



Inver Grove Heights Economic Development Authority
Monday, September 8, 2025 at 4:30 PM
8150 Barbara Avenue, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Stacy Bodsberg (sbodsberg@ighmn.gov). Comments received prior to 4:00 p.m. on Monday, September 8, 2025, will be provided to the EDA at or before the September 8, 2025 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Consent Agenda**
 - A. Approve a Resolution, Authorizing an Extension to the Purchase Agreement with Interstate Industrial LLC
5. **Regular Business**
 - A. Receive & Discuss Draft Business Public Subsidy Policy.
6. **Public Comment**

Public comment provides an opportunity for the public to address the Council on items that are not on the agenda. Comments will be limited to three (3) minutes per person.
7. **Commission and Staff Comments**
8. **Adjourn**



**Economic Development Authority
Staff Report**

SUBJECT: Approve a Resolution, Authorizing an Extension to the Purchase Agreement with Interstate Industrial LLC

MEETING DATE: September 8, 2025

ITEM TYPE: Consent Agenda

CONTACT: Jason Ziemer, Community Development Director, 651-450-2546

PURPOSE/ACTION REQUESTED

Motion to approve a resolution, authorizing an extension of the purchase agreement with Interstate Industrial LLC for the Dickman Trail industrial redevelopment project.

BACKGROUND

On May 12, 2025, the Inver Grove Heights Economic Development Authority (EDA) approved and entered into a Purchase Agreement (“Agreement”) with Interstate Industrial, LLC (Developer) to sell four properties owned by the EDA; said properties are located on Dickman Trail and Dixie Avenue. The land transaction, if approved, would support the proposed redevelopment of the four EDA-owned parcels and two adjacent privately-owned parcels, resulting in a new, small-scale industrial development. Total sale price: \$721,360.

The initial closing date for the Agreement was on or before September 27, 2025. An extension to that closing date was discussed during a recent meeting between City staff and the Developer’s representative. A new closing date would serve two purposes: 1) Grant the Developer the time necessary to work through the City’s approval processes; and 2) Allow the EDA and Developer to finalize costs and cost-share related to utility construction to service the development. The EDA applied for grant funding from the Dakota County Community Development Agency (CDA) to support utility construction; that announcement is expected on September 23, 2025. Given those two factors, City staff are proposing a new closing date on or before January 15, 2026. The Developer previously secured a new closing date of December 20, 2025, with the private property owner.

Updated Project Timelines

The EDA authorized final plans and bidding of the utility project at its August 25, 2025, special meeting. City staff and Developer estimate the following process related to project approvals:

Action Items	Projected Date
Draft Plans	Mid-September 2025
Pre-Application Meeting	On/Before September 25, 2025
Application Submittal	October 6, 2025

Planning Commission Hearing	December 2, 2025
City Council Action	December 15, 2025
Private Property Closing	December 20, 2025
EDA Closing	January 15, 2025
Construction	Spring 2026

The ability to commence utility construction yet this Fall is critical due to funding timelines associated with a State grant received for the utility project and to ensure efficient development construction.

FISCAL IMPACT

N/A

RECOMMENDATION

City staff recommend approval of the resolution approving the extension of the closing date.

ATTACHMENTS

1. Resolution_Approving First Amendment to Purchase Agreement
2. First Amendment to Purchase Agreement_Interstate Industrial LLC_09-03-2025

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. EDA 25-08

A RESOLUTION APPROVING THE FIRST AMENDMENT TO PURCHASE AGREEMENT

WHEREAS, the Economic Development Authority (“EDA”) of the City of Inver Grove Heights and Interstate Industrial LLC have entered into a purchase agreement for the Interstate’s purchase of the following EDA-owned properties located on Dickman Trail and Dixie Avenue;

Address	PID
6910 Dixie Avenue	20-17750-06-050
6940 Dixie Avenue	20-17750-06-071
6950 Dixie Avenue	20-17750-06-090
Unaddressed Dickman Trail	20-01100-27-012

(“Purchase Agreement”); and,

WHEREAS, both parties are in need of an extension to the closing date that is set forth in the Purchase Agreement and have agreed to amend the Purchase Agreement to extend the closing date.

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF INVER GROVE HEIGHTS, MINNESOTA, that the First Amendment to Purchase Agreement is hereby approved, and the President and Executive Director of the EDA are authorized to execute this resolution and the First Amendment to Purchase Agreement.

Passed by the Economic Development Authority of the City of Inver Grove Heights this 8th day of September, 2025.

Sue Gliva, EDA President

ATTEST:

Rebecca Kiernan, City Clerk

FIRST AMENDMENT TO PURCHASE AGREEMENT

This First Amendment to Purchase Agreement (“Amendment”) is made this 8th day of September, 2025 (“Effective Date”), by and between the City of Inver Grove Heights Economic Development Authority, a Minnesota body corporate and politic (“Seller”), and Interstate Industrial LLC, a Minnesota limited liability company and its permitted assigns (“Buyer”).

RECITALS

WHEREAS, the Buyer and the Seller entered into that certain Purchase Agreement dated May 12, 2025 (“Agreement”); and,

WHEREAS, the Buyer and the Seller have agreed to further amend and modify the terms and conditions of the Agreement as hereinafter set forth; and.

NOW, THEREFORE, in consideration of the premises and mutual covenants in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AMENDMENTS

1. Section 6 of the Agreement is hereby amended to read as follows:

6. CLOSING. The closing of the purchase and sale contemplated by this Agreement (“Closing”) shall occur on or before January 15, 2026, or such other date as the parties may agree (“Closing Date”). The Seller agrees to deliver possession of the Property to the Buyer on the Closing Date.

All other subparagraphs of Section 6 shall remain unchanged.

2. Wherever there is a conflict between the provisions contained in the Agreement, the provisions in this Amendment shall control. Except as expressly amended, supplemented or modified by this Amendment, the Agreement shall continue in full force and effect. All capitalized terms contained in this Amendment, unless specifically defined herein, shall have the meaning ascribed to them in the Agreement. This Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns

3. For purposes of this Amendment, signatures by facsimile or .pdf shall be binding to the same extent as original signatures.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the day and year written above.

SELLER:

**CITY OF INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY**

Sue Gliva, EDA President

Jason Ziemer, EDA Executive Director

BUYER:

INTERSTATE DEVELOPMENT LLC

Lonnie Provencher, President



**Economic Development Authority
Staff Report**

SUBJECT: Receive & Discuss Draft Business Public Subsidy Policy.

MEETING DATE: September 8, 2025

ITEM TYPE: Regular Business

CONTACT: Jason Ziemer, Community Development Director, 651-450-2546

PURPOSE/ACTION REQUESTED

No action is requested. EDA members are asked to review the draft Business Public Subsidy Policy and provide comment.

BACKGROUND

Economic development incentives are financial tools that enable the City to provide opportunities and benefits for its businesses and residents. Incentives can take a variety of forms. The list of options is exhaustive, but we are most familiar with types, such as: Tax Increment Financing (TIF) Property Tax Abatement, fee reductions and waivers, and state and local grants, as they are typically the most sought after financial assistance items.

In order to award public financial assistance to development projects or businesses, the City is obligated to follow applicable State Statutes and must adopt a corresponding policy. Such a policy not only establishes the process for developer or business to make a request, but the criteria used by the City when evaluating and awarding such financial assistance. Generally, State Statute defines things as business subsidies and non-business subsidies. There are different thresholds that constitute what is and is not a subsidy, and different thresholds that trigger public hearing requirements.

Having such a policy does not guarantee a developer and/or business will qualify. Additionally, having a policy does not require the City (or EDA) to provide financial assistance. Rather, having a policy gives the City (and EDA) an important tool in its Economic Development Toolbox. As we have witnessed with the Dickman Trail industrial redevelopment project, development and business growth does often require creative financing, which often leans on the “public” to pull different levers available to bring out the type of successful development that creates jobs, expands tax base and provides other community benefits.

The City of Inver Grove Heights adopted a business subsidy policy in 1999, per Resolution 99-202. State Statutes have evolved and been revised over the years. Thus, a significant update to this policy is warranted.

The Community Development Director has worked with the City Attorney’s Office on such an update, which is attached and presented to the EDA for review. The policy will be a joint policy of the City Council and EDA, but both political bodies will need to adopt it separately. Although the intent of the policy is to run all such requests through the EDA as a reviewing and recommending body, there are

certain subsidies that are directly under the purview of the City Council and some subsidies will require City Council action. For example, State Statute requires City Councils to conduct public hearings related to the creation of TIF districts.

Adoption of this policy will also require a public hearing – by both bodies. City staff is exploring dates for those public hearings, which will likely be no later than early October.

For the purpose of this discussion, EDA members are asked to review the attached policy and provide comments, if any. City staff will provide a general overview of the Policy at the September 8, 2025, special meeting.

FISCAL IMPACT

N/A

RECOMMENDATION

City staff are requesting feedback regarding the policy.

ATTACHMENTS

1. DRAFT V3_DEVELOPMENT TOOLS BUSINESS ASSISTANCE POLICY_V1_09-08-2025



CITY OF
**INVER GROVE
HEIGHTS**

**CITY OF INVER GROVE HEIGHTS &
CITY OF INVER GROVE HEIGHTS ECONOMIC
DEVELOPMENT AUTHORITY
DEVELOPMENT & BUSINESS ASSISTANCE POLICY**

EDA ADOPTED

TBD

CITY COUNCIL ADOPTED

TBD

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INTRODUCTION

This Development and Business Assistance Policy ("Policy") is established for purposes of the business subsidies act, pursuant to Minnesota Statutes, Sections §116J.993 through §116J.995, as amended ("Statutes"). Terms used in this Policy shall have the same meanings as those used in the Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. Development and business activities which do not constitute a business subsidy include housing, redevelopment, and pollution clean-up, among others. This Policy and processes as stated herein shall apply to all requests for public financial assistance.

By providing a business subsidy, the City of Inver Grove Heights and City of Inver Grove Heights Economic Development Authority commit to holding public hearings, as applicable, and annually reporting to the Department of Employment and Economic Development ("DEED") on job and wage goal progress, as may be required by the Statutes.

1.0 PURPOSE & OBJECTIVES

- A. This document establishes criteria for the City of Inver Grove Heights ("City") and the Inver Grove Heights Economic Development Authority ("EDA") for the granting of business subsidies for private development within the City. As used in this Policy, the term "City" shall be understood to include the EDA. The criteria outlined in this Policy shall be used as a guide in processing and reviewing applications requesting business subsidies and/or other City public financial assistance not defined as a business subsidy.
- B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes and other provisions of Minnesota law. The City reserves the right to choose to apply the criteria contained herein to other development activities not covered under the Statutes. Certain types of public financial assistance provided by the city may or may not be considered a business subsidy as defined by the Statutes.
- C. Business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the assistance, any reduction or deferral of any tax or any fee, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- D. The criteria contained herein shall be used in conjunction with other relevant policies of the City. Compliance with this Policy shall not automatically mean compliance with such separate policies.
- E. The City, at its sole discretion, may deviate from the job and wage goals criteria outlined in Section 5 D, E and F below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to DEED with the next annual report.
- F. The City may amend this document at any time. Amendments to this Policy are subject to public hearing requirements contained in the Statutes.

2.0 CITY OBJECTIVES FOR PUBLIC FINANCIAL ASSISTANCE

As a matter of this adopted policy, the City may consider using business subsidies which may include tax increment financing (TIF), tax abatement, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish one or more of the following objectives:

- A. Remove blight and/or encourage redevelopment in designated redevelopment and development area(s) per the goals and visions established by the City.
- B. Expand and diversify the local economy and tax base.
- C. Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.
- D. Enhance the City's position as a regional destination.
- E. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development, as determined as part of the "But-For" analysis.
- F. Facilitate the development process and promote development on sites that could not be developed without this assistance.
- G. Retain local jobs and/or increase the number and diversity of quality jobs.
- H. Provide opportunities for small businesses and/or entrepreneurs and promote resident economic stability.
- I. Meet other uses of public policy, as adopted by the City from time to time, including but not limited to: promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

3.0 BUSINESS SUBSIDY GUIDELINES & PRINCIPLES

The guidelines and principles set forth in this Policy pertain to all applications for public financial assistance, regardless of whether the request is considered a business subsidy as defined by the Statutes. The following general assumptions of development and/or redevelopment shall serve as a guide for City public financial assistance.

- A. All applicants, including applicants for project that are not defined as a business subsidy, must complete the Business Subsidy Application and provide all documentation as required by the City.
- B. The applicant shall pay all applicable application fees and pay for the City's fiscal and legal advisor time as stated in the Business Subsidy Application.
- C. All requests for City public financial assistance shall be reviewed by staff and/or a third-party financial advisor ("Advisor"), if so designated, who will inform the City of its findings and recommendations. This process, known as the "But For" analysis, is intended to determine if the project would not be feasible but for the City assistance.
- D. City staff and Advisor will prepare a memorandum documenting the "But For" Test has been met.
- E. The City shall establish mechanisms within the Subsidy Agreement, per Section 6.0, to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
 - 1. "look back" provisions
 - 2. minimum assessment agreements

3. documentation of all costs.
- F. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.
- G. The City may set up TIF districts in accordance with the maximum number of statutory years allowable. No applicant should assume assistance shall be granted for the full term of the TIF district.
- H. The City shall elect to have the fiscal disparities contribution come from inside applicable TIF district(s) to eliminate any impact on existing taxpayers of the community.
- I. Public financial assistance will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of business subsidies. Applicants should be able to provide information supporting the public financial assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.
- J. Public financial assistance will not be used in a project that involves land and/or property acquisition where the price is in excess of the fair market value.
- K. The City may consider fee waivers, including the use of SAC credits to offset a project's SAC expenses, if SAC credits are available. For the potential use of excess and available SAC credits, see the City's Sewer Availability Charge (SAC) Policy.
- L. The applicant shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the project and other funding mechanisms.
- M. All developments are subject to execution and recording of a Minimum Assessment Agreement.

4.0 PROJECTS WHICH MAY QUALIFY FOR A BUSINESS SUBSIDY

All new applications for business subsidies to be considered by the City must meet each of the following minimum qualifications. Applicants should not presume that a project meeting these qualifications will automatically be approved for public financial assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential applicant to have projects approved for assistance.

4.1 Minimum Qualifications & Requirements

- A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financial assistance objectives outlined in Section 2.
- B. The applicant must demonstrate to the satisfaction of the City that the project is not financially feasible "But For" the use of the business subsidy.
- C. The project is, or will be, through the City approval processes consistent with the Comprehensive Plan, Zoning Ordinances and/or any other applicable land use documents and development policies of the City.
- D. The project will meet the City's "Better" or "Best" architectural standards, as defined by City Code Section §10-15-17.
- E. Prior to approval of a financing plan, the applicant shall provide any requested market and financial feasibility studies, appraisals, soil borings, private lender

- commitment, and/or other information the City or its financial advisors may require to proceed with an independent evaluation of the application.
- F. The applicant must provide adequate financial guarantees to ensure the repayment of any business subsidy and completion of the project. These may include, but are not limited to: assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.
 - G. Any applicant requesting a business subsidy must be able to demonstrate a previous capability for successful development, as well as specific capability regarding the type and size of the development proposed, unless for uses that meet Desired Qualifications (Section 4.2, 7-8). Business subsidies shall not be used when the applicant's credentials, in the sole judgment of the City, are inadequate due to previous history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.
 - H. The applicant, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, stabilize its occupancy, establish project management and/or needed mechanisms to ensure successful operation.

4.2 Desired Qualifications

- A. Projects providing a high ratio of private investment compared to City public investment shall receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity and land, if already owned by the applicant.
- B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.
- C. Proposals that encourage the following will receive priority consideration:
 - 1. Implements the City's vision and values for City-identified priority development and redevelopment areas, including but not limited to: Concord Boulevard Neighborhood Plan, (list other defined areas).
 - 2. Provides significant improvement to surrounding land uses, neighborhoods, and/or the City.
 - 3. Attracts new or retains existing employers within the City.
 - 4. Provides increased quality and higher paying jobs.
 - 5. Promotes housing investment that meets the following City goals:
 - a) Increases housing choice within the community, diversify existing housing stock and provide options that do not currently exist.
 - b) Attracts young professionals and young families to the community.
 - c) Provides clean, safe, and affordable housing units.
 - d) Include housing as part of City special purpose projects or other priority City redevelopment areas.
 - e) Multi-family housing with high amenities considered luxury and/or market rate.
 - 6. Provides opportunity for the attraction of destination-oriented uses such as outdoor recreation, entertainment and shopping.
 - 7. Provides opportunities for small businesses and/or entrepreneurs.
 - 8. Enables projects that promote resident economic stability.
 - 9. Redevelops blighted, contaminated and/or challenged areas.
 - 10. Preserves and/or stabilizes a major commercial or industrial node.

11. Adds needed public infrastructure such as roads or structured parking.

5.0 BUSINESS SUBSIDY PUBLIC PURPOSE, JOBS & WAGE REQUIREMENT

- A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- B. Creation of tax base shall not be the sole public purpose of the business subsidy.
- C. Job retention may only qualify as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting the business subsidy. Creation of at least two (2) Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of the business subsidy. For purposes of this Policy, FTE jobs must be permanent positions with set hours and be benefits-eligible.
- E. Part-Time Equivalent jobs may receive partial credit and be counted toward the job goals.
- F. The wage floor for wages to be paid for the jobs created shall be not less than 200% of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the business subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- G. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

6.0 BUSINESS SUBSIDY AGREEMENT

- A. Upon granting business assistance, if required by the Statutes, the City shall enter into a Business Subsidy Agreement ("Agreement") or equivalent agreement with the recipient that provides the following information:
 - 1. wage and job goals, if applicable
 - 2. commitment to provide necessary information for reporting purposes
 - 3. five (5) year operation commitment after the benefit date
 - 4. recourse for failure to meet goals required by the Statutes.
- B. The Agreement may be incorporated into a broader development contract for an approved development project.
- C. The Agreement will commit the recipient to provide the reporting information required by the Statutes, if any.
- D. For assistance that does not constitute a business subsidy under the Statutes, the grantee and the City or the EDA may enter into an agreement setting forth the terms of the assistance.

7.0 BUSINESS SUBSIDY PROJECT EVALUATION PROCESS

The following methods of analysis will be used for all projects seeking public financial assistance.

- A. Project is deemed consistent with City's goals and objectives.
- B. Satisfaction of business subsidy minimum qualifications.
- C. Ability of the project to meet or exceed business subsidy desired qualifications.
- D. Project meets "But-For" analysis and/or statutory qualifications.

The evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.

8.0 APPLICATION PROCESS

8.1 Application Form & Requirements

All applicants must use the Business Subsidy Application form provided by the City and must include required and additional information, as may be required by the application form and this Policy. This Application must be used whether the project qualifies as a business subsidy or is not defined as a business subsidy project per the Statutes. The review of applications shall generally follow the process outlined below. City staff have the authority to request additional information from the applicant, as may be necessary to review and process an application.

- A. Deadline: Applications must be submitted not less than 30 business days prior to the next regularly scheduled EDA meeting the applicant requests action.
- B. Submission: The Application shall be submitted electronically (PDF) and must include all supporting and necessary documentation as required or requested. All fees shall also be paid at the time of application submittal. Applications shall be emailed to the Community Development Director.
- C. Staff Meetings: City staff may require a meeting with the Applicant to review application, discuss status and additional information needed, and review staff recommendations.
- D. Public Meetings: Completed applications, along with the staff recommendation, shall be presented to the EDA for consideration and recommendation or action. The EDA shall establish findings and make recommendations to the City Council for approval or denial of the requested public financial assistance.
- E. Public Hearing: When necessary, a public hearing to consider the request for a business subsidy shall be conducted by the appropriate governing body. Notice of public hearing shall be published in the designated City newspaper and posted at City Hall at least 10 days prior to the hearing. Notices shall be mailed to Dakota County and applicable School District, if such mailed notice is required by the Statutes.
- F. Agreement: Upon approval of an application, a Business Subside Agreement or equivalent agreement shall be entered into by the City of Inver Grove Heights and the Applicant.
- G. Fee & Escrow: The applicant shall submit to the City the application fee and a minimum escrow deposit, as established by the City Fee Schedule. The escrow amount shall reimburse the City for all legal and financial professional services and other expenses related to the application.

8.2 Pre-Application Review

Upon request by the applicant, and at applicant expense, the City will conduct an initial review of financial data to determine feasibility of the project in relation to the level of assistance requested. The applicant shall submit a minimum \$2,000 escrow to reimburse the City for financial professional services related to said pre-application review.