, EDA Executive
Director
Email: jlevitt@cottagegrovemn.gov

DCA Title
7373-147th Street West, Suite 161
Apple Valley, MN 55124
Attn: Debbie Berg
Email: d.berg@dcatitle.com

Korine L. Land
LeVander Gillen & Miller, P.A.
633 South Concord Street, Suite 100
South St. Paul, MN 55075
Email: kland@levander.com

**RE: PURCHASE AGREEMENT BY AND BETWEEN COTTAGE GROVE
ECONOMIC DEVELOPMENT AUTHORITY (“SELLER”) AND RYAN
COMPANIES US, INC. (“BUYER”), DATED FEBRUARY 17, 2022 (AS
AMENDED, THE “AGREEMENT”) FOR PROPERTY LOCATED IN
COTTAGE GROVE, WASHINGTON COUNTY, MINNESOTA (THE
“PROPERTY”)**

Dear All:

Please refer to the above-referenced Agreement. Terms used but not defined in this letter shall have the meanings assigned to them in the Agreement. Pursuant to Section 5.1A of the Agreement, Buyer notifies Seller that Buyer hereby terminates the Agreement. The Earnest Money in the amount of \$50,000.00 being held by Escrow Agent shall be paid to Seller and the Extension Deposit in the amount of \$20,000.00 being held by Escrow Agent shall promptly be returned to Buyer.

Escrow Agent is hereby directed to disburse the Earnest Money and Extension Deposit as set forth above.

Ryan Companies US, Inc.
533 South Third Street, Suite 100
Minneapolis, Minnesota 55415

ph: 612-492-4000
ryancompanies.com



September 4, 2024

Page 2

We appreciate the opportunity to consider this acquisition. If you have any questions, please do not hesitate to reach out.

Sincerely,

DocuSigned by:

01FA2B7D3181463...

Peter Fitzgerald
Vice President of Real Estate Development
Ryan Companies US, Inc.

cc: Debra Altschuler
Lindsay Stavish



TO: President Bailey and Members of the Economic Development Authority

FROM: Gretchen Larson, Economic Development Director

DATE: September 6, 2024

RE: Second Amendment to the Professional Services Agreement with Dowdle Studios, LLC

Background

At the December 2023 EDA meeting, the board approved an agreement with Dowdle Art Studios to participate in their “Land That I Love” tour for America’s 250th birthday starting in 2026. As a part of the agreement, the city was allowed to select 20 unique people and 50 places and things to include in the folk art painting to be created by artist Eric Dowdle.

As a part of the planning process, we recently visited with the team at Dowdle about the fact that the city had exclusive marketing and sales rights to the Art and other products for a period of twelve months following the unveiling date. We wanted to clarify if Dowdle would agree to leave the timeframe for the selling of the puzzles open ended as it relates to the initial order of 3,000 puzzles. Dowdle was open to the idea of allowing us to continue selling the puzzles and retain the profits until all 3,000 puzzles are sold, even if it exceeded the twelve month timeframe.

The attached second amendment to the professional services agreement has been revised to reflect this change and allows the EDA unlimited exclusive marketing and sales rights to the 3,000 puzzles purchased by the city without a time limitation. The team at Dowdle was agreeable to the change.

Recommendation

Approve the second amendment to the professional services agreement between the EDA and Dowdle Studios, LLC to allow the EDA unlimited exclusive marketing and sales rights to the 3,000 puzzles purchased by the city without a time limitation.

Attachment

Professional Services Agreement

SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

THIS SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (this “Amendment”) is entered into this 10th day of September, 2024 (the “Effective Date”), by and between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota (“EDA”) and Dowdle Studios, LLC (“Artist”).

RECITALS

WHEREAS, EDA and Artist entered into a Professional Services Agreement dated December 12, 2023, which was amended on February 13, 2024 (collectively “Agreement”), for the design and creation of Original Art and Other Products, as defined therein; and

WHEREAS, pursuant to the Agreement, the EDA was allowed to have exclusive marketing and sales rights to the Art and Other Products for a period of twelve months following the Unveiling Day, during which time all proceeds of the sales of Art and Other Products that were sold by Artist had to be remitted to the EDA; and

WHEREAS, the EDA has requested and the Artist has agreed to allow the EDA unlimited exclusive marketing and sales rights to the 3,000 puzzles purchased pursuant to Section 1.d without a time limitation; and

WHEREAS, the parties mutually agree that if the EDA purchases Other Products listed on Exhibit A at wholesale cost during the twelve (12) month period after the Unveiling Day, and if these Other Products are sold by Artist, all proceeds of the sales of these Other Products, (less shipment costs) shall be remitted to the EDA.

NOW, THEREFORE, in consideration of the mutual promises and covenants of each to the other contained in this Amendment and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do covenant and agree as follows:

1. The entire Agreement is hereby incorporated into the Amendment, except as modified below.
2. Section 1.c. of the Agreement shall be removed and replaced in its entirety as follows:
 - c. Product Orders. In addition to the 3,000 puzzles purchased by the EDA required in Section 1.d., through September 14, 2025, the EDA may order framed artwork, additional puzzles, wooden puzzles or other products (“Other Products”) created by Artist depicting the Original Art at Artist’s wholesale cost set forth on Exhibit A. The EDA may request that the Other Products be offered for sale on Artist’s website or delivered to the EDA. EDA shall pay for ½ the purchase price of the Other Products within thirty (30) days of placing the order with Artist, with the balance due no later than five (5) days after the Other Products are available for sale on the Artist’s website or no later than five (5) days after delivery of the Other Products to the EDA. The proceeds of such sales are outlined in Section 1.h. If the EDA orders Other Products

and the Other Products are being offered for sale on the Artist's website but the Other Products are not sold by September 14, 2025, all unsold Other Products that were paid for by the EDA shall be immediately delivered to the EDA. The Artist may continue to sell Other Products after September 14, 2025 and keep all proceeds from such sales.

3. Section 1.d. of the Agreement shall be removed and replaced in its entirety as follows:
 - d. Number of Puzzles: As a term of this Agreement, EDA agrees to purchase a minimum of three thousand (3,000) puzzles depicting the Original Art at the wholesale price listed on Exhibit A. The puzzles shall be delivered no later than the Unveiling Day.
4. Section 1.h. of the Agreement shall be removed and replaced in its entirety as follows:
 - h. Exclusive Right to Sell and Market the Art. Beginning on the Unveiling Day, or the date that Art and Other Products are available for sale, whichever occurs later, EDA shall have exclusive marketing and sales rights to the Art and Other Products for a period of twelve (12) months. During this 12-month period, all proceeds of the sales of Art and Other Products that may be sold by Artist, if any, shall be remitted to EDA. The 12-month exclusivity does not apply to the 3,000 puzzles, or Other Products purchased and delivered to the EDA. The EDA may retain all proceeds from the sales of Other Products purchased by the EDA regardless of the 12-month exclusivity.
5. Except as provided for above, the terms and provisions of the Agreement shall remain in full force and effect.
6. This Amendment and all disputes or controversies arising out of or relating to this Amendment, or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of Minnesota, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Minnesota.
7. Nothing contained herein shall be deemed a waiver by the EDA of any governmental immunity defenses, statutory or otherwise. Further, any and all claims brought by Artist or its successors or assigns, shall be subject to any governmental immunity defenses of the EDA and the maximum liability limits provided by Minnesota Statutes, Chapter 466.
8. This Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by the parties and delivered to the other parties.
9. This Amendment shall not be amended, modified or supplemented, except by a written instrument signed by an authorized representative of each party.

[The remainder of this page was intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the last date the Agreement is signed below.

Cottage Grove Economic Development Authority

By: _____
Myron Bailey, President

By: _____
Jennifer Levitt, Executive Director

Dowdle Studios, LLC

By: _____
Eric Dowdle, Owner



TO: President Bailey and EDA Board Members
FROM: Gretchen Larson, Economic Development Director
DATE: September 6, 2024
RE: Dowdle Art Unveiling Updates

Background

At the December 2023 EDA meeting, the board approved an agreement with Dowdle Art Studios to participate in their “Land That I Love” tour for America’s 250th birthday starting in 2026. As a part of the agreement, the city was allowed to select 20 unique people and 50 places and things to include in the folk art painting to be created by artist Eric Dowdle.

At the January 3, 2024 City Council Workshop, the ideas for unique people and places/things to be included in the painting, as suggested by a staff and commissions survey, were presented to the Council for consideration. In early February the finalized list was sent to the team at Dowdle and work on the painting began. Due to timing of other projects at Dowdle the original unveiling date was postponed from June to September 14 which is the same day as the Food Truck Festival this year.

Updates

- The unveiling event will take place on September 14 at the Cottage Grove Middle School. See invite below.
- As of this report the painting has been completed and is being framed. The puzzles to be sold and the wooden Giclee puzzle for the unveiling event will be completed next week. You may recall that the wooden Giclee puzzle is the part of the unveiling ceremony where Eric will call up to the stage several special guests that will contribute their puzzle piece to the wooden Giclee puzzle and share a brief history of their part in the painting.
- As a part of the marketing efforts a coloring contest for children ages 5 to 11 was created and an insert for the children to color was included in the August edition of the Cottage Grove Reports. See artwork below.
- Puzzles will be for sale after the unveiling event in the lobby of the school until approximately 11:00. After the event at the school, Eric and his team will proceed to the food truck festival where he will be at the Discover Cottage Grove booth for about an hour to visit with folks who may wish to purchase a puzzle there.

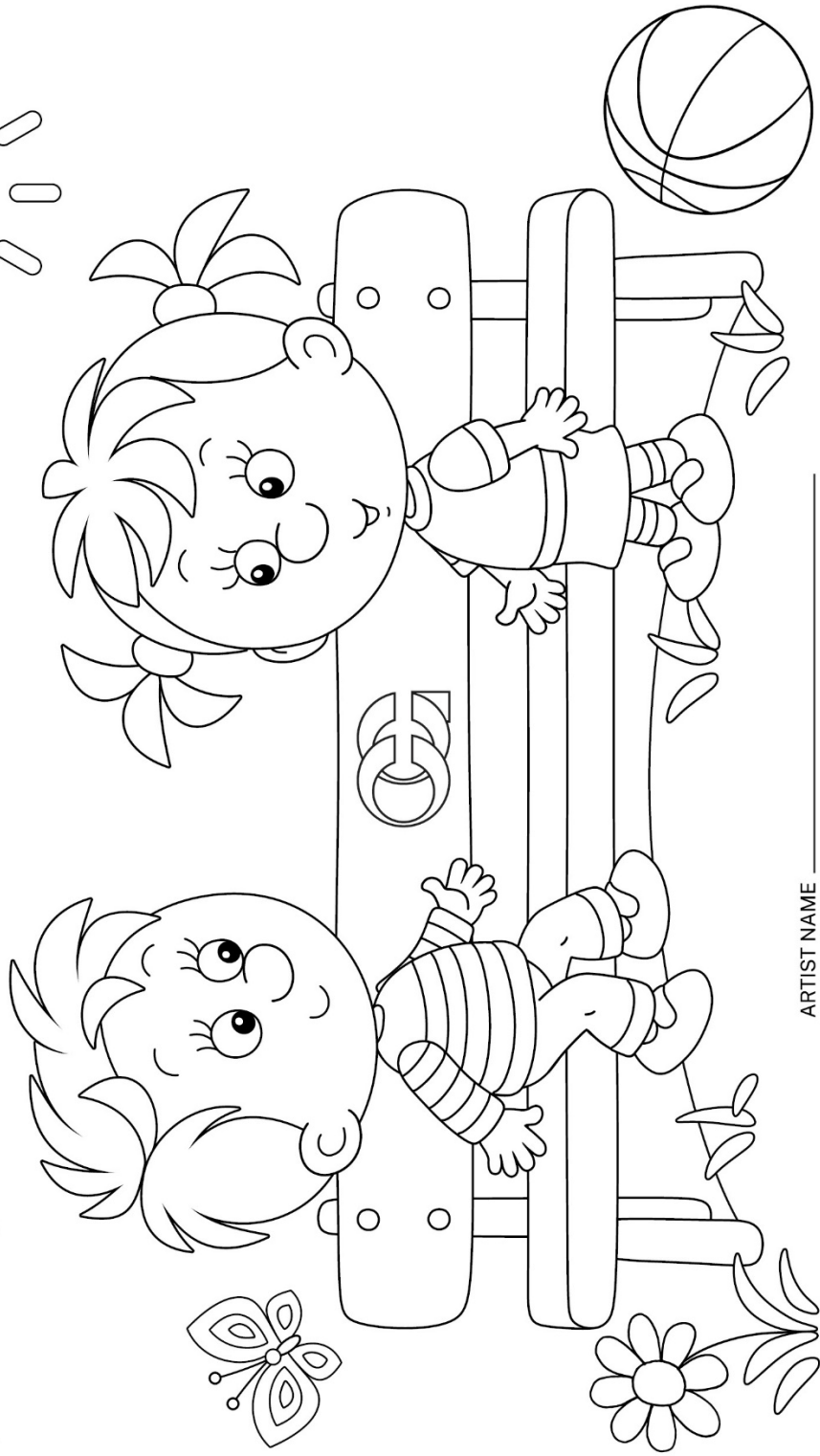
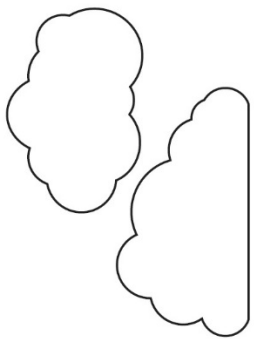
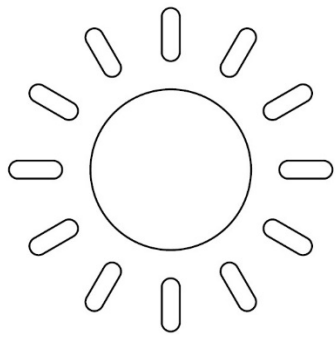
- At approximately 12:00 on the music stage at the event Eric will present the top five finalists of the coloring contest with a city medallion.
- Upon conclusion of the coloring contest presentations the Dowdle team will depart the event.

Recommendation

Receive report.



COTTAGE GROVE
MINNESOTA



ARTIST NAME _____



TO: President Bailey and Members of the Economic Development Authority

FROM: Gretchen Larson, Economic Development Director

DATE: September 6, 2024

RE: Business Retention and Expansion Program Updates

Staff has completed the final questions for the survey in partnership with the Chamber and Grow MN! The staff at Grow MN! will tabulate our completed surveys and provide analysis. They have also offered to attend any business interviews, as will the Chamber, if we are interested in having them participate. They have also offered to place information on local business resources the city offers, such as our Washington County sponsored Open to Business Program, in their resource guides. We are still working on this portion of the project and hope to have the insert completed in time for the bi-annual Business Over Breakfast on October 24.

The survey and a cover letter from Mayor Bailey were mailed on September 6. We are requesting that the surveys be returned within 30 days with a deadline of October 7. Businesses will be encouraged to complete the survey by having the chance to be entered into a drawing to win a team building or afterhours event with their colleagues. The prize is \$250 for food and non-alcoholic beverages at River Oaks on a date of their choice, subject to availability.

Once the surveys have been returned and tabulated we will provide a full report to the board for review. Our team, along with the Chamber and Grow MN! teams, will also continue to meet on a periodic basis to discuss ways to maximize participation in the survey by the businesses.

Recommendation

Receive report.

Attachments

Mayor Letter
Final Survey

9/6/2024

«Business»

«Address»

«City», «State» «zip»

Dear «Attn»,

Thank you for doing business in the City of Cottage Grove! The economic well-being of Cottage Grove depends on the well-being of our existing businesses, and we believe that your business is a vital part of our economic base. To assist existing businesses and improve the local business climate we are continuing our annual Business Retention and Expansion (BR&E) Program.

Typically, the BR&E Program involves visiting businesses to identify business concerns and needs. However, this year we have partnered with the Minnesota Chamber of Commerce and their Grow MN! program and our local Cottage Grove Chamber of Commerce on an online survey. **The survey should take only 10 to 15 minutes to complete.** As an added incentive to participate in the survey, any business that completes the survey will be entered into a drawing for a chance to win a \$250 gift certificate from River Oaks Event Center and Golf Course. The winner can use the gift certificate for an afterhours get together or as a team building event on a date of their choice, subject to availability. You can find the survey online at <https://www.surveymonkey.com/r/Cottage-Grove-BRE>. **The deadline to participate in the survey is October 7.**

You also have the option of an in person interview if you prefer. The interviews usually last from 30 to 45 minutes and can be either in person or virtual. Let me emphasize that all the information shared during the interviews or via the survey, is strictly **confidential**.

Please contact Gretchen Larson, Economic Development Director, at 651-458-2830 or email glarson@cottagegrovemn.gov to schedule an interview or if you have any questions about the program or the online survey.

Your feedback is critically important to the City Council and staff and we use your comments, suggestions, and ideas to help us with our on-going strategic planning so please consider participating in this very important survey. We look forward to hearing from you.

Sincerely,



Myron Bailey
Mayor
City of Cottage Grove

The following survey is part of the City of Cottage Grove's Business retention and expansion program in partnership with the Cottage Grove Area Chamber of Commerce and Grow Minnesota!

This survey is confidential. Results will only be reported at an aggregate level and will not identify individual companies.

If you have question please reach out to Gretchen Larson (glarson@cottagegrovemn.gov), Laurie Levine (Laurie@cottagegrovechamber.org), or Sean O'Neil (growminnesota@mnchamber.com).

* 1. Would you prefer an in-person visit to go through the survey?

- Yes, I would like to schedule an in-person visit.
- No, continue on to the survey.

Business Information

2. What is your business's industry sector? (using NAICS industry definitions)

3. In what state is your business headquartered?

4. How many employees does your business have?

- No paid employees other than the owner
- 1-9
- 10-24
- 25-49
- 50-99
- 100-299
- 300-499
- 500-999
- 1,000+

Business Trends

This section asks about general business conditions and near-term outlook.

5. What describes your business's overall performance in the past year?

- Significant growth
- Moderate growth
- Relatively stable/no change
- Moderate declines
- Significant declines
- Unsure
- Other (please specify)

6. What describes your business's overall outlook for the coming year?

- Significant growth
- Moderate growth
- Relatively stable/no change
- Moderate declines
- Significant declines
- Unsure
- Other (please specify)

7. How do you expect overall staffing levels in your business will change over the next 12 months?

- Significant increase in employee count
- Moderate increase employee count
- Relatively stable/no change
- Moderate decrease in employee count
- Significant decrease in employee count
- Unsure
- NA

8. Are you having difficulty finding employees?

- Yes
- No
- NA
- Other (please specify)

9. How has the availability of workers changed over the past year? Is it...

- Harder to find employees than a year ago
- About the same
- Easier to find employees than a year ago
- NA

10. What are your business's greatest challenges and barriers to growth? Please include any barriers specific to your local community or Minnesota.

Expansion and location decisions

This section asks about location decisions for business investments and expansions.

11. What describes your future plans for your company over the next 1-3 years? (Select all that apply)

- Partner with another business through a merger, acquisition, or joint venture
- Relocate the business to another city within Minnesota
- Relocate the business to another state outside of Minnesota
- Conduct a capital investment project in Minnesota (e.g. expand/renovate existing facility, build a new facility, major new equipment, etc.)
- Conduct a capital investment project outside of Minnesota
- Increase our staffing levels in Minnesota
- Increase our staffing levels outside of Minnesota
- Close the business
- Sell the business
- Reduce our workforce
- None of the above

12. Do you currently have any future expansion plans? Either in new locations, or major investments in your current location?

- Yes
- No
- Maybe
- Unsure
- NA
- If yes, maybe, or unsure, please explain.

13. Has your business expanded or made significant investments in Minnesota operations in recent years?

- Yes
- No
- NA

If yes, why did you choose Minnesota for your project?

14. Have any of the following issues ever prevented your business from initiating or completing an expansion project in Minnesota? (select any that apply)

- General lack of available workers
- Lack of available high skilled workers
- Shortage of housing in the community
- Lack of available childcare in the community
- State tax rates were too high
- Environmental permitting concerns
- Insufficient expansion incentives from local or state economic development agencies
- Lack of community amenities/quality of life concerns
- Couldn't find an available property that met our needs
- Lack of support/assistance from local or state officials
- Couldn't access sufficient financing capital
- Energy prices were too high
- Lack of access to support infrastructure (rail, roads, airports/flights, water)
- Other
- None of the above

What could be done at the local or state level to help your company expand and grow here? (describe any policies or efforts that the business would like to see changed/implemented)

15. Please share your level of satisfaction with the following city services.

	1 = not satisfied	2	3	4	5 = very satisfied
Water/Wastewater/Sewer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transportation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Zoning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Permitting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Police	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fire	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please share any additional experiences or comments.

16. Would you like assistance to help you identify available resources in any of the following areas? (Please select any areas that you would like assistance on)

- Lending programs (SBA, local/state loan funds, etc.)
- Expansion assistance (incentives overview, site selection, etc.)
- Exporting assistance (financing, export consulting, market promotion activities, finding foreign buyers/distributors, language translation, etc.)
- Workforce partnerships
- Diversity, equity, and inclusion (DEI) assistance
- Workforce training grants
- Business consulting on a specific topic or issue
- Energy or waste sustainability assistance (site assessments, grants, rebates, project implementation services)
- Finding a Minnesota-based supplier
- Economic data
- Other (please specify)

Visit Request

* 17. First name

* 18. Last Name?

* 19. Email address?

* 20. Business name?