ECONOMIC DEVELOPMENT AUTHORITY

City of Brainerd, Minnesota

City Hall, 501 Laurel Street, Council Chambers

Thursday, February 3, 2022 @ 7:30am

The public is invited to attend this meeting in person

Attend by phone: 1-844-992-4726   Meeting Access Code: 2480 329 8785

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

1. **Call To Order**

2. **Roll Call**

   ___ K. Bevans   ___ T. Bieser   ___ M. Kirsch

   ___ M. O'Day   ___ G. Johnson   ___ Vacant   ___ Vacant

3. **Approval/Amendment Of Agenda**

4. **Approval Of Minutes**

   Regular Meeting Held on January 6, 2022

   Documents:

   2022-01-06 EDA Meeting Minutes.pdf

5. **Financial Report**

   Documents:

   EDA Financials - February 2022.pdf

6. **Updates**

   a. Executive Director

   b. HRA

   Documents:

   Brainerd HRA Update Report 1-27-22.pdf

7. **Old Business**

   A. **Consideration Of Industrial Park Land Sale To B&D Power Solutions, LLC**

Documents:

Consideration of Industrial Park Land Sale to B and D Power Solutions, LLC.pdf

B. **Approval Of Economic Development Consulting Services Contracts**

Documents:

Approval of Economic Development Consulting Services Contracts.pdf

8. **New Business**

A. **Consideration Of Application For Public Financing By Country Manor**

Documents:

Consideration of Application for Public Financing by Country Manor.pdf

9. **Informational**

10. **Commissioner's Comments/Questions**

11. **Adjourn**

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY
Thursday, January 6th, 2022, 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 Mike O'Day, Marie Kirsch, Toni Bieser, Gabe Johnson, Kelly Bevans, and Wayne Erickson were noted as present. Also, present were City Administrator Bergman, Community Development Director Chanski, Finance Director Hillman, Superintendent BPU Magnuson, Finance Director BPU Wicklund, Operation Manager BPU Hawkinson, Eric Charpentier, HRA Director, and Tyler Glynn, BLAEDC.

Approval/Amendment of the Agenda- Approved

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

Election of Officers

Commissioner O'Day nominated Commissioner Johnson to serve as president.

Commissioners Bevans, Bieser, Erickson, Kirsch, and O'Day voted "aye". No Commissioner voted "nay". The Chair declared the nomination carried.

Commissioner Bevans nominated Commissioner Bieser to serve as vice president.

Commissioners Bevans, Erickson, Johnson, Kirsch, and O'Day voted "aye". No Commissioner voted "nay". The Chair declared the nomination carried.

Commissioner Bevans nominated Commissioner Kirsch to serve as secretary/ treasurer.

Commissioners Bevans, Bieser, Erickson, Johnson, and O'Day voted "aye". No Commissioner voted "nay". The Chair declared the nomination carried.

Approval of Minutes

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND ERICKSON, DULY CARRIED, TO APPROVE THE MINUTES FROM REGULAR MEETING HELD DECEMBER 2ND, 2021 AND THE SPECIAL MEETING HELD DECEMBER 9TH, 2021.

Financial Report

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND KIRSCH TO APPROVE THE FINANCIAL REPORT.

Updates

Executive Director

Executive Director Bergman stated that the City Council adopted the 2022 levies and budgets. She gave a shoutout to the Street Department for their hard work clearing the snow so far this season. Finally, she thanked the employee wellness committee for their community projects “Be a Santa to a Senior” and “Operation Sandwich” in December supporting wellness throughout the City.

Community Development Director Chanksi stated that the City has received an application for a general concept review for a supportive housing development submitted by Vickie Kinney. The development would support small cottages, it will go before the Planning Commission on January 19th at 6:00 pm. The Planning Commission will make a recommendation to the City Council after this meeting. Ms. Kinney has requested a public hearing.

HRA

Eric Charpentier, HRA Director, stated that the developer of Serene Pines, Dalmar Estates, and Brainerd Oaks has 13 properties in construction currently. The tax forfeited lot in Serene Pines is in process to be conveyed to the HRA Board. The warming shelter did open in December. There have been 33 overnight stays, from 9 individuals. The busiest night has been 5 individuals.

John Schommer, HRA Rehab Coordinator, stated that the Housing Trust Fund has a project out for bid on a roof.

BLAEDC

Tyler Glynn, BLAEDC, stated that their youth entrepreneurship has provided 2 more small business loans to the Brainerd High School Entrepreneur Class and is in process of getting an investment club to BHS. The childcare development grant that BLAEDC assisted the YMCA to apply for through MN DEED received $140,000. The benefits study results will be out in the next months. The childcare assistance grant through Crow Wing County had 29 applicants, of these 11 are in the City of Brainerd. Finally, BLAEDC has entered into a contractual agreement with the North Central Small Business Development Center to become a satellite location as a way for Brainerd businesses to have access to their resources.

Commission discussion took place in regard to the satisfaction of the 2021 Services Agreement with BLAEDC. Guidance was given to BLAEDC on the continuation of the agreement.

Old Business

Consideration of Proposals for Economic Development Consulting Services

Executive Director Bergman stated that there were ten RFPs submitted for consulting services. A subcommittee was formed to review the proposals, composed of Commissioner's O'Day, Bieser, and Johnson. After the December 9th meeting, Commissioner Johnson did not participate in the subcommittee due to a potential conflict of interest. The subcommittee recommends:

Marketing: Visit Brainerd
Funding: No recommendation
Property Marketing & Development: Swanson Haskamp Consulting
Business Retention & Recruitment: BLAEDC
Business Resources: BLAEDC
River to Rail Representation: No recommendation
Main Street Programming: DDBC
Miscellaneous: No recommendation
EDA Administration: City of Brainerd

Commission discussion took place.

Commissioner Bieser stated that she was in favor of using BLAEDC for services because the organization is already providing services, but there will be more guidance from the EDA going forward.

Commissioner Johnson stated that he will abstain from the vote due to conflict of interest. He also stated that at some level the City should participate with BLAEDC.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY TO ALLOCATE EDA FUNDS FOR ECONOMIC DEVELOPMENT CONSULTING SERVICES AS PRESENTED, COMBINING SERVICES FOR BLAEDC.

Commissioners Bevans, Bieser, Erickson, Kirsch, and O'Day voted "aye". No member voted "nay". Commissioner Johnson abstained from voting.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO CREATE CONTRACT LANGUAGE, TERMS, AND CONDITIONS.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND BIESER, DULY CARRIED, TO AMEND THE 2022 EDA BUDGET TO INCLUDE THE USE OF FUND BALANCE TO COVER THE ESTIMATED BUDGET DEFICIT.

Industrial Park Land Sale Update and Consideration for Special Meeting

Community Development Director Chanski stated that B&D Power Solutions is still reviewing the Purchase and Development Agreement (PDA), the public hearing originally scheduled for the meeting, will be held over to a future meeting when B&D Power has submitted correspondence in reply to the PDA. Clough Properties informed staff on December 20th, that they are in the process of purchasing an existing building in the industrial park and, therefore, will no longer be pursuing the purchase of land within Phase IV.

Commissioner Johnson requested that staff get the Clough's statement of withdrawal from their Attorney.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO CONTINUE THE PUBLIC HEARING FOR B&D POWER SOLUTIONS LAND SALE TO THE FEBRUARY 3RD EDA MEETING.

Commissioner Comments/Questions

Commissioner Bevans thanked Commissioner Erickson for serving as the Chair for the EDA. Citizens are needed for commissions. Finally, there was an article in the Brainerd Dispatch from the perspective of those who have gone to work every day during the pandemic, he stated that 25% of work force has walked from the workforce to receive federal money. He would like to see as a follow up how elected officials believe that paying people not to work will solve any problems in Brainerd, MN.

Commissioner Erickson thanked the commission for the opportunity to serve, he has been very impressed with the work in the last year in the EDA.

Commissioner Johnson thanked Commissioner Erickson for his positivity as Chair of the Commission in the last year.

Adjourn

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND ERICKSON, DULY CARRIED, TO ADJOURN THE EDA MEETING.

The Authority adjourned at 8:43 a.m.

____
Secretary/Treasurer

Financial Report for EDA

As of December 31, 2021

	Cash & Investments	Receivable Balance	Deferred Loans (as of 12/31/20) **	Awarded Grants
General Funds:				
EDA Fund - #295	$ 107,378	$ -	$ -	$ -
Total	**$ 107,378**	**$ -**	**$ -**	**$ -**
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):				
Downtown - #298	$ 49,980	$ 22,213	$ 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	51,253	15,416	15,800	-
Total	**$ 148,833**	**$ 37,629**	**$ 1,054,945**	**$ -**
Federal & State MIF (Commerical (Jobs)):				
Commerical - #210 ^^^	$ -	$ 646,427	$ -	$ -
Federal MIF - #296	18,301	-	-	-
Total	**$ 18,301**	**$ 646,427**	**$ -**	**$ -**
Grand Total	**$ 274,512**	**$ 684,056**	**$ 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	Balance
*** Assets ***		
295-0000-10100	CASH	107,378.24
295-0000-10700	DELINQUENT TAX RECEIVABLE	7,917.80
295-0000-11500	ACCOUNTS RECEIVABLE	10,000.00
295-0000-15510	PREPAID OTHER	14.83
295-0000-16160	FA-LAND HELD FOR RESALE	488,252.22
Total Assets		**613,563.09**
*** Liabilities ***		
295-0000-20200	ACCOUNTS PAYABLE	60.60
295-0000-20600	DEPOSITS PAYABLE	19,118.00
295-0000-22200	DEFERRED REVENUE	488,252.22
295-0000-22210	DEFERRED TAXES RECEIVABLE	4,344.68
Total Liabilities		**511,775.50**
*** Fund Balance ***		
295-0000-28900	FUND BALANCE/EQUITY ACCT	53,498.12
Total Fund Balance		**53,498.12**
Beginning Fund Balance		**53,498.12**
Net of Revenues VS Expenditures		**48,289.47**
Ending Fund Balance		**101,787.59**
Total Liabilities And Fund Balance		**613,563.09**

ACCOUNT DESCRIPTION	2021 AMENDED BUDGET	ACTIVITY FOR)NTH 12/31/2021 :ASE (DECREASE)	YTD BALANCE 12/31/2021 RMAL (ABNORMAL)	AVAILABLE BALANCE RMAL (ABNORMAL)	% BDGT USED
Fund 295 - EDA FUND					
Revenues					
Function: Unclassified					
Dept 0000					
TAXES & PENALTIES					
31010 CURRENT AD VALOREM	133,789.00	61,344.90	133,868.86	(79.86)	100.06
31020 DELINQUENT AD VALOREM	0.00	76.47	1,435.68	(1,435.68)	100.00
TAXES & PENALTIES	133,789.00	61,421.37	135,304.54	(1,515.54)	101.13
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	61,421.37	135,535.73	(1,346.73)	101.00
Total - Function Unclassified	134,189.00	61,421.37	135,535.73	(1,346.73)	101.00
TOTAL REVENUES	134,189.00	61,421.37	135,535.73	(1,346.73)	101.00
Expenditures					
Function: Unclassified					
Dept 6510 - ECONOMIC DEVELOPMENT AUTH					
SERVICES					
43300 PROFESSIONAL SERVICES	95,000.00	32,752.00	60,415.00	34,585.00	63.59
43322 POSTAGE	0.00	0.00	16.32	(16.32)	100.00
43350 PRINTING/LEGAL PUBLICATION	0.00	60.60	60.60	(60.60)	100.00
43361 INS - GENERAL LIABILITY	150.00	0.00	97.34	52.66	64.89
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	32,812.60	87,246.26	48,753.74	64.15
Total Dept 6510 - ECONOMIC DEVELOPMENT AUTH	136,000.00	32,812.60	87,246.26	48,753.74	64.15
Total - Function Unclassified	136,000.00	32,812.60	87,246.26	48,753.74	64.15
TOTAL EXPENDITURES	136,000.00	32,812.60	87,246.26	48,753.74	64.15
Fund 295 - EDA FUND:					
TOTAL REVENUES	134,189.00	61,421.37	135,535.73	(1,346.73)	101.00
TOTAL EXPENDITURES	136,000.00	32,812.60	87,246.26	48,753.74	64.15
NET OF REVENUES & EXPENDITURES	(1,811.00)	28,608.77	48,289.47	(50,100.47)	2,666.45

To:	EDA Board of Commissioners
From:	Eric Charpentier, Executive Director
Date:	January 27th, 2022
Re:	Brainerd HRA Update

General Agency Update

The City and HRA continue to have dialogue with the developer that wanted to redevelop property at the corner of Laurel and 8th Street. While there is no set timeline for a redevelopment project at this time, we are hopeful that the project will move forward in some form. We will be looking into grant availability through MN Housing and plan on having another follow up meeting with the developer soon.

I will be attending a number of training sessions for TIF and Tax abatement at the Ehlers' public finance seminar on February 3rd and 4th. This is a yearly conference that offers training on public finance options as well as a chance to network with other public sector individuals throughout the state. This will be my first time attending this conference and I am looking forward to learning more about the complex world of TIF and Tax Abatement as these are important programs and tools to have at our disposal.

Rehab

We are working on replacing the roof for one homeowner in the city of Brainerd through the Crow Wing County Housing Trust Fund. We have one MHFA loan in the application phase for a homeowner in south Brainerd.

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	9
Serene Pines	23	16	14	0	1
Dalmar Estates	7	3	1	0	2

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

M E M O

TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: January 27, 2022

RE: Consideration of Industrial Park Land Sale to B&D Power Solutions, LLC

On December 9, 2021, the EDA authorized staff to enter into negotiations for the sale of industrial park land to B&D Power Solutions, LLC. Additionally, the EDA adopted a resolution calling for a public hearing for said land sale as required by state statute.

A draft Purchase & Development Agreement (PDA) was developed and sent to B&D Power Solutions for their review on Thursday, December 23. As staff had not received correspondence from B&D Power Solution accepting, denying, or requesting modifications to the PDA, the EDA continued the public hearing on January 6 to February 3. However, staff has still not received a signed PDA. Therefore, the public hearing for this land sale cannot occur as statute requires a PDA be accepted and made publicly available prior to the public hearing and subsequent vote to formally sell the land be conducted.

Staff recommends formally tabling the sale of industrial park land to B&D Power Solutions, LLC until a signed PDA is in place at which time staff will issue a new notice of public hearing, which will be scheduled for the next available EDA meeting.

MEMO

TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: January 28, 2022

RE: Approval of Economic Development Consulting Services Contracts

Shared Services Agreements

On January 6, the EDA approved the following economic development consulting proposals:

Service Area	Organization	Proposed Cost
Marketing	Visit Brainerd	$35,250
Property Marketing & Development	Swanson Haskamp Consulting	$31,900
Main Street Programming	DDBC	$23,350
Miscellaneous	BLAEDC	$35,000
EDA Administration	City of Brainerd	$15,000
Grand Total		$140,500

Also on January 6, the EDA appointed a subcommittee of Commissioners O'Day, Johnson, and Bieser to work with staff to develop shared services agreements with these entities. Agreements were drafted and signed agreements for approval by the EDA have been received from the DDBC, Swanson Haskamp Consulting, Visit Brainerd, and the City of Brainerd.

Staff is looking for a motion to approve the attached agreements with Visit Brainerd, Swanson Haskamp Consulting, the Destination Downtown Business Coalition, and the City of Brainerd.

Report Forms

Each of the consultant contracts requires the consultant to submit a report by the 25th of each month demonstrating execution of their contract's scope of services in order for payment to be made that month. The agreements also state that reports are to be delivered in the form provided by the EDA.

Attached are draft report forms for each consultant. Staff is seeking comment and approval of the attached forms, which will then be provided to the consultants.

SHARED SERVICES AGREEMENT

This agreement is entered into this ____ day of ____________, 2022; between Visit Brainerd, a non-profit organization, and the Brainerd Economic Development Authority (EDA), a public body, corporate and politic.

WHEREAS, the EDA issued a Request for Proposals (RFP) for economic development consulting services; and

WHEREAS, the EDA has selected Visit Brainerd to develop and implement marketing, advertising, and communications plans that promote the City of Brainerd as the ideal place to live, work, start or relocated a business, and shop.

NOW, THEREFORE, IT IS HEREBY AGREED THAT:

I. Scope of Service

On behalf of the EDA, Visit Brainerd will provide the following services, consistent with State law and the directives of the EDA:

a. Develop and implement an advertising campaign focused on recruiting workers to find employment with business located within the corporate limits of the City of Brainerd;
b. Develop and implement an advertising campaign focused on recruiting entrepreneurs, developers, investors and the like to start a business within the corporate limits of the City of Brainerd;
c. Develop and implement an advertising campaign focused on recruiting existing businesses outside of Brainerd to relocate to areas within the corporate limits of the City of Brainerd;
d. Develop and implement a summer advertising campaign designed to draw locals, seasonal/second homeowners, and visitors to shop at businesses located within the corporate limits of the City of Brainerd; and,
e. Develop and implement a winter advertising campaign designed to draw locals, seasonal/second homeowners, and visitors to shop at businesses located within the corporate limits of the City of Brainerd.
f. Participate in quarterly roundtable discussions with City of Brainerd staff and all other consultants providing services to the EDA; and,
g. Attend the regular meeting of the EDA no less than 4 times during the duration of this contract.

II. Compensation

In consideration for the services rendered by the City, the EDA shall compensate Visit Brainerd $35,250 annually, to be paid in monthly installments on the 15th of each month.

Monthly reports demonstrating execution of each service identified in the Scope of Services shall be delivered to the EDA by the 25th of each month prior to payments being made. Monthly reports shall be delivered in the format provided by the EDA.

III. Term

The term of this agreement shall be for a period of one year commencing on the 3rd day of February 2022 and terminating on the 31st day of December 2022 and may be extended in one-year increments through mutual agreement by the EDA and Visit Brainerd. The EDA shall determine whether to extend this contract no later than December 15 of the contract year. Either party may terminate this agreement for any reason prior to the listed expiration date upon 30-day advance written notice. In the event either party terminates this agreement before its expiration any fees owed to Visit Brainerd will be prorated through the last day of the 30-day termination period.

IV. Indemnification

To the fullest extent permitted by law, Visit Brainerd agrees to defend, indemnify and hold harmless the EDA, and its employees, officials, and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of Visit Brainerd's negligence or Visit Brainerd's failure to perform its obligations under this Agreement.

V. Compliance with Laws

The EDA and Visit Brainerd shall abide by all Federal, State or local laws, statutes, ordinances, rules and regulations now in effect, or hereafter adopted, pertaining to this Agreement or the subject matter of this Agreement. This Agreement shall be governed by and construed in accordance with the substantive and procedural laws of the State of Minnesota without giving effect to the principles of conflict of laws. All proceedings related to this Agreement shall be venued in the County of Crow Wing, State of Minnesota.

VI. Independent Contractor Status

Visit Brainerd is an independent Contractor and nothing herein contained shall be construed to create the relationship of an employer and employee between EDA and Visit Brainerd employees. Visit Brainerd shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services. Visit Brainerd also acknowledges and agrees that no withholding or deduction for State or Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due Visit Brainerd and that it is the Visit Brainerd's sole obligation to comply with applicable provisions of all Federal and State tax laws.

VII. Authorized Representative

Notification required to be provided pursuant to this Agreement shall be provided to the following named persons and addresses unless otherwise stated in this Agreement or in a modification of this Agreement.

Visit Brainerd	*Brainerd EDA*
Executive Director	Chair
Mary Devine Johnson	Gabe Johnson
706 Laurel St.	501 Laurel Street
Brainerd, MN 56401	Brainerd, MN 56401

VIII. Severability

The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid, or unenforceable such rendering shall not affect the validity and enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Agreement with respect to either party.

IX. Modifications

The EDA and the Visit Brainerd hereby acknowledge that they have read this Agreement and affirmatively states and represents that they understand its contents. Further, that the above constitutes the entire agreement by and between the EDA and Visit Brainerd and is binding upon themselves, their heirs, assigns and successors in interest and any alterations, variations, modifications or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing and signed by the authorized representatives of the EDA and Visit Brainerd.

Approved this the ___ day of _______________ 2022.

Brainerd Economic Development Authority

By: ________________________
GABE JOHNSON
CHAIR

Visit Brainerd

By: ________________________ 1/28/22
CHAIR, VISIT BRAINERD BOARD

SHARED SERVICES AGREEMENT

This agreement is entered into this ____ day of ____________, 2022; between Brainerd Restoration (dba Destination Downtown Business Coalition), a non-profit organization, and the Brainerd Economic Development Authority (EDA), a public body, corporate and politic.

WHEREAS, the EDA issued a Request for Proposals (RFP) for economic development consulting services; and

WHEREAS, the EDA has selected the Destination Downtown Business Coalition (DDBC) to work with downtown Brainerd and Highway 210 business owners and property owners within City of Brainerd corporate limits to develop and implement a robust main street program.

NOW, THEREFORE, IT IS HEREBY AGREED THAT:

I. Scope of Service

On behalf of the EDA, the Destination Downtown Business Coalition will provide the following services, consistent with State law and the directives of the EDA:

a. Coordinate a main street job fair where job seekers can pick-up employment applications, apply on-site for job opportunities, and have on-site interviews with participating employers;
b. Produce and distribute promotional videos featuring local business owners on a monthly basis;
c. Conduct 4 classes designed to provide instruction in areas of business operations unique to small and start-up businesses;
d. Develop a podcast and publish 12 episodes designed to educated small businesses and further build the Brainerd business brand that Brainerd is a great city to own and operate a business in;
e. Coordinate 4 business owners socials; and,
f. Apply for and obtain membership in the Main Street America program through the National Main Street Center on behalf of the EDA and the City of Brainerd.
g. Participate in quarterly roundtable discussions with City of Brainerd staff and all other consultants providing services to the EDA.

II. Compensation

In consideration for the services rendered by the City, the EDA shall compensate the Destination Downtown Business Coalition $23,350 annually, to be paid in monthly installments on the 15th of each month, February through December.

Monthly reports demonstrating execution of each service identified in the Scope of Services shall be delivered to the EDA by the 25th of each month prior to payments being made. Monthly reports shall be delivered in the format provided by the EDA.

III. Term

The term of this agreement shall be for a period of one year commencing on the 3rd day of February 2022 and terminating on the 31st day of December 2022 and may be extended in one-year increments through mutual agreement by the EDA and the Destination Downtown Business Coalition. The EDA shall determine whether to extend this contract no later than December 15 of the contract year. Either party may terminate this agreement for any reason prior to the listed expiration date upon 30-day advance written notice. In the event either party terminates this agreement before its expiration any fees owed to the Destination Downtown Business Coalition will be prorated through the last day of the 30-day termination period.

IV. Indemnification

To the fullest extent permitted by law, the Destination Downtown Business Coalition agrees to defend, indemnify and hold harmless the EDA, and its employees, officials, and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of the Destination Downtown Business Coalition's negligence or the Destination Downtown Business Coalition's failure to perform its obligations under this Agreement.

V. Compliance with Laws

The EDA and the Destination Downtown Business Collation shall abide by all Federal, State or local laws, statutes, ordinances, rules and regulations now in effect, or hereafter adopted, pertaining to this Agreement or the subject matter of this Agreement. This Agreement shall be governed by and construe d in accordance with the substantive and procedural laws of the State of Minnesota without giving effect to the principles of conflict of laws. All proceedings related to this Agreement shall be venued in the County of Crow Wing, State of Minnesota.

VI. Independent Contractor Status

The Destination Downtown Business Coalition is an independent Contractor and nothing herein contained shall be construed to create the relationship of an employer and employee between EDA and Destination Downtown Business Coalition employees. The Destination Downtown Business Coalition shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services. The Destination Downtown Business Coalition also acknowledges and agrees that no withholding or deduction for State or Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due the Destination Downtown Business Coalition and that it is the Destination Downtown Business Coalition's sole obligation to comply with applicable provisions of all Federal and State tax laws.

VII. Authorized Representative

Notification required to be provided pursuant to this Agreement shall be provided to the following named persons and addresses unless otherwise stated in this Agreement or in a modification of this Agreement.

Destination Downtown Business Coalition	*Brainerd EDA*
President	Chair
Brenda Billman-Arndt	Gabe Johnson
P.O. Box 1216	501 Laurel Street
Brainerd, MN 56401	Brainerd, MN 56401

VIII. Severability
The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid, or unenforceable such rendering shall not affect the validity and enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Agreement with respect to either party.

IX. Modifications
The EDA and the Destination Downtown Business Coalition hereby acknowledge that they have read this Agreement and affirmatively states and represents that they understand its contents. Further, that the above constitutes the entire agreement by and between the EDA and the Destination Downtown Business Coalition and is binding upon themselves, their heirs, assigns and successors in interest and any alterations, variations, modifications or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing and signed by the authorized representatives of the EDA and the Destination Downtown Business Coalition.

Approved this the 25 day of JANUARY 2022.

Brainerd Economic Development Authority

By:____________________
GABE JOHNSON
CHAIR

Destination Downtown Business Coalition

By:____________________
MIKE ANGLAND
PRESIDENT, BRAINERD RESTORATION

SHARED SERVICES AGREEMENT

This agreement is entered into this ____ day of ____________, 2022; between the City of Brainerd, a municipal corporation, and the Brainerd Economic Development Authority (EDA), a public body, corporate and politic.

WHEREAS, the EDA needs administrative and support staff services to fulfill its statutory duties; and

WHEREAS, City has the professional and administrative capacity to support the EDA; and

WHEREAS, the City historically provided these services to the EDA; and

WHEREAS, the parties desire to enter into an agreement memorializing the existing arrangement between them.

NOW, THEREFORE, IT IS HEREBY AGREED THAT:

I. Scope of Service

On behalf of the EDA, the City will provide the following services, consistent with State law and the directives of the EDA:

a. Oversee the overall financial management of the EDA by working closely with the EDA Board of Commissioners; and
b. Prepare an annual budget for approval by the EDA Board; and
c. Operate per the approved budget, oversee accounts payable, and prepare checks on behalf of the EDA Board; and
d. Communicate potential problems to the EDA Board and offer viable solutions; and
e. Schedule EDA Board meetings, prepare Agendas and materials (including program/project reports, fiscal reports, resolutions and minutes), attend Board meetings; and
f. Maintain all records of the EDA per laws and regulations; and
g. Manage agreements between the EDA and hired consultants; and
h. Represent the EDA in the River to Rail Initiative meetings; and,
i. Coordinate quarterly roundtable discussions with all consultants providing services to the EDA; and
j. Other projects as directed by the EDA Board.

II. Compensation

In consideration for the services rendered by the City, the EDA shall compensate the City $15,000 annually, to be paid in two installments in July and December.

III. Term

The term of this agreement shall be for a period of one year commencing on the 3rd day of February 2022 and terminating on the 31st day of December 2022. Either party may terminate this agreement for any reason upon 30-day advance written notice. In the event either party terminates this agreement before its expiration any fees owed to the City of Brainerd will be prorated through the last day of the 30-day termination period.

IV. Indemnification

To the fullest extent permitted by law, the City agrees to defend, indemnify and hold harmless the EDA, and its employees, officials, and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of the City's negligence or the City's failure to perform its obligations under this Agreement.

V. Compliance with Laws

The EDA and City shall abide by all Federal, State or local laws, statutes, ordinances, rules and regulations now in effect, or hereafter adopted, pertaining to this Agreement or the subject matter of this Agreement. This Agreement shall be governed by and construed in accordance with the substantive and procedural laws of the State of Minnesota without giving effect to the principles of conflict of laws. All proceedings related to this Agreement shall be venued in the County of Crow Wing, State of Minnesota.

VI. Independent Contractor Status

The City is an independent Contractor and nothing herein contained shall be construed to create the relationship of an employer and employee between EDA and City employees. The City shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services. The City also acknowledges and agrees that no withholding or deduction for State or Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due the City and that it is the City's sole obligation to comply with applicable provisions of all Federal and State tax laws.

VII. Authorized Representative

Notification required to be provided pursuant to this Agreement shall be provided to the following named persons and addresses unless otherwise stated in this Agreement or in a modification of this Agreement.

City of Brainerd	*Brainerd EDA*
City Administrator	Chair
Jennifer Bergman	Gabe Johnson
501 Laurel Street	501 Laurel Street
Brainerd, MN 56401	Brainerd, MN 56401

VIII. Severability

The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid, or unenforceable such rendering shall not affect the validity and enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Agreement with respect to either party.

IX. Modifications

The EDA and the City hereby acknowledge that they have read this Agreement and affirmatively states and represents that they understand its contents. Further, that the above constitutes the entire agreement by and between the EDA and the City and is binding upon themselves, their heirs, assigns and successors in interest and any alterations, variations, modifications or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing and signed by the authorized representatives of the EDA and the City.

Approved this the ___ day of _______________ 2022.

Brainerd Economic Development Authority

By:______________________
GABE JOHNSON
CHAIR

City of Brainerd

By:______________________
KELLY BEVANS
BRAINERD CITY COUNCIL PRESIDENT

City of Brainerd

Economic Development Authority

Scope of Services Monthly Report

Visit Brainerd

Report Date: _________

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1. **Develop and implement an advertising campaign focused on recruiting workers to find employment with business located within the corporate limits of the City of Brainerd.**

   Update:

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2. **Develop and implement an advertising campaign focused on recruiting entrepreneurs, developers, investors and the like to start a business within the corporate limits of the City of Brainerd.**

   Update:

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3. **Develop and implement an advertising campaign focused on recruiting existing businesses outside of Brainerd to relocate to areas within the corporate limits of the City of Brainerd.**

   Update:

---

4. **Develop and implement a summer advertising campaign designed to draw locals, seasonal/second homeowners, and visitors to shop at businesses located within the corporate limits of the City of Brainerd.**

   Update:

---

5. **Develop and implement a winter advertising campaign designed to draw locals, seasonal/second homeowners, and visitors to shop at businesses located within the corporate limits of the City of Brainerd.**

   Update:

City of Brainerd

Economic Development Authority

Scope of Services Monthly Report

Destination Downtown Business Coalition

Report Date: _________

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1. **Coordinate a main street job fair where job seekers can pick-up employment applications, apply on-site for job opportunities, and have on-site interviews with participating employers.**

   Update:

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2. **Produce and distribute promotional videos featuring local business owners on a monthly basis.**

   Update:

---

3. **Conduct 4 classes designed to provide instruction in areas of business operations unique to small and start-up businesses.**

   Update:

---

4. **Develop a podcast and publish 12 episodes designed to educated small businesses and further build the Brainerd business brand that Brainerd is a great city to own and operate a business in.**

   Update:

---

5. **Coordinate 4 business owners socials.**

   Update:

---

6. **Apply for and obtain membership in the Main Street America program through the National Main Street Center on behalf of the EDA and the City of Brainerd**

   Update:

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7. **Other Misc. Updates**

   Update:

City of Brainerd

Economic Development Authority

Scope of Services Monthly Report

Swanson Haskamp Consulting

Report Date: _________

---

1. **Develop and implement marketing, advertising, and communications plan for identified properties within the corporate limits of the City of Brainerd.**

   Update:

---

2. **Promote property with the corporate limits of the City of Brainerd for commercial development/redevelopment and residential development.**

   Update:

---

3. **Solicit developers on behalf of the EDA.**

   Update:

---

4. **Engage identified private property owners on behalf of the EDA who have property prioritized for redevelopment.**

   Update:

---

5. **Develop partnerships with local real estate agents and professionals.**

   Update:

M E M O

TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: January 28, 2022

RE: Consideration of Application for Public Financing by Country Manor

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The City has received an Application for Public Financing for tax abatement from the Foundation for Health Care Continuums for their Country Manor project. During the joint work session between the EDA and the City Council in early 2021, the City Council indicated that they would like the EDA to vet and make recommendations regarding economic development projects.

Country Manor is a 112-unit senior living facility that will also operate a day care facility for up to 92 children. Country Manor will be located on roughly 60 acres of land just north of the Northtown development on Beaver Dam Road. The project received approval from the City Council for its Development Stage Plan in June 2021 with a goal of construction beginning in Spring 2022. The Crow Wing County Assessor's Office has reviewed the project's construction plans and has given the project a preliminary Estimated Market Value (EMV) of $21,479,736. However, the actual EMV will not be determined until the project is fully constructed.

The attached Application for Public Financing requests $1.75 million in tax abatement over 15 years. It has been confirmed that this request is a total amount of tax abatement that could be spread across all three major taxing entities (City of Brainerd, Crow Wing Country, and ISD #181). Unlike Tax Increment Financing, each entity must separately agree to provide tax abatement in an amount that they may also individually determine.

Also attached is a memo from BakerTilly on preliminary revenue projections for the project based on the information provided by Country Manor and the preliminary EMV given by the County. According to BakerTilly, if all the given assumptions are true, the City of Brainerd could provide an estimated $1,904,198 in tax abatement over the course of 10 years if the City abated 100% of its property taxes over that period.

Staff is looking for the EDA to make a recommendation to the City Council as whether the City should 1) provide any tax abatement to Country Manor, and 2) if, so how much tax abatement should be provided.

Due to the uncertain nature of the project's final Estimated Market Value and, therefore, the actual amount of property tax the project would bring in upon completion, it is staff's recommendation that any recommendation in favor of tax abatement not be in specific dollars but be in X% over X years (example: 50% tax abatement for 5 years upon completion of the project).

CONTINUUMS
FOUNDATION

RECEIVED
NOV 12 2021
CITY OF BRAINERD
ADMINISTRATION

David Chanski, C/O City of Brainerd
501 Laurel St.
Brainerd, MN 56401
11/9/2021

Dear Mr. Chanski,

Please find enclosed Application for Public Financing for the Country Manor project in Brainerd, MN. I have also enclosed the deposit check for $10,000, and some financial forecast materials for this project. Please feel free to contact me for any questions you (or the City of Brainerd) have regarding this project. If you are in need of any other information or materials for this application process, please let me know.

Sincerely,

Kevin Harguth

Kevin Harguth, CFO
320-258-8983
kharguth@countrymanor.org

cc: Brian Kelm

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

APPLICATION FOR PUBLIC FINANCING

Applicant Information

1. **Applicant Name:** Foundation for Health Care Continuums
   (Name should be the officially registered name of the business entity.)

   Address: 520 1st St. NE, Sartell, MN 56377

   Telephone: 320-253-1920 Email Address: ____________________

2. **Name of Person Completing the application:** Brian Kelm, CEO

   Address: 520 1st St. NE, Sartell, MN 56377

   Telephone: 320-253-1920 Email Address: ____________________

3. **Names and Addresses of Architect, Engineer, and General Contractor for this project:**

   Attorney Name: Eric Brevers, Wornson Goggins P.C.
   Address: 119 Main St. E., New Prague, MN 56071
   Telephone: 952-758-4161 Email Address: ____________________

   Architect Name: GLT Architects
   Address: 808 Courthouse Square, St. Cloud, MN 56303
   Telephone: 320-252-3740 Email Address: ____________________

   Engineer Name: ____________________
   Address: ____________________
   Telephone: ____________________ Email Address: ____________________

   General Contractor Name: Alliance Building Corp.
   Address: 3709 Quail Road NE, Sauk Rapids, MN 56379
   Telephone: 320-253-3524 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:**
Applicant is a 501C3 Tax Exempt organization, no officers/directors hold any ownership. There are no 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.**
N.A.

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

Yes (please Explain): ____________________

No: X

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

Yes (please Explain): ____________________

No: X

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

Yes (please Explain): ____________________

No: X

Project Information

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

PID#: 41330745, 41330755, and 41330744

Address: N.A.

Legal Description:
Sec:33 TWP:134 Range:028 NW1/4 of SE 33, Except the S.26.1 Acres Thereof
Sec:33 TWP:134 Range:028 N. 874.74 FT of NE1/4 of SW1/4, Except S. 12 Acres of N. 874.74 FT. Subject To Easements
Sec:33 TWP:134 Range:028 S. 26.10 Acres of NWSE. Together With An Easement Of Record.

Size of Project Size (Acres): 54.11

2. **Current ownership of the site:** Foundation for Health Care Continuums

3. **Do you have current control of the site:**

   Yes: X

   No: ______

4. **Project description.**

   A 112 unit senior-living campus with attached child day care (capacity of 92 children). 18 of the 112 Senior Living units will be allocated for clients with memory-loss diagnosis.

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

   N.A.

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

a.	Land Acquisition:	$ 1,020,000
b.	Environmental/Soil Corrections:	5,000
c.	Surveys:	4,700
d.	Public Improvements:	0
e.	Site Development:	0
f.	Demolition:	0
g.	Building(s):	27,446,931
	Shell (if applicable)	0
	Tenant Improvements (if applicable)	0
h.	FF&E:	1,250,000

i.	Architectural & Engineering Fees:	920,000
j.	Legal Fees/Other Consulting Fees:	160,000
k.	Financing Costs:	585,300
l.	Construction Interest:	2,018,750
m.	Title Insurance:	27,500
n.	Mortgage Registration:	50,000
o.	Bank/Borrower Legal:	42,500
p.	Recording/Closing:	0
q.	Construction Loan Fees:	0
r.	SAC/WAC:	250,000
s.	Park Dedication:	50,000
t.	Appraisal:	50,000
u.	Taxes:	0
v.	Contingencies (construction):	650,000
w.	Contingencies (soft):	400,000 (W.C.)
x.	Other:	2,085,000 (DSRF)
	TOTAL	$ **37,015,681**

7. Source of Financing

a.	Equity:	$ 1,850,000
b.	Bank Financing:	0
c.	Public Assistance: (TIF or Tax Abatement)	0
d.	Other governmental loans/grants:	0
e.	Deferred Developer Fees:	0
f.	Other:	35,165,681
	TOTAL	$ **37,015,681**

Terms of Financing (years): 35

Rate of Financing: 4.5% and 6.25%

Cap Rate: ____________________

8. Project Construction Schedule:

a. Construction Start Date: 4/15/2022

b. Construction Completion Date: 7/15/2023

c. If Phased Project :

January 2, (year) ________ % Completed _______

January 2, (year) ________ % Completed _______

9. **Total Estimated Market Value of Project upon completion** $28,000,000__________

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.

1. Since first opening its doors in 1970 as a humble 64-bed nursing facility, Country Manor has grown to accommodate the changing needs of seniors.

Country Manor proudly offers multiple locations boasting a complete continuum of care, unsurpassed amenities and an unwavering commitment to excellence.

After five decades in the senior living industry, we have learned that nothing compares to recognition and reputation, as these things must be earned. Country Manor has been locally and nationally recognized time and time again for their authenticity and genuine devotion to creating a superior lifestyle for all those who call Country Manor home. Recent awards include:

- Voted Best Senior Living Facility in Central Minnesota in 2015, 2016, 2017, 2018 and 2019. This award recognized Country Manor as the Best Senior Living Facility in Central MN five years in a row, voted on by the people of Central Minnesota.
- 5-Star CMS Government Rated Facility- Country Manor has continuously maintained a 5-Star Government Rating for Quality Care (Centers for Medicare and Medicaid Services)
- Recognized on U.S. News & World Report's "100 Best Nursing Facilities" in the nation
- Recognized by U.S. News & World Report as a top skilled nursing and short-stay rehabilitation facility in the nation

Country Manor is well-known and respected in the senior living industry. With thriving campuses in Sartell and St. Joseph MN, we are excited for a new venture in a community that we have the utmost respect for.

Country Manor hopes to bring a brand new, multi-faceted senior living campus to the Brainerd area. The senior-friendly campus-style setting, will offer a complete continuum of care, ranging from complete independent senior living and assisted living to rehabilitation and progressive memory loss care to 24 hour a day, comprehensive care and hospice.

The goal of this new facility is to address the growing need for quality health care for seniors in the Brainerd area. According to the Administration on Aging, the population of adults 65 and older is experiencing one of the biggest increases in history, with the total number of older adults (65+) anticipated to double between 2010 and 2050. The Minnesota State Demographic Center asserts that the number of Minnesotans turning 65 in this decade is approximately 285,000.

Country Manor's plans to develop an innovative campus that betters serves the needs and wants of "modern" seniors. "Baby boomers" are looking for living opportunities that eliminate the worry and stressors of living alone, but do not force them to compromise the lifestyle they love (Administration on Aging, 2017). Baby boomers are more active, independent and expect more for their money (Administration on Aging, 2017). Senior housing communities must adopt more amenities like on-call transportation, concierge services and wellness programs that keep tenants active and independent (Administration on Aging, 2017).

Never one to shy away from originality, we plan to create a campus similar to that which we opened in November of 2017 in St. Joseph, MN (Woodcrest of Country Manor). We will continue to break away from traditional "nursing home" designs and will instead promote an active, vibrant style of life, in an environment designed specifically with seniors in mind.

Beyond the care that will be provided at the new Country Manor facility, we will aim to create a campus that is focused on much more than the typical medical model. We will provide a campus-style setting, rich in on-site amenities and services. In addition to gaining access to a variety of personalized senior living services like independent living, assisted living, home health care, nursing and rehabilitative care, tenants of the new Country Manor facility will also enjoy indoor access to a vast array of amenities. Additional on-site amenities could include; a convenience store, pharmacy, bank, walk-in clinic, dining destinations, Chapel, wellness center, library, technology center, transportation services, underground garage, gathering areas, and outdoor features like patios, gazebos, walking trails and working gardens. (Many of the listed amenities will be made accessible to the larger community.) Note the "indoor" access specified here, as living in Minnesota in the winter can be especially difficult for seniors. A model like this allows seniors to remain active, present and engaged without having to worry about driving or traveling.

Country Manor also has plans to include a childcare center as part of the new proposed campus-style setting. The center will care for children six weeks to eleven years old, and be available to community members. A unique feature of the new childcare center, will be intergenerational programming between students and seniors. To learn more about the successful childcare center Country Manor operates in Sartell MN, please visit www.kidscountry.me.

Country Manor is a proud supporter of offering free CNA training courses. Country Manor has been doing this for many years. Students who successfully complete the six to eight weeks course, are licensed by the state of Minnesota to begin work as a Certified Nursing Assistant.

Country Manor works closely with schools, creating many opportunities for students of all ages to volunteer and/or work with seniors.

Country Manor hosts frequent events in which the community is welcome to join in celebration. For example, Sartell Chapel services see an average attendance of XXX people per week, many of these individuals coming from the external community.

2. The new proposed facility in Brainerd, MN will provide for new jobs in a variety of areas,

including but not limited to: Nursing (CNA/LPN/RN), Home Health Care (HHA/TMA), Assisted Living, Rehabilitation, Culinary, Housekeeping, Laundry, Maintenance, Spiritual Care, Therapeutic Recreation, Memory Care, Social Work, Environmental Services, Salon/Spa, Childcare, Business Offices, Transportation, Store/Pharmacy, IT and Management.

Country Manor is proud to support local businesses, vendors and organizations. We work to build meaningful and loyal relationships with the providers in our immediate area. We hope to continue this practice in the Brainerd area.

3. Country Manor has worked diligently to find the right team of architects, builders and innovators to work together to design and bring to life their modern vision. The end result is an aesthetically pleasing building with senior-friendly features.

Internal layouts boast elegant and inviting entrances, spacious hallways, soundproof apartments, warmly decorated common areas, private suites, massive event spaces and state-of-the-art equipment. Communities of Country Manor are intentionally designed to provide residents and tenants peace, privacy and serenity, with access to a bustling community of like friends and neighbors, and a wide variety of supportive amenities.

External landscapes are beautifully groomed throughout the seasons. Features such as fountain ponds, working flower and vegetable gardens, paved walkways, screened-in patios and walking trails may be included in the new proposed site and have proven successful at both Sartell and St. Joseph locations.

5. Country Manor has nearly 650 employees between their Sartell and St. Joseph locations. These individuals all live, work, shop and support their local communities and economies. We intend to promote the same kind of loyalty for the Brainerd community.

We plan to be involved in community-wide events, as participants and sponsors. Furthermore, we hope to build relationships with local schools and organizations to work together for things like intergenerational programming, volunteer opportunities and more.

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

This project will not contribute to the need for any additional public parking. Nor will it alleviate any need the city may face for additional public parking. All parking needs associated with the project will be met/achieved within the boundaries of the project itself.

5. **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: ___X_____

Public Assistance Request

1. **Amount of assistance and term.**

   Amount: __$1,750,000___

   Term (years): _15______

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

The purpose of the Public Assistance it to help defray some of the operating costs once the project becomes active, and allow the project to be financially feasible.

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

No TIF is being requested. Tax Abatement is being requested.

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

This is a new operational concept, combining inter-generational services to the public that (to our knowledge) has not been attempted before. The public assistance is needed to ensure adequate cash flow during early years of the project, and also to provide the internal funds to begin an expansion of the project in a potential Phase II. But for the use of Public Assistance helping to reduce operating costs once the project is active, the risk of failure would be significant and most likely discourage the outside financing needed to bring the project to life.

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.

Foundation for Healthcare Continuums
APPLICANT'S NAME [signature] C.E.O.

11-5-2021
DATE

CITY ACCEPTANCE OF APPLICATION

DATE

$

FEE AMOUNT REMITTED

DATE

Country Manor Brainerd Campus Project
Comparison of Effects for Tax Abatement Assistance

	Year 1- 15 With Abatement	Year 1- 15 No Abatement	Year 3 With Abatement	Year 3 No Abatement
Revenues				
Rent Revenues	$56,435,088	$56,435,088	$3,553,415	$3,553,415
Meal Revenues	$2,337,024	$2,337,024	$141,831	$141,831
Care Revenues	$20,755,816	$20,755,816	$1,219,765	$1,219,765
Other Revenues	$1,228,496	$1,228,496	$72,136	$72,136
DSRF Earnings	$244,125	$244,125	$16,275	$16,275
Day Care Revenues	$13,089,966	$13,089,966	$755,320	$755,320
Contributions	$0	$0	$0	$0
Total Revenues	$94,090,514	$94,090,514	$5,758,743	$5,758,743
Expenses				
Housing/Admin Wages	$11,785,426	$11,785,426	$700,960	$700,960
Direct Care Wages/Costs	$11,136,530	$11,136,530	$636,350	$636,350
Day Care Wages	$8,636,477	$8,636,477	$504,400	$504,400
Benefits	$5,295,972	$5,295,972	$303,882	$303,882
Purchased Services	$2,094,245	$2,094,245	$120,263	$120,263
Supplies	$3,907,386	$3,907,386	$223,059	$223,059
Utilities/Plant	$4,239,114	$4,239,114	$252,488	$252,488
Insurance	$889,316	$889,316	$51,500	$51,500
Real Estate Tax	$3,859,207	$3,859,207	$250,000	$250,000
Other/Misc. Expense	$1,932,415	$1,932,415	$113,850	$113,850
Tax Abatement	-$1,750,000	$0	-$125,000	$0
Total Operating Expenses	$52,026,089	$53,776,089	$3,031,753	$3,156,753
Management Fees	$4,697,413	$4,697,413	$287,123	$287,123
Interest	$21,315,900	$21,315,900	$1,608,706	$1,608,706
Depreciation/Amortization	$19,447,841	$19,447,841	$1,210,356	$1,210,356
Total Other Expenses	$45,461,154	$45,461,154	$3,106,185	$3,106,185
Total Expenses	$97,487,243	$99,237,243	$6,137,938	$6,262,938
Net Income	-$3,396,729	-$5,146,729	-$379,195	-$504,195
N.O.I.	$16,051,112	$14,301,112	$831,161	$706,161
DSRF Deposits	$1,000,000	$1,000,000	$0	$0
Principal Payments - External	$8,200,209	$8,200,209	$476,144	$476,144
Cap EX	$2,725,000	$2,725,000	$50,000	$50,000
Income Available for Debt Service	$37,367,012	$35,617,012	$2,439,867	$2,314,867
Debt Service	$29,516,109	$29,516,109	$2,084,850	$2,084,850
DS Coverage (all)	1.27	1.21	1.17	1.11
2.5% drop in Census	$2,537,876	$2,537,876	$155,719	$155,719

Brainerd Project

Pro Forma Statement of Earnings - Aug 10 2021 Version

Own

	Construction & Prep Project Year -1	Open Project Year 1	Open Project Year 2	Open Project Year 3	Open Project Year 4	Open Project Year 5	Open Project Year 6	Open Project Year 7	Open Project Year 8	Open Project Year 9	Open Project Year 10	Open Project Year 11	Open Project Year 12	Open Project Year 13	Open Project Year 14	Open Project Year 15	Total
Rent Revenues	$0	$1,942,900	$3,122,088	$3,553,415	$3,615,600	$3,678,873	$3,743,253	$3,808,760	$3,875,414	$3,943,233	$4,012,240	$4,082,454	$4,153,897	$4,226,590	$4,300,556	$4,375,815	$56,435,088
Meal Revenues	$0	$78,233	$123,390	$141,831	$146,086	$150,469	$154,983	$158,082	$161,244	$164,469	$167,758	$171,113	$174,536	$178,026	$181,587	$185,219	$2,337,024
Care Revenues	$0	$651,832	$1,053,948	$1,219,765	$1,256,358	$1,294,049	$1,332,870	$1,372,856	$1,414,042	$1,456,463	$1,500,157	$1,545,162	$1,591,517	$1,639,262	$1,688,440	$1,739,093	$20,755,816
Other Revenues	$0	$39,301	$62,589	$72,136	$74,300	$76,529	$78,825	$81,190	$83,625	$86,134	$88,718	$91,380	$94,121	$96,945	$99,853	$102,849	$1,228,496
DSRF Earnings	$0	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$16,275	$244,125
Day Care Revenues	$0	$560,210	$733,321	$755,320	$777,980	$801,319	$825,359	$850,120	$875,623	$901,892	$928,949	$956,817	$985,522	$1,015,087	$1,045,540	$1,076,906	$13,089,966
Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenues	$0	$3,288,751	$5,111,610	$5,758,743	$5,886,599	$6,017,514	$6,151,565	$6,287,283	$6,426,223	$6,568,467	$6,714,097	$6,863,201	$7,015,867	$7,172,186	$7,332,251	$7,496,157	$94,090,514
Housing/Admin Wages	$45,000	$325,000	$512,980	$700,960	$721,989	$743,648	$765,958	$788,937	$812,605	$836,983	$862,092	$887,955	$914,594	$942,032	$970,293	$999,401	$11,785,426
Direct Care Wages/Costs	$0	$586,649	$611,500	$636,350	$655,441	$675,104	$695,357	$716,218	$737,704	$759,835	$782,630	$806,109	$830,292	$855,201	$880,857	$907,283	$11,136,530
Day Care Wages	$10,000	$325,227	$433,636	$504,400	$519,532	$535,118	$551,171	$567,707	$584,738	$602,280	$620,348	$638,959	$658,128	$677,871	$698,208	$719,154	$8,636,477
Benefits	$9,625	$204,085	$257,089	$303,882	$312,999	$322,389	$332,060	$343,682	$355,711	$368,161	$381,047	$394,383	$408,187	$422,473	$437,260	$452,564	$5,295,972
Purchased Services	$10,000	$99,246	$116,760	$120,263	$123,871	$127,587	$131,414	$135,357	$139,418	$143,600	$147,908	$152,345	$156,916	$161,623	$166,472	$171,466	$2,094,245
Supplies	$25,000	$207,129	$216,563	$223,059	$229,751	$236,644	$243,743	$251,055	$258,587	$266,345	$274,335	$282,565	$291,042	$299,773	$308,766	$318,029	$3,907,386
Utilities/Plant	$3,000	$170,000	$246,330	$252,488	$258,800	$265,270	$271,902	$278,700	$285,667	$292,809	$300,129	$307,632	$315,323	$323,206	$331,286	$339,569	$4,239,114
Insurance	$1,000	$35,000	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239	$67,196	$69,212	$71,288	$73,427	$889,316
Real Estate Tax	$10,000	$125,000	$175,000	$250,000	$253,750	$257,556	$261,420	$265,341	$269,321	$273,361	$277,461	$281,623	$285,847	$290,135	$294,487	$298,905	$3,859,207
Other/Misc. Expense	$45,000	$63,250	$91,080	$113,850	$117,266	$120,783	$124,407	$128,139	$131,983	$135,943	$140,021	$144,222	$148,548	$153,005	$157,595	$162,323	$1,932,415
Tax Abatement	$0	-$50,000	-$75,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$125,000	-$1,750,000
Total Operating Expenses	$158,625	$2,090,586	$2,635,938	$3,031,753	$3,121,443	$3,213,736	$3,308,708	$3,408,099	$3,510,437	$3,615,810	$3,724,311	$3,836,033	$3,951,073	$4,069,532	$4,191,512	$4,317,120	$52,026,089
Management Fees	$0	$100,000	$200,000	$287,123	$293,516	$300,062	$306,765	$315,967	$325,446	$335,210	$345,266	$355,624	$366,293	$377,282	$388,600	$400,258	$4,697,413
Interest	$0	$804,353	$1,608,706	$1,608,706	$1,587,024	$1,564,350	$1,540,639	$1,515,843	$1,489,912	$1,462,794	$1,434,434	$1,404,775	$1,373,756	$1,341,316	$1,307,389	$1,271,905	$21,315,900
Depreciation/Amortization	$0	$1,200,356	$1,205,356	$1,210,356	$1,220,356	$1,230,356	$1,245,356	$1,260,356	$1,275,356	$1,292,856	$1,312,856	$1,332,856	$1,362,856	$1,392,856	$1,432,856	$1,472,856	$19,447,841
Total Other Expenses	$0	$2,104,709	$3,014,062	$3,106,185	$3,100,896	$3,094,768	$3,092,760	$3,092,167	$3,090,715	$3,090,860	$3,092,556	$3,093,255	$3,102,905	$3,111,454	$3,128,845	$3,145,019	$45,461,154
Total Expenses	$158,625	$4,195,295	$5,649,999	$6,137,938	$6,222,339	$6,308,504	$6,401,468	$6,500,265	$6,601,151	$6,706,670	$6,816,867	$6,929,288	$7,053,978	$7,180,986	$7,320,357	$7,462,139	$97,487,243
Net Income	-$158,625	-$906,544	-$538,390	-$379,195	-$335,739	-$290,990	-$249,903	-$212,982	-$174,928	-$138,203	-$102,770	-$66,086	-$38,111	-$8,800	$11,894	$34,018	-$3,396,729
N.O.I.	-$158,625	$293,812	$666,966	$831,161	$884,617	$939,366	$995,453	$1,047,374	$1,100,428	$1,154,653	$1,210,086	$1,266,770	$1,324,745	$1,384,056	$1,444,750	$1,506,874	$16,051,112
DSRF Deposits	$0	$0	$0	$0	$50,000	$70,000	$90,000	$110,000	$130,000	$150,000	$170,000	$190,000	$40,000	$0	$0	$0	$1,000,000
Principal Payments - External	$0	$0	$0	$476,144	$497,826	$520,500	$544,211	$569,007	$594,938	$622,056	$650,416	$680,075	$711,094	$743,534	$777,461	$812,945	$8,200,209
Cap EX	$0	$0	$50,000	$50,000	$100,000	$100,000	$150,000	$150,000	$150,000	$175,000	$200,000	$200,000	$300,000	$300,000	$400,000	$400,000	$2,725,000
Cash Flow	$241,375	$293,812	$616,966	$305,017	$236,790	$248,866	$211,242	$218,367	$225,490	$207,597	$189,670	$196,694	$273,651	$340,522	$267,288	$293,929	
Cumulative Cash Flow	$241,375	$535,187	$1,152,153	$1,457,170	$1,693,960	$1,942,827	$2,154,069	$2,372,436	$2,597,926	$2,805,523	$2,995,193	$3,191,887	$3,465,539	$3,806,061	$4,073,349	$4,367,278	
DCOH		93.44	159.54	175.43	198.08	220.66	237.63	254.08	270.12	283.21	293.54	303.71	320.15	341.37	354.71	369.24	
Income Available for Debt Service		$1,098,165	$2,275,672	$2,439,867	$2,471,640	$2,503,716	$2,536,092	$2,563,217	$2,590,340	$2,617,447	$2,644,520	$2,671,544	$2,698,501	$2,725,372	$2,752,138	$2,778,779	$37,367,012
Debt Service		$804,353	$1,608,706	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$2,084,850	$29,516,109
DS Coverage (all)		1.37	1.41	1.17	1.19	1.20	1.22	1.23	1.24	1.26	1.27	1.28	1.29	1.31	1.32	1.33	
DS Coverage (excl. Mgmt Fees)		1.49	1.54	1.31	1.33	1.34	1.36	1.38	1.40	1.42	1.43	1.45	1.47	1.49	1.51	1.52	
2.5% drop in Census		$88,976	$138,239	$155,719	$159,105	$162,570	$166,116	$169,708	$173,384	$177,145	$180,994	$184,932	$188,963	$193,087	$197,309	$201,629	$2,537,876

Brainerd Project
Sources and Uses of Funds

		Own and Build Scenario		
Sources Of Funds				
TE Series A Bonds	4.50%	$33,665,681	90.9%	
Subordinate Bonds	6.25%	$1,500,000	4.1%	
Equity Contribution (cash or Arch. Fees)		$850,000	2.3%	
Equity Contribution (LOC)		$1,000,000	2.7%	
Total		$37,015,681	100.0%	
Uses of Funds				**Depr./Amort.**
Land		$1,020,000	2.8%	
Construction/Purchase		$27,446,931	74.1%	$914,898
Construction Contingency		$650,000	1.8%	$21,667
SAC/WAC Assessments		$250,000	0.7%	$8,333
Capitalized Interest (15 months)		$2,018,750	5.5%	$67,292
Equipment		$1,250,000	3.4%	$125,000
DSRF		$2,085,000	5.6%	
Financing Costs		$925,000	2.5%	$30,833
Other Legal Fees		$50,000	0.1%	$1,667
Architect Fees		$920,000	2.5%	$30,667
Working Capital		$400,000	1.1%	
Total		$37,015,681	100.0%	$1,200,356

Memo - Draft

To:	Jennifer Bergman, Connie Hillman, David Chanski, City of Brainerd
From:	Mikaela Huot and Paul Steinman, Director, BTMA
CC:	Martha Ingram, Kennedy & Graven
Date:	January 4, 2022
Subject:	Preliminary Revenue Projections for Proposed Country Manor Tax Abatement Project

Background
The City of Brainerd has received a request for financial assistance through tax abatement financing from Foundation for Health Care Continuums, the developer, related to the proposed construction of a 112-unit senior living campus with attached childcare facility. The developer has requested tax abatement financing assistance for a portion of the extraordinary costs associated with construction of the project. The request in the application to the City is for $1,750,000 over 15 years. The request includes participation from the City, County and School District. The purpose of this memo is to provide a summary of the projected tax abatement revenues generated by the City only with an outline of the assumptions used to prepare the estimates provided below.

Tax Abatement Analysis
The following assumptions were used to estimate the amount of projected tax abatement revenues based on the City's share only:

- Total project area (3 parcels)
  - Parcel ID: 41330745
  - Parcel ID: 41330755
  - Parcel ID: 41330744
- Total estimated base value of $145,800
- Estimated total taxable value upon completion
  - $21,000,000 residential rental
  - $479,736 commercial-industrial (Daycare)
- Maximum term of tax abatement
  - 15 years with all 3 participants (City, County and School District)
  - 20 years with 1 or 2 participants
- Construction commences in 2022 and completes in 2023
  - 100% assessed in January of 2024 for taxes payable in 2025
- Tax rates, class rates and future market values remain constant
  - Tax rates
    - City share: 70.653%

- Class rates
  - 1.25% residential rental senior units
  - 1.5% first $150,000 value and 2% value above $150,000 for commercial-industrial (daycare)
- 0% annual market value inflator

Tax Abatement Estimates

Based on the assumptions outlined above, the projected tax abatement revenues that could be generated from the City's share of property taxes of the project only are shown in the chart below.

Tax Abatement Revenue Projections	
Total Estimated Taxable Value	$21,479,736
Total estimated annual abatement City share (year 1)	$190,420
Estimated total net revenues for 10 years	$1,904,198
Abatement request	$1,750,000

Based on the request for financial assistance of $1,750,000, we estimate it would take less than 10 years if the City provided 100% of the new property tax abatement revenues from the project with no participation from the School District or County. We also understand the applicant intends to request participation from the School District and County, which may result in a reduction in the annual and/or total projected abatement amounts for the City.

There is a statutory limit on the total amount of property taxes that may be abated by a political subdivision. The City's annual property tax abatement may not exceed (1) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) $200,000, whichever is greater. We estimate the total City share of tax abatement from this project to be approximately $190,000. We recommend consideration for both existing abatements and potential future abatements as it relates to the City's maximum participation level. The City's 2021 adjusted taxable net tax capacity is $8,418,179 allowing for the City's total tax abatement capacity of approximately $841,000.

Thank you for the opportunity to be of assistance to the City of Brainerd. Please contact me at 651-223-3036 or mikaela.huot@bakertilly.com with any questions or to discuss.

Projected Tax Abatement Report

City of Brainerd, Minnesota
Proposed Tax Abatement Assistance
Country Manor
Draft Abatement Revenues: $21.4M new taxable value

Annual Period Ending (1)	Total Market Value [(1)] (2)	Total Net Tax Capacity [(2)] (3)	Less: Non-Abated Net Tax Capacity [(3)] (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate [(4)] (6)	Estimated Annual Property Taxes (7)	Maximum Tax Abatement City * (8)	Maximum Tax Abatement County * (9)	Maximum Tax Abatement School * (10)	Estimated Project Abatement (11)
12/31/22										
12/31/23	0	0	0	0	70.653%	0	0	0	0	0
12/31/24	145,800	1,831	1,831	0	70.653%	0	0	0	0	0
12/31/25	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/26	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/27	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/28	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/29	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/30	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/31	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/32	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/33	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
12/31/34	21,479,736	271,345	1,831	269,514	70.653%	190,420	190,420	0	0	190,420
						$1,904,200	$1,904,198	$0	$0	$1,904,198

[(1)] *Total estimated market value based on preliminary value estimate following review by County Assessor*
very preliminary and subject to further review. Includes 0% annual market value inflator
[(2)] *Total net tax capacity based on residential rental class rate of 1.25% and commercial-industrial class rate of 1.5% first $150,000 value and 2% value above $150,000*
[(3)] *Original net tax capacity based on existing land value*
[(4)] *Local tax capacity rate for the City of Brainerd for proposed taxes payable 2022*
** subject to individual Board approvals. Maximum 20 year term requires denial of participation from other taxing entity (or 90 days passing from original request)*