

ECONOMIC DEVELOPMENT AUTHORITY

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Thursday, December 2, 2021 @ 7:30am

The public is invited to attend this meeting in person

Attend by phone: 1-844-992-4726 Meeting Access Code: 2486 998 1996

Meeting is also streamed live on YouTube: www.youtube.com/CityOfBrainerdMN

1. Call To Order

2. Roll Call

___ K. Bevans ___ M. O'Day ___ G. Johnson ___ Vacant
___ T. Bieser ___ M. Kirsch ___ W. Erickson

3. Approval/Amendment Of Agenda

4. Approval Of Minutes

Regular Meeting Held on November 4, 2021

Documents:

2021-11-04 Meeting Minutes.pdf

5. Financial Report

Documents:

EDA Financials - Dec 2 Meeting.pdf

6. Updates

- a. Executive Director
- b. HRA
- c. BLAEDC

Documents:

BLAEDC 12-2.pdf

Brainerd HRA Update Report 11-26-21.pdf

7. Old Business

8. New Business

- A. **Consideration Of Letter Of Intent From B&D Power Solutions, LLC
For The Purchase Of Lot 1, Block 2 And Lot 1, Block 3 Of The**

Industrial Park Phase IV

Documents:

B-D Power Sol LOI Agenda.pdf

- B. Consideration Of Letter Of Intent From Clough Properties, LLC For The Purchase Of Lots 7 And 8, Block 1 Of The Industrial Park Phase IV**

Documents:

updated clough item.pdf

- C. Consideration For Special Meeting**

Documents:

Consideration for Special Meeting.pdf

9. **Informational**
10. **Commissioner's Comments/Questions**
11. **Adjournment**

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

Thursday, November 4, 2021, 7:30 a.m.

City Hall Council Chambers

WebEx Teleconference Meeting

Pursuant to due call and notice thereof, President Erickson called the meeting of the Brainerd Economic Development Authority to order at 7:30 a.m.

Upon roll call Commissioners Kelly Bevans, Mike O'Day, Marie Kirsch, Toni Bieser, Gabe Johnson, and Wayne Erickson were noted as present. Also, present were City Administrator Bergman, Community Development Director Chanski, Finance Director Hillman, Eric Charpentier, HRA Director, and Tyler Glynn, BLAEDC.

Approval/Amendment of the Agenda- Approved

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO APPROVE THE AGENDA AS PRESENTED.

Approval of Minutes- Approved

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO APPROVE THE MINUTES FROM THE SEPTEMBER 2ND, 2021 MEETING.

Financial Report- Approved

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND BIESER, DULY CARRIED, TO APPROVE THE FINANCIAL REPORT AS PRESENTED.

Updates

Executive Director

Administrator Bergman stated that Region 5 was not awarded funds through the DEED grant. The Initiative Foundation had 3 applications and were not awarded any of the grants. Region 5 is still hopeful to continue pursuing the Annex building. Holiday banners are going up. The streetlight policy by the Public Works Department is in the working including types of lighting, they are working on pricing out the different types. The ARPA dollars discussion will take place in January. The Charter Commission has provided 3 charter amendments in 2021. The current amendment includes appropriations for senior programs, community action programs, and green space programs more broadly within the city limits. The Public Utilities Commission chapter is in the works.

Community Development Director Chanski stated that the Parking Commission met with the City Council to share their recommendations on parking in the downtown area. Overall, the recommendations were well received. There is a warming shelter that has an application for interim use at 1926 S. 7th St., a public hearing for the Ordinance will be held on November 15th, and a public hearing for the application will be held on

November 17th at Planning Commission. The application will then go on to City Council for final approval. The Economic Development Services RFP has gone out and will be due November 26th.

HRA Update

Eric Charpentier, HRA Director, stated that the boiler system in the NorthStar Building is nearing completion. The HRA met with a new developer that will be applying for multi-family funding request in 2022, they have a property identified and are hoping to start construction by 2023. Crow Wing County funding for rehab through the Housing Trust Fund has an applicant and is hopeful for a new project. Development is at 59 properties in Brainerd Oaks and 16 in Serene Pines to the developer. The developer is out pacing the development agreement. Warming Shelter is coming along smoothly, best case for opening is early December.

BLAEDC Update

Tyler Glynn, BLAEDC, stated that BLAEDC was celebrating 5 years of their recruitment program. This year there have been 19 direct hires, 27 spousal referrals, and conducted 14 work force presentations. BLAEDC provided \$900 to the BHS Young Entrepreneurs Class. The YMCA was not awarded the DEED Mainstreet grant for \$300,000 needed to develop a new childcare center. The grant awarded only 35% of its funds to greater Minnesota. The benefits study will be complete at the end of November. BLAEDC is facilitating Crow Wing County's handling of \$500,000 in ARPA funds to go to Childcare grants in Crow Wing County.

Old Business

Goals Status Update

Community Development Director Chanski stated the goals are at a holding pattern due to waiting for the consultants that may come forward with the RFP. Confident that goals are on track for 2022.

Comments/Questions

Commissioner Bieser commented that social media presence has been noticeable. Requests that staff look at Instagram.

Commissioner Kirsch gave an update on the Destination Downtown Brainerd Coalition (DDBC) Events. The Spooktacular Event took place and 1200 kids, and their families came to the event, the excitement was palpable. Small Business Saturday is taking place at the end of November and free activities on Saturdays for families.

Adjournment

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND KIRSCH , DULY CARRIED, TO ADJOURN THE MEETING.

The Authority adjourned at 9:15 a.m.

Secretary/Treasurer

Financial Report for EDA

As of October 31, 2021

	<u>Cash & Investments</u>	<u>Receivable Balance</u>	<u>Deferred Loans (as of 12/31/20) **</u>	<u>Awarded Grants</u>
General Funds:				
EDA Fund - #295	\$ 72,091	\$ -	\$ -	\$ -
Total	\$ 72,091	\$ -	\$ -	\$ -
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):				
Downtown - #298	\$ 49,560	\$ 22,537	\$ 497,881	\$ -
SE Brainerd - #215	44,290	-	294,046	-
NE Brainerd - #218	-	-	150,432	-
Willows Project - #209	-	-	37,500	-
Old Housing - #209	3,310	-	59,286	-
Local Income - #275	50,980	15,611	15,800	-
Total	\$ 148,140	\$ 38,148	\$ 1,054,945	\$ -
Federal & State MIF (Commerical (Jobs)):				
Commerical - #210 ^^^	\$ -	\$ 646,427	\$ -	\$ -
Federal MIF - #296	18,301	-	-	-
Total	\$ 18,301	\$ 646,427	\$ -	\$ -
Grand Total	\$ 238,532	\$ 684,575	\$ 1,054,945	\$ -

** Portion of the loan that is forgivable with the passage of time

^^^ The Receivable Balance **DOES** include the \$646,427 borrowed to pay for the industrial park land.

Fund 295 EDA FUND

GL Number	Description	PERIOD ENDED 09/30/2020	PERIOD ENDED 09/30/2021
*** Assets ***			
295-0000-10100	CASH	163,563.37	74,613.12
295-0000-10700	DELINQUENT TAX RECEIVABLE	7,330.90	7,917.80
295-0000-11500	ACCOUNTS RECEIVABLE	0.00	10,000.00
295-0000-16160	FA-LAND HELD FOR RESALE	488,252.22	488,252.22
Total Assets		659,146.49	580,783.14
*** Liabilities ***			
295-0000-20600	DEPOSITS PAYABLE	10,000.00	10,000.00
295-0000-22200	DEFERRED REVENUE	488,252.22	488,252.22
295-0000-22210	DEFERRED TAXES RECEIVABLE	5,521.89	4,344.68
Total Liabilities		503,774.11	502,596.90
*** Fund Balance ***			
295-0000-28900	FUND BALANCE/EQUITY ACCT	39,602.39	53,498.12
Total Fund Balance		39,602.39	53,498.12
Beginning Fund Balance		39,602.39	53,498.12
Net of Revenues VS Expenditures		115,769.99	24,688.12
Ending Fund Balance		155,372.38	78,186.24
Total Liabilities And Fund Balance		659,146.49	580,783.14

11/09/2021 11:00 AM
 User: chillman
 DB: Brainerd

REVENUE AND EXPENDITURE REPORT FOR CITY OF BRAINERD

Page: 1/1

PERIOD ENDING 10/31/2021

ACCOUNT DESCRIPTION	ACTIVITY FOR		YTD BALANCE	AVAILABLE	% BDGT USED
	2021 MONTH	10/31/2021	10/31/2021	BALANCE	
	AMENDED BUDGET	± (DECREASE)	± (ABNORMAL)	± (ABNORMAL)	
Fund 295 - EDA FUND					
Revenues					
Function: Unclassified					
Dept 0000					
TAXES & PENALTIES					
31010 CURRENT AD VALOREM	133,789.00	0.00	72,523.96	61,265.04	54.21
31020 DELINQUENT AD VALOREM	0.00	0.00	1,359.21	(1,359.21)	100.00
TAXES & PENALTIES	133,789.00	0.00	73,883.17	59,905.83	55.22
OTHER REVENUE					
36210 INTEREST INCOME	400.00	0.00	231.19	168.81	57.80
OTHER REVENUE	400.00	0.00	231.19	168.81	57.80
Total Dept 0000	134,189.00	0.00	74,114.36	60,074.64	55.23
Total - Function Unclassified	134,189.00	0.00	74,114.36	60,074.64	55.23
TOTAL REVENUES	134,189.00	0.00	74,114.36	60,074.64	55.23
Expenditures					
Function: Unclassified					
Dept 6510 - ECONOMIC DEVELOPMENT AUTH					
SERVICES					
43300 PROFESSIONAL SERVICES	95,000.00	2,500.00	25,163.00	69,837.00	26.49
43322 POSTAGE	0.00	0.00	16.32	(16.32)	100.00
43361 INS - GENERAL LIABILITY	150.00	22.25	112.17	37.83	74.78
43430 MISCELLANEOUS	5,500.00	0.00	6,307.00	(807.00)	114.67
43434 ECONOMIC INITIATIVES	30,000.00	0.00	15,000.00	15,000.00	50.00
43435 BOOKS/PAMPHLETS/DUES	5,350.00	0.00	5,350.00	0.00	100.00
SERVICES	136,000.00	2,522.25	51,948.49	84,051.51	38.20
Total Dept 6510 - ECONOMIC DEVELOPMENT AUTH	136,000.00	2,522.25	51,948.49	84,051.51	38.20
Total - Function Unclassified	136,000.00	2,522.25	51,948.49	84,051.51	38.20
TOTAL EXPENDITURES	136,000.00	2,522.25	51,948.49	84,051.51	38.20
Fund 295 - EDA FUND:					
TOTAL REVENUES	134,189.00	0.00	74,114.36	60,074.64	55.23
TOTAL EXPENDITURES	136,000.00	2,522.25	51,948.49	84,051.51	38.20
NET OF REVENUES & EXPENDITURES	(1,811.00)	(2,522.25)	22,165.87	(23,976.87)	1,223.96



BLAEDC Activity

The Business Retention and Expansion visits are being made by BLAEDC staff. Staff have made 32 visits to date and will continue to make visits throughout the coming months. As I mentioned the changes to the document are focused on technology assistance and needs that each business may be facing. We are receiving some great feedback as to potential needs and program ideas to assist our area businesses.

- BLAEDC's Annual Report, making this the first digital Annual Report in our 35 year history. The report can be viewed on BLAEDC's website, www.growbrainerdlakes.org
- The BLAEDC Unified did not hold a loan meeting during the month of November.
 - Unified Fund updates as of 11/30/2021
 - Outstanding loan balances - \$610,186
 - Total Funds dispersed since program inception - \$1,3160,290
 - Total Loans funded - 19
 - Total Jobs created/retained – 218
 - Loans to Brainerd businesses – 7 for a total of \$469,000
- Staff continue to work in November on updating a full database of Brainerd businesses, with the hope of completion by the end of 2021, this activity is working to ensure that all Brainerd proper businesses are represented on this list.
- Mike Bjerkness and BLAEDC is celebrating the 5 year anniversary of the BLAEDC Recruitment Program during the final week of October. During the month of November, Mike has completed 18 interviews and has successfully placed 3 new individuals in Crow Wing County, 2 for Brainerd based companies.
- BLAEDC's new website has been completed and is operational. We have updated Brainerd's community profile by adding the New Resident Packet that was created by the Marketing Intern. Website traffic for our new site is up over 33% from last year.
- The BLAEDC Youth Entrepreneur Fund has provided 2 more small loans to businesses that were established as part of the Brainerd High School Entrepreneur Class, BLAEDC staff are working with both companies to increase their marketing efforts to make their products more available to the community. This fund has also started to work with the students in the Brainerd High School Entrepreneur class to assist with their business development.
- BLAEDC completed the MN DEED Child Care Economic Development Grant on behalf of the Brainerd Family YMCA, for the daycare facility redevelopment for the property they currently have a purchase agreement in place in downtown Brainerd. This would be a project upon completion that will exceed \$1 million dollars and create over 80 new childcare slots. The maximum grant amount available with this grant is \$300,000. The allowable expenses for use with these grant funds include, business start-up or expansion, training, direct subsidies or incentives to retain employees, facility

modification or improvements required for licensing, and assistance with licensing and other regulatory requirements. BLAEDC staff have over 60 hours of work committed to this particular grant completion.

- BLAEDC's Exec Program which utilizes retired executives in our region to assist local businesses with business services has entered in to working relationship with SCORE, which provides education and mentorship to entrepreneurs. This is a free service, and they are a partner of the SBA. Tom Anderson is leading the local Brainerd Area effort, and BLAEDC will assist Tom and our Exec's in providing services to all entrepreneur's.
- BLAEDC is in the process of completing a Benefit Survey of employers in Crow Wing County that will focus on these key areas. This survey has been issued to local businesses.
 - Health Benefits Offered by Job Class (exempt, non-exempt)
 - Wellness Programs
 - Leave Benefits
 - Work Schedules
 - Employee Development
 - Performance Management
 - Performance Incentives
 - Employee Engagement

The goal with this survey is to have a detailed understanding of benefits being offered in Crow Wing County. This information will allow BLAEDC to further assist our members with information on how to attract and retain employees.

- BLAEDC has been asked to work with the County to administer the Child Care Assistance Grants. The application period began on Monday, November 1st and will conclude on Monday, December 6th. The County has allocated \$500,000 to be distributed to Start-Up or Existing child care facilities located in Crow Wing County to apply for the grants to assist with eligible expenses as defined in the ARPA act. Funding determinations will be made by Crow Wing County Commissioners. There is no cap on requests for grants. All applications will be considered as long as they meet the criteria provided in the guidelines. To date we have 13 active applications on file, 3 other applications are currently working with SBDC and First Children's Finance to establish a business plan and financial projections.

Respectfully Submitted:



Executive Director
BLAEDC

To: EDA Board of Commissioners
From: John Schommer, Rehab Coordinator
Date: October 26th, 2021
Re: Brainerd HRA Update

General Agency Update

The City and HRA had a meeting with a new developer that has some interest in a multi-family development in the 60-70 unit size. We will be meeting with the developer again in December to continue exploring their options as to a site location.

John continues to work with our potential first Housing Trust Fund client on a rehab of a roof on a home in Brainerd. We are optimistic that we will be able to fund this project by the end of the year, depending on contractor bids and their timelines.

Rehab

We currently have one home being rehabbed in SE Brainerd through our Minnesota Housing Finance Agency Rehabilitation Loan Program.

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	59	47	0	7
Serene Pines	23	16	14	0	2
Dalmar Estates	7	3	1	0	1

*Originally 83 lots, 2 have been merged/combined into a single parcel

MEMO



TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: November 27, 2021

RE: Consideration of Letter of Intent from B&D Power Solutions, LLC

On November 18th, the City of Brainerd received a Letter of Intent (LOI) from B&D Power Solutions, LLC (the Buyer) to purchase two lots of Phase IV of the Industrial Park. The Buyer seeks to purchase Lot 1, Block 2 and Lot 1, Block 3 of Phase IV (PIDs 41060509 and 41060508) at an offered price of \$65,000 per acre. With a total of roughly 2.914 acres, the total offered purchase price would be approximately \$189,410. The Buyer has submitted a \$10,000 earnest money deposit with the City of Brainerd.

The Buyer intends to use the land for crypto currency mining operations. As crypto currency mining operations require significant amounts of electrical power, the planned operations will require some 50 megawatts of power. Per Brainerd Public Utilities, the City has a current capacity of some 140 megawatts of power with a current peak of 40 megawatts.

This project will require the installation of additional power lines to be run directly from a nearby substation. The Buyer has been in active discussion with the City of Brainerd and Brainerd Public Utilities regarding the current and future availability of electrical power to the site as well as the cost of extending additional electrical infrastructure.

All undeveloped property within Phase IV of the Industrial Park is currently held by the City of Brainerd. As one of the powers made available to EDAs is the "right of reverter," staff recommends that, should the Commission recommend the sale of this land to the City Council, the Commission request the City Council to convey the land to the EDA for sale to the Buyer.

Staff estimates the current cost of the land to the City of Brainerd to be approximately \$78,287 per acres, which is comprised of the following:

- Land: \$17,100
- Infrastructure: \$38,242
- Interest on Infrastructure: \$6,884

As the current cost of the Land to the City of Brainerd is some \$13,000 per acre more than the offered price of \$65,000 per acre, staff recommends entering into negotiation with the Buyer for a cost closer to the City's actual cost.

Staff recommends that the EDA recommend to the City Council the sale of Lot 1, Block 2 and Lot 1, Block 3, Brainerd Industrial Park First Addition, Crow Wing County, Minnesota to B&D Power Solutions, LLC at a purchase price to be negotiated with the Buyer and request the City Council convey the land to the EDA for sale.

LETTER OF INTENT

Date: November 18, 2021

Seller Name:

Address:

Re: LETTER OF INTENT FOR THE PURCHASE OF PARCELS:

This Letter of Intent sets forth the terms and conditions upon which B&D Power Solutions LLC and/or his Assignee will purchase the above-referenced property. It is understood that this constitutes an expression of our intent only and that any final and binding agreement shall be subject to the preparation, negotiation and execution of definitive legal documents (hereinafter referred to as the "Purchase and Sale Agreement"). Subject to the foregoing limitations, it is our intention to enter into a Purchase and Sale Agreement that contains, among others, the following terms and conditions:

1. Purchaser: B&D Power Solutions LLC and/or his Assignee or Nominee.

2. Seller: _____

3. Property Description: 44,30,6 Lot 1 Block 2 and 44,30,6 Lot 1 Block 3 together with any and all improvements therein and all of Seller's right, title, and interest in all common areas, amenities, appurtenances, fixtures, chattels, and all personal property and the underlying fee land (collectively referred to as the "Property"). Seller shall sell Purchaser a 100% fee simple interest in the Property. Assessor's Parcel Number: 092810020010009 and 092810030010009. The seller will also ensure 50MW existing power capacity reserved for service at present and optional future power capacity extension.

4. Purchase Price/Terms: The Purchase Price of the Property shall be \$65,000/acre.

5. Purchase and Sale Agreement: Seller and Purchaser, shall in good faith, prepare and execute a mutually acceptable Purchase and Sale Agreement within fifteen (15) business days after Seller has accepted this Letter of Intent. Seller shall not accept any offer with respect to the sale of the Property during the duration of the contingencies.

6. Other Conditions: Conditions precedent to closing this transaction shall include:

A. Due Diligence Period: The satisfactory approval of Purchaser's inspection of all aspects of the Property during an investigation period of 30 (thirty) days (the "Due Diligence Period"), which will commence on receipt of all of the due diligence materials ("Due Diligence Information") shown on the attached Exhibit A. Within ten (10) business days after the execution of the Purchase and Sale Agreement, Seller shall make available to Purchaser the Due Diligence Information. Review and acceptance of Due Diligence Information is subject to the approval of Purchaser, in its sole and absolute discretion.

B. Title/Survey: Seller, at Seller's expense, shall cause the title company _____ to issue a preliminary title report (the "Title Report"), accompanied by legible copies of all recorded documents relating to easement, right-of-way, and all other matters of record affecting the Property. Seller, at Seller's expense, shall cause to be delivered a current ALTA plat of survey of the Property, prepared by a duly licensed land surveyor acceptable to the Purchaser and the Title Company ("the Survey"). The Title Report and Survey shall be updated by Seller within _____ () days of closing to the satisfaction of the Purchaser.

C. Deposits/Closing: An earnest money deposit of ten thousand dollars (\$10,000) to be held for the benefit of the Seller and applicable to the Purchase Price. The deposit will become nonrefundable only: (1) following Purchaser's satisfactory review of the Due Diligence Information; and (2) upon delivery of title and survey to Purchaser's approval. Closing shall occur within _____ () days following the end of the Due Diligence Period.

7. Conveyance and Encumbrances: The property shall be conveyed by recordable grant deed, free and clear of all liens and encumbrances, excluding: (a) real estate taxes, which shall be the obligation of the Seller until date of closing and subject to pro-ratio; and (b) such liens and encumbrances as Purchaser elects to have remain against the Property.

8. Closing Costs: Seller shall pay the costs of ALTA title insurance, transfer or sales taxes, and any title curative work it elects to undertake. Purchaser shall pay recording fees, extended title insurance costs and all costs in connection with the physical inspection, accounting audit and other investigations made in connection with Purchaser's due diligence review.

The Purchaser and Seller shall each pay for their respective attorney fees and out-of-pocket expenses. All escrow fees shall be paid equally by Purchaser and Seller, except as otherwise provided in the Purchase and Sale Agreement.

9. ADA: Please be advised that an owner or tenant of real property may be subject to the Americans With Disabilities Act (the ADA), a Federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to your Property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992. The regulations under Title III of the ADA are codified at 28 CFR Part 36. We recommend you review the ADA and regulations.

10. Hazardous Materials: Owner agrees to disclose to Broker and to prospective purchasers and tenants any and all information which Owner has regarding present and future zoning and environmental matters affecting the Property and regarding the condition of the Property including, but not limited to, structural, mechanical and soils conditions, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks, in, on, or about the Property. Broker is authorized to disclose any such information to prospective purchasers or tenants.

11. Representation and Warranties: The Purchase and Sale Agreement shall contain such covenants, agreements, representations and warranties as Seller and Purchaser may agree upon, including but not limited to Hazardous Materials; Mold, Mildew and Fungus, etc.

12. Assignment: Purchaser shall have the right, after giving written notice to Seller, to assign its rights under this Letter of Intent and the Purchase and Sale Agreement to any entity controlled by, or under common control of, Purchaser.

This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may propose different terms from those summarized herein, or unilaterally terminate all negotiations with the other party hereto.

It is understood that the foregoing outline is not a binding agreement. Furthermore, it is understood that the purpose of this outline is to work toward acceptable terms by which to draft a Purchase and Sale Agreement which will be mutually acceptable to both parties. If the above terms are acceptable to Seller, please so indicate by executing below and returning the enclosed copy by the close of business _____.

Sincerely,

AGREED AND ACCEPTED:

PURCHASER:

By: B&D Power Solutions LLC and/or his Assignee

Name: Brian Bian

Date: 11/18/2021

A handwritten signature in black ink, appearing to be 'Brian Bian', written over the date.

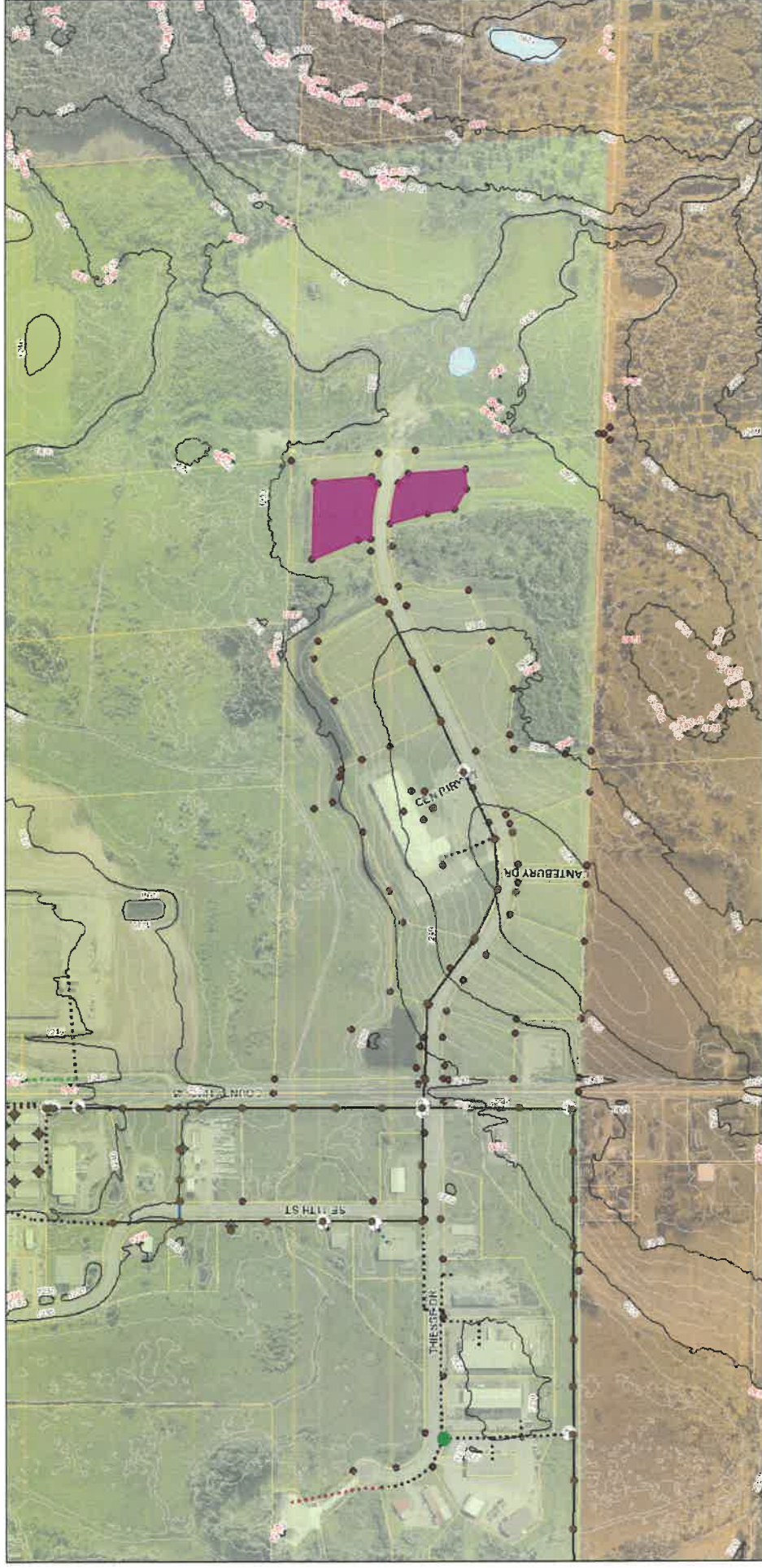
SELLER:

By: _____

Name: _____

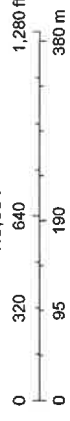
Date: _____

Lots



November 18, 2021

1:5,001



Parcel Report

Tools	Parcel Number Acres	Owner Name Township	Owner Address 1 Physical Address	Owner Address 2 Physical City	Owner Address 3 Classification	Township, Range, Section Tax Legal Description
	092810020010009 1. 702079000000000	CITY OF BRAINERD CITY OF BRAINERD	CITY ADMINISTRATOR- CITY HALL 1911 THIESSE DR	501 LAUREL ST BRAINERD	BRAINERD, MN 56401 958	44, 30,6 LOT 1 BLOCK 2
	092810030010009 1. 214116830000000	CITY OF BRAINERD CITY OF BRAINERD	CITY ADMINISTRATOR- CITY HALL 1918 THIESSE DR	501 LAUREL ST BRAINERD	BRAINERD, MN 56401 958	44, 30,6 LOT 1 BLOCK 3

Proposed Feeder 50mW



November 18, 2021



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

Date: 11/27/2021 Time: 10:14:30 AM



MEMO



TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: November 27, 2021

RE: Consideration of Letter of Intent from Clough Properties, LLC

On November 24th, the City of Brainerd received a Letter of Intent (LOI) from Clough Properties, LLC (the Buyer) to purchase two lots of Phase IV of the Industrial Park. The Buyer seeks to purchase Lots 7 & 8, Block 1 of Phase IV (PIDs 41060511 and 41060510) at an offered price of \$260,000. At a total of 4.675 acres, the offered price comes out to \$55,614.97 per acre.

The Buyer intends to use the land for two purposes, both business expansion endeavors. One lot will be used to expand the Buyer's Just for Kix and The Teehive operations. Both operations historically were conducted in Brainerd before they were moved to Baxter. The other lot will be used to expand the Buyer's crypto currency mining operations that it currently conducts out of their Baxter location.

The Buyer lists one contingency in the LOI. As crypto currency mining operations require significant amounts of electrical power, the Buyer has listed immediate access of 10 megawatts of power upon completion of their building project with an additional 10 megawatts of power be made available no later than December 31, 2022. Per Brainerd Public Utilities, the City has a current capacity of some 140 megawatts of power with a current peak of 40 megawatts.

The Buyer has been in active discussion with the City of Brainerd and Brainerd Public Utilities regarding the current and future availability of electrical power to the site.

All undeveloped property within Phase IV of the Industrial Park is currently held by the City of Brainerd. As one of the powers made available to EDAs is the "right of reverter," staff recommends that, should the Commission recommend the sale of this land to the City Council, the Commission request the City Council to convey the land to the EDA for sale to the Buyer.

Staff estimates the current cost of the land to the City of Brainerd to be approximately \$78,287 per acres, which is comprised of the following:

- Land: \$17,100
- Infrastructure: \$38,242
- Interest on Infrastructure: \$6,884

As the current cost of the Land to the City of Brainerd is some \$23,000 per acre more than the offered price of \$55,614.97 per acre, staff recommends entering into negotiation with the Buyer for a cost closer to the City's actual cost.

Staff recommends that the EDA recommend to the City Council the sale of Lots 7 & 8, Block 1, Brainerd Industrial Park First Addition, Crow Wing County, Minnesota to Clough Properties, LLC at a purchase price to be negotiated with the Buyer and request the City Council convey the land to the EDA for sale.

INTENT TO PURCHASE COMMERCIAL PROPERTY

Effective Date: November 24 2021

RE: Intent to Purchase Commercial Real Estate

I. THE PARTIES. This real estate letter of intent ("Letter of Intent") represents the basic terms for an agreement between a Buyer and Seller. After this Letter of Intent has been made, a formal agreement may be constructed to the benefit of the Parties involved.

Seller: A business entity known as City Of Brainerd with a mailing address of 501 Laurel St, Brainerd, Minnesota, 56401 ("Seller"),

Buyer: A business entity known as Clough Properties, LLC with a mailing address of 5972 Ojibwa Rd, Brainerd, Minnesota, 56401 ("Buyer").

II. THE PROPERTY. Lot 7 & Lot 8, Block 1, Brainerd Industrial Park First Addition to Brainerd, Brainerd, Minnesota, 56401 (the "Property").

Additional Description: PPID 41060511, PPID 41060510

The Property is described as being for a commercial purpose with the following description:

Land Area: 4.675 Acres (AC)

Building Square Feet: N/A

III. PURCHASE TERMS. The Buyer intends to purchase the Property for \$260,000.00.

a.) Bank Financing. The Buyer has made it known that their ability to pay the Purchase Price is not contingent on obtaining financing from a third (3rd) party.

b.) Closing Date. The Parties have not agreed to when the Buyer must close on the Property. This last day the Buyer may be able to close on the Property shall be negotiated between the parties and entered into any future agreement.

c.) Closing Costs. All costs associated with the Closing shall be the responsibility of both Parties equally.

d.) Inspection Period. The Buyer shall have a contingency period to conduct their due diligence and review property disclosures. This contingency period shall be for a period of 30 days.

e.) Formal Agreement. This Letter of Intent shall be converted to a formal agreement within a reasonable time period after this Letter of Intent is signed by all Parties.

f.) Binding Effect. This Letter of Intent shall be considered not legally binding between the Parties.

IV. ADDITIONAL TERMS. The purchase of this land is contingent upon Clough Properties having access to 10MW of power upon completion of the building project. Additionally, this purchase is contingent upon an additional 10MW of power available no later than 12/31/2022. We also request any and all MW available at that property to be available to us.

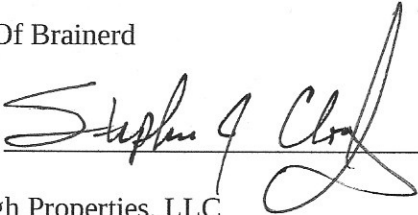
V. CURRENCY. All mentions of currency or the usage of the "\$" icon shall be known as referring to the US Dollar.

VI. GOVERNING LAW. This Letter of Intent shall be governed under the laws where the Property is located.

VII. ACCEPTANCE. If you are agreeable to the aforementioned terms, please sign and return a duplicate copy of this Letter of Intent by no later than November 29 2021.

Seller Signature: _____ **Date:** _____

Print Name: City Of Brainerd

Buyer Signature:  _____ **Date:** 11/24/21

Print Name: Clough Properties, LLC

To the EDA, City Council, and Brainerd Public Utilities,

Wow, what a week. Since I last sent you a letter we have been meeting non-stop with investors, HVAC contractors, building contractors, electrical contractors and this goes on and on.

We are now prepared to submit the following proposal:

Just For Krypto, LLC is prepared to purchase 4 lots (see attached Letter Of Intent) at the purchase price of \$500,000.00. We are offering an additional \$500,000 to BPU to cover the cost of getting the power to our lots. We are offering a donation of \$600,000 to complete the renovation of The Historic Water Tower in Brainerd. We are committing to 60MW of power. We are committing to substantial future investments in the city of Brainerd to be determined at a future date, and we are committing to creating numerous local jobs, in beautiful buildings built with 100% local labor.

We are looking forward to this project and working closely with The City and The EDA for years to come.

We very much look forward to the opportunity to speak at the meeting tomorrow, thank you for your consideration.

Ian Ulrich

On behalf of Just For Krypto, a Just For Kix Company.

INTENT TO PURCHASE COMMERCIAL PROPERTY

Effective Date: December 1 2021

RE: Intent to Purchase Commercial Real Estate

I. THE PARTIES. This real estate letter of intent ("Letter of Intent") represents the basic terms for an agreement between a Buyer and Seller. After this Letter of Intent has been made, a formal agreement may be constructed to the benefit of the Parties involved.

Seller: A business entity known as City Of Brainerd with a mailing address of 501 Laurel St, Brainerd, Minnesota, 56401 ("Seller"),

Buyer: A business entity known as Clough Properties, LLC with a mailing address of 5972 Ojibwa Rd, Brainerd, Minnesota, 56401 ("Buyer").

II. THE PROPERTY. Lot 7 Block 1, Lot 8 Block 1, Lot 1 Block 2, Lot 1 Block 3, Brainerd Industrial Park First Addition to Brainerd, Brainerd, Minnesota, 56401 (the "Property").

Additional Description: PPID 41060511, PPID 41060510, PPID 41060509, PPID 41060508
The Property is described as being for a commercial purpose with the following description:

Land Area: 7.585 Acres (AC)

Building Square Feet: N/A

III. PURCHASE TERMS. The Buyer intends to purchase the Property for \$500,000.00.

a.) Bank Financing. The Buyer has made it known that their ability to pay the Purchase Price is not contingent on obtaining financing from a third (3rd) party.

b.) Closing Date. The Parties have not agreed to when the Buyer must close on the Property. This last day the Buyer may be able to close on the Property shall be negotiated between the parties and entered into any future agreement.

c.) Closing Costs. All costs associated with the Closing shall be the responsibility of the Buyer.

d.) Inspection Period. The Buyer shall not have a contingency period. All reports, inspections, and any other due diligence must have been conducted prior to the signing of this Letter of Intent.

e.) Formal Agreement. This Letter of Intent shall be converted to a formal agreement within a reasonable time period after this Letter of Intent is signed by all Parties.

f.) Binding Effect. This Letter of Intent shall be considered not legally binding between the Parties.

IV. ADDITIONAL TERMS. The purchase of this land is contingent upon Clough Properties having access to 60MW of power upon completion of the building project.

V. CURRENCY. All mentions of currency or the usage of the "\$" icon shall be known as referring to the US Dollar.

VI. GOVERNING LAW. This Letter of Intent shall be governed under the laws where the Property is located.

VII. ACCEPTANCE. If you are agreeable to the aforementioned terms, please sign and return a duplicate copy of this Letter of Intent by no later than December 10 2021.

Seller Signature: _____ **Date:** _____

Print Name: City Of Brainerd

Buyer Signature: _____ **Date:** _____

Print Name: Clough Properties, LLC

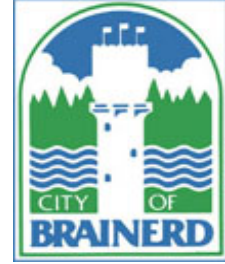


These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

Date: 11/27/2021 Time: 10:12:50 AM



MEMO



TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: November 27, 2021

RE: Consideration for Special Meeting

Due to the significant number of matters needing the attention of the EDA, staff is requesting that the EDA call a special meeting for December 9th at either 7:30am or 5:30pm. Items to be discussed during this special meeting are:

- EDA RFP Proposals
- 2022 Budget
- Negotiations for the Purchase of Industrial Park Property