

City of Brainerd
Economic Development Authority
Special Meeting Agenda

City Council Chambers
501 Laurel St.
September 17, 2020
7:30 A.M.

- | | |
|---|-------------------|
| I. Call to Order | _____ K. Bevans |
| II. Roll Call | _____ Vacant |
| III. Anderson Brothers Construction Request to Purchase Industrial Lots | _____ W. Erickson |
| IV. Adjournment | _____ G. Johnson |
| | _____ E. Menk |
| | _____ M. O'Day |
| | _____ J. Sinner |

Members of the public are invited to attend the meeting in-person or via phone.

Meeting Number: 1-844-992-4726

Access Code: 146 332 5031

The meeting will be live streamed on the City's YouTube channel.

MEMO



TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: September 17, 2020

RE: Anderson Brothers Construction Request to Purchase Industrial Lots

Anderson Brothers Construction of Brainerd, LLC has submitted a request to the EDA to purchase the remaining 13 lots of Phase IV of the Industrial Park. The company is seeking to use the lots to relocate its operations from its central location at 11325 State Highway 210. The relocation will also result in approximately 10 employees who currently work at sites outside of the City of Brainerd also being relocated to this new central location.

Anderson Brothers Construction is requesting to purchase the property for the amount of \$1 per acre and is also requesting that the general development fees such as building permits, SAC/WAC, and park dedication fees be waived.

Principles with Anderson Brothers Construction will be present to submit their request to the EDA Board of Commissioners.

Attached to this memo is

- Letter of Intent from Anderson Brothers Construction
- Anderson Brothers Construction Public Financing Application
- Proposed Site Plan
- Proposed Approval Calendar
- Resolution calling for public hearings regarding a proposed modification to the development program for Development District No. 2, and land conveyance and associated business subsidy to Anderson Brothers Construction.

Recommendation

Staff recommends commencing with the process to sell the 13 remaining lots of Phase IV to Anderson Brothers Construction of Brainerd, LLC for the amount of \$1 per acre. However, staff does not recommend waiving any general development fees.

The first steps in the approval process should be to adopt the attached resolution calling for public hearings to be held during the EDA's regular meeting on Thursday, October 8 and submit a request to the City Council to convey the land to the EDA for sale. This request would be considered by the City Council during their September 21, 2020 meeting.



Brainerd Industrial Park

PROPOSAL 9.10.20

Introduction

Anderson Brothers Construction LLC., is a multi-disciplined contractor specializing in municipal, commercial and residential infrastructure. Anderson Brothers has earned a reputation as an industry leader and the Contractor of Choice for municipal, commercial and private infrastructure.

Anderson Brothers office headquarters and primary maintenance facility has operated on the original property in Brainerd since its inception in 1940. The company employs approximately 230-250 employees, this includes both seasonal and full-time staff. The number of seasonal employees fluctuates with the workload.

The Company's primary work is performed in the months of April through November, this is when the company operations and employees are at their maximum capacity. As we enter November, when temperatures aren't conducive for construction, we begin what we call our "lay-off" period. The number of employees that are "laid-off" can be approximately 180-200 people, these employees will return to work in April of the following year.

November through March is what we call our "off-season". This is when the company is closing out projects, estimating and bidding new projects, and maintaining the large fleet of equipment for the upcoming season. These activities are performed by the 50-60 employees. The Company also operates its equipment maintenance from two additional facilities outside the City of Brainerd.

Objectives

Anderson Brothers has some main objectives it wishes to achieve in a new location.

- Maintain a safer and easier access to facilities for employees and equipment.
 - Hwy 210 traffic volumes are increasing
- Bring all three maintenance facilities under one roof.
- Expand yard capacity to store our ever-increasing fleet of equipment.
 - Assets are currently being stored at multiple locations.

Business Plan

Anderson Brothers is requesting to purchase all 13 Industrial lots, approximately 25.25 acres. The utilization of the property would be:

- New Equipment Maintenance facility, approximately 30,000 s.f.
- New Office Headquarters, approximately 10,000 s.f.
- Filling stations
 - Diesel Fuel
 - Gasoline
 - Water
- Supply yard

- Parking
 - Employees
 - In-Season (April-November)
 - Approximately 150 employees would work from this location.
 - Off-Season (December-March)
 - Approximately 50 employees would work from this location.
 - 30 Management & Administrative
 - 20 Mechanics
 - 10 of these mechanics would be brought to Brainerd that are now working in the 2 remote facilities
 - Rolling stock (340 Units)
 - 100 pickups/medium duty trucks
 - 150 trailers
 - 40 semi tractors
 - 50 dump trucks
 - Inland marine (175 units)
 - Heavy equipment (dozers, excavators, loaders, motor graders, paving equipment, etc.)
 - Production plants (6)
 - There are nearly 200 units that make up the 6 mobile production plants.
 - These plants will not operate on the site, only stored and maintained there.

Project Timeline

If the property can be closed in October of 2020 Anderson Brothers would perform the construction in phases.

1. May 2021 – groundbreaking on Maintenance facility
 - a. Year end 2021 – Occupy building
2. May 2022 – groundbreaking on Office facility
 - a. Year end 2022 – Occupy building
3. Parking lot construction would run concurrent with both phases.

Preliminary Site Plan

Please find the Site Plan attached

Finances

Anderson Brothers has had conversations with our Financial institution Bremer Bank of Brainerd.

- Please find the Bremer Bank letter attached.

Anderson Brothers is also requesting that with the longevity of the Company occupying this property we ask that the general development fees such as building permits, SAC/WAC and park dedication fees be waived.



501 Laurel Street • Brainerd, MN 56401 • Phone (218) 828-2307

APPLICATION FOR PUBLIC FINANCING

Applicant Information

1. **Applicant Name:** Anderson Brothers Construction Company of Brainerd, LLC
(Name should be the officially registered name of the business entity.)
Address: 11325 State Highway 210, Brainerd, MN 56401
Telephone: 218-829-1768 **Email Address:** info@andersonbrothers.com
2. **Name of Person Completing the application:** Terry McFarlin
Address: 11325 State Highway 210, Brainerd, MN 56401
Telephone: 218-829-1768 **Email Address:** tmcfarlin@andersonbrothers.com
3. **Names and Addresses of Architect, Engineer, and General Contractor for this project:**
Attorney Name: _____
Address: _____
Telephone: _____ **Email Address:** _____
Architect Name: _____
Address: _____
Telephone: _____ **Email Address:** _____
Engineer Name: _____
Address: _____
Telephone: _____ **Email Address:** _____
General Contractor Name: _____
Address: _____
Telephone: _____ **Email Address:** _____
4. **If the applicant is a corporation, please name officers, directors, or stockholders holding more that 5% of the stock of the corporation. If the corporation is not formed, provide as much information as possible concerning potential officers, directors, or stockholders:**

4a. If the applicant is a general partnership, name of the general partners and if a limited partnership, state the general partners and limited partners with more than 5% interest in the limited partnership. If the partnership is not formed, provide as much information as possible concerning potential officers, directors or stockholders.

Anderson Brothers Construction Holdings, Inc.

Anderson Brothers Investment Group, LLC

4b. Has the applicant ever been in bankruptcy? If yes, please describe the circumstances.

Yes (please Explain):

No: xx

4c. Has the applicant ever been convicted of a felony? Is yes, please describe the circumstances.

Yes (please Explain):

No: XX

4d. Has the applicant ever defaulted on any bond or mortgage commitment?

Yes (please Explain):

No: XX

Project Information

1. PID#'s, legal description, address, and size of project site:

PID#: 41080500, 41080501, 41080502, 41080503, 41080504, 41080505, 41080506, 41080507, 41080508, 41080509, 41080510, 41080511, 41080512, 41080513, 41080514 (wooded acres)

Address: County Road 45 & Thiesse Drive, Brainerd, MN 56401

Legal Description: Phase IV - Lots 1, 7&8 Block 1, Brainerd Industrial Park 1st Addition

Lot 1 Block 2, Brainerd Industrial Park 1st Addition, Lot 1, Block 3, Brainerd Industrial Park 1st Addition

Lots 1-4 Block 4, Brainerd Industrial Park 1st Addition

Lots 1-4 Block 5, Brainerd Industrial Park 1st Addition

Size of Project Size (Acres): All remaining acres of Phase IV

2. Current ownership of the site: City of Brainerd

3. Do you have current control of the site:

Yes: _____

No: XX

4. Project description.

See attached document

5. If property is to be subdivided or replatted, please describe.

To be determined after Planning and Zoning review of final construction plans.

6. Estimated project costs: (Please enclose detailed sources and uses and 15-year operating Pro Forma).

- | | |
|--|---|
| a. Land Acquisition: | <u>\$ Final figures will be provided when</u> |
| b. Environmental/Soil Corrections: | <u>all construction costs are completed.</u> |
| c. Surveys: | _____ |
| d. Public Improvements: | _____ |
| e. Site Development: | _____ |
| f. Demolition: | _____ |
| g. Building(s): | _____ |
| Shell (if applicable) | _____ |
| Tenant Improvements
(if applicable) | _____ |
| h. FF&E: | _____ |
| i. Architectural & Engineering Fees: | _____ |
| j. Legal Fees/Other Consulting Fees: | _____ |
| k. Financing Costs: | _____ |
| l. Construction Interest: | _____ |
| m. Title Insurance: | _____ |
| n. Mortgage Registration: | _____ |
| o. Bank/Borrower Legal: | <u>Bremer Bank - letter enclosed</u> |

- p. Recording/Closing: _____
 - q. Construction Loan Fees: _____
 - r. SAC/WAC: _____
 - s. Park Dedication: _____
 - t. Appraisal: _____
 - u. Taxes: _____
 - v. Contingencies (construction): _____
 - w. Contingencies (soft): _____
 - x. Other: _____
- TOTAL \$** _____

7. Source of Financing

- a. Equity: \$ See Attached letter
 - b. Bank Financing: _____
 - c. Public Assistance: _____
(TIF or Tax Abatement)
 - d. Other governmental loans/grants: _____
 - e. Deferred Developer Fees: _____
 - f. Other: _____
- TOTAL \$** _____

Terms of Financing (years): _____

Rate of Financing: _____

Cap Rate: _____

8. Project Construction Schedule:

- a. Construction Start Date: 05/2021
- b. Construction Completion Date: 12/2022
- c. If Phased Project :

January 2, (year) _____	% Completed _____
January 2, (year) _____	% Completed _____

9. Total Estimated Market Value of Project upon completion \$ _____

10. Please indicate how the project would meet one or more of Brainerd's Economic Development Goals (identify goal and state reason):

1. Maximize Brainerd's potential as a thriving center for business, health care, industry, education and recreation, while maintaining and enhancing its livability.
2. Actively promote development and redevelopment within the community, including financial incentive, with particular emphasis on attracting and supporting businesses that provide livable wage jobs.
3. Promote aesthetically pleasing development and redevelopment in the city.
4. Plan for the orderly, efficient and fiscally responsible growth of residential development in Brainerd
5. Support development that enhances community character and identity.

This project will meet and exceed all 5 of the goals set forth in Brainerd's Economic Development Goals.

Not only does this project retain 80 full-time employees and 190 seasonal employees in Brainerd, but it also brings 10 staff that are currently located outside the area to one central location here in Brainerd. Anderson Brothers Construction has been a fixture in Brainerd for 80 years and is integral to the overall economic landscape in Brainerd and Crow Wing County. This new facility will be built and maintained at the highest level, which is the reputation that Anderson Brothers has stood by for 80 years.

11. Please explain how the proposed either contributes to or alleviates the need for additional public parking.

No public parking is needed or required with this proposed project.

12. Will any public official of the City, either directly or indirectly, benefit from the issuance of public assistance within the meaning of Minnesota Statutes, Section 412.311 or 471.87? If yes, please explain the circumstances.

Yes (please Explain):

No: XX

Public Assistance Request

1. Amount of assistance and term.

Amount: N/A

Term (years): _____

2. Describe the purpose for which Public Assistance (TIF or Tax Abatement) is required.

No public assistance requested

3. Please submit an itemized list of project costs for which TIF assistance is being requested.

N/A

4. State specific reasons why, "but for" the use of public assistance, this project would not be possible.

N/A

Application Process

1. The following documents must accompany the Application:
 - A. A detailed sources & uses statement and 15-year project *Pro Forma*
 - B. Parcel Map depicting the proposed redevelopment area
 - C. Site plans and floors plans (as available)
 - D. Significant additional information may be requested at any time by the City and may be in addition to the materials outlined in this application. The Applicant shall be required to submit any and all information as requested by the City.
2. Applicant acknowledges and agrees to pay the \$1,000 Public Assistance Application Fee and is **non-refundable**.
3. At the time of acceptance by staff of the Public Financing Application, the applicant shall deposit \$10,000 with the City to cover attorney and consultant costs incurred as part of establishing a TIF district or abatement, drafting and negotiating a development agreement, and conducting any fiscal analysis that may be required to meet the requirements of utilizing any public financing. If additional expenses are incurred beyond the \$10,000 prior to the execution of a development agreement, the City shall notify the applicant in writing and the applicant will be required to deposit additional funds upon notice.
4. The Applicant shall hold the City, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the Project or

Public Assistance Application, including but not limited to, any legal or actual violations of any State or Federal securities laws.

5. The Applicant recognizes and agrees that the City reserves the right to deny any application for Public Assistance at any stage of the proceedings prior to adopting the resolution approving the public assistance, that the Applicant is not entitled to rely on any preliminary actions by the City prior to the final resolution, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the Project are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City.

The undersigned, a duly authorized representative of the Applicant, hereby certifies that the foregoing information is true, correct, and complete as of the date hereof and agrees that the Applicant shall be bound by the terms and provisions herein.

Terry McFarlin
APPLICANT'S NAME

9/1/20
DATE

CITY ACCEPTANCE OF APPLICATION

DATE

\$ _____
FEE AMOUNT REMITTED

DATE



321 S 7th St
Brainerd, MN 56401
P 218-829-8781
F 218-829-5583

bremer.com

August 27, 2020

City of Brainerd
C/O David Chanski
501 Laurel Street
Brainerd, MN 56401

Dear Mr. Chanski:

Anderson Brothers Construction Company of Brainerd, LLC has been a valued client of Bremer Bank, National Association since 1979.

We are happy to inform you that Anderson Brothers Construction Company of Brainerd, LLC has the ability to obtain financing to construct a new shop and a new office in the Brainerd Industrial Park.

Loan approval is contingent upon review and acceptance of additional documentation, some of which may include one or more of the following items:

- Accepted purchase agreement
- Acceptable documented funds to close
- Acceptable appraisal
- Clear title commitment
- Copy of the construction contract
- Plans and specs
- Survey of the property
- Other information as required by guidelines

If you have any questions regarding this letter, do not hesitate to contact us.
Our direct numbers are (218) 828-5155 and (218) 828-5181, respectively.

Sincerely,

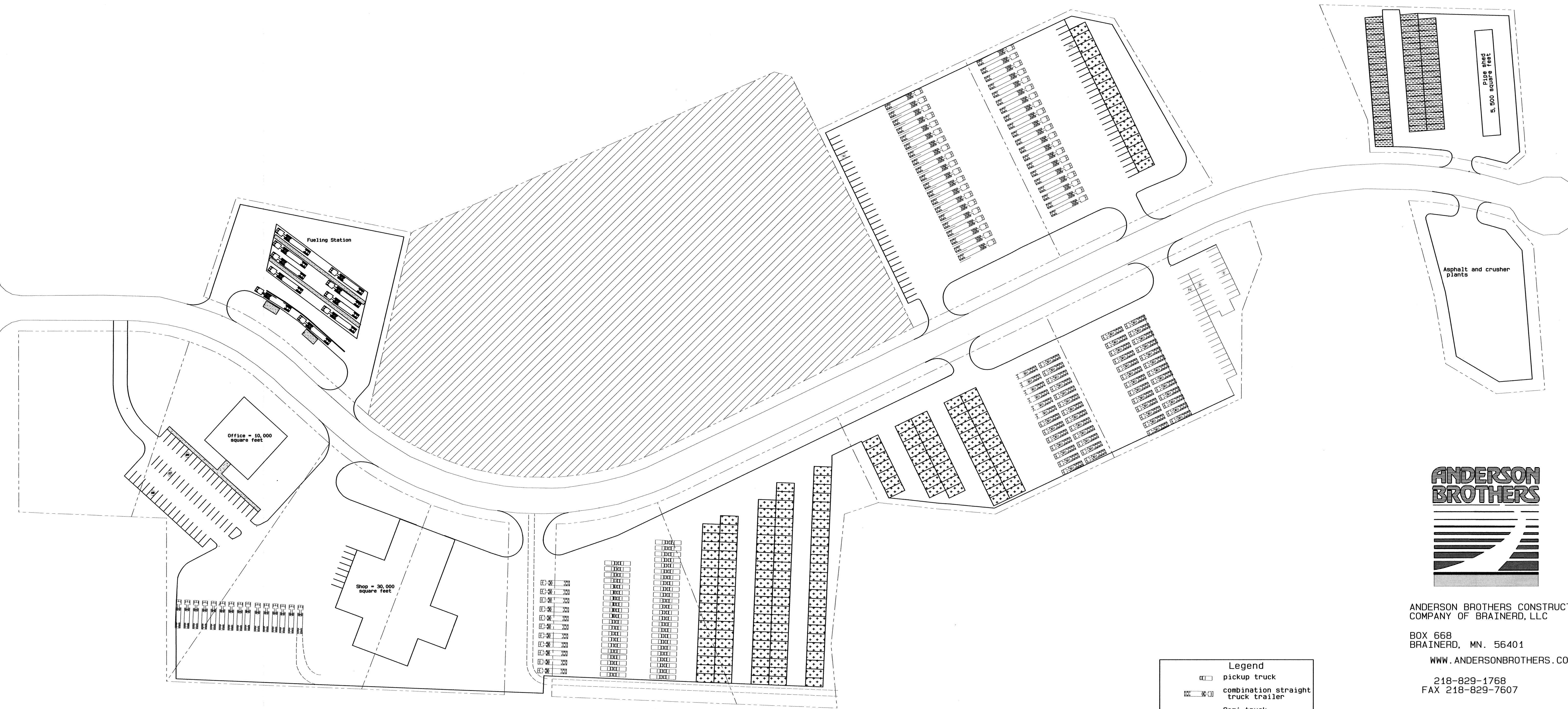
BREMER BANK, NATIONAL ASSOCIATION

Robert C. Musielewicz
Vice President

Kimberly L. Ellingson
EVP, Region President

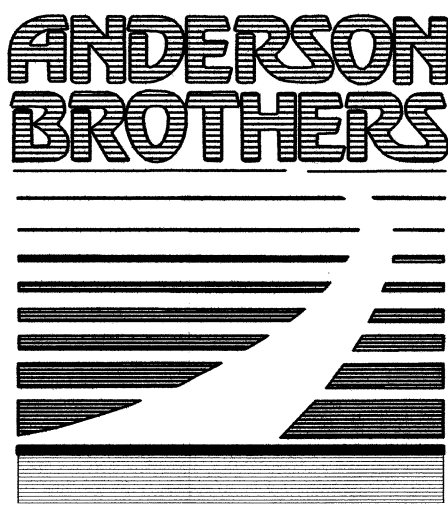
*This pre-qualification is based on the preliminary information provided and is intended for your information. Pre-qualification is not an agreement to lend and does not guarantee loan approval or commitment of rates, fees or terms. The rate is not locked. This pre-qualification expires 90 days from the date above.

ANDERSON BROTHERS CONSTRUCTION
Preliminary relocation site plan



Legend

- pickup truck
- combination straight truck trailer
- semi truck and trailer
- dump truck
- inland marine
- trailers

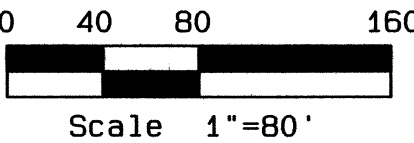


ANDERSON BROTHERS CONSTRUCTION
COMPANY OF BRAINERD, LLC

BOX 668
BRAINERD, MN. 56401

WWW.ANDERSONBROTHERS.COM

218-829-1768
FAX 218-829-7607



Date 09/02/2020

City of Brainerd, Minnesota

Timeline for
Granting of Business Subsidy and Land Sale with
Anderson Brothers Construction Company of Brainerd, LLC

Proposed Schedule of Events		
Date	Event	Responsible Party
Friday, September 4, 2020	Anderson Brothers Construction Company of Brainerd, LLC submits application for public financing	Developer
September 2020	Initial review of application for public financing and project components	City, Kennedy & Graven, Baker Tilly
Thursday, September 17	EDA reviews application and subsidy request to provide recommendation to City Council. EDA calls for public hearing on land sale, granting of business subsidy and modification of development program to be held October 8	City, Kennedy & Graven, Baker Tilly
Friday, September 18	Deadline for submission of business subsidy hearing notice	City, Kennedy & Graven, Baker Tilly
Monday, September 21	City Council reviews application and subsidy request, including EDA recommendation	City, Kennedy & Graven, Baker Tilly
Friday, September 25	Publication of business subsidy and land sale notice <i>(more than 10 and less than 30 days prior to public hearing)</i>	City, Kennedy & Graven, Baker Tilly
Thursday, October 8	EDA holds public hearing on proposed land sale, granting of business subsidy related to application for public financing, and modification of development program for development district	City, Kennedy & Graven, Baker Tilly
Wednesday, October 21	Planning Commission reviews development plan	City, Kennedy & Graven, Baker Tilly

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _____

RESOLUTION CALLING PUBLIC HEARINGS
REGARDING A PROPOSED MODIFICATION TO THE DEVELOPMENT PROGRAM
FOR DEVELOPMENT DISTRICT NO. 2, AND LAND CONVEYANCE AND
ASSOCIATED BUSINESS SUBSIDY TO ANDERSON BROTHERS
CONSTRUCTION COMPANY OF BRAINERD, LLC

WHEREAS, the City Council (the “Council”) of the City of Brainerd, Minnesota (the “City”) established Development District No. 2 (the “District”) for the development of its industrial park, pursuant to Minnesota Statutes, Sections 469.124 to 469.134, as amended, and subsequently transferred the administration of the District to the Authority; and

WHEREAS, the City and the Authority have received a request from Anderson Brothers Construction Company of Brainerd, LLC (the “Developer”) for financial assistance from the Authority in the form of a write-down of the cost of certain real property to be conveyed by the City to the Authority and reconveyed by the Authority to the Developer (the “Property”), in connection with Developer’s proposal to develop an office and maintenance facility in the City’s industrial park (the “Project”); and

WHEREAS, the Authority is proposing a modification of the Development District Program for the District in order to enlarge the geographic boundaries of the District to include the Property, which modification requires a public hearing; and

WHEREAS, the parties propose to enter into a Purchase and Development Contract (the “Contract”) for the sale by the Authority of the Property to the Developer at a price below fair market value, and the construction of the Project by the Developer; and

WHEREAS, the amount of the proposed assistance under the Contract would constitute a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995 (the “Business Subsidy Act”); and

WHEREAS, pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”), the Authority must hold a public hearing prior to any sale of Authority property, and pursuant to the Business Subsidy Act, the Authority must hold a public hearing prior to the grant of any business subsidy exceeding \$150,000; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has determined to hold the required public hearings and consider the enlargement of the District and the terms of the business subsidy and sale of real property requested by Developer, subject to approval of the transaction by the City Council of the City.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Brainerd Economic Development Authority, that:

1. The Board directs staff and consultants to prepare (a) a modification to the Development Program for the District, enlarging the geographic boundaries of the District to include the Property; and (b) the Contract containing provisions for the conveyance to the Developer of the Property, including the terms of the proposed business subsidy and development of the Project, for consideration by the Board.

2. The Executive Director is authorized and directed to arrange for the publication of a notice of public hearing in the City's official newspaper, announcing public hearings before the Board on October 8, 2020 at approximately 7:30 a.m. at City Hall regarding the Development Program modification, the sale of the Property, and the business subsidy. The notice shall be published in the newspaper at least 10 days but not more than 30 days prior to the public hearings, and shall be in substantially the form attached as Exhibit A to this resolution.

3. The Executive Director is authorized and directed to take all other actions necessary to bring the Contract, including the terms of the business subsidy, before the Board at the time of the public hearings.

Approved by the Board of Commissioners of the Brainerd Economic Development Authority
this 17th day of September, 2020.

President

ATTEST:

Executive Director

EXHIBIT A

NOTICE OF PUBLIC HEARING

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

NOTICE OF PUBLIC HEARING

Notice is hereby given that the Board of Commissioners of the Brainerd Economic Development Authority (the “Authority”) will meet at approximately 7:30 a.m. on Thursday, October 8, 2020, at the City Council Chambers in City Hall, 501 Laurel Street, Brainerd, Minnesota, to conduct a public hearing regarding the following matters:

1. the proposed sale of certain property known as Phase IV of the Industrial Park and described as Lots 1, 7, and 8, Block 1; Lot 1, Block 2; Lot 1, Block 3; Lots 1-4, Block 4; and Lots 1-4, Block 5; all in Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota (the “Property”), currently owned by the City of Brainerd (the “City”), to the Authority for conveyance to Anderson Brothers Construction Company of Brainerd, LLC (the “Developer”). The Authority intends to convey the land to the Developer for \$1/acre in furtherance of the Authority’s goals for the economic development of the industrial park, resulting in a reduction of \$768,375 in the purchase price of the Property. A copy of all documents relating to the proposed sale of land will be on file and available for inspection at City Hall during regular business hours.

2. a proposed modification of the Development Program for the Authority’s Development District No. 2 for the purpose of enlarging the boundaries of the District to include the Property.

3. a proposed business subsidy to be granted to the Developer pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the “Business Subsidy Act”). The proposed subsidy consists of the above-described write-down in the purchase price of the Property in the amount of \$768,375, **[and the waiver of park dedication, SAC/WAC, and development permit fees in the total aggregate amount of \$106,088, for a total subsidy of \$874,463]**. Information about the proposed business subsidy, including a summary of the terms of the subsidy and a copy of the draft business subsidy agreement, is available for inspection at City Hall during regular business hours.

At the public hearing, the Board of Commissioners will meet to consider whether the sale is advisable. Any person wishing to express an opinion on the matters to be considered at the public hearing will be heard orally or in writing.

Any person with residence in the City, or the owner of taxable property in the City, may file a written complaint with the Authority if the Authority fails to comply with the Business Subsidy Act, and no action may be filed against the Authority for the failure to comply unless a written complaint is filed.

Dated: September __, 2020

/s/ Jennifer Bergman

Executive Director