

Legislation Text

File #: 19-3117, **Version:** 1

Consider Amendment to Performance Agreement between MEDC and LG Broad Cannon, LLC
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Approve requested amendment to performance agreement between MEDC and LG Broad Cannon, LLC
In September 2017, MEDC entered into the attached Economic Development and Performance Agreement with LG Broad Cannon, LLC (Leon Capital Group) for the development of the Market Street anchored shopping center at East Broad Street and Cannon Drive. The agreement requires a \$38,500,000 capital investment and the first Certificate of Occupancy to be obtained by June 30, 2018. Market Street received their CO on May 24, 2018. At this point in time Leon has not met their required capital investment but believe they will exceed that requirement by several million dollars by the time the entire project is complete. The agreement states that MEDC will reimburse Leon for actual costs not to exceed \$355,000 for sanitary sewer improvements and a median break and left turn lane on Broad Street to be paid at \$2.73 per sq. ft. of space leased.

Leon was required to make certain drainage improvements to the west side of the property near Mansfield High School and recently learned that due to additional requirements placed on them for this drainage by the City the cost of these improvements has increased by nearly \$120,000. MISD has agreed to contribute \$40,000 of this additional cost and Leon has agreed to contribute \$40,000. Leon is requesting a partial payment of \$40,000 of the MEDC incentive at this time to help offset this cost of these drainage improvements. In order to do so the current agreement must be amended with the following:

- Amend definition of Improvements to include the required drainage improvements.
- Add language authorizing MEDC to immediately pay Company \$40,000 for the drainage improvements. This \$40,000 will be deducted from the overall Grants total, which is the lesser of (i) 100% of the actual cost of the Improvements; or (ii) \$355,000.
- Company will still be required to achieve full Capital Investment before receiving any of the Grants under the Agreement as currently written. With the deduction of the \$40,000, Company will only be entitled to a maximum of \$315,000 for the remaining Grants.

Leon has developed a high quality shopping center with desirable tenants and will exceed their capital investment.

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