

ECONOMIC DEVELOPMENT AUTHORITY

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Thursday, September 1st at 7:30 am

The public is invited to attend this meeting in person
Meeting is also televised on CTC Cable channel 8 and 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

5. **Approval Of Minutes**

Documents:

[2022-08-04 EDA Meeting Minutes.pdf](#)

6. **Financial Report**

Documents:

[EDA July Financials.pdf](#)

7. **DDBC Report**

Documents:

[DDBC Report.pdf](#)

8. **Swanson Haskamp Consulting Report**

Documents:

SHC Report .pdf

9. Visit Brainerd Report

Documents:

Visit Brainerd Report.pdf

10. Old Business

A. **Authorize Conveyance Of Industrial Park Lots To VCV**

Documents:

VCV Item.pdf

11. Staff Reports

City Administrator

HRA Director

Documents:

Brainerd HRA Report.pdf
ED Report.pdf

12. Commissioner's Comments/Questions

13. Adjourn

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY
Thursday, August 4th, 2022, 7:30 a.m.
City Hall Council Chambers
WebEx Teleconference Meeting

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

Upon roll call Commissioners Kelly Bevans, Toni Bieser, Marie Kirsch, Mike O'Day, Kevin Yeager, and Gabe Johnson were noted as present. Also, present were City Administrator Bergman, Community Development Director Kramvik, Finance Director Hillman, Eric Charpentier, HRA Director, and John Schommer, HRA Rehab Coordinator.

Approval/Amendment of the Agenda- Approved

Commissioner Bieser questioned whether BLAEDC submitted an update for the packet as it was not included.

Executive Director Bergman stated that there was not.

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

Approval of Consent Calendar

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND BIESER TO APPROVE THE CONSENT CALENDAR.

Commissioners Bevans, Bieser, Kirsch, O'Day, and Johnson voted "aye". No commissioner voted "nay". The Chair declared the motion carried.

New Business

Consider the 2023 EDA Preliminary Levy Request

Finance Director Hillman stated the preliminary levy needs to be set by the City Council by September 30, 2022. In order to include the EDA's levy, the Council needs the EDA Board to recommend their preliminary tax levy request. The EDA will consider a budget at a future meeting. Historically, the EDA Board has requested the maximum allowed by state statute. For 2023, this amount is \$152,861. It is .01813% of the previous years estimated market value of the City which was \$843,139,100. For reference the maximum the EDA levy for 2022 was \$145,036.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO REQUEST THAT THE CITY COUNCIL SET THE EDA LEVY AT .01813% OF THE PREVIOUS YEARS ESTIMATED MARKET VALUE OF \$152,861.

Discussion on the 2023 Consultant Services Agreement

Executive Director Bergman stated that in 2022, the EDA solicited proposals from organizations to provide economic development services to further the EDA's goals.

The EDA entered into one-year agreements with BLAEDC, the City of Brainerd, DDBC, Swanson Haskamp and Visit Brainerd. Those agreements expire on December 31st, 2022. Staff would like to discuss what the EDA would like to do in 2023. Since we have only had these agreements in place for 7 months, it's hard to really gauge the impact. We would recommend that we contact the organizations to see if they are interested in extending their agreements through December 31, 2023. If so, staff recommends renegotiating all 5 agreements for 2023 for approval by the EDA. We will then have over a year to evaluate the impact of these services.

Commissioner Bieser asked whether there would be a subcommittee to go over the 2023 contracts.

President Johnson stated that the current agreements and the 2023 agreements will be very similar so as long as the EDA has a chance to review them there shouldn't be issues.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO AUTHORIZE STAFF TO NEGOTIATE AGREEMENTS EXTENSIONS WITH BLAEDC, THE CITY OF BRAINERD, DDBC, SWANSON HASKAMP AND VISIT BRAINERD.

Staff Reports

Executive Director Bergman stated that the HRA, Community Development Department, and City Administrator met with the developer interested in purchasing the Thrifty White building. The developer has a closing date of August 22, 2022, for a market rate building with potentially 75 units. River to Rail met and discussed DEED Main Street Program and organizations gave updates. The YMCA applied for Congressional Appropriations. They are 1 organization of 50 that Senators are supporting. VCV Digital submitted building plans to the Community Development Department before the deadline, the department is reviewing the plans. The lease with Region 5 for the Annex continues to be negotiated. The DEED Main Street application is open and will continue to be open until September 5th. The marketing materials have been developed by Visit Brainerd. The Mississippi Landing Trailhead Park is coming along quickly, and it is so exciting.

HRA Director Charpentier stated that the developer of the Thrifty White building may be able to utilize the Housing Trust Fund grant opportunity to develop, this would have certain parameters it would need to meet. The conversations will continue with the developer. Continuing to work with a builder/ developer to develop three lots with outstanding assessments in the City. The HRA and City of Brainerd have been working with the City Attorney to convey the lots to the HRA. It will go before City Council in September. There are a couple of properties that staff is working with to encourage them to apply for a rehabilitation grant for revitalization of their property.

Rehab Coordinator Schommer stated that Brainerd Oaks has 9 in progress properties, Serene Pines has 3, and Dal-Mar has 3 completed and sold to end buyers. The Housing Trust Fund is working with homeowners for closing costs.

Adjourn

August 4th, 2022

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY
CARRIED, TO ADJOURN THE EDA MEETING.

The Authority adjourned at 7:48 a.m.

Secretary/Treasurer

Financial Report for EDA

As of July 31, 2022

	<u>Cash & Investments</u>	<u>Receivable Balance</u>	<u>Deferred Loans (as of 12/31/21) **</u>	<u>Awarded Grants</u>
General Funds:				
EDA Fund - #295	\$ 79,854	\$ -	\$ -	\$ -
Total	\$ 79,854	\$ -	\$ -	\$ -
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):				
Downtown - #298	\$ 52,296	\$ 20,629	\$ 428,144	\$ -
SE Brainerd - #215	58,145	-	230,716	-
NE Brainerd - #218	-	-	251,426	-
Willows Project - #209	-	-	12,500	-
Old Housing - #209	3,331	-	59,286	-
Local Income - #275	52,532	14,726	13,825	-
Total	\$ 166,303	\$ 35,355	\$ 995,897	\$ -
Federal & State MIF (Commerical (Jobs)):				
Commerical - #210 ^^^	\$ -	\$ 646,427	\$ -	\$ -
Federal MIF - #296	18,417	-	-	-
Total	\$ 18,417	\$ 646,427	\$ -	\$ -
Grand Total	\$ 264,575	\$ 681,782	\$ 995,897	\$ -

** 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.

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REVENUE AND EXPENDITURE REPORT FOR CITY OF BRAINERD

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PERIOD ENDING 07/31/2022

ACCOUNT DESCRIPTION	ACTIVITY FOR		YTD BALANCE	AVAILABLE	% BDGT USED
	2022 MONTH	07/31/2022	07/31/2022	BALANCE	
	AMENDED BUDGET	EASE (DECREASE)	NAL (ABNORMAL)	NAL (ABNORMAL)	
Fund 295 - EDA FUND					
Function: Unclassified					
Dept 0000					
TAXES & PENALTIES					
31010 CURRENT AD VALOREM	145,036.00	24,875.80	76,765.66	68,270.34	52.93
31020 DELINQUENT AD VALOREM	0.00	1,575.24	1,634.78	(1,634.78)	100.00
TAXES & PENALTIES	145,036.00	26,451.04	78,400.44	66,635.56	54.06
OTHER REVENUE					
36210 INTEREST INCOME	460.00	(33.39)	338.94	121.06	73.68
OTHER REVENUE	460.00	(33.39)	338.94	121.06	73.68
Net - Dept 0000					
	145,496.00	26,417.65	78,739.38	66,756.62	
Dept 6510 - ECONOMIC DEVELOPMENT AUTH					
SERVICES					
43300 PROFESSIONAL SERVICES	139,996.00	53,367.98	71,661.98	68,334.02	51.19
43350 PRINTING/LEGAL PUBLICATION	0.00	15.64	74.71	(74.71)	100.00
43361 INS - GENERAL LIABILITY	150.00	0.00	58.33	91.67	38.89
43435 BOOKS/PAMPHLETS/DUES	5,350.00	0.00	5,350.00	0.00	100.00
SERVICES	145,496.00	53,383.62	77,145.02	68,350.98	53.02
Net - Dept 6510 - ECONOMIC DEVELOPMENT AUTH					
	(145,496.00)	(53,383.62)	(77,145.02)	(68,350.98)	
Total - Function Unclassified					
	0.00	(26,965.97)	1,594.36	(1,594.36)	100.00
Fund 295 - EDA FUND:					
TOTAL REVENUES	145,496.00	26,417.65	78,739.38	66,756.62	54.12
TOTAL EXPENDITURES	145,496.00	53,383.62	77,145.02	68,350.98	53.02
NET OF REVENUES & EXPENDITURES	0.00	(26,965.97)	1,594.36	(1,594.36)	100.00

Fund 295 EDA FUND

GL Number	Description	PERIOD ENDED 07/31/2021	PERIOD ENDED 07/31/2022
*** Assets ***			
295-0000-10100	CASH	79,613.12	79,854.06
295-0000-10700	DELINQUENT TAX RECEIVABLE	7,917.80	6,578.78
295-0000-11500	ACCOUNTS RECEIVABLE	10,000.00	0.00
295-0000-16160	FA-LAND HELD FOR RESALE	488,252.22	488,252.22
Total Assets		585,783.14	574,685.06
*** Liabilities ***			
295-0000-20600	DEPOSITS PAYABLE	10,000.00	11,635.00
295-0000-22200	DEFERRED REVENUE	488,252.22	488,252.22
295-0000-22210	DEFERRED TAXES RECEIVABLE	4,344.68	4,431.78
Total Liabilities		502,596.90	504,319.00
*** Fund Balance ***			
295-0000-28900	FUND BALANCE/EQUITY ACCT	53,498.12	68,771.70
Total Fund Balance		53,498.12	68,771.70
Beginning Fund Balance		53,498.12	68,771.70
Net of Revenues VS Expenditures		29,688.12	1,594.36
Ending Fund Balance		83,186.24	70,366.06
Total Liabilities And Fund Balance		585,783.14	574,685.06

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INVOICE REGISTER REPORT FOR CITY OF BRAINERD

EXP CHECK RUN DATES 07/01/2022 - 07/31/2022

BOTH JOURNALIZED AND UNJOURNALIZED

BOTH OPEN AND PAID

Page: 1/3

Inv Num Inv Ref#	Vendor Description GL Distribution	Inv Date Entered By	Due Date	Inv Amt	Amt Due	Status	Jrnlized Post Date
Vendor 0078 - BRAINERD LAKES:							
JAN 22 EDA 72419	BRAINERD LAKES AREA DEV C JAN 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,916.67	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			2,916.67			
FEB 22 EDA 72420	BRAINERD LAKES AREA DEV C FEB 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,916.67	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			2,916.67			
MARCH 2022 72421	BRAINERD LAKES AREA DEV C MAR 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,916.67	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			2,916.67			
APRIL 2022 72422	BRAINERD LAKES AREA DEV C APR 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,916.67	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			2,916.67			
MAY 2022 72423	BRAINERD LAKES AREA DEV C MAY 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,916.67	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			2,916.67			
JUNE 2022 72424	BRAINERD LAKES AREA DEV C JUN 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,916.67	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			2,916.67			
	Total for vendor 0078 - BRAINERD LAKES:			17,500.02	0.00		
Vendor 0440 - DDBC (BRAINERD RESTORATION):							
FEB 2022 72427	DESTINATION DOWNTOWN BRAINERD COALI FEB 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	1,945.83	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			1,945.83			
MAR 2022 72428	DESTINATION DOWNTOWN BRAINERD COALI MAR 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	1,945.83	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			1,945.83			
APR 2022 72429	DESTINATION DOWNTOWN BRAINERD COALI APR 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	1,945.83	0.00	Paid	Y 07/20/2022
	PROFESSIONAL SERVICES			1,945.83			

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INVOICE REGISTER REPORT FOR CITY OF BRAINERD

EXP CHECK RUN DATES 07/01/2022 - 07/31/2022

BOTH JOURNALIZED AND UNJOURNALIZED

BOTH OPEN AND PAID

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Inv Num Inv Ref#	Vendor Description GL Distribution	Inv Date Entered By	Due Date	Inv Amt	Amt Due	Status	Jrnlized Post Date
MAY 2022							
72430	DESTINATION DOWNTOWN BRAINERD COALI	07/01/2022	07/20/2022	1,945.83	0.00	Paid	Y
	MAY 22 ECONOMIC DEVELOPMENT	pziemer					07/20/2022
	295-6510-43300	PROFESSIONAL SERVICES		1,945.83			
JUNE 2022							
72431	DESTINATION DOWNTOWN BRAINERD COALI	07/01/2022	07/20/2022	1,945.83	0.00	Paid	Y
	JUN 22 DESTINATION DOWNTOWN BUSINESS	pziemer					07/20/2022
	295-6510-43300	PROFESSIONAL SERVICES		1,945.83			
JAN 2022							
72433	DESTINATION DOWNTOWN BRAINERD COALI	07/01/2022	07/20/2022	1,945.83	0.00	Paid	Y
	JAN 22 ECONOMIC DEVELOPMENT	pziemer					07/20/2022
	295-6510-43300	PROFESSIONAL SERVICES		1,945.83			
	Total for vendor 0440 - DDBC (BRAINERD RESTORATION):			11,674.98	0.00		
Vendor 0071 - FORUM COMMUNICA:							
70645-1							
72401	FORUM COMMUNICATIONS COMPANY	06/05/2022	07/20/2022	15.64	0.00	Paid	Y
	EDA SPECIAL MEETING NOTICE - DEED	pziemer					07/20/2022
	295-6510-43350	PRINTING/LEGAL PUBLICATION		15.64			
	Total for vendor 0071 - FORUM COMMUNICA:			15.64	0.00		
Vendor 0220 - KENNEDY & GRAVE:							
168454							
72447	KENNEDY & GRAVEN	06/27/2022	07/20/2022	88.00	0.00	Paid	Y
	BR345-00135 -INDUSTRIAL LOTS	pziemer					07/20/2022
	295-0000-20600	DEPOSITS PAYABLE		88.00			
	Total for vendor 0220 - KENNEDY & GRAVE:			88.00	0.00		
Vendor 3838 - SWANSON HASKAMP:							
JAN 2022							
72425	SWANSON HASKAMP CONSULTING	07/01/2022	07/20/2022	2,659.65	0.00	Paid	Y
	ADJUSTMENT & JAN 2022 ECONOMIC	pziemer					07/20/2022
	295-6510-43300	PROFESSIONAL SERVICES		2,658.33			
	295-6510-43300	PROFESSIONAL SERVICES		1.32			
JUNE 2022							
72426	SWANSON HASKAMP CONSULTING	07/01/2022	07/20/2022	2,658.33	0.00	Paid	Y
	JUN 22 ECONOMIC DEVELOPMENT	pziemer					07/20/2022
	295-6510-43300	PROFESSIONAL SERVICES		2,658.33			
	Total for vendor 3838 - SWANSON HASKAMP:			5,317.98	0.00		

Vendor 0087 - VISIT BRAINERD:

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DB: Brainerd

INVOICE REGISTER REPORT FOR CITY OF BRAINERD

EXP CHECK RUN DATES 07/01/2022 - 07/31/2022

BOTH JOURNALIZED AND UNJOURNALIZED

BOTH OPEN AND PAID

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Inv Num Inv Ref#	Vendor Description GL Distribution	Inv Date Entered By	Due Date	Inv Amt	Amt Due	Status	Jrnlized Post Date
JAN 2022							
72413	VISIT BRAINERD JAN 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,937.50	0.00	Paid	Y 07/20/2022
		PROFESSIONAL SERVICES		2,937.50			
FEB 22 EDA							
72414	VISIT BRAINERD FEB 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,937.50	0.00	Paid	Y 07/20/2022
		PROFESSIONAL SERVICES		2,937.50			
MAR 22 EDA							
72415	VISIT BRAINERD MAR 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,937.50	0.00	Paid	Y 07/20/2022
		PROFESSIONAL SERVICES		2,937.50			
APR 22 EDA							
72416	VISIT BRAINERD APR 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,937.50	0.00	Paid	Y 07/20/2022
		PROFESSIONAL SERVICES		2,937.50			
MAY 22 EDA							
72417	VISIT BRAINERD MAY 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,937.50	0.00	Paid	Y 07/20/2022
		PROFESSIONAL SERVICES		2,937.50			
JUN 22 EDA							
72418	VISIT BRAINERD JUN 22 ECONOMIC DEVELOPMENT 295-6510-43300	07/01/2022 pziemer	07/20/2022	2,937.50	0.00	Paid	Y 07/20/2022
		PROFESSIONAL SERVICES		2,937.50			
	Total for vendor 0087 - VISIT BRAINERD:			17,625.00	0.00		
# of Invoices:	22	# Due:	0	Totals:	52,221.62	0.00	
# of Credit Memos:	0	# Due:	0	Totals:	0.00	0.00	
Net of Invoices and Credit Memos:				52,221.62	0.00		
--- TOTALS BY GL DISTRIBUTION ---							
	295-0000-20600	DEPOSITS PAYABLE		88.00			
	295-6510-43300	PROFESSIONAL SERVICES		52,117.98			
	295-6510-43350	PRINTING/LEGAL PUBLICATION		15.64			
--- TOTALS BY FUND ---							
	295 - EDA FUND			52,221.62	0.00		
--- TOTALS BY DEPT/ACTIVITY ---							
	0000 -			88.00	0.00		
	6510 - ECONOMIC DEVELOPMENT AUTH			52,133.62	0.00		

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DB: Brainerd

JOURNAL REGISTER FOR CITY OF BRAINERD
JE #: 1306 to 1306
Posted and Unposted Journal Entries

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Journal Number GL Number	Date Description	JNL	Description	User	DR	CR
1306	07/31/2022	GJ	TO RECORD SERVICES TO EDA PER BUDGET	chillman		
POSTED BY chillman Approval Level: JE APPROVED						
295-6510-43300	PROFESSIONAL SERVICES				1,250.00	
295-0000-10100	CASH					1,250.00
101-0000-10100	CASH				1,250.00	
101-0000-34100	CHARGES FOR SERVICES					1,250.00
					2,500.00	2,500.00
			Total:		2,500.00	2,500.00

City of Brainerd
Economic Development Authority
Scope of Services Monthly Report
Destination Downtown Business Coalition

Report Date: 8/24/22

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: The DDBC is currently working on two parts to gauge the needs of downtown businesses for employment resources.

1. The DDBC is creating a survey that all business owners will be encouraged to fill out that describes the need for employees in each business. Once we have received that data, we will determine the best approach for a main street hiring fair
 2. We are redesigning our website to add a "Downtown Jobs" tab, and will be able to list open positions. We will have a general application and will be able to forward to the applicable businesses that the candidate is applying for.
-

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

Update: DDBC Org Committee has identified the first three Business Owners that will be featured as a Business Owners Spotlight each month. From these spotlights, DDBC will produce a 3–5 minute video that can be used as a promotional video for "Why Downtown Brainerd".

Each business will be the featured Business of the Month on DDBC social media pages with various coordinated posts to coincide with the video from each business owner. The first video/social media series will begin Mid July.

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

Update:

1. Mindset & Balance (October 5)
2. Marketing (October 12)
3. Financial Planning/Human Resources (October 19)

The topics for each class have been coordinated with the podcast series and we are aiming to have the instructors for the classes join us as guest/experts for the podcasts.

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

Update: Since July, we have recorded and released 2 parts of our second expert series "Marketing and Branding on a Budget" and overall have released 8 episodes.

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

Update: The third BOS event will be held on September 21 at location tbd.

-
- 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 **3/28/22**: DDBC has secured a Main St America membership. The organization committee is working towards Main Street America Accreditation for Downtown Brainerd and is currently researching the accreditation process. Brenda has had meetings with a contact from Rethos, the local Main Street America offshoot in Minnesota, and is planning on bringing them here to go over the program with the DDBC Organizational Committee, so we will be able to make steps to accreditation.

-
- 7. Other Misc. Updates**
-

City of Brainerd
Economic Development Authority
Scope of Services Monthly Report
Swanson Haskamp Consulting

Report Date: **August 24, 2022**

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

Update:

- Meeting with EDA consultant team in July for quarterly meeting. Discussed strategy and next steps.
 - Created “interactive” business inventory for use by City and other EDA Consultants.
 - Working with BLAEDC and Downtown Brainerd to update inventory. Need to establish process for updates (conversation to be continued at quarterly consultant meeting in September).
-

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

Update:

3. Solicit developers on behalf of the EDA.

Update:

- Continued process of obtaining numbers for high level proformas. Waiting for return messages/calls.
 - Discussed Brainerd opportunities with developers outside of Brainerd Lakes Area – some interest based on response. Will follow-up in late August.
 - Research developers and viability and interest in small-scale mixed use.
-

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

Update:

- Working to update market data for continued listings.
-

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

Update:

6. Other Misc. Updates

Update:

City of Brainerd
Economic Development Authority
Scope of Services Monthly Report
Visit Brainerd

Report Date: 8/25/2022

-
- 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. No significant progress to report. Discussed at the Consultants quarterly meeting to see if there are partnership opportunities with other organizations. TBD.

-
- 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: Ads have been developed and will start running on LinkedIn in August.

-
- 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: On hold per EDA.

-
- 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. The radio ads on Hubbard Radio, Minnesota Public Radio, and Spectrum Reach OTT are running.

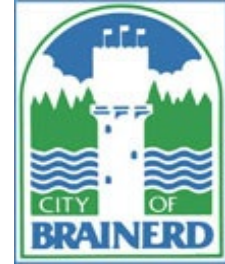
-
- 5. Develop and implement a winter advertising campaign designed to draw locals, seasonal/second homeowners, and visitors to shop at businesses located within the corporate limits of the City of Brainerd.**

Update: On hold until Fall 2022.

-
- 6. Other Misc. Updates**

Nothing to report.

MEMO



TO: EDA Board of Commissioners

FROM: Executive Director, Jennifer Bergman
Community Development Director, James Kramvik

DATE: August 25, 2022

RE: Authorize the Conveyance of the Industrial Park Lots to VCV

The EDA entered into a Purchase and Development Contract with VCV Digital Infrastructure Minnesota LLC (VCV) for the sale of Lot 1, Blocks 2 and 3, Brainerd Industrial Park 1st Addition in the amount of \$227,815. VCV had 180 days to do their due diligence and satisfy the following conditions:

- The Authority having approved Construction Plans for the Minimum Improvements *Construction plan have been reviewed by the Community Development Director and Building Official – see attached.*
- The Developer having secured financing for the acquisition of the Development Property and the construction of Minimum Improvements and Authority having approved such financing and the Developer having closed on such financing at Closing
See attached
- There is no uncured Event of Default by the Developer
There has been no event of default by the developer
- The Developer having reviewed and approved title to the Development Property
Completed by Developer
- The Developer having reviewed and approved soil and environmental conditions
Completed by Developer
- The Developer having negotiated and executed the Utility Agreement with the City acting through its Brainerd Public Utility regarding the purchase of electrical power.
See attached

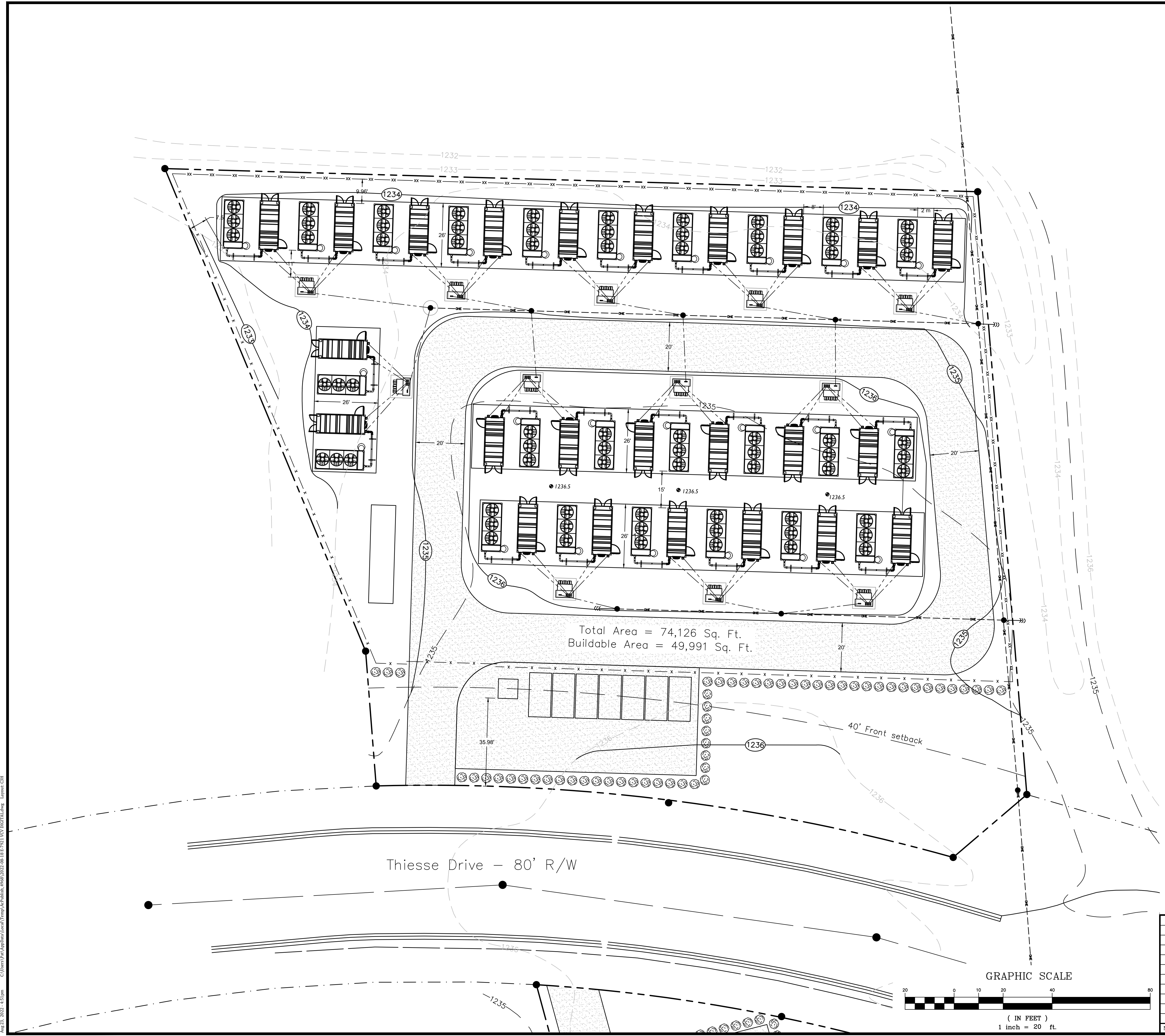
Staff has spent the past month reviewing the original plans submitted by VCV for both industrial park properties. The site plans include an office building, driveways and parking, multiple storage containers that house the crypto mining machines, and accessory cooling towers.

The proposed development plan is considered Outdoor Storage as a Principal Use which is an Interim Use in the General Industrial (GI) District. Upon review, it was noted that there were issues with the zoning requirements regarding setbacks, surfacing, fencing, screening, and landscaping. Staff worked with the design and development team for VCV to correct zoning issues and to ensure complete construction plans were submitted. The

revised construction plans included in the agenda will allow the EDA to make an informed decision on the conveyance of the Industrial Park Lots.

- **Screening:** The Zoning Code requires that all exterior storage be fully screened as not to be visible from abutting properties and rights-of-way. The applicant proposes chain link fencing with slats to meet the screening requirement. The fencing along Thiesse Drive and one of the side lot lines must be fully screened. The remaining property is screened by natural vegetation.
- **Fencing:** The applicant proposes an 8' chain link fence with a barb wire security arm. Non-residential fences that are less than 90 percent open and have barb wire are not permitted in a front yard. The front yard setback in the General Industry (GI) District is 40'. The revised site plan corrected the setback issue of the proposed fence.
- **Setbacks:** The office building, fences, driveways and parking, and the crypto mining containers meet the setback requirements. The guard shack will require a variance from the front yard setback standards in the GI District.
- **Driveways & Parking:** The proposed plans indicate the driveways and parking lot will be covered with bituminous asphalt. The GI District is exempt from off street parking requirements.
- **Landscaping Requirements:** Tree planting and parking lot landscape requirements in the GI District is only required along major thoroughfares. The two proposed industrial lots are exempt from landscaping requirements. All outdoor storage shall follow the standards as established in Section 515-4-10. G. for screening of Parking Lots.
 - o *The outside of the fence is planted with a row of shrubs which meet the ordinance. A slight adjustment to the planting plan must be made in the final submittal. The shrubs should continue along the fence line instead of wrapping around the exterior of the parking lot.*
- **Building Official Comments:** The Building Official has no issue with the proposed development at this time. A full set of construction, mechanical, electrical, and plumbing plans will be reviewed prior to issuance of the Building Permit.
- **City Engineer Comments:** The City Engineer conducted an initial review of the plans and from a stormwater perspective, there should not be any issues with the plans as presented. They are disturbing more than one acre so a MPCA Construction Stormwater permit will be required for development of the site, but they should not need to provide any additional stormwater rate control or treatment.

Recommendation: Authorize staff to convey Lot 1, Blocks 2 and 3 Brainerd Industrial Park 1st Addition to VCV Digital Infrastructure Minnesota LLC in the amount of \$227,815.



LEGEND:

- 34.5 KV OH LINES
- 2.5 MVA TRANSFORMER
- PROPERTY LINES
- 8' PRIVACY FENCE
- 8' CHAIN LINK FENCE W/ BARBED WIRE
- UG ELECTRICAL LINES
- ACCESS ROADS
- DOWN GUY
- SHRUBS
- SPOT ELEVATIONS

MAPPING LEGEND

- SANITARY SEWER MANHOLE
- HYDRANT
- SEWER CLEANOUT
- BURIED GAS LINE
- SANITARY SEWER PIPE
- WATER LINE
- CONTOUR (MAJOR)
- CONTOUR (MINOR)
- CONCRETE
- BITUMINOUS

TOTAL AREA = 74126.53 Sq. Ft. = 1.702 ACRES
EXISTING IMPERVIOUS AREA = 0 Sq. Ft.
PROPOSED IMPERVIOUS AREA = 38339.61 Sq. Ft. = 0.880 ACRES =
51.70% IMPERVIOUS AREA

NOTE:
THIS LAYOUT IS FOR CONCEPTUAL REVIEW ONLY.
NOT INTENDED AS FINAL DESIGN.



Summey Engineering Associates, PLLC
Engineering - Consulting - Surveying
P.O. Box 968
Asheboro, NC 27204
ph: (336) 328-0902 fx: (336) 328-0922
www.summeyengineering.com

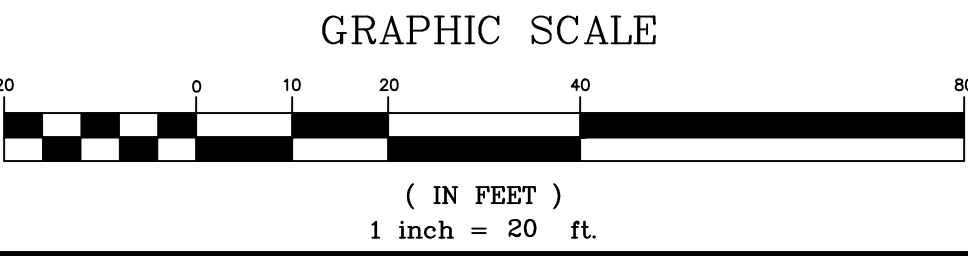
PRELIMINARY
NOT TO BE USED
FOR CONSTRUCTION
REVISION 08/23/22

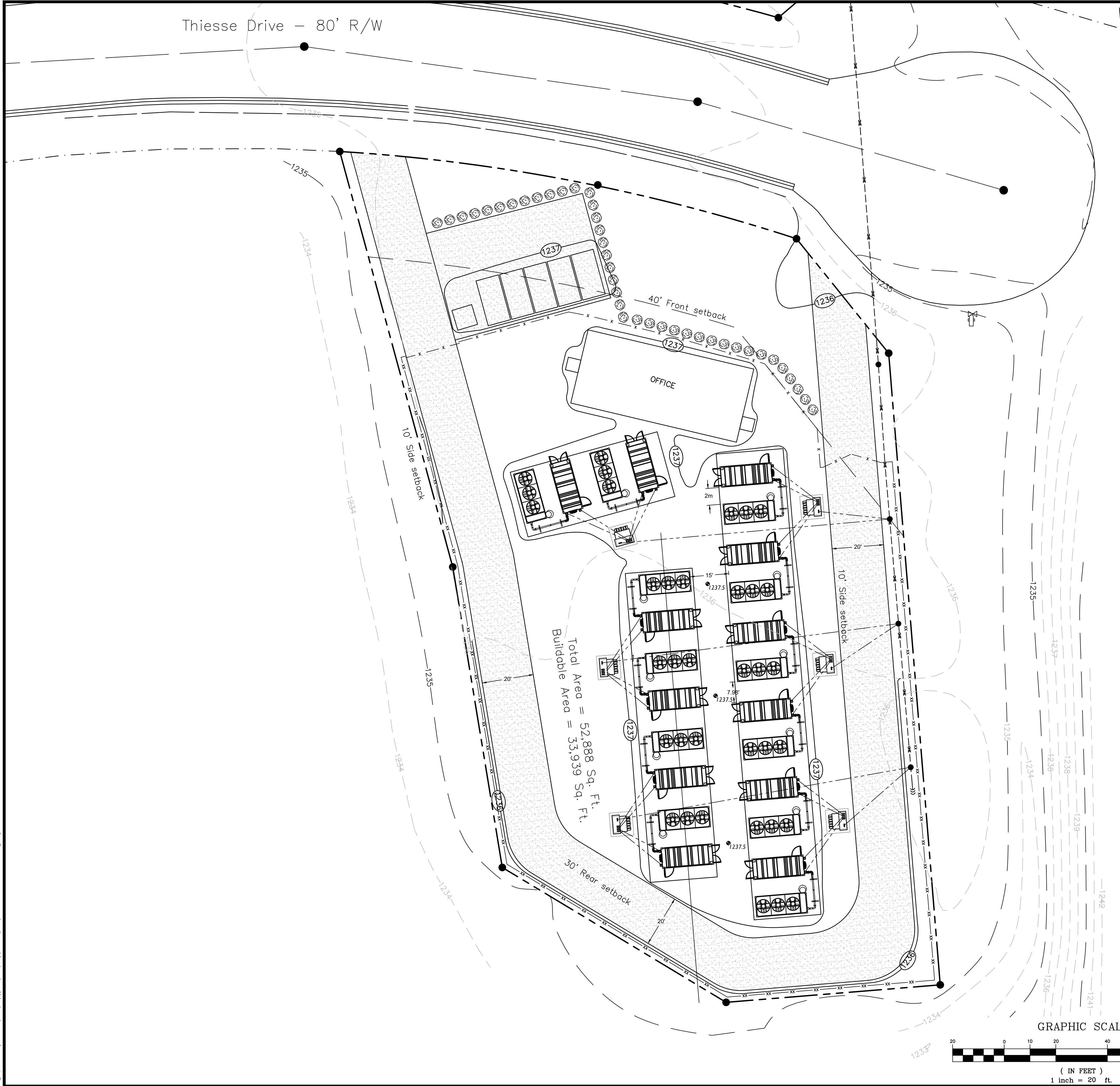
VCV DIGITAL GROUP
BRainerd, MN
BRainerd INDUSTRIAL PARK
CRYPTO SITE #1 LAYOUT
ANTSPACE CONTAINERS

UTEC UTILITY TECHNOLOGY
ENGINEERS - CONSULTANTS, PLLC
P.O. Box 2629 • Asheboro, North Carolina • 27204

NO.	EDS SUBMITTAL	08/23/22
NO.	REVISIONS	DATE

DWN.	PBC	DATE	08/23/22	DWG. NO.	C3H
SCALE:	1" = 20'	JOB NO.	220302	SHEET NO.	1 OF 1





LEGEND:

- 34.5 KV OH LINES
- 2.5 MVA TRANSFORMER
- PROPERTY LINES
- 8' PRIVACY FENCE
- 8' CHAIN LINK FENCE W/ BARBED WIRE
- UG ELECTRICAL LINES
- ACCESS ROADS
- DOWN GUY
- SHRUBS
- SPOT ELEVATION

MAPPING LEGEND

SANITARY SEWER MANHOLE	BURIED GAS LINE
HYDRANT	SANITARY SEWER PIPE
SEWER CLEANOUT	WATER LINE
	CONTOUR (MAJOR)
	CONTOUR (MINOR)
	CONCRETE
	BITUMINOUS

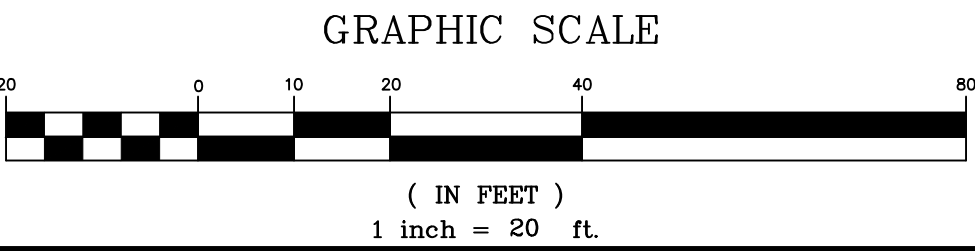
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EXISTING IMPERVIOUS AREA = 0 Sq. Ft.
PROPOSED IMPERVIOUS AREA = 27,212.97 Sq. Ft. = 0.625 ACRES
= 51.48% IMPERVIOUS AREA

NOTE:
THIS LAYOUT IS FOR CONCEPTUAL REVIEW ONLY.
NOT INTENDED AS FINAL DESIGN.

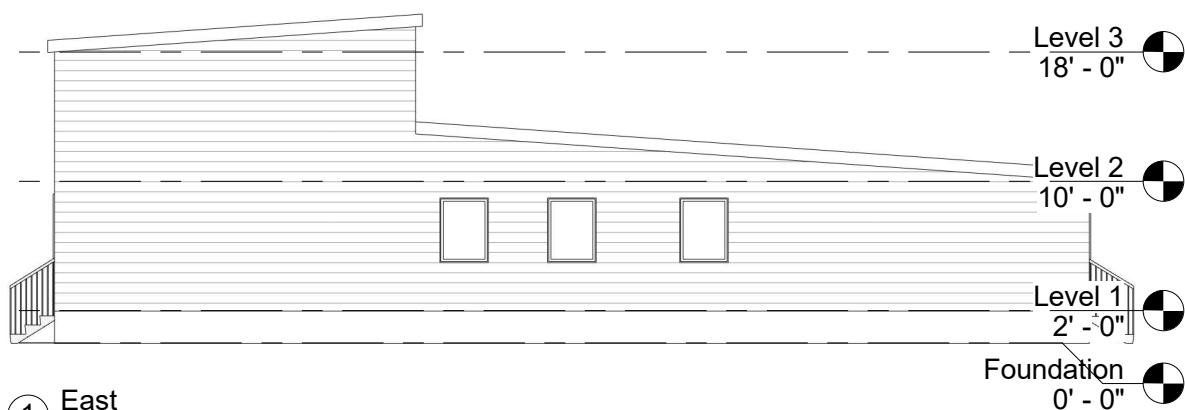


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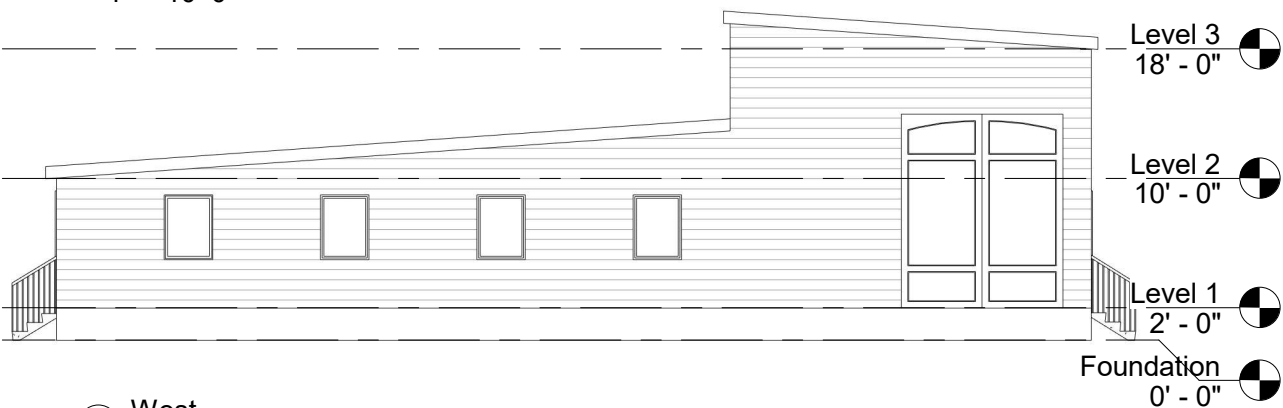
PRELIMINARY NOT TO BE USED FOR CONSTRUCTION REVISION 08/23/22	VCV DIGITAL GROUP BRainerd, MN BRainerd INDUSTRIAL PARK CRYPTO SITE #2 LAYOUT ANTSPACE CONTAINERS	
	UTEC UTILITY TECHNOLOGY ENGINEERS - CONSULTANTS, PLLC P.O. Box 2629 • Asheboro, North Carolina • 27204	
DWN: PBC SCALE: 1" = 20'	DATE: 08/23/22 JOB NO: 220302	DWG. NO: C4H SHEET NO: 1 OF 1



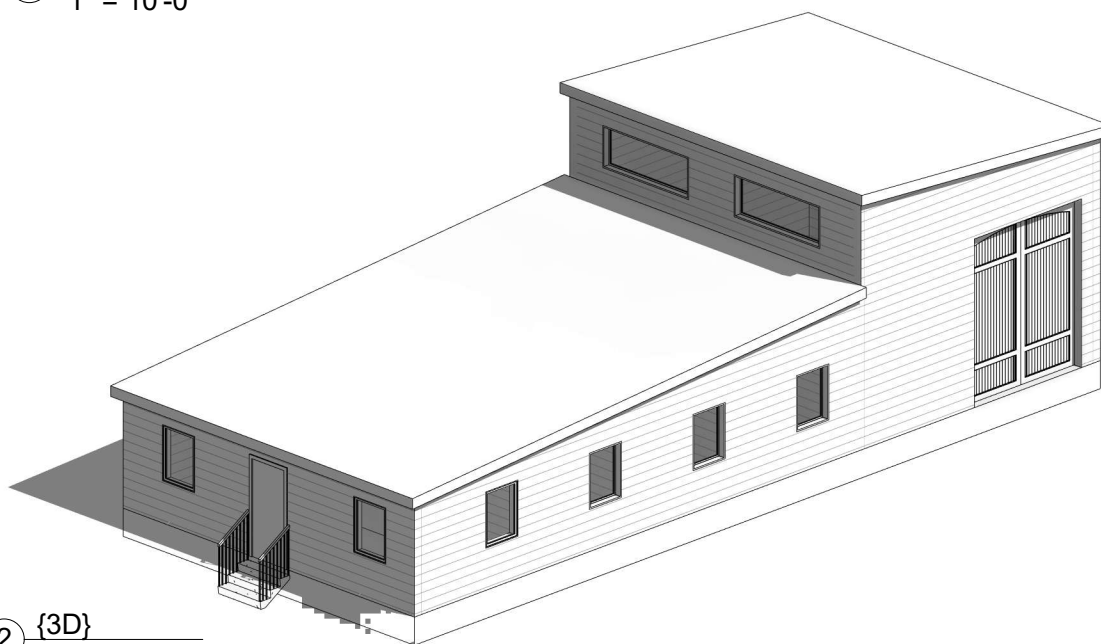
① East
1" = 10'-0"



③ West
1" = 10'-0"



② {3D}



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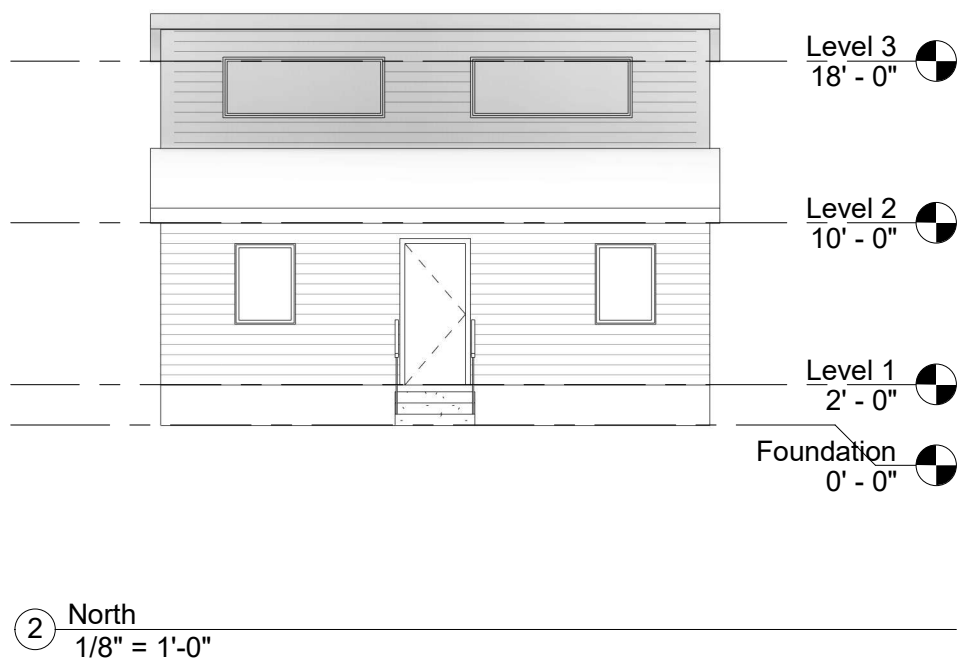
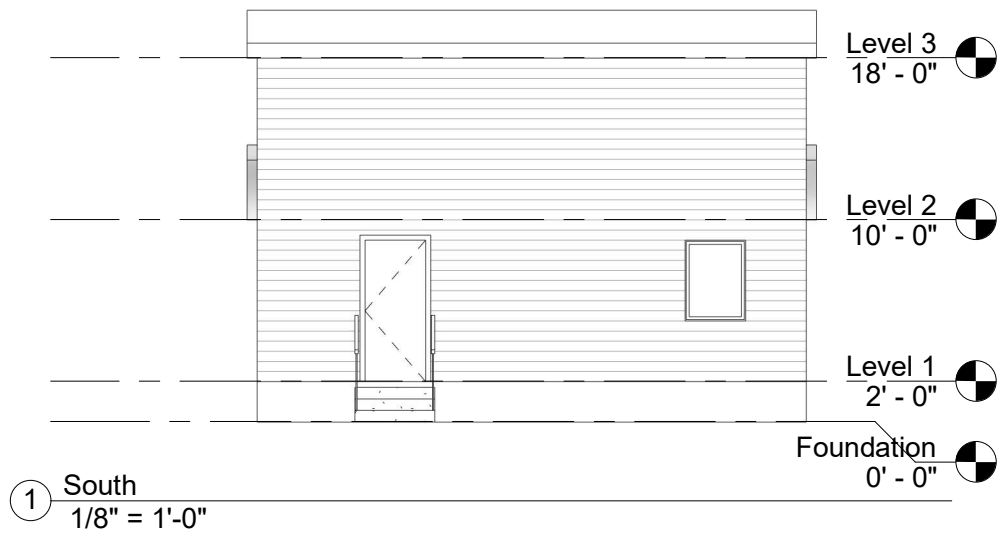
Owner

Design FLOOR PLAN

ELEVATIONS & 3D VIEW

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Date	23/8/2022	
Drawn by	Author	Scale 1" = 10'-0"
Checked by	Checker	

23/08/2022 08:34:55



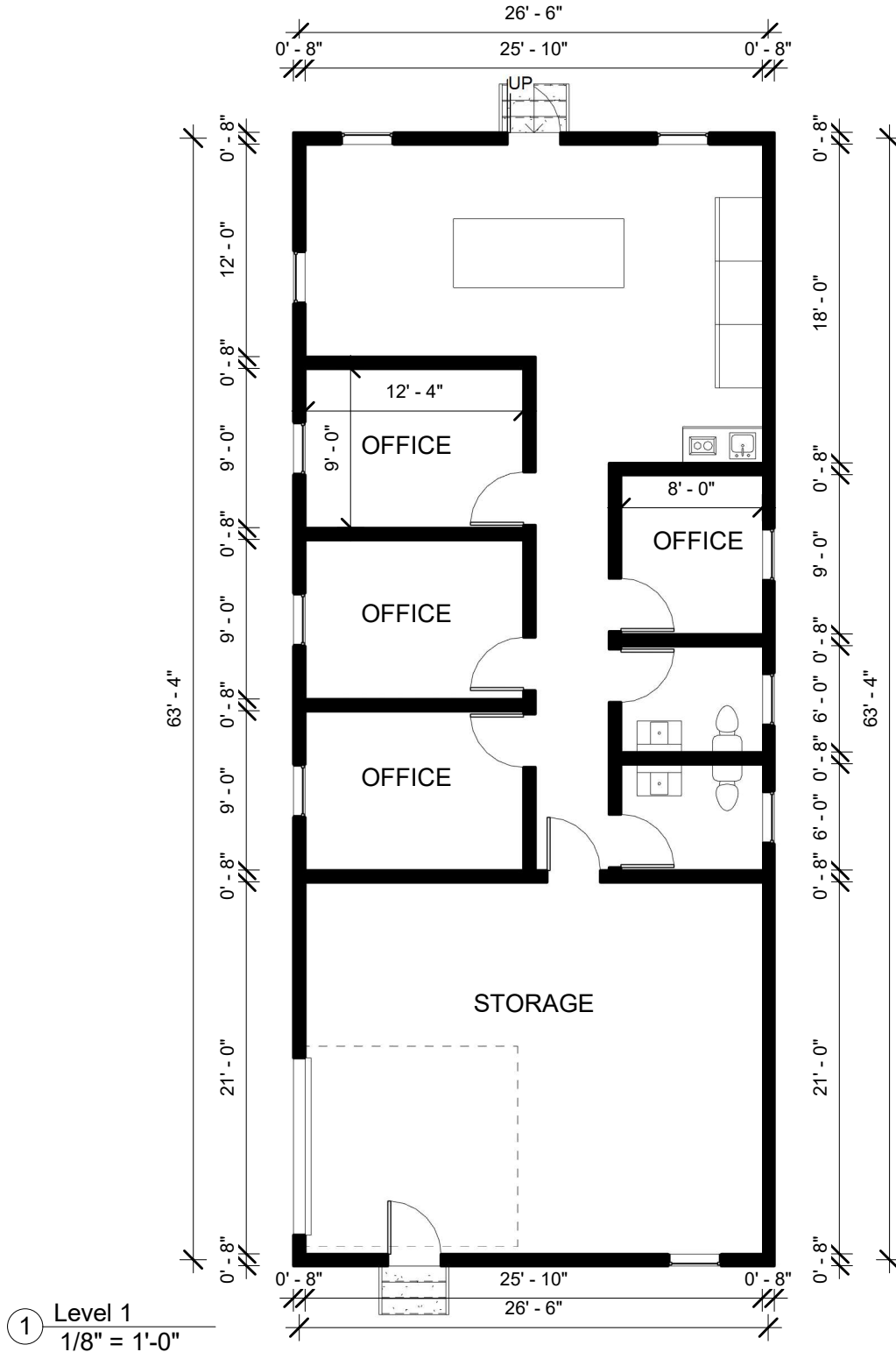
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Owner

Design FLOOR PLAN

ELEVATIONS

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Date	23/8/2022	
Drawn by	Author	Scale 1/8" = 1'-0"
Checked by	Checker	



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Owner

Design FLOOR PLAN

FLOOR PLAN

Project number 1

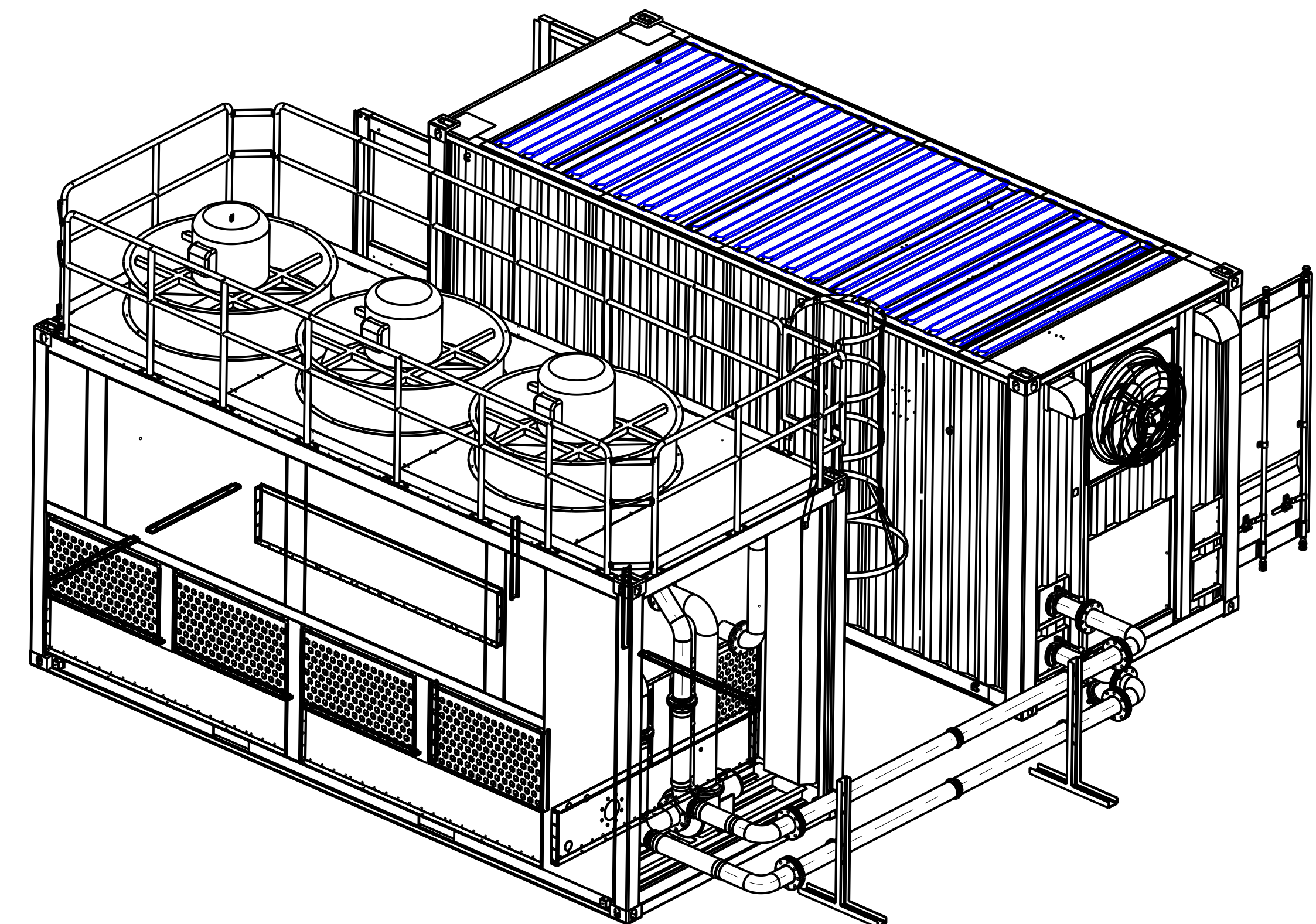
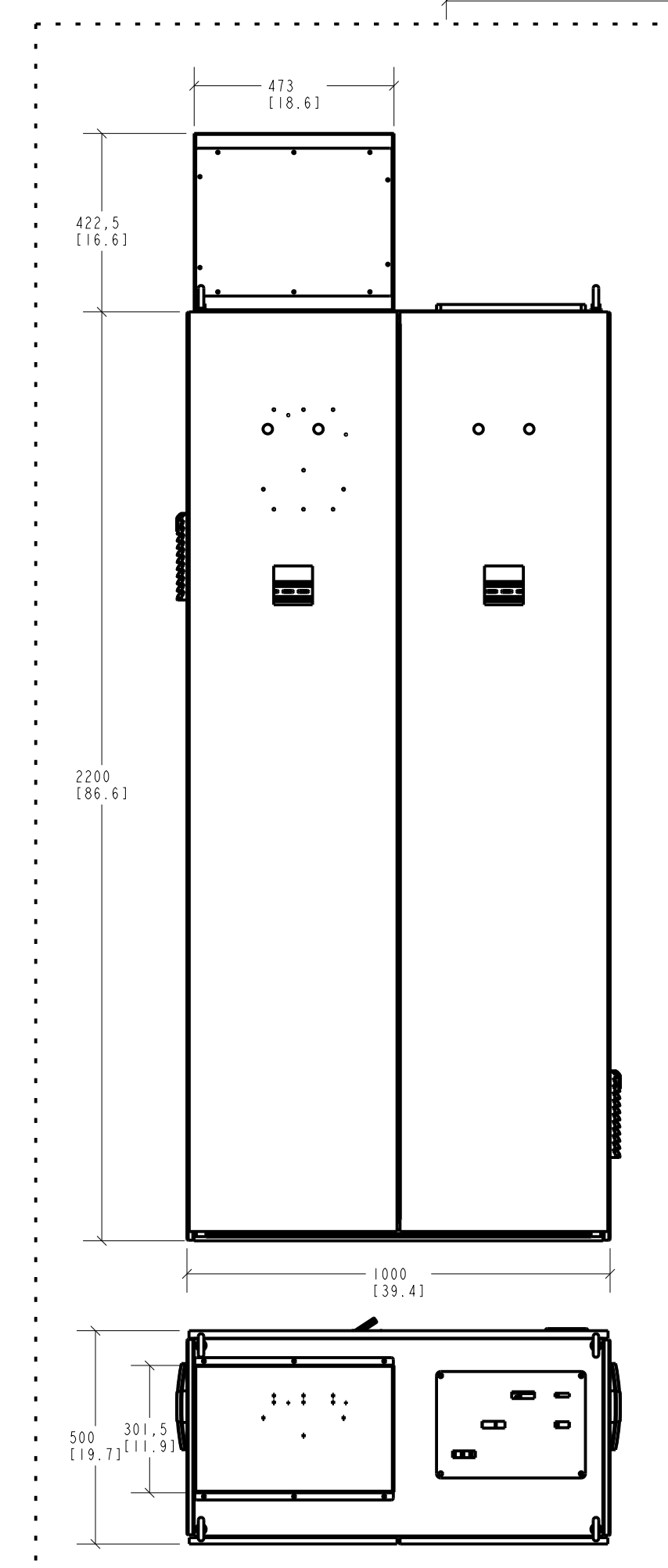
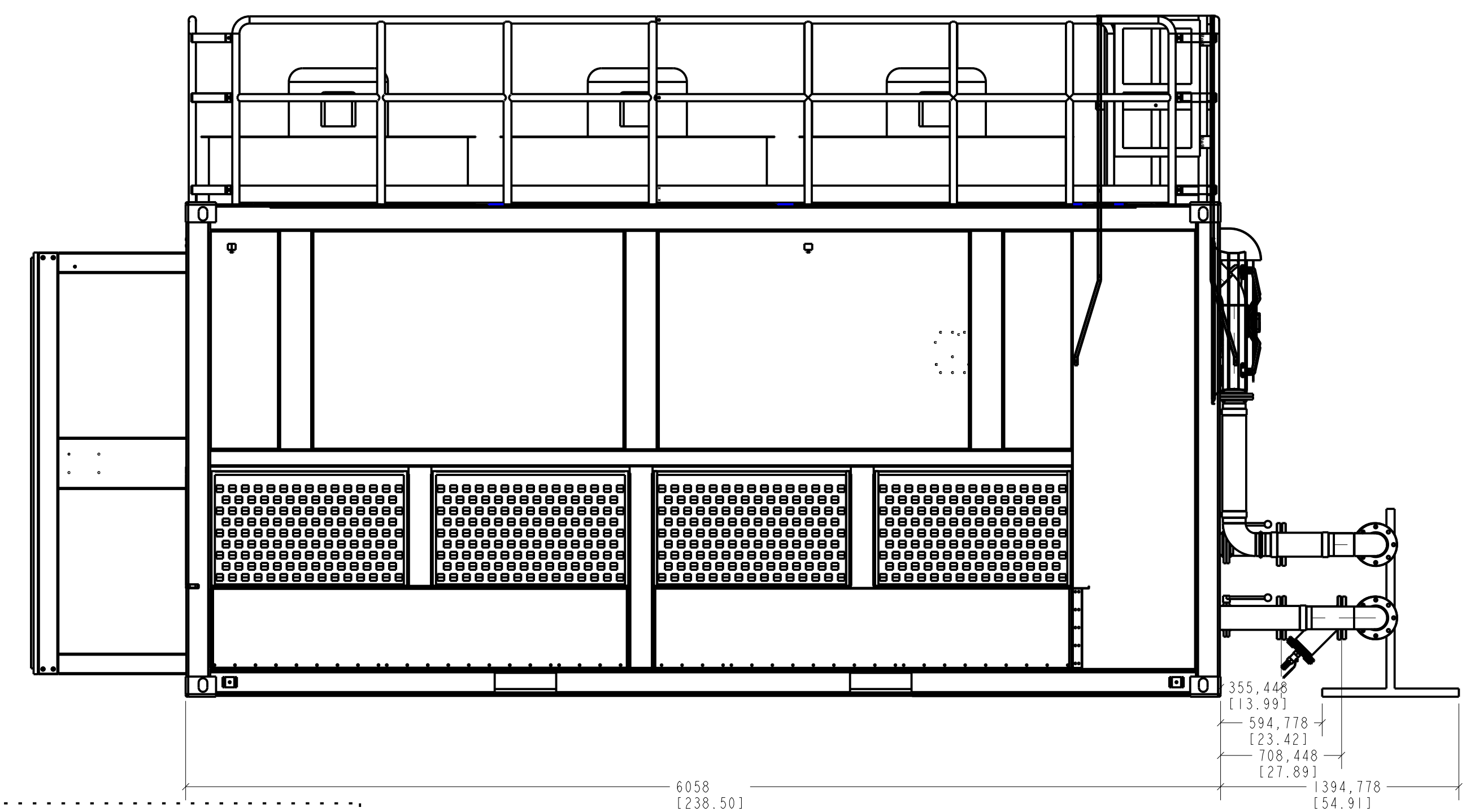
Date 23/8/2022

Drawn by MOHAMED

Checked by Checker

A101

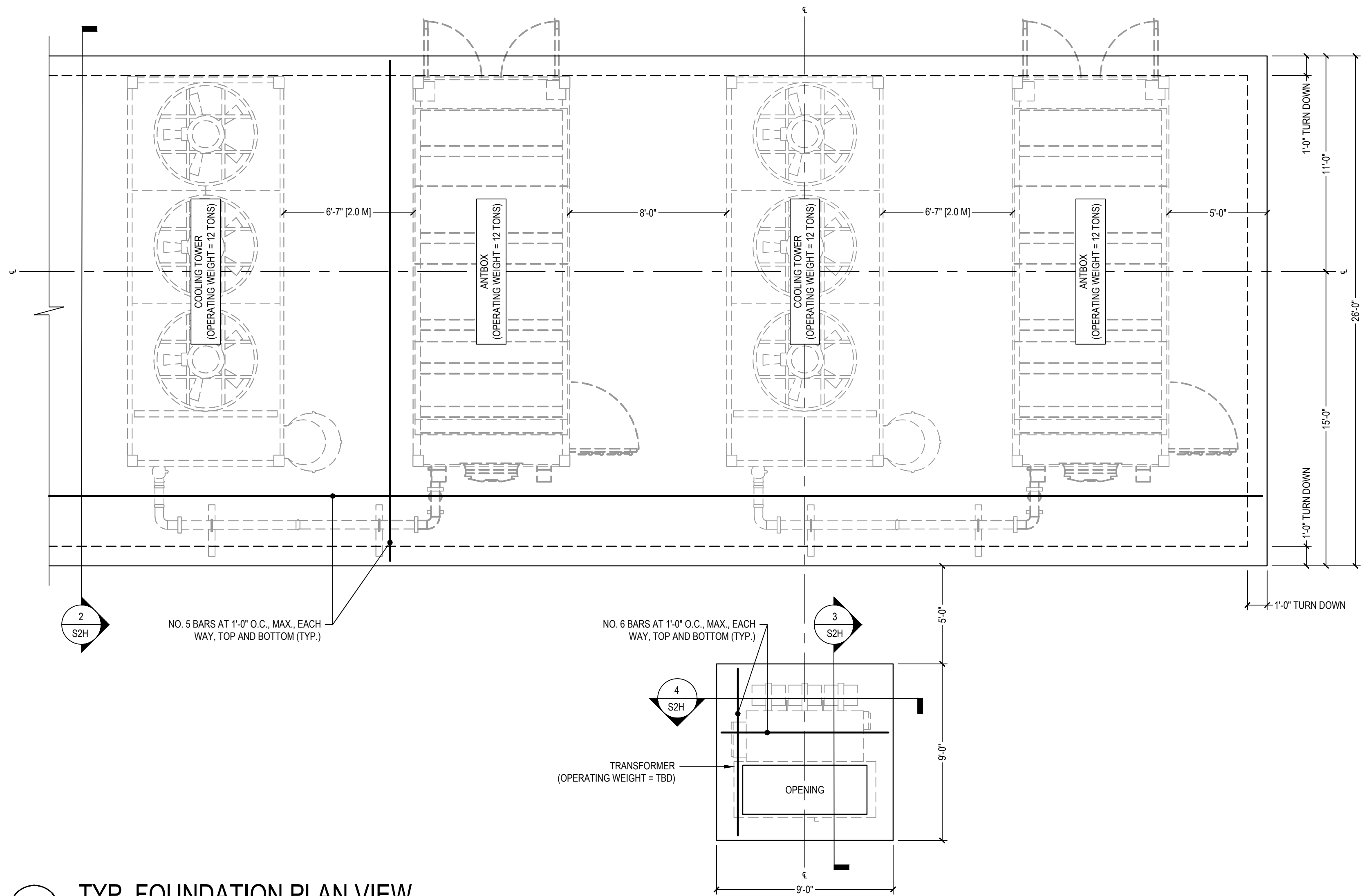
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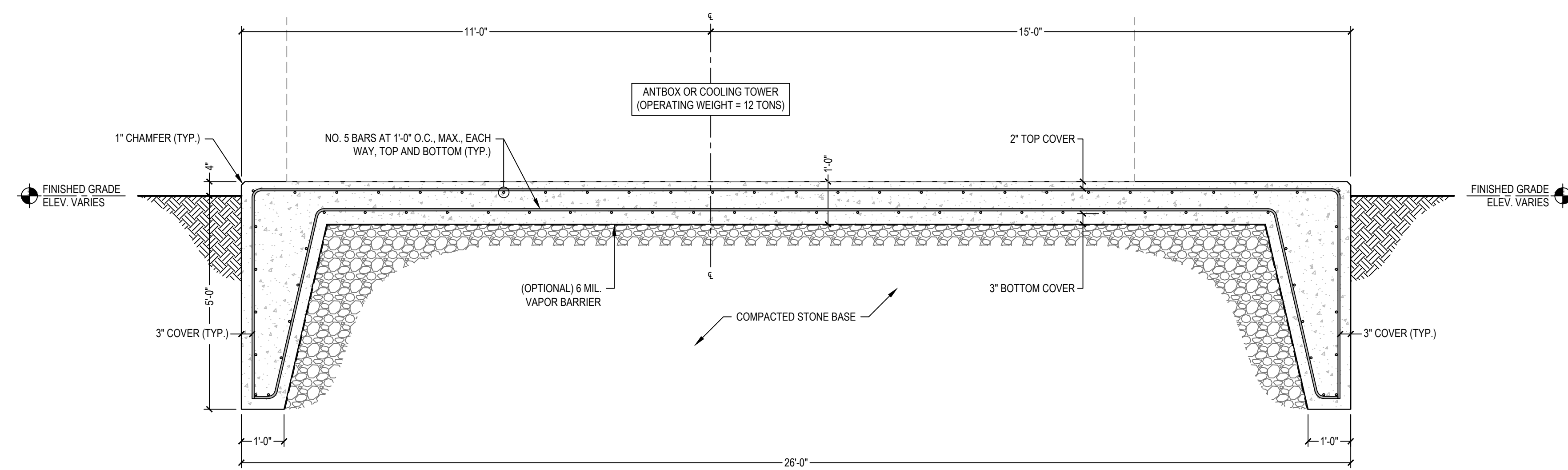
Notes:

- 1.The **upper** dimension of all dimensions is in **millimeters** and the **lower** dimension is in **inches**.
- 2.Inlet and Outlet specification:DN125(5in)/304/PN16
- 3.Loose plate steel pipe flanges with lapped end(GB/T 9122-2000)
- 3.Two power distribution cabinets are arranged on the mirror surface.The dimension of single power distribution cabinet is 1000*500*2200mm(L*W*H).Each power distribution cabinet has a opposite door, and the dimension of single door is 492*2200mm(L*H).
- 4.The top of the power distribution cabinet contains a junction box with a dimension of 473*301.5*422.5mm(L*W*H).

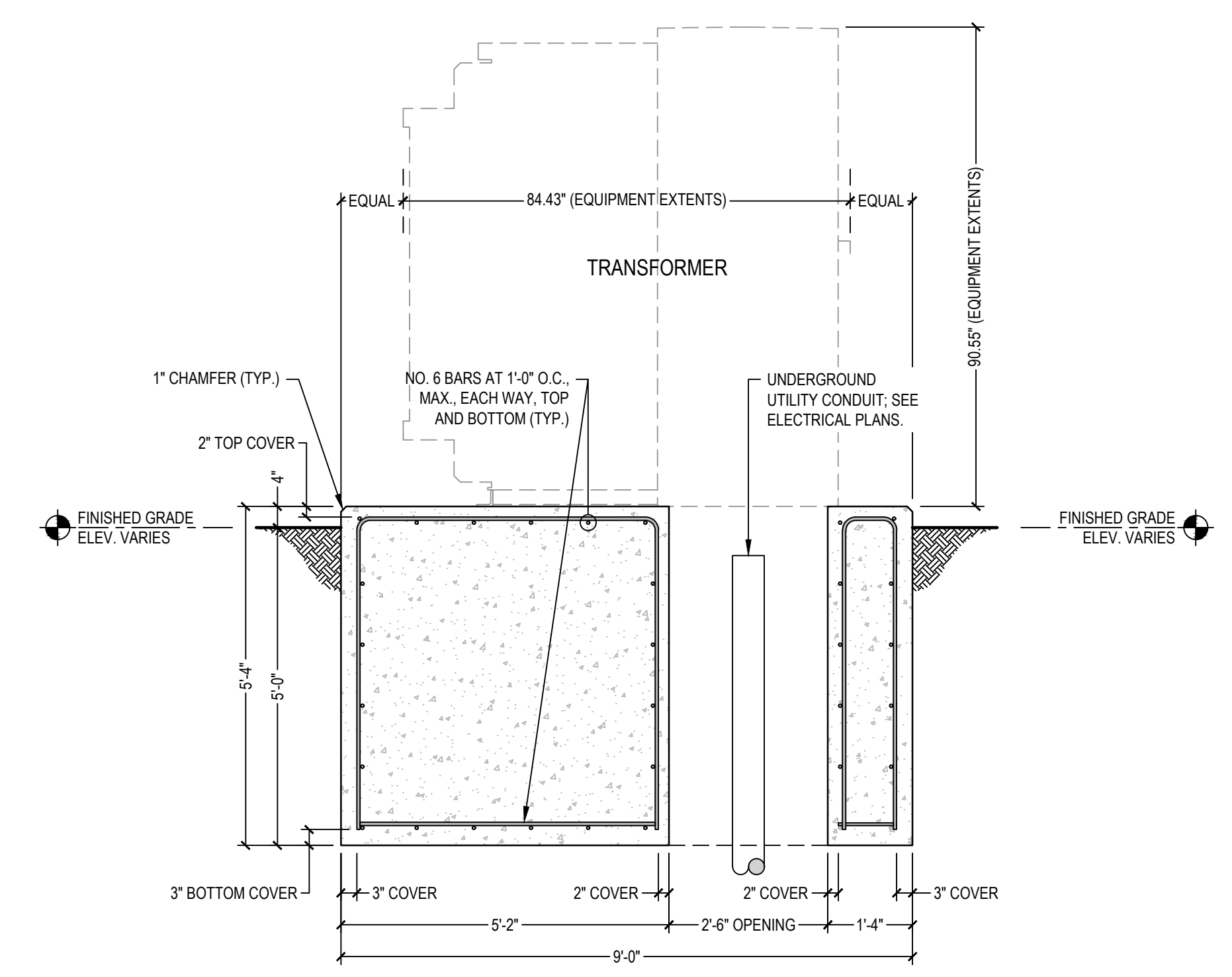
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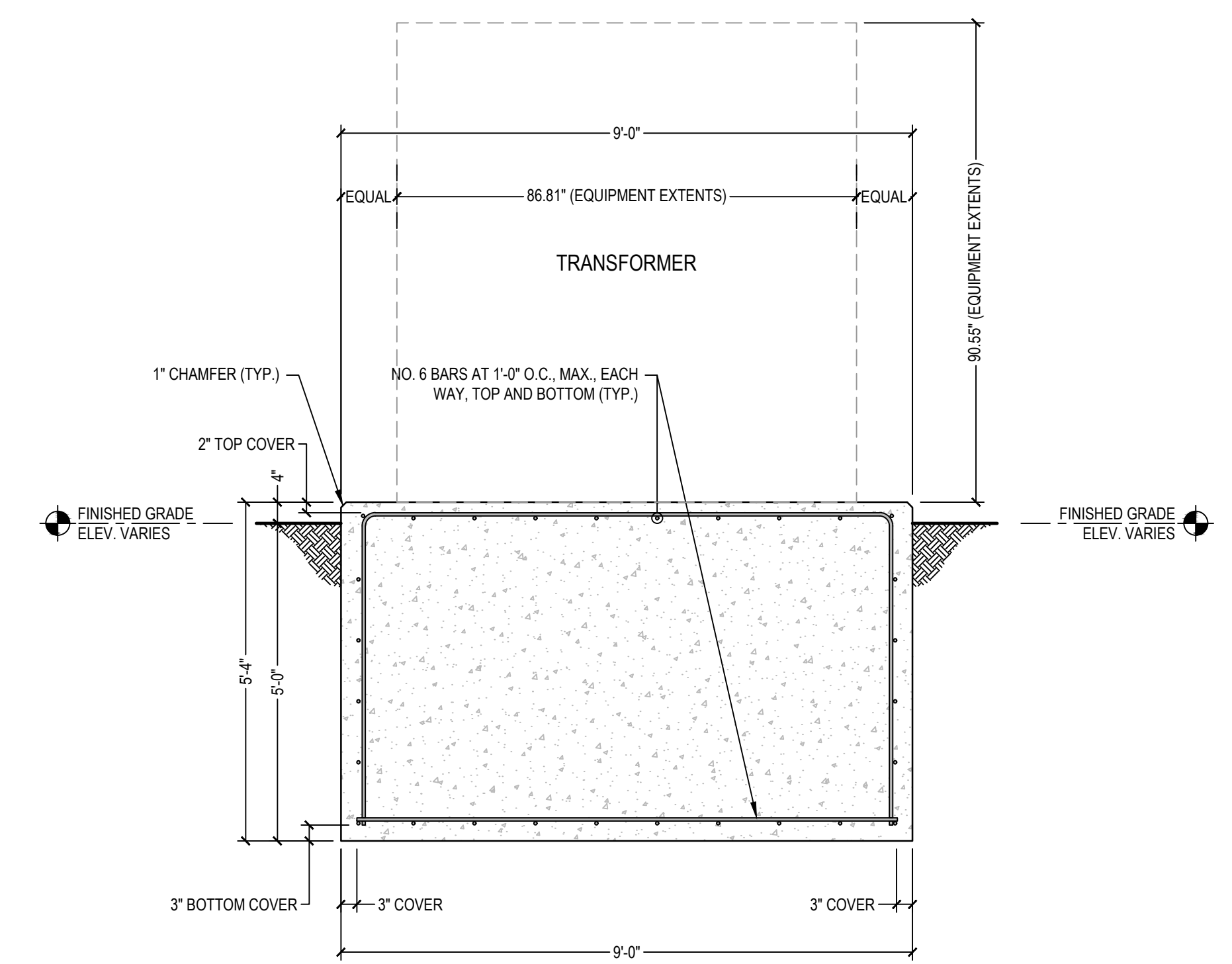
1 TYP. FOUNDATION PLAN VIEW
SCALE: 1/4" = 1'-0"



2 TYPICAL PAD SECTION VIEW
SCALE: 1/2" = 1'-0"



3 TRANSFORMER PAD CROSS-SECTIONAL (SIDE) VIEW
SCALE: 1/2" = 1'-0"



4 TYP. TRANSFORMER PAD SECTION VIEW
SCALE: 1/2" = 1'-0"

THIS PLAN IS FOR CONCEPTUAL REVIEW ONLY. NOT INTENDED AS FINAL DESIGN.

Aug 23, 2022 - 3:17pm P:\E-7924\UTEC - VCV Digital - Brainerd, MN 56401\DWG\Building & Structure\2022-08-22\UTEC - VCV Digital - Structural - PRELIM (E-7924).dwg Layout: S2H

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SEA

PRELIMINARY
NOT TO BE USED FOR CONSTRUCTION
REVISION 08/23/2022

VCV DIGITAL GROUP
BRAINERD, MN
BRAINERD INDUSTRIAL PARK
CRYPTO SITE
FOUNDATION PLAN

UTEC UTILITY TECHNOLOGY
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A		DATE		DWG. NO.	
EDA SUBMITTAL		08/23/2022		S2H	
NO. REVISIONS		DATE		SHEET NO.	
				1 OF 1	

SEA JOB NO. E-7921

SCALE: AS NOTED

JOB NO. 220302



Consultant:
Address:
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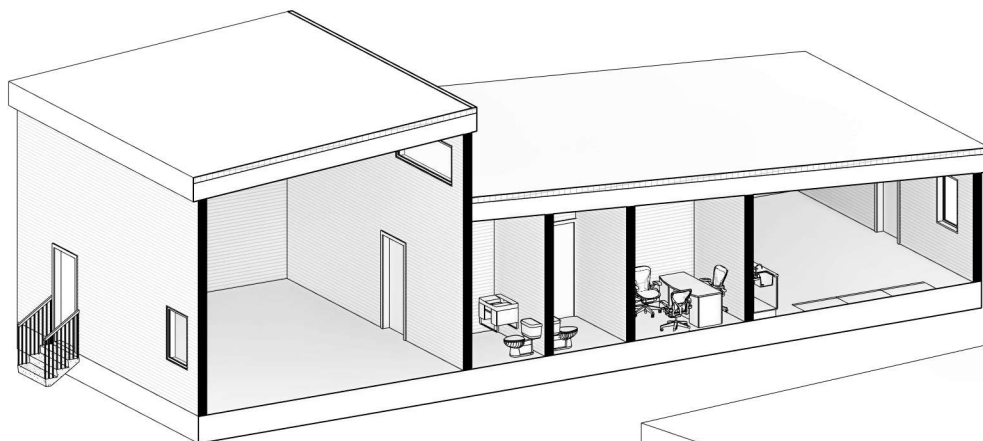
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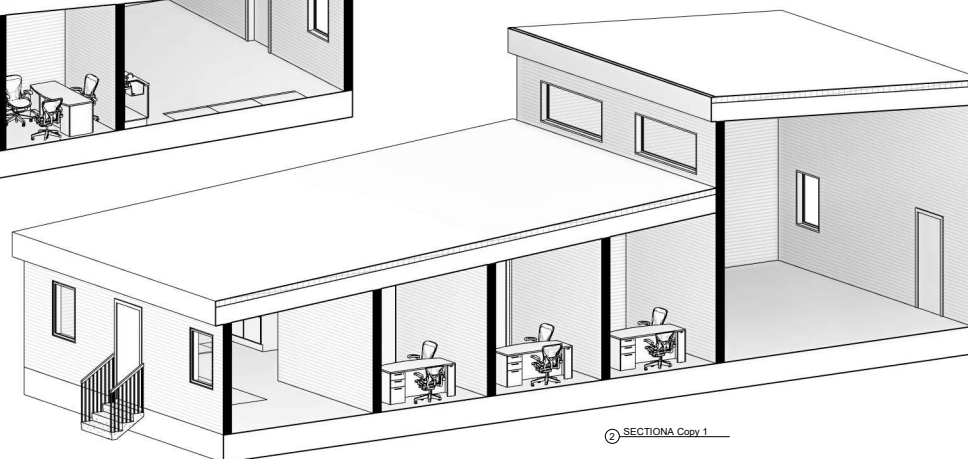
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Owner
Design FLOOR PLAN
Unnamed

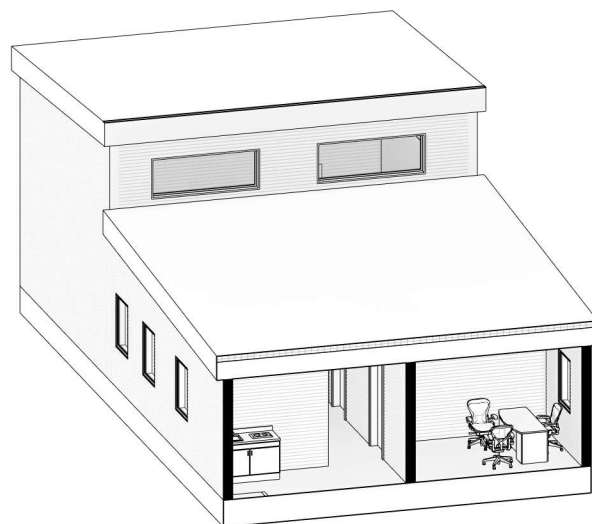
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Date	23/8/2022
Drawn by	Author
Checked by	Checker
A103	
Scale	



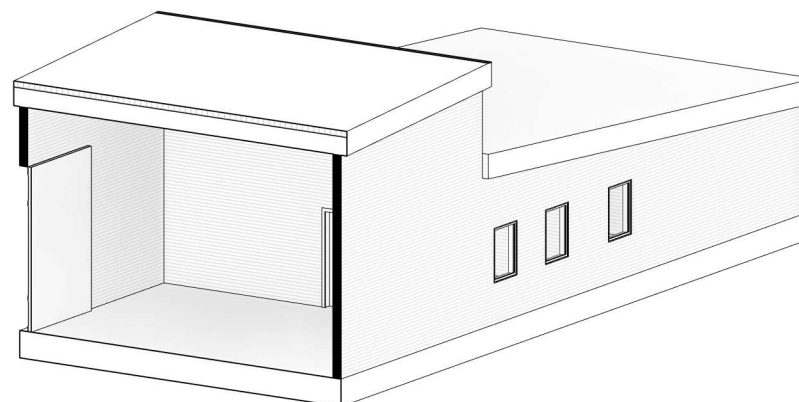
① SECTION A



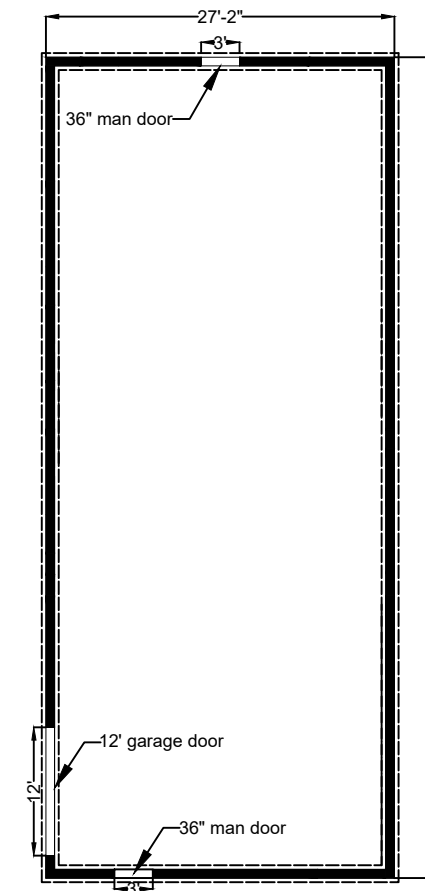
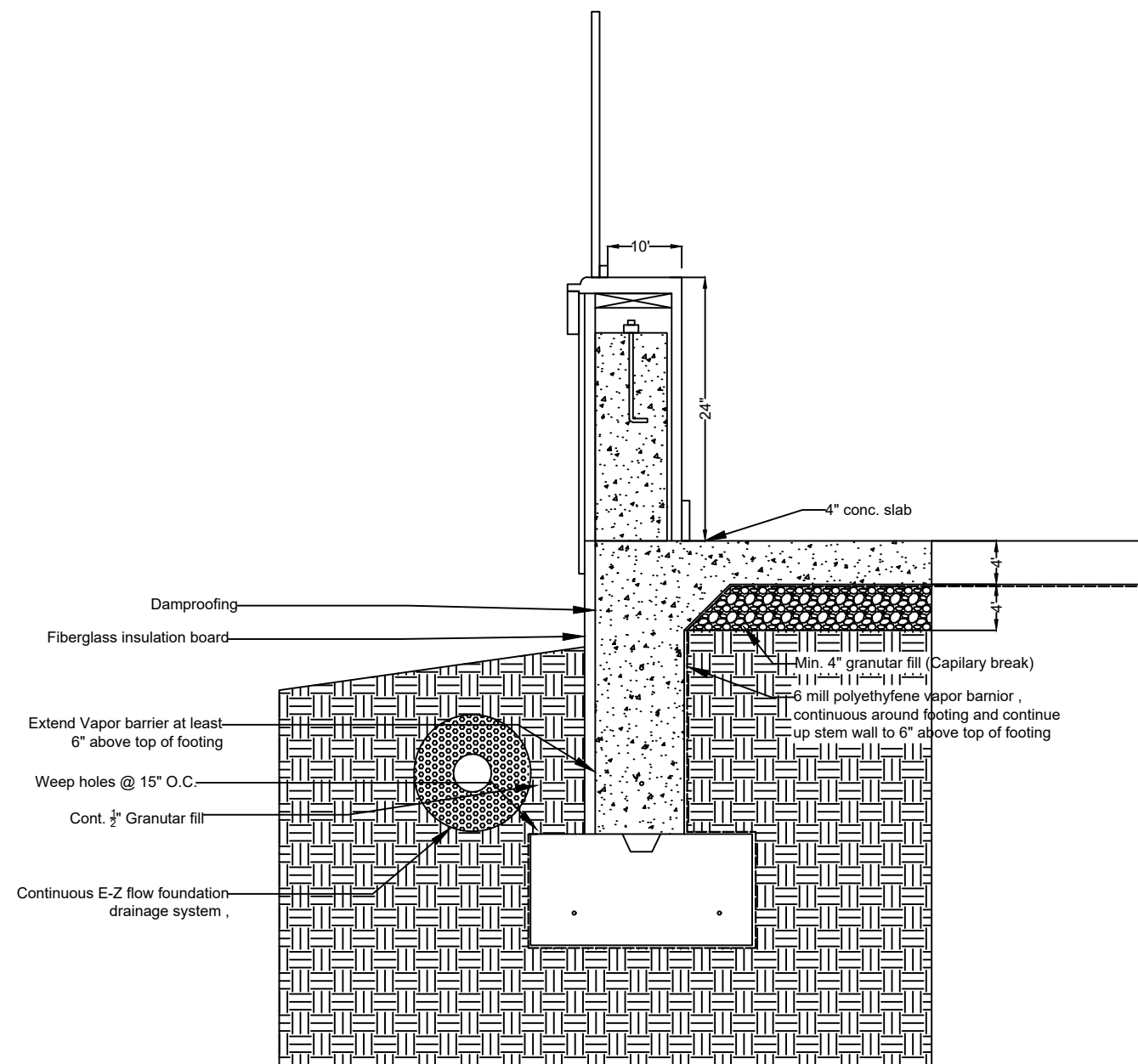
2 SECTIONA Copy 1



③ SECTIONA Copy 1 Copy 1



④ SECTIONA Copy 1 Copy 1 Copy 1



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Owner
Design FLOOR PLAN

No.	Description	Date

Unnamed		
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Date	23/8/2022	
Drawn by	Author	
Checked by	Checker	
		Scale

**LARGE INDUSTRIAL POWER AGREEMENT
BETWEEN BRAINERD PUBLIC UTILITIES COMMISSION
AND VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC**

This Large Industrial Power Agreement ("Agreement") is made and entered into effective 9th 22 day of March, 2022, by and between the Water and Light Department d/b/a/ Brainerd Public Utilities ("BPU"), a municipal utility duly organized and existing under the laws of the State of Minnesota, and VCV Digital Infrastructure Minnesota LLC ("VCV"), a limited liability company duly organized and existing under the laws of the State of Delaware ("Customer"), individually referred to as a "Party" and collectively as the "Parties."

WHEREAS, Customer submitted an electric service application to BPU seeking fifty (50) megawatts of three-phase electric service; and

WHEREAS, BPU directed staff to evaluate the technical, planning, and cost components of providing electric service to Customer, mindful that Customer's requested service exceeds BPU's system load; and

WHEREAS, a transmission study is underway with MISO concerning transmission system requirements necessary to serve Customer; and

WHEREAS, the Parties wish to set forth the terms and conditions under which BPU will provide electric service to Customer.

NOW THEREFORE, in consideration of the commitments herein and for other good and valuable consideration, the sufficiency of which is acknowledged, BPU and Customer agree as follows:

1. INTENT AND INTERPRETATION

The Parties acknowledge and agree that Customer's anticipated load exceeds BPU's current electrical system load. The Parties acknowledge and agree that the Customer shall be responsible for all components of costs attributable to providing or arranging electric service to Customer, including, but not limited to, transmission costs, facilities construction costs, energy, demand, MISO costs and all applicable MISO services, wholesale provider costs, and administrative costs. The Parties acknowledge and agree that BPU's service to Customer shall not prejudice BPU's service to its remaining customers.

2. DEFINITIONS

Contract Year shall mean the twelve-month period beginning on April 1, 2022 and ending on March 31, 2023.

Credit and Security Addendum means the agreement attached hereto as Exhibit C between BPU and Customer related to the credit assurances provided by Customer

specifically supporting this Agreement, the terms of which are incorporated herein by reference.

Customer Load shall mean the power and energy capacity to be delivered to Customer under this Agreement, in megawatt hour amounts to be agreed to by the Parties, but in any case not to exceed 50 megawatts.

Customer Point(s) of Delivery: The point(s) of delivery under this Agreement for BPU's retail service, requiring three-phase electric service at transmission transformed voltage through a direct connection to BPU's distribution substation.

Energy Block(s) shall mean designated hourly blocks of three-phase, 60-cycle alternating current electric energy, expressed in megawatt hours, that are interruptible and qualify under the MISO Programs.

Force Majeure means an event or circumstance (i) that prevents one Party from performing its obligations under this agreement (the "Claiming Party"); (ii) that is not within the reasonable control of or the result of the negligence of the Claiming Party; (iii) that was not anticipated as of the effective date of the Agreement; and (iv) that the Claiming Party, by the exercise of due diligence, is unable to overcome, to avoid, or cause to be avoided.

MISO shall mean the Midcontinent Independent System Operator, Inc., or any successor thereto.

MISO Programs shall mean the MISO Load Management Resource Program, MISO DDR-1 Program, Real-Time Energy Optimization, or such other MISO interruptible programs authorized by BPU, as may be modified by MISO from time to time.

Party shall mean either Customer or BPU as a party to this Agreement.

Power Factor shall mean the ratio of working power, measured in kilowatts (kw), to apparent power, measured in kilovolt amperes (kVA). Apparent power, also known as demand, is the measure of the amount of power used to run machinery and equipment during a certain period. It is found by multiplying ($kVA = V \times A$).

Wholesale Provider shall mean AEP Energy Partners, Inc. pursuant to the contract for wholesale electric service between BPU and AEP, effective as of January 4, 2016, as amended.

3. CONDITIONS PRECEDENT.

The following requirements are conditions precedent to performance of the Parties under this Agreement:

3.1. Execution of the Customer Deposit and Initial Expense Agreement between Customer and BPU attached as Exhibit B and payment by Customer thereunder.

3.2. Execution of the Credit and Security Addendum attached as Exhibit C and provision and acceptance of the Security provided thereunder.

3.3. Registration of Customer's load in the MISO Programs.

Until these conditions precedent have occurred, this Agreement shall not become effective and neither Party shall have any rights or obligations by reason of this Agreement, regardless of whether or not it has been executed.

4. TERM OF AGREEMENT

The initial term of this Agreement shall be two years from the effective date. Thereafter, the Agreement may be extended by additional two-year terms by mutual agreement of the Parties. Per Minnesota statute 216B.37, BPU will extend the agreement and continue to provide customer with power as long as customer is in good standing.

5. ELECTRIC SERVICE CONDITIONS AND RATE COMPONENTS

5.1. Energy Block Purchases. Customer may purchase Energy Blocks after providing advance notice to BPU as provided in Section 5.2. Customer acknowledges and agrees that Energy Blocks are market-based pricing through MISO, and Customer assumes all risks of such pricing, including changes in prices and rates.

5.2. Nomination Process. After construction of facilities described in Section 8.1, BPU will provide estimated monthly Energy Block prices to Customer by the 10th calendar day of the month for the following month. If Customer wishes to arrange the purchase of Energy Block(s), it must provide written notice to BPU no later than the noon Central Time on the 15th calendar day of the month for the following month(s) in the quantities and market prices and during such periods as will be memorialized in a signed Confirmation Letter, the form of which is set forth in Exhibit E. BPU will not arrange any purchase of Energy Block(s) absent Customer's timely written notice.

5.3. Annual Projections. For 2022, Customer shall provide BPU its projected electrical usage by March 30, 2022. Thereafter, by December 1, Customer shall provide annual projections of its requirements for the following Contract Year. BPU shall review at least quarterly the annual projection as compared to projected costs for the remainder of the Contract Year. In the event such review or any other review indicates that the annual projection will not substantially correspond with actual monthly energy, capacity, transmission, and scheduling costs, or if at any time during such Contract Year there are or are expected to be extraordinary costs substantially affecting costs, BPU shall notify Customer of any billing adjustments applicable to the remainder of such Contract Year.

5.4. Planned Outages and Operations Updates. Customer will provide BPU with information related to its energy consumption, including any planned outages for operations and any ramping up or ramping down of operations. This information will

assist BPU and its Wholesale Provider in connection with the Energy Block purchase, including forecasting and scheduling, and otherwise to minimize imbalance or other potential MISO charges. Hourly Energy Block purchases will be scheduled absent timely Customer communication to BPU.

5.5. Customer's Failure to Take. If Customer fails to take all or a portion of the Energy Block(s) that customer nominated under Section 5.2, then BPU or its agent or Wholesale Provider may arrange the sale of such amounts into the market. Customer shall nonetheless remain obligated to pay the Energy Block(s) that Customer nominated, and BPU shall apply the proceeds, if any, of any sale as follows: (1) to offset any costs to BPU, including, but not limited to, any MISO fees or charges, any amounts owing to its Wholesale Provider, and any costs associated with the resale efforts; (2) should any proceeds remain, to credit Customer up to the amount owing under the applicable billing statement(s) for the Energy Block(s) that Customer nominated but failed to take. For the avoidance of doubt, Customer shall be responsible for any additional costs required by its failure to take all or a portion of the nominated Energy Block(s).

5.6. MISO Program Requirements. Customer acknowledges and agrees that its electric service must at all times remain qualified under the MISO Programs. Customer shall fully comply with the requirements of the MISO Programs. Customer acknowledges and agrees that it is solely responsible for all penalties or charges due to the failure to comply with the MISO Programs. The failure to comply with the MISO Programs' requirements constitutes a material breach of the Agreement and subject to immediate termination by BPU. Customer shall fully cooperate and respond promptly to requests for information from BPU or its Wholesale Provider to assure initial and on-going registration in the MISO Programs, including annual testing requirements and execution of documents reasonably required therefore.

5.7. Minimum PowerFactor. Customer must maintain a minimum monthly Power Factor of 95%.

5.8. Interruptible Service. Customer's electric service will be interruptible according to the applicable MISO Programs. When notified by MISO, BPU, or its authorized agent, Customer shall remove the interruptible portion of its load from BPU's system at Customer Delivery Point. Customer acknowledges that the Energy Block purchased is interruptible and waives any claims of loss or damages due to interruption.

5.9. Resale Prohibited. As a retail end user under Minnesota law, Customer is prohibited from reselling any power or energy under this Agreement.

5.10. Conservation Improvement Plan. Under Minnesota law, a conservation improvement plan fee of 1.5% of all electric utility charges is required for loads less than 20 MW. BPU will bill and collect this fee until the Customer provides notice that its load has reached at least 20 MW and that it elects to opt-out of this program.

5.11. All Requirements. During the term of this Agreement Customer agrees not to purchase electric power or energy within BPU's electric service territory from any person

or party other than BPU, and, in consideration of the undertakings by BPU to arrange service to Customer, not to construct generation to serve Customer's load.

5.12. Option for Firm Service or Other MISO programs. With Customer's authorization, BPU will explore securing a firm power purchase arrangement for Customer needs not to exceed an initial period of two years. In the event that Customer wishes to participate in other MISO programs (interruptible or otherwise), Customer shall provide notice to BPU and the Parties shall reach mutual agreement on the terms and conditions of such participation, evidenced by a separate, signed document.

5.13. Rates. Customer shall be responsible for all costs of providing or arranging service for Customer Load, including Energy Block costs, demand, transmission, scheduling, and any other charges or penalties related to providing service or costs determined by MISO. All pass-through supply costs to BPU from the Wholesale Provider for Customer's service for will pass through in their entirety to Customer. In addition, Customer shall pay related BPU distribution system costs including monthly customer charge, capacity charge, distribution demand charge, and any City of Brainerd transfer costs. BPU has the right to adjust charges based on any future cost of service study. Customer shall be responsible for all taxes and fees, if any, from Customer's Point of Delivery.

5.14. Tariff. In addition to the terms and conditions contained in this Agreement, service to Customer shall also be subject to the terms and conditions contained in the BPU Large Industrial Power Tariff and the applicable BPU electric service regulations.

5.15. Future Governmental Impositions. In the event that any governmental authority imposes any tax or assessment on BPU during the term of this Agreement, which tax or assessment increases BPU's cost of serving Customer, BPU shall be entitled to recover those increased costs from Customer.

5.16. Governmental Mandates or Requirements. In the event that the State of Minnesota or the United States of America or any agency of these governments imposes any renewable generation requirement, conservation improvement mandate, environmental tax or assessment, transmission requirement, and/or any other requirement, tax, or assessment on the BPU or Customer that increases BPU's costs of providing service under this Agreement, BPU shall be entitled to pass such cost through to Customer.

5.17. Character and Continuity of Service. Service to Customer will be scheduled or dispatched in accordance with prudent utility practice, subject however to transmission arrangements and agreements that BPU is a party to, MISO rules, regulations, curtailments and availability and Section 5.18.

5.18. Emergency Interruptions. BPU or its agent, including Wholesale Provider, may temporarily interrupt, increase, or reduce deliveries of electric energy to Customer if BPU or its agent determines that such action is necessary in case of emergencies. The provisions of Section 5.23 shall apply.

5.19. Planned Interruptions. BPU or its agent may interrupt or reduce deliveries of electric energy to Customer to install equipment in or make repairs to or replacements, investigations, and inspections of or to perform other maintenance work on the generation or transmission facilities and apparatuses. In the event on any temporary interruption, increase, or reduction of deliveries of electric energy due to such planned interruptions, Customer shall not be responsible, or required to pay, for any period of temporary interruption, increase, or reduction. The provisions of Section 5.23 shall apply.

5.20. Force Majeure. To the extent a Claiming Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations under this Agreement and the Claiming Party gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement, other than the obligation to make payments due or becoming due with respect to performance before the Force Majeure. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

5.21. Force Majeure Exceptions. Force Majeure shall not be based upon (1) the loss of Customer Load; (2) Customer's inability to economically use or receive the Energy Blocks; or (3) BPU's ability to resell the Energy Blocks at a price greater than the pricing set forth in the Agreement.

5.22. Permanent Facility Shutdown. In the event of a permanent cessation of operations at the Customer facilities, Customer shall notify BPU and Wholesale Provider in writing at least twelve months in advance. Upon notification by Customer, BPU, its agent, or its Wholesale Provider shall make commercially reasonable efforts to arrange the sale of remaining nominated Energy Blocks to the market. BPU shall apply the proceeds, if any, of such sale as follows: (1) to offset any costs to BPU, including, but not limited to, any MISO fees or charges, any amounts owing to its Wholesale Provider, and any costs associated with the resale efforts; (2) to satisfy the amounts owing under the applicable billing statement(s) for the Energy Blocks; provided, however, that in the event of a loss, the Customer shall be responsible for any difference between the billing statement(s) for the Energy Blocks and the corresponding resale amount. Customer shall continue to be responsible for all payments under this Agreement if BPU or its Wholesale Provider make commercially reasonable efforts to arrange a sale, from the date of the notice through the later of the expiration of the nominated Energy Block(s) or the term. Customer's rescission or modification of such notice shall be permitted only at the sole discretion of BPU and the Wholesale Provider.

5.23. Resale of Portion of Customer Load. If BPU must interrupt or reduce delivery of electric energy to Customer as provided in Section 5.18 or 5.19, then BPU, its agent, or its Wholesale Provider shall make commercially reasonable efforts to arrange the sale of the applicable portions of the Energy Blocks not used by Customer to the market. BPU shall apply the proceeds, if any, of such sale as follows: (1) to offset any costs to BPU, including, but not limited to, any MISO fees or charges, any amounts owing to its

Wholesale Provider, and any costs associated with the resale efforts; (2) to satisfy the amount owing under the applicable billing statement(s); and (3) any remaining proceeds to Customer.

6. DELIVERY AND EQUIPMENT.

6.1. Points of Delivery and Metering. Customer shall have a metered Point of Delivery at three-phase, 60 hertz, alternating current at high voltage of 34,500/19,900.

6.2. Equipment Ownership. Customer shall install, own, operate, and maintain, at its sole expense, all facilities necessary to reach BPU's available distribution and transmission lines of adequate capacity to handle customer's electric service requirements, including, but not limited to, the equipment necessary to interrupt customer's load.

6.3. Standby Generating Equipment. Unless authorized by separate written agreement, standby electric generating equipment installed by the Customer shall not be interconnected or operated in parallel with the BPU system. Subject to BPU's review and approval, Customer shall own, install, operate, and maintain electrical interlocking equipment that will prevent parallel operation.

6.4. Load Increases. Customer shall give both BPU and Wholesale Provider written notice of any anticipated increase in Customer Load at least six months in advance. This written notification shall include, at a minimum, the expected amount of total load increase in MW, the expected annual power consumption in MWh, and the date that Customer anticipates completing construction.

7. BILLING / PAYMENT.

7.1. Billing Statement. Unless BPU determines, in its sole discretion, to issue invoices more frequently, BPU will invoice Customer on the 15th and the last calendar day of each month, including by facsimile, email, or other electronic transmission. The first billing statement of any month will contain an estimate according to Customer's nomination of Energy Blocks, as well as all pass-through expenses from the Wholesale Provider, including capacity, energy, MISO charges, congestion charges, as well as the BPU Substation Charge, applicable Conservation Incentive Program charges, and all other applicable taxes, charges, penalties, and assessments. The next billing statement will true-up this estimate as compared to actual costs, with a credit or increased payment, as indicated. A sample billing statement is attached as Exhibit A.

7.2. Payments. Customer's payments are due in same day funds seven (7) calendar days following issuance of the billing statement (the "Due Date"). Same day funds means funds that are available for BPU's use on the same day as the Due Date. Bills not paid in same day funds on or before such Due Date as printed on the bill are past due or delinquent, and shall bear a late fee until paid at the rate of one and one-half percent (1½%) per month.

7.3. Monthly Summary. BPU or Wholesale Provider will prepare a monthly billing summary which will show all power delivered to BPU on behalf of Customer.

7.4. Delinquent Amounts; Disconnection. Customer bills become delinquent if not paid on or before the past due date as shown on bill and service may be discontinued for delinquency upon two (2) days written notice to Customer. Additionally, BPU may draw upon assurances as defined in the Credit and Security Addendum for delinquent amounts.

7.5. Amounts Owed. The disconnection of service for any cause shall not release Customer from any obligation to pay for utilities or services received or amounts specified in the Agreement. Any delinquent amounts will be subject to collection procedures. BPU may employ any and all reasonable methods for collecting unpaid amounts, including assignment to collection agencies, or legal actions against Customer. If BPU believes Customer is insolvent, is in financial difficulty or considering bankruptcy, BPU may take appropriate action to secure payment of previous and present charges for electric service. Such action may include obtaining an adequate security deposit, collecting payment on a more frequent basis, or other such actions as may be deemed necessary and reasonable under the circumstances.

7.6. Reconnection Request. Before BPU considers any request by Customer for reconnection of service, all account balances must be paid in full. Before reconnecting service, BPU may require a reconnect charge, deposit, assessment, security, or other appropriate conditions to assure payment.

7.7. Billing Disputes. In the event of any dispute as to any portion of any billing statement, the Customer shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to BPU not later than the date such payment is due. Such notice shall identify the amount in dispute and set forth a summary of the grounds on which such dispute is based. BPU shall consider such dispute and shall advise Customer of BPU's position within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, adjudication or otherwise) of the correct amount, any difference between such correct amount and such full amount shall be properly reflected in the billing statement next submitted to Customer after such determination. Customer shall not have the right to challenge any billing statement or other bill, invoice, or statement provided by BPU after a period of twelve months from the date of rendering.

8. PROJECT COSTS AND CONSTRUCTION.

8.1. BPU Estimate. Customer is responsible for all costs of planning, facilities, acquisition, installation, and construction incurred by BPU in arranging electric facilities to Customer's Delivery Point. Exhibit B sets forth BPU's estimate of these costs. The Customer will approve BPU's initial estimate upon mutual agreement by the Parties. Customer acknowledges that such estimate may change from time to time and such changed estimate, if any, shall be subject to the approval of the Customer. BPU shall, if necessary, deliver revised estimate to Customer from time to time to reflect substantial changes in construction schedules, plans, specifications, or costs. BPU shall invoice

Customer on a regular basis, with payment required within 15 days of invoice. Delinquent payments are subject to the interest provision and service disconnection under Sections 7.2 and 7.4.

8.2. Project Responsibility. BPU shall have sole responsibility for decisions on behalf of the Customer with respect to BPU's interconnection with Customer's system. Customer shall be responsible for its system from Customer's Points of Delivery to Customer's operations.

8.3. Local Approvals. The project is subject to all typical local approvals, including, but not limited to comprehensive plan, zoning, subdivision, environmental and historic approval processes, traffic management plans, inspections, site plan and design reviews, conditional use permits, variances, and other applicable zoning and land use approvals.

8.4. Customer Responsibility. Customer shall be responsible to maintain, repair, and replace its facilities in good condition and repair at all times under this Agreement. Customer shall comply with all applicable permits, state, federal, and local laws and requirements. Customer shall give BPU access at all reasonable times to allow BPU to inspect Customer's facilities and interconnection with BPU's system to confirm compliance with the requirements of this Section.

9. CERTAIN OBLIGATIONS OF THE CUSTOMER.

9.1. Unconditional Payment Obligation. The Customer shall pay its billing statement whether or not its energy is suspended, interrupted, interfered with, reduced, curtailed, or terminated in whole or in part. Provided, however, payments shall be subject to Section 5.23.

9.2. Customer Legal Opinion. Upon the execution and delivery of this Agreement and at such other times as BPU shall reasonably request, the Customer shall furnish BPU with an opinion by an attorney or firm of attorneys, addressed to BPU and such other parties as BPU requests, to the effect of the matters set forth on Exhibit D hereto.

10. TRANSMISSION SERVICE.

10.1. BPU shall arrange for the transmission of energy sold under this Agreement to Customer's Point of Delivery at Customer's sole cost and expense.

10.2. Customer or its agent shall be responsible and arrange for the installation, construction, maintenance, and repair of all facilities required for it to receive electric energy into its system from Customer's Point of Delivery.

10.3. BPU shall provide or shall cause to be provided all required ancillary services, including scheduling and dispatch of electrical energy.

10.4. The Customer appoints BPU, or its authorized agent, as Customer's agent to arrange for such transmission and ancillary services.

10.5. The Customer shall be solely responsible for all transmission and transformation losses and costs incurred with respect to the energy and capacity required by Customer.

10.6. The Customer shall be responsible for payment of all costs for the transmission services and arrangements described in Sections 10.1 through 10.5.

11. REPRESENTATIONS AND WARRANTIES BY CUSTOMER. Customer represents and warrants as of the effective date that:

11.1. It is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority (corporate and otherwise) and has made all registrations and filings (if any) required under the laws of the State to own its property and to carry on its business as now conducted and as intended to be conducted under this Agreement, and to enter into and carry out the terms of this Agreement.

11.2. The execution and delivery of this Agreement by Customer and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary board, shareholder, or other company action on behalf of Customer, and Customer is not subject to any charter, bylaw, lien or encumbrance, agreement, instrument, order or decree of any court or governmental body (other than any required governmental approval) which would prevent the consummation of the transactions contemplated by this Agreement.

11.3. The execution, delivery, and performance of this Agreement by Customer do not and will not violate any material statute, ordinance, or governmental rule or regulation applicable to Customer, or result in a breach or constitute a default under any indenture or agreement to which it is a party or by which it or its property may be bound.

11.4. This Agreement has been duly executed and delivered by Customer, and this Agreement and such instruments executed as the result thereof shall, constitute legal, valid, and binding obligations of Customer enforceable in accordance with their terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

11.5. No further consent, approval, permit, license or authorization of any governmental body is required in connection with the execution, delivery and performance of this Agreement by Customer.

11.6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of Customer, threatened against or affecting Customer as to the execution, delivery, validity, performance, or enforceability of this Agreement.

11.7. No event has occurred and is continuing which would constitute, or upon the passage of time or the giving of notice or both could constitute, directly or indirectly, a default as to Customer under this Agreement.

11.8. Neither Customer nor any affiliate of Customer has taken any action which would give rise to a valid claim against BPU for a brokerage commission, finder's fee, or other like payment.

12. REPRESENTATIONS AND WARRANTIES BY BPU. BPU represents and warrants as of the effective date that:

12.1. BPU is a municipal utilities commission duly established and existing under the law of the State of Minnesota. BPU has the power and authority under the law to own its property and to carry on its business as now conducted and to enter into and to carry out the terms of this Agreement.

12.2. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary approval on behalf of BPU, and BPU is not subject to any constitutional provision, statute, bylaw, lien or encumbrance of any kind, or any agreement, instrument, order or decree of any court or governmental body (other than any required governmental approval) which would prevent consummation of the transactions contemplated by this Agreement.

12.3. The execution, delivery and performance of this Agreement by BPU does not or will not violate any material constitutional provision, statute, charter, ordinance, or governmental rule or regulation applicable to BPU, or result in a breach or constitute a default under any indenture or agreement to which BPU is a party or by which its properties may be bound.

12.4. This Agreement has been duly executed and delivered by BPU, and this Agreement does constitute legal, valid, and binding obligations of BPU enforceable in accordance with their terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

12.5. BPU has not employed any broker or finder in connection with the transactions contemplated by this Agreement nor has it taken any action which would give rise to a valid claim against Customer for a brokerage commission, finder's fee or other like payment.

12.6. No further consent, approval, permit, license, or authorization of any governmental body or the voting public is required in connection with the execution, delivery, and performance of this Agreement by BPU.

12.7. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of BPU, threatened against or affecting BPU contesting or affecting as to BPU the execution, delivery, validity, or enforceability of this Agreement.

12.8. No event has occurred and is continuing which would constitute, or upon the passage of time or the giving of notice or both could constitute, directly or indirectly, an event of default as to BPU under this Agreement.

13. DISCONNECTION OF SERVICE.

13.1. BPU may refuse to connect, or may disconnect service for good cause, including, but not limited to, violation of any of its service regulations, failure to pay a deposit when requested, failure to pay utility charges when due, theft or illegal diversion of the electricity, or upon receipt of written instructions from the proper authorities of the violation of municipal, state, or national electric codes.

13.2. Upon unauthorized use of electricity by the Customer during periods of ordered interruption, BPU in its sole discretion may, or its agent may, immediately disconnect service.

13.3. If BPU in its sole discretion determines a safety issue or system emergency, BPU or its agent may immediately disconnect service to Customer.

14. DEFAULT AND REMEDIES; INDEMNITY.

14.1. Customer Default. Each of the following shall constitute a default by Customer ("Customer Event of Default"):

- (a) The failure of the Customer to make any payment in full when due under this Agreement;
- (b) Customer's violation or failure to perform or observe any obligation, covenant, or condition of this Agreement (other than as provided in (a)) and upon BPU's demand to Customer, the failure to cure within 2 days;
- (c) Customer shall institute voluntary proceedings in bankruptcy, (ii) involuntary proceedings in bankruptcy shall be instituted against Customer that are not discharged within ninety (90) days thereafter, (iii) any proceedings shall be instituted by or against Customer under any law relating to insolvency or bankruptcy reorganization, and in the case of an involuntary proceeding, that is not discharged within ninety (90) days after filing, (iv) a trustee or receiver shall be appointed for the Customer by any court of competent jurisdiction, or (v) the Customer shall make a general assignment for the benefit of its creditors; or
- (d) Any representation or warranty made by the Customer in this Agreement shall prove to have been incorrect when made, in any material respect.

14.2. Cure Option. If the Customer in good faith disputes the legal validity of BPU's demand under Section 14.1(b), Customer shall perform such obligation within the 2-day period under protest directed to BPU and specifying the rationale for the objection.

14.3. Costs Relating to Default. Whenever there occurs any default, any condition or state of affairs which with the lapse of time or the giving of notice could result in a Customer Event of Default, or an actual Customer Event of Default, and if BPU employs attorneys, engineers, financial advisors, or other consultants, or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Customer under this Agreement, the Customer agrees that it shall, within seven calendar days of written demand by BPU pay to BPU the reasonable fees of such attorneys, engineers, financial advisors, or consultants, and such other expenses so incurred by BPU.

14.4. Immediate Action. In the event of Customer's failure to disconnect interruptible service or if BPU in its sole discretion determines the existence of a safety issue or system emergency, BPU or its agent shall be entitled to immediately, without further notice, terminate Customer's service.

14.5. Other Remedies. In the event of a Customer Event of Default, BPU will have the right to exercise any of the following remedies:

- (a) any remedy afforded hereunder or by law;
- (b) seek specific performance or other equitable relief;
- (c) sue for money damages;
- (d) disconnect service as provided in this Agreement; or
- (e) terminate this Agreement.

14.6. Remedies Cumulative; Limitation on Remedies; Waiver. All rights and remedies set forth in this Agreement are cumulative and in addition to the Parties' rights and remedies at law or in equity, subject, however, to any limitation on damages, fees and costs as provided for in this Agreement. A Party's exercise of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. A Party's delay or failure to exercise or enforce any rights or remedies shall not constitute a waiver of any such rights, remedies, or obligations. No Party shall be deemed to have waived any default unless such waiver is expressly set forth in an instrument signed by such Party. If a Party waives in writing any default, then such waiver shall not be construed as a waiver of any covenant or condition set forth in this Agreement, except as to the specific circumstances described in such written waiver. Neither payment of a lesser amount than the sum due hereunder, nor endorsement or statement on any check or letter accompanying such payment shall be deemed an accord and satisfaction, and the other Party may accept the same without prejudice to the right to recover the balance of such sum or to pursue any other remedy.

14.7. BPU Immunity. Nothing contained in this Agreement shall in any way affect or impair BPU's immunity or the immunity of its commissioners, officials, employees, agents, attorneys, consultants, or independent contractors, whether on account of official immunity, legislative immunity, statutory immunity, discretionary immunity or otherwise. Nothing contained in this Agreement, including any provisions regarding obtaining

insurance or otherwise being insured, shall in any way affect or impair the limitations on BPU's liability or the liability of BPU's commissioners, officials, employees, agents, attorneys, consultants, or independent contractors set forth in Minnesota Statutes Chapter 466, as such statute may be amended, modified, or replaced from time to time. By entering into this Agreement, BPU does not waive any rights, protections, or limitations provided to BPU or its commissioners, officials, employees, agents, attorneys, consultants, or independent contractors under the various rules of governmental immunity or under Minnesota Statutes Chapter 466, as such statute may be amended, modified, or replaced from time to time.

14.8. Indemnity. Customer shall indemnify, defend, and hold BPU, its officials, officers, agents, and employees harmless from any liability, claim, assessment, penalty, causes of action, judgment, damage, loss, cost, or expense, including reasonable attorneys' fees, to the extent resulting directly or indirectly from any act, failure to act, or omission of Customer, its employees, agents, or representatives, in the performance of this Agreement. The provisions of this Section shall survive the termination of this Agreement.

14.9. Customer Responsibility. Customer, its successors, and assigns, shall be solely responsible and liable for Customer's obligations under the terms of this Agreement. The failure by Customer to meet such obligations shall not create or give rise to any claim, liability, or obligation of BPU;

15. RELATED DOCUMENTS; NOTICE; DATA.

15.1. Credit and Security Addendum. BPU and Customer have entered into this Agreement with the express understanding that service at the Customer Point(s) of Delivery will be subject to Customer's compliance with the Credit and Security Addendum attached hereto as Exhibit C. To the extent possible, the Credit and Security Addendum and this Agreement will be interpreted in a manner to give effect to both agreements. To the extent that any provision in the Credit and Security Addendum directly and irreconcilably conflicts with the main body of this Agreement, the applicable Agreement provision shall govern. Nothing in the Credit and Security Addendum or this Section limits the rights or remedies otherwise available to BPU under this Agreement.

15.2. Notice. Any notice, election or other correspondence required or permitted under this Agreement shall become effective upon receipt and, except invoices and payments, shall be deemed to have been properly given or delivered when made in writing and delivered by letter, personal service, facsimile, or other documentary form to the authorized representative of the parties designated below:

TO BPU:
ATTN: Todd Wicklund
8027 Highland Scenic Rd
PO Box 373
Brainerd, MN 56401
Phone: (218) 829-3220
Email: twicklund@bpu.org

TO CUSTOMER:

Jerry Tang
1540 Broadway Suite 1010
New York, NY 10036
Phone: (917) 558-3563
Email: jerry.tang@vcvdigital.com

The Parties shall provide each other with any updated contact information. BPU shall provide Customer with any updated contact information for its Wholesale Provider.

15.3. Protected Data. The Parties acknowledge and agree that BPU is subject to the Minnesota Governmental Data Practices Act, Minnesota Statutes, Chapter 13 (the "Act"). Customer electric usage levels and other identifying information of Customer "customer data" is governed by the Act. Customer acknowledges and agrees that the MISO Programs and Energy Block purchases, among other terms of this Agreement, require close communication with the Wholesale Provider and BPU's authorized agent. Customer authorizes and consents to BPU to providing customer data to Wholesale Provider and BPU's authorized agent for the purpose of planning, performing, billing, collecting, and enforcing this Agreement. Any data that a Party provides that is not generally available to the public and that contains value in remaining confidential shall be marked "trade secret."

15.4. Forward Contract. The Parties acknowledge and agree that all Energy Block transactions under this Agreement constitute forward contracts within the meaning of the United States Bankruptcy Code.

16. GENERAL

16.1. Entire Agreement. This Agreement constitutes the entire Agreement and, with respect to the subject matter herein, supersedes all prior agreements and understandings, oral and written, between the Parties hereto. Headings are for convenience and are not a part of this Agreement.

16.2. Successors and Assigns. This Agreement shall be binding upon the respective Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither this Agreement, nor any interest herein, shall be assigned or transferred or sold by the Customer, including in connection with any sale, transfer, or other disposition of Customer's business, except as provided herein, without the written consent of BPU. In the event of a proposed assignment, transfer, sale, or other disposition of the Customer's business, Customer shall provide timely notification to BPU and the Parties will establish an agreeable schedule for BPU and its counsel to

respectively address the request. No such assignment, transfer, sale, or other disposition shall relieve Customer of any obligation hereunder.

16.3. Joint Drafting. The Parties agree that they participated equally in, and are jointly responsible for, the drafting of this Agreement. In the event of any dispute, any ambiguity in this Agreement shall not be construed against either Party.

16.4. Governing Law and Jurisdiction. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the laws of Minnesota without regard to its conflicts of law principles. The Parties agree that any claim, action, or proceeding seeking any relief in connection with this Agreement shall be brought in a state or federal court of competent jurisdiction located in Minnesota.

16.5. Severability. If any provision in this Agreement is determined by any court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired and they shall remain in force and effect.

16.6. Duly Authorized Signatories; Binding Effect of Execution. Each Party represents and warrants that the person executing this Agreement on its respective behalf is duly authorized to do so, and that, by such execution set forth on the following page of this Agreement, such party is hereby duly and lawfully bound by this Agreement.

16.7. Counterparts. This Agreement may be executed in counterpart copies by the Parties and each counterpart, when taken together with the other, shall be deemed one and the same executed Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by the duly authorized signatories the 22 day of March, 2022.

WATER AND LIGHT DEPARTMENT D/B/A/ BRAINERD PUBLIC UTILITIES

By: 

Title: Commission President

VCV DIGITAL INFRASTRUCTURE MINNESOTA, LLC

By: 

Title: Authorized Signatory

Exhibit A
Metering and Sample Billing

	MW	\$/MW-Yr	\$/MWh	\$/MWH Total Charge		Monthly Bill
Load Demand - MW	50				kWh	36,135,000
Delivery Point	MP.MP					
Capacity (MISO LMR Program)			\$ -	\$ -		\$ -
Excess Capacity Charges						
Transmission						
Schedule 1		3,850	\$ 0.4395			
Schedule 2		3,150	\$ 0.3596			
Schedule 9		75,500	\$ 8.6187			
Schedule 10/D-F		1,900	\$ 0.2169			
Schedule 26		16,200	\$ 1.8493			
Schedule 26A		13,500	\$ 1.5411			
Schedule 45		7,000	\$ 0.7991			
MISO Ancillary Charges		5,950	\$ 0.6792	\$ 14.50		
						\$ 524,081.25
MP/MP 7x24 Blended Energy Rate			\$ 47.20	\$ 47.20		\$ 1,705,572.00
Congestion			\$ 0.15	\$ 0.15		\$ 5,420.25
Total Pass-Through Supply Costs				\$ 61.85		\$ 2,235,073.50
<u>BPU Distribution System Costs</u>						
Monthly Customer Charge						\$ 1,000.00
Monthly Fixed Capacity Charge						\$ 26,250.00
Distribution Demand Charge - (kW)				\$ 0.525		\$ 26,250.00
BPU Substation Recovery Charge (kWh)				\$ 1.00		\$ 36,135.00
Total BPU Local Distribution Costs						\$ 89,635.00
Total Charges Before Any Applicable State and Local Sales Tax						\$ 2,324,708.50

Exhibit B

BPU Cost Estimate

Date	Feb. 18, 2022						
Address of Job	50 MW Feeder						
Contact Person	VCV Digital Infrastructure Minnesota, LLC					Telephone	
Description of Job	Construction of a new distribution feeder - 50 MW as of 2/18/2022						
ESTIMATION OF COSTS							
		Number Of Employees	Hours	Materials	Fuel	Sales Tax	Total
Labor	\$60/hr - Per Employee*		252				\$ 15,120.00
Materials	Price of Materials			\$ 228,444.00		\$ 17,989.97	\$ 246,433.97
Truck	\$100 Per Day						\$ 9,400.00
Equipment	\$45 Per Hour		80				\$ 3,600.00
	County Filing Fee						\$ 100.00
	MP Transmission System Load Study						\$ 6,000.00
	Right Away Easement						\$ 65,000.00
*Regular Business Hours					TOTAL CHARGES		<u>\$ 345,653.97</u>
These costs are for completing the job described above. It is solely based on our assessment and does not include material price increases or additional labor and/or materials that may be needed should unforeseen problems arise.							
BPU Employee							
Date							

Exhibit C
Credit and Security Addendum

THIS CREDIT AND SECURITY ADDENDUM (this "Addendum") is made and executed by and among VCV Digital Infrastructure Minnesota, LLC ("Customer") and Water and Light Department d/b/a/ Brainerd Public Utilities ("BPU"), and is attached to and made a part of that certain Large Industrial Power Agreement dated as of March 22, 2022 (the "Agreement"). All capitalized terms used but not otherwise defined in this Addendum shall have the meanings set forth in the Agreement.

WHEREAS, BPU will supply electric power and associated energy to Customer for its sole use under the terms and conditions of the Agreement;

WHEREAS, BPU is relying on the performance of Customer in order to perform its wholesale payment obligations to Wholesale Provider;

WHEREAS, as a condition to performing its obligations, Wholesale Provider requires that Customer provide security, in the forms and amounts as required in this Addendum, securing all obligations of Customer under the Agreement.

NOW THEREFORE, in consideration of the commitments herein and for other good and valuable considerations Customer and BPU agree as follows:

1. Customer shall provide to BPU documentation fulfilling the security requirements as detailed in this Addendum (the "Security"). BPU shall have the right to suspend any or all of its obligations under the Agreement, until such Security has been submitted and accepted by BPU in its sole discretion. At all times during the term of the Agreement and for six (6) months following the term of the Agreement, Customer shall maintain the Security. Any default under any instrument delivered to satisfy the Security requirements, or any failure to deliver or maintain the Security as required herein shall constitute a default by Customer under the Agreement and this Addendum.
2. BPU shall hold the Security. BPU may draw on the Security in full or in part, in its sole discretion upon any default by Customer under this Addendum or upon any default or suspension under the Agreement, including any failure by Customer to pay any and all amounts due under the Agreement, including regular billing statements or otherwise (each, a "Delinquent Amount"). After BPU has made any draw on the Security to pay a Delinquent Amount, Customer shall re-establish such Security by causing the Issuer (as defined below) to increase the available amount on the Security instrument back up to the Required Amount (as defined below).
3. The required Security shall be a letter of credit or cash based on the following length of term of the Energy Block purchase:
 - a. Six month, One-year, or Two-year contract – The Security shall be the difference between Energy Block price in \$/MWh and the price BPU would be required to sell on the market in \$/MWh. This spread is calculated to be twenty-five percent

(25%) of contracted Energy Block price multiplied by monthly MWh usage under contract multiplied by the number of months under contract (Delivery Period).

b. Monthly contract – deposit and/or letter of credit equal to the number of months under contract. By way of example, a one-month deposit equals a one month billing statement, including all pass-through expenses from the Wholesale Provider, including capacity, energy, MISO charges, congestion charges, as well as the BPU substation charge, applicable Conservation Incentive Program charges, and all other applicable taxes, charges, penalties, and assessments.

4. The amount of Security required by or available to BPU is based on estimates of costs and liabilities and shall not limit the damages that are otherwise required to be paid by Customer hereunder. In the event the Security drawn by or paid to BPU is not sufficient to cover all amounts due to BPU from Customer, Customer shall be required to pay the full amount of the deficiency.

5. The required Security shall be in the form cash or of an irrevocable standby letter of credit to BPU in a form and substance acceptable to BPU in its sole discretion. The issuing financial institution for such letter of credit shall have, and must maintain at all times, an unsecured bond credit rating at the time of issuance equivalent to (a) A- or better as determined by Standard & Poor's Rating Services and (b) A3 or better from Moody's investors Service, Inc., or if these are not available, equivalent ratings from alternate rating sources acceptable to BPU in its sole discretion and, at all times, with a minimum of \$10 billion in capital and otherwise acceptable to BPU in its sole discretion (the "Issuer"). The letter of credit must be issued by an Issuer chartered and domiciled in the United States, or by a branch bank located in the United States. Customer shall immediately notify BPU if the Issuer fails to maintain the bond rating described in this paragraph or the minimum capital requirement and, notwithstanding paragraph (c) below, shall within five (5) Business Days (where Business Day shall mean Monday through Friday, excluding federal holidays) deliver a replacement letter of credit in form and substance and as described in this Addendum that is acceptable to BPU in its sole discretion. Such failure to deliver a replacement letter of credit from a qualifying Issuer will be considered a default under this Addendum and BPU shall have the right to draw immediately (or upon such time as BPU elects in its sole discretion) upon the remaining balance of the existing letter of credit and may at Customer's cost place the amounts so drawn, to the extent not yet owing to BPU, in an interest bearing escrow account owned and controlled by BPU (an "Escrow Account"). Credit rating means for any Person (as defined herein), the senior unsecured and non-credit-enhanced long-term debt rating of such Person or, if such Person does not have a senior unsecured and non-credit-enhanced long-term debt rating, the issuer rating of such Person. Person means an individual, corporation, limited liability company, voluntary association, joint stock company, business trust, partnership, governmental authority, or other entity.

6. The form of Security must permit claims and drawings to be made unilaterally by BPU in accordance with the terms of this Addendum. A form Letter of Credit and Drawing Under Letter of Credit is attached hereto as Attachment A. The letter of credit must be issued for a minimum term provided below and by its terms shall be

automatically extended for a period of at least the same period of time on each successive expiration date, unless, at least one hundred twenty (120) calendar days before the current expiration date, the Issuer notifies BPU by overnight courier or certified mail that the Issuer has decided not to extend the letter of credit. Any unused portion of the letter of credit shall be available for drawings regardless of renewal, through the current expiration date. If the Issuer notifies BPU that it will not renew, BPU may then immediately (or any time prior to expiration, in BPU's sole discretion) draw upon the remaining balance and may, at Customer's cost place the amounts so drawn, but not yet owing to BPU, in an Escrow Account.

7. Customer may replace a letter of credit in form and substance and as described in this Addendum that is acceptable to BPU in its sole discretion, with another letter of credit from another Issuer meeting all requirements described above, provided however that Customer has given at least one hundred twenty (120) calendar days notice to BPU that a replacement letter of credit will be issued. Any replacement letter of credit(s) will be issued not later than sixty (60) calendar days prior to the expiration of the current letter of credit. BPU may immediately draw down the remaining balance of the current letter of credit if a replacement letter of credit is not delivered to BPU at least sixty (60) calendar days prior to the expiration of the current letter of credit and may, at Customer's cost place the amounts so drawn, but not yet owing to BPU, in an Escrow Account.

8. Any funds placed into an Escrow Account hereunder shall constitute cash collateral securing the obligations of Customer under the Agreement and shall be subject to disbursement to, or withdrawal by, BPU to satisfy any amounts owing by Customer to BPU hereunder. Customer hereby grants a security interest to BPU in any such cash collateral.

9. Security for payment in the form of an irrevocable letter of credit shall be governed by the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce Brochure No. 600 (the "UCP"), as may be amended, except that to the extent that the terms of the letter of credit are inconsistent with the provisions of the UCP (including but not limited to Articles 14(b), 32 and 36 of the UCP), the terms of the letter of credit shall control. To the extent the provisions of this letter of credit are not covered in the UCP, and to the extent not inconsistent with the UCP or made inapplicable by the letter of credit, the laws of State of New York, including the Uniform Commercial Code as in effect in the State of New York, shall apply thereto. Each letter of credit shall permit partial and multiple drawings and presentations and the beneficiary's interest shall be freely transferable.

10. Customer may provide all or any portion of the Security for payment in cash collateral deposited into an Escrow Account, and BPU shall refund any such cash security not owed or owing to BPU within 5 Business Days after Customer's replacement of such cash security with a letter of credit meeting the terms of this Agreement. All such cash security posted by Customer shall be posted with United States currency.

11. Any security obligations hereunder are in addition to, and not duplicative of, any security obligations required of Customer in any other agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be duly executed by their duly authorized officers or agents on the day and year first above written.

WATER AND LIGHT DEPARTMENT D/B/A BRAINERD PUBLIC UTILITIES

By:

Name:



Title:

Commission President

VCV DIGITAL INFRASTRUCTURE MINNESOTA, LLC

By:



Name: Jacob Ding

Title: Authorized Signatory

Exhibit D – Customer Legal Opinion

In accordance with Section 9.02 of this Agreement, Customer shall furnish BPU with an opinion by an attorney or firm of attorneys to the effect that:

- (a) Valid Existence. The Customer is a limited liability company or other eligible person or entity duly created and validly existing pursuant to the Constitution and Statutes of the State of Minnesota or other State of the United States, or is otherwise organized and authorized as a Customer.
- (b) Performance. The Customer has full legal right and authority to enter into this Agreement and to carry out its obligations hereunder and that Customer is duly licensed to do business in the State of Minnesota.
- (c) Authorization, Execution. At meetings duly called and held at which quorums were present and acting throughout, the governing body of the Customer duly approved this Agreement and its execution and delivery on behalf of the Customer, this Agreement has been duly authorized, executed and delivered by the appropriate officers of the Customer, and assuming that BPU has all the requisite power and authority to execute and deliver, and has duly authorized, executed and delivered, this Agreement, this Agreement constitutes the legal, valid and binding obligation of the Customer in accordance with its terms subject, however, to the effect of, and to restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally. No opinion need be rendered as to the availability of any particular remedy.
- (d) No Violation. The execution and delivery of this Agreement by the Customer, the performance by the Customer of its obligations hereunder, and the consummation of the transactions contemplated herein do not and will not contravene any provision of the Charter or Certificate of Incorporation or any other organizational document of the Customer and any amendment thereto under which the Customer is organized and presently operating or any existing law or any existing order, injunction, judgment, decree, rule, or regulation of any court or administrative agency having jurisdiction over the Customer or its property or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, indenture, mortgage, deed of trust, or other agreement to which the Customer is a party or by which it or its property is bound.
- (e) Approvals. All approvals, consents, or authorizations of, or registrations or filings with, any governmental or public agency, authority, or person required on the part of the Customer in connection with the execution, delivery, and performance of this Agreement have been obtained or made.
- (f) Litigation. To the knowledge of such attorney or firm of attorneys after due inquiry, there is no litigation or other proceedings pending or threatened in any court or other tribunal of competent jurisdiction questioning the creation, organization, or existence of the Customer or the validity, legality, or enforceability of this Agreement.

EXHIBIT E
ENERGY BLOCK PURCHASE AGREEMENT

Brainerd Public Utilities
P.O. Box 373
8027 Highland Scenic Road
Brainerd Mn, 56401

Trade Date: ____/____/____

ENERGY BLOCK CONFIRMATION LETTER

The purpose of this Confirmation Letter is to confirm the terms and conditions of the electric power sales transaction ("Power Transaction") agreed upon by City of Brainerd, Minnesota By and Through the Brainerd Public Utilities ("Brainerd") and VCV Digital Infrastructure Minnesota, LLC ("VCV") on the Trade Date specified above. This Confirmation Letter constitutes a Confirmation Letter as referred to in the Large Industrial Power Agreement dated _____, as amended and executed between the Buyer and Seller (the "Agreement"). This Confirmation Letter and the Agreement form a single integrated agreement between the parties.

We confirm the following Power Transaction for Customer's load for _____ [identify load]:

TERMS

Seller: Brainerd Public Utilities
ATTN: Finance Director
Tel: 218-825-3220
Email: twicklund@bpu.org

Buyer: VCV Digital Infrastructure Minnesota, LLC
ATTN: Jerry Tang
Tel: 917-558-3563
Email: jerry.tang@vcvdigital.com

TRANSACTION TYPE:

Firm (LD) Energy.

QUANTITY AND PRICE:

Contract Quantity: See "Table A-1"

Total: _____ MWH

Energy Block Price: USD \$____ per MWH,

DELIVERY:

Delivery Period: Monday to Sunday from hours ending 0100 through 2400 EPT (Eastern Prevailing Time)
From ____/____/202__ through ____/____/202__ including NERC Holidays. See "Table A".

Delivery Point(s): MP.MP (settled Day Ahead LMP)

SCHEDULING AND SPECIAL CONDITIONS:

Energy Block Purchase will also be billed all Pass-Through Charges, including but not limited to Capacity, Transmission, and Ancillary Services Charges from MISO and Taxes, Levies, or Fees as set forth in the Agreement, and will receive a pass through of any Hourly Congestion charges from MP.MP to the applicable MISO CP Node. Any amounts of Energy consumed that are in excess of the Energy Block will be billed at the applicable MISO CP Node hourly market price, and not as a part of the Energy Block Purchase.

Table A-1 Customer

Delivery Period	Energy Block Price \$/MWh	Contract Quantity 7x24 MW	Total All Hours MWs
Calendar Year 2022			
Calendar Year 2023			
Calendar Year 2024			

City of Brainerd, Minnesota by and
Through the Brainerd Public Utilities

By: _____
Its: _____

VCV Digital Infrastructure Minnesota, LLC



By: Jacob Ding
Its: Authorized Signatory

Attachment A: Form of Letters of Credit

FORM OF Letter of Credit

_____ (Date)

Letter of Credit No. _____

To: City of Brainerd, Minnesota, by and through the
Brainerd Public Utilities ("Beneficiary")

Brainerd, Minnesota _____
Attention: _____

1. We hereby establish in your favor this irrevocable transferable Letter of Credit (this "Letter of Credit") for the account of _____ (the "Applicant"), in the aggregate amount of \$_____, effective immediately and available to you at sight upon demand at our counters at _____ (location) and expiring 364 days from date of issuance or any extension thereof (in the form of Annex 5), unless terminated earlier or automatically extended in accordance with the provisions hereof or otherwise extended.

2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 12 hereof. This Letter of Credit may be drawn:

(a) upon an Event of Default with respect to the Applicant under the Power Supply Agreement; or

(b) in the event the Applicant has failed to supply a substitute letter of credit thirty (30) days prior to the expiration of this Letter of Credit as required by the Power Supply Agreement.

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (prevailing Central Time¹) on such Business Day to _____ (Bank), _____ (address), (i) a notice in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary.

4. We may, but shall not be obligated to, accept any request to issue a substitute letter of credit. Such request shall be in an Availability Certificate in the form of Annex 3 hereto by you to us for exchange for a new letter of credit in the amount set forth in an Availability Certificate, which amount shall not exceed the present value of this Letter of Credit. Upon acceptance by us of any such request to issue a substitute letter of credit for exchange, the new letter of credit shall be issued in the amount as set forth in the Availability Certificate.

¹ If the issuer of the Letter of Credit is located in an area that is not in the [Central] time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

5. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. prevailing Central Time on the date of such drawing, if delivery of this requisite document is made prior to 11:00 A.M. (prevailing Central time) on a Business Day pursuant to Paragraph 3 hereof, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made after 11:00 A.M. (prevailing Central time) on any Business Day pursuant to Paragraph 3 hereof.

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not later than three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, that in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

7. This Letter of Credit will automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder; (ii) the date we issue a new letter of credit in exchange for this Letter of Credit in accordance with Paragraph 4 hereof; and (iii) the date we receive from you a Certificate of Expiration in the form of Annex 4 hereto. The Letter of Credit will be automatically extended without written amendment for successive additional one (1) year periods from the current or any future extended expiry date, unless at least one hundred and twenty (120) days prior to such date of expiration, we give written notice to the Beneficiary by registered or certified mail, return receipt requested, or by overnight courier, at the address set forth above, or at such other address of which prior written notice has been provided to us, that we elect not to renew this Letter of Credit for such additional one (1) year period.

8. As used herein:

"Authorized Officer" shall mean any Commissioner or officer of the Brainerd Public Utilities Commission, or any Finance Director or any other person holding an equivalent title.

"Availability Certificate" shall mean a certificate substantially in the form of Annex 3 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, NY and any day on which payments can be effected on the Fed wire system.

"Power Supply Agreement" shall mean that certain Large Industrial Power Agreement between the Applicant and the Beneficiary, dated [_____].

9. This Letter of Credit is assignable and transferable, in accordance with Annex 6, to an entity certified by you to us in the form of Annex 6, and we hereby consent to such assignment or transfer, provided that this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and, except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007

Revision, ICC Publication No. 600, or any successor publication thereto (the "UCP"). Any and all banking charges, transfer fees, expenses and costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

10. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 6 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

11. We certify that as of _____ (date) we _____ ("Bank") satisfy the minimum long-term senior unsecured debt rating of "A-" from Standard & Poor's Rating Services or "A3" from Moody's Investors Service, Inc.

12. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder. Drafts showing amounts in excess of amounts available under this Letter of Credit are acceptable, however, in no event will payment exceed the amount available to be drawn under this Letter of Credit.

13. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ confirmed by telephone to _____.

14. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

15. This original Letter of Credit has been sent to the Beneficiary located at _____ (as per Applicant's instructions). Any demands or communications in the form of the attached Annexes (except for Annex 5) or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Beneficiary. Acceptance or rejection of any amendments to this Letter of Credit or any extensions pursuant to Annex 5 must be signed by an Authorized Officer of the Beneficiary.

Very truly yours,

(Bank)

By: _____

Name:

Title:

By: _____

Name:

Title:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Letter of Credit.

2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of \$ _____, inasmuch as (choose one of the following by placing an "X" on the line preceding the statement):

_____ (a) An Event of Default has occurred with respect to the Applicant under the Power Supply Agreement;

_____ (b) The Applicant has failed to supply a substitute letter of credit thirty (30) days prior to the expiration of this Letter of Credit as required by the Power Supply Agreement.

3. The amount to be received by City of Brainerd, Minnesota by and through the Brainerd Public Utilities is \$ _____.

4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

City of Brainerd, Minnesota
By and Through the Brainerd Public Utilities

By: _____
Name:
Title:
Date:

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day set forth in Paragraph 5]

PAY TO: City of Brainerd, Minnesota by and through the Brainerd Public Utilities

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO.
_____ OF

(Bank)

(Address)

City of Brainerd, Minnesota by and through the Brainerd Public Utilities

By: _____

Name:

Title:

Date:

Annex 3 to Letter of Credit

AVAILABILITY CERTIFICATE
UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Letter of Credit Unit

Ladies and Gentlemen:

Each of the undersigned hereby requests that, in exchange for the above-referenced Letter of Credit, a new letter of credit be issued in the aggregate amount of \$_____ (the "New Amount") and to expire on _____(date), but otherwise in the form of the above-referenced Letter of Credit.

Please acknowledge your intention to issue such new letter of credit in the New Amount upon the surrender of the above-referenced Letter of Credit by signing the attached acknowledgment copy hereof and forwarding it to:

[Beneficiary's Address]

Very truly yours,

City of Brainerd, Minnesota by and through the Brainerd Public Utilities

By: _____

Name:

Title:

Date:

Agreed and Accepted
(Bank)

By: _____

Title:

Date:

APPLICANT NAME

By:

Name:

Title:

Date:

Annex 4 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

City of Brainerd, Minnesota by and through the Brainerd Public Utilities

By: _____

Name:

Title:

Date:

cc: _____ (Applicant Name)

Annex 5 to Letter of Credit

NOTICE OF EXTENSION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: City of Brainerd, Minnesota by and through the Brainerd Public Utilities

Attention: Chief Risk Officer

Re: Our Letter of Credit No. _____ presently in the aggregate amount of
USD _____ issued for the account of _____ and expiring
on _____.

On the expiration date of the Letter of Credit No. _____, we will issue a new Letter
of Credit No. _____ to expire on _____ (date). This new Letter of
Credit No. _____ will, aside from the expiration date, be in the amount and form
of our Letter of Credit No. _____.

Very truly yours,

BANK _____

By:
Name:
Title:
Date:

City of Brainerd, Minnesota by and through the Brainerd Public Utilities

By: _____
Name:
Title:
Date:

cc: _____ (Applicant Name)

Annex 6 to Letter of Credit

NOTICE OF TRANSFER
OF LETTER OF CREDIT NO. _____

_____, 20__

To:

[Bank]

[Bank Address]

To Whom It May Concern:

Re: Credit _____

Issued by _____

Advice No _____

For the value received, the undersigned Beneficiary hereby irrevocably transfers to:

(Name of Transferee)

(Address)

all rights of the undersigned Beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned Beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases, extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and forward it directly to the transferee with your customary notice of transfer.

Very truly yours,

City of Brainerd, Minnesota by and through the Brainerd Public Utilities

By: _____

Name:

Title:

Date:

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

(Name of authenticating party)

(Authorized signature of authenticating party)

Name

Title



Merkle Standard LLC

200 Spectrum Center Drive
Suite 1450
Irvine, CA 92618

August 25, 2022

VCV Digital Infrastructure LLC

1540 Broadway
Suite 1010
New York, NY 10036

To Whom It May Concern,

This letter has been prepared to express Merkle Standard LLC's intention to construct and operate a containerized, high-performance datacenter in the Brainerd Industrial Park in Brainerd, MN. We intend to make a minimum capital investment of \$3,650,000 during the development phase, and to hire a local team of technicians to operate the datacenter for a minimum of four years. This datacenter will host a network of servers used to generate digital assets such as Bitcoin, which is also known as Bitcoin mining.

Over the next several weeks we intend to continue working diligently with VCV Digital Infrastructure LLC to finalize agreements for Merkle Standard LLC to lease property within the Brainerd Industrial Park and to have that property developed into a datacenter to host our equipment. We are excited about the opportunity to develop a datacenter, build an operating team, and bring our leading cryptocurrency technology to Brainerd. All of our analysis has indicated Brainerd possesses the physical infrastructure we require and offers a talented workforce for us to hire from. We look forward to having a long and fruitful presence in the area.

Sincerely,

A handwritten signature in black ink that reads "Josh Zappala". The signature is fluid and cursive, with the first name "Josh" and last name "Zappala" clearly distinguishable.

Joshua Zappala
Chief Strategy Officer
Merkle Standard LLC

To: EDA Board of Commissioners
From: Eric Charpentier, Executive Director
Date: August 24th, 2022
Re: Brainerd HRA Update

General Agency Update

On August 15th the Brainerd City Council agreed to not recertify the nuisance assessments on parcel ID's 41250768, 41191554 & 41191555. Further, the City Council has agreed to satisfy the outstanding mortgage on parcel ID 41250768 in the amount of \$12,000 from a previous CDBG loan on the property. With these actions taken, the HRA will proceed with the next steps to ultimately sell these parcels to Lakes Area Habitat for Humanity for two new homes to be built in 2023.

The sale of the former Thrifty White building was completed on 8/22/22 and the building was purchased by DW Jones, Inc. We will be working with this developer now that they do have site control and they will be looking to redevelop this property. The developer is researching funding opportunities for a multi-family housing development. We will continue to provide updates as we are able to regarding the future of this site.

Rehab

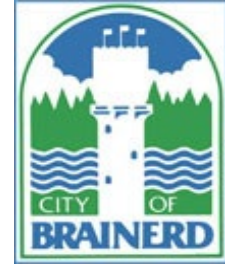
We currently have 2 homeowners we are working with through the MHFA program and 1 through the Housing Trust Fund.

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	64	57	0	8
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

MEMO



TO: EDA Board of Commissioners

FROM: Executive Director, Jennifer Bergman

DATE: August 25, 2022

RE: Executive Director Report

Thrifty White Property

After years of working on the redevelopment of this property, I am pleased to inform the EDA that DW Jones has purchased the former Thrifty White property located at 805 Laurel Street. DW Jones intends on redeveloping the property to include commercial space on the first floor and market rate residential on the upper floors.

2023 Agreements

I reached out to the consultants who have agreements with the EDA in 2022 (BLAEDC, DDBC, Swanson Haskamp and Visit Brainerd) to ask if they were interested in continuing their agreement into 2023. In addition, I asked what they would propose for the Scope of Services for 2023. We plan to have draft 2023 agreements on the October 6th EDA agenda

Annex Lease with R5DC

The City and Region 5 Development Commission (R5DC) have a draft lease agreement for the Annex which we hope to have to the City Council for their approval in October. R5DC will be using the Annex for a satellite office as well as shared workspace. Once the lease has been approved, R5DC will be overseeing the remodel of the Annex including exterior improvements as well as the build out of the interior. They hope to occupy the building in 2023.

Lively/Mills Property

Commissioner O'Day shared with staff that Close Converse has listed the Mills property south of Brainerd. They are selling two tracts of land: [Lively-Land-733.pdf \(closeconverse.com\)](#) and [Lively-Land-49-2.pdf \(closeconverse.com\)](#). Since the EDA has hired Swanson Haskamp to assist in the solicitation of developers and the engagement of private property owners, we sent an email to the Mills family offering the EDA's assistance in soliciting potential developers.