ECONOMIC DEVELOPMENT AUTHORITY

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Thursday, March 3, 2022 @ 7:30am

The public is invited to attend this meeting in person
Attend by phone: 1-844-992-4726 Meeting Access Code: 2487 750 7668
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 ___ K. Yeager ___ G. Johnson ___ Vacant

3. **Approval/Amendment Of Agenda**

4. **Consent Calendar**

   NOTICE TO PUBLIC - all matters listed are considered routine by the Commission and will all be enacted by one (1) motion. There will be no separate discussion of these items unless good cause is shown prior to the time the Commission votes on the motion to be ADOPTED BY ROLL CALL

   A. **Financial Report**

      Documents:

      Financial Report - March 2022.pdf

   B. **Visit Brainerd Report**

      Documents:

      Visit Brainerd Monthly Report - February 2022.pdf

   C. **DDBC Report**

      Documents:

      DDBC Monthly Report - February 2022.pdf

D. **Swanson Haskamp Consulting Report**

Documents:

Swanson Haskamp Consulting Monthly Report - February 2022.pdf

5. **Old Business**

A. **Consideration Of Modification Of Development District No. 2 And Industrial Park Land Sale To VCV, LLC**

Documents:

Consideration Modification of Development District No. 2 and Land Sale to VCV, LLC .pdf

1. Resolution- Approving Purchase And Development Agreement For The Sale Of Industrial Park Land By The Brainerd Economic Development Authority

Documents:

RES Purchase Industrial Park Land.pdf

B. **BLAEDC Shared Services Agreement Response**

Documents:

BLAEDC Shared Services Agreement Response.pdf

6. **New Business**

A. **Consideration Of Priority Properties For Marketing And Redevelopment**

Documents:

Consideration of Priority Properties for Marketing and Redevelopment.pdf

7. **Informational**

A. **Staff Reports**

Documents:

Brainerd HRA Update Report.pdf

B. **EDA Goals Update**

Documents:

EDA Goals Status - Updated 2.25.21.pdf

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

9. **Adjourn**

Financial Report for EDA

As of January 31, 2022

	Cash & Investments		Receivable Balance		Deferred Loans (as of 12/31/20) **		Awarded Grants	
General Funds:								
EDA Fund - #295	$	108,215	$	-	$	-	$	-
Total	**$**	**108,215**	**$**	**-**	**$**	**-**	**$**	**-**
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):								
Downtown - #298	$	50,278	$	21,978	$	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		51,389		15,318		15,800		-
Total	**$**	**149,267**	**$**	**37,297**	**$**	**1,054,945**	**$**	**-**
Federal & State MIF (Commerical (Jobs)):								
Commerical - #210 ^^^	$	-	$	646,427	$	-	$	-
Federal MIF - #296		18,301		-		-		-
Total	**$**	**18,301**	**$**	**646,427**	**$**	**-**	**$**	**-**
Grand Total	**$**	**275,783**	**$**	**683,724**	**$**	**1,054,945**	**$**	**-**

** 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	108,214.64
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	**614,399.49**
*** Liabilities ***		
295-0000-20200	ACCOUNTS PAYABLE	4,934.50
295-0000-20600	DEPOSITS PAYABLE	16,032.00
295-0000-22200	DEFERRED REVENUE	488,252.22
295-0000-22210	DEFERRED TAXES RECEIVABLE	4,344.68
	Total Liabilities	**513,563.40**
*** Fund Balance ***		
295-0000-28900	FUND BALANCE/EQUITY ACCT	53,498.12
	Total Fund Balance	**53,498.12**
	Beginning Fund Balance - 2021	**53,498.12**
	Net of Revenues VS Expenditures - 2021	**46,440.97**
	***2021 End FB/2022 Beg FB**	**99,939.09**
	Net of Revenues VS Expenditures - Current Year	**897.00**
	Ending Fund Balance	**100,836.09**
	Total Liabilities And Fund Balance	**614,399.49**

* Year Not Closed

ACCOUNT DESCRIPTION	2022 AMENDED BUDGET	ACTIVITY FOR)NTH 01/31/2022 :ASE (DECREASE)	YTD BALANCE 01/31/2022 RMAL (ABNORMAL)	AVAILABLE BALANCE RMAL (ABNORMAL)	% BDGT USED
Fund 295 - EDA FUND					
Revenues					
Function: Unclassified					
Dept 0000					
TAXES & PENALTIES					
31010 CURRENT AD VALOREM	0.00	2,087.46	2,087.46	(2,087.46)	100.00
31020 DELINQUENT AD VALOREM	0.00	59.54	59.54	(59.54)	100.00
TAXES & PENALTIES	0.00	2,147.00	2,147.00	(2,147.00)	100.00
Total Dept 0000	0.00	2,147.00	2,147.00	(2,147.00)	100.00
Total - Function Unclassified	0.00	2,147.00	2,147.00	(2,147.00)	100.00
TOTAL REVENUES	0.00	2,147.00	2,147.00	(2,147.00)	100.00
Expenditures					
Function: Unclassified					
Dept 6510 - ECONOMIC DEVELOPMENT AUTH					
SERVICES					
43300 PROFESSIONAL SERVICES	0.00	1,250.00	1,250.00	(1,250.00)	100.00
SERVICES	0.00	1,250.00	1,250.00	(1,250.00)	100.00
Total Dept 6510 - ECONOMIC DEVELOPMENT AUTH	0.00	1,250.00	1,250.00	(1,250.00)	100.00
Total - Function Unclassified	0.00	1,250.00	1,250.00	(1,250.00)	100.00
TOTAL EXPENDITURES	0.00	1,250.00	1,250.00	(1,250.00)	100.00
Fund 295 - EDA FUND:					
TOTAL REVENUES	0.00	2,147.00	2,147.00	(2,147.00)	100.00
TOTAL EXPENDITURES	0.00	1,250.00	1,250.00	(1,250.00)	100.00
NET OF REVENUES & EXPENDITURES	0.00	897.00	897.00	(897.00)	100.00

City of Brainerd

Economic Development Authority

Scope of Services Monthly Report

Visit Brainerd

Report Date: 2/24/2022

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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: In progress; have started building a landing page on Visit Brainerd's website with local employment resources; expect to have sample ads ready in March or April. (2 hrs)

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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: No significant update to report; expect to have sample ads ready in March or April.

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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: Would like direction from the EDA on whether to start this campaign or wait and launch it with the promotion of developable land, etc.?

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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: In progress; I have requested cost estimates from advertising vendors; expect to present a campaign outline in March or April. (30 min)

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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: On hold until Fall 2022.

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6. Other Misc. Updates

Update: Met with Administrator Bergman and Community Development Director Chanski on February 9 to discuss the contract and some questions I had about the scope of services (1.0 hr).

Routinely meet with the DDBC to support, and participate, in the group's ongoing initiatives; meetings on Feb. 2 (1.5 hrs), 8 (1.5 hrs), 10 (1.0 hr) and 17 (1.5 hrs).

City of Brainerd

Economic Development Authority

Scope of Services Monthly Report

Destination Downtown Business Coalition

Report Date: 2/22/22

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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: DDBC Org Committee has discusses potential dates and locations. We have discussed having a fair both in early spring for summer hiring, and early fall for holiday hiring. The Org committee has also had discussions of how to roll out the job fair program to make it the most beneficial to downtown businesses.

Working on adding a "Job Openings" tab for the downtownbrainerd.org website to be available prior to the job fair(s) so prospective employees can pre-apply for positions prior to interviewing.

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

Update: DDBC is in early discussions on topics and featured businesses for this video series. More planning to begin Spring 2022.

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

Update: Planning on 4 classes- one class per quarter-2 morning classes and two evening classes. The following topics have been identified for each session:

1. Mindset & Balance (April)
2. Marketing (July)
3. Human Resources (October)
4. Financial Planning (January 2023)

We are looking at coordinating the topics with the podcast series and are hoping to have the instructors for the classes join us as guest/experts for the podcasts.

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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: The DDBC Organizational Committee has begun the planning process of the podcast series “DDBC Presents: Mainstreet Matters”. The podcast will consist of 4 series topics in 2022, broken up quarterly. We have secured a host and recording location who also has the recording equipment we will need. The first topic will be focusing on, other than an introductory episode, will be “mindset & balance for business owners”. We are working on securing a guest for the topic and building the episode(s) around their expertise.

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

   Update: Set date for the first Business Owner Social (B.O.S. Event) for Wednesday, 3/26/22. Currently planning location and additional details for first social.

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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: DDBC President Brenda Billman-Arndt has begun to research application process to become a member of Main Street America Program. Additional updates to come.

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7. **Other Misc. Updates**

   Update: The DDBC appreciates the EDA’s support of 2022 DDBC goals and objectives.

City of Brainerd

Economic Development Authority

Scope of Services Monthly Report

Swanson Haskamp Consulting

Report Date: **February 25, 2022**

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

   Update:

   - Working with the City Staff, we prepared a first draft of "Opportunity Sites" within the City for prioritization by the EDA, which is provided with this report for discussion.
   - The Opportunity Sites were identified through discussion with City Staff and are categorized as "Redevelopment" which means that some form of improvement exists on the site, or "Greenfield" which means that the site is current undeveloped.

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

   Update:

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

   Update:

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

   Update:

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

   Update:

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6. Other Misc. Updates

Update:

- Attended virtual meeting on February 10th regarding the Anderson property. Discussion included options for developing the subject parcels, availability of utilities, etc., and mix of uses (residential areas, commercial, etc.)

M E M O

TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: February 25, 2022

RE: Modification of Development District No. 2 and Land Sale to VCV, 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. On Friday, February 25, staff received an accepted PDA for the sale of Lot 1, Blocks 2 and 3; Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota to VCV Digital Infrastructure Minnesota, LLC (the legal entity purchasing the property).

Prior to considering the sale of the property to the developer, the EDA must adopt by resolution the attached modification to Development Program for the Authority's Development District No. 2 for the purpose of enlarging the boundaries of the District to include the property contained in Phase IV of the Industrial Park. The EDA accepted Development District No. 2 from the City of Brainerd on December 9, 2021.

A notice of hearing was issued for the development program modification and land sale on February 17, 2022 and published in the Brainerd Dispatch on February 20, 2022.

Consideration of this item should proceed as follows:

1. Introduction of action to be considered.
2. Conduct public hearing on the proposed modification to the Development Program and sale of Lot 1, Blocks 2 and 3; Brainerd Industrial Park 1st Addition to VCV Digital Infrastructure Minnesota, LLC.
3. Adopt the attached resolution, modifying the Development Program.
4. Approve the attached Purchase and Development Contract.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF BRAINERD

RESOLUTION NO. ______

RESOLUTION APPROVING A MODIFICATION TO THE DEVELOPMENT PROGRAM OF DEVELOPMENT DISTRICT NO. 2

BE IT RESOLVED By the Board of Commissioners (the "Board") of the Economic Development Authority of the City of Brainerd (the "Authority") as follows:

Section 1. Recitals.

1.01. The City of Brainerd (the "City") has previously established Development District No. 2 (the "District") within the City and approved a development program therefor, as subsequently amended and restated (as so amended, the "Development Program"), in accordance with Minnesota Statutes, Sections 469.124 to 469.131 and Sections 469.090 to 469.1081, all as amended (the "Act").

1.02. On December 6, 2021, pursuant to Section 469.094 of the Act, the City approved the transfer of the control and administration of the District to the Authority, subject to acceptance of such transfer by the Authority and a covenant and pledge by the Authority that the Authority is obligated to perform all agreements, pledges, covenants and undertakings heretofore entered into by the City with respect to the District.

1.03. On December 9, 2021, the EDA accepted the transfer of the control, authority and operation of the Projects, and covenanted and pledged to assume all of the duties and responsibilities of the City in connection with each and every Project so transferred by the City to the EDA.

1.04. The Authority has caused to be prepared a document entitled "Modification No. 1 to Amended and Restated Development Program, Development District No. 2" (the "Modification"), which modifies the Development Program by expanding its geographic boundaries to include Phase IV of the City's industrial park and providing for additional development in such area.

1.05. In accordance with the Act, the Modification has been referred to the Brainerd Planning Commission, and the Planning Commission will review the Modification on March 16, 2022, to determine whether such Modification conforms to the general plan for the development of the City as a whole.

1.06. This Board has fully reviewed the contents of the Modification and on this date conducted a public hearing thereon, at which the views of all interested persons were heard.

Section 2. Findings.

2.01. It is hereby found and determined that there is a need for new development in a specific area of the City to encourage orderly private development, provide employment opportunities, improve the tax base, and improve the general economy of the City.

2.02. It is further specifically found and determined that accomplishment of the objectives set forth in the Modification will:

a. promote and secure the prompt development of property in the Development District in a manner consistent with the Comprehensive Plan and with minimal adverse impact on the environment;

b. encourage local business expansion, improvement, development and redevelopment;

c. provide an impetus for development by acquiring land and/or assisting in the land acquisition necessary to carry out the objectives of the Development Program.

2.03. It is further found and determined that control and administration of the District by the Authority is in the best interests of the City as a whole and will further the economic development goals of the City.

Section 3. Actions Ratified; District Transfer Accepted; Modification Adopted.

3.01. The Board hereby approves the transfer by the City of the District, and accepts the administration and control of the District, and hereby covenants and pledges that the Authority shall perform all agreements, pledges, covenants and undertakings heretofore entered into by the City with respect to the District

3.02. The Board hereby ratifies all actions of Authority staff and consultants in preparing the Modification and arranging for its approval in accordance with the Act.

3.03. The Modification is hereby approved and adopted, subject to a finding by the Planning Commission that the Modification complies with the City's comprehensive plan.

3.04. The geographic boundaries of the District are described in the Modification and are incorporated herein by reference.

Approved by the Board of Commissioners of the Economic Development Authority of the City of Brainerd this 3rd day of March 2022.

____
President

Attest:

____
Secretary

MODIFICATION NO. 1 TO
AMENDED AND RESTATED DEVELOPMENT PROGRAM

DEVELOPMENT DISTRICT NO. 2

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF BRAINERD

Draft: September 25, 2020
Approved: ___________________

This Instrument Drafted by:

KENNEDY & GRAVEN, CHARTERED
150 South 5th Street, Suite 700
Minneapolis, Minnesota 55402
Telephone: (612) 337-9300

SECTION I. AMENDED AND RESTATED DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 2

Section 1.1. Definitions. For the purposes of the Development District Program, the following terms shall have the meanings specified below, unless the context otherwise requires:

"Authority" means the Economic Development Authority for the City of Brainerd, an economic development authority created by the City by Resolution No. 26:87 on July 26, 1987.

"Board" means the Board of Commissioners of the Authority.

"City" means the City of Brainerd, a municipal corporation under the laws of the State of Minnesota.

"Comprehensive Plan" means the City's Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"City Council" or "Council" means the Brainerd City Council;

"City Development District Act" or "Act" means Minnesota Statutes, Sections 469.124 through 469.134, as amended.

"County" means Crow Wing County, Minnesota.

"Development District" means Development District No. 2 which was initially established by the Council on July 15, 1985, pursuant to and in accordance with the City Development District Act, and as it has been or may be modified, and the control and operation of which has been transferred to the Authority by City Resolution on October 5, 2020.

"Development District Program" or "Program" means the program for development of the District adopted by the City pursuant to the Development District Act.

"EDA Act" means Minnesota Statutes, Sections 469.090 through 469.1081, as amended.

"Project Area" or "Project" means the property within Development District No. 2, as described in the Development Program.

"State" means the State of Minnesota.

"Tax Increment Financing Act" or "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.179, inclusive, as amended.

"Tax Increment Bonds" means any general obligation or revenue tax increment bonds or notes issued by the City to finance the public costs associated with Development District No. 2 as stated in the Program and in the Tax Increment Financing Plans for the Tax Increment Financing Districts within Development District No. 2, or any obligations issued to refund the Tax Increment Bonds.

“Tax Increment Financing District” or “TIF District” means any Tax Increment Financing District created and established pursuant to the TIF Act within Development District No. 2.

“Tax Increment Financing Plan” or “Plan” means the TIF Plan adopted by the Council for any TIF District within Development District No. 2.

Section 1.2. Statement and Finding of Public Purpose. The Council established the Development District on July 15, 1985 pursuant to the City Development District Act (then codified at Chapter 472A), in order to provide an impetus for commercial development, provide employment opportunities, increase the tax base and to improve the general economy of the State. Within the Development District, the Council established Tax Increment Financing District Nos. 2-1 and 88-1, both economic development districts, which have now expired.

The original Development District consisted generally of the Brainerd Industrial Park. By resolution approved November 20, 2000, the City expanded the boundaries of the Development District to include the second phase of the industrial park, and by resolution approved ___________, 2001, the City expanded the boundaries of the Development District to include the third phase of the industrial park.

On October 5, 2020, the City transferred the control and administration of the Development District to the Authority. The Authority has determined, with the consent of the City, to expand the boundaries of the Development District to include the fourth phase of the industrial park. The expanded Development District will allow the Authority and City to facilitate continued development of that park, furthering the overall goals for increasing employment and tax base in the City.

The Authority finds that the welfare of the City as well as the State of Minnesota requires active promotion, attraction, encouragement and development of economically sound industry and commerce to carry out its stated public purpose objectives.

Section 1.3. Statutory Authority. The Authority determines that it is desirable and in the public interest to continue to administer a Development Program for the Development District in the City, pursuant to the provisions of the EDA Act and City Development District Act. Funding of the necessary activities and improvements in the Development District may but is not required to be accomplished in whole or in part through tax increment financing in accordance with the TIF Act.

Section 1.4. Statement of Objectives. The Council determines that the Development District will provide the City with the ability to achieve certain public purpose goals not otherwise obtainable in the foreseeable future without City intervention in the normal development process. The public purpose goals include: restore and improve the tax base and tax revenue generating capacity of the Development District; increase employment opportunities; realize comprehensive planning goals; revitalize the property within the Development District to create an attractive, comfortable, convenient, and efficient area for industrial, commercial, and related land uses.

The Authority and City seek to achieve the following Development District program objectives:

1. Promote and secure the prompt development of certain property in the Development District, which property is not now in productive use or in its highest and best use, in a manner consistent with the City's Comprehensive Plan and with the minimum adverse impact on the environment, and thereby promote and secure the development of other land in the City.

2. Promote and secure additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards, reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.

3. Secure the increase of commercial/industrial property subject to taxation by the City, Independent School District No. 181, Crow Wing County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs required to be provided by them.

4. Provide for the financing and construction of public improvements in and adjacent to the Development District, necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.

5. Promote the concentration of manufacturing, commercial, office, and other appropriate development in the Development District to maintain the area in a manner compatible with its accessibility and prominence in the City.

6. Encourage local business expansion, improvement, and development, whenever possible.

7. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new and remodeled buildings.

8. Encourage and provide maximum opportunity for private redevelopment of existing areas and structures that are compatible with the Development Program.

Section 1.5. <u>Estimated Public Costs and Supportive Data</u>. Estimated public costs within the Development District will be set forth in the TIF Plans for TIF Districts as they are established. In addition to any previously authorized public costs, the City may acquire additional parcels of land for development or redevelopment purposes, as described in Section 1.14 herein.

Section 1.6. <u>Environmental Controls</u>. The proposed development activities in the Development District do not present significant environmental concerns. All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental standards.

Section 1.7. Proposed Reuse of Property. The proposals for reuse of property within the Development District are described in the documents referenced in Section 1.5 herein.

Unless otherwise specified, the Development Program does not contemplate the sale of property until such time as a private developer presents an economically feasible program for the reuse of that property. Proposals, in order to be considered, must be within the framework of the above cited goals and objectives, and must clearly demonstrate feasibility as a public program. Prior to the sale of any property that involves tax increment or other City assistance, the City Council will require a binding contract, performance bond and/or other evidence or guarantees that a supporting tax increment or other funds will be available to repay the public cost associated with the proposed development. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any land sale contract to which the City is a part.

Section 1.8. Public Improvements and Facilities to be Constructed Within Development District No. 2. The public improvements and facilities constructed within Development District No. 2 include: (a) off-site improvements, including streets, water, sanitary sewer and storm sewer; and (b) on-site utilities, soils correction, parking and landscaping. All public improvements are more particularly described in the documents referenced in Section 1.5 herein.

Section 1.9. Administration and Maintenance of the Development District. Maintenance and operation of the public improvements will be the responsibility of the Executive Director of the Authority who shall serve as Administrator of the Development District. The powers, duties and responsibilities of the Executive Director are spelled out in the Administrative Guide for the Administration of the Development Program for Development District No. 2. Each year the Executive Director will submit to the Authority and Council the maintenance and operation budget for the following year.

The Executive Director will administer the Development District pursuant to the provisions of Section 469.131 of the Act; provided, however, that such powers may only be exercised at the direction of the Authority. No action taken by the Executive Director pursuant to the above-mentioned powers shall be effective without authorization by the Authority.

Section 1.10. Rehabilitation. Owners of properties within the Development District will be encouraged to rehabilitate their property to conform with the applicable state and local codes and ordinances, as well as any design standards. Owners of the properties who purchase property within the Development District from the Authority may be required to rehabilitate their properties as a condition of sale of land. The Authority will provide such rehabilitation assistance as may be available from federal, state or local sources.

Section 1.11. Relocation. The Authority does not anticipate the need for relocation of existing persons or businesses within the Development District.

Section 1.12. Open Space to be Created. The Authority, in carrying out the objectives of the Development Program, will encourage the retention and beautification of open spaces where appropriate.

Section 1.13. Boundaries of the Development District. Development District No. 2 as expanded by this document consists of (1) the original Brainerd Industrial Park plat; (2) Thiesse Industrial Park Addition; (3) the Northwest Quarter of the Northwest Quarter and the west half of the Northeast Quarter of the Northwest Quarter, Section 6, Township 44 N, Range 30 W, Crow Wing County, Minnesota, except that part described as follows: The north 200 feet of the west 250 feet of the Northwest Quarter of the Northwest Quarter, Section 6; (4) Phase IV of the Industrial Park and described as Lots 1, 7, and 8, Block 1; Lot 1, Block 2; Lot 1, Block 3; Lots 1-4, Block 4; and Lots 1-4, Block 5; all in Brainerd Industrial Park 1st Addition; and (5) the rights of way within and adjacent to the above plats.

A map of the approximate boundaries of the Development District as modified October 8, 2020 is attached as Appendix A hereto. Further information regarding the identification of the property included in Development District No. 2 can be obtained from the office of the Executive Director of the Authority.

Section 1.14. Parcels To Be Acquired or That May be Acquired In Whole or In Part Within the Development District.

The Authority will acquire the following described parcels from the City, and intends to convey these parcels to a private developer, Anderson Brothers Construction Company of Brainerd, LLC, for economic development purposes pursuant to a Purchase and Development Contract:

> Phase IV of the Industrial Park and described as Lots 1, 7, and 8, Block 1; Lot 1, Block 2; Lot 1, Block 3; Lots 1-4, Block 4; and Lots 1-4, Block 5; all in Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota

Section 1.15. Modification of the Development Program for Development District No. 2. The Development Program has been adopted and modified as follows:

July 15, 1985	Adopted
November 20, 2000	Expanded (A-Tek development)
May 21, 2001	Expanded (Lexington Manufacturing)
October 8, 2020	Expanded (Anderson Brothers Construction)

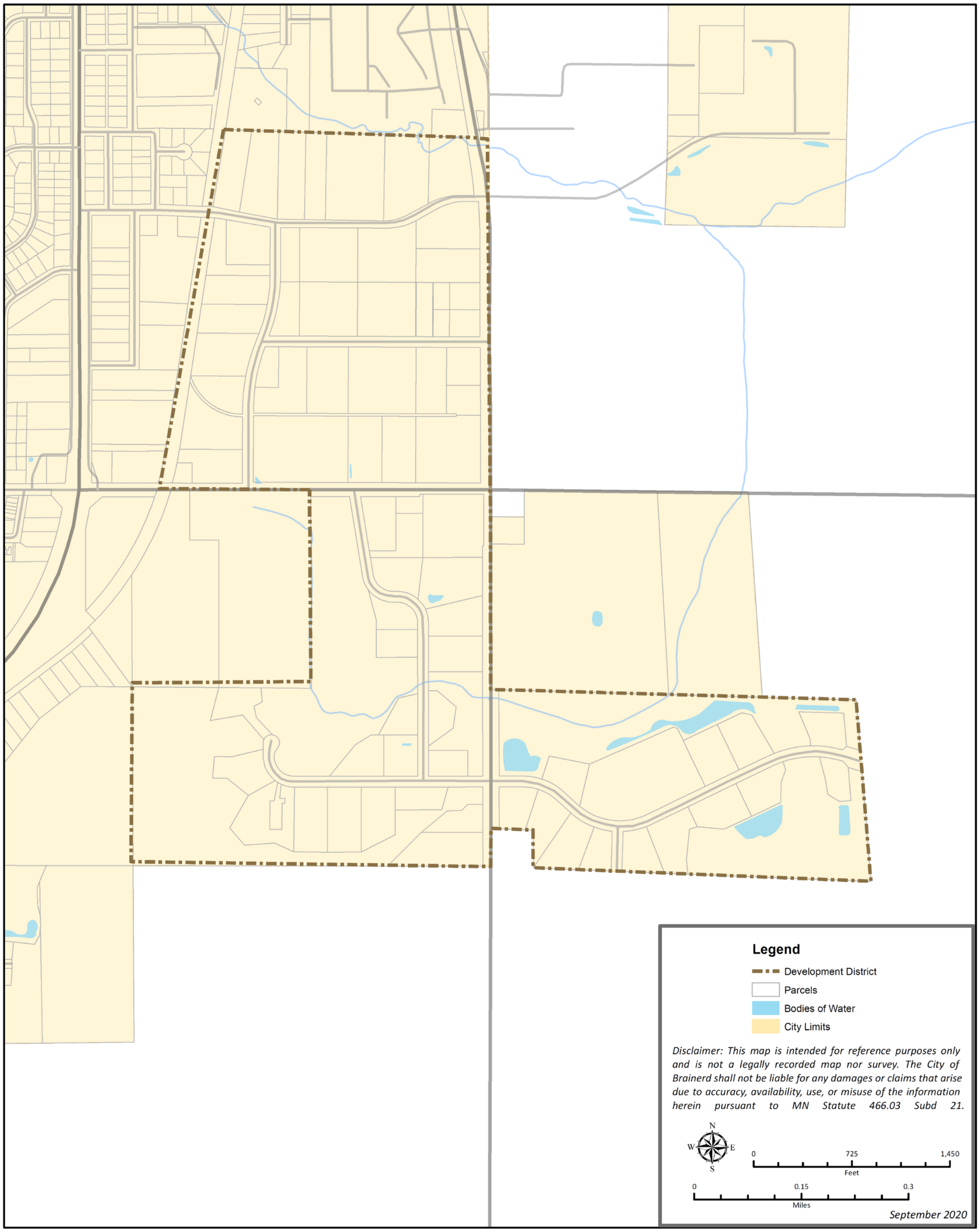
The Development Program as modified herein is intended to summarize and restate all prior Program modifications. Nothing in this modification is intended to alter or restrict any activity previously authorized in the Program, and all prior documents representing the Program are incorporated herein by reference.

APPENDIX A

MAP OF DEVELOPMENT DISTRICT

City of Brainerd

Development District No. 2



Fourth draft, February 25, 2022

PURCHASE AND DEVELOPMENT CONTRACT

By and Between

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

and

VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC

Dated as of: March [__], 2022

This document was drafted by:
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PURCHASE AND DEVELOPMENT CONTRACT

THIS AGREEMENT, made on or as of the [__] day of March, 2022, by and between BRAINERD ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of Minnesota (the "Authority"), and VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC, a Delaware limited liability company ("Developer").

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the "Act") and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Brainerd, Minnesota (the "City"); and

WHEREAS, the City has undertaken a program to promote economic development and job opportunities and to promote the development of land which is underutilized within the City, and in this connection created a development project known as the Development District No. 2 ("Development District") for the development of its industrial park pursuant to Minnesota Statutes, Sections 469.124 to 469.134 (the "Development District Act"); and

WHEREAS, by resolution dated December 6, 2021, the City Council transferred control, authority and operation of the Development District to the Authority, which currently administers the Development District; and

WHEREAS, pursuant to the Act and the Development District Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the Development of real property by private enterprise; and

WHEREAS, the Authority has expanded the geographic boundaries of the Development District to include certain property described in Schedule A (the "Development Property"), and intends to convey that property to Developer, in connection with Developer's proposal to develop a cryptocurrency mining facility on the Development Property, as more fully described herein (the "Minimum Improvements"); and

WHEREAS, the Authority believes that the development of the Development Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Act" means Minnesota Statutes, Sections 469.090 to 469.1081, as amended.

"Agreement" means this Agreement, as the same may be from time to time modified, amended, or supplemented.

"Authority" means the Brainerd Economic Development Authority, or any successor or assign.

"Authority Representative" means the Executive Director of the Authority, or any person designated by the Executive Director to act as the Authority Representative for the purposes of this Agreement.

"Certificate of Completion" means the certification provided to Developer, or the purchaser of any part, parcel or unit of the Development Property, pursuant to Section 4.4 of this Agreement.

"City" means the City of Brainerd, Minnesota.

"Closing" has the meaning provided in Section 3.3(b) hereof.

"Construction Plans" means the plans, specifications, drawings and related documents on the construction work to be performed by Developer on the Development Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) cross sections of floor plan (length and width); (4) elevations (all sides); (5) landscape plan; and (6) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

"County" means the County of Crow Wing, Minnesota.

"Developer" means VCV Digital Infrastructure Minnesota LLC or its permitted successors and assigns.

"Development District" means the Authority's Development District No. 2.

"Development Program" means the Authority's Development Program for the Development District, as amended.

“Development Property” means the real property so described in Schedule A attached hereto.

“Event of Default” means an action by Developer listed in Article IX of this Agreement.

“Holder” means the owner of a Mortgage.

“Minimum Improvements” means the construction on the Development Property of the improvements generally described on Schedule D, attached hereto and incorporated herein.

“Mortgage” means any mortgage made by Developer which is secured, in whole or in part, with the Development Property, and any modification, supplement, extension, renewal or amendment thereof.

“State” means the State of Minnesota.

“Tax Official” means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Title Company” means a title company selected by Developer and reasonably acceptable to the Authority.

"Unavoidable Delays" means unexpected delays which are the direct result of: (i) adverse weather conditions, (ii) shortages of materials, (iii) strikes, other labor troubles, (iv) fire or other casualty to the Minimum Improvements, (v) litigation commenced by third parties which, by injunction or other judicial action, directly results in delays, (vi) acts of any federal or state governmental unit, including legislative and administrative acts, (vii) approved changes to the Construction Plans that result in delays (viii) delays caused by the discovery of any adverse environmental condition on or within the Development Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements, (ix) delay in the issuance of any license or permit by any governmental entity, provided application therefor is timely made and diligently pursued by Developer and (x) any other cause or force majeure beyond the control of Developer which directly results in delays.

“Utility Agreement” means that certain agreement for the purchase of electric power to be entered into by the Developer and the City, acting through its Brainerd Public Utility, which Utility Agreement is fully incorporated into this Agreement.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority makes the following representations as the basis for the undertaking on their part herein contained:

(a) The Authority is an economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the Authority are undertaken to foster the development of certain real property which for a variety of reasons is presently underutilized, to create increased tax base and employment in the City, and to stimulate further development of the Development District as a whole.

(c) The Authority will cooperate with the Developer in facilitating any Developer requests for land use approvals, including conditional use permits and rezoning, necessary for the construction of the Minimum Improvements.

Section 2.2. Representations and Warranties by Developer. Developer represents and warrants that:

(a) Developer is a limited liability company duly organized and in good standing under the laws of the State of Delaware, is not in violation of any provisions of its articles of organization or, to the best of its knowledge, the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its members.

(b) If the Developer acquires the Development Property in accordance with this Agreement, the Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Development Plan and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) Developer has received no written notice or communication from any local, state or federal official that the activities of Developer or the Authority in the Development District would be in violation of any environmental law or regulation (other than those notices or communications of which the Authority is aware). Developer is aware of no facts the existence of which would cause the Development Property to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) After Closing, Developer will construct, or cause to be constructed, the Minimum Improvements in accordance with all applicable local, state or federal energy-conservation laws or regulations.

(e) Developer will timely apply for and diligently pursue all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed, subject to the terms of this Agreement.

(f) To the best of Developer's knowledge and belief, as of the date hereof, neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

ARTICLE III

Conveyance of Development Property

Section 3.1. Status of the Development Property.

(a) As of the date of this Agreement, the City owns the real property described in Schedule A to this Agreement (the "Development Property"). The City has approved the conveyance of the Development Property to the Authority concurrently with the conveyance of the Development Property by the Authority to the Developer, and the Authority will convey title to and possession of the Development Property to Developer, subject to all the terms and conditions of this Agreement.

(b) On or before Closing, subject to all the terms and conditions of this Agreement, the Developer shall prepare and use its commercially reasonable efforts to obtain all necessary land use approvals for construction of the Minimum Improvements on the Development Property, at the Developer's cost and subject to all City ordinances and procedures and otherwise reasonably acceptable to the Developer.

Section 3.2. Purchase Price. The purchase price to be paid to the Authority by Developer in exchange for the conveyance of the Development Property shall be $227,815 (the "Purchase Price"). The Purchase Price represents a fair market value of the Development Property, with $49,761 of the Purchase Price allocated to the land and $178,054 to the costs of infrastructure previously constructed by the Authority. The Purchase Price shall be due and payable by the Developer at Closing.

Section 3.3. Conditions of Conveyance.

(a) The Authority shall convey title to and possession of the Development Property to the Developer at Closing by quit claim deed substantially in the form set forth on Schedule B to this Agreement (the "Deed"). The Authority's obligation to convey the Development Property to the Developer, and Developer's obligation to purchase the Development Property, is subject to satisfaction of the following terms and conditions:

(1) The Authority having approved Construction Plans for the Minimum Improvements in accordance with Section 4.2.

(2) The Developer having secured financing for the acquisition of the Development Property and the construction of the Minimum Improvements and Authority having approved such financing in accordance with Article VII hereof, and the Developer having closed on such financing at Closing.

(3) There is no uncured Event of Default by Developer under this Agreement.

(4) The Developer having reviewed and approved (or waived objections to) title to the Development Property as set forth in Section 3.5 hereof.

(5) The Developer having reviewed and approved (or waived objections to) soil and environmental conditions as set forth in Section 3.6.

(6) The Developer having negotiated and executed the Utility Agreement with the City acting through its Brainerd Public Utility ("BPU") regarding the purchase of electrical power sufficient for the Developer's operations on the Development Property.

Conditions (1) and (3) are solely for the benefit of the Authority, and may be waived by the Authority. Conditions (4) and (5) are solely for the benefit of the Developer, and may be waived by the Developer. Conditions (2) and (6) are for the benefit of both the Authority and the Developer and may only be waived by both parties. Developer shall have a period of one hundred eighty (180) days from the date of this Agreement (the "Due Diligence Period") to perform due diligence on the Development Property, including physical and title inspections, and to satisfy itself with the condition thereof, including satisfaction of the conditions set forth in Section 3.3(a), in Developer's sole and absolute discretion. Developer may terminate this Agreement at any time prior to expiration of the Due Diligence Period upon written notice to the Authority. Upon satisfaction of the conditions set forth in Section 3.3(a) and Developer having satisfied itself with the condition of the Development Property in its sole discretion, Developer shall issue a written notice to the Authority that Developer wishes to proceed with Closing (the "Notice to Proceed") upon the terms and conditions of this Agreement. If the Authority has not received the Notice to Proceed on or before expiration of the Due Diligence Period or the conditions in Section 3.3(a) have not been satisfied or affirmatively waived in writing accordingly, then this Agreement shall terminate and the parties shall have no further liability or obligation to the other, except for the Developer's obligations under Section 3.9 hereof.

(b) The closing on conveyance of the Development Property from the Authority to the Developer ("Closing") shall occur on the date that is ten (10) days after Authority's receipt of the Notice to Proceed from Developer.

Section 3.4. Place of Document Execution, Delivery and Recording.

(a) Unless otherwise mutually agreed by the Authority and Developer, the execution and delivery of all deeds, documents and the payment of any purchase price shall be made at the offices of the Title Company or such other location to which the parties may agree.

(b) The deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property at Closing. At Closing, Developer shall pay: all recording costs, including state deed tax, in connection with the conveyance of the Development Property; costs of recording any instruments used to clear title encumbrances; title insurance commitment fees and premiums, if any; and title company closing fees, if any. The parties agree and understand that the Development Property is exempt from property taxes for taxes payable in 2022.

Section 3.5. Title.

(a) As soon as reasonably practical after the date of this Agreement, the Developer shall obtain a commitment for the issuance of a policy of title insurance ("Title Commitment") for the Development Property. At least sixty (60) days prior to expiration of the Due Diligence Period, Developer shall review the state of title to the Development Property and obtain a survey of the Development Property and may provide the Authority with a list of written objections to such title and survey. Upon receipt of the Developer's list of written objections, the Authority shall proceed in good faith and with all due diligence to attempt to cure the objections made by the Developer. In the event that the Authority has failed to cure objections within sixty (60) days after its receipt of the Developer's list of such objections, the Developer may (i) by the giving of written notice to the Authority terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, other than the Developer's obligations under Section 3.9 hereof; or (ii) waive any title objections and proceed to closing. The Authority shall have no obligation to take any action to clear defects in the title to the Development Property, other than the good faith efforts described above.

(b) The Authority shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the deed is delivered to the Developer. The Authority expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Upon Closing, the Authority is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of the Authority, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

(c) The Developer shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the deed is delivered to the Developer. The Developer expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Notwithstanding termination of this Agreement prior to Closing, Developer is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of Developer, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer of Developer.

Section 3.6. Soils, Environmental Conditions.

(a) Before closing on conveyance of the Development Property from the Authority to the Developer, Developer may enter the Development Property and conduct any environmental or soils studies deemed necessary by the Developer. If Developer determines that hazardous waste or other pollutants as defined under federal and state law exist on the property, or that the soils are otherwise unsuitable for construction of the Minimum Improvements, Developer may at its option terminate this Agreement by giving written notice to the Authority on or prior to the expiration of the Due Diligence Period, upon receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, except for the Developer's obligations under Section 3.9 hereof.

(b) The Developer acknowledges that the Authority makes no representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property.

Section 3.7. Representations and Warranties Regarding Development Property.

(a) The Authority has not received any notice of any violation of any law, municipal ordinance or other governmental requirement affecting the Development Property.

(b) To the best of the Authority's knowledge, no hazardous substances are located on or have been stored, generated, used, processed or disposed of on or released or discharged from (including ground water contamination) the Development Property and no above or underground storage tanks exist on, or have been removed from, the Development Property.

(c) No litigation or proceedings are pending or, to the best of Authority's knowledge, contemplated, threatened or anticipated, relating to the Development Property, or any portion thereof.

(d) Authority has no knowledge of any unrecorded agreements, undertakings or restrictions which affect the Development Property. There are no tenants, persons or entities occupying any portion of the Development Property and no claim exists against any portion of the Development Property by reason of adverse possession or prescription.

(e) To the best of Authority's knowledge: (i) there is no assessment payable in annual installments, or any part thereof, which has become a lien on the Development Property; and (ii) there is no obligation with respect to the Development Property for any assessment, annexation fee, payment, donation or the like, other than general real estate taxes, for schools, parks, fire departments or any other public facilities which are required to be made by the owner of the Development Property.

(f) To the best of Authority's knowledge, there are no wells on the Development Property within the meaning of Minnesota Statutes, Section 103I.235 and there is no sewage generated at the Development Property to be managed, and there is no individual sewage treatment system located on or serving the Development Property.

All representations and warranties made herein shall be deemed remade as of Closing and shall be true and correct as of Closing and shall be deemed to be material and to have been relied upon by the parties, notwithstanding any investigation or other act of Developer heretofore or hereafter made, and shall survive Closing and execution and delivery of the deed.

Section 3.8. No Business Subsidy. The parties agree and understand that the purchase price payable by Developer for the Development Property is at least equal to the market value of such property, and that the conveyance described in this agreement does not constitute a "business subsidy" within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995. The Developer releases and waives any claim against the Authority and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the Authority failed to comply with the Business Subsidy Act with respect to this Agreement.

Notwithstanding the foregoing, the parties agree and acknowledge that the Authority is conveying the Development Property to the Developer for economic development purposes pursuant to the Act, and that job creation is a priority of such economic development. Therefore, the Developer agrees that within two (2) years after the date of this Agreement, the Developer agrees to (i) create or cause to be created five (5) full-time equivalent jobs on the Development Property, and (ii) cause the hourly wage of such jobs to be at least Fifteen Dollars ($15.00), exclusive of benefits.

Section 3.9. Payment of Authority Costs. The Developer agrees that it will pay, within thirty (30) days after written notice from the Authority, the actual reasonable costs incurred and paid to third-party consultants and attorneys retained by the Authority in connection with the negotiation in preparation of this Agreement and other incidental agreements and documents related to the development contemplated hereunder, through the date of Closing or earlier termination of this Agreement as described hereinafter. The Authority will provide written reports and reasonable evidence of payment describing the costs accrued under this Section to Developer, but no more often than intervals of forty-five (45) days. The Authority acknowledges receipt of $10,000 deposited by the Developer upon filing its letter of intent with the Authority, which will be credited to the Developer's obligation under this Section. Upon termination of this Agreement by Developer, the Developer remains obligated under this section for such reasonable and actual third-party costs incurred by the Authority through the effective date of such termination.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition, subject to the terms of this Agreement.

Section 4.2. Construction Plans.

(a) Before commencement of construction of the Minimum Improvements, Developer shall submit to the Authority Construction Plans. The Authority will approve such Construction Plans in writing if: (i) such Construction Plans conform to the terms and conditions of this Agreement; (ii) such Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iii) such Construction Plans are adequate to provide for construction of the Minimum Improvements; (iv) the Construction Plans do not provide for expenditures in excess of the funds available to Developer for construction of the Minimum Improvements; and (v) no Event of Default has occurred. No approval by the Authority shall relieve Developer of the obligation to comply with the terms of this Agreement or of the Development Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority rejects any Construction Plans in whole or in part, Developer shall submit new or corrected Construction Plans after written notification to Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority's approval shall not be unreasonably withheld, conditioned or delayed. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

The Developer hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority, provided the Authority complies with its obligation to not unreasonably withhold, condition or delay such approval. Neither the Authority nor any employee or official of the Authority shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

(b) If Developer desires to make any material change in the Construction Plans after their approval by the Authority, Developer shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to Developer, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld, conditioned or delayed.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Minimum Improvements within one hundred twenty (120) days after Closing (the "Construction Commencement Deadline"), and use commercially reasonable and diligent efforts to substantially complete construction of the Minimum Improvements within 180 days following the Construction Commencement Deadline. All work with respect to the Minimum Improvements to be constructed on the Development Property shall substantially conform to the Construction Plans as submitted by Developer and approved by the Authority.

Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the Development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section 4.3 of this Agreement. Subsequent to conveyance of the Development Property, or any part thereof, to Developer, and until construction of the Minimum Improvements has been completed, Developer shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of Developer with respect to such construction.

Section 4.4. Certificate of Completion.

(a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (including the dates for beginning and completion thereof), the Authority will furnish the Developer with a Certificate of Completion in substantially the form provided in Schedule C. Such certification by the Authority shall be (and it shall be so provided in the deed and in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in the deed with respect to the obligations of the Developer, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) The certificate provided for in this Section 4.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the Authority shall, within thirty (30) days after written request by Developer, provide Developer with a written statement, indicating in adequate detail in what respects Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for Developer to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be commenced when the grading on the Development Property is substantially complete (as reasonably determined by the Authority Representative), and shall be deemed to be substantially completed when Developer has received a certificate of occupancy issued by the City for the Minimum Improvements.

ARTICLE V

Insurance

Section 5.1. Developer Insurance.

(a) Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy.

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Workers' compensation insurance, with statutory coverage.

(b) The Developer and the Authority agree that all of the insurance provisions set forth in this Section shall terminate upon the Termination Date.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the Authority with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

ARTICLE VI

Delinquent Taxes and Review of Taxes

Section 6.1. [Intentionally Omitted.]

Section 6.2. Review of Taxes. Developer agrees that, prior to the Termination Date, it will not apply for a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the Authority in accordance with this Agreement).

ARTICLE VII

Financing

Section 7.1. Financing.

(a) Before conveyance of the Development Property, the Developer shall submit to the Authority evidence of one or more commitments for mortgage financing which, together with committed equity for such construction, is sufficient for the construction of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term mortgage financing shall be subject only to such conditions as are normal and customary in the mortgage banking industry.

(b) If the Authority finds that the mortgage financing is sufficiently committed and adequate in amount to provide for the construction of the Minimum Improvements, then the Authority shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld, conditioned or delayed and either approval or rejection shall be given within thirty (30) days from the date when the Authority is provided the evidence of financing. A failure by the Authority to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the Authority rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. Approval of any subordination agreement under Section 7.3 hereof will constitute approval of financing for the purposes of this Section.

Section 7.2. Authority's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage on or prior to the Termination Date, Developer shall cause the Authority to receive copies of any notice of default received by Developer from the holder of such Mortgage. Developer will use its reasonable efforts to include in any Mortgage a provision that the Authority shall have the right, but not the obligation, to cure any such default on behalf of Developer within such cure periods as are available to Developer under the Mortgage documents. In the event there is an Event of Default under this Agreement, the Authority will transmit to the Holder of any Mortgage a copy of any notice of default given by the Authority pursuant to Article IX of this Agreement.

Section 7.3. Subordination and Modification for the Benefit of Mortgagee. In order to facilitate the Developer obtaining financing for construction of the Minimum Improvements according to the Construction Plans, the Authority agrees to subordinate its rights under this Agreement, including without limitation its rights of reversion under Sections 9.3 and 9.4 hereof, provided that (a) such subordination shall be subject to such reasonable terms and conditions as the Authority and Holder mutually agree in writing, and (b) the Authority's obligation to subordinate is contingent on the Authority's approval of the financing in accordance with Section 7.1 hereof.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. Developer represents and agrees that its purchase of the Development Property or portions thereof, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of Development of the Development Property and not for speculation in land holding.

Section 8.2. Prohibition Against Transfer of Property and Assignment of Agreement. Developer represents and agrees that until issuance of the Certificate of Completion for the Minimum Improvements:

(a) Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the Authority's board of commissioners unless Developer remains liable and bound by this Agreement, in which event, notwithstanding anything in this Agreement to the contrary, the Authority's approval is not required. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable Developer or any successor in interest to the Development Property, or any part thereof, to construct the Minimum Improvements, or (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements. Prior approval by the Authority is not required for any Transfer: (1) to an Affiliate or the transfer of a member's interest in Developer to an Affiliate of the member so long as the proposed transferee expressly assumes the obligations of Developer or the original member; (2) that is involuntary resulting from the death or disability or parties in control of the members of Developer.

(b) If Developer seeks to effect a Transfer which requires the approval of the Authority prior to issuance of the Certificate of Completion for the Minimum Improvements, the Authority shall be entitled to require as conditions to such Transfer that:

> (i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of Developer under this Agreement as to the portion of the Development Property to be transferred and agreed to be subject to all the conditions and restrictions to which Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority) deprive the Authority of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the Authority of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the Authority would have had, had there been no such transfer or change. In the absence of specific written agreement by the Authority to the contrary, no such transfer or approval by the Authority thereof shall be deemed to relieve Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VIII, shall be in a form reasonably satisfactory to the Authority.

(c) If the conditions described in paragraph (b) are satisfied with regard to any Transfer requiring the approval of the Authority then the Transfer will be approved and Developer shall be released from its obligations under this Agreement, as to the portion of the Development Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (c) apply to all subsequent transferors, assuming compliance with the terms of this Article.

(d) Upon issuance of the Certificate of Completion for the Minimum Improvements, Developer may transfer or assign the Minimum Improvements and/or Developer's rights and obligations under this Agreement with respect to such property without the prior written consent of the Authority; provided that:

(i) until the Termination Date the transferee or assignee is bound by all Developer's obligations hereunder with respect to the property and rights transferred. Developer shall submit to the Authority written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of Developer's obligations under this Agreement. If Developer fails to provide such evidence of transfer and assumption, Developer shall remain bound by all obligations with respect to the subject property under this Agreement; and

(ii) upon compliance with clause (d)(i) above (whether the transfer occurred before or after issuance of the Certificate of Completion), Developer shall be released from its obligations under this Agreement with respect to the property transferred assigned or otherwise conveyed.

The provisions of this paragraph (d) apply to all subsequent transferors, assuming compliance with the terms of this Article.

Section 8.3. Release and Indemnification Covenants. (a) Developer releases from and covenants and agrees that the Authority and the governing body members, officers, agents, servants and employees thereof (the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the operation of the Minimum Improvements.

(b) Except for any negligence of the following named parties and any claim as to the legal authority of the Authority to perform as required by this Agreement, Developer agrees (if timely tendered by the Authority to Developer) to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever to the extent caused by the construction, installation, and operation of the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements due to any act of negligence of any person.

(d) All covenants, stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any governing body member, officer, agent, servant or employee of the Authority in the individual capacity thereof.

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any failure by any party, following notice and cure periods described in Section 9.2 hereof, to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or under any other agreement entered into between Developer and the Authority in connection with development of the Development Property.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 9.2 after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Cancel and rescind or terminate the Agreement.

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the Development Property to Developer and prior to completion of construction of the Minimum Improvements (evidenced by a Certificate of Completion described in Section 4.4):

(a) Developer, subject to Unavoidable Delays, shall fail to begin construction of the Minimum Improvements by the Construction Commencement Deadline and such failure to begin construction is not cured within 90 days after written notice from the Authority to Developer to do so; or

(b) Developer fails to pay real estate taxes or assessments on the parcel or any part thereof when due, or creates, suffers, assumes, or agrees to any encumbrance or lien on the parcel (except to the extent permitted by this Agreement), or shall suffer any levy or attachment to be made, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the Authority made for such payment, removal, or discharge, within thirty (30) days after receipt of written demand by the Authority to do so; provided, that if Developer first notifies the Authority of its intention to do so, it may in good faith contest any mechanics' or other lien filed or established and in such event the Authority shall permit such mechanics' or other lien to remain undischarged and unsatisfied during the period of such contest and any appeal and during the course of such contest Developer shall keep the Authority informed respecting the status of such defense; or

(c) there is, in violation of the Agreement, any Transfer of the parcel in violation of the terms of Section 8.2, and such violation is not cured within sixty (60) days after written demand by the Authority to Developer, or if the event is by its nature incurable within 60 days, Developer does not, within such 60-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible; or

(d) Developer fails to comply with any of its other covenants under this Agreement related to the Minimum Improvements and fails to cure any such noncompliance or breach within thirty (30) days after written demand from the Authority to Developer to do so, or if the event is by its nature incurable within 30 days, Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible; or

(e) the Holder of any Mortgage secured by the subject property exercises any remedy provided by the Mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of the Mortgage, in either case which would materially adversely affect the rights and obligations of the Authority hereunder,

Then the Authority shall have the right to re-enter and take possession of the parcel to which the default relates and to terminate (and revest in the Authority) the estate conveyed by the deed to Developer as to that parcel, subject to all intervening matters, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the parcel to Developer shall be made upon, and that the deed shall contain a condition subsequent to the effect that in the event of any default on the part of Developer and failure on the part of Developer to remedy, end, or abrogate such default within the period and in the manner stated in such subdivisions, the Authority at its option may declare a termination in favor of the Authority of the title, and of all the rights and interests in and to the parcel conveyed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the parcel, shall revert to the Authority, but only if the events stated in Section 9.4(a)-(e) have not been cured within the time periods provided above. Notwithstanding anything to the contrary herein, in the event the Development Property have been replatted as part of other parcels as of the date of the Authority's exercise of its rights under this Section, Developer will cooperate with the Authority in obtaining any subdivision necessary to revest in the Authority title to the applicable Authority Parcel.

Section 9.4. Resale of Reacquired Property; Disposition of Proceeds. Upon the revesting in the Authority of title to and/or possession of the parcel or any part thereof as provided in Section 9.3, the Authority shall, pursuant to its responsibilities under law, use its best efforts to sell the parcel or part thereof as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law and of the Development Plan to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements as shall be satisfactory to the Authority in accordance with the uses specified for such parcel or part thereof in the Development Plan. During any time while the Authority has title to and/or possession of a parcel obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the parcel, the proceeds thereof shall be applied:

(a) First, to reimburse the Authority for all costs and expenses reasonably incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the parcel (but less any income derived by the Authority from the property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the parcel or part thereof (or, in the event the parcel is exempt from taxation or assessment or such charge during the period of ownership thereof by the Authority, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Authority assessing official) as would have been payable if the parcel were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the parcel or part thereof at the time of revesting of title thereto in the Authority or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the subject improvements or any part thereof on the parcel or part thereof; and any amounts otherwise owing the Authority by Developer and its successor or transferee; and

(b) Second, to reimburse Developer, its successor or transferee, up to the amount equal to (1) the purchase price paid by Developer under Section 3.2 with respect to the parcel revested; plus (2) the amount actually invested by it in making any of the subject improvements on the parcel or part thereof.

Any balance remaining after such reimbursements shall be retained by the Authority as its property.

Section 9.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Authority Representatives Not Individually Liable. The Authority and Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects their personal interests or the interests of any corporation, partnership, or association in which they are, directly or indirectly, interested. No member, official, or employee of the Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the Authority for any amount which may become due to Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. Developer agrees that until the Termination Date, Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by any party to the others shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of Developer, is addressed to or delivered personally to Developer at VCV Digital Infrastructure Minnesota LLC, 1540 Broadway, 10th Floor, New York, NY 10036; and

(b) in the case of the Authority, is addressed to or delivered personally to the Authority at the Brainerd Economic Development Authority, 501 Laurel Street, Brainerd, Minnesota 56401, Attn: Executive Director, or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the others as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The Authority may record this Agreement and any amendments thereto with the Crow Wing County recorder. Developer shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved by the Authority and Developer.

Section 10.10. Authority Approvals. Unless otherwise specified, any approval required by the Authority under this Agreement may be given by the Authority Representative.

Section 10.11. Termination. This Agreement terminates on the earliest of (i) cancelation as provided in Article III hereof; (ii) termination following an uncured Event of Default following written notice thereof; or (iii) expiration of the initial 2-year term of the Utility Agreement, without regard to any extension or renewal thereof (the "Termination Date").

Section 10.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.13. Good Faith. Each party shall act in good faith and in a commercially reasonable manner with respect to any matter contemplated by this Agreement, including, without limitation, approving or disapproving any request, including any request for approval of plans.

Section 10.14. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby. Once this Agreement is terminated, Developer and the Authority shall enter into a recordable "Memorandum of Termination" which shall confirm that Developer has satisfied its obligations under this Agreement, shall state the date this Agreement was terminated, and confirm this Agreement no longer affects the Development Property. If the Authority fails to execute and return the Memorandum of Termination within thirty (30) days of the date Developer sent notice of such request, then without limitation to any rights or remedies of Developer, Developer shall have the right to execute and record the Memorandum of Termination evidencing the same.

(The remainder of this page is intentionally blank; signature pages follow.)

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

By ______________________________
Its President

By ______________________________
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF CROW WING)

The foregoing instrument was acknowledged before me this ____ day of __________ 2022, by __________ and __________, the President and Executive Director of the Brainerd Economic Development Authority, a public body politic and corporate, on behalf of the Authority.

____
Notary Public

VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC

By ___________________________________
Its _______________

STATE OF ____________)
) SS.
COUNTY OF __________)

The foregoing instrument was acknowledged before me this _____ day of _________, 2022 by _________, the _________ of VCV Digital Infrastructure Minnesota LLC, a Delaware limited liability company, on behalf of the company.

____
Notary Public

SCHEDULE A

DEVELOPMENT PROPERTY

Lot 1, Blocks 2 and 3; Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota

SCHEDULE B

FORM OF QUIT CLAIM DEED

THIS INDENTURE, between Brainerd Economic Development Authority, a public body corporate and politic (the "Grantor"), and VCV Digital Infrastructure Minnesota LLC, a Delaware limited liability company (the "Grantee").

WITNESSETH, that Grantor, in consideration of the sum of $_________ and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Crow Wing and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the "Property"):

Lot 1, Blocks 2 and 3; Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the Grantor and Grantee on the [__] day of March, 2022, identified as "Purchase and Development Contract" (hereafter referred to as the "Agreement") and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for the purchase of the Property hereby conveyed or for erecting the Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement, any applicable development program and applicable provisions of the zoning ordinance of the City of Brainerd, Minnesota, or for the refinancing of the same.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the Development of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with an appropriate instrument so certifying. Such certification by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certifications and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder, or Registrar of Titles, Crow Wing County, Minnesota. If the Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within thirty (30) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of Section 9.3 of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with all provisions of the Agreement that relate to the Property or use thereof for the periods specified in the Agreement, including without limitation the covenant set forth in Section 10.3 thereof.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or revest in the Grantor the estate conveyed by this Deed on grounds of Grantee's failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to:

(a) Provision of the ordinances, building and zoning laws of the City of Brainerd, and state and federal laws and regulations in so far as they affect this real estate.

(b) [Other encumbrances if applicable]

Grantor certifies that it does not know of any wells on the Property.

IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its President and Executive Director and has caused its corporate seal to be hereunto affixed this ______ day of ____________, 2022.

BRAINERD ECONOMIC
DEVELOPMENT AUTHORITY

By ______________________________
Its President

By ______________________________
Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF CROW WING)

On this ____ day of ________, 2022, before me, a notary public within and for Crow Wing County, personally appeared _____________ and ________________ to me personally known who by me duly sworn, did say that they are the President and Executive Director of Brainerd Economic Development Authority (the "Authority") named in the foregoing instrument; that the seal affixed to said instrument is the seal of said Authority; that said instrument was signed and sealed on behalf of said Authority pursuant to a resolution of its governing body; and said and _____________ acknowledged said instrument to be the free act and deed of said Authority.

____
Notary Public

This instrument was drafted by:

Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402
(612) 337-9300

SCHEDULE C

CERTIFICATE OF COMPLETION

WHEREAS, the Brainerd Economic Development Authority, a public body corporate and politic (the "Grantor"), by a Deed recorded in the Office of the County Recorder for the County of Crow Wing and State of Minnesota, as Deed Document Number __________, has conveyed to VCV Digital Infrastructure Minnesota LLC (the "Grantee"), the following described land in County of Crow Wing and State of Minnesota, to-wit:

Lot 1, Blocks 2 and 3; Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota

and

WHEREAS, said Deed contained certain covenants and restrictions set forth in Sections 1 and 2 of said Deed; and

WHEREAS, said Grantee has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification;

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been completed and the above covenants and conditions in said Deed and the agreements and covenants in Article IV of the Agreement (as described in said Deed) have been performed by the Grantee therein, and the County Recorder for the County of Crow Wing and State of Minnesota is hereby authorized to accept for recording and to record, the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of Article IV of the Agreement, but the covenants created by Sections 3 and 4 of said Deed shall remain in full force and effect.

Dated: _______________, 20__.

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

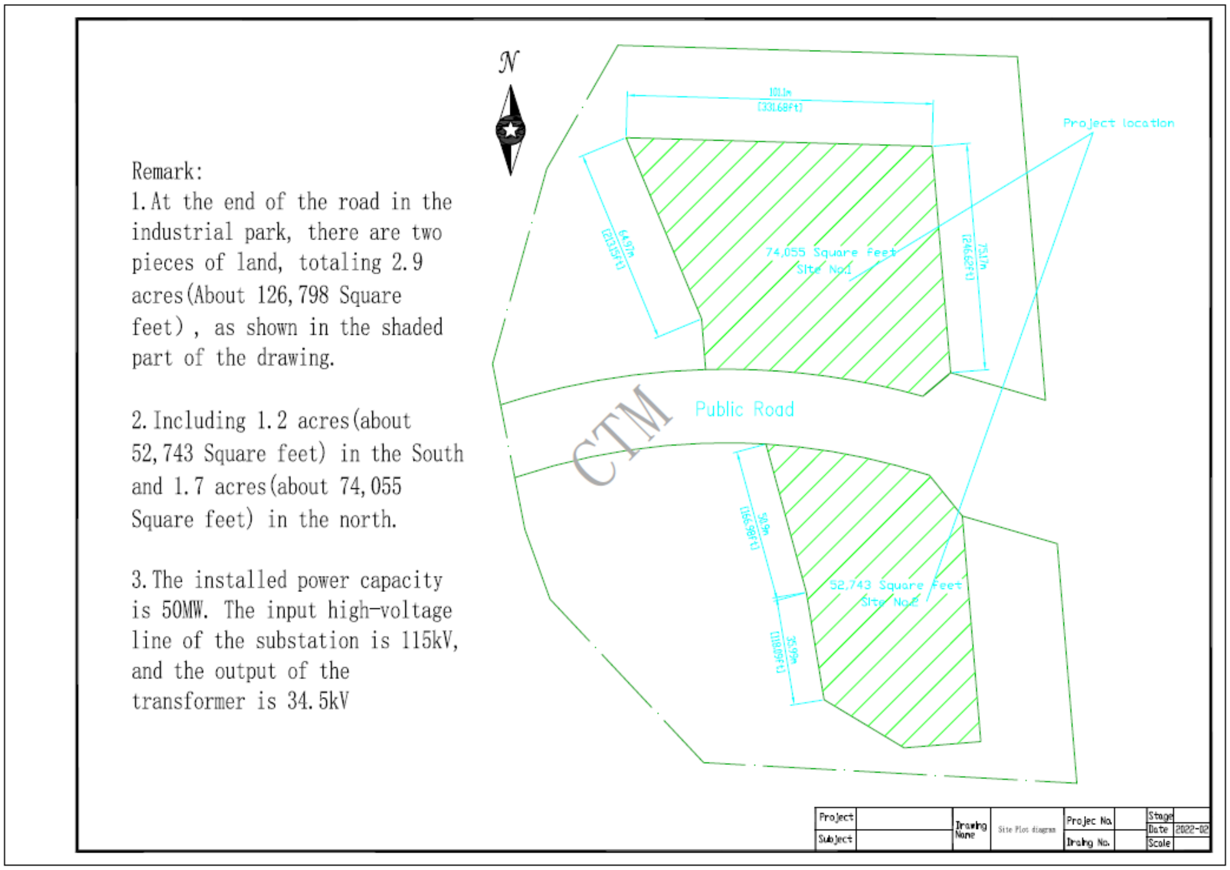
By ____
Authority Representative

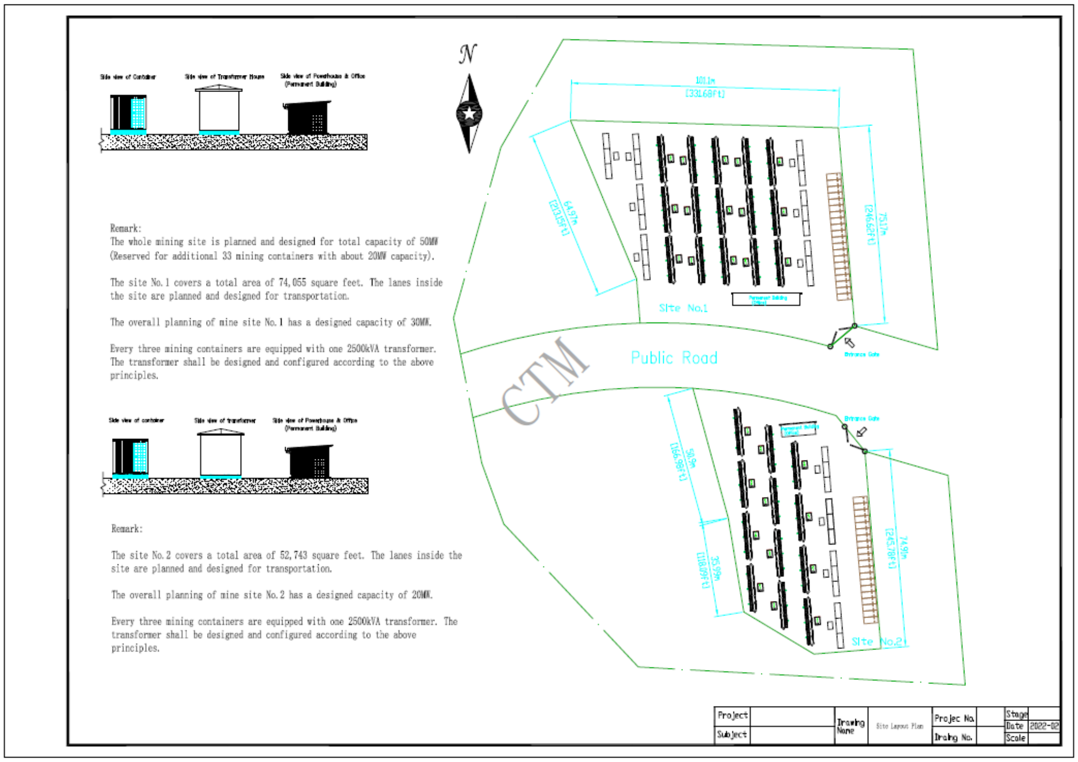
This Document was drafted by:

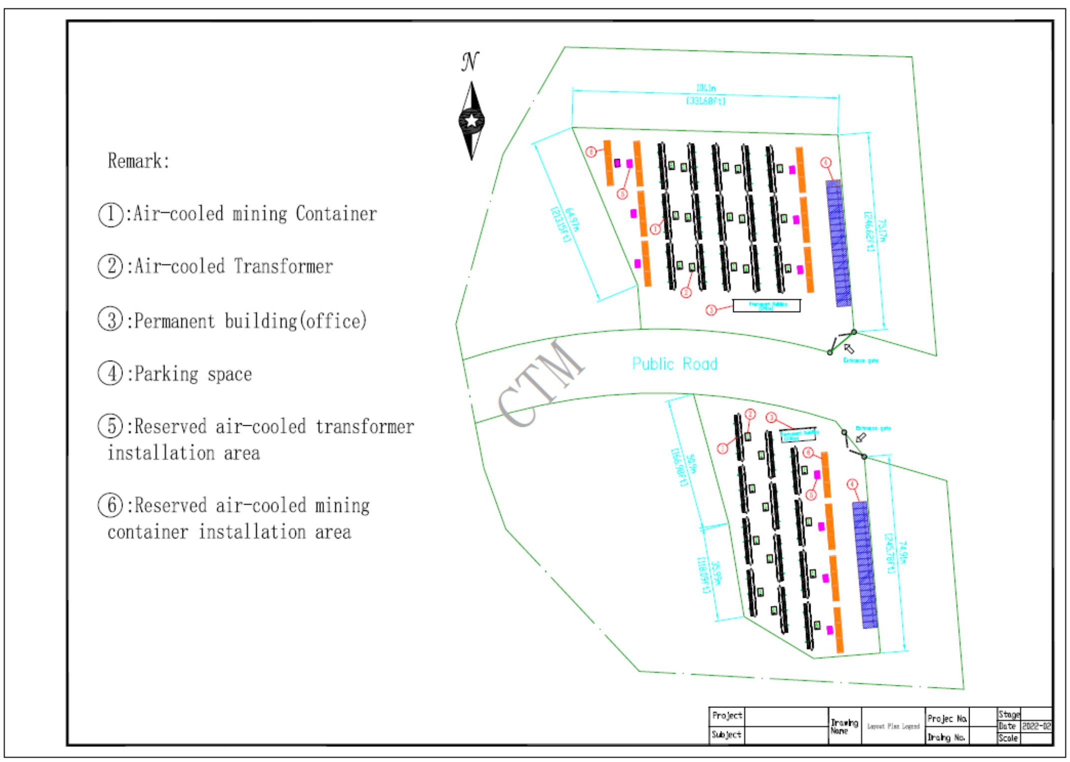
KENNEDY & GRAVEN, Chartered
150 South 5th Street, Suite 700
Minneapolis, Minnesota 55402
(612) 337-9300

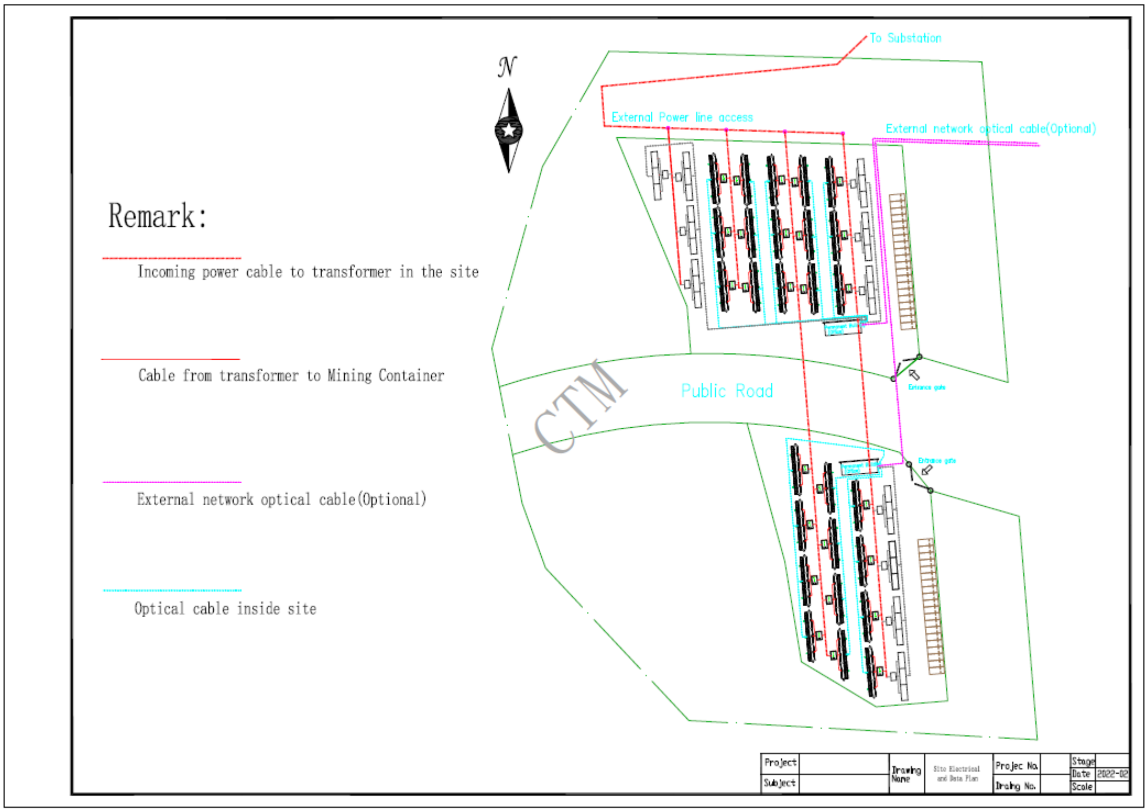
SCHEDULE D

MINIMUM IMPROVEMENTS

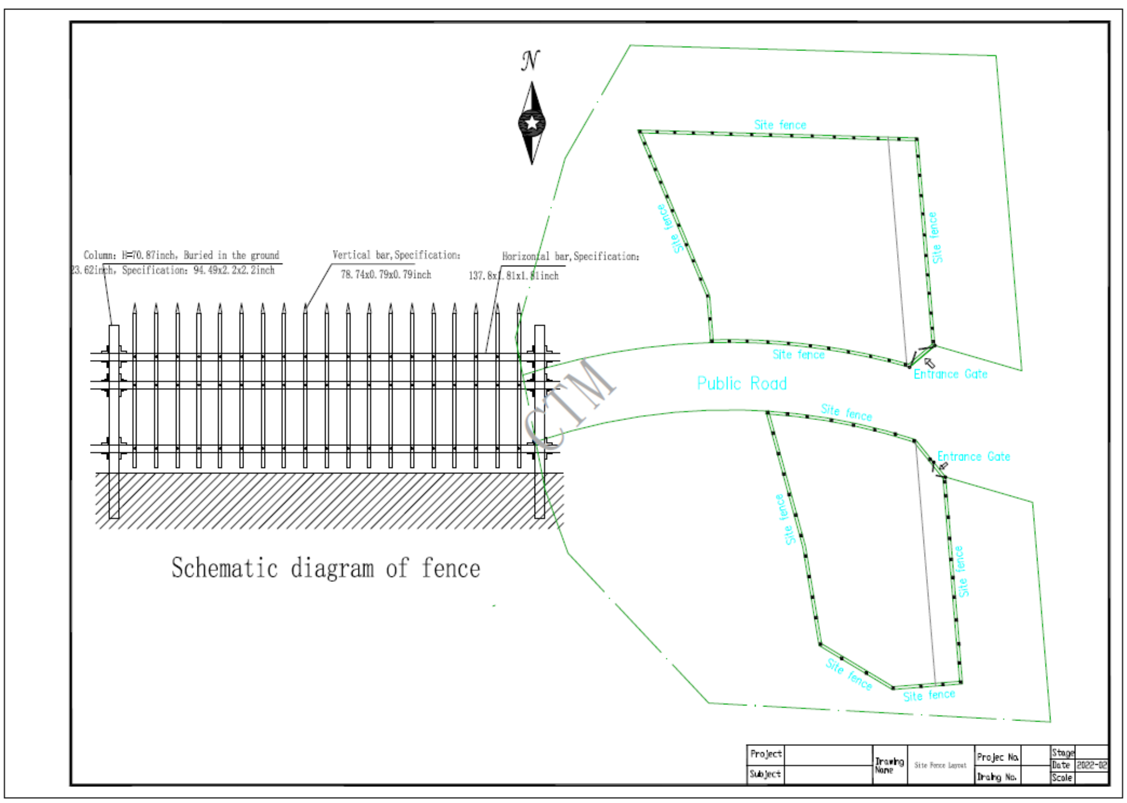



Side view of Container
Side view of Transformer House
Side view of Powerhouse & Office (Permanent Building)
Remark:
The whole mining site is planned and designed for total capacity of 50MW (Reserved for additional 33 mining containers with about 20MW capacity).
The site No.1 covers a total area of 74,055 square feet. The lanes inside the site are planned and designed for transportation.
The overall planning of mine site No.1 has a designed capacity of 30MW.
Every three mining containers are equipped with one 2500kVA transformer. The transformer shall be designed and configured according to the above principles.
Side view of container
Side view of transformer
Side view of Powerhouse & Office (Permanent Building)
Remark:
The site No.2 covers a total area of 52,743 square feet. The lanes inside the site are planned and designed for transportation.
The overall planning of mine site No.2 has a designed capacity of 20MW.
Every three mining containers are equipped with one 2500kVA transformer. The transformer shall be designed and configured according to the above principles.
N
101.1m
(331.68Ft)
Site No.1
Public Road
CTM
Site No.2
Entrance Gate
Project
Subject
Drawing Name
Site Layout Plan
Projec No.
Drahg No.
Stage
Date
2022-02
Scale

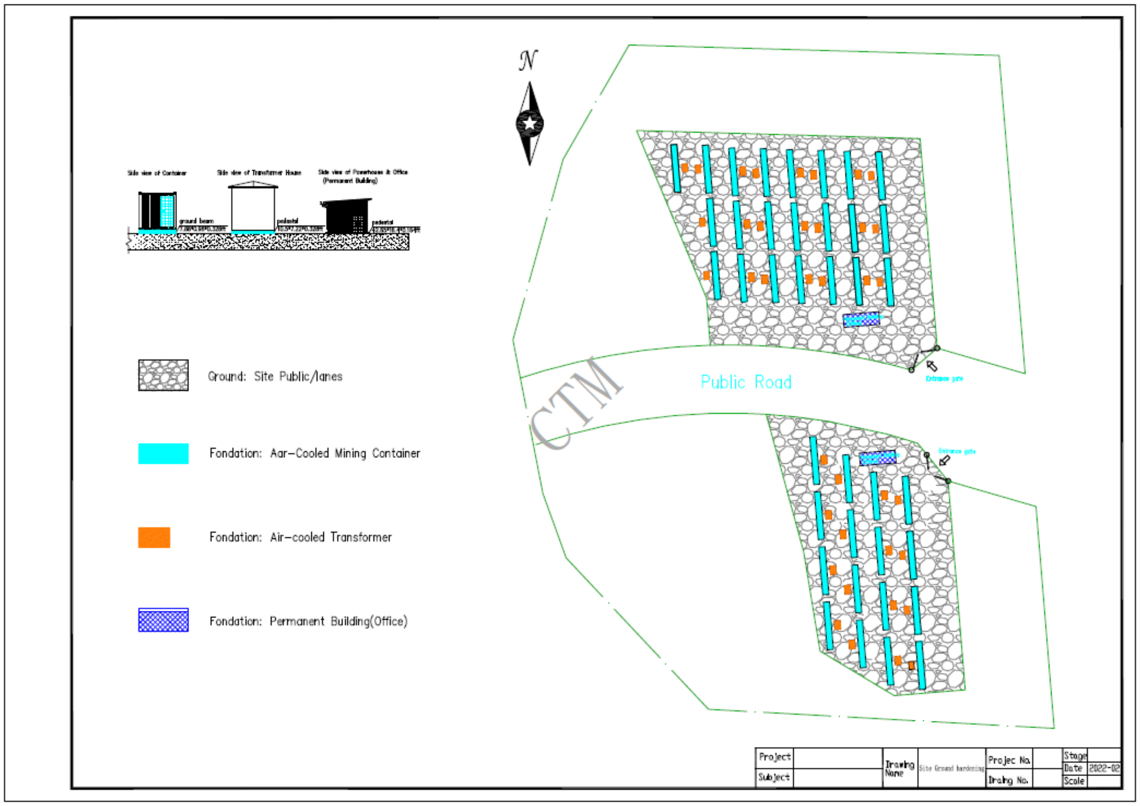

Remark:
①:Air-cooled mining Container
②:Air-cooled Transformer
③:Permanent building(office)
④:Parking space
⑤:Reserved air-cooled transformer installation area
⑥:Reserved air-cooled mining container installation area
N
101.1m
(331.68Ft)
Public Road
CTM
Project
Subject
Drawing Name
Projec No.
Drahg No.
Stage
Date
2022-02
Scale

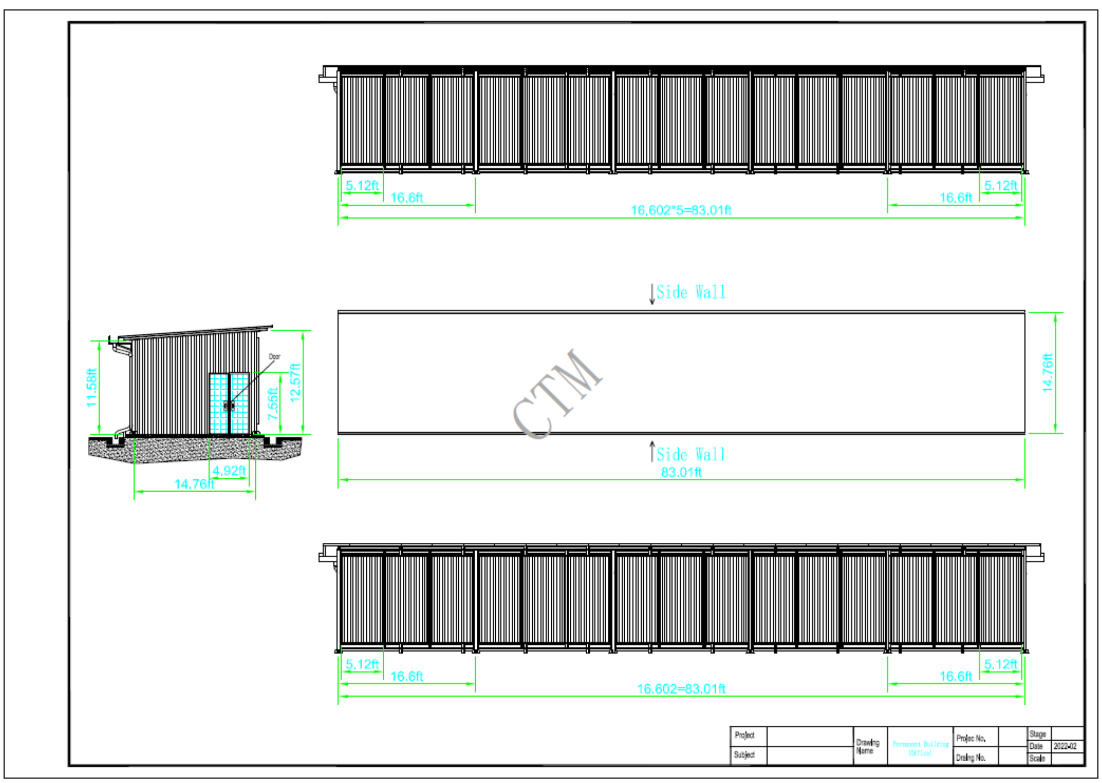


N
To Substation
External Power line access
External network optical cable(Optional)
Remark:
Incoming power cable to transformer in the site
Cable from transformer to Mining Container
External network optical cable(Optional)
Optical cable inside site
CTM
Public Road
Project
Subject
Drawing Name
Projec No.
Drawing No.
Stage
Date
2022-02
Scale



N
Site fence
Column: H=70.87inch, Buried in the ground 23.62inch, Specification: 94.49x2.2x2.2inch
Vertical bar,Specification: 78.74x0.79x0.79inch
Horizontal bar,Specification: 137.8x1.81x1.81inch
CTM
Public Road
Entrance Gate
Schematic diagram of fence
Project
Subject
Drawing Name
Site Fence Layout
Projec No.
Drawing No.
Stage
Date
2022-02
Scale


N
Ground: Site Public/lanes
Fondation: Aar-Cooled Mining Container
Fondation: Air-cooled Transformer
Fondation: Permanent Building(Office)
Public Road
CTM
Project
Subject
Drawing Name
Projec No.
Draing No.
Stage
Date
2022-02
Scale


5.12ft
16.6ft
16.602*5=83.01ft
16.6ft
5.12ft
Side Wall
14.76ft
CTM
Side Wall
83.01ft
11.58ft
7.55ft
12.57ft
4.92ft
14.76ft
5.12ft
16.6ft
16.602=83.01ft
16.6ft
5.12ft
Project
Subject
Drawing Name
Projec No.
Draing No.
Stage
Date
2022-02
Scale

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

NOTICE OF PUBLIC HEARING

Notice is hereby given that the Board of Commissioners of the Brainerd Economic Development Authority (the "Authority") will meet at approximately 7:30 a.m. on Thursday, March 3, 2022, at the City Council Chambers in City Hall, 501 Laurel Street, Brainerd, Minnesota, to conduct a public hearing regarding the following matters:

1 . the proposed sale of certain property described as Lot 1, Block 2 and Lot 1, Block 3, both in Brainerd Industrial Park First Addition, Crow Wing County, Minnesota (the "Property"), currently owned by the City of Brainerd (the "City"), to the Authority for conveyance to VCV Digital Infrastructure Minnesota LLC (the "Developer"). The Authority intends to convey the Property to the Developer for a purchase price representing its fair market value, in furtherance of the Authority's goals for the economic development of the industrial park. A copy of all documents relating to the proposed sale of land will be on file and available for inspection at City Hall during regular business hours.

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

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

Dated: February 17, 2022

/s/ Jennifer Bergman
Executive Director

EDA RESOLUTION NO. ________

RESOLUTION APPROVING PURCHASE AND DEVELOPMENT AGREEMENT FOR THE SALE OF INDUSTRIAL PARK LAND BY THE BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

BE IT RESOLVED BY the Board of Commissioners ("Board") of the Brainerd Economic Development Authority (the "Authority") as follows:

Section 1. Recitals.

1.01. The City of Brainerd (the "City") previously created its Development District No. 2, comprising industrial park property within the City, and transferred the control and administration of said Development District No. 2 to the Authority by resolution on December 6, 2021, subject to acceptance of such control and administration by the Authority.

1.02. The Authority has accepted the control and administration of Development District No. 2 on the date hereof.

1.03. The Authority and VCV Digital Infrastructure Minnesota LLC (the "Buyer") have negotiated a purchase and development agreement (the "Agreement") pursuant to which the Authority will convey to the Buyer certain property (the "Property") located in Development District No. 2 for construction by the Buyer of a cryptocurrency mining facility (the "Facility"). The Property is described in Exhibit A attached hereto.

1.04. Pursuant to the Agreement, the Authority will convey the Property to the Buyer for a total purchase price of $227,815 plus related closing costs, and the Buyer will construct the Facility on the Property as described in the Agreement.

1.05. The Authority finds that the conveyance of the Property conforms to the City's comprehensive plan, as approved by the City, and will facilitate the construction of a job-producing facility within the industrial park and increase the tax base of the City.

1.06. On the date hereof, the Authority conducted a duly noticed public hearing regarding the conveyance of the Property to the Buyer pursuant to the Agreement, at which all interested parties were given an opportunity to be heard, and hereby finds that the execution of the Agreement and performance of the Authority's obligations thereunder, including the conveyance of the Property to the Buyer, are in the best interest of the City and its residents.

Section 2. Agreement Approved.

2.01. The Authority hereby approves the Agreement in substantially the form presented to the Authority, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Agreement by those officials shall be conclusive evidence of their approval.

2.02. Authority staff and officials are authorized to take all actions necessary to perform the Authority's obligations under the Agreement as a whole, including without limitation execution of the deed or of any other documents to which the Authority is a party referenced in or attached to the Agreement, and any other documents necessary to convey the Property to the Buyer, all as described in the Agreement.

Approved this 3rd day of March, 2022, by the Board of Commissioners of the Brainerd Economic Development Authority.

____
President

ATTEST:

____
Executive Director

EXHIBIT A

PROPERTY

Parcel 1:
Lot 1, Blocks 2 and 3, Brainerd Industrial Park 1st Addition, Crow Wing County, Minnesota

M E M O

TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: February 25, 2022

RE: BLAEDC Shared Services Agreement Response

On January 6, the EDA authorized staff to work with the EDA subcommittee to draft agreements with the selected entities to provided economic development consulting services. BLAEDC was selected to provide business support and recruitment/retention services in the amount of $35,000. The attached agreement was sent to BLAEDC for there approval on January 20.

On February 18, the City received the attached response of BLAEDC with a counter proposal.

Staff is seeking direction from the EDA as to how to proceed.

SHARED SERVICES AGREEMENT

This agreement is entered into this ____ day of ____________, 2022; between the Brainerd Lakes Area Economic Development Corporation (BLAEDC), a nonprofit 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 BLAEDC to provide business retention and recruitment services to businesses within the corporate limits of the City of Brainerd that build relationships with local businesses and develop and implement programs focused on retaining al existing businesses, recruiting new, complimentary businesses, and attraction of a robust workforce as well as provide business resources, support, and program development services to businesses within the corporate limits of the City of Brainerd that build relationships with local businesses, identify areas of need, make connections between businesses and service provider and develop and implement programs to address areas of need.

NOW, THEREFORE, IT IS HEREBY AGREED THAT:

I. Scope of Service

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

a. Maintain, update, and make available the directory of all businesses located within the corporate limits of the City of Brainerd which includes business name, address, contact person, phone number and email of contact person, type of business and number of employees; and,
b. Prepare a list of questions to be approved by the EDA to be used to conduct business retention and expansion visits with businesses within the corporate limits of the City of Brainerd; and,
c. Using the prepared list of questions approved by the EDA, conduct a minimum of 25 business retention and expansion visits based upon a prioritization list developed by the EDA, which shall represent a variety of different sizes (less than 10 employees, 10-25 employees, 25-50 employees, 50-100 employees, and more than 100 employees) and maintain, update, and make available BLAEDC's Business Retention and Recruitment document, which shall include detailed information acquired from business visits; and,
d. Assemble the responses from the business retention and expansion visits and report the results to the EDA on a quarterly basis; and
e. Recommend potential programs to support the needs of the business community that allow for low to no cost services that add value and service; and
f. Revitalize the BLAEDC EXEC program, market the program to Brainerd businesses and provide this service to at least 2 businesses; and,
g. Expand the Recruitment and Workforce Development Program to serve the needs of businesses within Brainerd; and
h. Continue to facilitate the River-to-Rail Initiative; and
i. In correlation with City of Brainerd and Visit Brainerd staff, develop and distribute material designed to encourage those living outside of

the Brainerd Lakes Area to relocate to the corporate limits of the City of Brainerd; and,

j. In correlation with City of Brainerd and Visit Brainerd staff, develop and distribute material designed to encourage businesses operating outside of the Brainerd Lakes Area to relocate to or expand into corporate limits of the City of Brainerd; and,
k. Participate in quarterly roundtable discussions with City of Brainerd staff and all other consultants providing services to the EDA; and
l. 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 BLAEDC $35,000 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 BLAEDC. 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 BLAEDC will be prorated through the last day of the 30-day termination period. Acceptance of this agreement supersedes and nullifies all other previous agreements between the EDA and BLAEDC.

IV. Indemnification

To the fullest extent permitted by law, BLAEDC 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 BLAEDC's negligence or BLAEDC's failure to perform its obligations under this Agreement.

V. Compliance with Laws

The EDA and BLAEDC 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

BLAEDC is an independent Contractor and nothing herein contained shall be construed to create the relationship of an employer and employee between EDA and BLAEDC employees. BLAEDC shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services. BLAEDC 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 BLAEDC and that it is BLAEDC'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.

BLAEDC	*Brainerd EDA*
Executive Director	Chair
Tyler Glynn	Gabe Johnson
224 W. Washington 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 BLAEDC 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 BLAEDC 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 BLAEDC.

Approved this the ___ day of _______________ 2022.

Brainerd Economic Development Authority

By:________________________

GABE JOHNSON
CHAIR

Brainerd Lakes Area Economic Development Corporation (BLAEDC)

By:________________________

CHAIR, BLAEDC BOARD

blaedc

February 15, 2022

Dear Brainerd City Staff and EDA Board Members:

On behalf of the BLAEDC Board of Directors, this letter is to serve as notification that we would like to request an alternative option to the Shared Services Agreement between the Brainerd EDA and BLAEDC. Through the 2022 RFP process the Brainerd EDA's decision was to select BLAEDC to provide the following services;

Business Retention and Recruitment

Business Resources, Support and Program Development

We as a board, while supporting the staff, would like to recommend that you provide the funding of $35,000 that was designated to BLAEDC for those 2 services from the RFP, to eliminate the Shared Services Agreement and fund BLAEDC to provide the same services they have been providing to the city of Brainerd since 1987 and categorize them in the Miscellaneous column. Our request is that the Brainerd EDA adopt and sign the attached Contract for Services, which is similar to the agreement the city of Baxter has agreed to for 2022.

We, as a board, want to see the BLAEDC staff utilize their skills and expertise in assisting the city and the EDA further their economic goals in 2022 and beyond. If you were to only fund the organization to provide that narrow scope that was identified in the RFP, the city will miss out on the following services that BLAEDC provides to the business community in Brainerd and throughout Crow Wing County.

- River to Rail (over $76,000 worth of fees have been waived since BLAEDC gave that program to the city of Brainerd to assist the downtown business growth)
- Unified Fund (managing over $450,000 of Brainerd city funds)
- Administration of Federal Grant Funds (millions of dollars have been distributed to Brainerd business owners over the last 2 plus years)
- Grant Writing services (BLAEDC has assisted the Brainerd YMCA secure over $600,000 in funding through our grant writing assistance)
- Relationships with Brainerd High School and the new CTE wing of the school, which will build the next entrepreneur and supports future workforce needs
- Youth Entrepreneur Fund which helps Brainerd High School students and YMCA campers start and maintain their businesses
- Relationship with Central Lakes College
- Monitor and manage funding opportunities available to the Brainerd area and business community through our expansive memberships and partnerships with local, regional, state, and federal organizations
- Locating financial support for Brainerd area businesses by identifying specialized programs and determining eligibility for local, regional, state and federal programs

- Obtaining technical assistance for business planning
- Collaboration with local governmental resources and their processes
- Promoting and marketing Brainerd through social media and on our website
- Supporting economic development related activities as needed

Funding allows us to continue to meet the needs of the business community and to provide free and low-cost services.

The BLAEDC staff would like to continue to work on these initiatives and many others for the city of Brainerd and the business community in Crow Wing County and feel that if we are allowed to do so, you will continue to receive BLAEDC's commitment without the guidelines placed in the Shared Services Agreement.

Please consider this letter as a request to move forward with the attached Contract for Services agreement between BLAEDC and the Brainerd EDA.

Thank you.

Sincerely,

Mike Dillon, BLAEDC Board of Directors Chairman

Brainerd Lakes Area Economic Development Corporation

224 West Washington StreetBrainerd, MN 56401

growbrainerdlakes.org (218) 828-0096

blaedc

AGREEMENT FOR PROFESSIONAL SERVICES
BY AND BETWEEN THE BRAINERD
ECONOMIC DEVELOPMENT AUTHORITY (EDA)
AND
THE BRAINERD LAKES AREA
ECONOMIC DEVELOPMENT CORPORATION

FOR CALENDAR YEAR 2022

Whereas, the Brainerd EDA desires to actively implement an ongoing program to assist in the retention and support of its existing business community, promote the location of new businesses in the community, and support economic development in Crow Wing County; and

Whereas, the Brainerd Lakes Area Economic Development Corporation (BLAEDC), a private non-profit organization created "To Expand Business, Build Community, and Grow Jobs in Crow Wing County", has established a comprehensive program to accomplish this mission;

Therefore, the Brainerd EDA does hereby enter into this agreement with the Brainerd Lakes Area Economic Development Corporation.

I. SERVICES

BLAEDC does hereby agree to provide the following services on behalf of the Brainerd EDA:

a) BLAEDC agrees to provide a focal point for economic development in the Brainerd area, to assist businesses and industry with their site location needs, provide financial packaging services, and business planning assistance.
BLAEDC will provide these services in cooperation with others such as the Brainerd office of the Small Business Development Center.

b) BLAEDC will provide community services and marketing programs throughout the year to fulfill its mission to expand the tax base and increase employment.

c) BLAEDC does hereby agree to maintain an office within the Brainerd Lakes area to conduct its services under this contract.

d) BLAEDC will provide periodic reports to the Brainerd EDA on the activities and progress to fulfill the services identified above.

e) A BLAEDC representative will attend Brainerd EDA meetings whenever appropriate or requested by the Brainerd EDA.

II. TERM OF CONTRACT

The term of this contract shall be one year, commencing March 1, 2022, and terminating on December 31, 2022.

III. COMPENSATION

Services Relating to Accomplishing Our Mission
The Brainerd EDA agrees to pay BLAEDC **$35,000** for these services, payable in payments of **$17,500** on or about **July 1, 2022** and **December 1, 2022.**

IV. REPRESENTATION

a) The Brainerd EDA does hereby acknowledge that BLAEDC will be conducting similar and complimentary services throughout the 1,000 square miles of Crow Wing County. This acknowledgment recognizes that when BLAEDC successfully helps a company expand or locate in Crow Wing County, it ultimately helps the community of Brainerd. Depending on the locality of the business, there could be employment opportunities for residents in your area and increased spending with local businesses. With the expansion of the economic base of Crow Wing County, it enables the community to stabilize and hopefully lower property taxes, and allow an expansion and enrichment of community amenities such as parks, service programs and the like.

b) Each party to this agreement binds himself and his partners, successors, executors, administrators, and assigns to the other party of this agreement and to the partners, successors, executors, administrators, and assigns of such other party, in respect to all covenants of this agreement. Except as above, neither party shall assign, sublet, or transfer his interest in this agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body which may be party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the parties to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement in the Brainerd EDA, Minnesota on this day __________.

BRAINERD EDA	BRAINERD LAKES AREA ECONOMIC DEVELOPMENT CORPORATION
______________________________	______________________________
By EDA President	By Its President Mike Dillon
______________________________	
ATTEST:	
______________________________	______________________________
Its Representative	BLAEDC Executive Director Tyler Glynn
______________________________	

Brainerd Lakes Area
Economic Development Corporation

224 West Washington Street
Brainerd, MN 56401

growbrainerdlakes.org (218) 828-0096

M E M O

TO: EDA Board of Commissioners

FROM: David Chanski, Community Development Director

DATE: February 25, 2022

RE: Consideration of Priority Properties for Marketing and Redevelopment

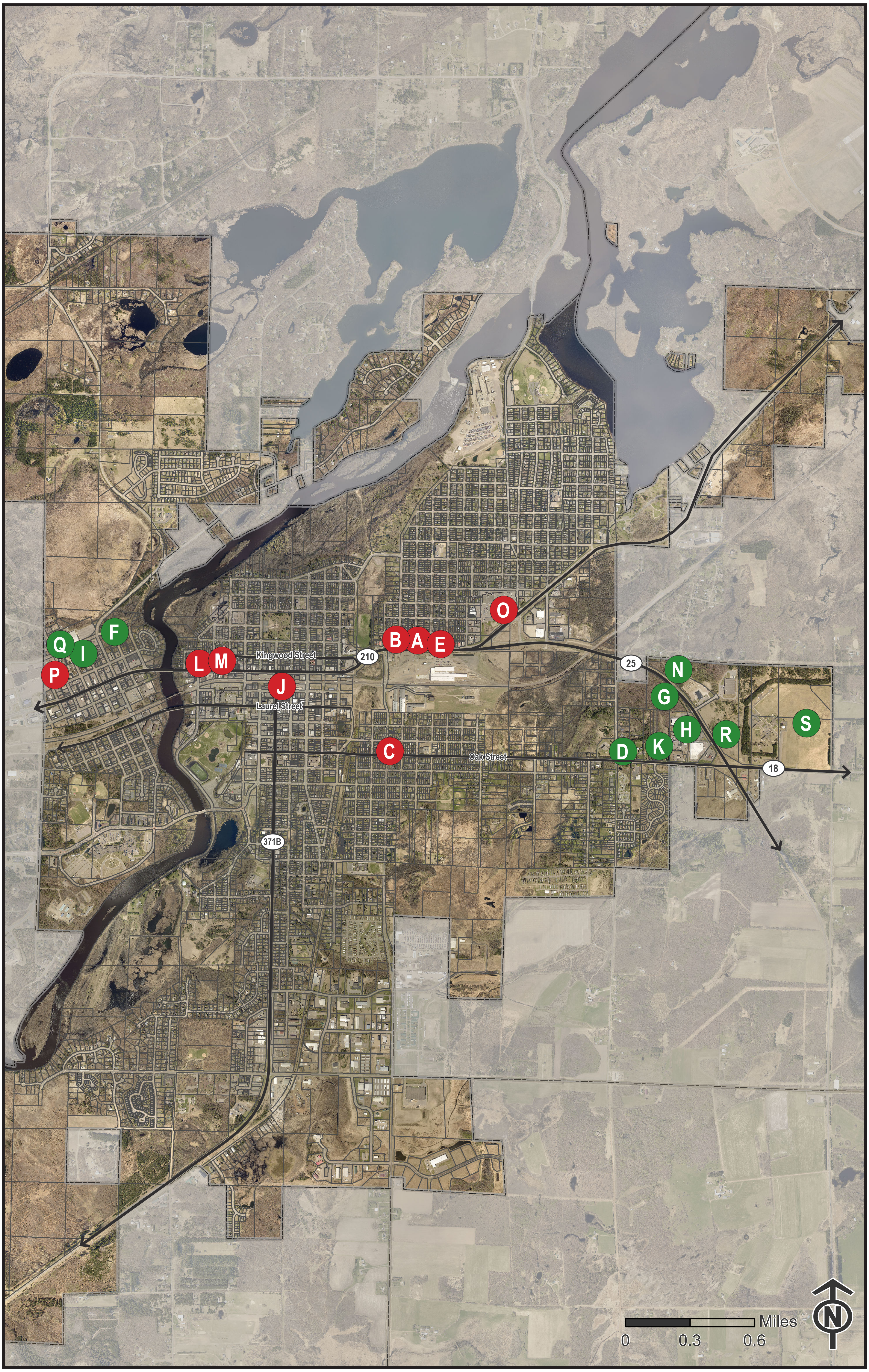
Working with staff, Jennifer Haskamp and her team have produced the attached list of properties for the EDA to consider as priorities for marketing and redevelopment. All of the attached properties are privately owned, with the exclusion of the State Hospital property, which is owned by the State of Minnesota. In addition to these properties, the City Council also recently accepted the recommendations from the Parking Commission, which included a recommendation to market the City Hall, Front Street, and Laurel Street parking lots for redevelopment.

Not included in this list are the larger greenfield sites in the city such as the Mills property off Business 371/S. 6th St. and the Anderson property off Hwy 210.

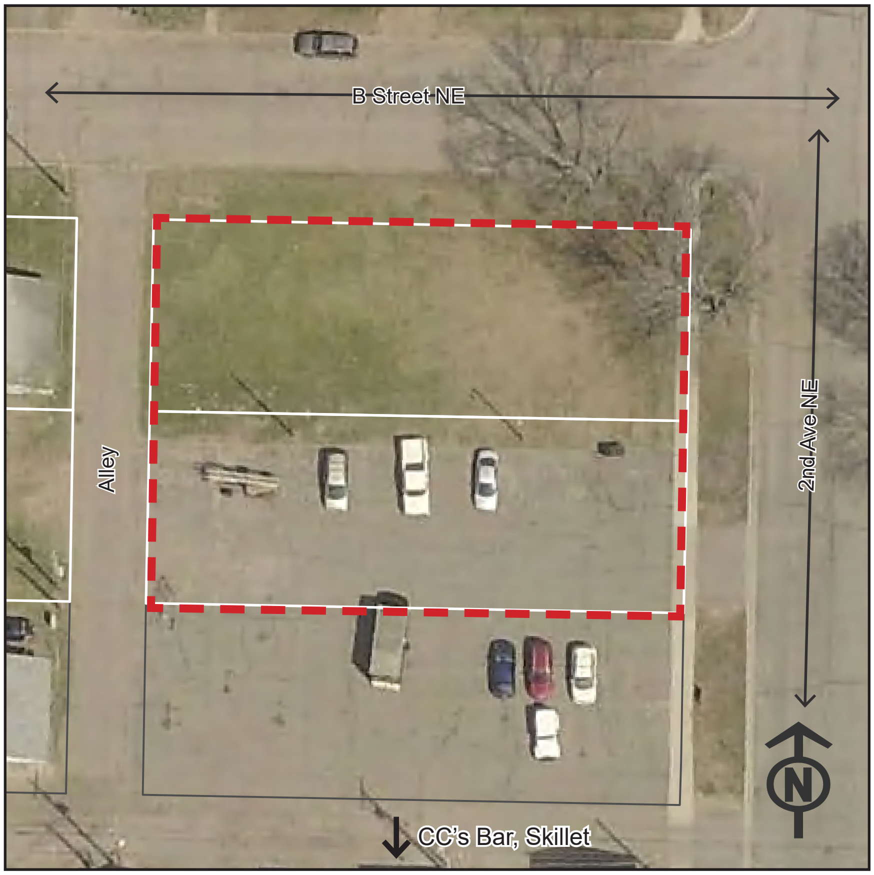
Staff and consultants are looking for direction from the EDA as to which properties the EDA would like to focus on first. Once priorities have been identified, staff and consultants will begin the process of reaching out to the individual property owners to persuade them to work with the EDA to market their property for redevelopment.

Opportunity Site Prioritization

Brainerd Economic Development Authority 3.3.2022



Source: Crow Wing County, City of Brainerd
Created by: SHC, LLC.



A 111 2nd Avenue NE

Property Owner(s): **Mattson Properties LLC**

PIN(s): **41191814**

41191815

Size: **14,000 Square Feet**

Category: **Redevelopment**

Proposed Zoning District:

Traditional Neighborhood 1 (TN-1)

B 118, 112 1st Avenue NE

Property Owner(s): **Roger Engholm**

PIN(s): **41191816**

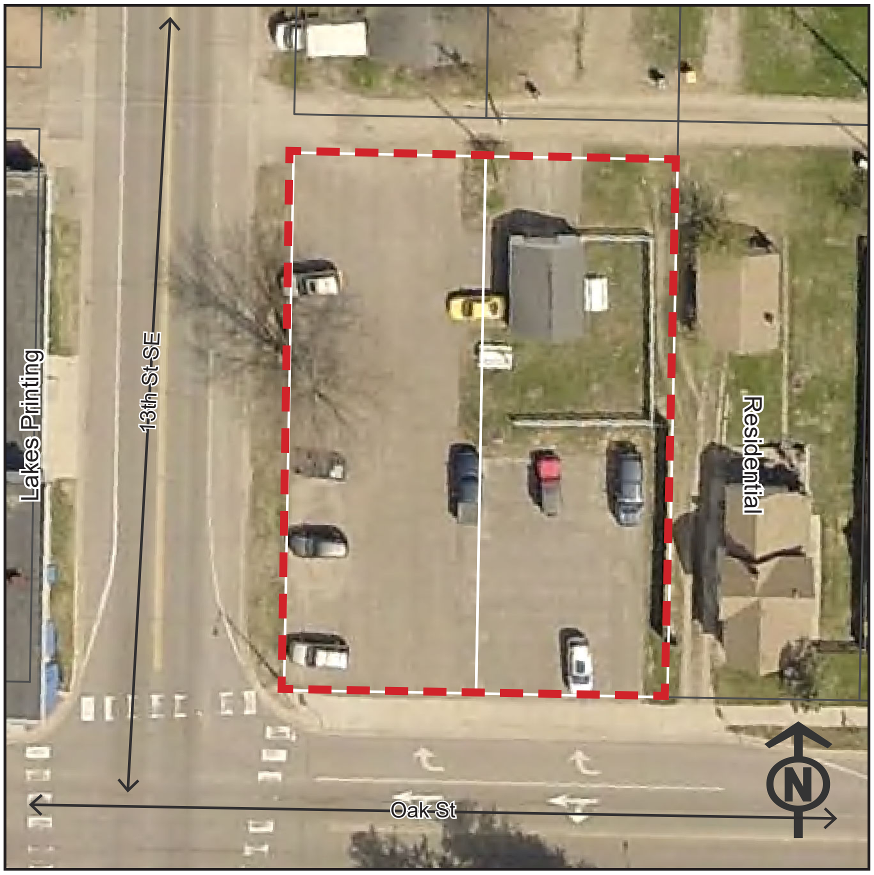
41191817

Size: **14,000 Square Feet**

Category: **Redevelopment**

Proposed Zoning District:

Traditional Neighborhood 1 (TN-1)



C 515 13th Street SE 1307 Oak Street

Property Owner(s): **Lakes Printing Inc, of Brainerd**

PIN(s): **41300579**

41300580

Size: **14,000 Square Feet**

Category: **Redevelopment**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)

D NE Corner of Oak Street & 28th Street SE

Property Owner(s): **RKD Real Estate LLC**

PIN(s): **41290503**

41290683

Size: **2.6 Acres**

Category: **Greenfield**

Proposed Zoning Code:

Contemporary Neighborhood 2 (CN-2)

E 106 3rd Street NE

Property Owner(s): **PBJ Rentals LLC**

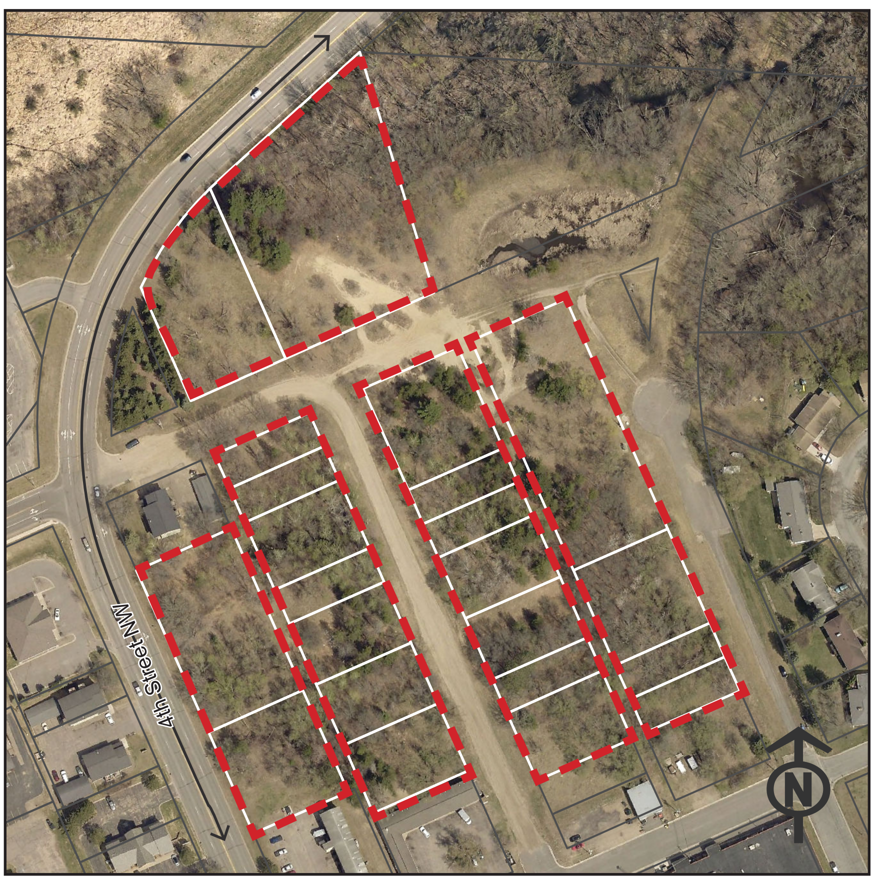
PIN(s): **41191847**

Size: **14,600 square feet**

Category: **Redevelopment**

Proposed Zoning District:

Commercial Corridor (CC)



F 509 2nd Street

Property Owner(s): **Gustafson Properties of Brainerd LLC (majority) , Craig & Claire Williams (one parcel)**

PIN(s): **41040501, 41040502, 41040503**
41040504, 41040505, 410405111
41040777, 41040779, 41040780
41040781, 41040782, 41040783
41040799, 41040800, 41040801
41040805, 41040806, 41040807
41040808, 41040809, 41040810
41040853

Size: **9.4 Acres total**

North Portion: 2.3 Acres

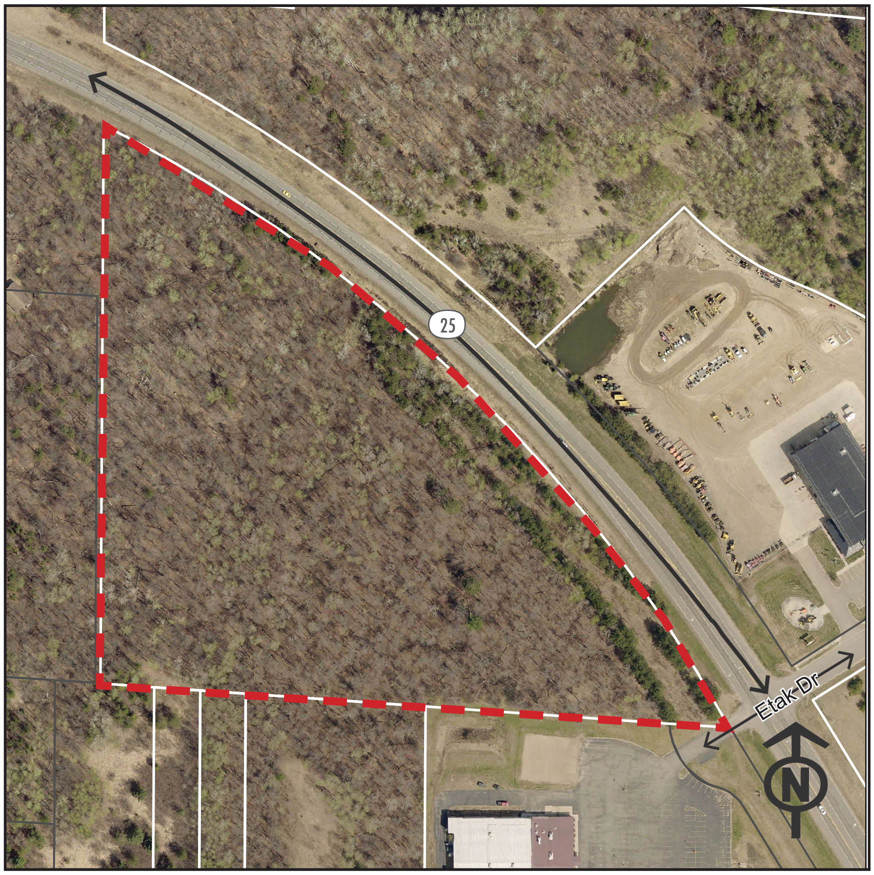
West Portion: 3.16 Acres

East Portion: 4 Acres

Category: **Greenfield**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)



G NW Corner of Hwy 25 & Etak Drive

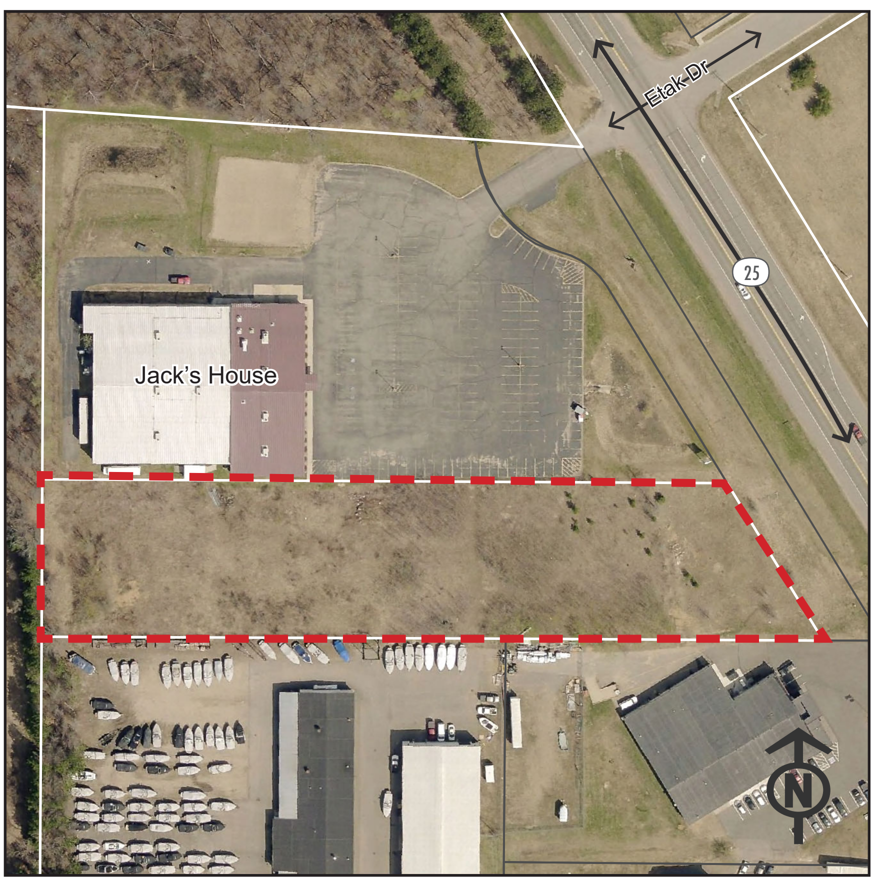
Property Owner(s): **Liberty Group of Brainerd LLC**

PIN(s): **41290697**

Size: **14.7 Acres**

Category: **Greenfield**

Proposed Zoning District: **General Commercial (GC)**



H SW Corner of Hwy 25 & Etak Dr

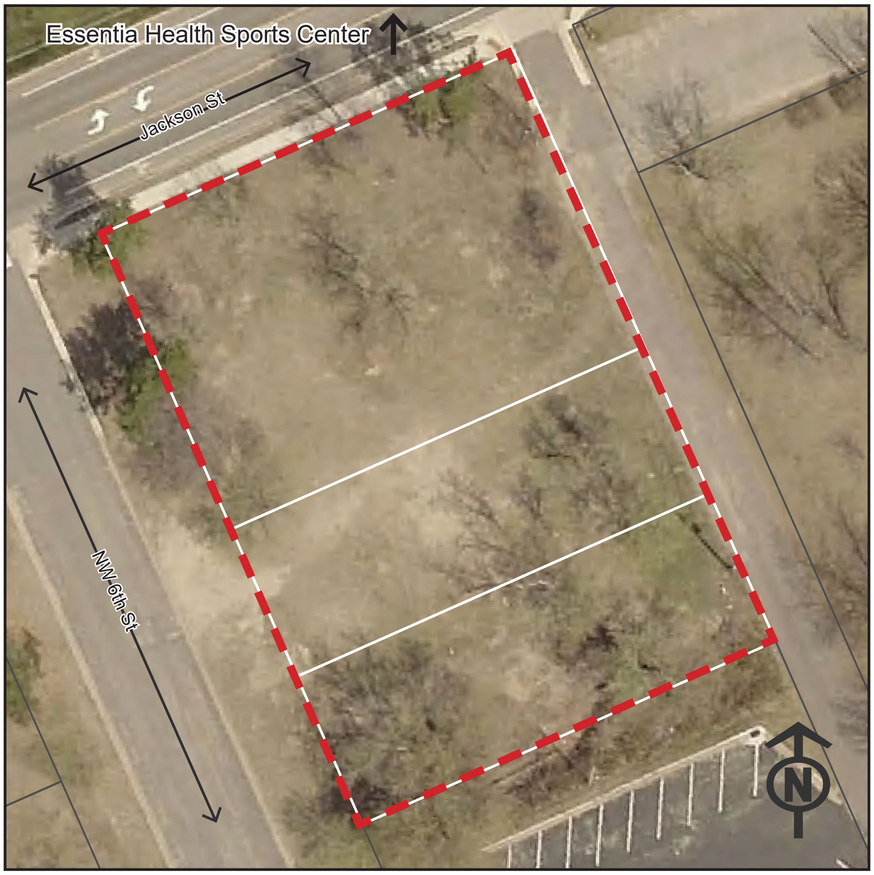
Property Owner(s): **Liberty Group of Brainerd LLC**

PIN(s): **41290609**

Size: **2.5 Acres**

Category: **Greenfield**

Proposed Zoning District: **General Commercial (GC)**



I 605 NW 6th Street

Property Owner(s): **Professional Auto, Leasing Inc.**

PIN(s): **41040765**
41040766
41040767

Size: **28,000 square feet**

Category: **Greenfield**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)

J NE Corner of 6th St S & Front St

Property Owner(s): **Lively Auto Bldg Real Est Holdings**

PIN(s): **41251149**

Size: **37,000 square feet**

Category: **Redevelopment**

Proposed Zoning District: **Main Street (MS)**

K 3115 Oak Street

Property Owner(s): **Liberty Group of Brainerd LLC**

PIN(s): **41290694**
41290695
81290532

Size: **13.5 Acres**

Category: **Greenfield**

Proposed Zoning District:

Contemporary Neighborhood 2 (CN-2)

L 112 Kingwood Street 119 Washington Street

Property Owner(s): **Northland Investments LLC (1/2 Int)**

PIN(s): **41241364**
41241368

Size: **22,400 square feet**

Category: **Redevelopment**

Proposed Zoning District:

Traditional Neighborhood 1 (TN-2) (West Parcel)

Commercial Corridor (CC) (East Parcel)

M 206 Kingwood Street

Property Owner(s): **209 Washington LLC**

PIN(s): **41241377**

41241378

Size: **13,800 square feet**

Category: **Redevelopment**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)

N 217 Etak Drive

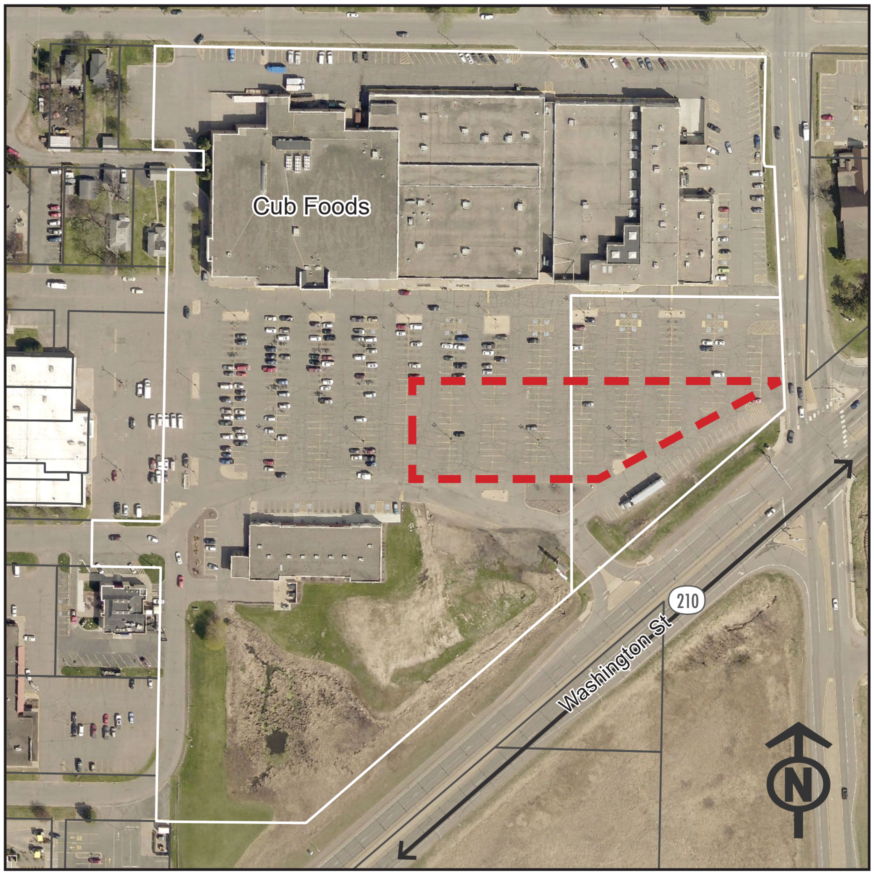
Property Owner(s): **Liberty Group of Brainerd LLC**

PIN(s): **41290504**

Size: **17.65 Acres**

Category: **Greenfield**

Proposed Zoning District: **General Commercial (GC)**



O 417 8th Avenue NE

Property Owner(s): **Suso 2 Brainerd LP**

PIN(s): **41190502**
41191873

Size: **1.3 Acres**

Category: **Redevelopment**

Proposed Zoning District: **General Commercial (GC)**

P 14136 Baxter Drive

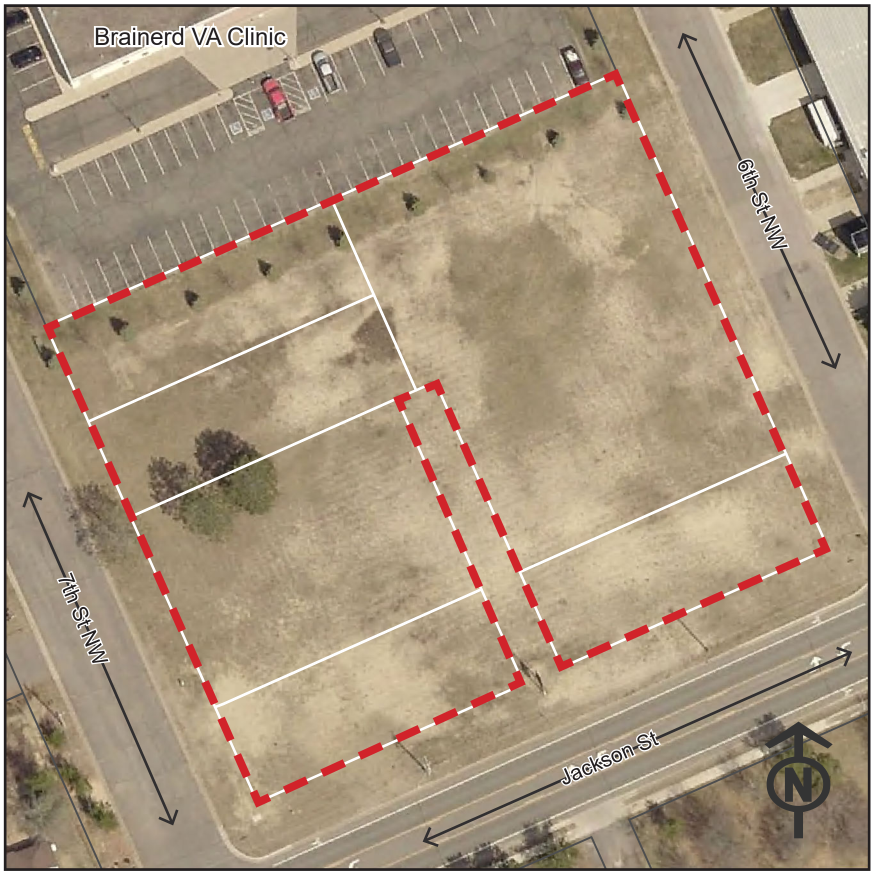
Property Owner(s): **Westgate Mall Realty Group LLC**

PIN(s): **41040784**

Size: **1 Acre**

Category: **Redevelopment**

Proposed Zoning District: **General Commercial (GC)**



Q 710 7th Street NW

Property Owner(s): **Timothy and Ladonna Haglin**

PIN(s): **41040754, 41040755**
41040756, 41040757
41040759, 41040760

Size: **75,000 square feet**

Category: **Greenfield**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)

R 217 Etak Drive

Property Owner(s): **Liberty Group of Brainerd LLC**

PIN(s): **41290504**

Size: **22.5 Acres**

Category: **Greenfield**

Proposed Zoning District: **General Commercial (GC)**

S 11605 State Avenue

Property Owner(s): **State of Minnesota, State of Minnesota Admin Bldg**

PIN(s): **41290698**
41290702
41290703

Size: **62.75 Acres**

Category: **Greenfield**

Proposed Zoning District: **Rural Living 1 (RL-1)**

To: EDA Board of Commissioners

From: Eric Charpentier, Executive Director

Date: February 24th, 2022

Re: Brainerd HRA Update

General Agency Update

Through the County HRA we are in the process of getting the last tax forfeited lot in Serene Pines conveyed to the agency through the tax forfeit property policy with the ultimate goal of facilitating the sale of the lot to the current developer so that a single-family home can be built on it. Due to a clerical error this lot had not been tax forfeit at the time that the HRA entered into a purchase and redevelopment agreement with the developer and thus this lot was not included at the time. The City of Brainerd passed a resolution on February 22nd to not recertify the tax assessments on this lot in lieu of the net proceeds of the sale being provided to them. We are requesting the lot conveyance to the County board at their March 8th meeting and hope to get this lot sold to the developer by April of this year.

The City and HRA met with the developer for the proposed redevelopment project at 805 Laurel St at the beginning of February. The developer is in continued negotiations with the seller of the property, but the prior purchase agreement has lapsed. The developer is still interested in the project, and we will continue to look for funding opportunities that are available.

I met with a local builder on February 24th to discuss utilizing the tax forfeited property policy through the County on forfeited lots in Brainerd to discuss if there are any that would be suitable to them for infill projects. There is interest from the builder, and we are hopeful that we can convey and sell some of these lots for single family use.

John and I will be presenting to the Greater Lakes Association of Realtors on March 3rd specifically focusing on the Housing Trust Fund and how our area realtors might be able to help their clients take advantage of these programs. We will specifically be highlighting the down payment assistance program as well as our owner-occupied rehab programs.

Rehab

We continue to work with a few homeowners in various parts of the City of Brainerd to help with improvements to their home through the MHFA program and the Crow Wing County Housing Trust Fund.

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	59	57	0	5
Serene Pines	23	16	16	0	0
Dalmar Estates	7	3	1	0	2

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

Brainerd Economic Development Authority

Goals Status

July 1, 2021 to December 31, 2022

Brainerd EDA 2021-2022 Goals			
Goal	**Strategies/Action Steps**	**Status**	**Staff Member/Dept**
Create programs and seek funding to address identified needs:	Evaluate the results of BLAEDC's business interviews to assess needs and categorize them.	Pending status of BLAEDC Shared Services Agreement	Community Development Director (will transfer to BLAEDC pending status of BLAEDC Shared Services Agreement)
	Develop and propose programs to address the needs identified from BLAEDC's business interviews.	Pending completion and assessment of business interviews. Pending status of BLAEDC Shared Services Agreement	Community Development Director and City Administrator (will transfer to BLAEDC pending status of BLAEDC Shared Services Agreement)
	Seek funding sources to support proposed programs.	Pending development of proposed programs.	Community Development Director, City Administrator, and Finance Director
Create an inventory of under-used and under-developed properties and work with property owners to market them for redevelopment.	Conduct GIS assessment of under-utilized properties.	Swanson Haskamp Consulting is presenting a list of potential properties for marketing and redevelopment during the March 3 EDA meeting.	Community Development Director and Swanson Haskamp Consulting
	Identify possible uses for under-utilized properties.	Pending approval of priorities properties by the EDA.	Community Development Director and Swanson Haskamp Consulting
	Engage property owners to assess interest in participating in redevelopment program.	Pending approval of priorities properties by the EDA.	Community Development Director and Swanson Haskamp Consulting
	Develop program for marketing identified properties for redevelopment.	Pending approval of priorities properties by the EDA and agreement to participate by property owners.	Community Development Director and Swanson Haskamp Consulting
Evaluate the City's vacant industrial property for compatible non-industrial uses that would address current and future needs of the community.	Create an inventory of the City's undeveloped industrial property with an assessment of each property's surrounding uses.	An inventory of the City's vacant industrial property is underway.	Community Development Director and Swanson Haskamp Consulting
	Develop a list of non-industrial uses for the City's undeveloped industrial property that may be compatible with each properties surrounding uses.	Pending completion of property inventory and surrouding uses assessment.	Community Development Director and Swanson Haskamp Consulting

Updated 2/25/22

Brainerd Economic Development Authority

Goals Status

July 1, 2021 to December 31, 2022

Goal	Strategies/Action Steps	Status	Staff Member/Dept
Interview existing businesses to identify each business's individual needs to take the next step in their business development.	Complete Business Retention and Expansion visits that involve interviews and information gathering.	Pending status of BLAEDC Shared Services Agreement.	Pending status of BLAEDC Shared Services Agreement
	Summarize information gathered from Business Retention and Expansion visits and submit to Community Development Director.	Pending completion of business interviews. Pending status of BLAEDC Shared Services Agreement.	Pending status of BLAEDC Shared Services Agreement
	Seek funding sources to support proposed programs.	Pending development of proposed programs.	Community Development Director, City Administrator, and Finance Director
Work with community partners to develop a cohesive marketing strategy for the community.	Identify and engage strategic community partners	EDA has contracted with Visit Brainerd to conduct community and business marketing on behalf of the EDA.	City Administrator and Visit Brainerd
	Create marketing stategy	Visit Brainerd is preparing a summer shopping marketing campaign. Campaigns for a Place to Work, Place to Shop and Place to Start a Business in development	City Administrator and Visit Brainerd