



## ECONOMIC DEVELOPMENT AUTHORITY AGENDA

City of Brainerd, Minnesota  
City Hall, 501 Laurel Street, Council Chambers  
Thursday, June 6, 2024 @ 7:30 AM

The public is invited to attend these meetings in person

Meetings are broadcast on CTC ch 8, Charter ch 181, YouTube, AppleTV, Roku, and Amazon FireTV

1. **Call To Order**

2. **Roll Call**

\_\_\_K. Bevans \_\_\_T. Bieser \_\_\_J. Grecula \_\_\_G. Johnson \_\_\_M. Kirsch \_\_\_M. O'Day \_\_\_P.  
Sandy \_\_\_K. Yeager

3. **Approval Of Agenda - Voice Vote**

4. **Consent Calendar**

NOTICE TO PUBLIC - all matters listed are considered routine by the Board 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 Board votes on the motion to be ADOPTED BY ROLL CALL

A. **Approval of Minutes**

B. **Financial Reports**

C. **Swanson Haskamp Report**

D. **DDBC Report**

E. **Visit Brainerd Report**

5. **New Business**

A. **Presentation on Alexandria Broadway Street Reconstruction Outreach Efforts**

B. **Approve VCV Revised Purchase and Development Agreement**

C. **Discuss Concept Plans for Future Development**

6. **Unfinished Business**

A. **Approve Amended Brokerage Agreement with Kamp Real Estate**

B. **Approve Contract with BLAEDC to Administer Grant Program**

**C. Review Central Business District Incentive Policy**

7. **Staff Reports**  
(Verbal: Any Updates since Packet)
8. **Commission Member Reports**
9. **Adjourn**

Visit the City's Website at [www.ci.brainerd.mn.us](http://www.ci.brainerd.mn.us)

**MISSION**

*"Provide high quality, cost effective public services and leadership in creating a sustainable city"*

**BRAINERD ECONOMIC DEVELOPMENT AUTHORITY**  
**Thursday, April 4<sup>th</sup>, 2024, 7:30 a.m.**  
**City Hall Council Chambers**

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

Upon roll call Commissioners Kelly Bevans, Toni Bieser, Justin Grecula, Gabe Johnson, Marie Kirsch, Mike O'Day, and Kevin Yeager were noted as present. Staff present were Executive Director Broyles, Community Development Director Kramvik, Finance Director Hillman, City Engineer/Public Works Director Dehn, and HRA Rehab Coordinator Schommer.

**Approval/Amendment of the Agenda- Approved**

Commissioner Kirsch requested that the EDA discuss the Highway 210 Project.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND BIESER, DULY CARRIED, TO APPROVE THE AGENDA WITH THE ADDITION OF DISCUSSION OF HIGHWAY 210 PROJECT.

**Approval of Consent Calendar**

Upon roll call Commissioners Bevans, Bieser, Grecula, Johnson, Kirsch, O'Day, Sandy, and Yeager voted "aye". No Commissioner voted "nay". The Chair declared the motion carried.

**Old Business**

**Approve Brokerage Signs**

Community Development Director Kramvik gave an overview of the signs.

Commissioner Johnson asked whether it was industry standard for the broker to produce the signs.

Community Development Director Kramvik stated that with the scope of services and brokerage contract he is unsure whether it is the EDA's responsibility or Kamp Realty's.

Ms. Haskamp, Kamp Real Estate, was present online but the audio was not working properly. She will contact staff with details.

Commissioner Johnson stated he supports the use of funds if needed but would like staff to have a conversation with Kamp Real Estate regarding the details first.

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND O'DAY, DULY CARRIED, TO APPROVE THE FINAL SIGNAGE DESIGN FROM KAMP REAL ESTATE AND DEVELOPMENT AND AUTHORIZE STAFF TO SPEND UP TO \$1,000 IN PRINTING COSTS PENDING DISCUSSION WITH KAMP REAL ESTATE.

## **Approve Amendment to the Brokerage Contract with Kamp Real Estate to Add the Annex Building**

Community Development Director Kramvik gave an overview of the agreement. As a part of the agreement, it would be appraised. There have been a number of interested parties to purchase the building.

Commissioner Bevans questioned whether the City Council has approved selling the Annex building. The Council should clarify whether they want to sell it before being listed.

Commissioner O'Day stated that there is money set aside to make improvements to the annex.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO APPROVE THE ADDENDUM TO THE KAMP REAL ESTATE AGREEMENT PENDING COUNCIL APPROVAL OF THE SALE AND OR LEASE OF THE CITY ANNEX BUILDING.

## **Consider Proposal from BLAEDC to Administer Grants and Revolving Loan Fund**

Community Development Director Kramvik stated that the proposed program provides a 50% matching grant for actual construction costs up to \$5,000 per property on a pay-for-performance basis. Eligible projects include permanent exterior building and landscape improvements visible from a public right-of-way. Staff proposes the EDA allocate up to \$20,000 per calendar year to fund eligible projects. The allocation of funds for the grant would come from the EDA internal funds or the Downtown Revolving Loan Funds. He also stated that Staff would like to continue to refine the goals and guidelines for a potential revolving loan fund for exterior improvements. The low interest loan would provide property owners and businesses with the ability to make substantial investments to the exterior of their building with a maximum loan amount of \$20,000 to \$30,000. There are a number of items that BLAEDC would like to discuss before creating a potential revolving loan program.

Tyler Glynn, BLAEDC, stated that BLAEDC is well equipped to administer a grant and loan fund. He believes that the grant program is pretty straightforward. As far as the loan, there are many variables that the EDA needs to decide on regarding terms, default, and reporting.

Commissioner Bieser asked about the fee to administer the program. She is concerned about the budget, whether the EDA should place a not to exceed amount. She also asked about the expanded area of the River to Rail corridor.

Mr. Glynn stated that the time needed to administer the grant program would be dependent on the number of applicants, but the process would be straightforward. The loan program once the terms were decided would also be reasonable.

Community Development Director Kramvik stated that Staff is proposing the expansion of the River to Rails corridor. If the property is adjacent to South 6<sup>th</sup> and Washington streets the property would be eligible.

### **Discussion of the Highway 210 Project (added item)**

Community Development Director Kramvik stated that the EDA website will include a page on the TH 210/Washington Street reconstruction. The grant opportunities along the corridor will be included on the page.

City Engineer/Public Works Director Dehn stated that the project is still in the early stages of design. The right of way acquisition is underway. The partners including the Police and Fire Departments have been involved in conversations about detour routes. The project is slated to be a two-year project beginning in 2026.

Commissioner Kirsch stated that some of the feedback from business owners was that signage or other pieces of their businesses will be affected by the construction. Will there be a specific grant program to help those businesses to replace signage. It is not clear who is taking the lead on advertising or campaign to keep people aware that businesses are open. Is the EDA going to be heading this effort.

City Engineer/Public Works Director Dehn stated that MnDOT has come a long way on community engagement in the last years in coordinating efforts. The City will be responsible for determining how much effort put into community engagement. MnDOT would be open to sharing some of the cost. He stated that the City could do research on the options that they have for the scope of the community engagement.

Commissioner Kirsch has concerns about funding for these efforts.

Community Development Director Kramvik stated that staff could do research for an upcoming EDA meeting.

Commissioner Johnson stated that some of the research should include looking for a group who wants to take the lead on these efforts.

### **New Business**

#### **Consider Expansion to the River to Rails Incentive District**

Community Development Director Kramvik stated that the EDA has previously discussed additional incentive programs. Further expansion of the River to Rails District. The Community Development Director spoke with the Public Utilities Director to determine whether the utilities could support the forgiveness of SAC/WAC and some of the permit fees. With the new project, staff did not see an issue with the expansion of the district. The Planning Commission will be reviewing whether mixed use could be utilized in the commercial corridor. He presented the proposed expansion area.

Commissioner Johnson asked about the reasoning of leaving out general commercial district.

Community Development Director Kramvik stated that that district has been seeing development and may not need an incentive.

Commissioner Bieser stated that she would like to see the general commercial district included.

Commissioner Johnson would like to see west of the river included.

Commissioner O'Day would like to see South 6<sup>th</sup> Street included.

Community Development Director Kramvik stated that at the next meeting he could provide a new map and a new name of the program.

Commissioner Johnson stated that when it is brought back to project potential revenue loss.

### **Review 2023 EDA Measurables and Activities**

Community Development Director Kramvik gave an overview of the measurables. A total of \$170,395 in permit fees have been forgiven since the start of the River to Rails incentive program.

### **Staff Reports**

Community Development Director Kramvik stated that the website is live. Provide any feedback to Visit Brainerd about the website. Tours to Giovanni's and Lakes Printing are in process of being scheduled. The Planning Commission will discuss further Eight05 Laurel and getting funding through the workforce housing grant.

Executive Director Broyles has had the pleasure to meet most of the EDA commissioners.

### **Adjourn**

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

The Authority adjourned at 8:28 a.m.

Respectfully Submitted by  
Toni Gage

# Financial Report for EDA

As of April 30, 2024

	<u>Cash &amp; Investments</u>	<u>Receivable Balance</u>	<u>Deferred Loans (as of 12/31/23) **</u>	<u>Awarded Grants</u>
<b>General Funds:</b>				
EDA Fund - #295	\$ 45,253	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 45,253</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CDBG (Housing/Commerical (Slum &amp; Blight/Federal Objective)):</b>				
Downtown - #298	\$ 50,408	\$ 4,685	\$ 290,887	\$ -
SE Brainerd - #215	52,650	-	99,135	-
NE Brainerd - #218	-	-	194,675	-
2023 SE Brainerd	(2,283)	-	-	-
Willows Project - #209	-	-	47,286	-
Old Housing - #209	3,360	-	-	-
Local Income - #275	103,245	12,582	9,875	-
<b>Total</b>	<b>\$ 207,380</b>	<b>\$ 17,267</b>	<b>\$ 641,857</b>	<b>\$ -</b>
<b>Federal &amp; State MIF (Commerical (Jobs)):</b>				
Commerical - #210 ^^^	\$ -	\$ 646,427	\$ -	\$ -
Federal MIF - #296	18,667	-	-	-
<b>Total</b>	<b>\$ 18,667</b>	<b>\$ 646,427</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 271,300</b>	<b>\$ 663,694</b>	<b>\$ 641,857</b>	<b>\$ -</b>

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

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

Fund 295 EDA FUND

GL Number	Description	PERIOD ENDED 04/30/2023	PERIOD ENDED 04/30/2024
*** Assets ***			
295-0000-10100	CASH	43,568.32	45,252.96
295-0000-10700	DELINQUENT TAX RECEIVABLE	6,467.34	7,003.02
295-0000-16160	FA-LAND HELD FOR RESALE	460,396.74	460,396.74
<b>Total Assets</b>		<b>510,432.40</b>	<b>512,652.72</b>
*** Liabilities ***			
295-0000-20600	DEPOSITS PAYABLE	9,337.50	6,430.49
295-0000-22200	DEFERRED REVENUE	460,396.74	460,396.74
295-0000-22210	DEFERRED TAXES RECEIVABLE	4,202.29	3,473.95
<b>Total Liabilities</b>		<b>473,936.53</b>	<b>470,301.18</b>
*** Fund Balance ***			
295-0000-28900	FUND BALANCE/EQUITY ACCT	69,279.63	69,279.63
<b>Total Fund Balance</b>		<b>69,279.63</b>	<b>69,279.63</b>
<b>Beginning Fund Balance</b>		<b>69,279.63</b>	<b>69,279.63</b>
<b>Net of Revenues VS Expenditures - 2023</b>			<b>11,003.87</b>
<b>*2023 End FB/2024 Beg FB</b>		<b>80,283.50</b>	
<b>Net of Revenues VS Expenditures - Current Year</b>		<b>(32,783.76)</b>	<b>(37,931.96)</b>
<b>Ending Fund Balance</b>		<b>36,495.87</b>	<b>42,351.54</b>
<b>Total Liabilities And Fund Balance</b>		<b>510,432.40</b>	<b>512,652.72</b>

\* Year Not Closed

PERIOD ENDING 04/30/2024

GL NUMBER	DESCRIPTION	ACTIVITY FOR			YTD BALANCE	% BDGT USED
		2024 MONTH	04/30/2024	04/30/2024		
		AMENDED BUDGET	CREASE (DECREASE)	NORMAL (ABNORMAL)		
Fund 295 - EDA FUND						
Function: Unclassified						
Dept 0000						
Revenues						
TAXES & PENALTIES						
295-0000-31010	CURRENT AD VALOREM	186,812.00	0.00	2,899.32	1.55	
295-0000-31020	DELINQUENT AD VALOREM	0.00	0.00	629.75	100.00	
	TAXES & PENALTIES	<u>186,812.00</u>	<u>0.00</u>	<u>3,529.07</u>	<u>1.89</u>	
OTHER REVENUE						
295-0000-36210	INTEREST INCOME	550.00	0.00	0.00	0.00	
	OTHER REVENUE	<u>550.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
	TOTAL REVENUES	<u>187,362.00</u>	<u>0.00</u>	<u>3,529.07</u>	<u>1.88</u>	
	Net - Dept 0000	<u>187,362.00</u>	<u>0.00</u>	<u>3,529.07</u>		
Dept 6510 - ECONOMIC DEVELOPMENT AUTH						
Expenditures						
SERVICES						
295-6510-43300	PROFESSIONAL SERVICES	138,000.00	11,670.02	36,086.73	26.15	
295-6510-43361	INS - GENERAL LIABILITY	142.14	0.00	24.30	17.10	
295-6510-43435	BOOKS/PAMPHLETS/DUES	5,350.00	0.00	5,350.00	100.00	
	SERVICES	<u>143,492.14</u>	<u>11,670.02</u>	<u>41,461.03</u>	<u>28.89</u>	
	TOTAL EXPENDITURES	<u>143,492.14</u>	<u>11,670.02</u>	<u>41,461.03</u>	<u>28.89</u>	
	Net - Dept 6510 - ECONOMIC DEVELOPMENT AUTH	<u>(143,492.14)</u>	<u>(11,670.02)</u>	<u>(41,461.03)</u>		
	Total - Function Unclassified	<u>43,869.86</u>	<u>(11,670.02)</u>	<u>(37,931.96)</u>	<u>86.46</u>	
	TOTAL REVENUES	187,362.00	0.00	3,529.07	1.88	
	TOTAL EXPENDITURES	143,492.14	11,670.02	41,461.03	28.89	
	NET OF REVENUES & EXPENDITURES	<u>43,869.86</u>	<u>(11,670.02)</u>	<u>(37,931.96)</u>	<u>86.46</u>	

CHECK DISBURSEMENT REPORT FOR CITY OF BRAINERD  
 CHECK DATE FROM 03/01/2024 - 04/30/2024

Check Date	Bank	Check #	Invoice	Payee	Description	Account	Dept	Amount
Fund: 295 EDA FUND								
03/06/2024	BB	97970	FEB 2024	BRAINERD LAKES AREA DEV C	PROFESSIONAL SERVICES	43300	6510	3,000.00
03/06/2024	BB	97987	FEB 2024	DESTINATION DOWNTOWN BRAINERD	PROFESSIONAL SERVICES	43300	6510	833.34
03/06/2024	BB	97999	179976	KENNEDY & GRAVEN	DEPOSITS PAYABLE	20600	0000	241.50
			179976		DEPOSITS PAYABLE	20600	0000	521.71
				CHECK BB 97999 TOTAL FOR FUND				763.21
03/06/2024	BB	98013	JAN 2024	RATWIK, ROSZAK AND MALONEY	DEPOSITS PAYABLE	20600	0000	370.50
03/06/2024	BB	98023	FEB 2024	SWANSON HASKAMP CONSULTING	PROFESSIONAL SERVICES	43300	6510	2,916.67
03/06/2024	BB	98024	FEB 2024	VISIT BRAINERD	PROFESSIONAL SERVICES	43300	6510	3,333.34
04/03/2024	BB	98236	MARCH 2024	BRAINERD LAKES AREA DEV C	PROFESSIONAL SERVICES	43300	6510	3,000.00
04/03/2024	BB	98247	MARCH 2024	DESTINATION DOWNTOWN BRAINERD	PROFESSIONAL SERVICES	43300	6510	833.34
04/03/2024	BB	98279	MARCH 2024	SWANSON HASKAMP CONSULTING	PROFESSIONAL SERVICES	43300	6510	2,916.67
04/03/2024	BB	98283	MAR 2024	VISIT BRAINERD	PROFESSIONAL SERVICES	43300	6510	3,333.34
04/17/2024	BB	98360	180557	KENNEDY & GRAVEN	DEPOSITS PAYABLE	20600	0000	271.00
04/17/2024	BB	98383	FEB 2024	RATWIK, ROSZAK AND MALONEY	PROFESSIONAL SERVICES	43300	6510	170.00
				Total for fund 295 EDA FUND				21,741.41

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 295 EDA FUND							
Department 0000							
03/01/2024			<b>295-0000-10100 CASH</b>		BEG. BALANCE		69,827.71
03/31/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2068		1,416.67	68,411.04
04/30/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2109		1,416.67	66,994.37
04/30/2024			295-0000-10100	END BALANCE	0.00	2,833.34	66,994.37
03/01/2024			<b>295-0000-10700 DELINQUENT TAX RECEIVABLE</b>		BEG. BALANCE		7,003.02
04/30/2024			295-0000-10700	END BALANCE	0.00	0.00	7,003.02
03/01/2024			<b>295-0000-16160 FA-LAND HELD FOR RESALE</b>		BEG. BALANCE		460,396.74
04/30/2024			295-0000-16160	END BALANCE	0.00	0.00	460,396.74
03/01/2024			<b>295-0000-20600 DEPOSITS PAYABLE</b>		BEG. BALANCE		(7,835.20)
04/30/2024			295-0000-20600	END BALANCE	0.00	0.00	(7,835.20)
03/01/2024			<b>295-0000-22200 DEFERRED REVENUE</b>		BEG. BALANCE		(460,396.74)
04/30/2024			295-0000-22200	END BALANCE	0.00	0.00	(460,396.74)
03/01/2024			<b>295-0000-22210 DEFERRED TAXES RECEIVABLE</b>		BEG. BALANCE		(3,473.95)
04/30/2024			295-0000-22210	END BALANCE	0.00	0.00	(3,473.95)
03/01/2024			<b>295-0000-31010 CURRENT AD VALOREM</b>		BEG. BALANCE		(2,899.32)
04/30/2024			295-0000-31010	END BALANCE	0.00	0.00	(2,899.32)
03/01/2024			<b>295-0000-31020 DELINQUENT AD VALOREM</b>		BEG. BALANCE		(629.75)
04/30/2024			295-0000-31020	END BALANCE	0.00	0.00	(629.75)
TOTAL FOR DEPARTMENT 0000					0.00	2,833.34	
Department 6510 ECONOMIC DEVELOPMENT AUTH							
03/01/2024			<b>295-6510-43300 PROFESSIONAL SERVICES</b>		BEG. BALANCE		12,916.69
03/31/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2068	1,416.67		14,333.36
04/30/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2109	1,416.67		15,750.03
04/30/2024			295-6510-43300	END BALANCE	2,833.34	0.00	15,750.03
03/01/2024			<b>295-6510-43361 INS - GENERAL LIABILITY</b>		BEG. BALANCE		24.30
04/30/2024			295-6510-43361	END BALANCE	0.00	0.00	24.30
03/01/2024			<b>295-6510-43435 BOOKS/PAMPHLETS/DUES</b>		BEG. BALANCE		5,350.00
04/30/2024			295-6510-43435	END BALANCE	0.00	0.00	5,350.00
TOTAL FOR DEPARTMENT 6510 ECONOMIC DEVELOPMENT AUTH					2,833.34	0.00	
GRAND TOTALS:					2,833.34	2,833.34	80,283.50

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

Date: May 29, 2024  
 From: Jennifer Haskamp, SHC  
 RE: Activities April & May

**Overview of Monthly Activities:**

SHC & Kamp have been working to prepare marketing collateral for property listings including on our website and the EDA website. Over the past month we have started to meet with developers and interested buyers of several properties listed. Interest includes redevelopment of the City Hall parking lot and annex building and Thiesse Industrial Park. We will provide additional details at the EDA meeting in June. Additionally, we are working on updating the GIS inventory with priority sites. At the June meeting we will discuss potential opportunities for concept planning in the next two quarters of the year.

**Activities by Scope Task:**

SCOPE	TASK
a.	Maintain an inventory of under-utilized and/or undeveloped property, update bi-annually.
	SHC Activities: <ul style="list-style-type: none"> <li>• Determine if any properties on Washington Street would be a good fit for Priority Areas given the timing of reconstruction. We will present/bring this for discussion in June.</li> <li>• Working with Visit Brainerd to get “Properties” page incorporated into website. This is anticipated to be available soon, and we will continue to work with Visit Brainerd to continue the effort.</li> </ul>
b.	Identify up to three priority properties for 2024.
	SHC Activities: <ul style="list-style-type: none"> <li>• City Staff has identified some initial properties for consideration, and final selection will be determined in Q2 or Q3. This will be on the agenda in June.</li> <li>• Potential to work with ISD on their properties on a joint effort to market property. Concept planning may be advantageous, and outcome of the discussion is needed before a decision can be made to move forward.</li> </ul>
c.	Establish relationship with developers on behalf of the EDA.
	SHC Activities: <ul style="list-style-type: none"> <li>• Met with a multi-family housing developer regarding infill sites in DT Brainerd location. Interested in market rate housing, will continue discussion to determine if site(s) work. SHC is assisting with concept/constraint analysis.</li> </ul>

	<ul style="list-style-type: none"> <li>Met with developer/builder regarding interest in Thiesse Industrial Park. May have interest in acquiring multiple site. SHC will provide additional detail at the meeting.</li> </ul>
d.	Participate in quarterly roundtable discussions with the City of Brainerd Staff and all other consultants.
	SHC Activities: <ul style="list-style-type: none"> <li>Q2 meeting planned to align with June meeting.</li> </ul>
e.	Lead/Participate in one (1) business roundtable. Topic to address Washington Street Corridor.
	SHC Activities: <ul style="list-style-type: none"> <li>This event will occur in second half of 2024.</li> </ul>
f.	Attend regular meetings of the EDA (minimum of four meetings.)
	SHC Activities: <ul style="list-style-type: none"> <li>SHC will attend June meeting in person.</li> </ul>

**City of Brainerd**  
**Economic Development Authority**  
**Scope of Services Monthly Report**  
**Destination Downtown Brainerd Coalition (DDBC)**

**Report Date:** May 29, 2024

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**1. Maintain Main Street America Membership status.**

Status: In Progress

DDBC continues to track metrics required for reporting to maintain membership status.

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**2. Attend educational events and programs to support the Main Street program.**

Status: In Progress

DDBC continues to attend video conference calls and monitor email updates put out by the Main Street Minnesota program office to stay up-to-date on relevant resources and opportunities that can benefit our local Main Street program.

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**3. Support Main Street events with advertising and promotional materials.**

Status: In Progress

DDBC hosted its quarterly Business Owner Social event on April 24th at 9<sup>th</sup> Street Social Club in Downtown Brainerd. The event was attended by 13 individuals representing 9 different businesses, and was an opportunity to discuss upcoming DDBC programming and other Downtown happenings. The next Business Owner Social is scheduled for July 31, 2024.

DDBC hosted Business Visits on April 18 (Brainerd Skate Park/Blue Oyster) and May 16 (The Office Shop/Crossing Arts Alliance), which were attended by representatives from the City, EDA, DDBC, and other Downtown Business Owners and Organizations. We will be taking a summer hiatus from hosting business visits, with the next scheduled visit taking place September 19, 2024 (Business Visits are held monthly on the 3<sup>rd</sup> Thursday).

The next event DDBC is organizing is a Stars & Stripes promotional event to coincide with 4<sup>th</sup> of July festivities.

DDBC has enlisted the local design and marketing firm iTeam to develop updated branding for promoting the Downtown district and will share updates as design work is completed.

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#### **4. Research funding mechanisms and strategies for filling a Main Street Coordinator position.**

Status: In Progress.

DDBC continues to research and gather background information to help inform the funding process moving forward through attending Minnesota Main Street meetings and tracking relevant email updates.

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#### **5. Participate in quarterly consultant meetings.**

Status: Ongoing.

A DDBC representative plans to attend all upcoming consultant meetings.

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#### **6. Other Misc. Updates**

Production work on the remaining promotional videos continues. Benlocreative, LLC, the contracted vendor, has shot footage at all of the locations to be featured in the videos and is finalizing editing/production, with work expected to be completed by end of June.

Brainerd Restoration and DDBC organizers met on May 2 to share updates on the Parklet project, which is using funds received through the DEED Main Street Grant. Design work has been completed, and CLC's welding team will be given plans to begin work on fabricating the benches/seating. Installation is tentatively scheduled for June 2024 (location will be the south-east corner of 7<sup>th</sup> and Laurel).

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# MEMO



**TO:** EDA Board of Commissioners

**FROM:** Jessie Dehn, Public Works Director

**DATE:** June 6<sup>th</sup>, 2024

**RE:** Presentation on Alexandria Broadway Street Reconstruction Outreach Efforts

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## SUMMARY

At the April 4<sup>th</sup>, 2024 meeting, the EDA requested information regarding examples of other coordination efforts with businesses during large state highway reconstruction projects. Staff had looked at several state highway reconstruction projects in the last several years and reached out to the Engineers that had worked on those projects to request information on the outreach and coordination efforts that were completed during those projects. Some provided some responses and information. Those responses and some of the documents are attached to this memo. As mentioned in the April 4<sup>th</sup> meeting, there is a wide range of effort that can be put into the outreach, from very little and simple, such as a link to the MnDOT construction project website, to coordination between agencies, advocacy groups, and others including social media sites, dedicated websites, pop-up events, and more.

Some the examples of projects and efforts include the following:

Foley – Highway 23 – A couple MnDOT flyers on the City’s website

Hutchinson – Highway 15 – Summary page on the City’s website, link to MnDOT’s project page

Faribault – Highway 60 – Page on the City’s website including updates including on City’s Facebook, detour maps, and project description, weekly construction newsletters to a distribution list,

New Prague – Main Street / Highway 19 – Dedicated website, Facebook page, camera showing construction progress, text update service, weekly project update e-mails, weekly public business and property owner meetings held in-person and online at Chamber office. Highly active Chamber of Commerce.

Alexandria – Broadway Street / Highway 29 – Considerable effort. Won award for the coordination. Some of the information on this project is as follows:

Broadway Street / TH29 serves the heart of downtown Alexandria, a vibrant business community. The reconstruction effort combined a beautiful complete streets project with the replacement of all underground infrastructure. Preparation for the project began years before construction commenced.

The Redesigning of Alexandria’s Downtown (R.O.A.D.) Crew developed a marketing plan to engage the downtown businesses and the community at large. New community events,

increased business, and fewer traffic accidents are just some of the reasons Alexandria residents are thankful for the new stretch of Broadway.

<https://youtu.be/Fa1gYso-P44>

EDC was the lead

## **PRESENTATION AND ATTACHMENTS**

As mentioned, the efforts that were made on the project in Alexandria had been significant enough to garner awards. As such, staff has invited Nicole Fernholz from the Alexandria EDC, one of the members of the group that was involved in the coordination and outreach efforts during the project. She has offered to present on the work that was done and describe some of the successes that were found during the process.

In addition, staff has included attachments that were provided from the Engineers during the research that can provide some examples of the materials that were used as well as some of the reports that were done following the project in Alexandria.

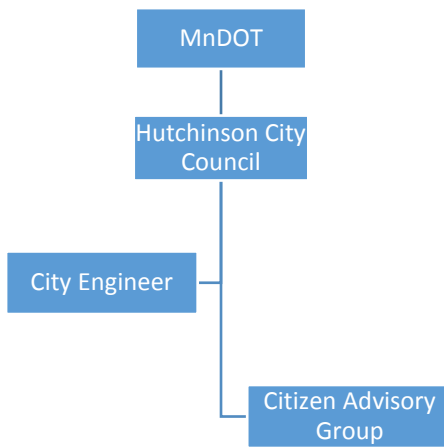


## City of Hutchinson Citizen Advisory Group for Highway 15 Project

### Group Roles & Responsibilities

- Provide input, feedback and support on varying aspects of the Highway 15 project (related to the City of Hutchinson) to the City Council and City Engineer as they take part in the Highway 15 project delivery process.
- Carry key project messages and promote engagement opportunities to organizations' represented by membership.

### Highway 15 Project Feedback Process



### Meeting Schedule & Location

1. 1<sup>st</sup> Thursday of the month @ 9:00-10:00 AM (agenda to be provided beforehand via email)
2. Hutchinson Area Chamber of Commerce And Tourism Office (2 Main Street South)

### Membership Roster

1. Kent Exner, City of Hutchinson Engineer (Co-Chair)
2. Mary Hodson, Hutchinson Area Chamber of Commerce and Tourism (Co-Chair)
3. Miles Seppelt, City of Hutchinson Economic Development Authority
4. Anthony Hanson, Hutchinson Area Chamber of Commerce and Tourism Past President
5. Matt Pulkrabek, Downtown Association
6. Shannon Streich, Chamber Main Street 2020 Task Force
7. Chad Czmowski, Hutchinson City Council Member
8. Steve Cook, Hutchinson City Council Member
9. Jim Fahey, Historic Hutchinson Representative
10. TBD, Public Arts Commission Representative
11. TBD, Downtown Business Owner Representatives (2)

### Ex Officio Members (participatory/do not make recommendations to group)

1. Kelly Brunkhorst, Resident Engineer MnDOT District 8
2. Teal Spellman, Project Manager MnDOT District 8
3. John Rodeberg, SEH – MnDOT Project Consultant

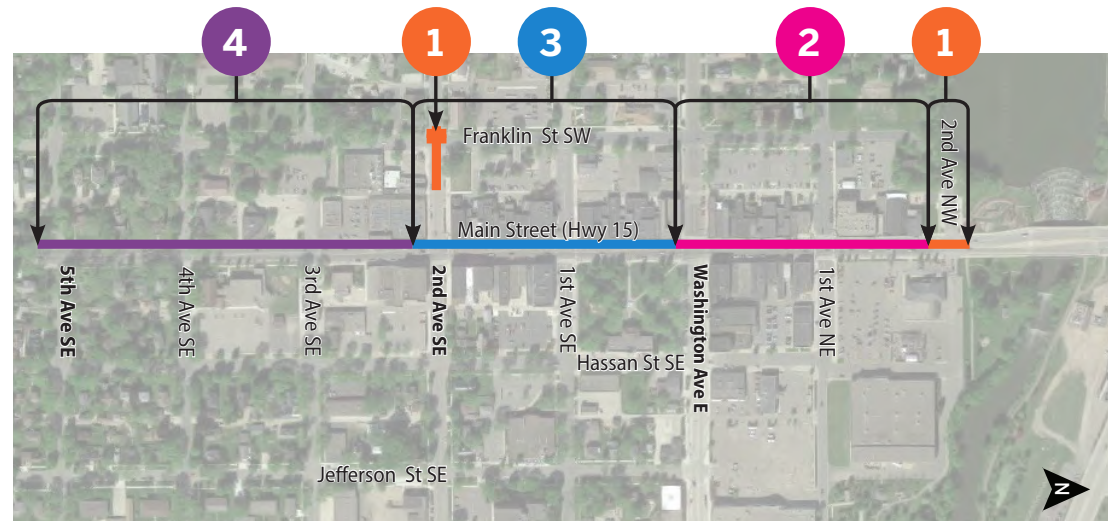
# Downtown Main Street (Hwy 15) Construction Staging

The Highway 15 project includes a full reconstruction of Highway 15 (Main Street) through downtown Hutchinson from 2nd Ave. N to south of 5th Ave. S. The project also includes the resurfacing of Highway 15 from the end of the reconstruction project at 5th Ave. to just north of the roundabout at CR 115. Pedestrian crossings and sidewalks will be updated along the entire project area to meet Americans with Disabilities (ADA) standards.

The details related to the staging for the reconstruction of **Main Street through downtown** are subject to change and dependent on the weather. This document is meant to provide general information. There are times when there will be traffic delays and there will be temporary access to businesses and residences.

- Construction will start at the north end of Main Street (2nd Ave. N) and move to the south
- 2nd Ave. N will be closed **ONLY** during stage 2, it will remain open to local traffic for the remainder of the project
- **Local Traffic Only** means that local traffic can access downtown businesses and/or residences in the project area/designated work zone. All other traffic (thru traffic) must use the official detour.
- **The road is not open. It is accessible for people to get to businesses and residences.**
- Barricades indicate a closed road and must not be crossed.

## CONSTRUCTION STAGES



- At least two of the three following intersections will be kept open so that local traffic can cross over the work zone: Washington Ave., 2nd Ave. S and 5th Ave. S.
- The underground utilities, road and curb and gutter will be reconstructed first. Sidewalks in front the building will be kept in place as long as possible, but work will require intermittent closures and some temporary access. **Businesses should encourage people to use rear business access as much as possible.**
- The majority of work done within a stage will be done within that specific area, but the full project area will be a work zone where work can be performed at any time. **Work will overlap between stages.**

### PROJECT CONTACT

**Gene East**, MnDOT Project Manager  
[Gene.East@state.mn.us](mailto:Gene.East@state.mn.us)  
 320-214-6331

### PROJECT WEBSITE

[www.mndot.gov/d8/projects/hwy15downtownhutch](http://www.mndot.gov/d8/projects/hwy15downtownhutch)

# Downtown Main Street (Hwy 15) Construction Staging

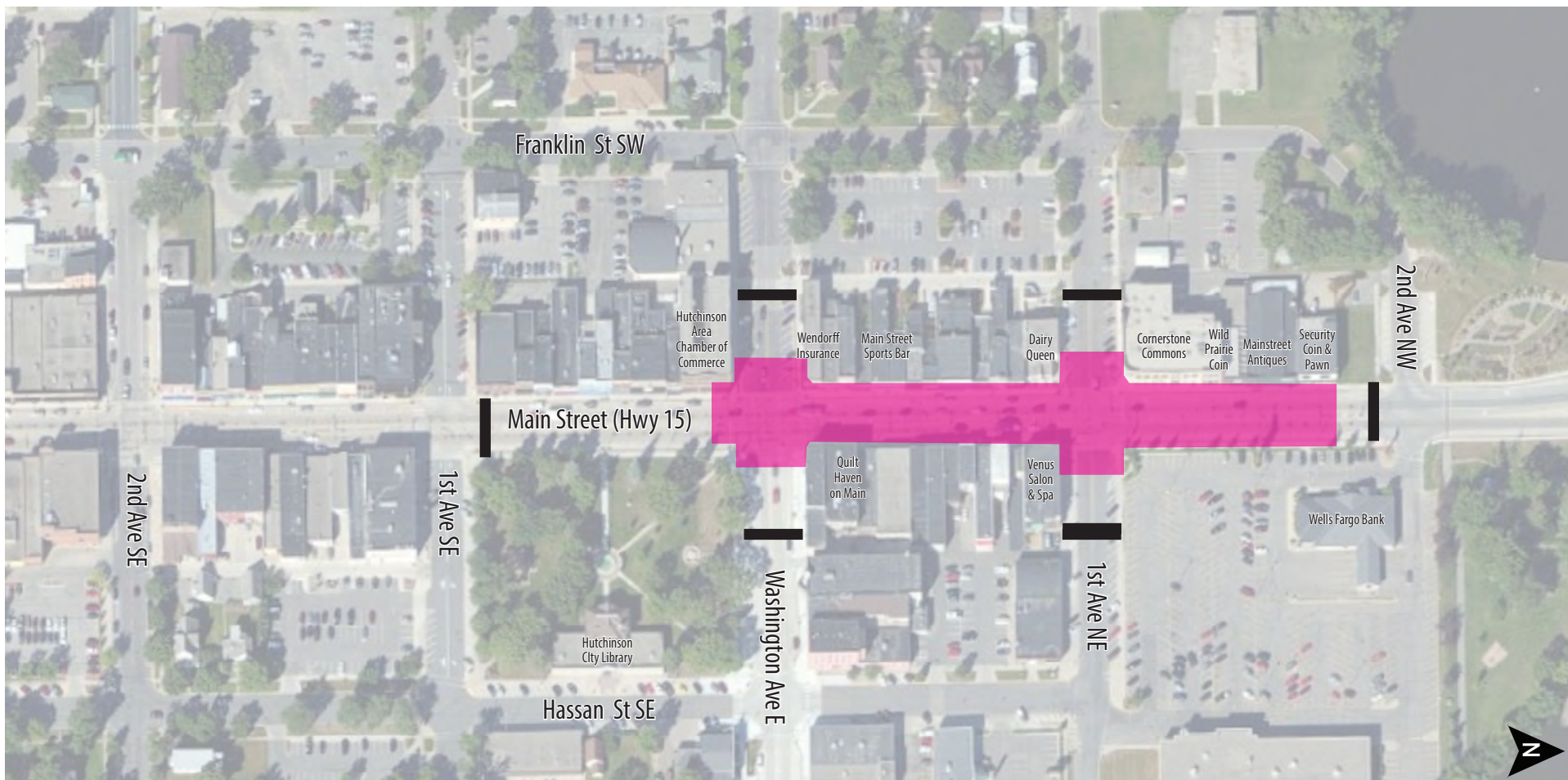


## STAGE 1

Area Under Construction     Barricade Location

- Local traffic only in areas south of 1st Ave N.
- Barricades cannot be crossed.

# Downtown Main Street (Hwy 15) Construction Staging



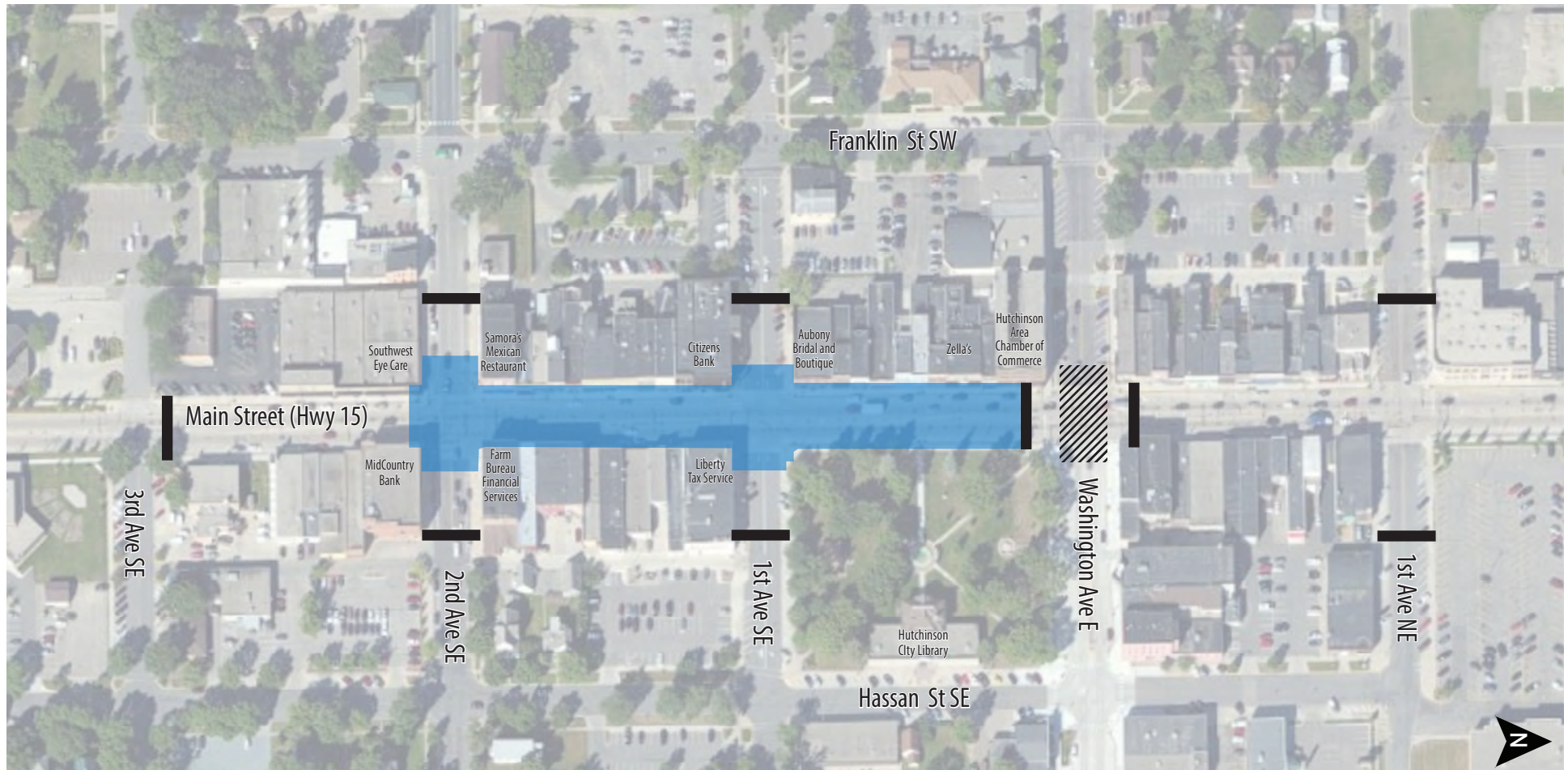
## STAGE 2

Area Under Construction

Barricade Location

- Local traffic only in areas south of 1st Ave S.
- Barricades cannot be crossed.

# Downtown Main Street (Hwy 15) Construction Staging



## STAGE 3

Area Under Construction
  Temporary Paved Crossing - Local Traffic Only
  Barricade Location

- Local traffic only in areas south of 3rd Ave S.
- Stage 2 will not be paved and will remain closed to traffic.
- Stage 2 will have sidewalk completed.
- Barricades cannot be crossed.

# Downtown Main Street (Hwy 15) Construction Staging



## STAGE 4

Area Under Construction     Limited Access During Early Phases of Stage 4     Barricade Location

One Way Traffic     Barricade for Westbound Traffic

- Stage 1, 2, and 3 will have permanent pavement complete.
- Stage 1, 2, and 3 will have local traffic only- no thru traffic.
- Barricades cannot be crossed.

# TH 15 / Main Street | Hutchinson, MN

## Theme and City Precedent Cues



# TH 15 / Main Street | Hutchinson, MN

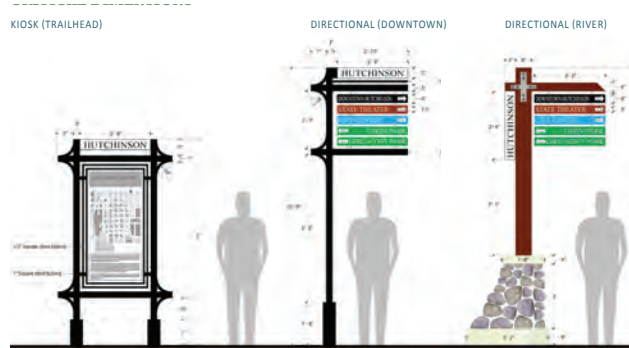
Lighting / Banners



Planters



Wayfinding



# TH 15 / Main Street | Hutchinson, MN

## New Ideas Proposed



Art Wrap on Utility Box



Wrought Iron Bench



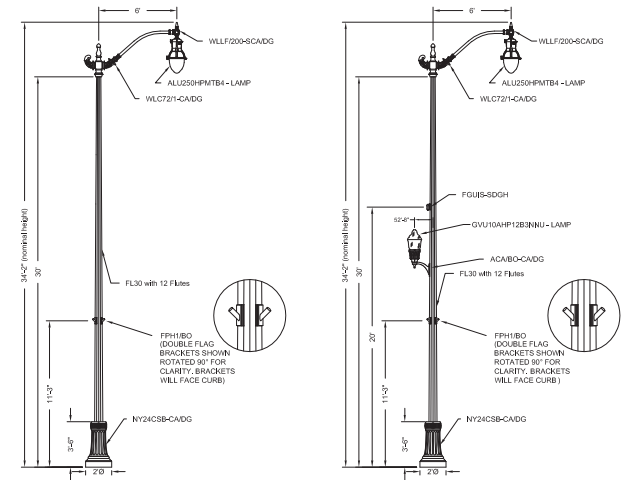
Trash Receptacle



Fluted Bollards



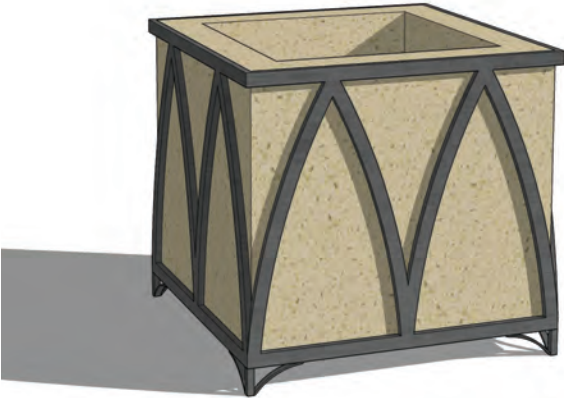
Decorative Bollards



Two Types of Overhead Lights

# TH 15 / Main Street | Hutchinson, MN

## Planters



# TH 15 / Main Street | Hutchinson, MN



# TH 15 / Main Street | Hutchinson, MN



SP 4304-53 TH 15  
Staging Description  
March 7, 2019

The project will be constructed in a series of 4 stages from north to south. See attached drawings for staging limits.

The highlighted Phases represent the transition point from one Stage to the next.

**Stage 1** This stage will be constructed prior to work beginning on stages 2-4.

Work will occur concurrently in two locations:

**Phase 1A** 2<sup>nd</sup> Avenue N and TH 15

**Phase 1B** 2<sup>nd</sup> Avenue S and Franklin Street.

Work in stage 1 will consist of underground utility construction along with construction of road base, curb and gutter and temporary bituminous pavement.

This stage will be restored with temporary bituminous pavement and re-opened to local traffic.

The intent of Phase 1A is to allow vehicles to access Franklin Street NW via the intersection of 2<sup>nd</sup> Avenue N and TH 15. Phase 1B will allow for a temporary sanitary sewer connection to be made during future phases of the project.

**Stage 2** The following phases will occur within Stage 2. TH 15 from 1<sup>st</sup> Avenue S to 5<sup>th</sup> Avenue S will be accessible to local business traffic.

**Phase 1** Removal of pavement, curb and gutter, light poles and a portion of the sidewalk adjacent to the curb. A sidewalk corridor next to the buildings will be maintained for ped access to the businesses. Temporary lighting will be installed.

**Phase 2** Construct underground utilities: sanitary sewer, water main and storm sewer.

**Phase 3** Construct road base.

**Phase 4** Placement of concrete curb and gutter.

**Phase 5** Install light poles, signals, art pedestals. (signals will not be operational at this phase)

**Phase 6** Removal of remaining sidewalk adjacent to building fronts and construction of new sidewalk from back of curb to building front. (Start pavement removal on Stage 3, Phase 1A.)

**Phase 7** Placement of pavement (temporary or permanent TBD) for crossing traffic at Washington Avenue.

**Phase 8** Pedestrian Traffic on the new sidewalk would be restored. Stage 2 would remain closed to vehicle traffic with the exception of crossing traffic on Washington Avenue.

**Stage 3** The following phases will occur within Stage 3. TH 15 from 3<sup>rd</sup> Avenue S to 5<sup>th</sup> Avenue S will be accessible to local business traffic.

**Phase 1A** Removal of pavement, start construction of sanitary sewer, water main and storm sewer mainline.

**Phase 1B** Removal of curb and gutter, light poles and a portion of the sidewalk adjacent to the curb. A sidewalk corridor next to the buildings will be maintained for ped access to the businesses. Temporary lighting will be installed.

**Phase 2** Complete construction of underground utilities: sanitary sewer and water main service lines. Storm sewer catch basins. (Contractor would be allowed to begin utility construction on Stage 4 up to the north side of 3<sup>rd</sup> Street)

**Phase 3** Construct road base.

**Phase 4** Placement of concrete curb and gutter.

**Phase 5** Install light poles, signals, art pedestals. (signals will not be operational at this phase)

**Phase 6** Removal of remaining sidewalk adjacent to building fronts and construction of new sidewalk from back of curb to building front.

**Phase 7** Pedestrian Traffic on the new sidewalk would be restored.

**Phase 8** Concrete paving of roadway would be completed on Stages 1, 2 and 3.

**Phase 9** Pavement markings and signs installed. Traffic control at signals will consist of temporary 4 way stop signs.

Once Phase 9 is complete with temporary traffic control in place, and the area is accepted for safe access; local business access can be allowed on Stages 1, 2 and 3.

**Stage 4** The following phases will occur within Stage 4.

**Phase 1A** Removal of pavement, start construction of sanitary sewer, water main and storm sewer mainline.

**Phase 1B** Removal of curb and gutter, light poles and a portion of the sidewalk adjacent to the curb. A sidewalk corridor next to the buildings will be maintained for ped access to the businesses. (This only applies to the section from 2<sup>nd</sup> Ave S to 3<sup>rd</sup> Ave S) Temporary lighting will be installed.

Contractor would not be allowed to remove sidewalk in Stage 4 until Stage 1, 2 and 3 are open for local business access.

**Phase 2** Construct road base.

**Phase 3** Placement of concrete curb and gutter.

**Phase 4** Removal of remaining sidewalk adjacent to building fronts and construction of new sidewalk from back of curb to building front. (This only applies to the section from 2<sup>nd</sup> Ave S to 3<sup>rd</sup> Ave S) Also complete construction of sidewalk from 3<sup>rd</sup> Ave S to 5<sup>th</sup> Ave S.

**Phase 5** Pedestrian Traffic on the new sidewalk would be restored.

**Phase 6** Concrete paving would be completed on Stage 4. Once this concrete pavement work is complete and traffic control is in place, traffic could be opened to local business traffic, or remain closed; and be opened in conjunction with entire project at project completion. This would substantially complete the project.



**July 19, 2019**

## **TH 60 – 4<sup>th</sup> Street NW Weekly Construction Updates – Week 14**

The City of Faribault and its project partners intend to send out and publish a weekly construction update on the TH 60/4th Street NW Reconstruction Project. This weekly update will be issued through the City of Faribault Facebook page and the City's website [www.faribault.org](http://www.faribault.org) on the Project website <http://www.ci.faribault.mn.us/549/2019-03-TH-60-Reconstruction>. You can sign up to receive an emailed pdf of the newsletter by submitting your email address to [mduchene@ci.faribault.mn.us](mailto:mduchene@ci.faribault.mn.us) and requesting to be placed on the weekly TH 60 newsletter distribution list or you can sign up for a text notification that will contain a link to the newsletter via the Faribault chamber of Commerce by texting **Faribault Hwy60** to **313131**. Questions about the contents of the weekly updates or about the project in general can be directed to Mark DuChene, Faribault City Engineer at either 507.333.0360 or [mduchene@ci.faribault.mn.us](mailto:mduchene@ci.faribault.mn.us) or to Glenn Cunningham, Senior Engineering Technician at either 507.333.0366 or [gcunningham@ci.faribault.mn.us](mailto:gcunningham@ci.faribault.mn.us).

Answers to many frequently asked questions (FAQ) about the project can be found at:  
<http://www.ci.faribault.mn.us/DocumentCenter/View/4246/Hwy-60-FAQ---2019-03-21?bidId=> .

The project is proposed to be completed in 4 main phases, and a copy of a map showing the project detour as well as project phasing and anticipated phasing timelines can be found at:  
[http://www.ci.faribault.mn.us/DocumentCenter/View/4263/DetourMap\\_v2?bidId=](http://www.ci.faribault.mn.us/DocumentCenter/View/4263/DetourMap_v2?bidId=)

If there is a non-life threatening emergency within the construction limits (such as loss of water) outside of normal business hours please call dispatch at 507.334.4305 and they will contact the appropriate parties.

### **Previous Week Review 7/13/19 to 7/19/19**

Work progress this past week was significantly hampered by the wet weather. Construction crews did finish the utility work within the intersection of 4<sup>th</sup> Avenue NW and poured the concrete curb between 2<sup>nd</sup> Avenue NW and 4<sup>th</sup> Avenue NW as well as pouring additional sidewalk between Hulett Avenue and Lincoln Avenue on the west end of the project.

## **Next Week Look Ahead 7/20/2019 to 7/26/2019**

Phase 2 work is scheduled to include the construction of the sanitary sewer main towards 6<sup>th</sup> Avenue NW and then start on the watermain and storm sewer in this area. Crews are also again scheduled to begin working on the median improvements on the west end of the job between Hulett Avenue.

### **General Traffic Control/Detour Notes**

During the duration of the entire project and through the entire project limits which extend from Lyndale Avenue/TH 21 on the west end to Central Avenue on the east end, thru traffic will be detoured off TH 60 and rerouted along 2<sup>nd</sup> Avenue NW, TH 3/20<sup>th</sup> Street NW and TH 21 (see detour map link above) Portions of TH 60/4<sup>th</sup> Street NW within the project limits may be signed “Road Open to Local Traffic or Road Closed to Thru Traffic” or something similar. *Please keep in mind that “local traffic/access” is defined as having direct access on TH 60, or having business with someone or a business who has direct access on TH 60. If you do not fall into either of these two categories, you should not be on TH 60 within the project limits at any time. Travel on TH 60 within the project limits should take place only when there is no other possible alternative. Also please be respectful of private property and do not use private property to “short cut” the detour route.*

Pedestrian traffic will be maintained to the maximum extent practical to provide access to businesses and residents who have access to TH 60, however other portions of sidewalk will be closed to facilitate construction work and those sidewalks will be detoured along an alternate pedestrian route (typically around the block). Please review the link to the FAQ above for more information about access during construction.

### **Phase 1 Access Notes:**

Phase 1 is open to traffic on TH 60 from Central Avenue to 2<sup>nd</sup> Avenue NW. The current detour will remain in place and TH 60 from Central Avenue to 1<sup>st</sup> Avenue NE will remain closed until work in the 2<sup>nd</sup> Avenue intersection is complete which is anticipated in the next two weeks. All sidewalks, alley access and access at 1<sup>st</sup> Avenue NW are also opened.

### **Phase 2 Access Notes:**

Currently 4<sup>th</sup> St NW/TH 60 is closed between 2<sup>nd</sup> Avenue and 6<sup>th</sup> Avenue NW for Phase 2 construction. During Phase 2 construction the intersections of 3<sup>rd</sup> Avenue NW, 4<sup>th</sup> Avenue NW and 5<sup>th</sup> Avenue NW with TH 60/4<sup>th</sup> Street NW will be closed to traffic crossing TH 60. Access to properties and businesses within this phase will be modified as shown on the attached maps. Starting Monday, July 22, access to/from McDonald’s will be cut off from TH 60 and all access for McDonald’s will be from 5<sup>th</sup> Avenue NW. Please pay attention to signage and drive with caution.

**Traffic is permitted on the avenues on both sides of TH 60 up to the construction project limits.** On-street parking on the avenues is also open. If your business is on or near the project limits and you need assistance with maps to post at your business or on your business website to direct traffic to/from your business, please contact the City Engineer.

**Construction Photo of**

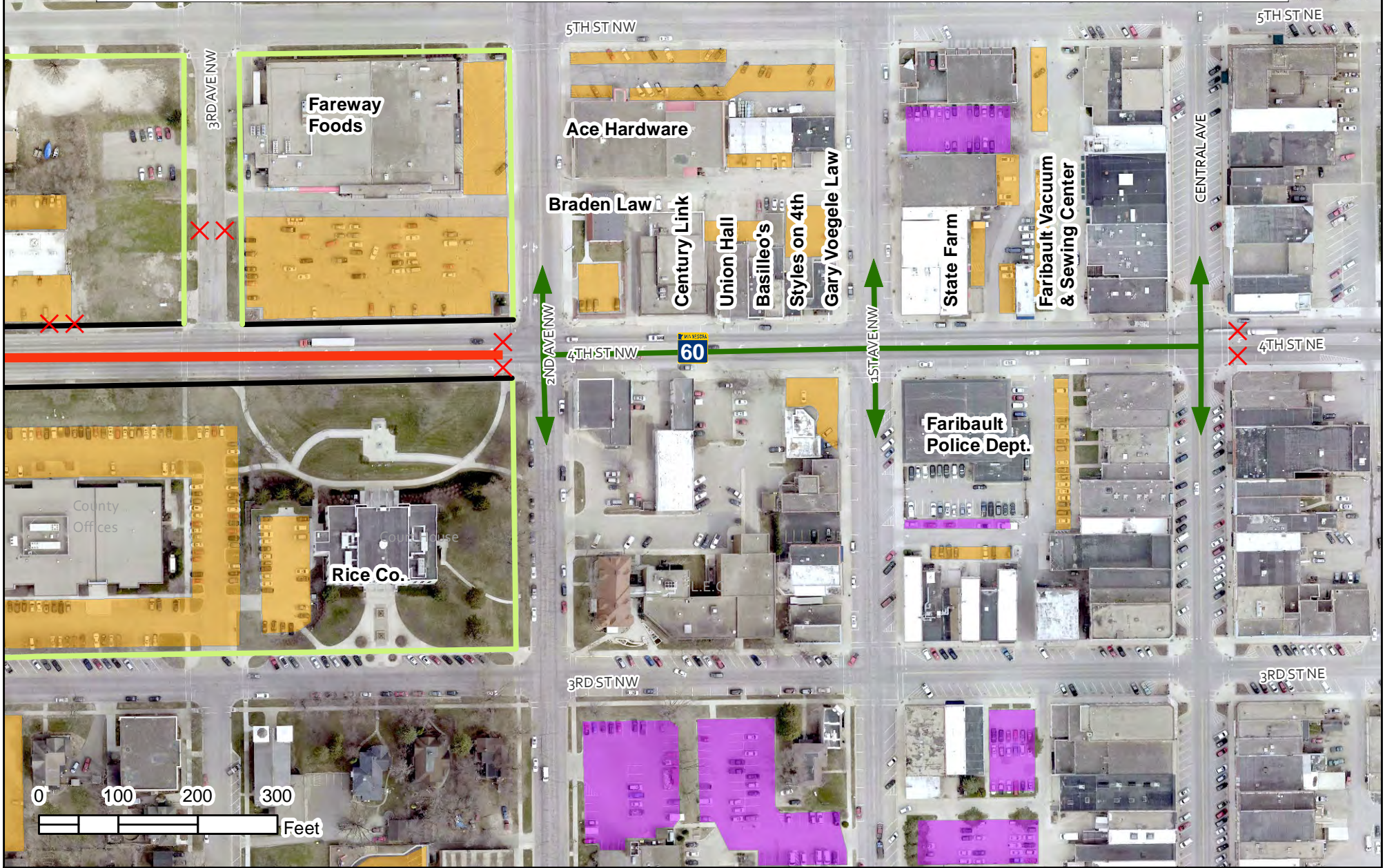
**the Week**

The top photo below is of the new sidewalk being constructed on the north side of TH 60 from Lincoln Avenue looking east to Irving Avenue. The bottom photo shows the continuation of this sidewalk from Lincoln Avenue looking west towards Hulett Avenue and TH 21. Once the TH 60 reconstruction project is complete there will be a continuous sidewalk on the north side of TH 60 that connects downtown to TH 21.













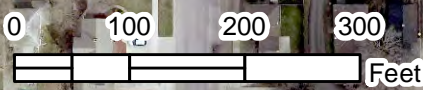
# TH 60 - 4th St NW Business Access Map

- Roads Currently Open
- Road Currently Closed
- Roads Closed - No Access Across
- Public Parking
- Pedestrian Access Routes
- Sidewalk Closed
- Alternate Pedestrian Route
- Private Parking

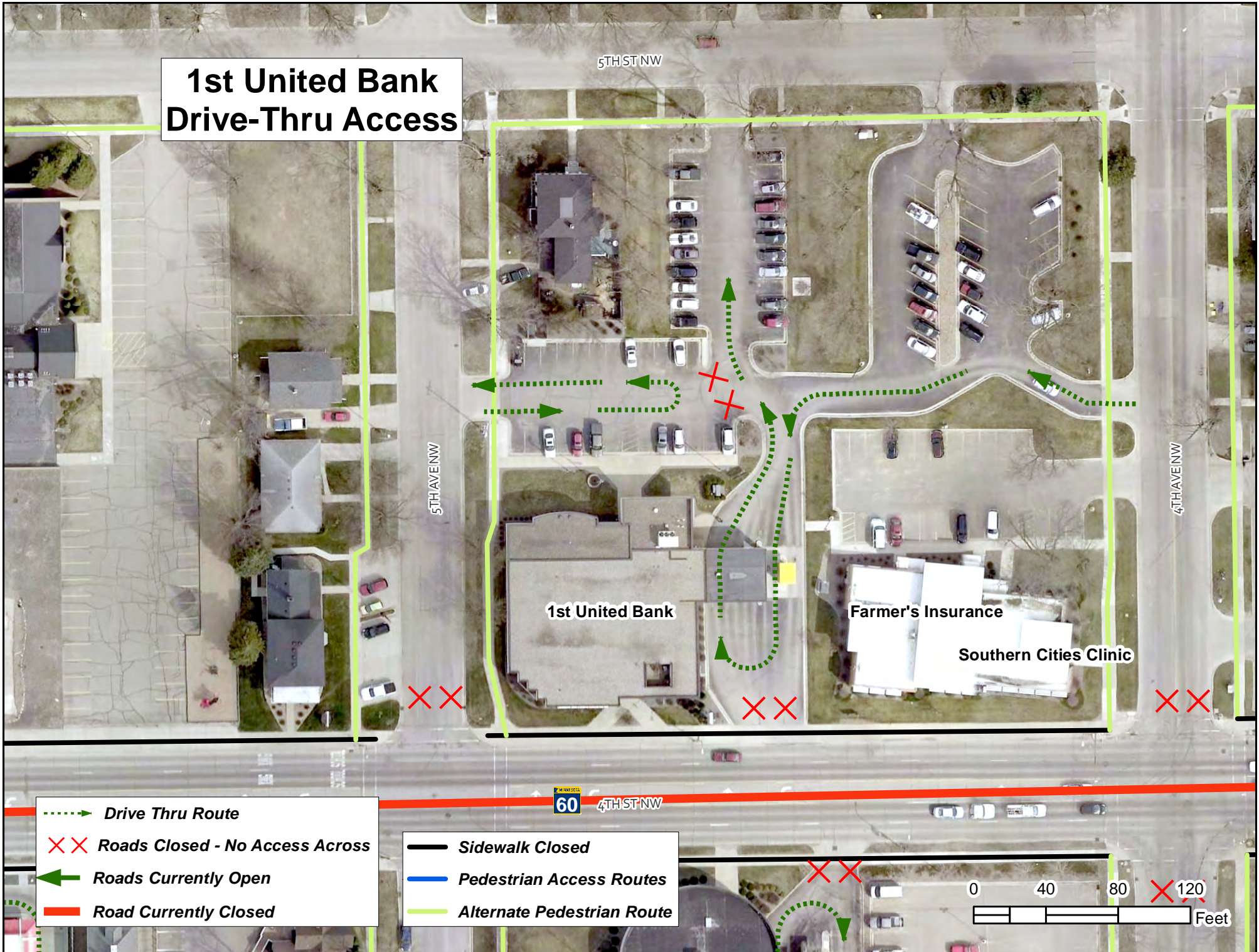


# TH 60 - 4th St NW Business Access Map

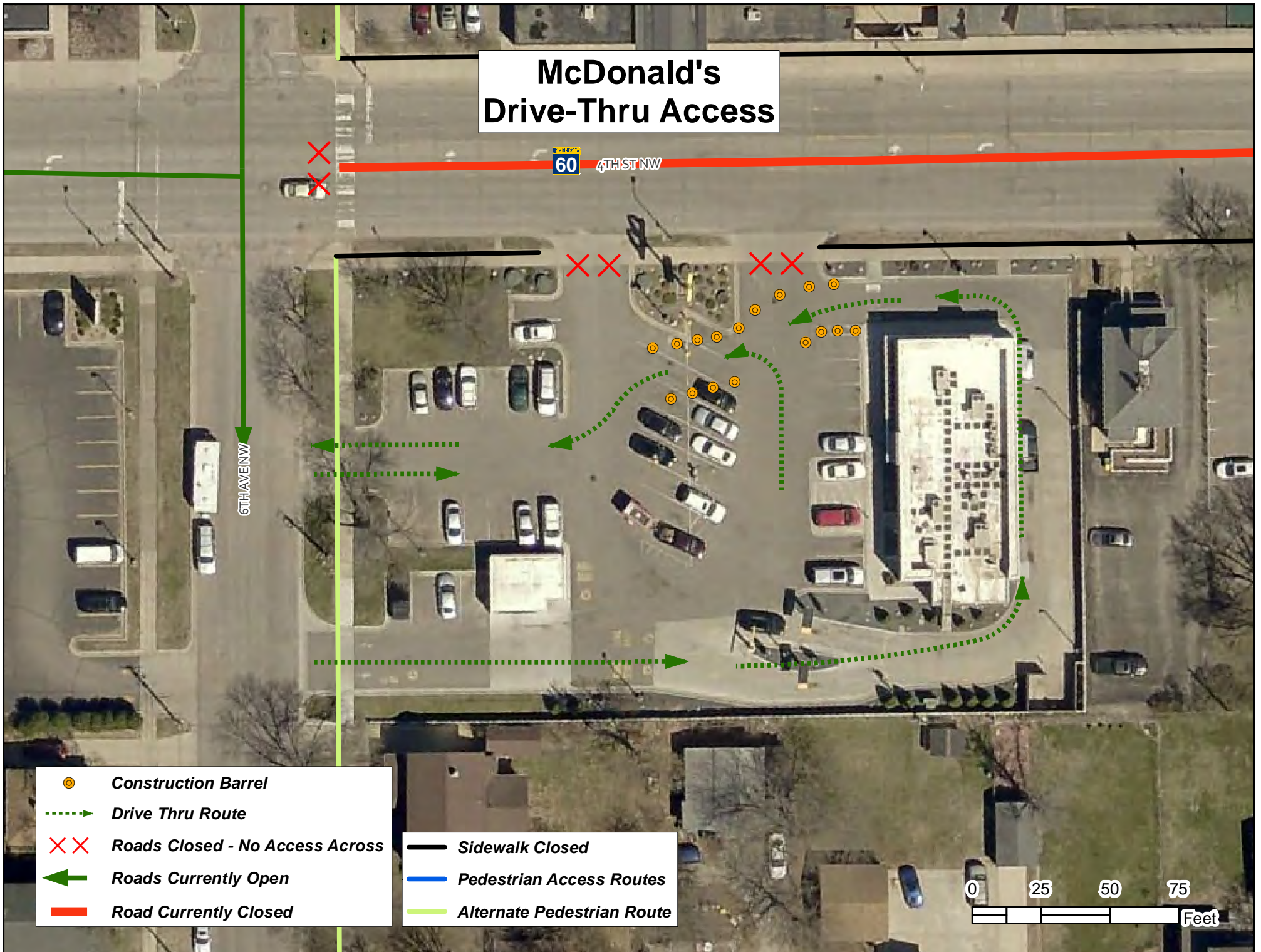
-  Sidewalk Closed
-  Roads Currently Open
-  Drive Thru Route
-  Public Parking
-  Pedestrian Access Routes
-  Road Currently Closed
-  Roads Closed - No Access Across
-  Private Parking
-  Alternate Pedestrian Route
-  Construction Barrel



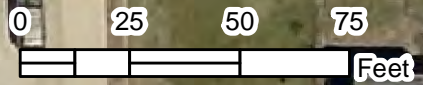
# 1st United Bank Drive-Thru Access



# McDonald's Drive-Thru Access



- Construction Barrel
- - - - - Drive Thru Route
- X X Roads Closed - No Access Across
- Roads Currently Open
- Road Currently Closed
- Sidewalk Closed
- Pedestrian Access Routes
- Alternate Pedestrian Route



# Premier Bank Drive-Thru Access

60 4TH ST NW

XX

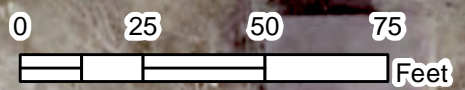
5TH AVE NW

Premier Bank

XX

- ..... Drive Thru Route
- XX Roads Closed - No Access Across
- ← Roads Currently Open
- Road Currently Closed

- Sidewalk Closed
- Pedestrian Access Routes
- Alternate Pedestrian Route



# Economic Impact of Street Redesign in Alexandria, MN: Data and Perceptions

*Prepared for Blue Cross Blue Shield of Minnesota  
by*

**Smith&Lehmann**  
CONSULTING

May 15, 2017

# REPORT

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## *Table of Contents*

<b>1</b>	Executive Summary
<b>2</b>	Introduction
<b>3</b>	Methods
<b>5</b>	Findings
<b>18</b>	Conclusion
<b>19</b>	Appendix

## Table of Acronyms

Acronym	Meaning
ALDC	Active Living Douglas County
DMA	Downtown Merchants Association
MNDOT	Minnesota Department of Transportation
ROAD Committee	Redesigning Our Alexandria Downtown Committee

The Broadway Street redesign in Alexandria, completed in Fall 2014, was intended to make the downtown area safer and more convenient for pedestrians and bicyclists. Prior to construction, Smith & Lehmann Consulting completed a report detailing the local business owners' perspectives on the expected impact of this project on their businesses and the community. For this report, Smith & Lehmann Consulting again contacted local business owners regarding their perceptions of the completed project. The purpose of the follow up study was to measure local business' and City leaders' opinions of the downtown revitalization project upon its completion and to assess changes in key economic indicators. Key findings from this report are indicated below:

- ◆ Effects to Minimize the Impact of Construction
  - Most respondents acknowledged the efforts of City officials to minimize construction impact on Broadway businesses. Roughly half believed the City had done all it could
  - City officials, business owners, and the Downtown Merchants' Association (DMA) instituted creative solutions to minimize construction impact
  - Some of the solutions and collaborations that emerged during construction have continued into the present
- ◆ Perceptions of the Completed Project
  - Broadway Street is viewed by the majority of Broadway business owners as a prime location for a storefront
  - There is a surprising discrepancy between the data demonstrating increased traffic safety and the persistent belief among business owners that the redesigned street is less safe
  - Two times as many business owners believe the project benefited the local economy, compared with those who said that it hurt the economy. However, business owners were less confident that the project had helped their individual businesses.
  - Numerous economic indicators suggest that the economy in Alexandria has continued to trend upward, despite the construction in 2014

In the summer of 2010, the Active Living Douglas County (ALDC) partnership launched a Complete Street visioning process for Broadway Street, the downtown main street and state highway in Alexandria, Minnesota. This process resulted in the development of a design to support walking and biking in downtown Alexandria and improve access to downtown from the Central Lakes Bike Trail. Upon completion of the plan, the City was presented with an opportunity to make the vision a reality. As part of a Complete Streets demonstration project for Minnesota Department of Transportation (MNDOT), the City was invited to alter a resurfacing project for Broadway, and instead do a complete overhaul that included their Complete Streets vision.

The Alexandria City Council voted unanimously to proceed with plans to completely overhaul Broadway Street in downtown Alexandria. The overhaul was completed in fall of 2014, including critical infrastructure updates, such as replacement of water, sewage and electrical lines, and additional beautification efforts, including tree planting and new signage. Bike racks were added, as well as pedestrian bump-outs at crosswalks and additional sidewalk benches. These additions were intended to make it more convenient for cyclists and pedestrians to visit downtown and access the Central Lakes Bike Trail, which intersects Broadway at Big Ole Park. While the original project for Broadway Street did not include overhauling the connection of the Central Lakes Bike Trail and Big Ole Park, this connection has been piloted as a separate project called the Missing Link. This overhaul will also allow downtown merchants to capitalize on a significant economic asset that has yet to be captured: an estimated 150,000 trail users passing by each year.

Blue Cross Blue Shield of Minnesota (Blue Cross) contracted with Smith & Lehmann Consulting in 2013 to report on local business owners' perspectives on the expected impact of the Broadway redesign on their businesses and the community. In 2016, Blue Cross requested that Smith & Lehmann Consulting again contact local business owners to assess their perceptions now that that project has been completed. The purpose of the current report is to address these key follow-up questions:

- ◆ What were the steps taken by local government officials to mitigate any negative impact of the construction? Were they successful?
- ◆ What are local business leaders' perspectives on the completed Broadway Street reconstruction project?
- ◆ To what extent has the completed Broadway Project led to changes in the local economic environment?
- ◆ What were the (other, non-economic) primary results of the project?

This report describes the methodology and summarizes the key findings from surveys and interviews with local business leaders and city officials, and review of economic trends.

Three City officials were interviewed by phone about their involvement in the Broadway Street redesign process, from conception through implementation of the Broadway Street redesign. These interviews were conducted to better understand how the City of Alexandria handled the project and communication with impacted business owners.

Business owners were surveyed (41) online and interviewed (11) by phone about their businesses and perceptions of the Broadway reconstruction project, including their:

- ◆ Support or objection to the project,
- ◆ Business structure and belief about how the project affected their business during and after the construction, and
- ◆ Perception of how the project impacted the local economy and community in general.

## *Phone Interviews*

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The phone interview protocols for City leaders and business owners were developed by Smith & Lehmann with input from Blue Cross.

Smith & Lehmann first conducted interviews with City officials. A representative at Horizon Public Health (formerly Douglas County Public Health) provided contact information for three City officials closely involved with the project. Interviews were conducted from September 21 through October 4, 2016 and were about 30 minutes each in duration. Interviews were recorded and transcribed by Smith & Lehmann.

Smith & Lehmann's goal was to interview 10-15 business owners on Broadway, including a selection of those who were interviewed from Smith & Lehmann's pre-construction data collection and businesses who were new or moved to Broadway Street after construction. The former President of the Downtown Merchants Association (DMA) provided lists of potential business owners who met those criteria. Interviewees were offered \$10 in Chamber Bucks as an incentive to participate. Smith & Lehmann conducted phone interviews with 11 business owners on Broadway: eight were present on or near Broadway before construction and three opened their doors after construction was completed. The interviews were conducted from October 12 to November 1, 2016, and ranged from about 10 to 30 minutes in duration. Interviews were recorded and transcribed by Smith & Lehmann.

## *Online Surveys*

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Online survey questions were developed by Smith & Lehmann with input from Blue Cross. The online survey platform SurveyMonkey was used to administer the survey, which consisted of 16 force-choice questions. Smith & Lehmann received help from a local business leader to contact roughly 60 businesses along Broadway that were impacted by the construction, to ask them to respond to the survey. Some of

these business owners were contacted for both the survey and the interview so overlap in responses is likely. Respondents were offered \$10 in Chamber Bucks as an incentive to complete the survey. Businesses were initially contacted via a letter distributed in person that contained the survey link, and then provided the link again to the survey via email. For the last two weeks of data collection, Smith & Lehmann made phone calls to DMA members and other Broadway businesses asking them to complete the online survey. A local business owner helped to promote the survey by sending email reminders to other Broadway businesses. Completed surveys were submitted by 41 owners representing 45 businesses located on or near Broadway Street. The types of businesses represented are shown in Figure A1 in the Appendix. Data collection took place from October 7 to November 7, 2016.

### *Economic Indicators*

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Publicly available economic data on employment trends, sales, and real estate values for Alexandria and three comparison communities were collected. Comparison communities, Brainerd, Detroit Lakes, and Fergus Falls, were chosen because population sizes and other attributes were similar to Alexandria. Economic indicators assessed include job creation numbers, gross sales revenue, and taxable sales revenue on accommodations. Yearly data were collected for 2008 to 2015. In some cases, data for Detroit Lakes is not available. In these instances, data for Becker County is used instead. In all graphs using economic comparison data, a light blue bar indicates the year construction commenced on Broadway Street.

Selected indicators are presented in this report.

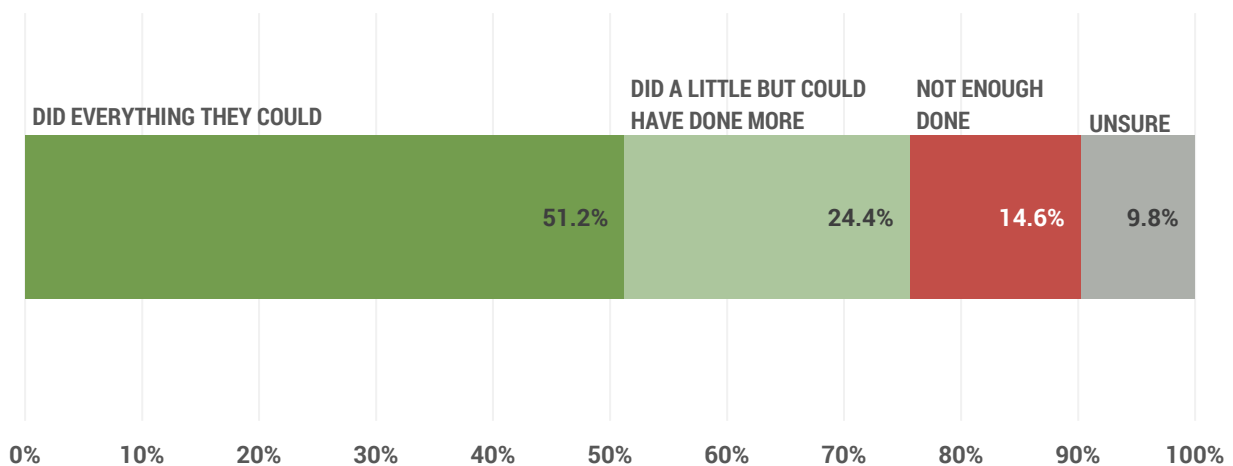
# FINDINGS

## Public-Private Partnership to Mitigate the Impact of Construction

### City Mitigation Efforts

Overall, according to business owners, the City's efforts to mitigate the impact of construction was sufficient. Just over half of survey participants (51%) agreed that the City did everything it could, while only 15% believed the City did not do enough to mitigate impact (Figure 1).

FIGURE 1. CITY EFFORTS ACCORDING TO BUSINESSES



### Maintaining Access to Broadway Businesses During Construction

**City Efforts** City officials undertook several efforts to mitigate the anticipated negative impacts of construction, such as business access. As per City officials, the biggest factor in mitigating the negative impact of construction on Broadway businesses was scheduling three distinct project phases to avoid having the entire street closed at one time. Intentionally planning the project this way kept *“the impact as focused as possible and as quick as we could make it.”*

**Local Business Efforts** While working with the City, the businesses banded together to weather the storm of construction in front of them. During construction, businesses made *“a group effort just to get people to keep coming downtown and having sales and just carry on as much as usual as they could”* by utilizing signage and the available marketing tools.

All interviewees indicated back entrances to their buildings and attributed their steady revenue to this alternate business access; they hypothesized that businesses without back entrances lost more revenue during construction.

**DMA Efforts** Additionally, newly developed and established community events (promoted by DMA), such as the Wine & Art Crawl and Party in the Street, were highlighted by City leaders and businesses as an important way to showcase the redesign and the final product. The City also heard from business owners who requested to “bring [their] store front out to the street” with tables, chairs, display fixtures, etc. during everyday business hours. The City complied, modifying code regulations for the street and sidewalks to accommodate these businesses.

*“...we made it a place where people want to be out of their cars, they want to be on the sidewalk and in the stores.”*

Some interviewees were asked about the DMA’s efforts to mitigate the construction impact.

Interviewees noted that while the DMA was working closely with the City and conducting meetings

*“I think we all kind of pulled together and did the best we could but there was not a lot that you could do.”*

about the project, the association did not necessarily have enough power to make a big impact on businesses. One owner mentioned that the DMA provided advertising and marketing to the public, sending the message that downtown businesses were still open. Overall, businesses felt they had to weather the construction together, but did not specify whether DMA’s efforts were sufficient.

### Communication with Affected Businesses

Communication was referenced in many different aspects about the Broadway redesign from all interviewees, City officials and business owners. For example, communication was key to mitigation; City officials felt having an open communication line with the businesses and residents within the construction zone and with the community as a whole helped lessen the impact of construction. One City official noted the City’s extensive efforts to send a clear message through multiple methods: meetings with individual business owners, attending service club meetings, distributing construction zone maps to hotels in the area, Facebook pages, a website, newsletters, and radio spots. City officials consider the extensive outreach efforts highly effective and attribute communication, in part, to the success of the redesign project.

Interviewees recognized the City’s efforts to communicate with them regarding the construction’s process and impact. Eight out of 11 businesses mentioned the City’s communication with businesses and with the public at large, most notably the signage promoting that downtown was still open. Some interviewees also mentioned the City’s meetings with them and the DMA for their input on the project.

*“I really think the City did put their hand out to try to minimize the impact to the businesses down here as much as possible through the construction.”*

*"...you have [to have] low expectations for how quick things are going to be done so you are not disappointed...it is all in how you perceive something."*

Some elements of the project, such as no bicycle lane, redoing already completed sections, or the lack of empathy from the City in fixing damage caused by construction surprised business owners. A few owners were unprepared for the size, scale, and duration of the project. Other owners were not as concerned about these aspects of the project and did not seem as distressed as their neighbors.

While three interviewees felt that the City did its best given its constraints, three other interviewees outlined procedures that could have more effectively minimized the construction impact, including having weekly or bi-weekly "check-ins" by a City representative and taking more input from businesses during planning.

### Building Lasting Relationships between Stakeholders

The scale of the redesign required an extensive amount of collaboration with the City of Alexandria, DMA, and MNDOT. For the City, this project involved a lot of communication and collaboration among multiple parties, including MNDOT, Horizon Public Health, Blue Cross, ALDC, and DMA, to get the project off the ground. The Redesigning Our Alexandria's Downtown (ROAD) Committee formed with members

*From a business owner: "A key component of minimizing losses and maximizing opportunities was accomplished through the partnerships established close to two years prior to the project... Communication was key."*

of the DMA, MNDOT, the City, the Alexandria Tourist group, Economic Development Group, the Chamber of Commerce, and Horizon Public Health, to open dialogue between the businesses and the major actors in the construction project. During the project, the City was open to hearing business feedback to make sure their efforts were adequate: *"...we just tried to cultivate an environment where the downtown folks knew they could call someone and something would happen."*

Business owners and the City worked closely during planning, meeting directly with leaders and to voice their concerns about the plans and how certain elements, such as tree placement, would impact their individual businesses.

In an effort to mitigate the negative impact of construction and to build goodwill with business owners, the City offered a snow removal service, at no cost to the participants, for the first winter after construction was completed. The cost to the City was \$11,453 for the 2014-2015 season. However, as one City official said, *"[the business owners] liked the job that we did so much the first year; we met with*

*"In the winter, they will sweep off our sidewalk and it is great, because it is a State Highway; they do not necessarily have to remove that snow."*

*them last year and said, 'Well, we will do it again but, you know, we have got to charge you something for this because otherwise everyone in town is going to want us to shovel their sidewalks!'"*

After the 2015-2016 winter season, the City invoiced building owners for snow removal service. For the 2016-2017 winter season, the City and owners have agreed to continue the snow removal service with no cost increases. By offering to remove snow in front of the businesses, the City recognizes the hardships the construction

had on businesses, acknowledging they may not have been able to afford a snow shoveling service themselves as many businesses had done in years past.

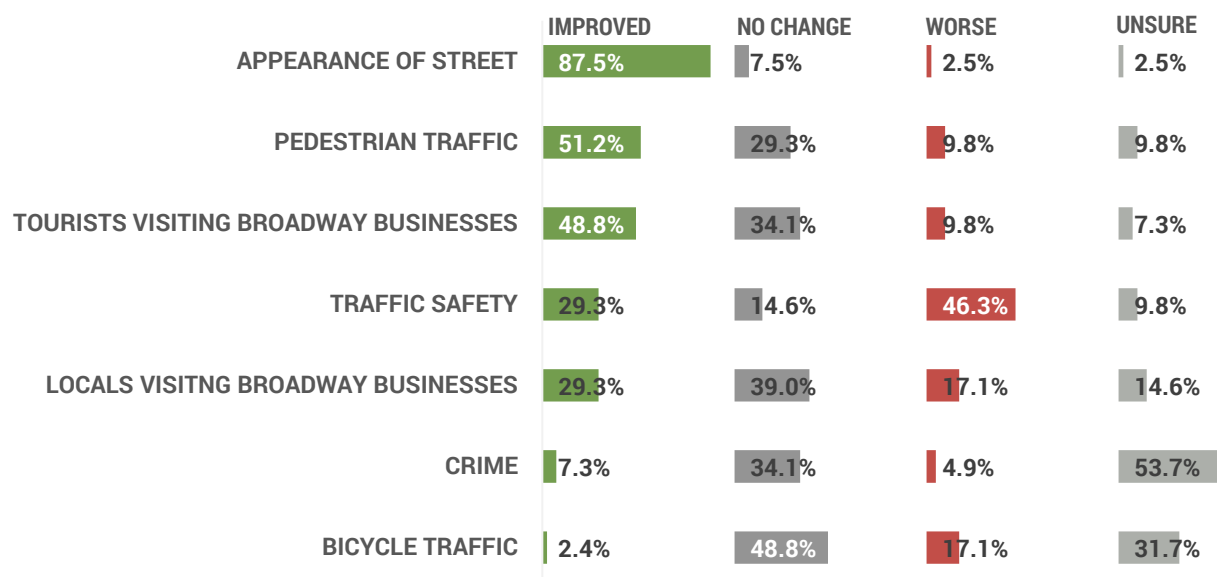
Another instance of local collaboration occurred when a large rain storm during construction caused a business to flood due to an incorrectly placed catch basin; in this case, the community came together to quickly save the business: “...our construction staff and our engineers, everyone around just ran into the building and started moving furniture around and getting stuff out of the water and people just kind of rolled up their sleeves to help out.”

City officials were surprised with the relationship with downtown business owners that was fostered during construction and continues to grow. Currently, a City staff person attends almost every DMA meeting. Offering snow removal for businesses further fostered goodwill between the City and downtown businesses. “The spirit of cooperation” has also led to additional activities and projects spearheaded by businesses and residents, such as constructing public restrooms and hosting community celebrations. One City official was frankly astonished that the project even got off the ground: “I think we were all a little surprised that we were going to do it...When we started, we looked around at each other and said, ‘Holy cow, we are really going to do this.’”

### **Business Owner Perspectives on the Completed Project**

Figure 2 summarizes Broadway business owners’ opinions about the changes to Broadway following the redesign.

**FIGURE 2. SURVEY - EXTENT REDESIGN HAS CHANGED BROADWAY**



- ◆ **Improvements.** Eighty-eight percent of survey respondents indicated that the appearance of the street has improved the most, followed by improved pedestrian traffic (51%), and tourists visiting Broadway businesses (49%).

- ◆ **Worsened Conditions.** Forty-six percent of respondents and eight out of eleven interviewees perceive traffic safety has become worse since the redesign's completion, citing the narrowness of the road leading to more cautious driving.
- ◆ **No Change.** Forty-nine percent of respondents and a few interviewees noticed no change in bicycle traffic.

All business owner interviewees were supportive of at least one aspect of the Broadway project. A few interviewees (3 out of 11) said they were supportive of redoing the underlying infrastructure, saying that it was much needed, but were not supportive of the beautification efforts. These business owners felt that narrowing the street and adding more sidewalks were unnecessary and did not make sense. Two of these interviewees had held the same viewpoints when interviewed in 2013.

*"It did surprise me at the end when we pointed out things that had obviously had been damaged or done by the project that the City was very lazy and was not passionate about working with us to fix it."*

When interviewees were asked if their feelings about the project had changed at any point, seven out of the eight businesses who were operating prior to the redesign said their feelings did not change, either remaining supportive of the project (4 out of 8) or remaining opposed to parts of the project (3 out of 8); however, one owner was initially supportive of the project, but his building had sustained damage as a result of the construction and the City, in his perspective, was not "passionate" about working with him to repair the damage.

### Improved Appearance

Some aspect of the beautification process was mentioned in all 11 business owner interviews, who noted the trees, planters, and benches should attract more customers to downtown. Survey participants echoed interviewees, noting the improved street appearance makes Alexandria a "destination" for tourists and just over half of business owners (6 out of 11) noted that the improved appearance of Broadway has created a more welcoming environment for residents and tourists.

*"I think it makes the city look alive. That we are, even though we are a small town, we are still thriving."*

### Redesigned Broadway Street as a Prime Location

The three new Broadway business owners were asked during their interview to outline the factors that led to their decision to open on or move to Broadway. One store owner saw a gap in what was being provided to customers in downtown; another thought downtown Alexandria was a good location to nurture a new career in business; the third relocated from a side street to increase storefront exposure on Broadway.

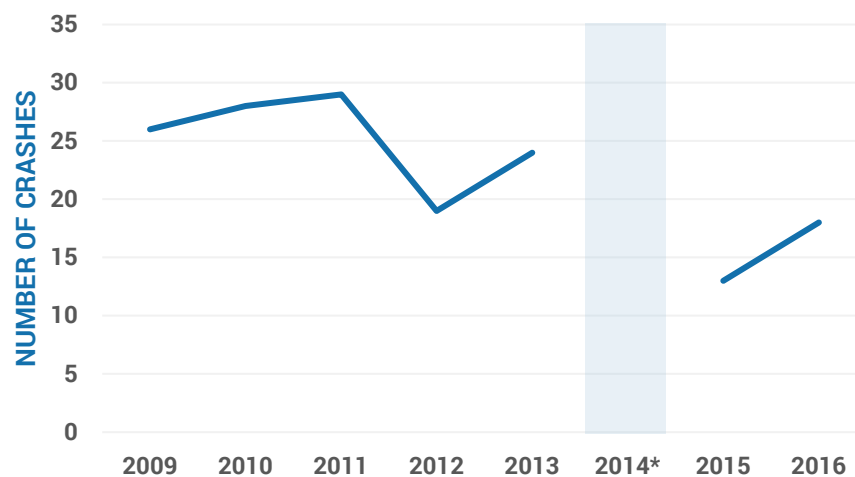
When owners were asked about the advantages of having a business on Broadway, seven out of 11 emphasized the ambiance and charm of downtown Alexandria, and seven specifically mentioned exposure of a Broadway location: *“If you do not have your business on Broadway Street, you might as well not have your business. In our town, the business is Broadway Street.”* Four owners also mentioned an increased sense of community during and after the construction, saying that the residents of Alexandria make a point to shop downtown and that the DMA’s activities make downtown even more vibrant.

*“I knew just by living in Alexandria that Downtown Alexandria was ultimately where I wanted to be only because it is a friendly, alive atmosphere that people come to shop...”*

### Divergence Between Perceptions and Data on Traffic Safety

An interesting dichotomy has arisen from the Broadway redesign. While traffic safety data indicate fewer traffic crashes in the redesigned stretch (Figure 3), nearly half of business owners continue to believe that Broadway is now less safe (Figure 2).

**FIGURE 3. CRASHES ON BROADWAY STREET**



\*No data reported during construction

*“...when you do park, you have to really watch, and a lot of the elderly do not like to look in their side mirror to see if a car is coming before they open the door; they just open their door.”*

Safety was a concern mentioned by nine business owners in 2013 when discussing the planned changes to narrow the street, citing driving lanes that were already narrow and the concern that elderly customers would be inconvenienced by fewer parking options and intimidated by narrowed lanes. In this current study, eight out of eleven business owners echoed these sentiments, mentioning customer complaints about the narrowness of the street and the difficulty of parking safely along Broadway. Almost half of surveyed business owners (46%) perceive traffic safety as worse after the redesign.

One City official noted that he has heard these complaints floating around but also explained, *“Do you have to be more careful? Absolutely. But that is the point; it is a downtown area...I think a lot more people are driving 25 to 30 mph and are more cognizant of their surroundings and cognizant of pedestrians...”*

**One business owner conceded that he has seen articles touting that traffic crashes along Broadway have gone down, but he still feels unsafe while driving.**

### No Perceived Changes in Bicycle Traffic

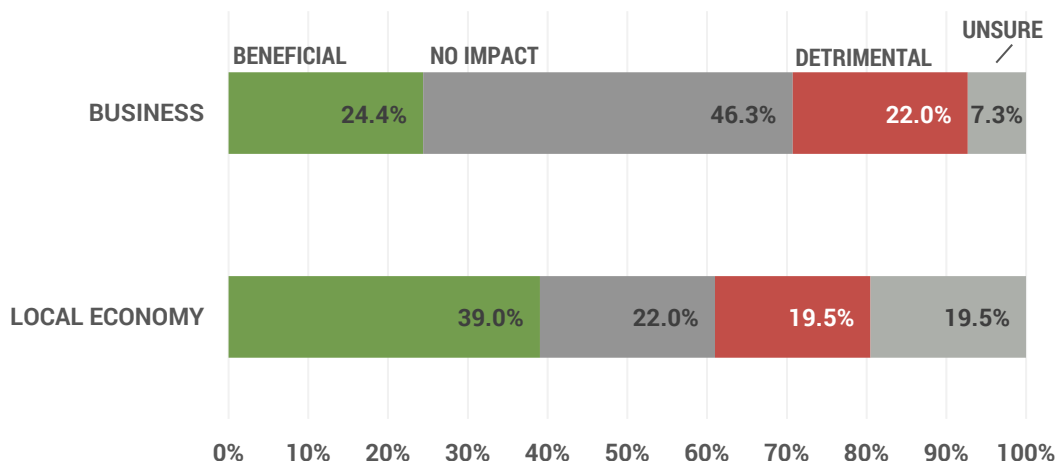
Nearly half of business owners (49%) perceived no change in bicycle traffic. One interviewee expressed confusion about the promised bicycle lane: *“...it was talked about so much that there was going to be a bike lane and then when it was done, we were all like, ‘wait, where is the bike lane?’”* Another interviewee expressed disappointment with the City regarding the bicycle lane, feeling that the City “sold the public” on the bicycle lane, only to decide not to include this element, causing confusion about whether bicycles can be ridden along Broadway.

## Economic Impacts

### Business Owners have Mixed Perceptions on Economic Impact

Business owners were asked about the impact of the redesign on business and the local economy since the project’s completion in 2014. Nearly half of the business owners surveyed (46%) indicated that the redesign generally did not have any impact on their business, while roughly two in five (39%) reported it has been beneficial for the local economy overall (Figure 4). These results are on par with what businesses expected of the redesign prior to construction, where 49% of business owners believed the redesign would have no impact on their business but 41% believed it would benefit the local economy.

**FIGURE 4. IMPACT OF BROADWAY STREET REDESIGN**

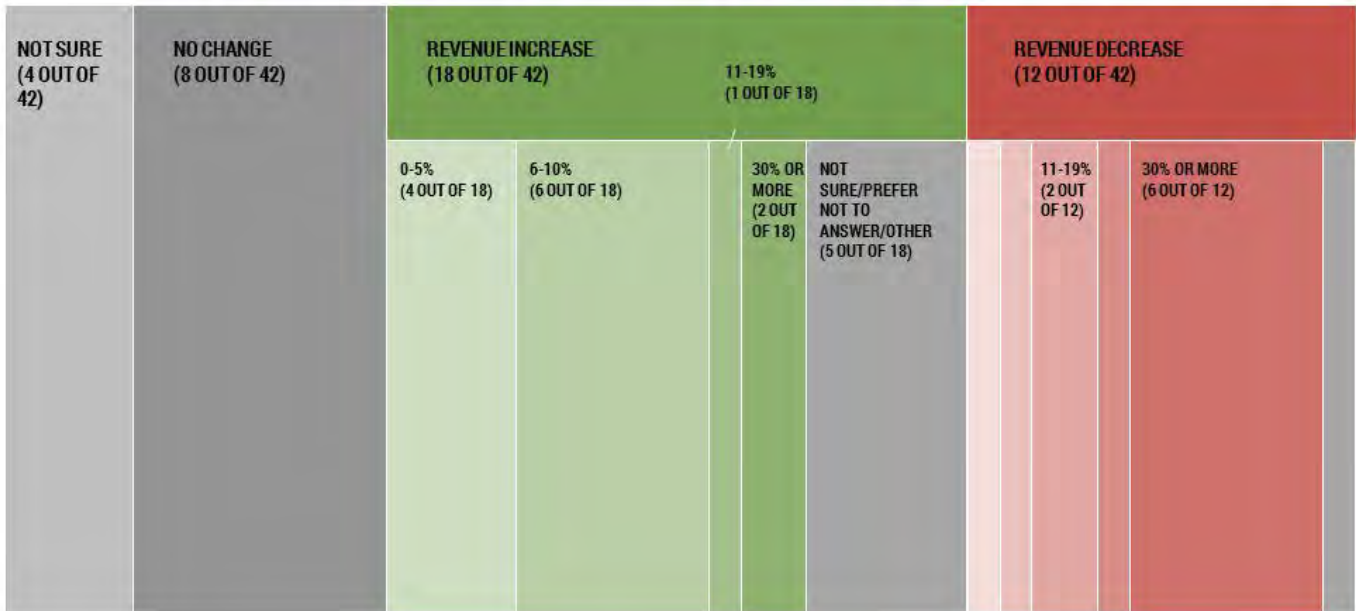


Business owners themselves noted that they lost some business during construction, but that they have since rebounded to pre-construction levels. Although one owner reported that her business gained

revenue during construction, this was not typical for other owners along Broadway. Other interviewees noted that the redesign had no impact on their business (a sentiment also reported by survey participants).

Of the surveyed business owners who disclosed revenue change between August 2013 and August 2016, eight out of 42 owners reported no change in revenue (Figure 5). Almost half of owners (18 out of 42) reported a revenue increase after construction, although the increases were mostly moderate (0-10%). A third of owners (12 out of 42) reported losing revenue, with half reporting a 30% or more decrease.

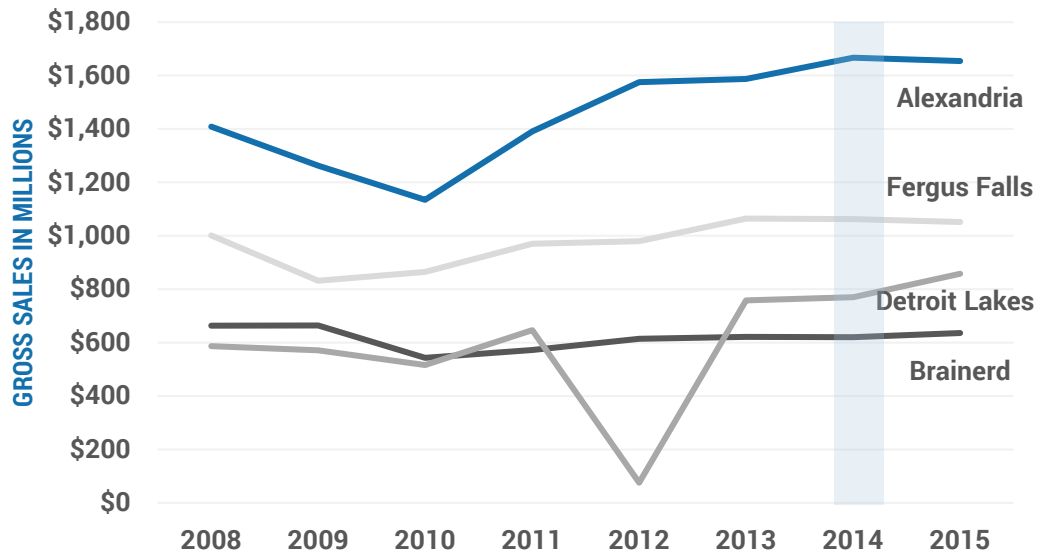
**FIGURE 5. REVENUE CHANGE IN BROADWAY BUSINESSES, AUGUST 2016 VS AUGUST 2013**



**Economic Indicators in Alexandria Appear to Continue Upward Trend**

Gross sales in Alexandria steadily declined from 2008 through 2010 (possibly due to the nationwide recession), but increased gradually between 2010 and 2014 (Figure 6). Overall trends show gross sales in Alexandria continue to exceed comparison communities, even during the year of the Broadway Street redesign.

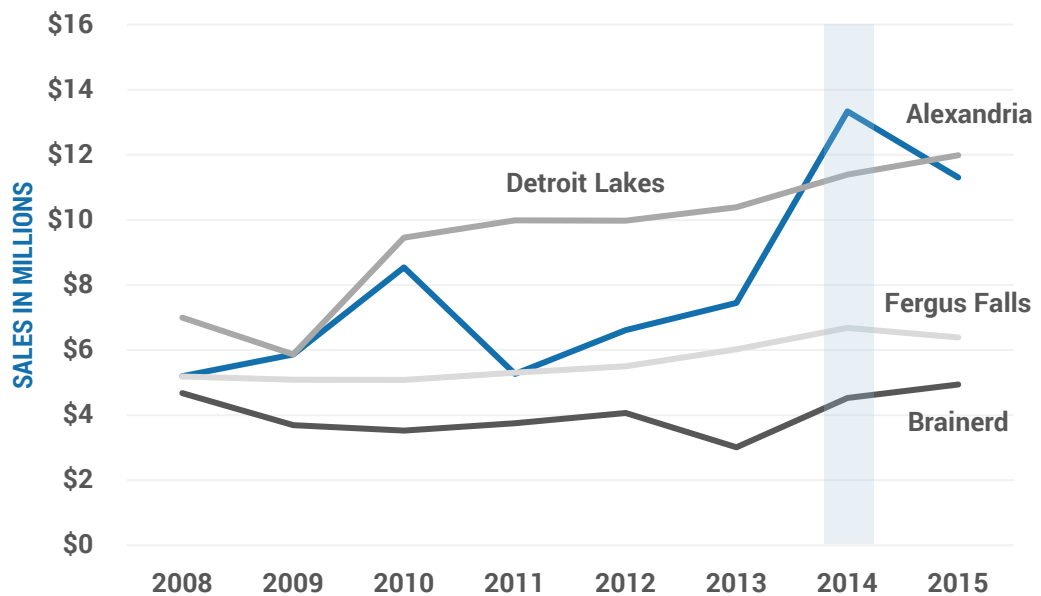
**FIGURE 6. GROSS SALES**



Source: Sales and Use Tax Statistics and Annual Reports, Minnesota Department of Revenue. Data cited is at city level.

Many business owners (10 out of 15 businesses in 2013) hoped the improved appearance of downtown Alexandria would attract more tourists, and the data appear to support this goal. Alexandria experienced a sizable uptick in accommodations sales in 2014, the year of construction (Figure 7). While sales dropped in 2015, accommodations sales are over 50% higher than in 2013 for Alexandria. Brainerd and Fergus Falls have remained stable since 2011, while Detroit Lakes continues to demonstrate a steady increase in sales.

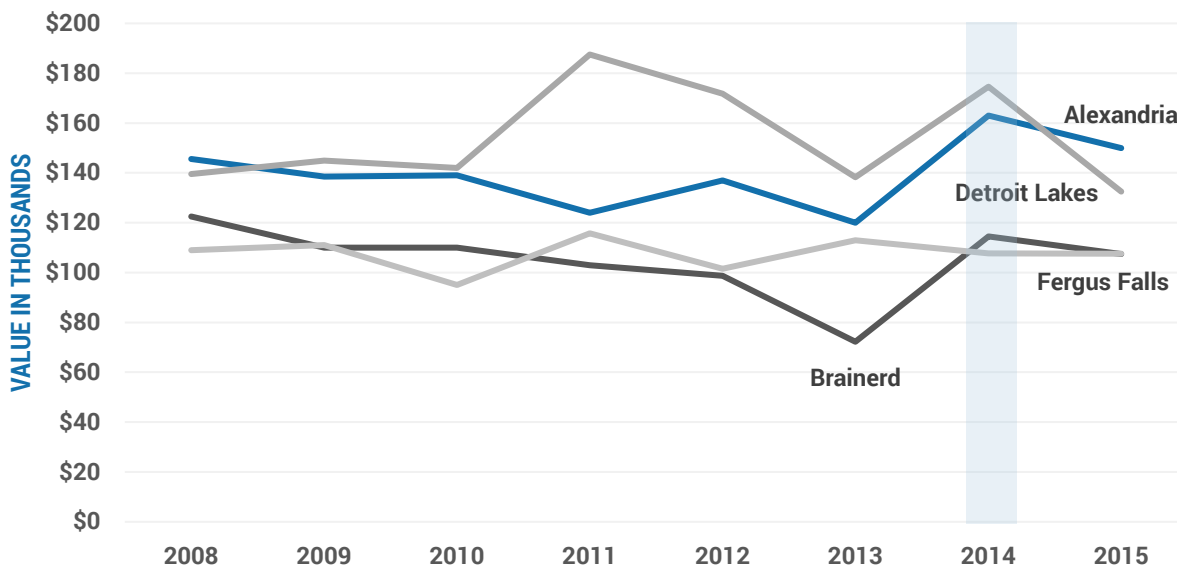
**FIGURE 7. TAXABLE SALES: ACCOMMODATIONS**



Source: Sales and Use Tax Statistics and Annual Reports, Minnesota Department of Revenue. Data cited is at city level.

Median commercial property sales data in the downtown areas of each community show downtown Alexandria's market values increasing dramatically (by 25%) between 2013 and 2015, peaking during the year of construction (Figure 8). The increase in Alexandria was similar to that seen in Brainerd, but much greater than in Detroit Lakes, which saw a steeper decrease in 2015. Fergus Falls downtown commercial market values have remained fairly flat since 2008.

**FIGURE 8. MEDIAN REAL ESTATE MARKET VALUE FOR CORE DOWNTOWN COMMERCIAL PROPERTIES, 2008-2015**

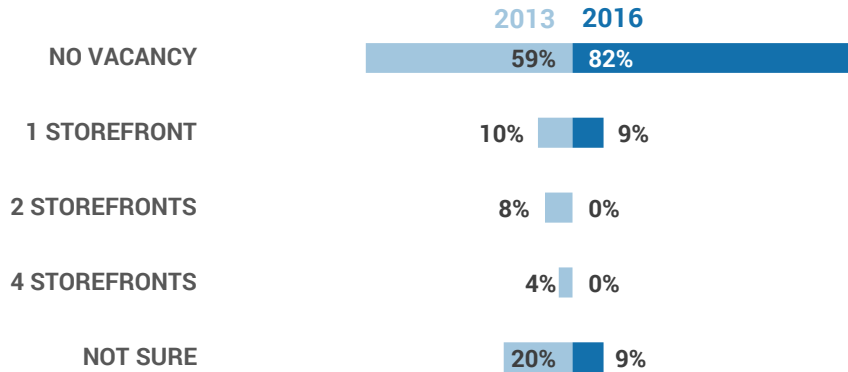


Source: Email communication on December 22, 2016 from Gretchen Buechler, Data & Analysis Unit, Property Tax Division, Minnesota Department of Revenue. Data cited is at city level.

### Broadway Storefront Occupancy Increases After Redesign

Based on survey data, a majority of businesses (82%) reported 100% storefront occupancy on the same block as their business. Only 9% reported one vacancy while the remaining 9% were not sure. This is an improvement from pre-construction, where fewer than 60% of businesses reported 100% occupancy on the same block in October and November 2013 (Figure 9).

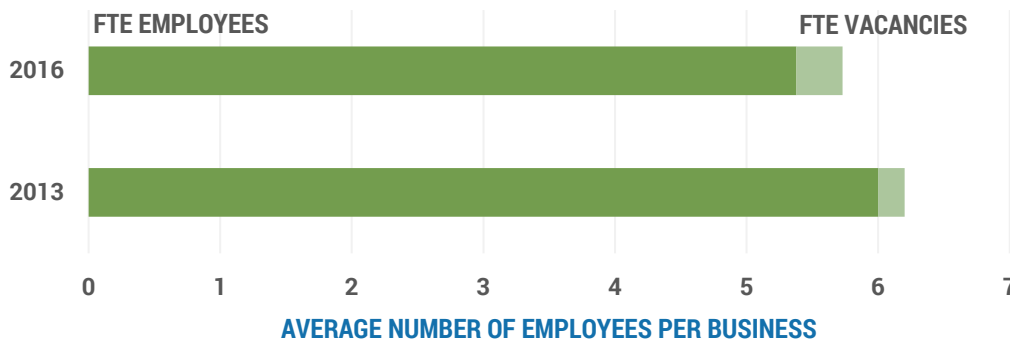
**FIGURE 9. STOREFRONT VACANCIES**



**Employment Changes After Redesign**

Broadway Street businesses employed an average of six full-time employees, three part-time employees, and two occasional employees per business in August 2016. Broadway businesses in 2016 provided an average of 33 hours per week of employment per employee in the community, compared to 32 hours per week of employment per employee in 2013.<sup>1</sup> The average number of full time equivalent (FTE) vacancies per Broadway business was similar in 2013 and 2016; however, in 2016 the average Broadway business employed fewer people than in 2013.

**FIGURE 10. EMPLOYMENT AND VACANCY IN BROADWAY BUSINESSES**

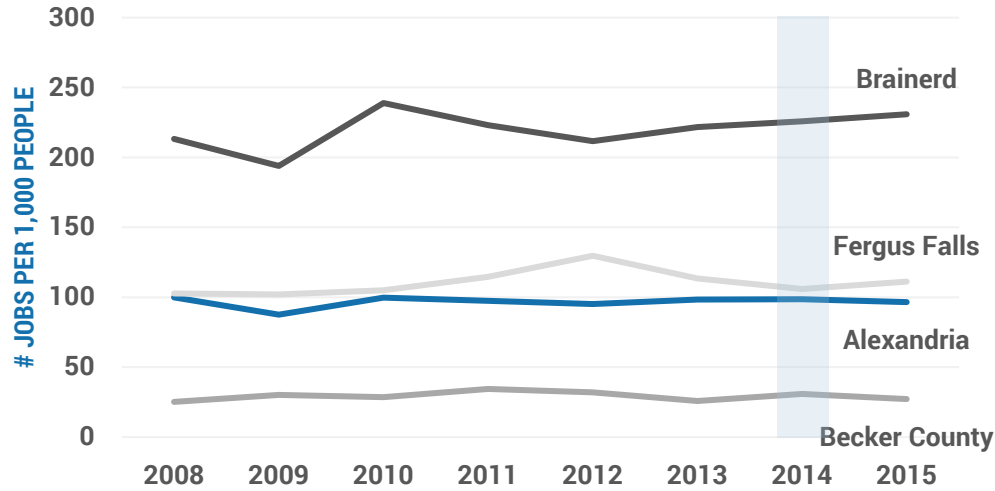


In Alexandria and the three comparison communities, per capita job creation has remained fairly stable; Brainerd being the exception (Figure 11).<sup>2</sup>

<sup>1</sup> Survey asked respondents to report a maximum of ten employees with the highest number of hours.

<sup>2</sup> Job creation numbers are extracted from QWI Explorer, a source maintained by the U.S. Census Bureau. Data from QWI Explorer is reprocessed every quarter for data quality assurance. The data presented in Figure 11 was extracted March 31, 2017.

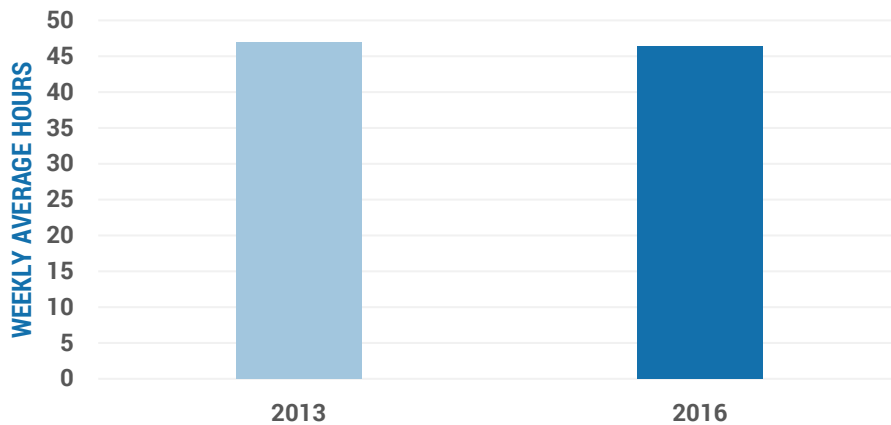
**FIGURE 11. JOBS CREATED PER 1,000 PEOPLE, 2008-2015**



**Operating Hours of Retail Businesses on Broadway After Redesign**

Figure 12 displays the average number of hours that Broadway businesses were open each week. Businesses hours were roughly the same between 2013 and 2016.

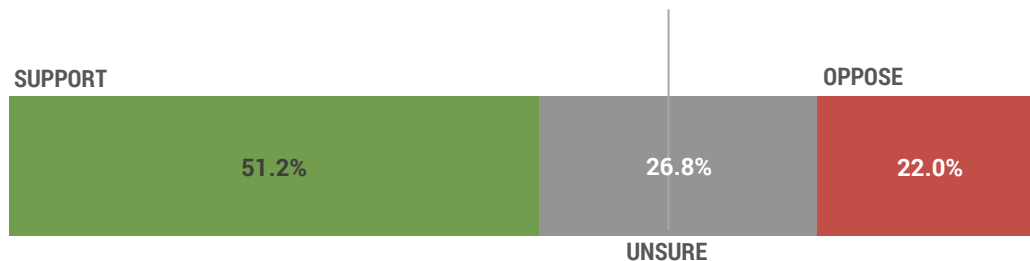
**FIGURE 12. BUSINESSES IN 2016 WERE OPEN FOR ROUGHLY THE SAME HOURS AS IN 2013**



**Stakeholder Recommendations for Future Street Redesigns**

The mixed experiences of local business owners who weathered the Broadway Street redesign were evident in their perspectives on future efforts. A slight majority (51%) of respondents recommended that businesses in other cities should support a similar project (Figure 13), while only 22% recommended active opposition.

**FIGURE 13. IF OTHER CITIES PROPOSE A SIMILAR PROJECT, BUSINESSES SHOULD...**



### Recommendations to Maintain Business Access during Construction

Businesses recommended that cities ensure access to businesses during construction (mentioned by 4 out of 11) and to have greater consideration on the timing of such a project (3 out of 11). Business owners recommended to other business owners to maintain business access to the best of their abilities throughout construction (3 out of 11).

### Open Communication

Communication was a critical piece of the puzzle when considering a project like the Broadway redesign. As stated previously, communication between the City and businesses was crucial during the conceptual planning phases of the project. Giving businesses as many opportunities as possible to meet with City officials and to provide open forum meetings for businesses to give their input was important to the success of the project. One official noted having open dialogue and buy-in with the state's Department of Transportation was a key component to getting a project of this scope and magnitude off the drawing board and into the street. In retrospect, these City officials recognized that there was never an overload of communication, "...you can never explain things enough."

*"I cannot emphasize enough the importance of communication, even communication that you do not necessarily want to have."*

*"Go to every meeting, listen to what they say, make yourself heard. You are probably going to feel like nobody is listening to you but at least you will have made yourself heard."*

Seven out of eleven business owners echoed the sentiment that communication is key. These business owners advised that a city must clearly communicate with impacted businesses as well as the public about project conception and timeline. Five interviewees also mentioned advertising and marketing to the public that their business was open during construction, and three advised having promotions or sales to incentivize the public to shop in downtown while the project was underway.

### Relationship Building and Collaboration

Compromise was also a theme song with City officials: *“With any project of almost any size, I suppose, you almost never get 100 percent of what you want. Everybody has to bend a little bit...”* City officials recognized the importance of remaining cognizant of the needs of those who would be impacted by the scope of a redesign and construction project.

Several business owners specifically expressed the importance of businesses collaborating and maintaining close contact with the City throughout the process.

### Additional Strategies to Keep Businesses Going during Construction Projects

Business owners suggested that more research and information was needed regarding the various impacts of this type of project on cities of varying sizes as well as on the surrounding area.

Additional advice business owners passed along to other business owners included: being patient (3 out of 11), focusing on current clientele rather than tourists for income (1 out of 11), building a financial cushion (1 out of 11), and maintaining documentation throughout the process (i.e., taking pictures of the building before, during, and after construction) (1 out of 11).

# CONCLUSION

Overall, City leaders felt the project was a success. Despite setbacks and opposition to the project, City officials were exuberant about the project and proud of their achievement, working with many different actors in a way that had not been accomplished before, especially with the downtown businesses.

*“It is a project we can all really hang our hat on with great pride.”*

Businesses provided mixed perspectives on the redesign project. They acknowledged many improvements upon its completion, including the appearance of the street, increased pedestrian traffic, and tourists visiting Broadway businesses. However, business owners perceive traffic safety as a major issue due to the narrowness of the main thoroughfare and the difficulty of getting out of parked cars on Broadway.

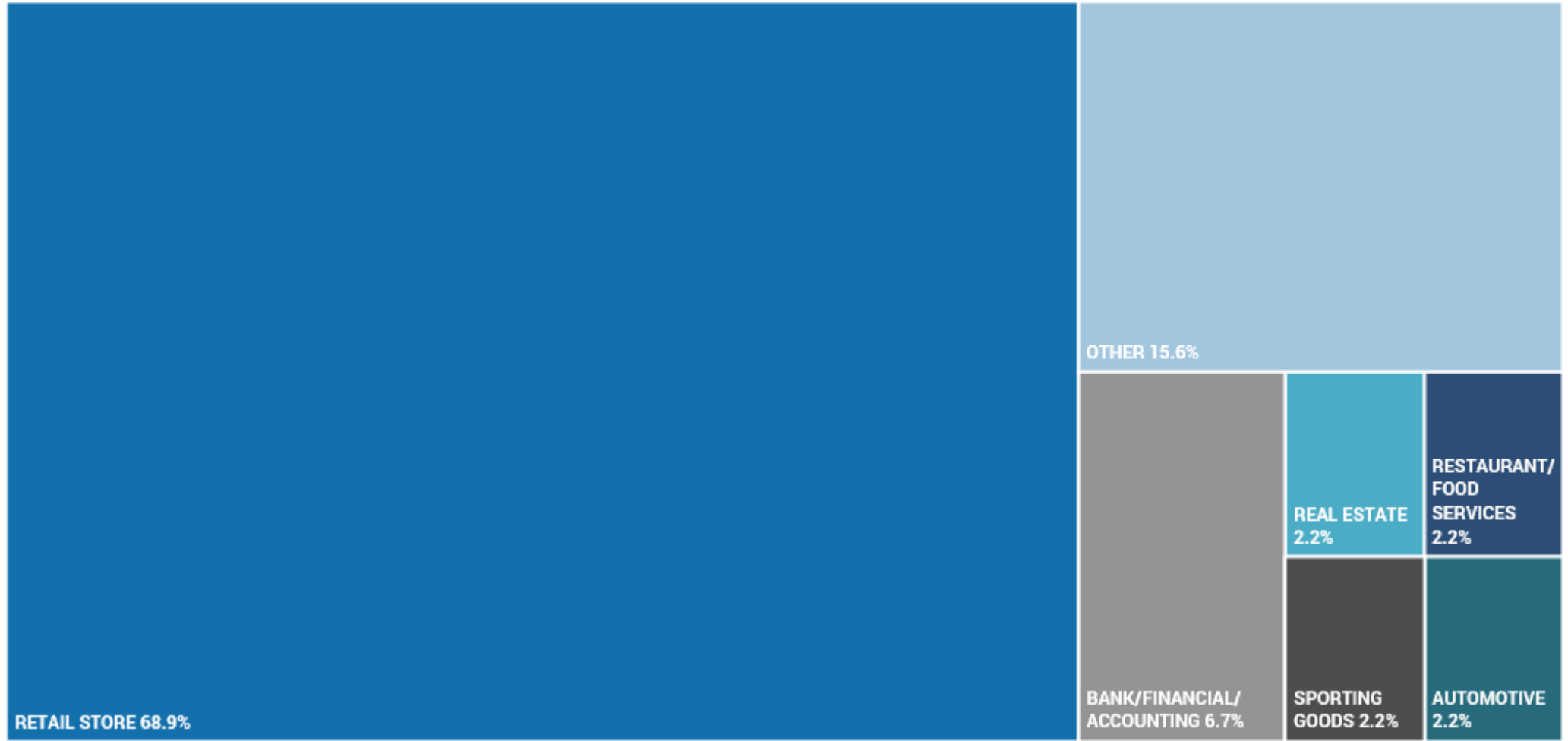
More businesses reported an increase in sales revenue after project completion compared to before. Most of these increases were moderate. The businesses that disclosed a decrease in revenue, reported losing a large portion of their sales compared to pre-construction.

Compared to similar communities, Alexandria has seen increases in gross sales and taxable sales revenue from accommodations in 2015. Alexandria’s economy has remained strong throughout the construction on Broadway.

The major point made by both City officials and business owners for other cities considering a project of similar scope was communication: communication between the City and businesses in the area, between the City and its residents, and between the City and all other logistical and relevant stakeholders (e.g. state Department of Transportation, economic bureaus, tourist groups, Chamber of Commerce). In addition to close communication with the City, business owners also advised communicating with customers through marketing campaigns and promotional sales.

# APPENDIX

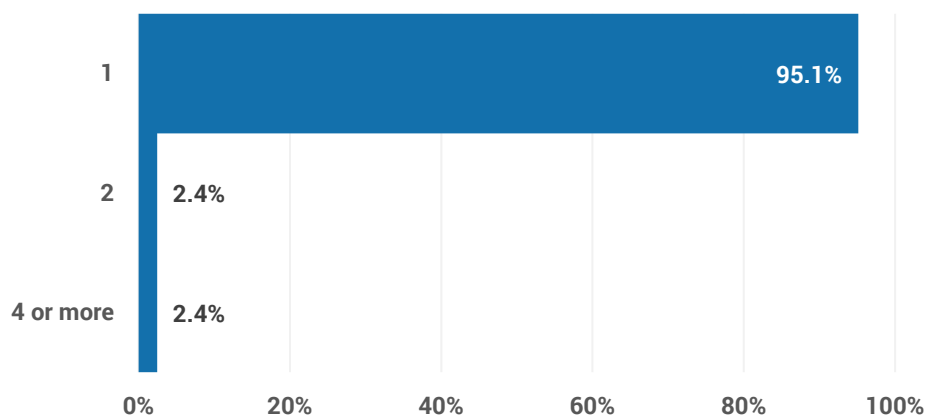
## FIGURE A1. DISTRIBUTION OF SURVEY RESPONDENTS' BUSINESSES



### Businesses included in “Other:”

- ◆ Public
- ◆ Service
- ◆ Insurance
- ◆ Radio station
- ◆ Entertainment and education
- ◆ Web designer

**FIGURE A2. NUMBER OF BUSINESSES SURVEY RESPONDENTS OWNED**



### List of Data Sources

- ◆ City official interviews
- ◆ Business owner interviews
- ◆ Business owner perceptions survey
- ◆ Alexandria crash data: Jessica Peterson, Horizon Public Health and Tim Schoonhoven, Alexandria City Engineer
- ◆ Data on all cities:
  - Minnesota Department of Revenue: [http://www.revenue.state.mn.us/research\\_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx)
  - Gretchen Buechler, Data & Analysis Unit, Property Tax Division, Minnesota Department of Revenue
- ◆ Data on Alexandria, Fergus Falls, Brainerd, and Becker County:
  - QWI Explorer, U.S. Census Bureau, Center for Economic Studies, LEHD: <https://qwexplorer.ces.census.gov/static/explore.html#x=0&g=0>

# COMPLETE STREETS: A COMMUNITY STORY

In 2008, Blue Cross and Blue Shield of Minnesota began funding Active Living Douglas County (ALDC), as part of a broader Minnesota initiative to create places where people can lead more active and healthy lives. In the summer of 2010, ALDC launched a Complete Street visioning process for Broadway Street in Alexandria. Because of this process, the construction project, completed in 2014, went beyond the critical infrastructure updates of replacing water, sewage and electrical lines, to include widened sidewalks, bump-outs at crosswalks, and additions of benches, trees, plantings, and bike racks. Along the way, Blue Cross commissioned a study to measure the economic impact and benefit of these updates. Here's what we learned:



I think it makes the city look alive. That we are, even though we are a small town, still thriving.



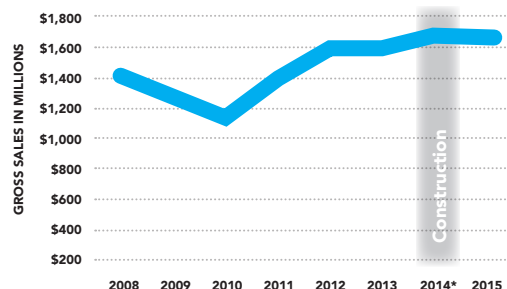
If you do not have your business on Broadway Street, you might as well not have your business.



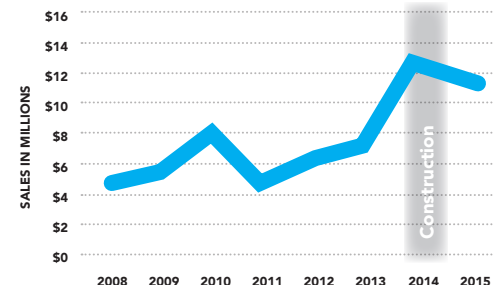
## BUSINESS TRENDS

Businesses along Broadway felt a range of impacts due to the redesign, but more businesses saw an increase in revenue post-construction than a decrease. Overall, Broadway business owners felt the redesign was more beneficial for the local economy than their businesses. Gross sales in Alexandria exceeded those of similar communities, even during the Broadway Street redesign. Upon completion of the redesign, Alexandria saw a sizable uptick in accommodations sales.\*

### GROSS SALES



### TAXABLE SALES: ACCOMMODATIONS



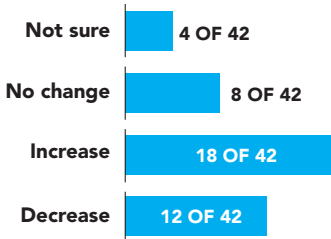
Gray bar indicates construction period (all charts)

\*Accommodations include bed and breakfasts, hotels, motels, resorts, vacation home rentals and other lodging facilities



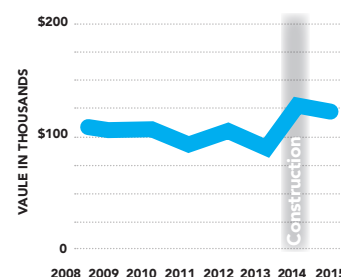
## REVENUE CHANGE

August, 2016 vs. August, 2013



## PROPERTY VALUES

Median market value, core downtown commercial properties



# COMPLETE STREETS: A COMMUNITY STORY



A key component of minimizing losses and maximizing opportunities was accomplished through the partnerships established close to two years prior to the project... Communication was key.



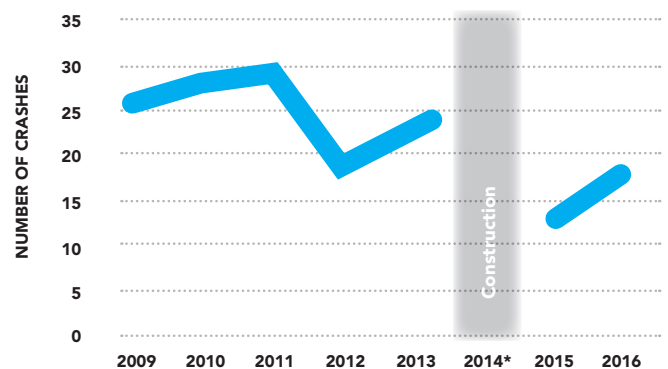
## COLLABORATION & COMMUNICATION

City officials attributed the success of the redesign to highly effective communication and collaboration among multiple stakeholders. Working closely during planning and construction mitigated potential negative impacts of the redesign and continues to foster a strong relationship between the City and local businesses.



## TRAFFIC SAFETY

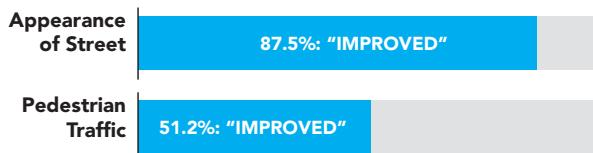
The number of crashes along Broadway Street was cut in half from 2013, the year prior to construction, to 2015, the year following construction.



\*No data during construction

## APPEARANCE & PEDESTRIAN TRAFFIC

Broadway business owners say:



## RECOMMEND SIMILAR PROJECT?

Business owners recommend similar projects



I really think the City did put their hand out to try to minimize the impact to the businesses down here as much as possible through the construction.





## Community Partnership for Alexandria Downtown Project

Series of public meetings designed to think about the impact of the redesigning of downtown:

- June, 2010: first community meeting planned with elected officials, business owners and the public. 78 people attended.
- August, 2010: "Complete Streets" meeting held at DCPW to narrow down several Broadway options down to 3
- September, 2010: public meeting at DCPW about Broadway Street initiative
- September 24, 2010: 3<sup>rd</sup> meeting with public, and a panel of engineering professionals and MnDOT to discuss hybrid design for Broadway
- September, 2010: "a statement of intent" passed by city to enter into an agreement with MnDOT to redesign Broadway
- September 2010 – March 2011: numerous service group presentation on project
- April, 2011: first Downtown Merchant Presentation
- April, 2011 to August, 2014: numerous Downtown Merchant presentations on project progress
- October, 2013: numerous downtown business owners meeting with City planner and engineer about project
- October, 2013: City of Alexandria hosts open house for public to view the new street design and voice concerns

Marketing Activity:

- March, 2013: Alex Road Report website created
- March, 2013: Alex Road Report Logo and purpose created
- May, 2013: Chamber of Commerce newsletter updates
- May, 2013: Downtown Maps created by Explore Alexandria Tourism
- June, 2013: ROAD Facebook page created
- January, 2014: organized marketing plan created to address the short term needs of downtown shops
- March, 2014: Banners created to display future look of downtown
- April, 2014: MnDOT Press conference held at Alex City Hall to highlight project
- May, 2014: Open Line live show (numerous)
- May, 2014: "Mayor's Minute" weekly column created to provide updates
- May – August 2014: Lakes Area News television updates

- Summer, 2014: Cover page of Lakes Area Magazine
- ALP Camera catching live feed on AlexRoadReport.com
- ALP Utilities newsletters/bill inserts
- Summer, 2014: Radio marketing on KXRA (6 stations) and KIKV (2 stations)
- Summer, 2014: Pope County Tribune, Echo Press, & Senior Perspective Advertising

Events:

- Ongoing: Smith & Lehmann Consulting with BCBS leading an evaluation study to determine the overall key economic impact
- October, 2013: Peter Bruce hired for pedestrian study to determine traffic patterns and shopper pedestrian behavior
- April, 2014: packets created and distributed to downtown business operators - packets contained contact information, timeline, and funding available
- **May, 2014**: groundbreaking of project
- July, 2014: Wine & Art Crawl to support shopping downtown
- **August, 2014: Broadway Bash "Party in the Street" held to bring people downtown**
- August, 2014: Wine & Art Crawl
- **October, 2014**: Ribbon Cutting held to bring people downtown

Extra:

- \$21,100 raised from community organizations to spend on marketing
- Digital signage
- Extra money put into area signage
- Business operator's feedback produced more sidewalk signage
- BCBS granted \$40,000 to project to use as needed - \$15,000 strictly dedicated to the Downtown Area



## **CONTACT LIST/ ALL DOWNTOWN BUSINESSES**

### **SUMMER EVENTS SIGN UP**

**Christie Boutain** (ADMA/ Glenwood State Bank)

Phone: 320-763-0200 /Email: [Christie@glenwoodstate.com](mailto:Christie@glenwoodstate.com)

**Joe Korkowski** (ADMA/KXRA)

Phone: 320-763-2633 /Email: [jkork@kxra.com](mailto:jkork@kxra.com)

### **ROAD REPORT WEBSITE**

**Nicole Fernholz** (AAEDC)

Phone: 320-763-4545 / email: [nfernholz@alexmn.org](mailto:nfernholz@alexmn.org)

### **ADMA FACEBOOK/ROAD REPORT FACEBOOK**

**Jeff Meland** (DataBae/Blue Bird Shopper/ ADMA President)

Phone: 320-491- 4732/ email: [jeff@bbshopper.com](mailto:jeff@bbshopper.com)

### **CITY HALL QUESTIONS**

**Marty Schultz** (Alexandria City Administrator)

Phone: 320-759-6678/ email: [mschultz@rea-alp.com](mailto:mschultz@rea-alp.com)

### **ALP UTILITIES QUESTIONS**

**Scott Deitz** (Operations Manager)

Phone: 320-763-6501/ email: [sdeitz@alputilities.com](mailto:sdeitz@alputilities.com)

### **CONSTRUCTION DIRECT CONTACTS**

**Greg Lorentz** (Widseth, Smith & Nolting)

Phone: 320-815-7222/ email: [greg.lorentz@wsn.us.com](mailto:greg.lorentz@wsn.us.com)

**Craig Tschida** (Widseth, Smith & Nolting)

Phone: 320-815-6226/ email: [craig.tschida@wsn.us.com](mailto:craig.tschida@wsn.us.com)

### **CITY ENGINEER**

**Tim Schoonhoven** (Widseth, Smith & Nolting)

Phone: 320-762-8149/ email: [tim.schoonhoven@wsn.us.com](mailto:tim.schoonhoven@wsn.us.com)

### **ALEXANDRIA HOTEL & HOSPITALITY**

**Sara Stadtherr** (Explore Alexandria)

Phone: 320-763-0102 / email: [sara@explorealex.com](mailto:sara@explorealex.com)

### **BLUE CROSS/ BLUE SHIELD GRANT MONEY IDEAS**

**Jessica Peterson** (Douglas County Public Health)

Phone: 320-763-2926 / email: [jessicap@co.douglas.mn.us](mailto:jessicap@co.douglas.mn.us)

### **CITY HALL REVOLVING FIX IT FUND**

**Mike Weber** (City Planner)

Phone: 320-759-3226/ email: [mweber@rea-alp.com](mailto:mweber@rea-alp.com)

### **ROAD COMMITTEE MARKETING QUESTIONS**

**Megan Chisholm** (ALP Utilities)

Phone: 320-759-3778 / email: [mchisholm@alputilities.com](mailto:mchisholm@alputilities.com)

### **CHAMBER OF COMMERCE**

**Coni McKay** (Chamber of Commerce)

Phone: 320-763-3161/ email: [cmckay@alexandriamn.org](mailto:cmckay@alexandriamn.org)

## UPCOMING SUMMER EVENTS DOWNTOWN/ADMA EVENTS

May 12<sup>th</sup>: Broadway Construction begins with Groundbreaking Kickoff Event at Downtown Liquor 214 Broadway

May 10: Aging Antics at Alexandria Area Arts Association

May 21-25 - May 26: Memorial Sidewalk Sales Memorial Day Parade

May 23-25: Ole Oppe Fest

June 28: Rib Fest

June 29: Vikingland Band Festival

### ***Phase II of Broadway Construction July***

July 9-13: Summer Sidewalk Sale

### ***Phase III of Broadway Construction August - September***

August 7-11: Crazy Days

September 18-22: Fall Festival

### ***Broadway Construction Complete October***

October 31: Halloween

November 28 - December 19: Downtown Christmas Cash Card

December 11-13: Hometown Christmas

**FUTURE ADMA MEETINGS (*even if you are not a member, you may want to attend as a guest to keep up to date on what is going on and find out how you can be involved*):**

May 23 - June 27 - July 25 - August 22 - September 26 - October 24 – November 21 – December 19

## R.O.A.D. COMMITTEE SUMMER MARKETING PLAN

The goal of the R.O.A.D. committee's marketing and promotions are to highlight the "Future Look" of downtown and present the message of downtown business owners asking our local community to buy in to our downtown and to come shop its stores. Reminding visitors and locals that we offer the same great shopping, all stores are open, parking and store access is available. All ads/promotions will also direct visitors and locals to visit: [www.alexroadreport.com](http://www.alexroadreport.com) for all relevant construction information, progress updates, and more.

We hope that you all can help in communicating to your customers and frequent visitors our best means of constant and consistent communication which is: [www.alexroadreport.com](http://www.alexroadreport.com) and to "like" the Alex Road Report Facebook page: [www.facebook.com/alexroadreport](http://www.facebook.com/alexroadreport)

***\*Overall there is a marketing budget being spent on your behalf of over \$32,000!\****

### ***Radio Advertising***

- There will be 6-10 adds running weekly on all 5 local stations
- Over 600 live mentions
- Daily chatter

### ***Print Advertising***

- Echo Press- 1/3 page ad running bi-weekly (full color)
- Sr. Perspective- ads running monthly
- Pope County Tribune- ads running 2x month

### ***Online Advertising***

- Echo Press- set banner ad linking to ([www.alexroadreport.com](http://www.alexroadreport.com))
- Voice of Alexandria- set banner ad linking to ([www.alexroadreport.com](http://www.alexroadreport.com))
- Facebook – boosting ads/targeting shoppers with ads weekly

### ***Banners***

- (9) large **billboard size banners** hanging downtown and near downtown
- (2) different messages ("Future Look" & "Progress Ahead")
- (3) out of town, (4) in parking lots, (2) on building side walls

### ***Other Misc***

- ALP Utilities Newsletters/Bill Inserts
- Chamber of Commerce Newsletters/Weekly Outlooks
- Chamber of Commerce Blast emails
- Lakes Area Magazine (direct mail )cover ad (2x)

# Downtown Alexandria Special Promotion Ideas/Suggestions

We would love to get you involved!

Have an idea that you think you would like to work on? An event that you feel would be good for the downtown community? Then it is time to step forward to volunteer some time to making those things happen. Joe Korkowski and Christie Boutain are heading up a committee of interested people to work with them in planning events and activities to be done downtown this Summer. This committee will have financial resources available to them through Blue Cross/Blue Shield funding, so don't let funding of your event ideas be your first worry. But we need your help. And now is the time.

Please contact Joe at (320-763-2633) [jkork@kxra.com](mailto:jkork@kxra.com) or Christie at (320-763-0200) [Christie@glenwoodstate.com](mailto:Christie@glenwoodstate.com) to sign up to help with this committee!!

Together we can make great things happen downtown this summer!

Here are some of the ideas we've thought about:

## **1. Thursday Evenings/ Extended Business Hours**

- Because of the crowd that events such as Alex Artworks and Red Willow Art typically bring downtown it may be worth your time this summer to think of extending your business hours a little later to accommodate more traffic.
- Thursday evening standing events: Alex Artworks and Red Willow Art

## **2. Business Buddy System**

- Committee matches businesses with a buddy on an alternate block
- Retailers visit their buddy store and find out about their product line
- Retailers give their shoppers an extra 10% off coupon for the buddy business
- Progressive Shopping: spend \$50 at Lillian's and receive a coupon for a discount at Art and Soul Salon
- You could also consider doing a "Free Gift" piece of paper/postcard placed around Bike Trail, Big Ole and other locations/parks in town. This should entice someone who comes upon it to take it to your store to get a Free Item. Leave it vague enough to intrigue them and the item could be a small votive candle or inexpensive give-away. The point would be to surprise someone & more foot traffic!! ☺

## **3. Special Retail Events**

- Retailer provides special event info for promotion
- who – what- when

## **4. Back Space and Storefront Window Enhancement**

- Merchants compete for the title of first, second, third place for the three best back spaces and the three best storefront window displays
- Recruiting volunteers i.e. Leadership Alexandria, Service Clubs, Local Artists

## **5. Street Celebration**

- Choose a Thursday night in July (or a time in July when 6<sup>th</sup> Ave Intersection is open to host events in the street. Capitalize on street closure with ideas such as this:  
Art Crawl: engage Alex Artworks  
Street Music: engage Red Willow Arts Coalition  
Farmers Market: engage Ron Branch  
Licensed food vendors: engage Matt Jensen , Duane Rostad, Depot Express

# MEMO



**TO:** EDA Board of Commissioners

**FROM:** James Kramvik, Community Development Director

**DATE:** June 6<sup>th</sup>, 2024

**RE:** Revised Purchase and Development Agreement and Resolution

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## INTRODUCTION

On March 3, 2022, the EDA conducted a duly noticed public hearing regarding the sale of 1911 Thiesse Drive and 1918 Thiesse Drive to VCV Digital Infrastructure Minnesota LLC for the development of a cryptocurrency mining facility (the "Minimum Improvements"), pursuant to a Purchase and Development Contract, dated March 3, 2022.

The EDA found that the conveyance of the Development Property was in conformance to the City's comprehensive plan, as approved by the City, and would facilitate the construction of a job-producing facility within the industrial park and increase the tax base of the City, and that the execution of the Contract and performance of the Authority's obligations thereunder, including the conveyance of the Development Property to the Developer, were in the best interest of the City and its residents. Following the public hearing, on March 3, 2022, the Authority approved the form and the execution and delivery of the Contract. The Contract was recorded on January 10, 2024 in the Office of the County Recorder of Crow Wing County.

The original PDA required VCV to commence construction of the Minimum Improvements within one hundred twenty (120) days after Closing (the "Construction Commencement Deadline") and use commercially reasonable and diligent efforts to substantially complete construction of the Minimum Improvements within 180 days following the Construction Commencement Deadline. VCV has failed to meet this requirement and is requesting an amendment to the PDA to extend the Construction Commencement deadline to April 1, 2025.

VCV is requesting an amendment to the PDA to extend the construction commencement deadline, revise the minimum improvements for 1918 Thiesse Drive, and noted the transfer of the outstanding membership interests of the Developer to Ancheng. VCV, as the Developer, will continue to be bound by all of the terms and provisions of the Contract.

## RESALE OF REQUIRED PROPERTY: DISPOSITION OF PROCEEDS

If the Developer fails to comply with any of its other covenants under this Agreement related to the Minimum Improvements and fails to cure any such noncompliance or breach within thirty (30) days after written demand from the EDA to do so, then the EDA shall have the right to re-enter and take possession of the parcel.

Upon taking possession of the parcel, the EDA shall, pursuant to its responsibilities under law, use its best efforts to sell the parcel or part thereof as soon and in such manner as the EDA shall find feasible and consistent with the objectives of such law and of the Development Plan to a qualified and responsible party or parties ( as determined by the EDA) who will assume the obligation of making or completing the Minimum Improvements as shall be satisfactory to the EDA.

Upon resale of the parcel, the proceeds thereof shall be applied:

- 1) First, to reimburse the EDA for all costs and expenses reasonably incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the parcel.
- 2) All taxes, assessments, and water and sewer charges with respect to the parcel.
- 3) Any payments made or necessary to be made to discharge any encumbrances or liens existing on the parcel.
- 4) Reimburse Developer, its successor or transferee, up to the amount equal to 1) the purchase price paid by Developer with respect to the parcel revested; plus 2) the amount actually invested by it in making any of the subject improvements on the parcel or part thereof.
- 5) Any balance remaining after such reimbursements shall be retained by the Authority as its property.

*A full description of the Resale of Reacquired Property and Disposition of Proceeds can be found on page 18 and 19 of the PDA.*

## **MINIMUM IMPROVEMENTS**

The original Minimum Improvements for 1918 Thiesse Drive contained 12 containers and 12 cooling towers that were 20 feet in length. These containers utilize open air miners with adjacent cooling towers. The water need for the cooling towers was substantial and BPU had concerns with availability and disposal of wastewater.

On June 8, 2023, VCV proposed a redesign of the Northern Property to construct two buildings that would utilize containers with immersion technology to improve efficiency and reduce noise. The EDA approved the change to the Minimum Improvements for 1911 Thiesse Drive.

VCV is now proposing a change to the Minimum Improvements for 1918 Thiesse Drive to meet the BPU power contract deadline. The proposed change includes twenty-six (26) forty (40) foot containers that house the data machines using immersion technology with cooling towers located on top of the containers. The building, parking area, fencing, landscaping, and overall layout have not changed. The new cooling towers will emit noise similar to a cooling unit used for frozen food storage on commercial buildings. The City Council has directed staff to produce a sound report for consideration of the Interim Use Permit required for this facility. Just for Krypto, a predominantly open-air mining facility, is currently operating on Wright Street with similar power usage.

### **Video link displaying the difference in open air mining verses immersion mining**

<https://www.youtube.com/watch?v=Hd2FqANes0M>

## **STAFF RECOMMENDATION**

1. Approve the Resolution Approving Amendment to the Purchase and Development Agreement Between the EDA and VCV Digital Infrastructure Minnesota LLC.

## AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT

**THIS AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT** (this “Amendment”), made as of this \_\_\_\_ day of \_\_\_\_\_, 2024, by and between **VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC**, a Delaware limited liability company (the “Developer”), and **BRAINERD ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of Minnesota (the “Authority”).

### **RECITALS:**

A. The Developer and the Authority have entered into that certain Purchase and Development contract, dated March 3, 2022, recorded on January 10, 2024 in the Office of the County Recorder of Crow Wing County as document number 992685 (the “Contract”), for the purchase, sale and development of certain real property located at 1911 Thiesse Drive (the “Northern Property”) and 1918 Thiesse Drive (the “Southern Property”) in the City of Brainerd, Crow Wing County, State of Minnesota, as legally described in the Contract (collectively, the “Development Property”), on which the Developer agreed to construct a cryptocurrency mining facility, as more fully described in Schedule D attached to the Contract (the “Minimum Improvements”);

B. Pursuant to the Contract, as a condition of conveyance of the Development Property, the Authority approved the Construction Plans (as defined in the Contract) for the Minimum Improvements. Following conveyance of the Development Property, the Developer proposed, and the Authority approved on June 8, 2023, a redesign of the Northern Property pursuant to revised Construction Plans. No changes were proposed for the Southern Property.

C. The Developer proposes to further revise the Construction Plans for the Minimum Improvements and acknowledges that before commencement of construction of the Minimum Improvements, the Developer shall submit to the Authority revised Construction Plans for approval.

D. Pursuant to Section 4.3 of the Contract, construction of the Minimum Improvements must be commenced within the “Construction Commencement Deadline,” as

defined therein. The Developer proposes to extend the Construction Commencement Deadline to April 1, 2025.

E. The Developer has represented to the Authority that the present owner of the membership interests in the Developer is Tiger Cloud LLC, and that Ancheng Holdings Limited (“Ancheng”) proposes to purchase all of the outstanding membership interests in the Developer.

**NOW, THEREFORE, IN CONSIDERATION OF One Dollar (\$1.00)** and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Any capitalized term used herein and not otherwise defined herein shall have the meaning ascribed to such term in the Contract.

2. The “Construction Commencement Deadline,” as defined in the Contract is hereby extended April 1, 2025, and upon approval by the Authority of further revised Construction Plans for the Minimum Improvements to be proposed by the Developer, the Developer shall commence construction of the Minimum Improvements within such date.

3. The Developer expressly represents, for the benefit of the Authority, that it is a Delaware limited liability company duly organized and in good standing under the laws of the State of Minnesota, is duly authorized to transact business within the State of Minnesota, is not in violation of any provisions of its organizational documents or the applicable laws of any state, has power to enter into this Amendment and the capability to continue performing its obligations under the Contract, as amended by this Amendment, and has duly authorized the execution, delivery and performance of this Amendment by proper action of its governing body.

4. The Developer further expressly represents, for the benefit of the Authority that following the transfer of the outstanding membership interests of the Developer to Ancheng, VCV Digital Infrastructure Minnesota LLC, as the Developer and counterparty to the Contract and this Amendment, will continue to be bound by all of the terms and provisions of the Contract, as amended by the Amendment.

5. This Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto and shall further be for the benefit and reliance of the Authority.

6. This Amendment shall be governed by and construed in accordance with the laws of the State of Minnesota.

7. This Amendment may be executed in counterparts, which counterparts when considered together shall constitute a single, binding, valid and enforceable agreement.



**BRAINERD ECONOMIC DEVELOPMENT  
AUTHORITY**

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Executive Director

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by Kevin Yeager, the President of the Brainerd Economic Development Authority, a public body  
politic and corporate, on behalf of the Authority.

\_\_\_\_\_  
Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2024,  
by \_\_\_\_\_, the Executive Director of the Brainerd Economic Development Authority,  
a public body politic and corporate, on behalf of the Authority.

\_\_\_\_\_  
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:  
Kennedy & Graven, Chartered  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402-1299  
(612) 337-9300

**EDA RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING AMENDMENT TO PURCHASE AND DEVELOPMENT AGREEMENT BETWEEN EDA AND VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC**

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

Section 1.     Recitals.

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

1.02.   On March 3, 2022, the Board of the Authority conducted a duly noticed public hearing regarding the sale of certain real property located at 1911 Thiesse Drive (the “Northern Property”) and 1918 Thiesse Drive (the “Southern Property”) in the City of Brainerd, Crow Wing County, State of Minnesota (collectively, the “Development Property”) to VCV Digital Infrastructure Minnesota LLC (the “Developer”) and development thereon of a cryptocurrency mining facility (the “Minimum Improvements”), pursuant to a Purchase and Development Contract, dated March 3, 2022 (the “Contract”), between the Authority and the Developer, at which all interested persons were given an opportunity to be heard.

1.03.   The Authority found that the conveyance of the Development Property was in conformance to the City’s comprehensive plan, as approved by the City, and would facilitate the construction of a job-producing facility within the industrial park and increase the tax base of the City, and that the execution of the Contract and performance of the Authority’s obligations thereunder, including the conveyance of the Development Property to the Developer, were in the best interest of the City and its residents.

1.04.   Following the public hearing, on March 3, 2022 the Authority approved the form and the execution and delivery of the Contract. The Contract was recorded on January 10, 2024 in the Office of the County Recorder of Crow Wing County as document number 992685.

1.05.   Pursuant to the Contract, the Developer agreed to construct the Minimum Improvements on the Development Property in accordance with approved Construction Plans, as defined in the Contract, and to commence construction of the Minimum Improvements within the Construction Commencement Date, as defined in the Contract.

1.06.   Pursuant to the Contract, as a condition of conveyance of the Development Property, the Authority approved the Construction Plans for the Minimum Improvements. Following conveyance of the Development Property, the Developer proposed, and the Authority

approved on June 8, 2023, a redesign of the Northern Property pursuant to revised Construction Plans. No changes were proposed for the Southern Property.

1.07. The Developer proposes to further revise the Construction Plans for the Minimum Improvements, and pursuant to an Amendment to Purchase and Development Contract, by and between the Developer and the Authority (the “Amendment”), the Developer acknowledges that before commencement of construction of the Minimum Improvements, the Developer shall submit to the Authority revised Construction Plans for approval.

1.08. Pursuant to the Amendment, the Developer also proposes to extend the Construction Commencement Deadline to April 1, 2025.

1.09. The Developer has represented to the Authority that it is a Delaware limited liability company duly organized and in good standing under the laws of the State of Minnesota, is duly authorized to transact business within the State of Minnesota, is not in violation of any provisions of its organizational documents or the applicable laws of any state, has power to enter into the Amendment and the capability to continue performing its obligations under the Contract, as amended by the Amendment, and has duly authorized the execution, delivery and performance of the Amendment by proper action of its governing body. The Developer has further represented to the Authority that the present owner of the membership interests in the Developer is Tiger Cloud LLC, that Ancheng Holdings Limited (“Ancheng”) proposes to purchase all of the outstanding membership interests in the Developer, and that following such transfer, the Developer will continue to be bound by all of the terms and provisions of the Contract, as amended by the Amendment.

Section 2. Amendment Approved; Acknowledgment of Transfer of Outstanding Membership Interests of Developer.

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

2.02. Authority staff and officials are authorized to take all actions necessary to perform the Authority’s obligations under the Amendment, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Amendment, and any other documents necessary to construct the Minimum Improvements pursuant to approved Construction Plans on the Development Property, all as described in the Amendment.

2.03. The Authority hereby acknowledges the proposed transfer of all outstanding membership interests of the Developer to Ancheng. Notwithstanding such transfer, VCV Digital Infrastructure Minnesota LLC, as the Developer, as counterparty to the Contract and the Amendment, shall continue to be bound by all of the terms and provisions of the Contract, as amended by the Amendment.

Approved this 6th day of June, 2024, by the Board of Commissioners of the Brainerd Economic Development Authority.

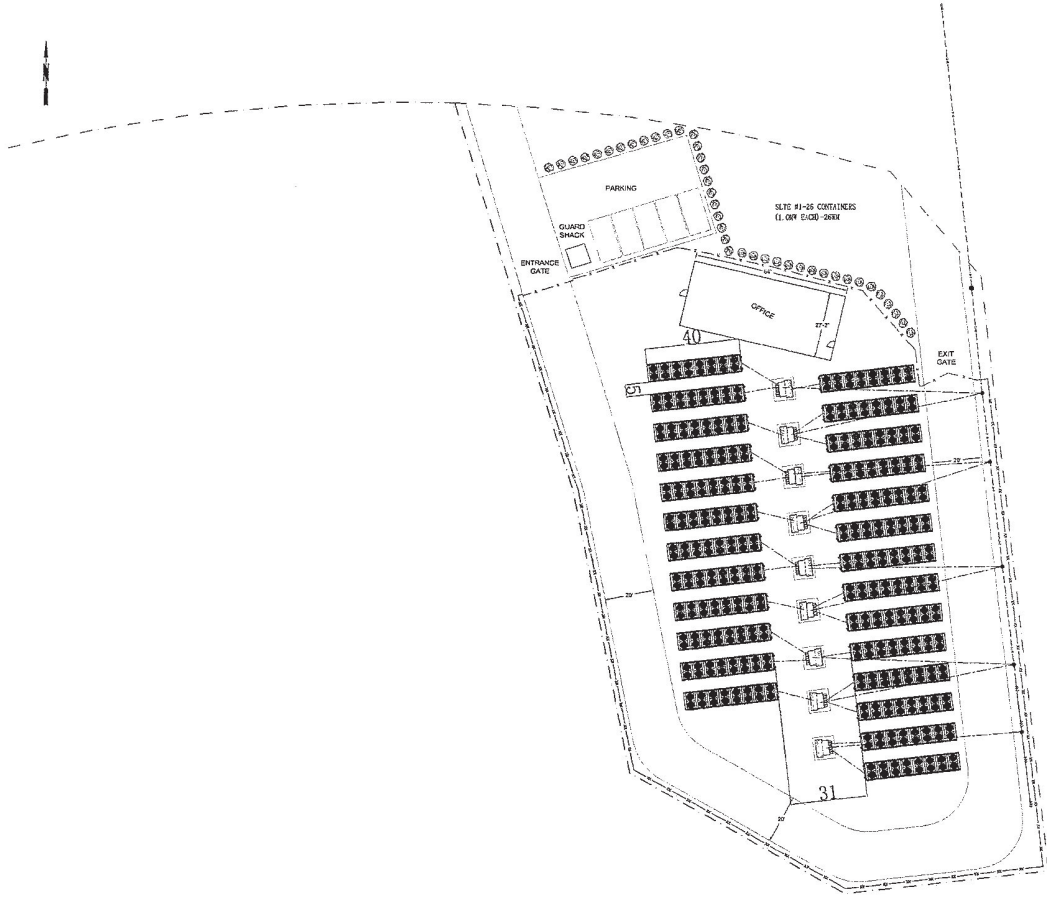
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President

ATTEST:

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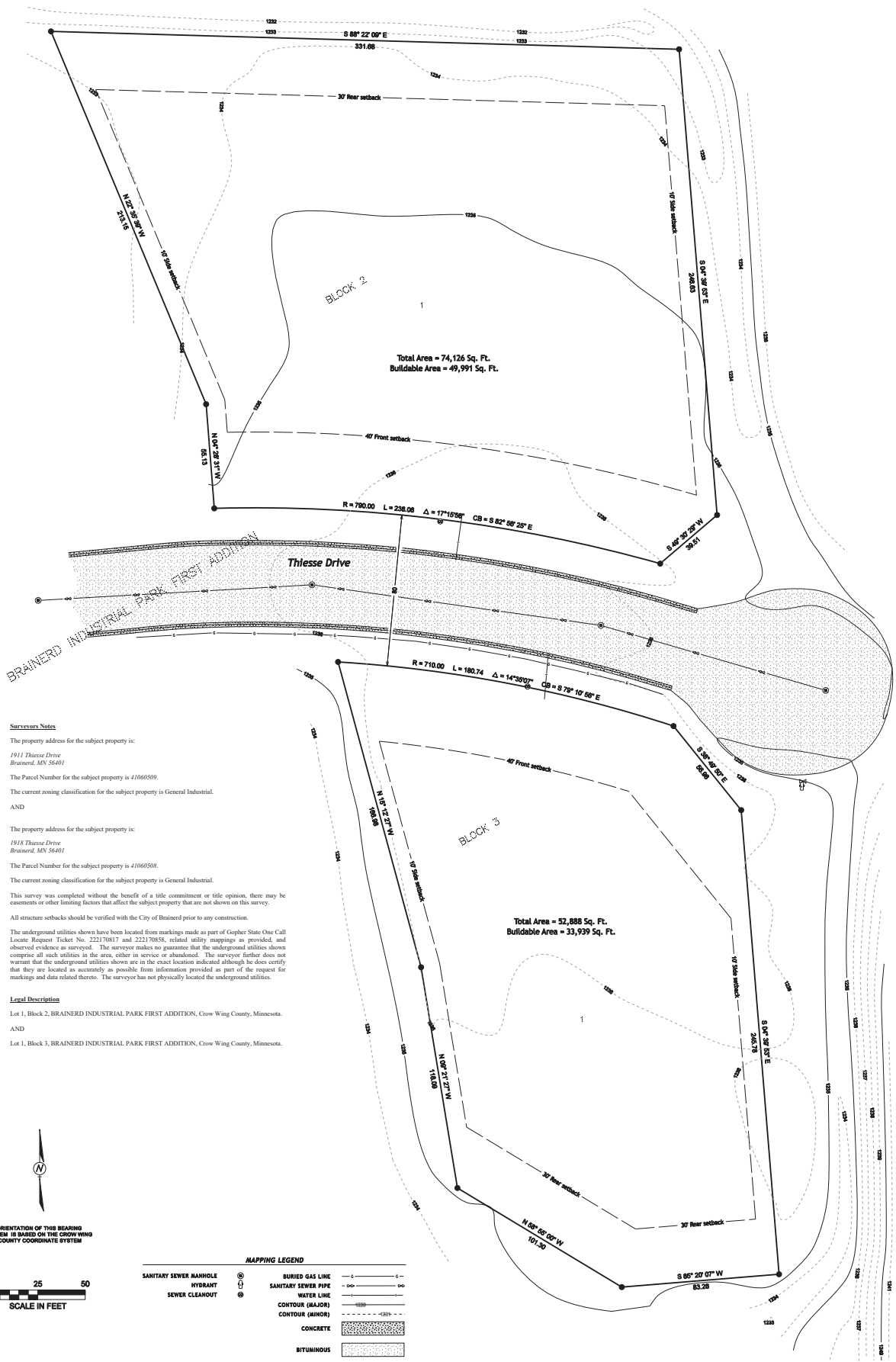
Executive Director



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

- LEGEND:**
- 34.5 KV OH LINES
  - ⊞ 2.5 MVA 120MVA TRANSFORMER
  - - - PROPERTY LINES
  - - - 6' PRIVACY FENCE
  - - - 6' CHAIN LINK FENCE W/ BARBED WIRE
  - - - LG ELECTRICAL LINES
  - - - ACCESS ROADS
  - DOWN CURB
  - ⊙ SHPLUSS

TITLE:				
DESIGNED BY:	Jack	DATE:	QTY:	DWG No:
TECHNICALIZED BY:		DATE:	SIZE: A4	
CHECKED BY:	Derek	DATE:	WEIGHT:	
APPROVED BY:		DATE:		
SHEET 1 OF 1 SHEET				



**Surveyors Notes**

The property address for the subject property is:  
 1911 Thiesse Drive  
 Brainerd, MN 56401

The Parcel Number for the subject property is 41060509.

The current zoning classification for the subject property is General Industrial.

AND

The property address for the subject property is:  
 1918 Thiesse Drive  
 Brainerd, MN 56401

The Parcel Number for the subject property is 41060508.

The current zoning classification for the subject property is General Industrial.

This survey was completed without the benefit of a title commitment or title opinion, there may be encumbrances or other limiting factors that affect the subject property that are not shown on this survey.

All structure setbacks should be verified with the City of Brainerd prior to any construction.

The underground utilities shown have been located from markings made as part of Gopher State One Call Locate Request Ticket No. 222170817 and 222170858, related utility mappings as provided, and observed evidence as surveyed. The surveyor makes no guarantee that the underground utilities shown comprise all such utilities in the area, either in service or abandoned. The surveyor further does not warrant that the underground utilities shown are in the exact location indicated although he does certify that they are located as accurately as possible from information provided as part of the request for markings and data related thereto. The surveyor has not physically located the underground utilities.

**Legal Description**

Lot 1, Block 2, BRAINERD INDUSTRIAL PARK FIRST ADDITION, Crow Wing County, Minnesota.

AND

Lot 1, Block 3, BRAINERD INDUSTRIAL PARK FIRST ADDITION, Crow Wing County, Minnesota.



ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE CROW WING COUNTY COORDINATE SYSTEM

**MAPPING LEGEND**

SANITARY SEWER MANHOLE	⊕	BURIED GAS LINE	—○—○—
HYDRANT	⊕	SANITARY SEWER PIPE	—○○—○○—
SEWER CLEANOUT	⊕	WATER LINE	—○○—○○—
		CONTOUR (MAJOR)	—1000—
		CONTOUR (MINOR)	—1000—
		CONCRETE	▨
		BITUMINOUS	▨

NO.	REVISIONS SINCE INITIAL DATE OF	DATE

**KLD**  
 KRAMER LEAS DELEO  
 SURVEYING - ENGINEERING - PLANNING  
 BRAINERD ST. CLOUD

1500 University Blvd. Suite 200  
 Brainerd, MN 56401  
 218-825-2222  
 218-825-2222

I HEREBY CERTIFY THAT THIS PLAN, SURVEY, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A FULLY REGISTERED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF MINNESOTA.

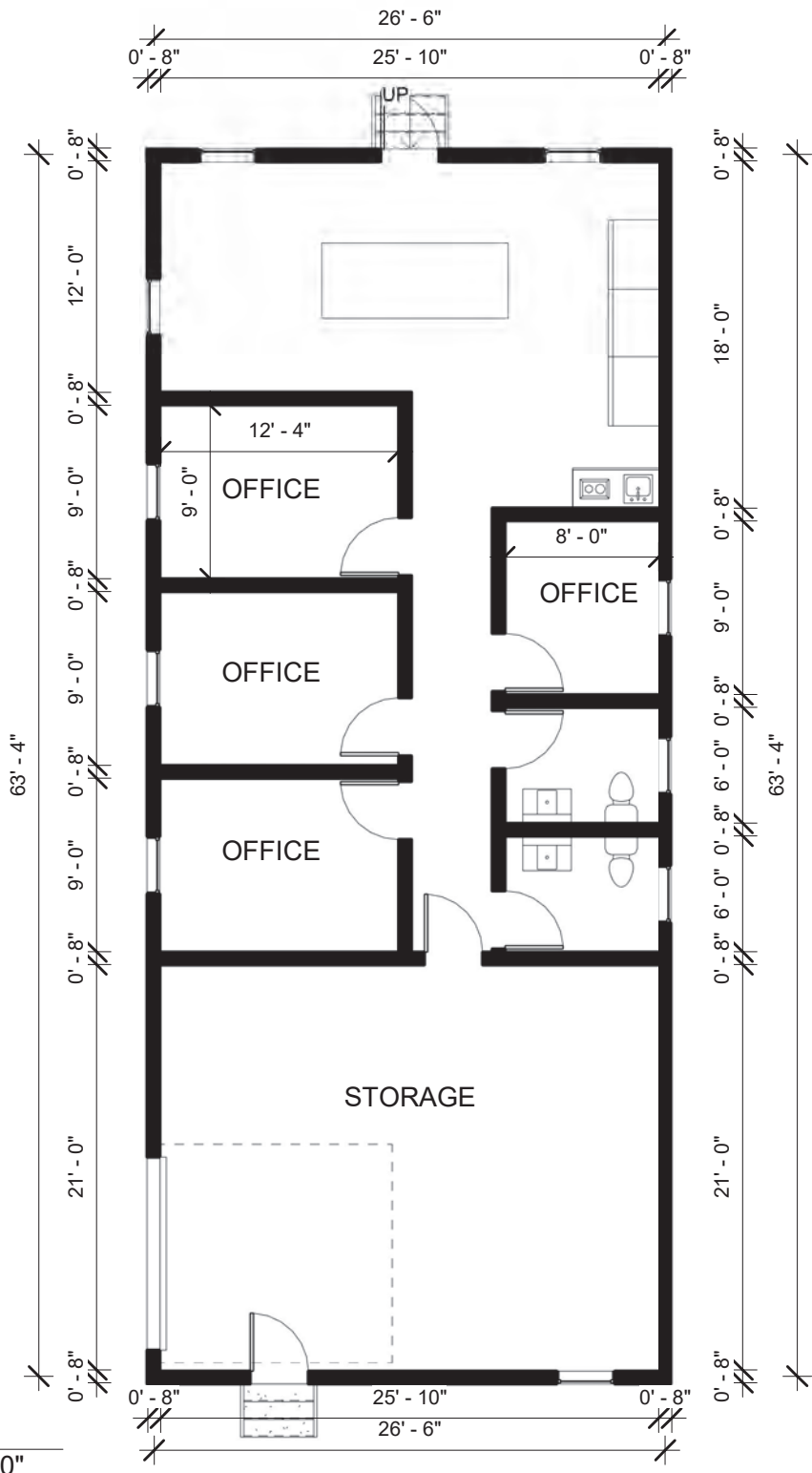
Signature: *James Kramer* 08/17/2022  
 James Kramer, MFL License No. 23668 Date

PROJECT NO. SUMME2201


**CERTIFICATE OF SURVEY**  
 Topographic and Property Boundary Survey

Summey Engineering Associates, PLLC  
 Section 06, Township 44 North, Range 30 West  
 Crow Wing County, Minnesota

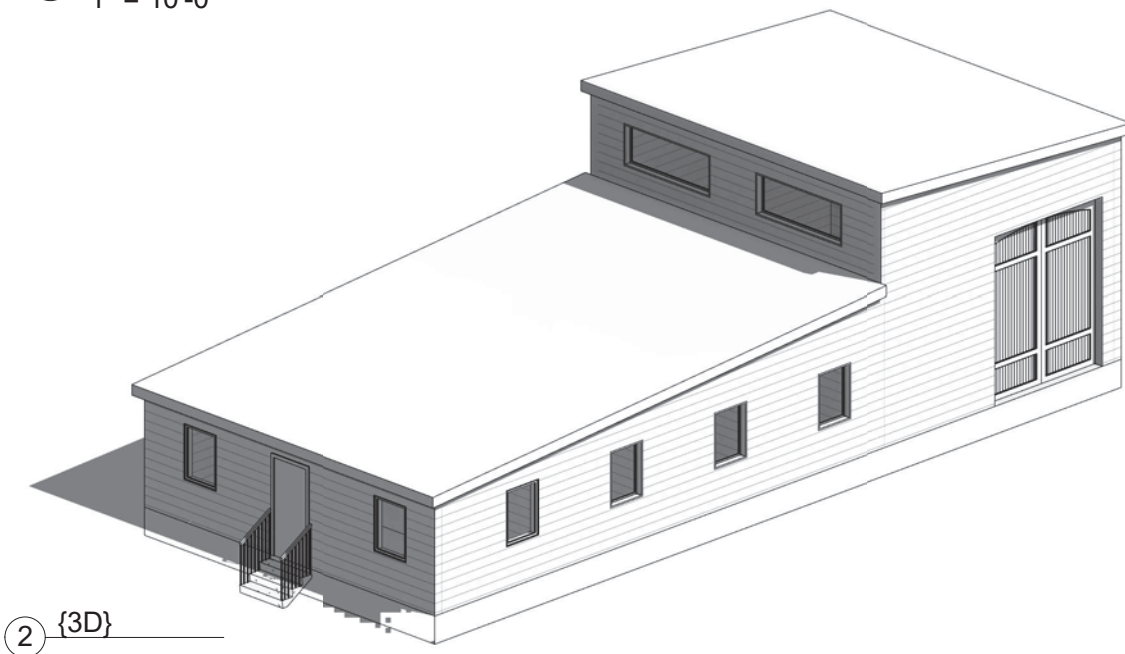
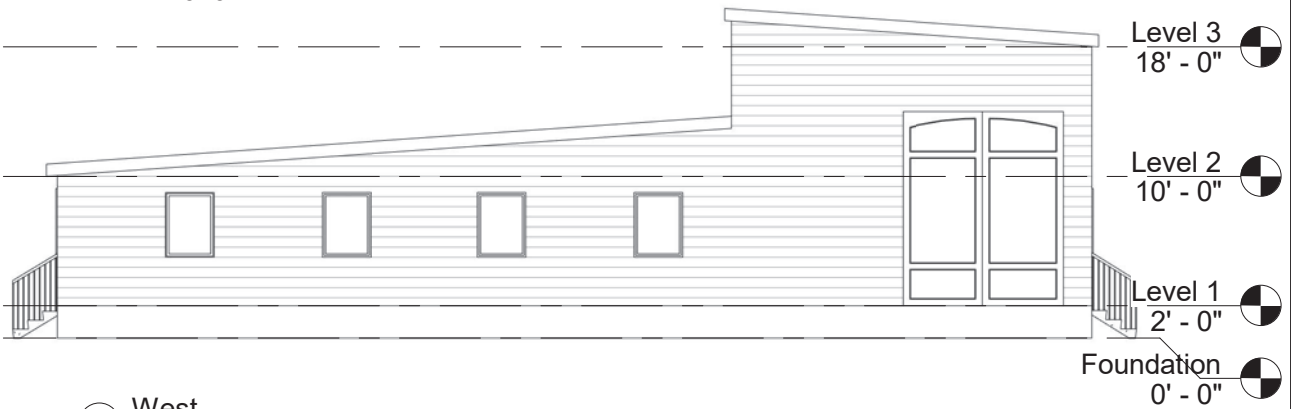
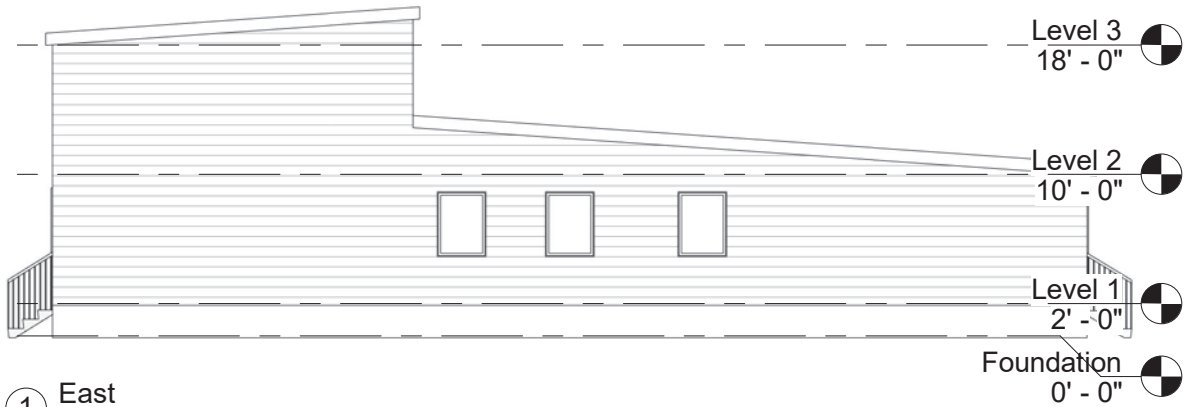
Sheet No. 1 of 1



① Level 1  
1/8" = 1'-0"

	Owner	FLOOR PLAN	
	Design FLOOR PLAN	Project number	1
Date		23/8/2022	
Drawn by		MOHAMED	
Checked by		Checker	Scale 1/8" = 1'-0"
www.autodesk.com/revit			

23/08/2022 08:34:52



[www.autodesk.com/revit](http://www.autodesk.com/revit)

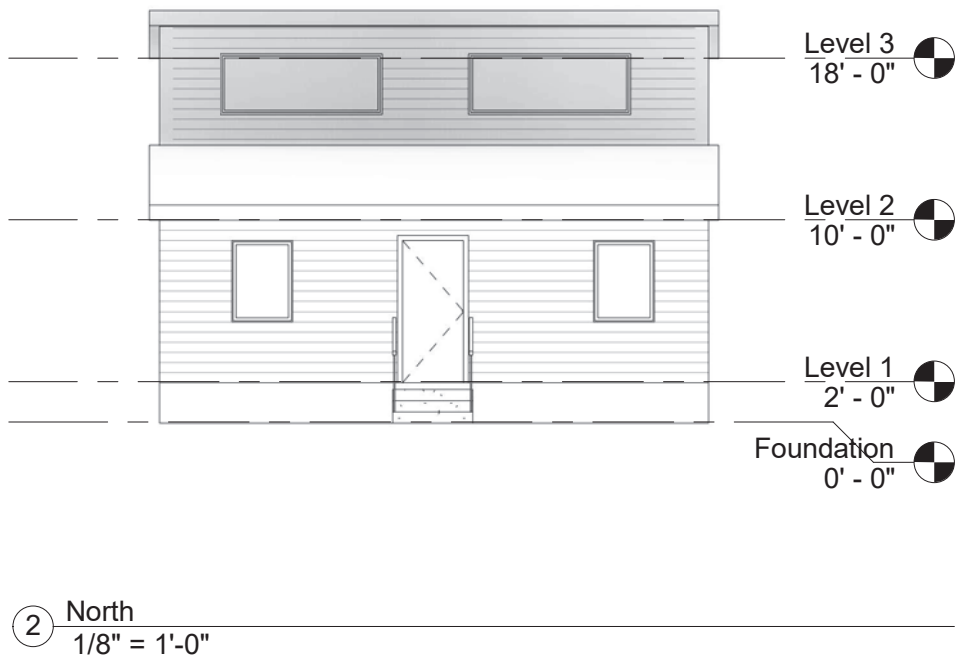
Owner


Design FLOOR PLAN

ELEVATIONS & 3D VIEW

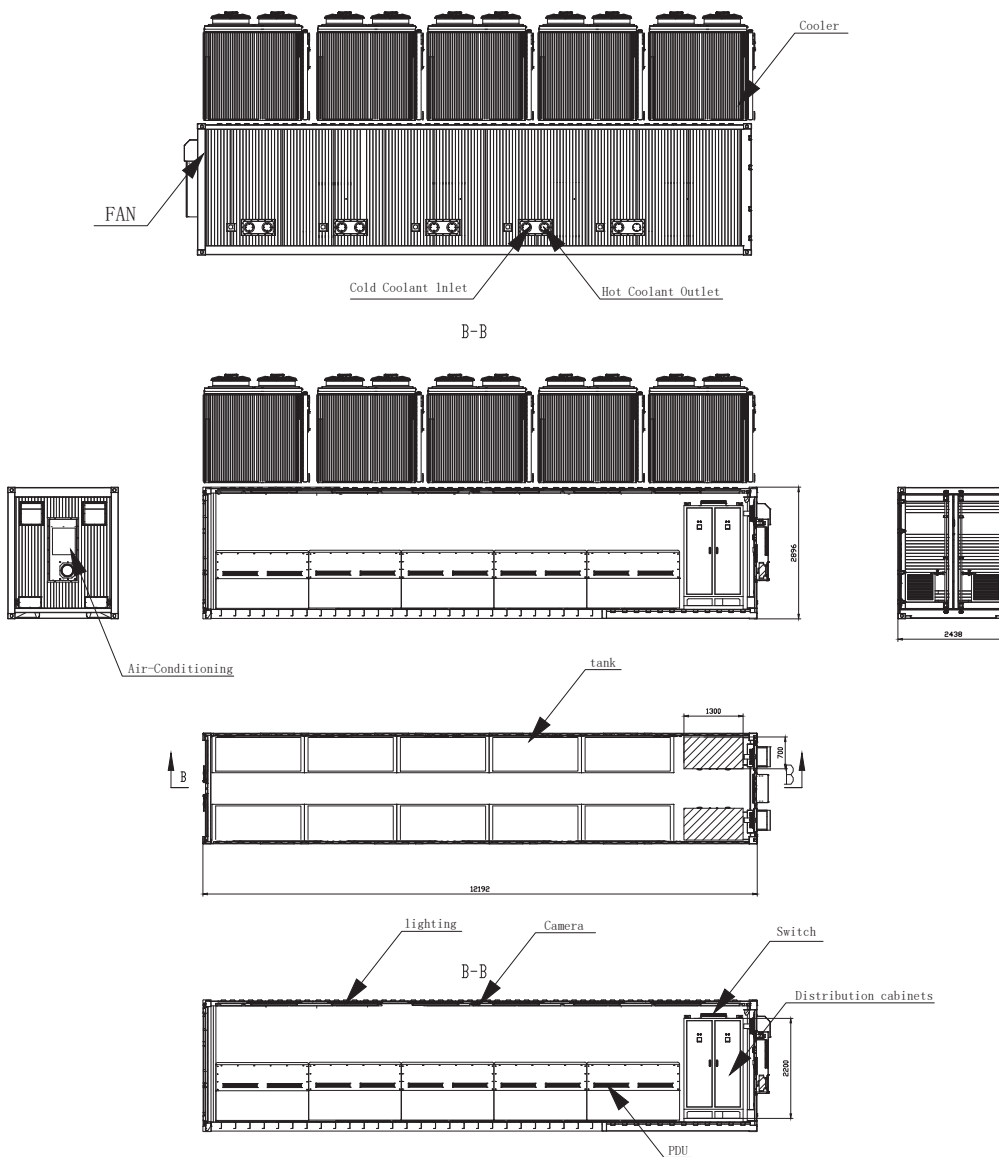
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Date	23/8/2022	
Drawn by	Author	
Checked by	Checker	Scale 1" = 10'-0"

23/08/2022 08:34:55




	Owner	ELEVATIONS	
	Design FLOOR PLAN	Project number	1
Date		23/8/2022	
Drawn by		Author	Scale 1/8" = 1'-0"
Checked by		Checker	

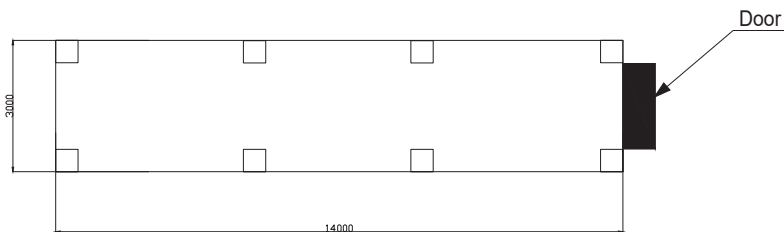
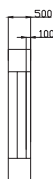
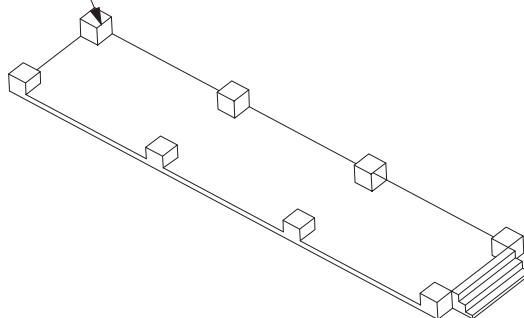
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Net weight of the container: 12T  
 Operating weight of the container: 30T  
 Net weight of 200kW air cooler:1.3T  
 Operating weight of 200kW air cooler:2.0T  
 Operating weight per set of air coolers (5 units):10T  
 Overall net weight: 18.5T  
 Overall operating weight:40T

TITLE:				
DESIGNED BY:	Jack	DATE:	QTY:	DWG No:
TECHNICALIZED BY:		DATE:	SIZE: A4	
CHECKED BY:	Derek	DATE:	WEIGHT:	
APPROVED BY:		DATE:		
SHEET 1 OF 1 SHEET				

Load 5.5t



Foundation bearing requirements:  
Container: 5.5T\*8

**\*\*Note:\*\***

1. Ensure the foundation is capable of supporting the weight of both the container and the dry cooler adequately.
2. The foundation design can be adapted based on the conditions of the site.

TITLE:				
DESIGNED BY:	Jack	DATE:	QTY:	DWG No:
TECHNICALIZED BY:		DATE:	SIZE: A4	
CHECKED BY:	Derek	DATE:	WEIGHT:	
APPROVED BY:		DATE:		
SHEET 1 OF 1 SHEET				



<b>Dry Cooler Spec</b>			
Model	FHDC-200	Ambient Temperature	30.0°C
Oil Cooling Capacity	200 kW	Inlet/Outlet Temperature Max	60/45°C
Dimensions	L-2350 * W-2235 * H-2450	Weight	1330kg
Inlet/Outlet Pipelines	DN50	Noise	71 dB(A)
Dry Cooler type	V-shape	Pre-cooling Spray System	Mist spray
<b>Fan Spec</b>			
Power supply	350V-480VAC- 3P - 50/60HZ	Type Fans	EC
Fan diameter	900 mm	Number of Fans	4
Control mode	Intelligent speed adjustment	Total Fan PowerMax	8040 W
<b>Oil Pump Spec</b>			
Power supply	350V-480V AC-3Phase-50/60HZ	Pump power	5.5kW
Number of pump	2	Pump Circulation Volume	28m³/h
Installation method	Integrated into the dry cooler		
<b>Outline diagram</b>			

Note:

- The pre-cooling spray system reduces the temperature of the air entering the dry cooler to improve its performance at high temperatures. Only used in extreme high temperature weather conditions. The user can activate or deactivate the system as needed. Use requires ensuring a reliable water supply, checking the spray heads regularly and preventing clogging.
- The final parameters may have some changes, and the final shipping parameters shall prevail.





EXECUTION COPY

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**PURCHASE AND DEVELOPMENT CONTRACT**

**By and Between**

**BRAINERD ECONOMIC DEVELOPMENT AUTHORITY**

**and**

**VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC**

**Dated as of: March 3, 2022**

---

This document was drafted by:  
KENNEDY & GRAVEN, Chartered  
150 South Fifth Street, Suite 700  
Minneapolis, Minnesota 55402  
Telephone: 612-337-9300

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## PURCHASE AND DEVELOPMENT CONTRACT

THIS AGREEMENT, made on or as of the 3rd day of March, 2022, by and between BRAINERD ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of Minnesota (the “Authority”), and VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC, a Delaware limited liability company (“Developer”).

WITNESSETH:

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

“City” means the City of Brainerd, Minnesota.

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

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

“County” means the County of Crow Wing, Minnesota.

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

“Development District” means the Authority’s Development District No. 2.

“Development Program” means the Authority’s Development Program for the Development District, as amended.

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

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

“Holder” means the owner of a Mortgage.

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

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

“State” means the State of Minnesota.

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

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

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

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

## ARTICLE II

### Representations and Warranties

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III

#### Conveyance of Development Property

##### Section 3.1. Status of the Development Property.

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

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

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

##### Section 3.3. Conditions of Conveyance.

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

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

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

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

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

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

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

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

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

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

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

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

### Section 3.5. Title.

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

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

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

### Section 3.6. Soils, Environmental Conditions.

(a) Before closing on conveyance of the Development Property from the Authority to the Developer, Developer may enter the Development Property and conduct any environmental or soils

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

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

Section 3.7. Representations and Warranties Regarding Development Property.

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

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

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

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

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

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

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

hereafter made, and shall survive Closing and execution and delivery of the deed.

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

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

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

## ARTICLE IV

### **Construction of Minimum Improvements**

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

Section 4.2. Construction Plans.

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

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

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

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Minimum Improvements within one

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

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

#### Section 4.4. Certificate of Completion.

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

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

(c) The construction of the Minimum Improvements shall be deemed to be commenced when the grading on the Development Property is substantially complete (as reasonably determined by the Authority Representative), and shall be deemed to be substantially

completed when Developer has received a certificate of occupancy issued by the City for the Minimum Improvements.

## ARTICLE V

### Insurance

#### Section 5.1. Developer Insurance.

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

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

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

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

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

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

## ARTICLE VI

### Delinquent Taxes and Review of Taxes

Section 6.1. [Intentionally Omitted.]

Section 6.2. Review of Taxes. Developer agrees that, prior to the Termination Date, it will not apply for a deferral of property tax on the Development Property pursuant to any law, or

transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the Authority in accordance with this Agreement).

## ARTICLE VII

### Financing

#### Section 7.1. Financing.

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

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

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

Section 7.3. Subordination and Modification for the Benefit of Mortgagee. In order to facilitate the Developer obtaining financing for construction of the Minimum Improvements according to the Construction Plans, the Authority agrees to subordinate its rights under this Agreement, including without limitation its rights of reversion under Sections 9.3 and 9.4 hereof, provided that (a) such subordination shall be subject to such reasonable terms and conditions as

the Authority and Holder mutually agree in writing, and (b) the Authority's obligation to subordinate is contingent on the Authority's approval of the financing in accordance with Section 7.1 hereof.

## ARTICLE VIII

### **Prohibitions Against Assignment and Transfer; Indemnification**

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

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

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

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

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

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

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

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

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

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

obligations under this Agreement. If Developer fails to provide such evidence of transfer and assumption, Developer shall remain bound by all obligations with respect to the subject property under this Agreement; and

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

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

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

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

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

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

## ARTICLE IX

### Events of Default

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

any other agreement entered into between Developer and the Authority in connection with development of the Development Property.

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

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

(b) Cancel and rescind or terminate the Agreement.

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

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

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

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

(c) there is, in violation of the Agreement, any Transfer of the parcel in violation of the terms of Section 8.2, and such violation is not cured within sixty (60) days after written demand by

the Authority to Developer, or if the event is by its nature incurable within 60 days, Developer does not, within such 60-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible; or

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

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

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

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

(a) First, to reimburse the Authority for all costs and expenses reasonably incurred by them, including but not limited to salaries of personnel, in connection with the recapture,

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

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

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

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

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

## ARTICLE X

### Additional Provisions

Section 10.1. Conflict of Interests: Authority Representatives Not Individually Liable. The Authority and Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects their personal interests or the interests of any

corporation, partnership, or association in which they are, directly or indirectly, interested. No member, official, or employee of the Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the Authority for any amount which may become due to Developer or successor or on any obligations under the terms of the Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**SCHEDULE A**

**DEVELOPMENT PROPERTY**

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

## SCHEDULE B

### FORM OF QUIT CLAIM DEED

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

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

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

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

#### SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the Grantor and Grantee on the 3rd day of March, 2022, identified as “Purchase and Development Contract” (hereafter referred to as the “Agreement”) and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for the purchase of the Property hereby conveyed or for erecting the Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement, any applicable development program and applicable provisions of the zoning ordinance of the City of Brainerd, Minnesota, or for the refinancing of the same.

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

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

or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

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

## SECTION 2.

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

## SECTION 3.

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

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

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

not have any right to re-enter the Property or re-vest in the Grantor the estate conveyed by this Deed on grounds of Grantee's failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to:

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

(b) [Other encumbrances if applicable]

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



**SCHEDULE C**

**CERTIFICATE OF COMPLETION**

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

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

and

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

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

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

Dated: \_\_\_\_\_, 20\_\_.

BRAINERD ECONOMIC DEVELOPMENT  
AUTHORITY

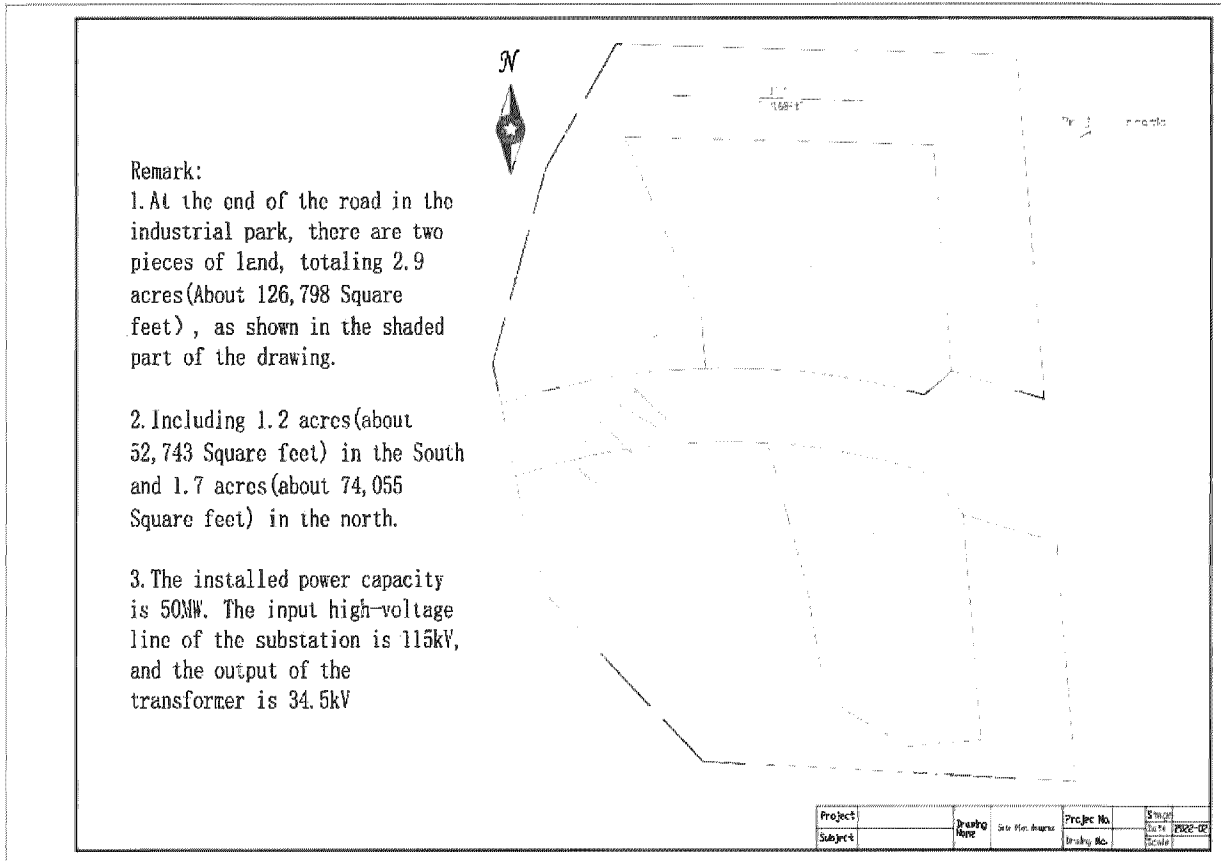
By \_\_\_\_\_  
Authority Representative

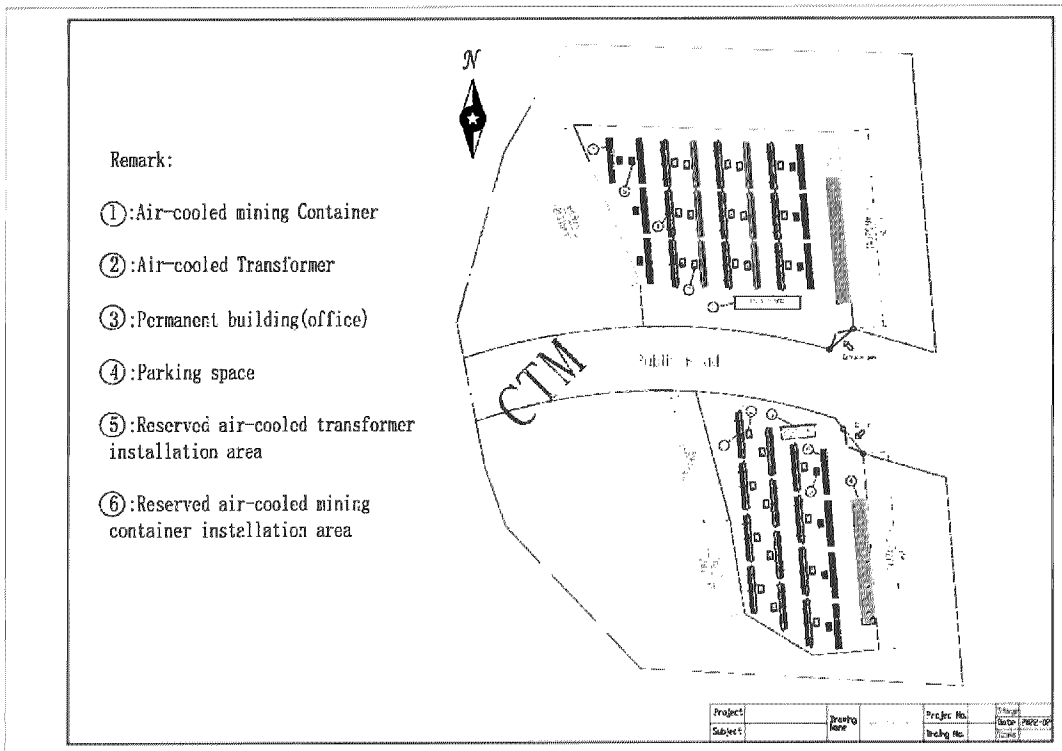
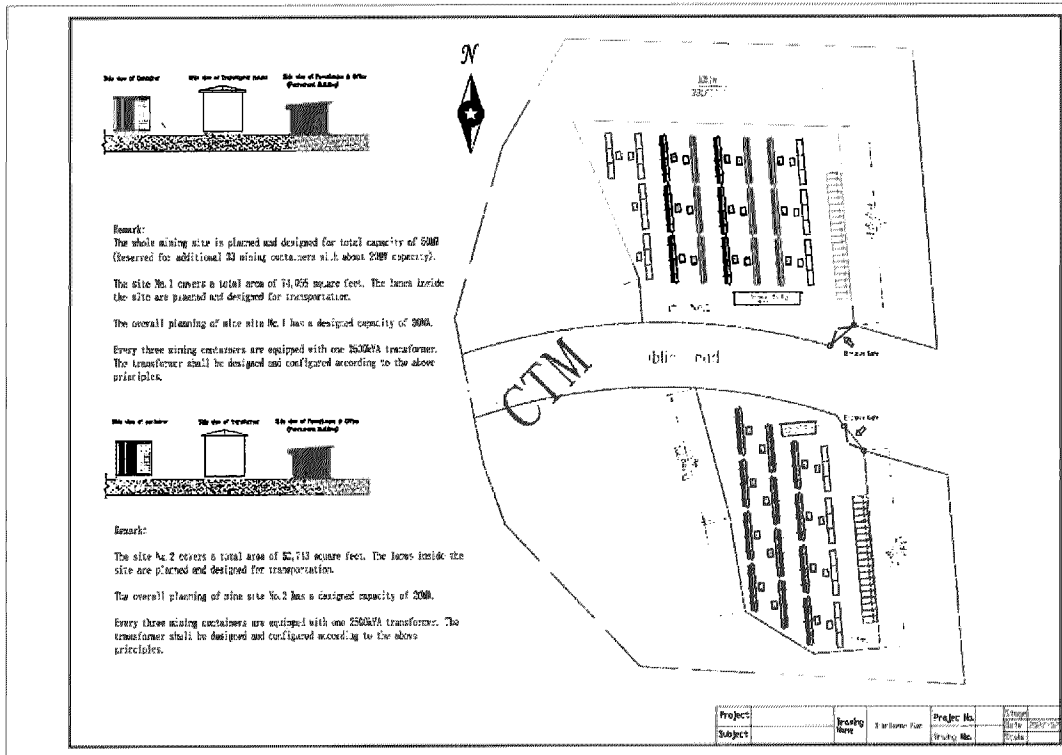
This Document was drafted by:

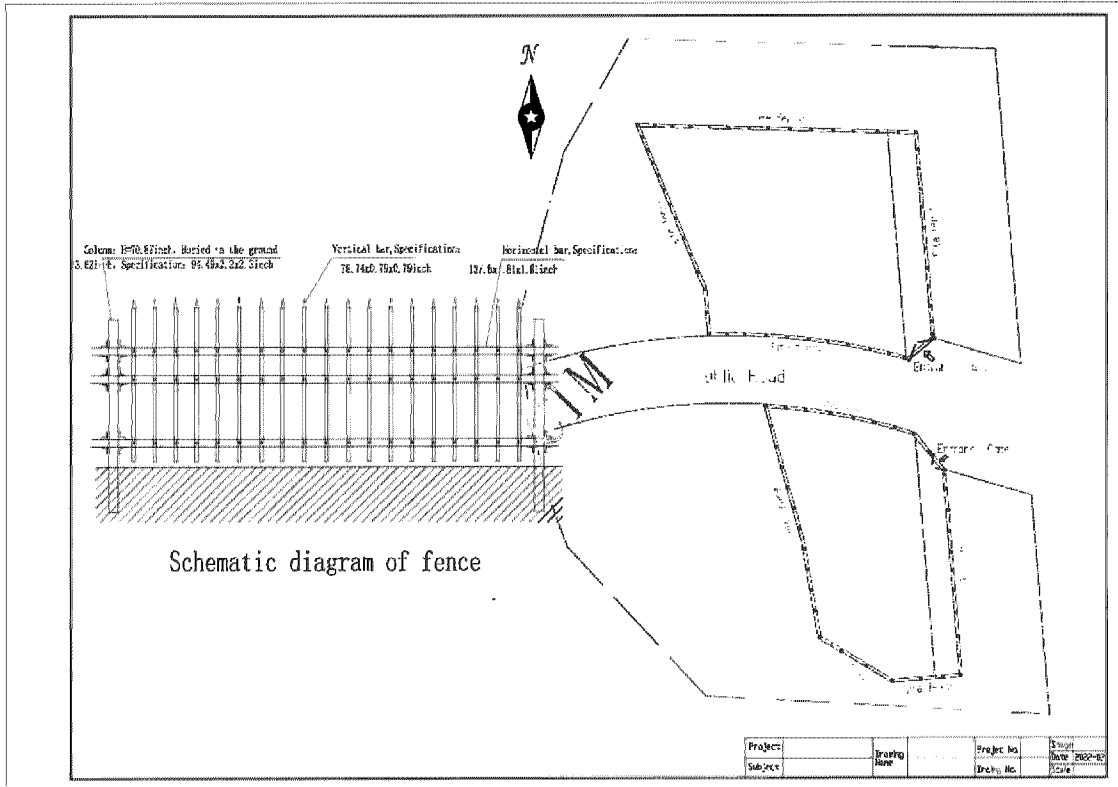
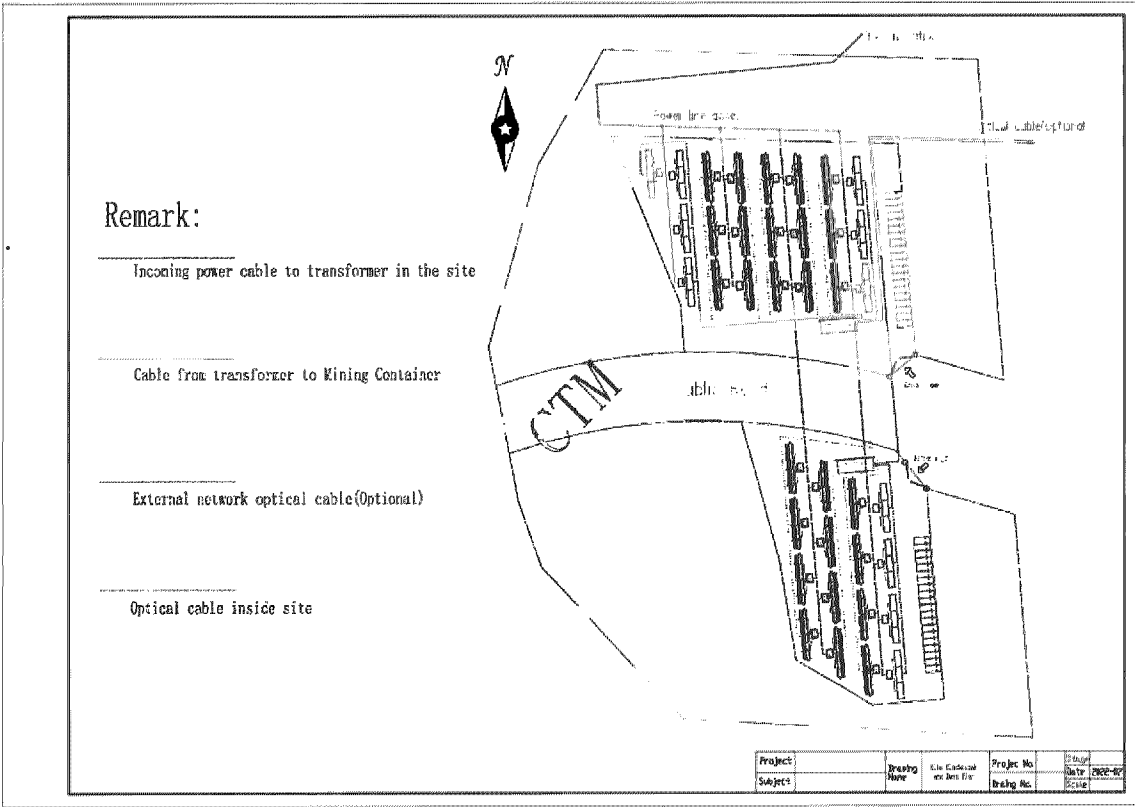
KENNEDY & GRAVEN, Chartered  
150 South 5<sup>th</sup> Street, Suite 700  
Minneapolis, Minnesota 55402  
(612) 337-9300

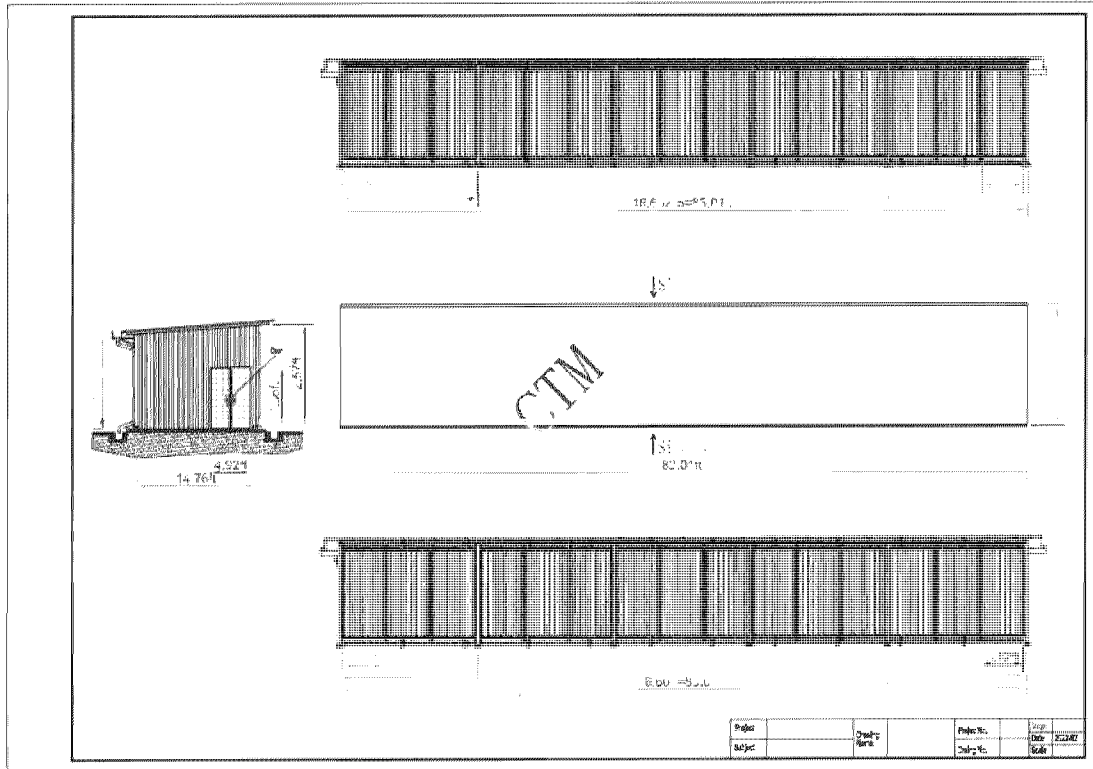
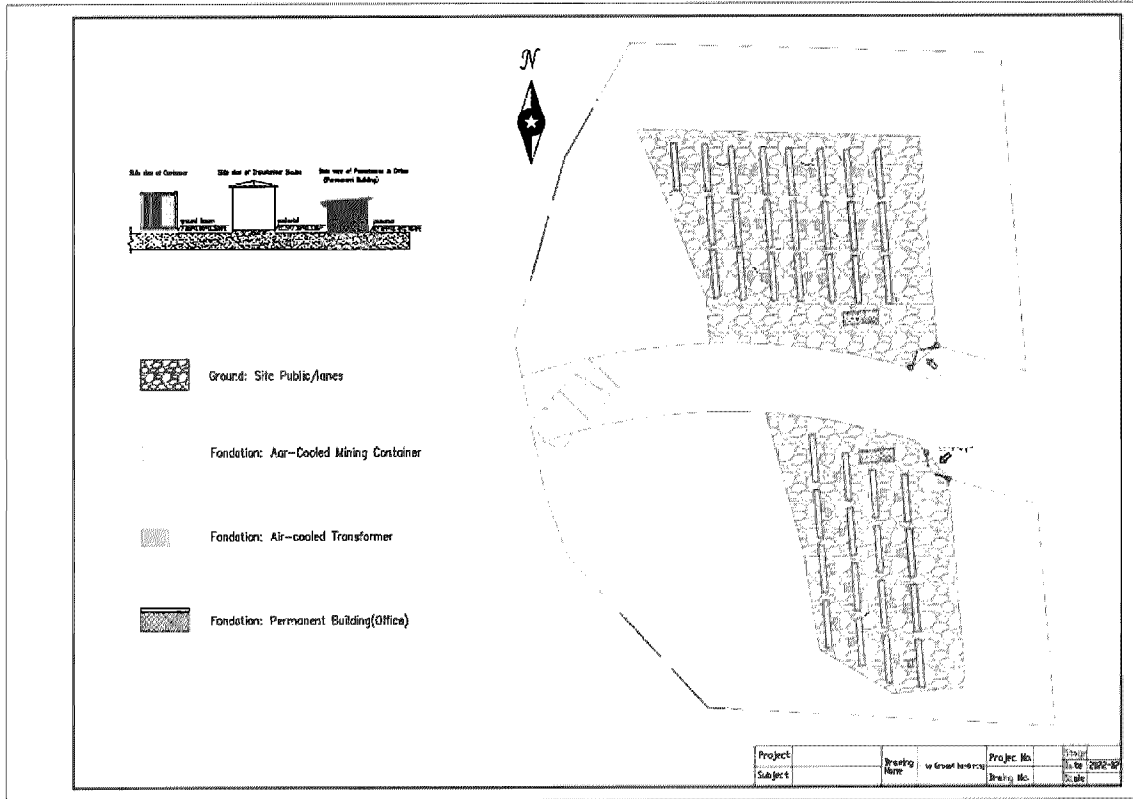
## SCHEDULE D

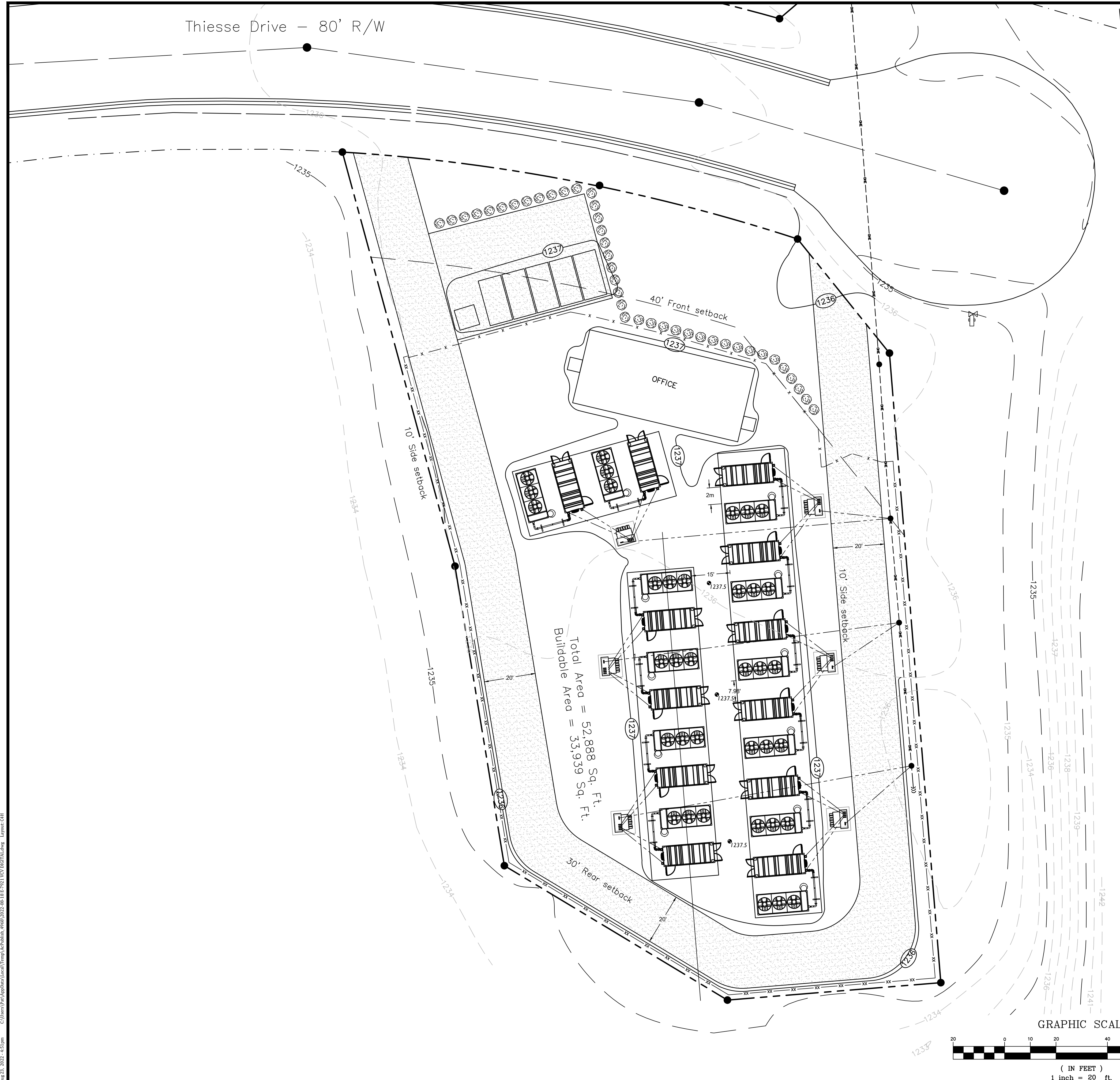
### MINIMUM IMPROVEMENTS











Thiesse Drive - 80' R/W

Total Area = 52,888 Sq. Ft.  
Buildable Area = 33,939 Sq. Ft.

- LEGEND:**
- - - 34.5 KV OH LINES
  - 2.5 MVA TRANSFORMER
  - - - PROPERTY LINES
  - x - 8' PRIVACY FENCE
  - x x - 8' CHAIN LINK FENCE W/ BARBED WIRE
  - - - UG ELECTRICAL LINES
  - - - ACCESS ROADS
  - - - DOWN GUY
  - SHRUBS
  - 1236.5 SPOT ELEVATION



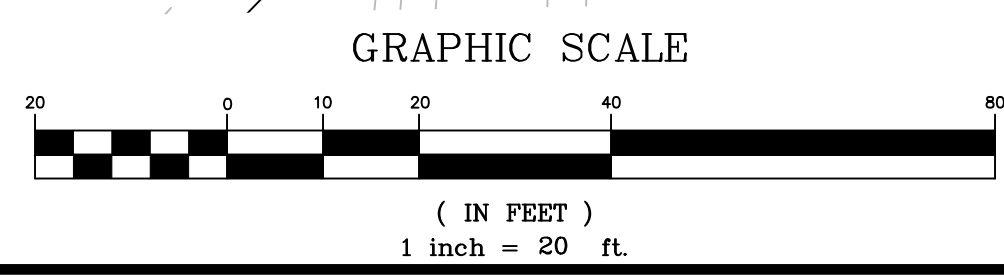
- MAPPING LEGEND**
- SANITARY SEWER MANHOLE
  - HYDRANT
  - SEWER CLEANOUT
  - BURIED GAS LINE
  - SANITARY SEWER PIPE
  - WATER LINE
  - CONTOUR (MAJOR)
  - CONTOUR (MINOR)
  - CONCRETE
  - BITUMINOUS

TOTAL AREA = 52888.09 Sq. Ft. = 1.214 ACRES  
 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.



*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





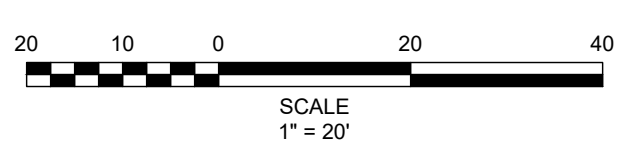
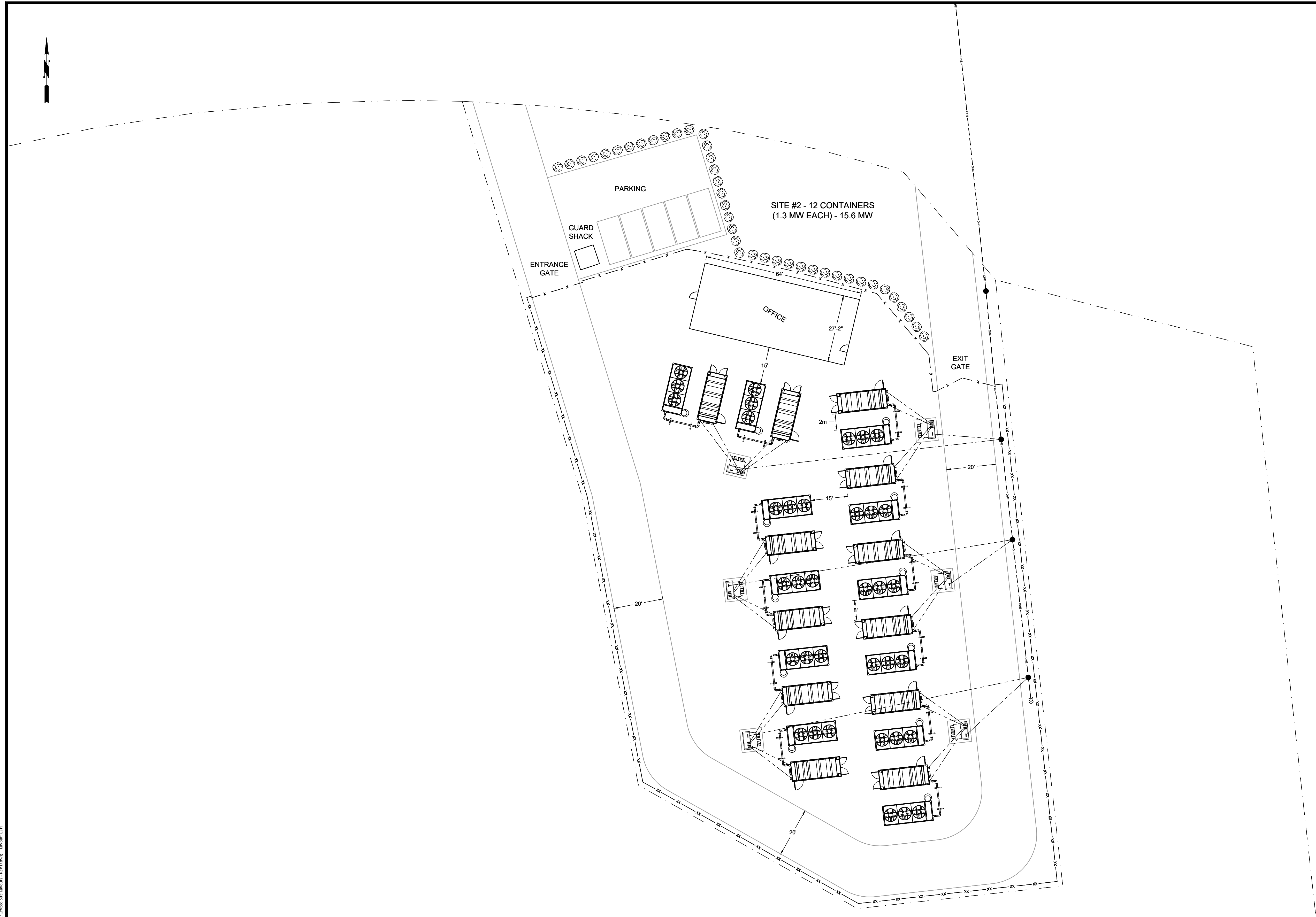
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		<p><b>UTEC</b> UTILITY TECHNOLOGY          ENGINEERS - CONSULTANTS, PLLC          P.O. Box 2629 • Asheboro, North Carolina • 27204</p>	
NO.	REVISIONS	DATE	DATE
A	EDA SUBMITTAL	08/23/22	08/23/22
<p>DWN: PBC          SCALE: 1" = 20'</p>		<p>DATE: 08/23/22          JOB NO.: 220302</p>	<p>DWG. NO.: C4H          SHEET NO.: 1 OF 1</p>

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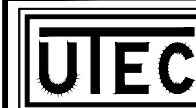
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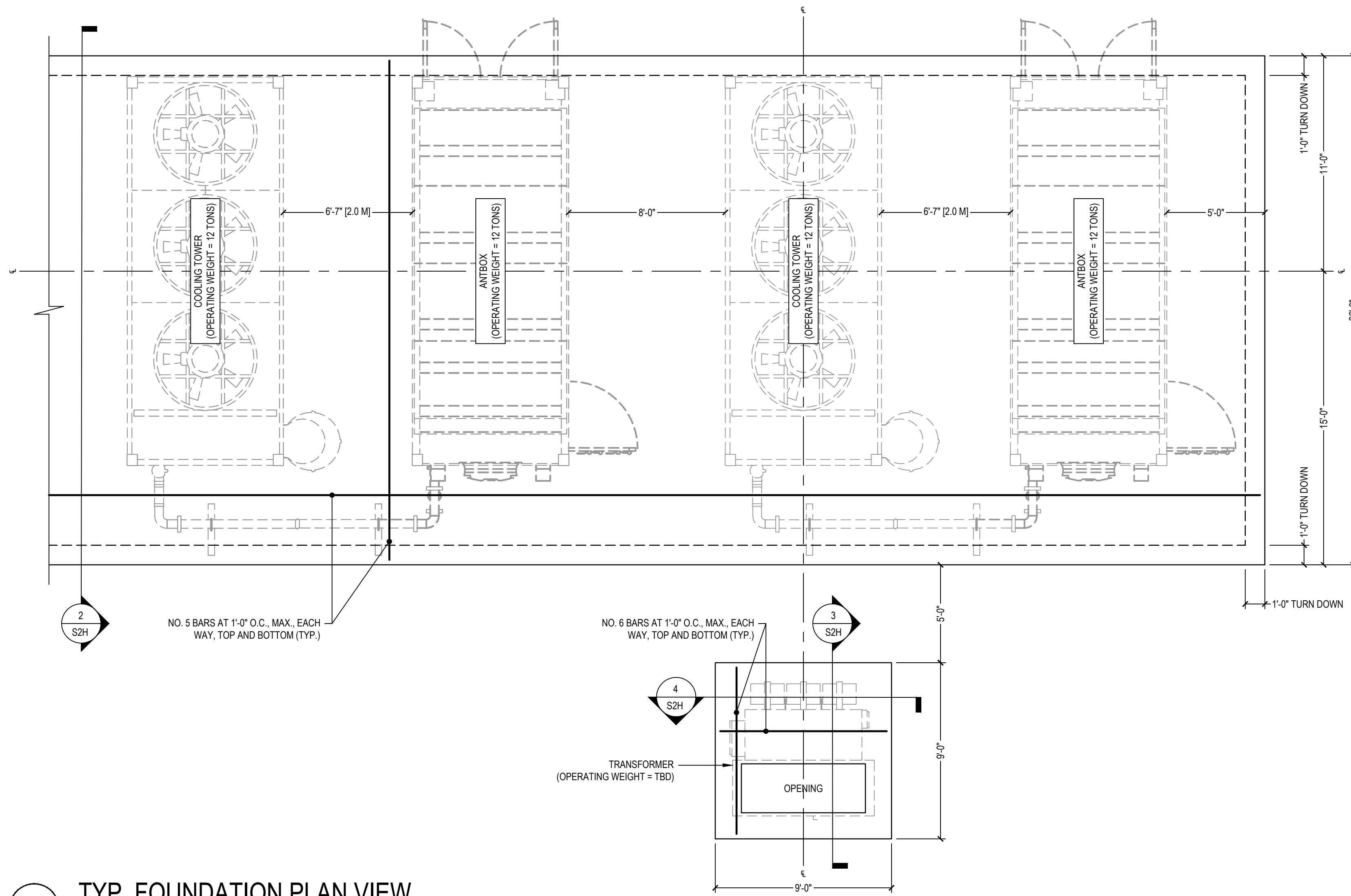
**NOTE:**  
 1. THIS LAYOUT IS FOR CONCEPTUAL REVIEW ONLY. NOT INTENDED AS FINAL DESIGN.

- LEGEND:**
- 34.5 KV OH LINES
  -  2.5 MVA TRANSFORMER
  - - - PROPERTY LINES
  - x - 8' PRIVACY FENCE
  - x x - 8' CHAIN LINK FENCE W/ BARBED WIRE
  - - - UG ELECTRICAL LINES
  - - - ACCESS ROADS
  - >>> DOWN GUY
  -  SHRUBS



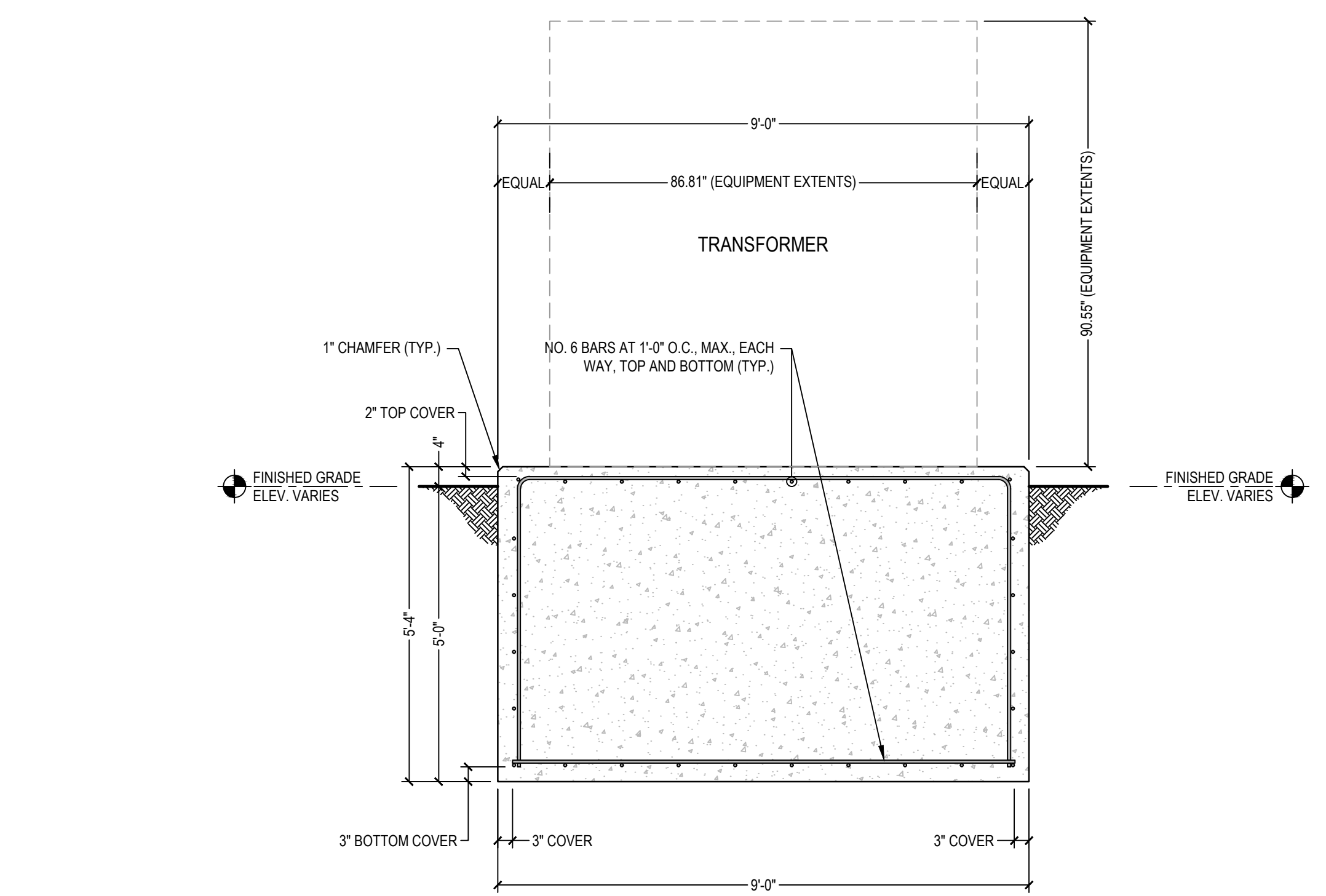
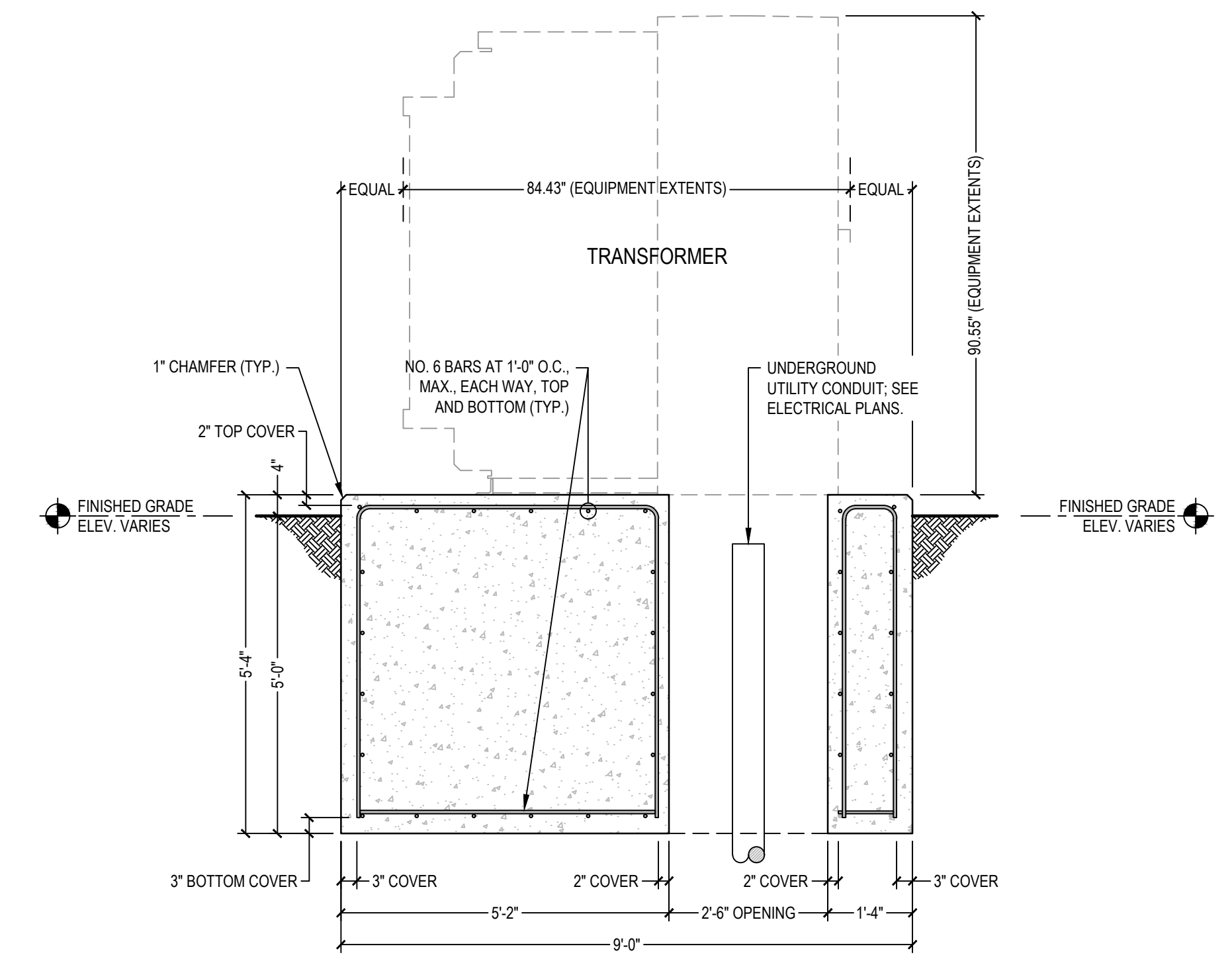
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		<b>PRELIMINARY</b>		<b>VCV DIGITAL GROUP</b> BRAINERD, MN <b>BRAINERD INDUSTRIAL PARK</b> <b>CRYPTO SITE #2 LAYOUT</b> <b>ANTSPACE CONTAINERS</b>	
		NOT TO BE USED FOR CONSTRUCTION REVISION 08/23/22			
D	EDA SUBMITTAL	08/23/22	 <b>UTILITY TECHNOLOGY</b> ENGINEERS - CONSULTANTS, PLLC P.O. Box 2629 • Asheboro, North Carolina • 27204 BWN LMB DATE: 07/15/22 DWG. NO. C2H SCALE: 1" = 20' JOB NO. 220302 SHEET NO. 1 OF 1		
C	TOWN COMMENTS	08/17/22			
B	ADD CONTAINERS	07/28/22			
A	CONCEPTUAL LAYOUT	07/27/22			
NO.	REVISIONS	DATE			



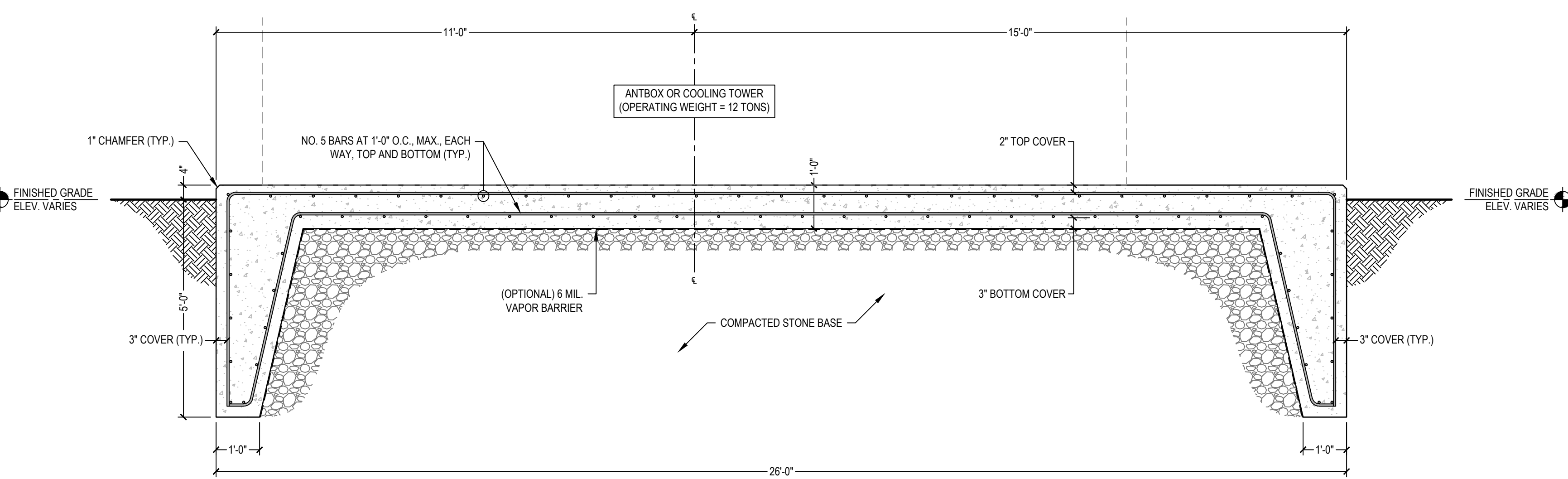
1 TYP. FOUNDATION PLAN VIEW  
SCALE: 1/4" = 1'-0"

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.



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

Aug 23, 2022, 3:17pm P:\E-7921\ITFC - VCV Digital - Brainerd, MN 56401\DWG\Building & Structure\2022\08-22-ITFC - VCV Digital - Structural - PRELIM (E-7921).dwg Layout S2H

**Summey Engineering Associates, PLLC**  
 Engineering - Consulting - Surveying  
 PO Box 968, Asheboro, NC 27204  
 Ph: 336-328-0902 Fax: 336-328-0922  
 www.summeyengineering.com

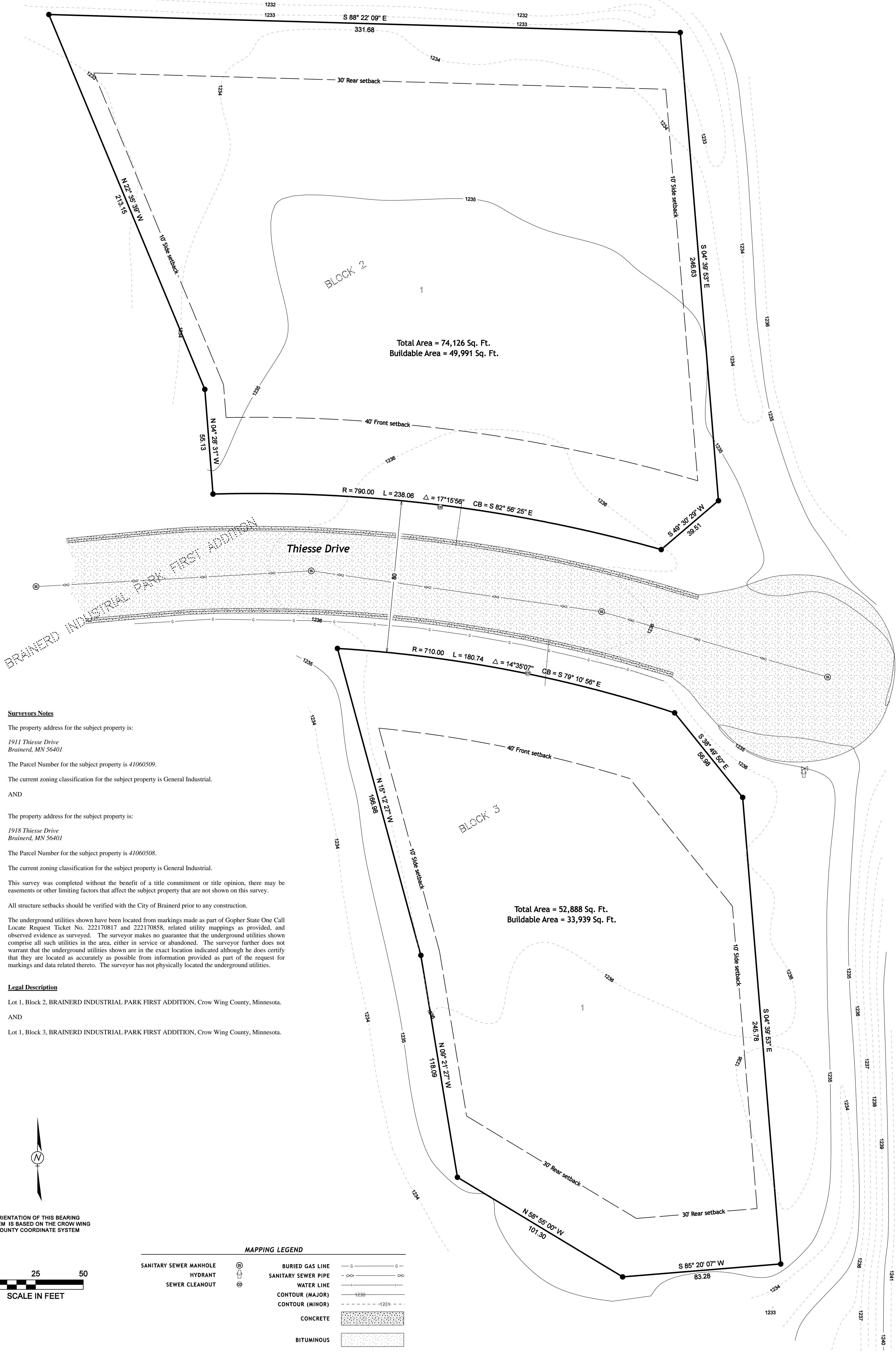
PRELIMINARY		
NOT TO BE USED FOR CONSTRUCTION		
REVISION	08/23/2022	
A	EDA SUBMITTAL	08.23.2022
NO.	REVISIONS	DATE

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

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

DWG. NO.	WBA	DATE:	08/23/22	DWG. NO.	S2H
SCALE:	AS NOTED	JOB NO.:	220302	SHEET NO.:	1 OF 1

SEA JOB NO. E-7921



Total Area = 74,126 Sq. Ft.  
Buildable Area = 49,991 Sq. Ft.

Total Area = 52,888 Sq. Ft.  
Buildable Area = 33,939 Sq. Ft.

**Surveyors Notes**

The property address for the subject property is:  
1911 Thiesse Drive  
Brainerd, MN 56401  
The Parcel Number for the subject property is 41060509.  
The current zoning classification for the subject property is General Industrial.  
AND

The property address for the subject property is:  
1918 Thiesse Drive  
Brainerd, MN 56401  
The Parcel Number for the subject property is 41060508.  
The current zoning classification for the subject property is General Industrial.

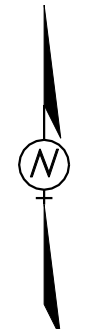
This survey was completed without the benefit of a title commitment or title opinion, there may be easements or other limiting factors that affect the subject property that are not shown on this survey.

All structure setbacks should be verified with the City of Brainerd prior to any construction.

The underground utilities shown have been located from markings made as part of Gopher State One Call Locate Request Ticket No. 222170817 and 222170858, related utility mappings as provided, and observed evidence as surveyed. The surveyor makes no guarantee that the underground utilities shown comprise all such utilities in the area, either in service or abandoned. The surveyor further does not warrant that the underground utilities shown are in the exact location indicated although he does certify that they are located as accurately as possible from information provided as part of the request for markings and data related thereto. The surveyor has not physically located the underground utilities.

**Legal Description**

Lot 1, Block 2, BRAINERD INDUSTRIAL PARK FIRST ADDITION, Crow Wing County, Minnesota.  
AND  
Lot 1, Block 3, BRAINERD INDUSTRIAL PARK FIRST ADDITION, Crow Wing County, Minnesota.



ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE CROW WING COUNTY COORDINATE SYSTEM



**MAPPING LEGEND**

SANITARY SEWER MANHOLE	⊙	BURIED GAS LINE	—○—
HYDRANT	⊕	SANITARY SEWER PIPE	—○—
SEWER CLEANOUT	⊕	WATER LINE	—○—
		CONTOUR (MAJOR)	—○—
		CONTOUR (MINOR)	—○—
		CONCRETE	▨
		BITUMINOUS	▨

NO.	REVISIONS SINCE INITIAL DATE OF	DATE

**KLD**  
KRAMER LEAS DELEO  
SURVEYING • ENGINEERING • PLANNING  
BRainerd ST. CLOUD

1120 Industrial Park Road  
Brainerd, MN 56401  
218-828-5333

13 North 11th Avenue  
St. Cloud, MN 56303  
320-259-1298

I HEREBY CERTIFY THAT THIS PLAN, SURVEY, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY REGISTERED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF MINNESOTA.

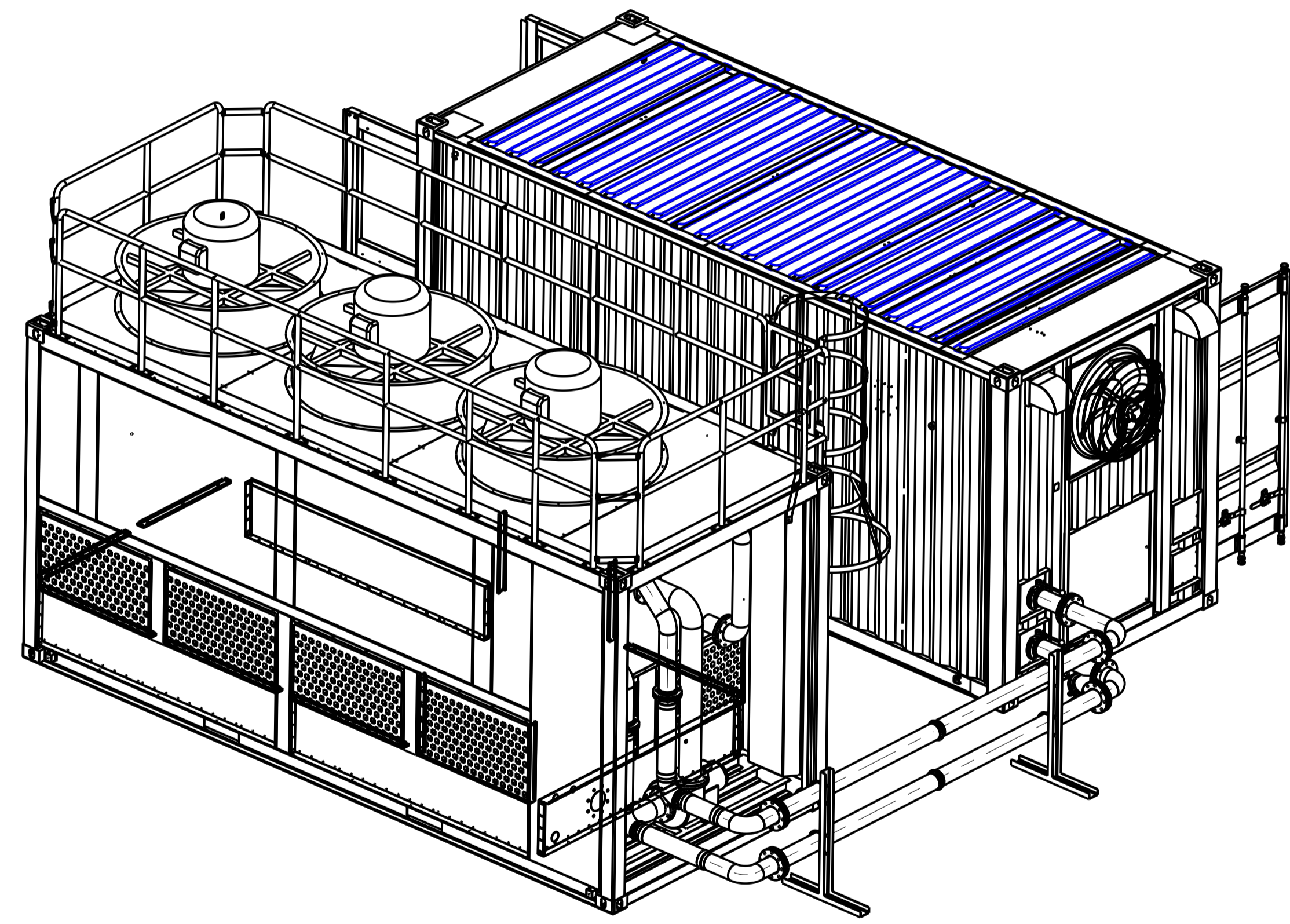
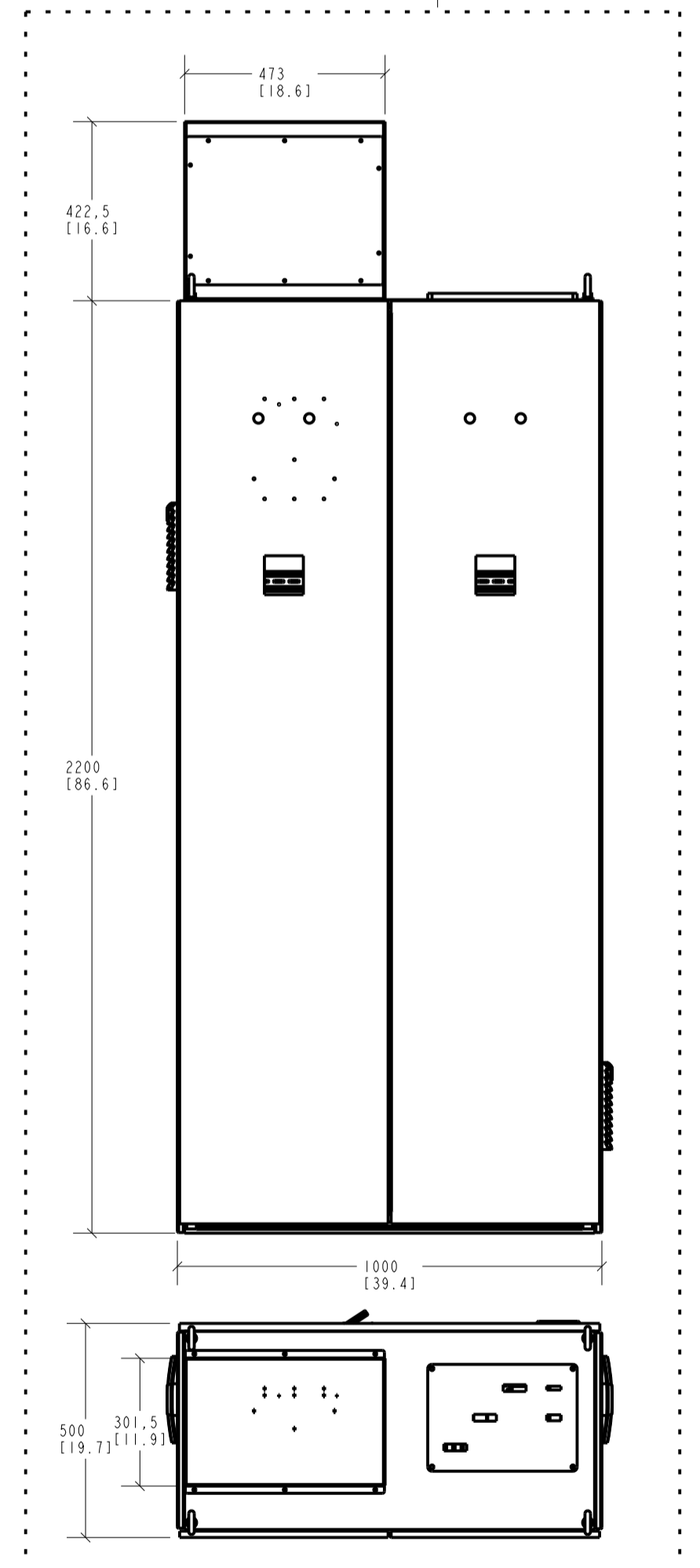
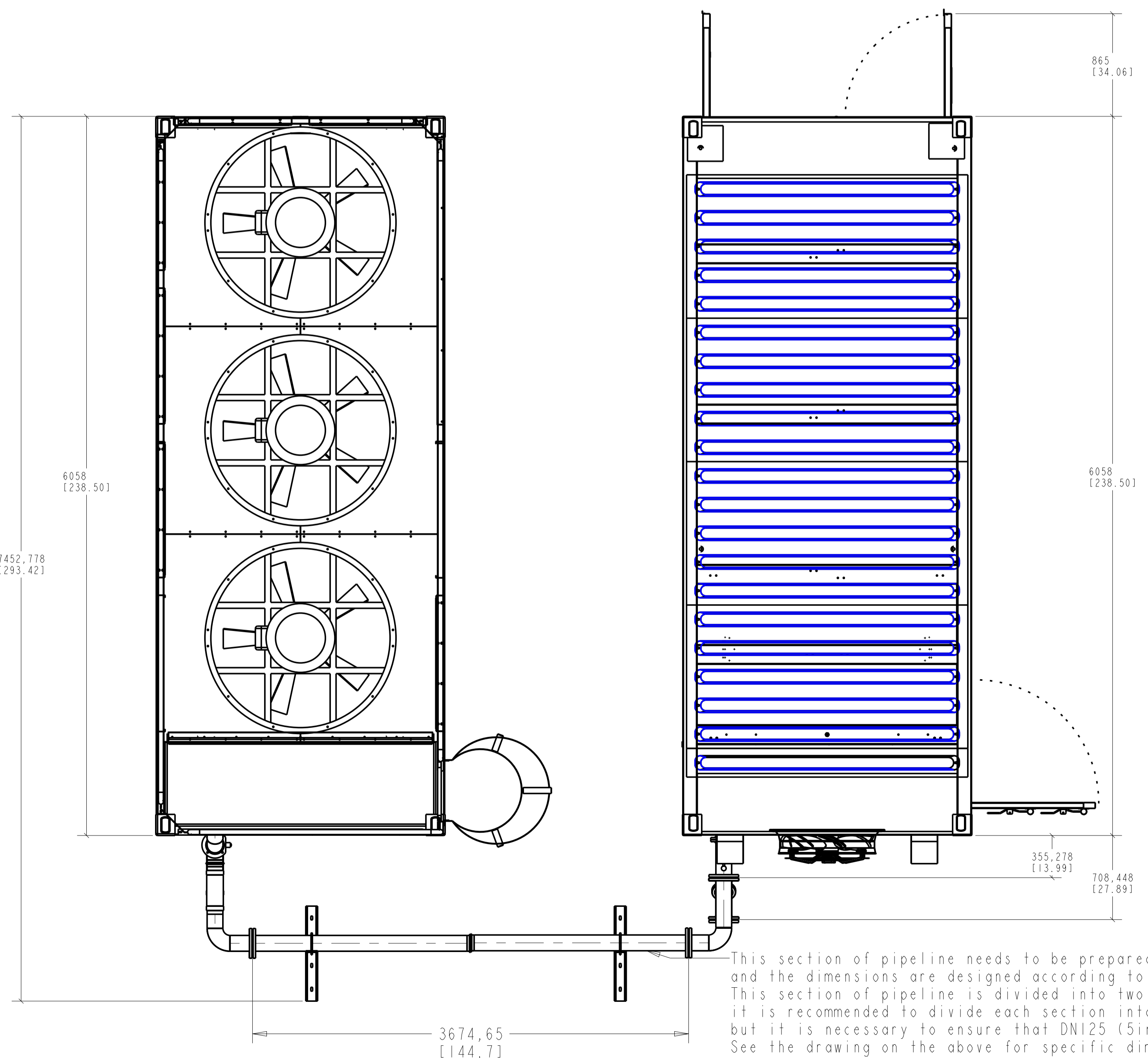
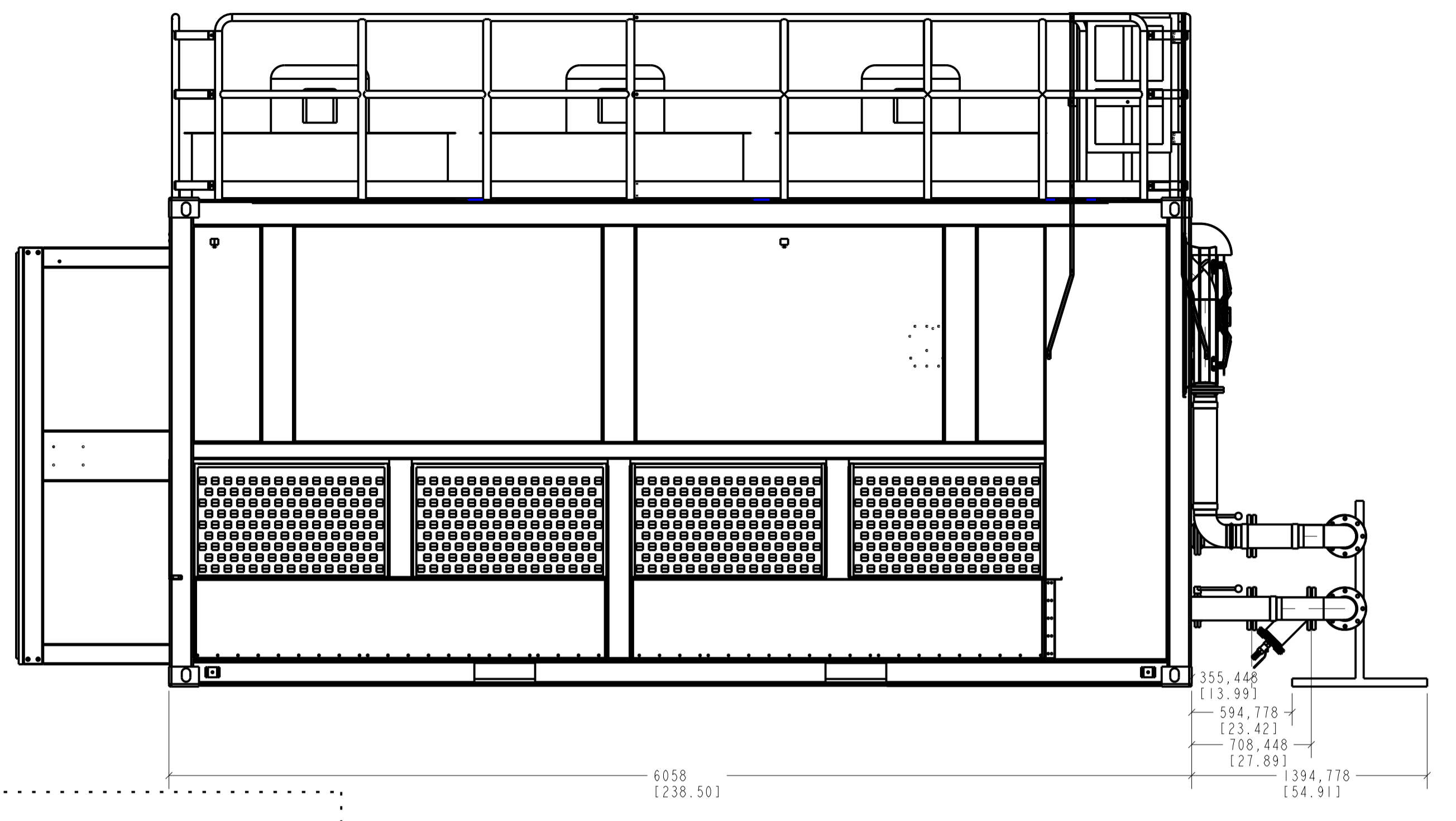
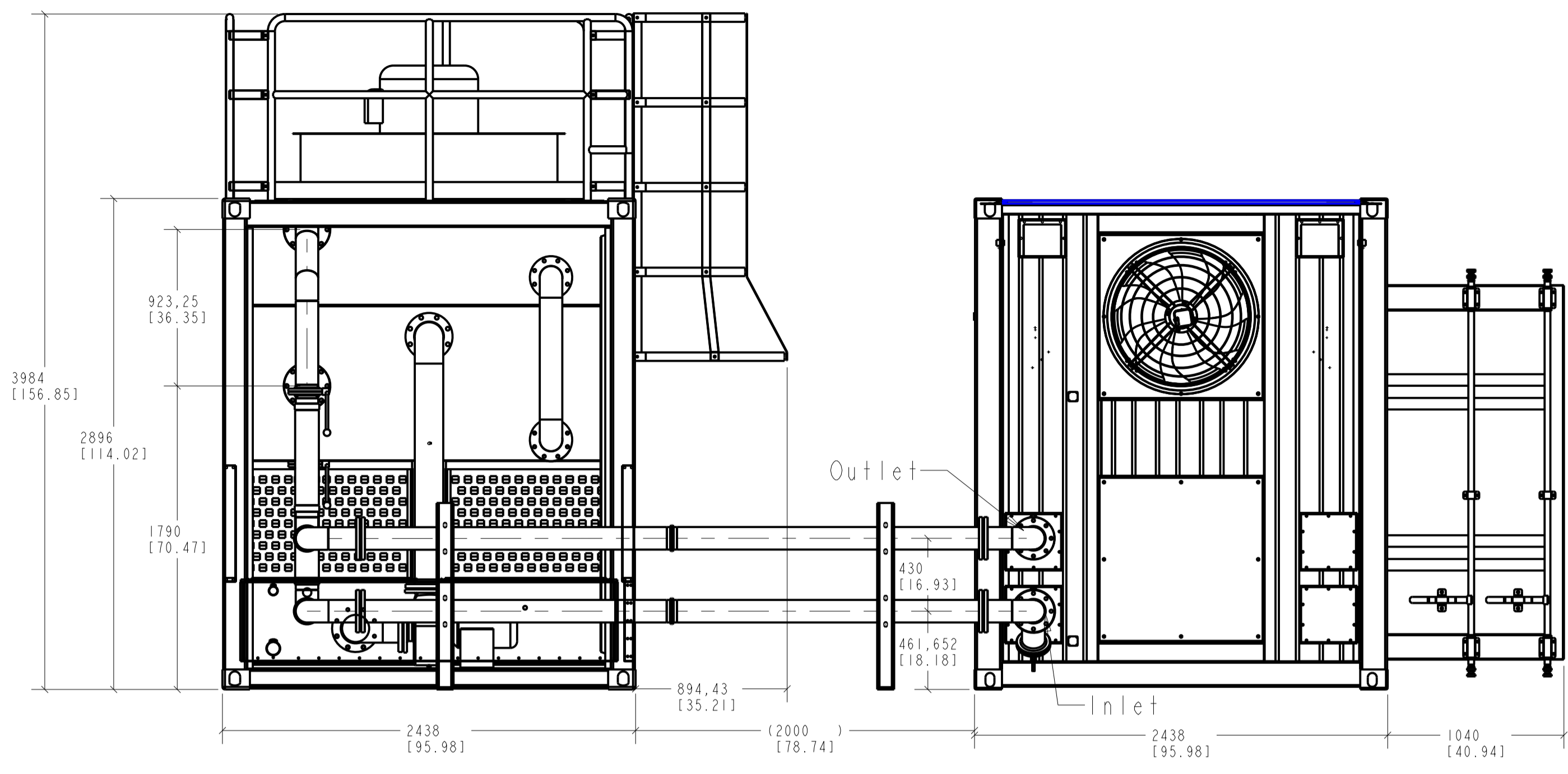
Signature: *James Kramer* 08/17/2022  
James Kramer, MN License No. 23668 Date

PROJECT NO. SUMME2201

**CERTIFICATE OF SURVEY**  
Topographic and Property Boundary Survey

Summey Engineering Associates, PLLC  
Section 06, Township 44 North, Range 30 West  
Crow Wing County, Minnesota

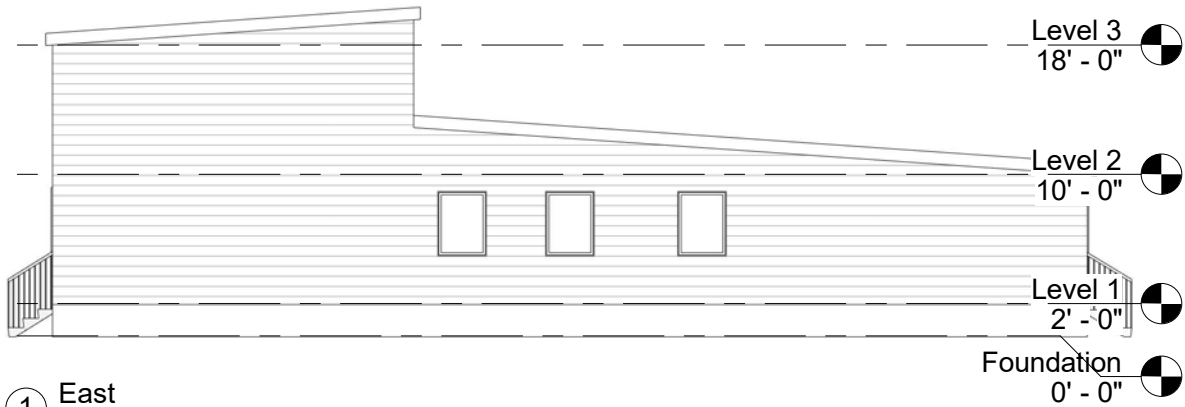
Sheet No. 1 of 1



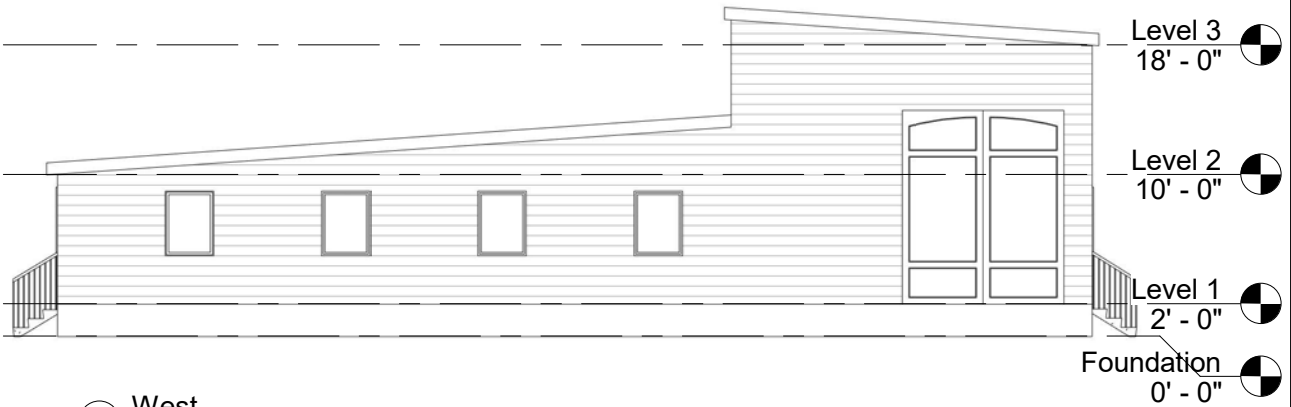
Note:  
 1. The upper dimension of all dimensions is in millimeters and the lower dimension is in inches.  
 2. Inlet and Outlet specification: DNI25(5in)/304/PN16 Loose plate steel pipe flanges with lapped end(GB/T 9122-2000).  
 3. Two power distribution cabinets are arranged on the mirror surface. The dimension of single power distribution cabinet is 1000\*500\*2200mm(L\*W\*H). Each power distribution cabinet has an 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).

This section of pipeline needs to be prepared on site according to the distance between Antspace and the cooling tower, and the dimensions are designed according to the distance of two meters between Antspace and the cooling tower; This section of pipeline is divided into two sections. In order to facilitate transportation and installation, it is recommended to divide each section into two sections. The intermediate connection mode is not limited, but it is necessary to ensure that DNI25 (5in) / 304 / PN16 flange is used at the connection with Antspace or cooling tower; See the drawing on the above for specific dimensions.

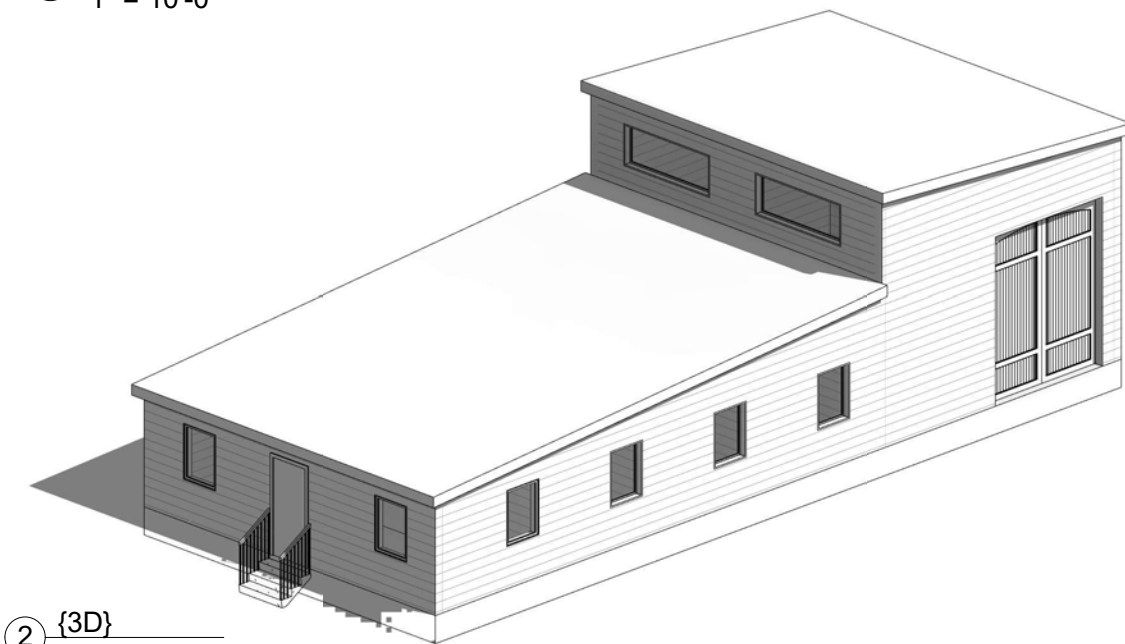
AntSpace HK3								Bitmain Technologies Inc.	
标记	页数	分区	更改文件号	签名	年、月、日	阶段标记	重量	比例	
设计			标准化						
校对			质量会签						
审核									
工艺			批准						
共 1 张 第 1 张								YLY-1000E-006 Page 135 of 220	



① East  
1" = 10'-0"



③ West  
1" = 10'-0"



② {3D}



[www.autodesk.com/revit](http://www.autodesk.com/revit)

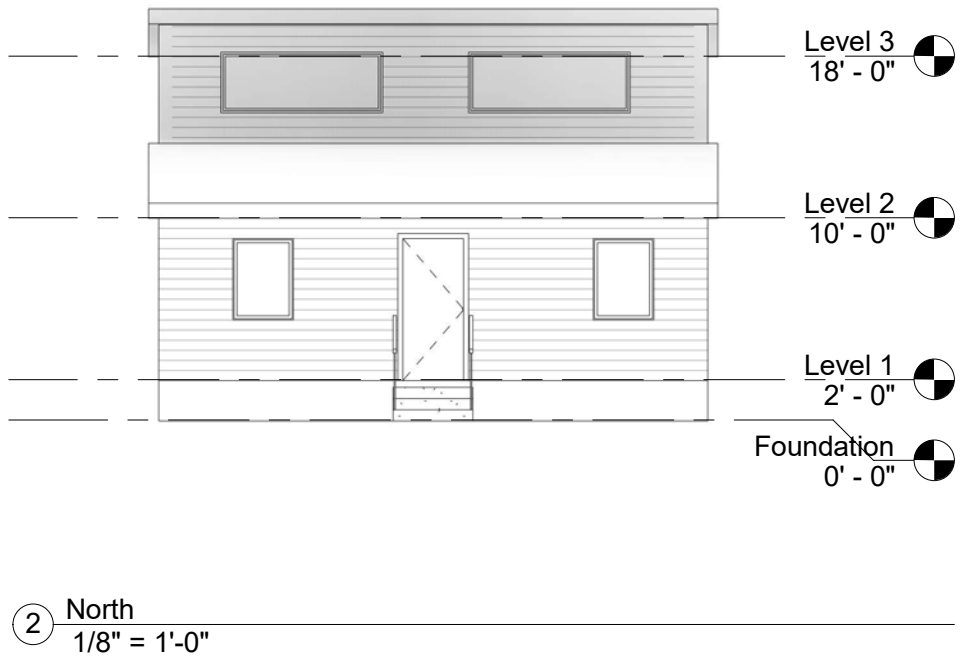
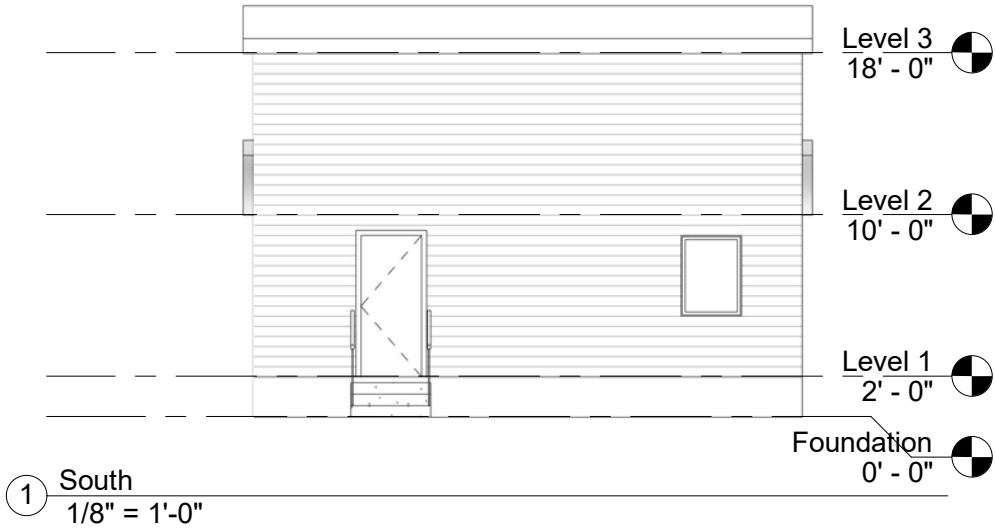
Owner


Design FLOOR PLAN

ELEVATIONS & 3D VIEW

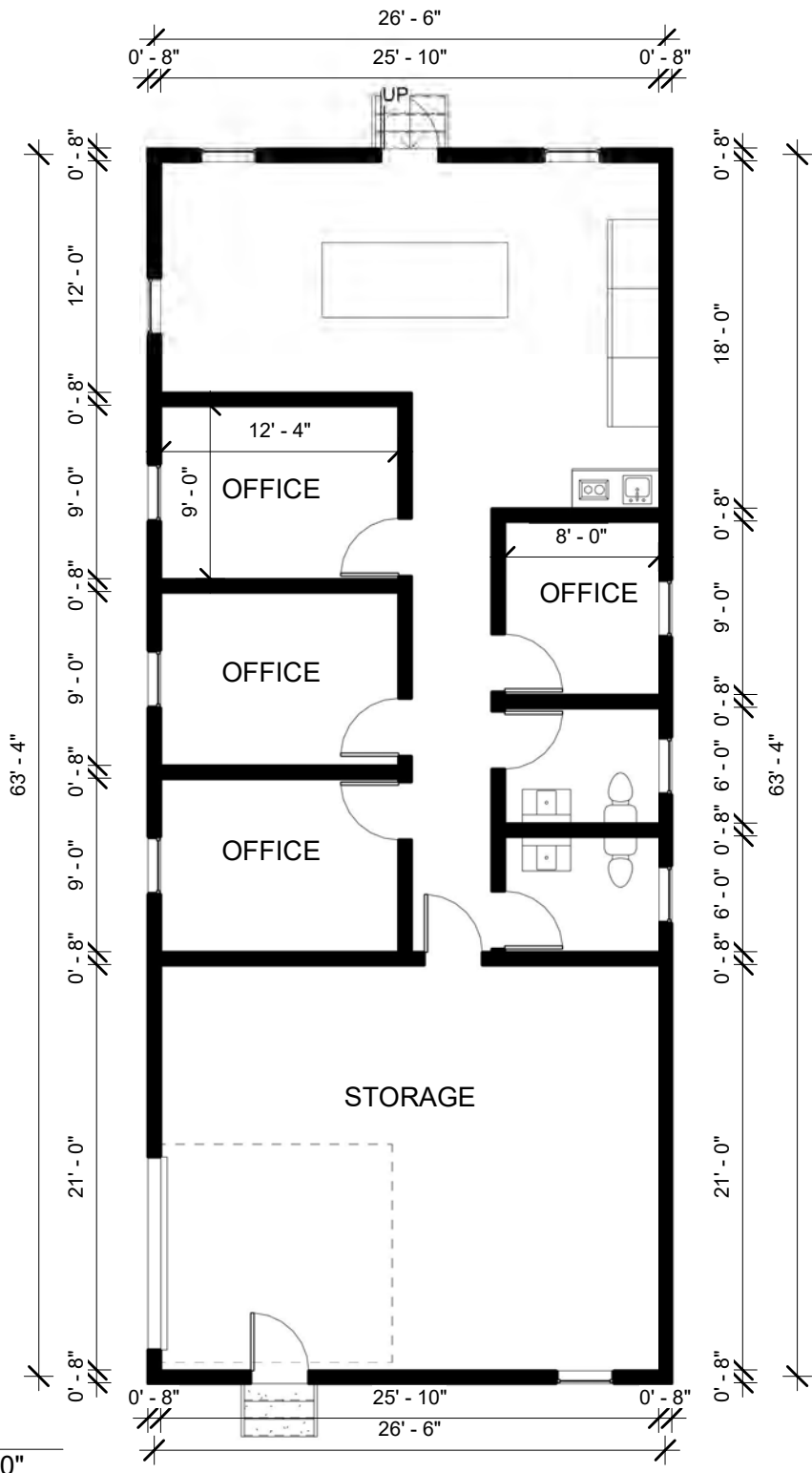
Project number	1	A102
Date	23/8/2022	
Drawn by	Author	
Checked by	Checker	Scale 1" = 10'-0"

23/08/2022 08:34:55




 <a href="http://www.autodesk.com/revit">www.autodesk.com/revit</a>	Owner	ELEVATIONS	
	Design FLOOR PLAN	Project number	1
Date		23/8/2022	
Drawn by		Author	
	Checked by	Checker	Scale 1/8" = 1'-0"

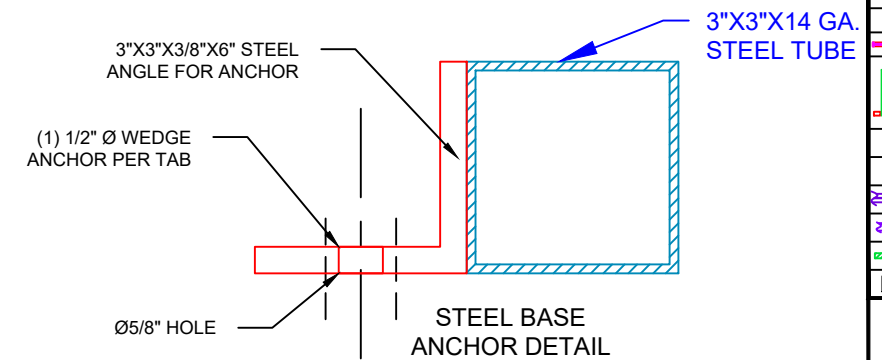
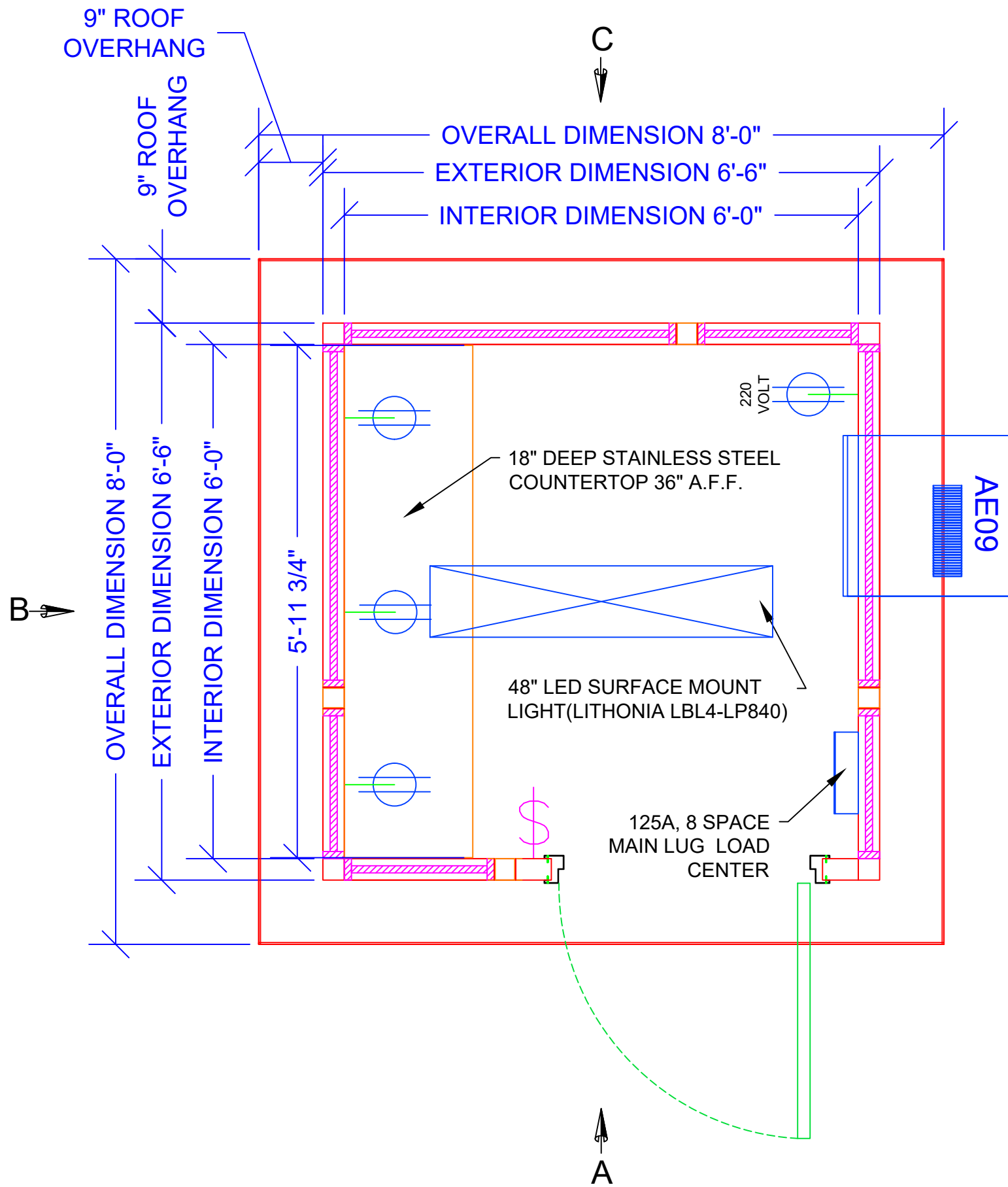
23/08/2022 08:34:57



① Level 1  
1/8" = 1'-0"

	Owner	FLOOR PLAN	
	Design FLOOR PLAN	Project number	1
Date		23/8/2022	
Drawn by		MOHAMED	
Checked by		Checker	Scale 1/8" = 1'-0"

23/08/2022 08:34:52



**EXTERIOR STEEL BASE SLAB INSTALLATION**

CUSTOMER ACKNOWLEDGEMENT OF ABOVE DETAIL:

*CUSTOMER PLEASE INITIAL HERE*

LEGEND	
	TELE/DATA PREP
	SWITCH
	DUPLEX RECEPTACLE
	WINDOW
	DOOR
	EXTENDED COLUMN
	COLUMN
	I BEAM (STRUCTURAL)
	COLD ROLLED MEMBER
	1-1/2"x1-1/2"x11 GA RAILING
	K-SERIES BAR JOIST

JOB NUMBER: 16798	DRAWN BY: S. VAZQUEZ	CHECKED BY: M.B.	DATE: 7.25.2022
-------------------	----------------------	------------------	-----------------

DEALER:	<b>BV POWER ALPHA LLC</b>
CUSTOMER:	<b>BV POWER ALPHA LLC</b>

THIS DRAWING IS THE PROPERTY OF PANEL-BUILT, INC. AND MAY NOT BE USED WITHOUT EXPRESS WRITTEN PERMISSION OF PANEL-BUILT, INC. ALL INFORMATION SHOWN ON THIS DRAWING IS THE PROPERTY OF PANEL-BUILT, INC. AND MAY NOT BE USED IN WHOLE OR PART WITHOUT SPECIFIC WRITTEN PERMISSION OF PANEL-BUILT, INC.

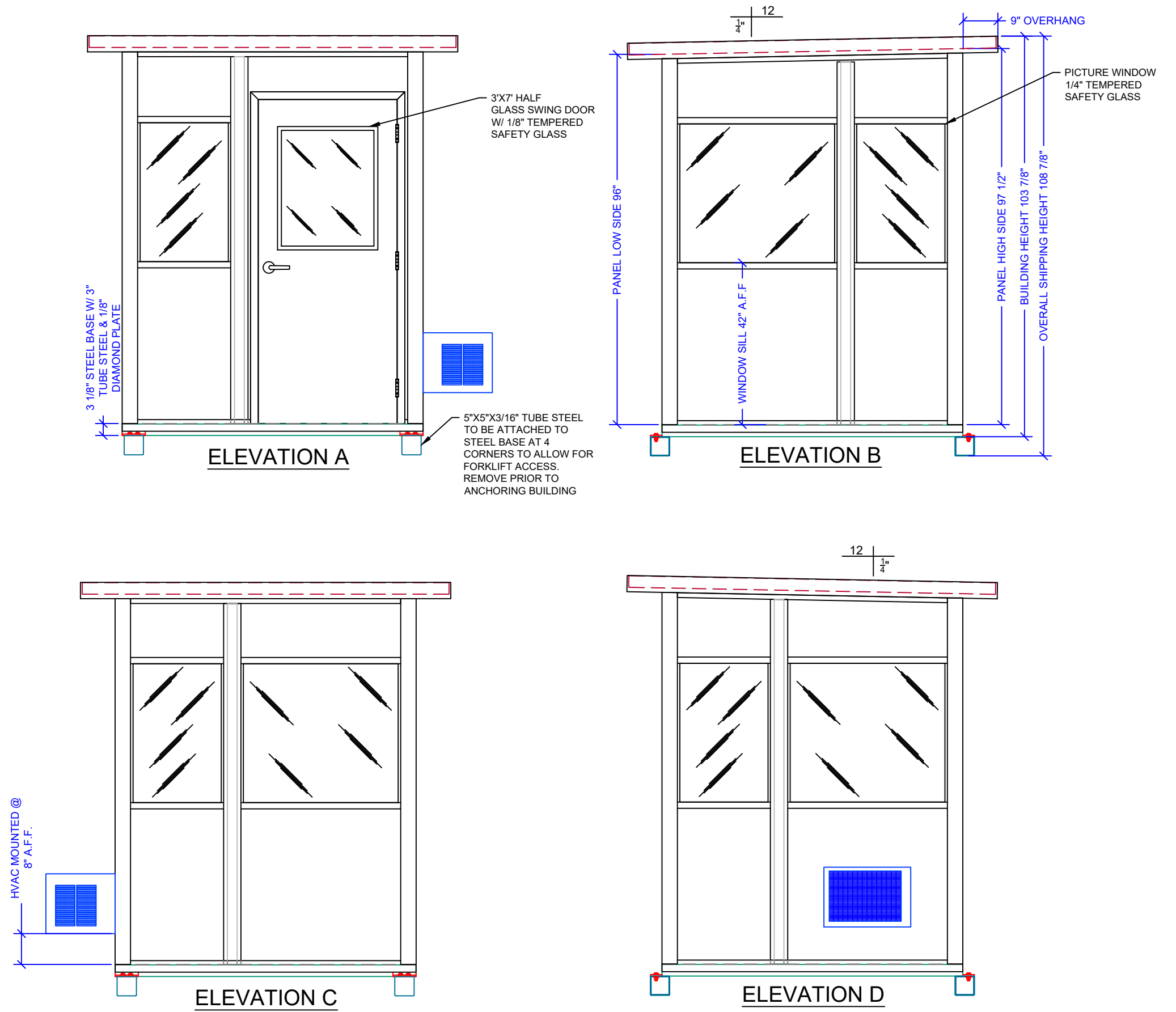
**PANEL BUILT INCORPORATED**

TOLERANCES:  
LENGTH ± 1/8", > 10'-0" ± 1/4"  
HOLES ± 1/16"

**DRAWINGS NOT FOR CONSTRUCTION**

DRAWING APPROVAL			
QUOTED LEAD-TIME DOES NOT BEGIN UNTIL SIGNED APPROVALS HAVE BEEN RECEIVED			
APPROVED (NO CHANGES) WITH COLORS CHOSEN		<input type="checkbox"/>	
REVISE & RESUBMIT		<input type="checkbox"/>	
SIGN: _____			
DATE: _____			
REV #	DR. BY#	DESCRIPTION OF REV	DATE
*	*	*	*

**FLOORPLAN SURFACE MOUNTED ELECTRICAL**



ELEVATION A

ELEVATION B

ELEVATION C

ELEVATION D

DRAWINGS NOT FOR CONSTRUCTION

DRAWING APPROVAL			
QUOTED LEAD-TIME DOES NOT BEGIN UNTIL SIGNED APPROVALS HAVE BEEN RECEIVED			
APPROVED (NO CHANGES) WITH COLORS CHOSEN		<input type="checkbox"/>	
REVISE & RESUBMIT		<input type="checkbox"/>	
SIGN: _____			
DATE: _____			
REV #	DR. BY#	DESCRIPTION OF REV	DATE

LEGEND

	TELE/DATA PREP
	SWITCH
	DUPLEX RECEPTACLE
	WINDOW
	DOOR
	EXTENDED COLUMN
	COLUMN
	I BEAM (STRUCTURAL)
	COLD ROLLED MEMBER
	1-1/2"x1-1/2"x11 GA RAILING
	K-SERIES BAR JOIST

JOB NUMBER: 16798  
 DRAWN BY: S. VAZQUEZ  
 CHECKED BY: M.B.  
 DATE: 7.25.2022

DEALER: BV POWER ALPHA LLC  
 CUSTOMER: BV POWER ALPHA LLC

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Date: 9/16/2022 Time: 9:17:37 AM



**From:** [James Kramvik](#)  
**Cc:** [Megan Thiesse](#); [Sarah Thiesse](#); [Toni Gage](#); [Nick Broyles](#); [Joe Langel \(jil@ratwiklaw.com\)](#); [Connie Hillman](#)  
**Subject:** Email to Council regarding 1918 Thiesse Dr  
**Date:** Wednesday, June 5, 2024 10:14:37 AM  
**Attachments:** [E-mails\\_IUP\\_Thiesse\\_Dr.pdf](#)  
[image001.png](#)

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Hi All,

I have bcc'd all EDA board members. I was asked by the public to forward the e-mails from the May 20<sup>th</sup> City Council meeting regarding 1918 Thiesse Drive. The City Attorney will be available at the meeting via Webex to answer questions.

Regards,

*James Kramvik*



**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

## Opposition to Interim Use Permit for VCV Digital

Andrew Shipe <andrew.shipe@gmail.com>

Mon 5/20/2024 5:29 PM

To: Kelly Bevans <kbevans@ci.brainerd.mn.us>

Hi Kelly,

I wanted to share my opposition to the proposed IUP for VCV Digital. I reviewed the documents submitted to the Planning Commission and it seems like VCV is trying to do the bare minimum in setting up their facility at the expense of the residents of Brainerd.

For example, VCV doesn't provide any information about fire suppression at the facility. The amount of power used by the facility increases the risk of either heat or a spark causing an accidental ignition. If there is a fire, burning computer equipment creates toxic fumes that would endanger residents all over the city depending on the wind's direction.

Further, given the volatile nature of cryptocurrency, what if VCV goes out of business and abandons the facility? The city would be on the hook to properly recycle a tremendous amount of computer equipment that would be out of date and have little to no resale value.

While the proposal seems to meet the defined definition of outdoor storage I hope you and the council view this IUP as a new use of this category and reject the IUP until the Planning Commission and council can work to update the category to consider this type of facility and it having more impact than a traditional outdoor storage use.

- Andrew Shipe

## 1918 Thiesse Drive Concerns

Megan Thiesse <mthiesse1@gmail.com>

Mon 5/20/2024 1:46 PM

To: Dave Badeaux <dbadeaux@ci.brainerd.mn.us>; Kelly Bevans <kbevans@ci.brainerd.mn.us>; Kevin Stunek <kstunek@ci.brainerd.mn.us>; Jeff Czczok <jzczok@ci.brainerd.mn.us>; Tiffany Stenglein <tstenglein@ci.brainerd.mn.us>; Mike ODay <moday@ci.brainerd.mn.us>; Gabe Johnson <gjohnson@ci.brainerd.mn.us>; James Kramvik <jkramvik@ci.brainerd.mn.us>; Kara Terry <kterry@ci.brainerd.mn.us>  
Cc: gtbone69@gmail.com <gtbone69@gmail.com>; sarahtc80@gmail.com <sarahtc80@gmail.com>

📎 1 attachments (307 KB)

Gmail - FogHashing BC40.pdf;

Some people who received this message don't often get email from mthiesse1@gmail.com. [Learn why this is important](#)

\*\*\* **Warning:** External sender, use extreme caution with attachments and links \*\*\*

Dear Brainerd City Council Members,

I would like to bring to your attention some information regarding the IUP for 1918 Thiesse Dr. In my review of the documents for this proposal I noticed that the images provided by VCV Digital are the same as those used on FogHashings website [Fog Hashing | Liquid Cooling Expert for Next-Gen Computing](#), they are a top manufacturer of these particular mining machines. I reached out to this manufacturer to ask for the decibel level of the unit, including the cooling fan for the 40 foot unit, that email is attached.

I have included the resources I have used to extrapolate the sound production to the 26 proposed units and extenuated the sound to the distance of my home. Please remember these are lab value numbers and exact calculations should be done by a professional to take into consideration the many environmental impacts to how sound travels.

At 60.4 db at 50m extrapolated to 26 machines the decibel level calculates to 74.8db at 50m  
[Decibel Calculator - dB Calculator - Addition and Subtraction of dB Values \(noisemeters.com\)](#)

Attenuating the 74.8db to 770m (2526ft) the sound would be 51.05db  
[Distance Attenuation Calculator \(omnicalculator.com\)](#)

These are the low end calculations based on the manufacturer, when attenuated to 1 mile the sound produced is still 44.6db.

I bring this to your attention as I have small children whose bedrooms face this proposed facility. My sister who lives next door also has two small children whose bedrooms will also face this facility. Most outside walls and windows only provide 10db of sound reduction, though there are some that can provide more, which would leave a constant sound of about 40db in their room. Per the World Health Organization Factsheet [Noise \(who.int\)](#), the WHO recommends less than 30db in bedrooms during the night for a sleep of good quality and less than 35db in classrooms to allow good teaching and learning conditions. There is evidence that chronic noise exposure in early childhood harms cognitive performance, impairs well-being and motivation, and increases blood pressure and stress hormone production. As stated in the research article **Health Effects of Noise Exposure in Children** by Stansfeld and Clark "Some of these effects such as raised blood pressure and cognitive impairments may have implications for adult health as well." I have included the link to the peer reviewed research article which highlights the impact sound has on children and their development. <https://rdcu.be/dluiW>

Below I will provide a few more links to peer reviewed and published research articles concerning the effects of noise on the cardiovascular system, animals, birds and insects, and plant life.

[https://www.researchgate.net/profile/Victor-Nna/publication/314947286\\_The\\_Possible\\_Mechanisms\\_through\\_Which\\_Dietary\\_Protein\\_Increases\\_Renal\\_Blood\\_Flow\\_and\\_Glomerular\\_Filtration\\_Rate/links/5c2de1c792851c22a35718e1/The-Possible-Mechanisms-through-Which-Dietary-Protein-Increases-Renal-Blood-Flow-and-Glomerular-Filtration-Rate.pdf](https://www.researchgate.net/profile/Victor-Nna/publication/314947286_The_Possible_Mechanisms_through_Which_Dietary_Protein_Increases_Renal_Blood_Flow_and_Glomerular_Filtration_Rate/links/5c2de1c792851c22a35718e1/The-Possible-Mechanisms-through-Which-Dietary-Protein-Increases-Renal-Blood-Flow-and-Glomerular-Filtration-Rate.pdf)

<https://onlinelibrary.wiley.com/doi/10.1111/j.1461-0248.2011.01664.x>

<https://doi.org/10.1098/rspb.2020.0176>

<https://www.jsr.org/hs/index.php/path/article/view/1352/622>

The final linked article is one that was reviewed by the White House which quantifies the environmental and health costs of cryptomining. Per the article "Results indicate that in 2018, each \$1 of Bitcoin value created was responsible for \$0.49 in health and climate damages in the US and \$0.37 in China."

<https://doi.org/10.1016/j.erss.2019.101281>

Thank you for your time and consideration.

Megan Bock

11633 Oakridge Rd.



---

**FogHashing BC40**

4 messages

---

**Business Development** <bd@foghashing.io>

Thu, May 16, 2024 at 1:22 AM

To: Megan Thiesse <mthiesse1@gmail.com>

Cc: JQ <gaojianqi@foghashing.io>, Ritchie <ritchie@foghashing.io>, Derek <derek@foghashing.io>

Hi Megan,

Thank you for your trust in Fog Hashing. This project is led by JQ from Fog Hashing. He will communicate with you in detail next.

JQ, please follow up.

Best Regards,

—  
**Fog Hashing Pte. Ltd.**

Liquid Cooling Solutions for Next-Gen Computing



[Website](#) | [Twitter](#) | [YouTube](#) | [Telegram](#) | [WhatsApp](#) | [Email](#)



Click here to get the latest  
**Liquid Cooling Information**  
Telegram Channel

From: "Megan Thiesse" <mthiesse1@gmail.com>

Date: Thu, May 16, 2024, 09:29

Subject: Sound level

To: <bd@foghashing.io>

Can you tell me the operating decibel level of the entire BC40 unit including the cooling fan? Sound is a concern in the proposed area this will be placed.

Thank you for your time!

---

**Megan Thiesse** <mthiesse1@gmail.com>

Fri, May 17, 2024 at 12:07 AM

To: Business Development <bd@foghashing.io>

Cc: JQ <gaojianqi@foghashing.io>, Ritchie <ritchie@foghashing.io>, Derek <derek@foghashing.io>

Thank you for your prompt response. I will await detail from JQ.

We can discuss any questions you may have and look forward to hearing from you!

Best Regards!

---

**JQ Gao**

**Key Account Manager | Fog Hashing Pte. Ltd.**

Expert on Liquid Cooling for Crypto Mining

Mobile/WhatsApp: +86 15229240884

Email: JQ@foghashing.io

!!! FOG HASHING

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From: "Megan Thiesse"<mthiesse1@gmail.com>  
Date: Fri, May 17, 2024, 13:08  
Subject: Re: FogHashing BC40  
To: "Business Development"<bd@foghashing.io>  
Cc: "JQ"<gaojianqi@foghashing.io>, "Ritchie"<ritchie@foghashing.io>, "Derek"<derek@foghashing.io>

[Quoted text hidden]

---

**Megan Thiesse** <mthiesse1@gmail.com>  
To: saraht@bakersalescompany.com

Fri, May 17, 2024 at 8:47 AM

Sent from my iPhone

Begin forwarded message:

**From:** JQ <gaojianqi@foghashing.io>  
**Date:** May 17, 2024 at 4:21:37 AM CDT  
**To:** Megan Thiesse <mthiesse1@gmail.com>  
**Cc:** Business Development <bd@foghashing.io>, Ritchie <ritchie@foghashing.io>, Derek <derek@foghashing.io>  
**Subject: Re: FogHashing BC40**

Hi Megan,

Thank you for your interest in our products.

For your reference, here are the tested noise levels of the BC40.

<image.png>

By the way, do you have any more information on this project. For example where is the project located, what stage is it at now, and what are the noise requirements for the project?

We can discuss any questions you may have and look forward to hearing from you!

Best Regards!

---

**JQ Gao**

**Key Account Manager | Fog Hashing Pte. Ltd.**

Expert on Liquid Cooling for Crypto Mining

Mobile/WhatsApp: +86 15229240884

Email: JQ@foghashing.io

<boxcnr0ECcKpbk7mOaWNYJB3KVd.png>

**Website | Twitter | YouTube | Telegram**

<boxcn28aStbFGFqwMk2pquYuxgh.png>

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[Quoted text hidden]

**RE: Interim Permit 1918 Thiesse Dr**

James Kramvik &lt;jkramvik@ci.brainerd.mn.us&gt;

Mon 5/20/2024 1:55 PM

To: Kelly Bevans &lt;kbevans@ci.brainerd.mn.us&gt;

Cc: Nick Broyles &lt;nbroyles@ci.brainerd.mn.us&gt;; Toni Gage &lt;tgage@ci.brainerd.mn.us&gt;; Shawn Strong &lt;sstrong@ci.brainerd.mn.us&gt;; Joe Langel (jll@ratwiklaw.com) &lt;jll@ratwiklaw.com&gt;; Patrick Wussow BPU &lt;pwussow@bpu.org&gt;

1 attachments (613 KB)

1918 Thiesse Drive Map.pdf

Hi Kelly,

I have bcc'd the rest of City Council to make them aware of the questions and map. I have attached two maps as PDF documents, and they will be made available for tonight's meeting.

The first map displays a zoomed in aerial photo of the industrial park that is outlined in red. The individual property, 1918 Thiesse Dr, is also outlined in red with the outdoor storage area shaded in red. The outdoor storage area is clearly not abutting by definition as it is not next to, nor does it share a common boundary. Also, properties with outdoor storage can abut properties zoned residential. The outdoor storage area itself cannot abut a residentially zoned property.

**Rules and Definition of Abut – Zoning Code**

**Abut** (includes abuts and abutting). To be next to, or to share a common boundary. "Abutting" includes across a street. "Abutting" does not include properties that touch only corner to corner.

**515-3-28 Outdoor Storage**

The storage area shall not abut property zoned for residential, rural, or business use, including land in a neighboring township or city. "Abutting" includes across a street. "Abutting" does not include properties that touch only corner to corner.

The second map shows the nearest surrounding residential houses highlighted in red.

**Question 2**

The parameters for the permit are the finding of facts which are included in the agenda. Does the facility meet the findings of facts? Staff recommended approval based on the findings and parameters. Mike Duval of the planning commission stated that it was inconsistent with the comprehensive plan and stated reasons. Staff stated a reason it was consistent with the comprehensive plan. This Interim Use Permit is for Outdoor Storage, it is not for crypto mining. Just For Krypto, an operational crypto mining facility, has a primary structure on site and half of their mining is completed indoors. The question is, does the proposed use have an impact on the surrounding property more than if it were contained in a building? The proposed facility requires screening from the street because of outdoor storage. VCV has proposed immersion technology which means the data processors are fully enclosed and in a liquid which has no impact on the surrounding properties. The cooling fans or air conditions are the concern for noise. The cooling fans are no different in sound, possibly quieter, than the blowers from the Just From Crypto building. Just for Krypto is also operating similar portable units at the site and is currently using 22 MW of energy, which is similar to what VCV is proposing for 1918 Thiesse Drive. Just for Krypto and VCV are currently under contract for a maximum of 25 MW.

Also, this property was sold, zoned, and developed for industrial use. In the event of a denial, a case should also be made that this particular use, especially related to outdoor storage, is louder than other permitted manufacturing facilities such as Lexington. The proposed facility can produce sound consistent with other permitted industrial uses which are typically louder than residential and commercial uses. Again, Interim Use Permits can have time limits to reevaluate, and conditions can be added to the permit.

Regards,

**James Kramvik**

**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

**From:** Kelly Bevans <kbevans@ci.brainerd.mn.us>**Sent:** Saturday, May 18, 2024 8:44 AM**To:** James Kramvik <jkramvik@ci.brainerd.mn.us>**Subject:** Re: Interim Permit 1918 Thiesse Dr

James

Thanks for your response. 2 Questions

#1 Your map is great, how come the property in question isn't identified? Can you please do so for the Council meeting. I think to expand the map would be helpful as well, then we can see where everybody is.

#2 Attorney Langel mentions in an Email that, just like a Conditional Use Permit, if the parameters set forth by the City are met the permit must be granted. Please show us those parameters as they apply to this issue. To me, this seems to be the 'crux' of the

matter. Also, aren't there time limits on an IUP? And, can't we add condition, such as sound deadening trees, shrubs, etc.?

Thank You (Monday night is OK)

Kelly

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**From:** James Kramvik <[jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)>

**Sent:** Friday, May 17, 2024 6:22 PM

**Cc:** Toni Gage <[tgage@ci.brainerd.mn.us](mailto:tgage@ci.brainerd.mn.us)>; Nick Broyles <[nbroyles@ci.brainerd.mn.us](mailto:nbroyles@ci.brainerd.mn.us)>; Sarah Thiesse <[saraht@bakersalescompany.com](mailto:saraht@bakersalescompany.com)>

**Subject:** RE: Interim Permit 1918 Thiesse Dr

Hi All,

I have bcc'd the mayor and city council, so they are aware of the response. The email and response will also be provided to members of the Council at the next meeting. I can certainly answer any other questions prior to City Council on Monday.



The picture above references the City Zoning Districts. The land to the east in Crow Wing County was rezoned as Rural Residential 2.5. The Rural Residential 2.5 District in the County allows for residential use, while also allowing for farm buildings, farmland, livestock, feedlots, forest land for harvest. Staff included the County property east of the proposed project to give the Planning Commission and City Council a bigger picture of surrounding lands as it can be taken into consideration of Interim Use Permits. Staff made the correction regarding the zoning change at the Planning Commission meeting. However, the use of the land near the proposed project is agricultural, wetlands, or undeveloped as stated in the Findings. All residential homes are approximately a half a mile away.

The purpose of the GI Zoning District is to provide for the establishment of heavy industry and manufacturing development and use which because of the nature of the product or character of activity, requires isolation from residential and commercial uses. The purpose of a zoning district is a guiding document especially for consideration when rezoning properties. This land was sold and developed at great cost by the City of Brainerd for an industrial park because it was near the existing industrial park and is isolated from residential uses. For instance, a new industrial park should probably not be placed near a County housing development with multiple one-acre lots. However, if a General Industrial property is located next to a residential home the landowner is still entitled to the same review process as every other Industrial property owner. That being said, City Council can consider adverse impacts to residents or businesses when considering Interim or Conditional Use Permits.

#### **515-3-28 Outdoor Storage**

*The storage area shall not abut property zoned for residential, rural, or business use, including land in a neighboring township or city. "Abutting" includes across a street. "Abutting" does not include properties that touch only corner to corner.*

This ordinance section does apply to both City property and neighboring townships and cities. However, the property in question does not directly abut the County property as the Industrial Park was set up with common land and buffers. There is a 100' buffer of GI District property between the County property line and 1918 Thiesse Dr. The ordinance also states that the outdoor storage area shall not abut property zoned for residential, it does not indicate properties with outdoor storage cannot abut property zoned for residential.

City Council can consider if the proposed project is dangerous, injurious, or noxious to any other property or persons as part of the Interim Use Permit review. The Interim Use Permit application is for Outdoor Storage as a Principle Use as Cryptomining is considered manufacturing which is an allowed use in the GI District. Interim Use Permits do allow for City Council to add conditions to mitigate impacts to neighboring properties or apply an expiration date to the permit.

Regards,

**James Kramvik**



**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

**From:** Sarah Thiesse <[sarhtc80@gmail.com](mailto:sarhtc80@gmail.com)>  
**Sent:** Thursday, May 16, 2024 10:14 PM  
**To:** Dave Badeaux <[dbadeaux@ci.brainerd.mn.us](mailto:dbadeaux@ci.brainerd.mn.us)>; Kelly Bevans <[kbevans@ci.brainerd.mn.us](mailto:kbevans@ci.brainerd.mn.us)>; Kevin Stunek <[kstunek@ci.brainerd.mn.us](mailto:kstunek@ci.brainerd.mn.us)>; Jeff Czczok <[jzczok@ci.brainerd.mn.us](mailto:jzczok@ci.brainerd.mn.us)>; Tiffany Stenglein <[tstenglein@ci.brainerd.mn.us](mailto:tstenglein@ci.brainerd.mn.us)>; Mike ODay <[moday@ci.brainerd.mn.us](mailto:moday@ci.brainerd.mn.us)>; Gabe Johnson <[gjohnson@ci.brainerd.mn.us](mailto:gjohnson@ci.brainerd.mn.us)>; James Kramvik <[jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)>; Kara Terry <[kterry@ci.brainerd.mn.us](mailto:kterry@ci.brainerd.mn.us)>  
**Cc:** [gtbone69@gmail.com](mailto:gtbone69@gmail.com); Megan Thiesse <[mthiesse1@gmail.com](mailto:mthiesse1@gmail.com)>  
**Subject:** Interim Permit 1918 Thiesse Dr

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Greetings Council Members,

I'm guessing that by now you've all been brought up to speed on the events of Wednesday's meeting and the concerns that were expressed by myself and others pertaining to the interim use permit for 1918 Thiesse Dr.

In light of that meeting there are a few documents I'd like to bring to your attention.

Attached is the page from the county board of commissioners meeting minutes from 12/12/2023 with the properties highlighted that surround the proposed site and their re-zoning.

The second document is the city ordinance for outdoor storage with the section highlighted about abutting properties zoning. Not only is an abutting property zoned residential but it is also part of a neighboring township. If building permits were denied based on this zoning not the tax classification then the tax classification for property abutting the proposed site should not be taken in to account.

The third document is page 24 from the document provided for the planning meeting from 5.15.2024. Highlighted are sections pertaining to the zoning as well as a portion that states that due to the nature of the product it requires isolation from residential and commercial uses.

This document incorrectly states that it is surrounded by industrial/undeveloped land. The Eastern border is not and never was commercial/heavy industrial. Prior to December of 2023 it was mistakenly, without knowledge or consent of the land owner zoned Commercial/Light industrial. This mistake was corrected for all parcels listed on the first attachment and Re-zoned as Rural Residential 2.5.

Isn't it accurate to say that this property abuts residential property in the neighboring township of Long Lake, which would mean that outdoor storage would not be permitted on this parcel as defined by the Chapter 515 zoning?

I appreciate your time and consideration.

Thanks,

Sarah Thiesse



**Petition regarding 1918 Thiesse Dr.**

Sarah Thiesse &lt;sarahtc80@gmail.com&gt;

Mon 5/20/2024 12:08 PM

To: Dave Badeaux <dbadeaux@ci.brainerd.mn.us>; Kelly Bevans <kbevans@ci.brainerd.mn.us>; Kevin Stunek <kstunek@ci.brainerd.mn.us>; Jeff Czczok <jzczok@ci.brainerd.mn.us>; Tiffany Stenglein <tstenglein@ci.brainerd.mn.us>; Mike ODay <moday@ci.brainerd.mn.us>; Gabe Johnson <gjohnson@ci.brainerd.mn.us>; James Kramvik <jkramvik@ci.brainerd.mn.us>; Kara Terry <kterry@ci.brainerd.mn.us>  
Cc: Megan Thiesse <mthiesse1@gmail.com>; gtbone69@gmail.com <gtbone69@gmail.com>

1 attachments (28 KB)

Delay Request .pdf;

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Good Morning City Council Members &amp; Staff,

Attached is a petition to request a delay of the vote on the interim use permit for 1918 Thiesse Drive that is signed by 39 people in the community surrounding the proposed site of operation.

All but a few of the signed parties live within 1 mile of the proposed Crypto Mining Operation. The reasons for the request are outlined in the attached document.

We would like to point out the fact that while today we are discussing 1918 Thiesse Drive and the potential impacts from that one site.

We would ask that you look farther down the road on this project as 1911 Thiesse Drive has not been factored in whatsoever and is a larger parcel.

It is our understanding that this particular type of business is contingent on continued growth. Meaning in order to remain in business, expansion is necessary.

The size and volume of this operation would increase repeatedly. What then would the decibel level that reaches neighboring homes be?

The comment from the applicant at the zoning meeting was they "think" the decibel level will be 50 db at 2000 feet. We are to the understanding that one cannot use simple math to calculate the exact decibel range. There are many environmental factors that would need to be applied for accuracy. The statement that the sound would travel upward because that is the direction of the fan is not factual.

Sound does not only travel in the direction it is pointed. We would also point out that there is evidence to prove that fans are actually louder at low speeds. We would like to see some facts from an expert that is impartial and not hired by the applicant.

We would ask if consideration of the other businesses in the industrial park have been factored in here. Fed Ex is only .3 miles from 1918 Thiesse Drive.

What is the decibel level that will reach them? How will that affect their employees?

There are still vacant parcels in that industrial park. How will that affect your ability to sell those parcels? How can one expect another business to want to set up shop in an area where they would be subjecting their employees to high decibel levels?

Our main concerns are about how this will directly affect our children, families and neighbors surrounding the area of operation. The noise, our health, environmental factors and also our property values which have proven to drastically decline in areas near crypto mining facilities.

However, upon looking into this for those reasons we also cannot disregard the other issues that affect the larger picture surrounding these types of operations.

Below are a few links to articles that spell out some of the larger issues:

<https://www.nytimes.com/2024/05/13/us/bitcoin-mine-biden-ban.html>

<https://www.cbsnews.com/news/bitcoin-noise-arkansas-right-to-mine-bill/>

<https://www.whitehouse.gov/ostp/news-updates/2022/09/08/fact-sheet-climate-and-energy-implications-of-crypto-assets-in-the-united-states/>

Across the country dozens of cities are adjusting laws, adding conditions to mitigate the noise, and even relocating these facilities based on complaints and lawsuits from surrounding residents and towns.

We would think that for the welfare of all parties involved, taking the time to assess what the actual decibel levels will be and researching what kind of sound barriers would be most effective is in everyone's best interest. We can understand that the noise

pollution and direct impacts on the residents were not previously a consideration because it was not brought to attention as this is a relatively new industry.

Please take caution of the fact that the use of Just for Krypto as an example would not be accurate as the miner machines are located in a building and the size of the operation is much smaller.

A professional would need to compare the plans of both to determine the relative sound comparison. However, it's a good starting point though.

We urge you to please consider a delay to vote on this for 60 days in the interest of uncovering some facts and researching the best way to move forward for all parties involved.

We tried to compile all thoughts from this community into one email as to not overload you with many emails.

Those concerns were narrowed down to the main points regarding the complaints that are aligned with the interim use permit and how it affects the direct neighboring residents.

We appreciate your time and consideration.

Respectfully Submitted By,

Sarah Thiesse

5/20/2024

Brainerd City Council Members and Staff,

We would like to formally request that the council delay the vote for the interim use permit at 1918 Thiesse Drive Brainerd, MN 56401 for the 60 days allowable by law.

The purpose of this request is for the following reasons:

There is no definitive proof regarding what the actual decibel level that would reach neighboring homes would be.

We would request that a similar operation be found to be used as a reference to more accurately determine the realistic noise levels, environmental and health impacts surrounding the operation.

We would like to request that the city research reasonable conditions to mitigate anticipated adverse impacts associated with the proposed use to protect the nearby properties. We would request that the research includes the anticipated noise pollution, health and environmental factors.

Energy consumption is a concern for many. However, our main concern is the direct impact on the surrounding residential communities and how it will affect our health, welfare, and quality of life.

We feel that 11 days notice to gather information regarding this new permit request was not enough time. We request more time be allowed to gather and present information as this project may not be in the best interest of the city of Brainerd.

We appreciate your time and consideration.

Respectfully submitted,

Sarah Thiesse  
Glynis Thiesse  
Alvina Thiesse  
Bryan and Robin Thiesse  
Megan & Tyler Bock  
Clayton Thiesse  
Shirley Thiesse  
Craig and Glenda Kunde  
Kelsey Kunde  
Loretta Wulf  
Heather Larson

Gary and Karren Thiesse  
Nolan and Jessica Faber  
Merle Faber  
Mike and Carrie Brown  
Torrey and Alissa Boser  
Bridget Busacker  
Wesley and Carol Urdahl  
Bradley Gorrion  
Marie Dosh  
Sharon Magnan  
Janine Russell

Doug and Marilyn Varin  
Riley Bastian  
Amanda Krebsbach  
Jayme Pickar  
Stacy Konen  
Doug and Vicki Kruse  
Cory Kruse  
BriAnna Kruse

May 17, 2024

Dear Council Member:

I and many residents in the vicinity of the Brainerd Industrial Park just became aware of the fact that the Investment Company VCV owns land in the industrial park and plans to build a large crypto mining facility there.

We are very concerned about the level of sound, the human health risks and the environmental impact to soil, water, air, animals and birds in the area of an installation that requires extreme amounts of electricity and cooling resources.

I am very much opposed to the building of this facility since it will also negatively affect our property values and the desirability of this area for potential new residential growth...and also, some businesses!

Please also consider that recently President Biden (Federal Government) just shut-down a crypto mining facility in Cheyenne, WY and explained it was for security reasons because it was near a military base. (New York Times – May 13, 2024...also printed in “The Hill”). Camp Ripley is a significant military installation.

Thank you for your consideration,

Loretta Wulf  
11365 County Road 45  
Brainerd, MN 56401

**City council meeting regarding IUP application by VCV Digital**

Glynis Thiesse &lt;gtbone69@gmail.com&gt;

Thu 5/16/2024 5:48 PM

To: Kelly Bevans &lt;kbevans@ci.brainerd.mn.us&gt;

[You don't often get email from gtbone69@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

Hello Kelly,

My name is Glynis Thiesse. I am the daughter of Harold and Alvina Thiesse, who owned the industrial park land in south Brainerd prior to selling it to the city to bring in industry and jobs for the community. My mom, Alvina, received a letter from James Kramvik regarding the Planning Commission meeting scheduled May 15th to discuss outdoor storage for a crypto mining operation. I shared this letter with family members because my mom was the only one who received this letter. I'm grateful she received it so we could attend the meeting and express concerns regarding pollution, especially noise pollution to those of us living in the area. We were pleased that the Planning Commission voted to deny the application for an IUP to VCV Digital. However, I understand that the city council is the authority that decides, so I am asking for you to please vote to deny. I watched the EDA meeting dated December 9, 2021. At that time, there was much less information available about crypto mining as China banned it only 5 months prior, in July 2021. The B&D Solutions wanted to have 12 storage containers 20 feet in length for their crypto mining. Now they are applying for a IUP for 26 containers 40 feet in length for their computers to run 24 hours a day to mine crypto, which will only benefit their investors. Brainerd Public Utilities will profit; however, this comes with significant energy use, and I don't think it is consistent with the city's Comprehensive Plan. The goal is to work toward becoming carbon neutral not increase energy usage. It would seem like receiving payment to allow a company to increase pollution. Mr. Duval was very astute in describing his opinion at the Planning Commission meeting. The amount of energy that will be used goes in the wrong direction of becoming carbon neutral, with only very few jobs offered does not seem like a benefit to the community. Mr. Duval verbalized that the amount of energy used will be "on our ledger" showing increase in carbon emissions, going against the goal to be carbon neutral. My impression is that he is genuinely concerned about our community rather than the amount of money this company estimates it may be offering to have their operation in Brainerd. No amount of money is worth the negative impacts crypto mining has had on communities throughout the country. Another major concern is the noise this will generate to those of us who live in the area. There are many articles that document the negative impact, including health issues, from noise produced by crypto mining on communities throughout the country. This information was not as plentiful in December 2021 when that EDA meeting occurred. We now have research and much information about how crypto mining affects the environment and communities. I am asking you to please read about this before you vote on this at the city council meeting. Additionally, it is my understanding that in 2023, the area surrounding the industrial park where VCV Digital wants to operate, is now zoned Residential 2.5. I am hoping you can help keep our quality of life peaceful and in turn healthy. Thank you for reading this and helping our community.

Respectfully,

Glynis Thiesse

property owned 11374 County Road 45 Brainerd

gtbone69@gmail.com

218-851-3140

**From:** [James Kramvik](#)  
**To:** [Kelly Bevans](#)  
**Cc:** [Nick Broyles](#); [Toni Gage](#); [Joe Langel \(jil@ratwiklaw.com\)](#); [Patrick Wussow BPU](#)  
**Subject:** RE: Crypto  
**Date:** Tuesday, June 4, 2024 9:29:32 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)

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Hi Kelly,

I have bcc'd the rest of City Council and the EDA, please refer to my answers below in red.

Regards,

*James Kramvik*



**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

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**From:** Kelly Bevans <kbevans@ci.brainerd.mn.us>  
**Sent:** Wednesday, May 29, 2024 3:11 PM  
**To:** James Kramvik <jkramvik@ci.brainerd.mn.us>  
**Cc:** Nick Broyles <nbroyles@ci.brainerd.mn.us>  
**Subject:** Crypto

James

Can I get a copy of the development agreement between (I don't know who as they've changed owners) regarding the Crypto mining in the industrial park that we (the EDA) sold property to. 1918 & 1911 Thiesse Drive.

I have attached a copy of the EDA packet that contains the development agreement, additional information, and the revised development agreement.

Questions:

-Does it matter that they've changed companies, numerous?

An Interim Use permit should not be denied based on the number of times they have changed companies. The company will remain VCV, the revised PDA acknowledges the transfer of the outstanding membership interests of the Developer to Ancheng. VCV, as the Developer, will continue to be bound by all of the terms and provisions of the Contract. The right to transfer membership interests have been reviewed by our attorneys that drafted the revised PDA. Our attorney did not have any issues when asked, does it make a difference that Ancheng may not be a US based company. She did state there are additional rules for agricultural property. The EDA can consider if they would like to extend the PDA. However, if the PDA is not extended the EDA should notify the developer that they have failed to meet the PDA deadline and re-enter and take possession of the parcel. The EDA would then be required to sell the property to another Crypto company to complete the original minimum improvements. The entire process is explained in the Memo to the EDA and fully laid out in the PDA. I am unsure how it would legally apply if the EDA decided not to extend the contract, but didn't begin the process to take the land back. Joe will be available at the EDA meeting via Webex, for questions.

-Did we tell them that they can mine Crypto? If it's not in this agreement please let me know when we did allow them (and just for Crypto). When specifically we told them they could? I'm not sure we ever did, maybe it's just that we didn't tell anyone they couldn't? I want to see who added it as an allowed use and when.

This decision was an interpretation by previous Community Development Director David Chanski. In our conversations before leaving, I was told that Crypto-Mining is a permitted use and considered manufacturing in the Industrial District and that VCV would be required to obtain an Interim Use Permit for Outdoor Storage as a Principle Use for the containers. I was never part of the conversations between the EDA, City Council, VCV, David Chanski, and Jennifer Bergman. In my opinion the interpretation is not wrong, but Crypto mining could have its own category and its own set of regulations. I will be asking the Planning Commission if they would like to consider this at the next meeting.

Example: Retail like manufacturing encompasses a large range of uses. Tobacco sales are lumped in with retail. However, off-sale liquor has its own category, but it could be considered retail. Cannabis retail dispensaries are another example of extracting a specific use from retail to create its own regulations.

-Is there an expiration/deadline on that agreement?

The requirement to start and complete the minimum improvements has expired in the current purchase and development agreement. VCV is asking to extend the deadline of the PDA.

-If they sell their property are those parcels limited to only mining Crypto? If so Why?

According to the purchase and development agreement the only approved use is completion of the minimum improvements, which is Crypto mining. Both parties would have to amend the purchase and development agreement to change the use/ minimum improvements. This provision

protects both the developer and the City. The developer cannot turn around and sell the property for mini-storage which provides zero jobs. When the property was sold, the EDA agreed that the proposed use was in harmony with the comprehensive plan. It protects the developer from purchasing the property and the City then changing their mind and forcing a sale after considerable time and investment from the developer. Our attorneys drafted the purchase and development agreement with this provision.

-Is the City liable for any guarantees made to whatever this Company is calling themselves today?

I have only worked with VCV since becoming Community Development Director. Certainly, past discussions, resolutions, and decisions made by the EDA, City Council, and staff should be weighed heavily when making any future decisions. Regarding the IUP and noise, a case must be made that this use would be louder outdoors than if it were in a structure. In staff's opinion, the fact that this is immersion technology makes this argument difficult. AC/ Cooling units would have to be used if this were placed in a building.

-When was the exception to the outdoor storage as a primary use added to this zone?

Outdoor storage as a principle use was also in the previous Zoning Code as an interim use permit according to section 515-70-4, a link is provided to the old code. The use was simply transferred to the new code.

<https://www.ci.brainerd.mn.us/DocumentCenter/View/6560/Previous-Zoning-Code---obsolete-7182022>

I'm certainly not looking to point any fingers, just a refresher as to what happened and when.

I'm sure Toni can help with minutes, and believe all Council may wish to know the answers to these questions.

Please let me know if you have any other questions or need any further clarification, thank you

Thank You

Kelly

*Email correspondence to and from the City of Brainerd government offices is subject to the Minnesota Government Data Practices Act and may be disclosed to third parties.*

**From:** [James Kramvik](#)  
**Cc:** [Nick Broyles](#); [Toni Gage](#); [James Kramvik](#)  
**Subject:** Sound Study  
**Date:** Wednesday, June 5, 2024 11:25:46 AM  
**Attachments:** [image001.png](#)  
[Noice Level Calculation.pdf](#)  
[Harvey Letter On Immersion Cooling 20240603.pdf](#)  
[Sound Analysis June to August \\_ NLA.jpg](#)

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Hi All,

I have been asked by the President of the EDA to send information that has been gathered thus far for the sound report for City Council. This report comes from VCV, however the calculations are very similar to my initial calculations prior to the Planning Commission meeting. Seasonal variation and fan speed are the most difficult item to have a definitive number. However, the map shows June to August calculations at 85% fan speed for average max temperature. For the Interim Use Permit, staff will be recommending an expiration date for the permit for reevaluation and that it must comply with the MPCA noise level standards. I have preliminarily reviewed the numbers, but not the full report. I will be reviewing the full report before tomorrow's meeting.

Regards,

*James Kramvik*



**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

# Noise Level Calculator

## Test Conditions

Ambient noise: 46.3dB

Ambient temperature: 84°F


Test Location: Shenzhen City, China

Equipment in operation: 4 Fans Dry Cooler \*1

Equipment operational state: Disabled automatic mode, manually controlled the system to run at full speed

Testing method: Using a decibel meter, at a height of 5 feet from the ground

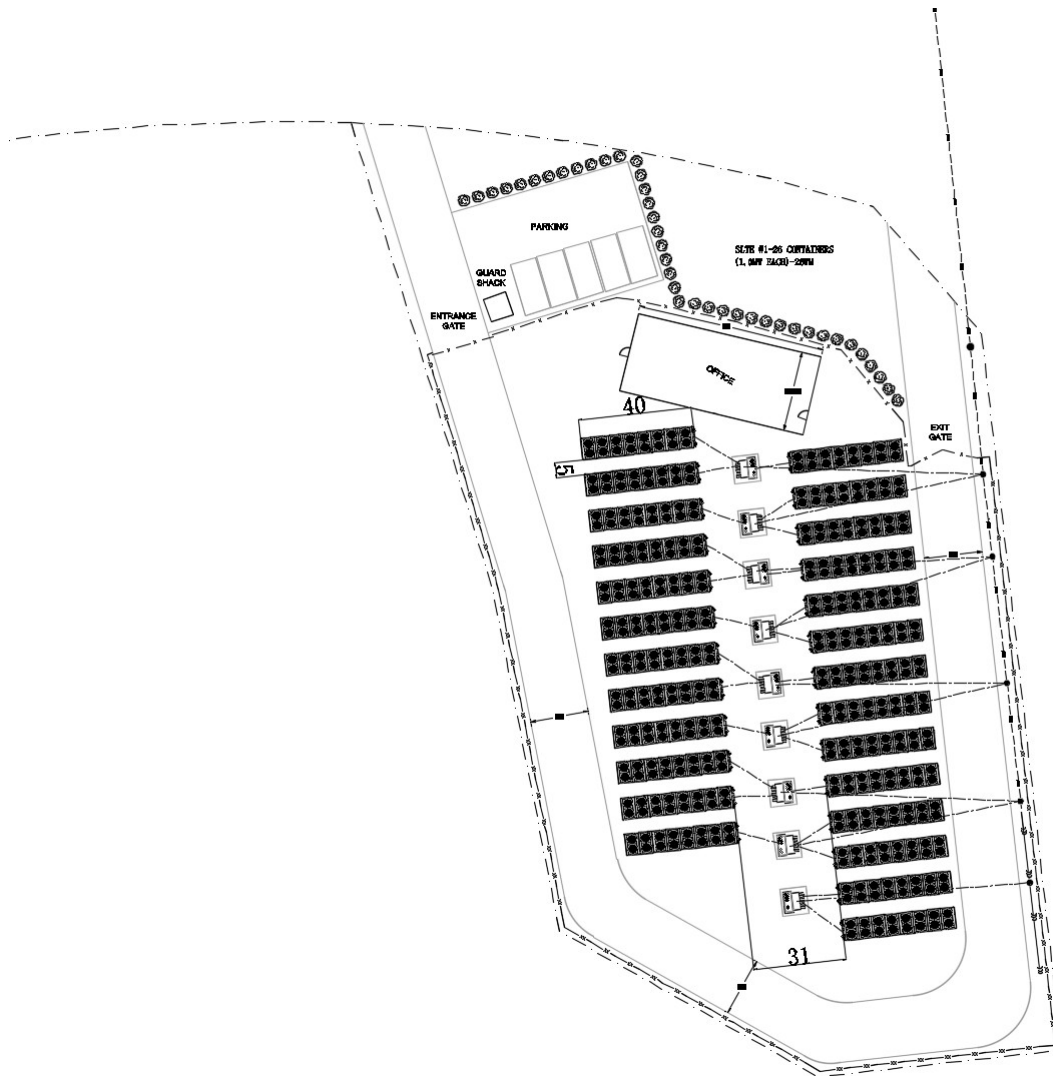
## Test Result

Distance	Volume (dB)	
30 feet	67.6	

Note: The above data is an actual measurement result under specific conditions. Noise values are influenced by a variety of factors, including the state of the noise source, propagation path characteristics, characteristics of the receiving point, and environmental conditions.

# Site design

- 26 sets of BC40-1MW container equipment
- Each group of dry coolers consists of 5 dry coolers, with a total of 26 groups of equipment and a total of 130 dry coolers.
- The noise level of each set of equipment is evaluated based on the above measured value, and the overall site noise level is calculated according to the noise attenuation model and equipment noise superposition.



## Noise Calculation

The calculations are the overall noise levels at different distances, based on the Monthly Average Max Temperature in Brainerd in the past 12 months.

Temperature Reference:

<https://www.wunderground.com/history/monthly/us/mn/brainerd>

These calculations provide an approximation of the overall noise levels at different distances, assuming they are incoherent sources. In real-world scenarios, the actual combined noise level could be different due to factors such as the layout of the devices, the physical environment through which the noise travels, and potential phase differences between the devices. Therefore, these calculations should be considered as estimates under idealized or simplified conditions.

Number of Dry Coolers 130

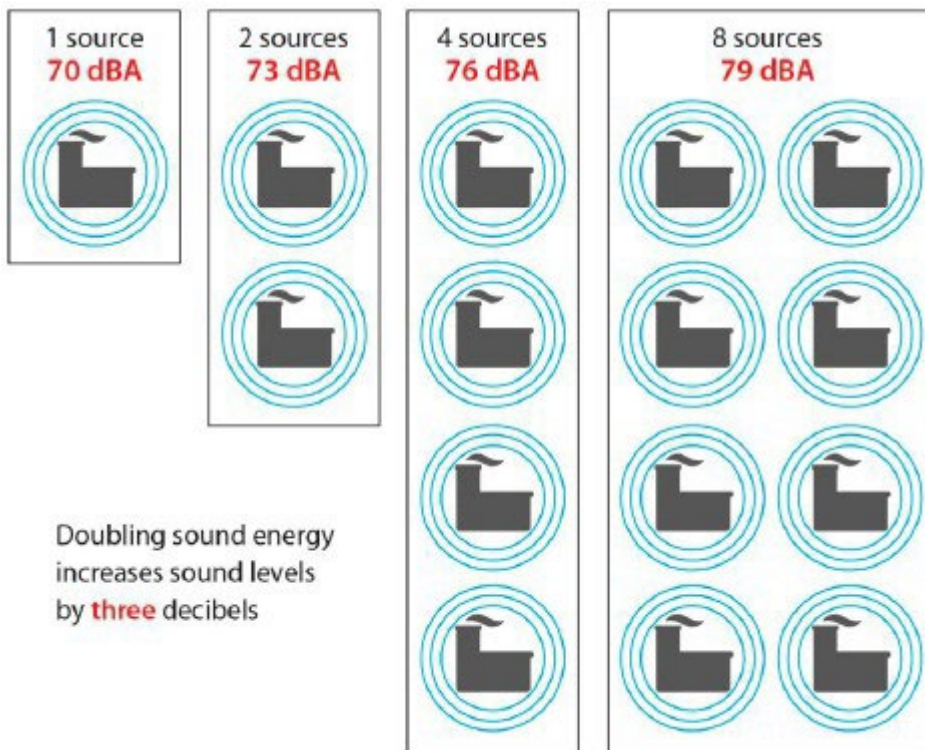
Month	Average Temp (F)*	Average Max Temp (F)	Fan Speed Ratio	Single Cooler Noise Level@30feet	Overall Noise Level@30feet	Overall Noise Level@60feet	Overall Noise Level@120feet	Overall Noise Level@240feet	Overall Noise Level@480feet	Overall Noise Level@960feet	Overall Noise Level@1920feet
Dec-23	30.45	36.19	10%	50	71	65	59	53	47	41	35
Jan-24	17.46	22.71	10%	50	71	65	59	53	47	41	35
Feb-24	28.04	37.1	10%	50	71	65	59	53	47	41	35
Mar-24	31.27	41.29	30%	53	74	68	62	56	50	44	38
Apr-24	45.05	54.73	50%	58	79	73	67	61	55	49	43
May-23	60.04	72.39	65%	62	83	77	71	65	59	53	47
Jun-23	68.69	80.8	85%	66	87	81	75	69	63	57	51
Jul-23	68.5	80.4	85%	66	87	81	75	69	63	57	51
Aug-23	68.03	79.77	85%	66	87	81	75	69	63	57	51
Sep-23	64	74	65%	62	83	77	71	65	59	53	47
Oct-23	47.1	55.65	50%	58	79	73	67	61	55	49	43
Nov-23	32.75	41.23	30%	53	74	68	62	56	50	44	38

\* The Average Temperature is for comparison only. The fan speed and noise calculation is based on the Average Max Temperature.

\*\* The calculation does not take actual topography into consideration

✦ In many situations pertaining to noise control and monitoring, it is very useful to be able to add and subtract multiple sources of sound. This can be done with principles similar to how sound attenuation over distance is estimated.

A doubling of sound energy yields an increase of three decibels. For example, each generator at a factory produces sound that is measured at 70 decibels, so running one generator would create sound measured at 70 dBA, turning on a second generator would increase sound by 3 dBA to 73 dBA, and doubling again to four generators would increase sound levels to 76 dBA. Figure 7 illustrates this principle.



**Figure 7. Addition and subtraction of decibel levels**

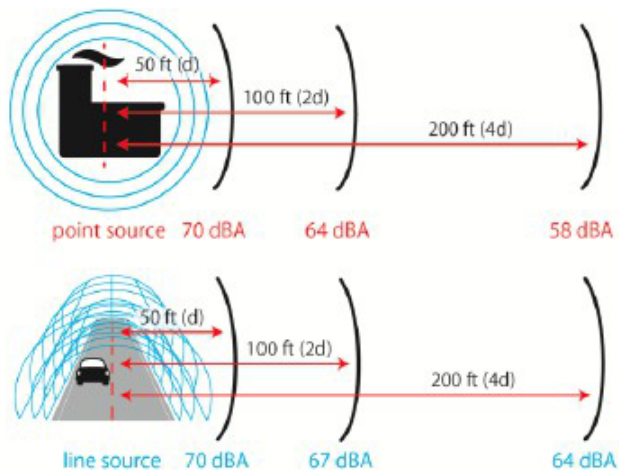
✦ Over distance, sound *attenuates*, or is reduced in amplitude, and is perceived as becoming quieter. This occurs as the sound travels outward to an increasingly larger sphere or cylinder, and the energy per unit of area decreases. These basic principles allow us to make generalized assumptions about sound.

When the distance is doubled from a *line* source, the sound level decreases three decibels.

Example: If a sound level is: 70 decibels at 50 feet it will be  
67 decibels at 100 feet, and  
64 decibels at 200 feet

When the distance is doubled from a *point* source, the sound level decreases six decibels (Figure 6).

Example: If a sound level is: 70 decibels at 50 feet it will be  
64 decibels at 100 feet, and  
58 decibels at 200 feet



**Figure 6. Distance attenuation of noise levels from a point source (top) and a line source (bottom)**



June 3, 2024

Dear Harvey,

Thank you for reaching out and discussing our experience with immersion cooling. The primary reason we switched to immersion, and soon to hydro, is due to three benefits:

- Reduced noise level.
- Improved electrical efficiency
- Improved hash rate

The sound benefits of immersion cooling from an operational perspective are enormous. The miners generate no noise at all. The high-pitched whine familiar to miners and their neighbors doesn't exist because all the fans are removed. We have 3 MW working now, and if you walk 50 feet away from the container, there is no noticeable noise being generated at all.

The only noise generated through immersion cooling is the that of the pumps moving cooling fluid from the tanks to the cooling system. It is a great system for industrial and commercial zoning, because the noise being generated is the same as cooling towers and other cooling systems. Inside the containers you can hold a conversation at normal volume without any issues.

I would strongly suggest that you use some YouTube videos of immersion cooling to demonstrate how quite they operate.

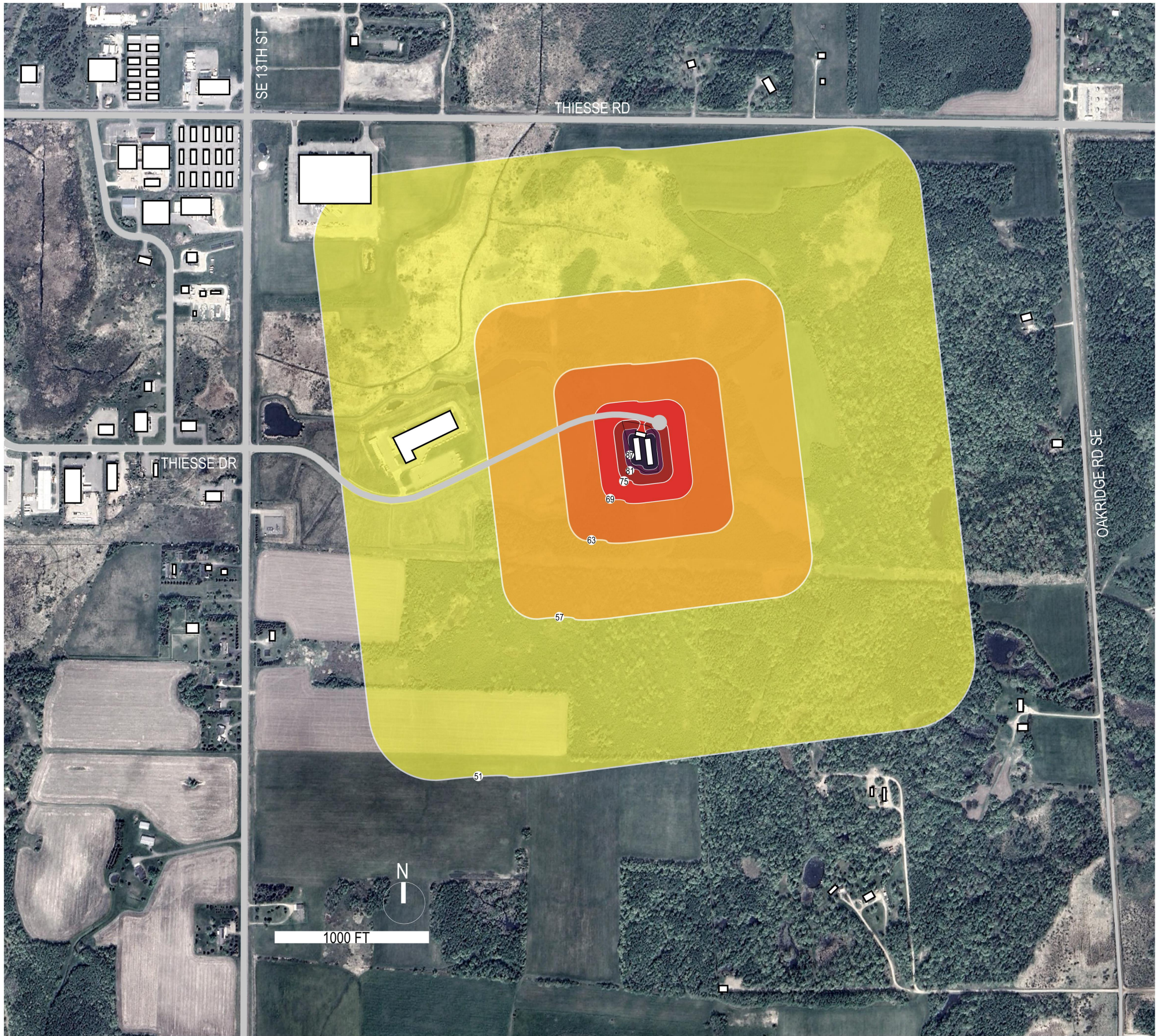
I hope this is useful, let me know if you need anything else.

Sincerely,

*Richard R. Dwyer*

Richard R. Dwyer  
CEO





**DAYTIME & NIGHTTIME NOISE LEVEL ANALYSIS**

1. The Noise Level Analysis is based on Project Noise Level during the hottest months. See Exhibit A - Noise Level Calculation for more information.

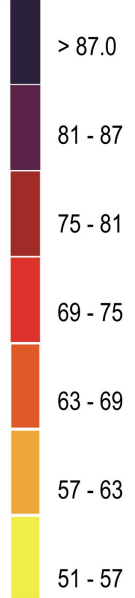
Month	Average Temp (F)*	Average Max Temp (F)	Fan Speed Ratio	Single Cooler Noise Level@30feet	Overall Noise Level@30feet	Overall Noise Level@60feet	Overall Noise Level@120feet	Overall Noise Level@240feet	Overall Noise Level@480feet	Overall Noise Level@960feet	Overall Noise Level@1920feet
Dec-23	30.45	36.19	10%	50	71	65	59	53	47	41	35
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Feb-24	28.04	37.1	10%	50	71	65	59	53	47	41	35
Mar-24	31.27	41.29	30%	53	74	68	62	56	50	44	38
Apr-24	45.05	54.73	50%	58	79	73	67	61	55	49	43
May-23	60.04	72.39	65%	62	83	77	71	65	59	53	47
Jun-23	68.69	80.8	85%	66	87	81	75	69	63	57	51
Jul-23	68.5	80.4	85%	66	87	81	75	69	63	57	51
Aug-23	68.03	79.77	85%	66	87	81	75	69	63	57	51
Sep-23	64	74	65%	62	83	77	71	65	59	53	47
Oct-23	47.1	55.65	50%	58	79	73	67	61	55	49	43
Nov-23	32.75	41.23	30%	53	74	68	62	56	50	44	38

2. During the hottest months, from June to August, the noise level meets the noise rules per State of Minnesota Noise Rules. This analysis meets the requirement for the most stringent noise area classification NAC 1\*, L50=60dBA, during Daytime.

3. This analysis also indicates no buildings of NAC 1 within the 50 dBA zone, thus it also meets requirements of NAC1, L50=50dBA, during Nighttime.

\*NOTE:  
 NAC 1: Residential housing, religious activities, camping and picnicking areas, health services, hotels, educational services  
 NAC 2: Retail, business and government services, recreational activities, transit passenger terminals  
 NAC 3: Manufacturing, fairgrounds and amusement parks, agricultural and forestry activities  
 NAC 4: Undeveloped and unused land

Noise Levels in dB (A)



**From:** [James Kramvik](#)  
**Cc:** [Nick Broyles](#); [Toni Gage](#); [Sarah Thiesse](#)  
**Subject:** EDA Petition  
**Date:** Wednesday, June 5, 2024 9:28:56 AM  
**Attachments:** [EDA Petition.pdf](#)  
[image001.png](#)

---

Hi All,

I have bcc'd all EDA board members. Attached to this e-mail is a petition regarding the revised PDA for 1918 & 1911 Thiesse Drive.

Regards,

*James Kramvik*



**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

## Opposition to Interim Use Permit for VCV Digital

Andrew Shipe <andrew.shipe@gmail.com>

Mon 5/20/2024 5:29 PM

To: Kelly Bevans <kbevans@ci.brainerd.mn.us>

Hi Kelly,

I wanted to share my opposition to the proposed IUP for VCV Digital. I reviewed the documents submitted to the Planning Commission and it seems like VCV is trying to do the bare minimum in setting up their facility at the expense of the residents of Brainerd.

For example, VCV doesn't provide any information about fire suppression at the facility. The amount of power used by the facility increases the risk of either heat or a spark causing an accidental ignition. If there is a fire, burning computer equipment creates toxic fumes that would endanger residents all over the city depending on the wind's direction.

Further, given the volatile nature of cryptocurrency, what if VCV goes out of business and abandons the facility? The city would be on the hook to properly recycle a tremendous amount of computer equipment that would be out of date and have little to no resale value.

While the proposal seems to meet the defined definition of outdoor storage I hope you and the council view this IUP as a new use of this category and reject the IUP until the Planning Commission and council can work to update the category to consider this type of facility and it having more impact than a traditional outdoor storage use.

- Andrew Shipe

## 1918 Thiesse Drive Concerns

Megan Thiesse <mthiesse1@gmail.com>

Mon 5/20/2024 1:46 PM

To: Dave Badeaux <dbadeaux@ci.brainerd.mn.us>; Kelly Bevans <kbevans@ci.brainerd.mn.us>; Kevin Stunek <kstunek@ci.brainerd.mn.us>; Jeff Czczok <jzczok@ci.brainerd.mn.us>; Tiffany Stenglein <tstenglein@ci.brainerd.mn.us>; Mike ODay <moday@ci.brainerd.mn.us>; Gabe Johnson <gjohnson@ci.brainerd.mn.us>; James Kramvik <jkramvik@ci.brainerd.mn.us>; Kara Terry <kterry@ci.brainerd.mn.us>  
Cc: gtbone69@gmail.com <gtbone69@gmail.com>; sarahc80@gmail.com <sarahc80@gmail.com>

1 attachments (307 KB)

Gmail - FogHashing BC40.pdf;

Some people who received this message don't often get email from mthiesse1@gmail.com. [Learn why this is important](#)

\*\*\* **Warning:** External sender, use extreme caution with attachments and links \*\*\*

Dear Brainerd City Council Members,

I would like to bring to your attention some information regarding the IUP for 1918 Thiesse Dr. In my review of the documents for this proposal I noticed that the images provided by VCV Digital are the same as those used on FogHashings website [Fog Hashing | Liquid Cooling Expert for Next-Gen Computing](#), they are a top manufacturer of these particular mining machines. I reached out to this manufacturer to ask for the decibel level of the unit, including the cooling fan for the 40 foot unit, that email is attached.

I have included the resources I have used to extrapolate the sound production to the 26 proposed units and extenuated the sound to the distance of my home. Please remember these are lab value numbers and exact calculations should be done by a professional to take into consideration the many environmental impacts to how sound travels.

At 60.4 db at 50m extrapolated to 26 machines the decibel level calculates to 74.8db at 50m  
[Decibel Calculator - dB Calculator - Addition and Subtraction of dB Values \(noisemeters.com\)](#)

Attenuating the 74.8db to 770m (2526ft) the sound would be 51.05db  
[Distance Attenuation Calculator \(omnicalculator.com\)](#)

These are the low end calculations based on the manufacturer, when attenuated to 1 mile the sound produced is still 44.6db.

I bring this to your attention as I have small children whose bedrooms face this proposed facility. My sister who lives next door also has two small children whose bedrooms will also face this facility. Most outside walls and windows only provide 10db of sound reduction, though there are some that can provide more, which would leave a constant sound of about 40db in their room. Per the World Health Organization Factsheet [Noise \(who.int\)](#), the WHO recommends less than 30db in bedrooms during the night for a sleep of good quality and less than 35db in classrooms to allow good teaching and learning conditions. There is evidence that chronic noise exposure in early childhood harms cognitive performance, impairs well-being and motivation, and increases blood pressure and stress hormone production. As stated in the research article **Health Effects of Noise Exposure in Children** by Stansfeld and Clark "Some of these effects such as raised blood pressure and cognitive impairments may have implications for adult health as well." I have included the link to the peer reviewed research article which highlights the impact sound has on children and their development. <https://rdcu.be/dluiW>

Below I will provide a few more links to peer reviewed and published research articles concerning the effects of noise on the cardiovascular system, animals, birds and insects, and plant life.

[https://www.researchgate.net/profile/Victor-Nna/publication/314947286\\_The\\_Possible\\_Mechanisms\\_through\\_Which\\_Dietary\\_Protein\\_Increases\\_Renal\\_Blood\\_Flow\\_and\\_Glomerular\\_Filtration\\_Rate/links/5c2de1c792851c22a35718e1/The-Possible-Mechanisms-through-Which-Dietary-Protein-Increases-Renal-Blood-Flow-and-Glomerular-Filtration-Rate.pdf](https://www.researchgate.net/profile/Victor-Nna/publication/314947286_The_Possible_Mechanisms_through_Which_Dietary_Protein_Increases_Renal_Blood_Flow_and_Glomerular_Filtration_Rate/links/5c2de1c792851c22a35718e1/The-Possible-Mechanisms-through-Which-Dietary-Protein-Increases-Renal-Blood-Flow-and-Glomerular-Filtration-Rate.pdf)

<https://onlinelibrary.wiley.com/doi/10.1111/j.1461-0248.2011.01664.x>

<https://doi.org/10.1098/rspb.2020.0176>

<https://www.jsr.org/hs/index.php/path/article/view/1352/622>

The final linked article is one that was reviewed by the White House which quantifies the environmental and health costs of cryptomining. Per the article "Results indicate that in 2018, each \$1 of Bitcoin value created was responsible for \$0.49 in health and climate damages in the US and \$0.37 in China."

<https://doi.org/10.1016/j.erss.2019.101281>

Thank you for your time and consideration.

Megan Bock

11633 Oakridge Rd.



---

## FogHashing BC40

4 messages

---

**Business Development** <bd@foghashing.io>

Thu, May 16, 2024 at 1:22 AM

To: Megan Thiesse <mthiesse1@gmail.com>

Cc: JQ <gaojianqi@foghashing.io>, Ritchie <ritchie@foghashing.io>, Derek <derek@foghashing.io>

Hi Megan,

Thank you for your trust in Fog Hashing. This project is led by JQ from Fog Hashing. He will communicate with you in detail next.

JQ, please follow up.

Best Regards,

—  
**Fog Hashing Pte. Ltd.**

Liquid Cooling Solutions for Next-Gen Computing

!/: FOG HASHING

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Click here to get the latest  
**Liquid Cooling Information**

Telegram Channel

From: "Megan Thiesse" <mthiesse1@gmail.com>

Date: Thu, May 16, 2024, 09:29

Subject: Sound level

To: <bd@foghashing.io>

Can you tell me the operating decibel level of the entire BC40 unit including the cooling fan? Sound is a concern in the proposed area this will be placed.

Thank you for your time!

---

**Megan Thiesse** <mthiesse1@gmail.com>

Fri, May 17, 2024 at 12:07 AM

To: Business Development <bd@foghashing.io>

Cc: JQ <gaojianqi@foghashing.io>, Ritchie <ritchie@foghashing.io>, Derek <derek@foghashing.io>

Thank you for your prompt response. I will await detail from JQ.

We can discuss any questions you may have and look forward to hearing from you!

Best Regards!

---

**JQ Gao**

**Key Account Manager | Fog Hashing Pte. Ltd.**

Expert on Liquid Cooling for Crypto Mining

Mobile/WhatsApp: +86 15229240884

Email: JQ@foghashing.io

!!! FOG HASHING

**Website | Twitter | YouTube | Telegram**

The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message. We do not guarantee the security of this e-mail. Please ensure that this e-mail and any attachments are free from viruses before opening them.

From: "Megan Thiesse"<mthiesse1@gmail.com>  
Date: Fri, May 17, 2024, 13:08  
Subject: Re: FogHashing BC40  
To: "Business Development"<bd@foghashing.io>  
Cc: "JQ"<gaojianqi@foghashing.io>, "Ritchie"<ritchie@foghashing.io>, "Derek"<derek@foghashing.io>

[Quoted text hidden]

---

**Megan Thiesse** <mthiesse1@gmail.com>  
To: sarah@bakersalescompany.com

Fri, May 17, 2024 at 8:47 AM

Sent from my iPhone

Begin forwarded message:

**From:** JQ <gaojianqi@foghashing.io>  
**Date:** May 17, 2024 at 4:21:37 AM CDT  
**To:** Megan Thiesse <mthiesse1@gmail.com>  
**Cc:** Business Development <bd@foghashing.io>, Ritchie <ritchie@foghashing.io>, Derek <derek@foghashing.io>  
**Subject:** Re: FogHashing BC40

Hi Megan,

Thank you for your interest in our products.

For your reference, here are the tested noise levels of the BC40.

<image.png>

By the way, do you have any more information on this project. For example where is the project located, what stage is it at now, and what are the noise requirements for the project?

We can discuss any questions you may have and look forward to hearing from you!

Best Regards!

---

**JQ Gao**

**Key Account Manager | Fog Hashing Pte. Ltd.**

Expert on Liquid Cooling for Crypto Mining

Mobile/WhatsApp: +86 15229240884

Email: JQ@foghashing.io

<boxcnr0ECcKpbk7mOaWNYJB3KVd.png>

**Website | Twitter | YouTube | Telegram**

<boxcn28aStbFGFqwMk2pquYuxgh.png>

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[Quoted text hidden]

**RE: Interim Permit 1918 Thiesse Dr**

James Kramvik &lt;jkramvik@ci.brainerd.mn.us&gt;

Mon 5/20/2024 1:55 PM

To: Kelly Bevans &lt;kbevans@ci.brainerd.mn.us&gt;

Cc: Nick Broyles &lt;nbroyles@ci.brainerd.mn.us&gt;; Toni Gage &lt;tgage@ci.brainerd.mn.us&gt;; Shawn Strong &lt;sstrong@ci.brainerd.mn.us&gt;; Joe Langel (jll@ratwiklaw.com) &lt;jll@ratwiklaw.com&gt;; Patrick Wussow BPU &lt;pwussow@bpu.org&gt;

1 attachments (613 KB)

1918 Thiesse Drive Map.pdf

Hi Kelly,

I have bcc'd the rest of City Council to make them aware of the questions and map. I have attached two maps as PDF documents, and they will be made available for tonight's meeting.

The first map displays a zoomed in aerial photo of the industrial park that is outlined in red. The individual property, 1918 Thiesse Dr, is also outlined in red with the outdoor storage area shaded in red. The outdoor storage area is clearly not abutting by definition as it is not next to, nor does it share a common boundary. Also, properties with outdoor storage can abut properties zoned residential. The outdoor storage area itself cannot abut a residentially zoned property.

**Rules and Definition of Abut – Zoning Code**

**Abut** (includes abuts and abutting). To be next to, or to share a common boundary. "Abutting" includes across a street. "Abutting" does not include properties that touch only corner to corner.

**515-3-28 Outdoor Storage**

The storage area shall not abut property zoned for residential, rural, or business use, including land in a neighboring township or city. "Abutting" includes across a street. "Abutting" does not include properties that touch only corner to corner.

The second map shows the nearest surrounding residential houses highlighted in red.

**Question 2**

The parameters for the permit are the finding of facts which are included in the agenda. Does the facility meet the findings of facts? Staff recommended approval based on the findings and parameters. Mike Duval of the planning commission stated that it was inconsistent with the comprehensive plan and stated reasons. Staff stated a reason it was consistent with the comprehensive plan. This Interim Use Permit is for Outdoor Storage, it is not for crypto mining. Just For Krypto, an operational crypto mining facility, has a primary structure on site and half of their mining is completed indoors. The question is, does the proposed use have an impact on the surrounding property more than if it were contained in a building? The proposed facility requires screening from the street because of outdoor storage. VCV has proposed immersion technology which means the data processors are fully enclosed and in a liquid which has no impact on the surrounding properties. The cooling fans or air conditions are the concern for noise. The cooling fans are no different in sound, possibly quieter, than the blowers from the Just From Crypto building. Just for Krypto is also operating similar portable units at the site and is currently using 22 MW of energy, which is similar to what VCV is proposing for 1918 Thiesse Drive. Just for Krypto and VCV are currently under contract for a maximum of 25 MW.

Also, this property was sold, zoned, and developed for industrial use. In the event of a denial, a case should also be made that this particular use, especially related to outdoor storage, is louder than other permitted manufacturing facilities such as Lexington. The proposed facility can produce sound consistent with other permitted industrial uses which are typically louder than residential and commercial uses. Again, Interim Use Permits can have time limits to reevaluate, and conditions can be added to the permit.

Regards,

**James Kramvik**

**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

**From:** Kelly Bevans <kbevans@ci.brainerd.mn.us>**Sent:** Saturday, May 18, 2024 8:44 AM**To:** James Kramvik <jkramvik@ci.brainerd.mn.us>**Subject:** Re: Interim Permit 1918 Thiesse Dr

James

Thanks for your response. 2 Questions

#1 Your map is great, how come the property in question isn't identified? Can you please do so for the Council meeting. I think to expand the map would be helpful as well, then we can see where everybody is.

#2 Attorney Langel mentions in an Email that, just like a Conditional Use Permit, if the parameters set forth by the City are met the permit must be granted. Please show us those parameters as they apply to this issue. To me, this seems to be the 'crux' of the

matter. Also, aren't there time limits on an IUP? And, can't we add condition, such as sound deadening trees, shrubs, etc.?

Thank You (Monday night is OK)

Kelly

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**From:** James Kramvik <[jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)>

**Sent:** Friday, May 17, 2024 6:22 PM

**Cc:** Toni Gage <[tgage@ci.brainerd.mn.us](mailto:tgage@ci.brainerd.mn.us)>; Nick Broyles <[nbroyles@ci.brainerd.mn.us](mailto:nbroyles@ci.brainerd.mn.us)>; Sarah Thiesse <[saraht@bakersalescompany.com](mailto:saraht@bakersalescompany.com)>

**Subject:** RE: Interim Permit 1918 Thiesse Dr

Hi All,

I have bcc'd the mayor and city council, so they are aware of the response. The email and response will also be provided to members of the Council at the next meeting. I can certainly answer any other questions prior to City Council on Monday.



The picture above references the City Zoning Districts. The land to the east in Crow Wing County was rezoned as Rural Residential 2.5. The Rural Residential 2.5 District in the County allows for residential use, while also allowing for farm buildings, farmland, livestock, feedlots, forest land for harvest. Staff included the County property east of the proposed project to give the Planning Commission and City Council a bigger picture of surrounding lands as it can be taken into consideration of Interim Use Permits. Staff made the correction regarding the zoning change at the Planning Commission meeting. However, the use of the land near the proposed project is agricultural, wetlands, or undeveloped as stated in the Findings. All residential homes are approximately a half a mile away.

The purpose of the GI Zoning District is to provide for the establishment of heavy industry and manufacturing development and use which because of the nature of the product or character of activity, requires isolation from residential and commercial uses. The purpose of a zoning district is a guiding document especially for consideration when rezoning properties. This land was sold and developed at great cost by the City of Brainerd for an industrial park because it was near the existing industrial park and is isolated from residential uses. For instance, a new industrial park should probably not be placed near a County housing development with multiple one-acre lots. However, if a General Industrial property is located next to a residential home the landowner is still entitled to the same review process as every other Industrial property owner. That being said, City Council can consider adverse impacts to residents or businesses when considering Interim or Conditional Use Permits.

#### **515-3-28 Outdoor Storage**

*The storage area shall not abut property zoned for residential, rural, or business use, including land in a neighboring township or city. "Abutting" includes across a street. "Abutting" does not include properties that touch only corner to corner.*

This ordinance section does apply to both City property and neighboring townships and cities. However, the property in question does not directly abut the County property as the Industrial Park was set up with common land and buffers. There is a 100' buffer of GI District property between the County property line and 1918 Thiesse Dr. The ordinance also states that the outdoor storage area shall not abut property zoned for residential, it does not indicate properties with outdoor storage cannot abut property zoned for residential.

City Council can consider if the proposed project is dangerous, injurious, or noxious to any other property or persons as part of the Interim Use Permit review. The Interim Use Permit application is for Outdoor Storage as a Principle Use as Cryptomining is considered manufacturing which is an allowed use in the GI District. Interim Use Permits do allow for City Council to add conditions to mitigate impacts to neighboring properties or apply an expiration date to the permit.

Regards,

**James Kramvik**



**James Kramvik** | Community Development Director  
City of Brainerd | 501 Laurel Street Brainerd MN 56401  
218-454-3408 | [jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)

**From:** Sarah Thiesse <[sarhtc80@gmail.com](mailto:sarhtc80@gmail.com)>  
**Sent:** Thursday, May 16, 2024 10:14 PM  
**To:** Dave Badeaux <[dbadeaux@ci.brainerd.mn.us](mailto:dbadeaux@ci.brainerd.mn.us)>; Kelly Bevans <[kbevans@ci.brainerd.mn.us](mailto:kbevans@ci.brainerd.mn.us)>; Kevin Stunek <[kstunek@ci.brainerd.mn.us](mailto:kstunek@ci.brainerd.mn.us)>; Jeff Czczok <[jzczok@ci.brainerd.mn.us](mailto:jzczok@ci.brainerd.mn.us)>; Tiffany Stenglein <[tstenglein@ci.brainerd.mn.us](mailto:tstenglein@ci.brainerd.mn.us)>; Mike ODay <[moday@ci.brainerd.mn.us](mailto:moday@ci.brainerd.mn.us)>; Gabe Johnson <[gjohnson@ci.brainerd.mn.us](mailto:gjohnson@ci.brainerd.mn.us)>; James Kramvik <[jkramvik@ci.brainerd.mn.us](mailto:jkramvik@ci.brainerd.mn.us)>; Kara Terry <[kterry@ci.brainerd.mn.us](mailto:kterry@ci.brainerd.mn.us)>  
**Cc:** [gtbone69@gmail.com](mailto:gtbone69@gmail.com); Megan Thiesse <[mthiesse1@gmail.com](mailto:mthiesse1@gmail.com)>  
**Subject:** Interim Permit 1918 Thiesse Dr

You don't often get email from [sarhtc80@gmail.com](mailto:sarhtc80@gmail.com). [Learn why this is important](#)

\*\*\* **Warning:** External sender, use extreme caution with attachments and links \*\*\*

Greetings Council Members,

I'm guessing that by now you've all been brought up to speed on the events of Wednesday's meeting and the concerns that were expressed by myself and others pertaining to the interim use permit for 1918 Thiesse Dr.

In light of that meeting there are a few documents I'd like to bring to your attention.

Attached is the page from the county board of commissioners meeting minutes from 12/12/2023 with the properties highlighted that surround the proposed site and their re-zoning.

The second document is the city ordinance for outdoor storage with the section highlighted about abutting properties zoning. Not only is an abutting property zoned residential but it is also part of a neighboring township. If building permits were denied based on this zoning not the tax classification then the tax classification for property abutting the proposed site should not be taken in to account.

The third document is page 24 from the document provided for the planning meeting from 5.15.2024. Highlighted are sections pertaining to the zoning as well as a portion that states that due to the nature of the product it requires isolation from residential and commercial uses.

This document incorrectly states that it is surrounded by industrial/undeveloped land. The Eastern border is not and never was commercial/heavy industrial. Prior to December of 2023 it was mistakenly, without knowledge or consent of the land owner zoned Commercial/Light industrial. This mistake was corrected for all parcels listed on the first attachment and Re-zoned as Rural Residential 2.5.

Isn't it accurate to say that this property abuts residential property in the neighboring township of Long Lake, which would mean that outdoor storage would not be permitted on this parcel as defined by the Chapter 515 zoning?

I appreciate your time and consideration.

Thanks,

Sarah Thiesse



**Petition regarding 1918 Thiesse Dr.**

Sarah Thiesse &lt;sarahtc80@gmail.com&gt;

Mon 5/20/2024 12:08 PM

To: Dave Badeaux <dbadeaux@ci.brainerd.mn.us>; Kelly Bevans <kbevans@ci.brainerd.mn.us>; Kevin Stunek <kstunek@ci.brainerd.mn.us>; Jeff Czczok <jzczok@ci.brainerd.mn.us>; Tiffany Stenglein <tstenglein@ci.brainerd.mn.us>; Mike ODay <moday@ci.brainerd.mn.us>; Gabe Johnson <gjohnson@ci.brainerd.mn.us>; James Kramvik <jkramvik@ci.brainerd.mn.us>; Kara Terry <kterry@ci.brainerd.mn.us>  
Cc: Megan Thiesse <mthiesse1@gmail.com>; gtbone69@gmail.com <gtbone69@gmail.com>

1 attachments (28 KB)

Delay Request .pdf;

Some people who received this message don't often get email from sarahtc80@gmail.com. [Learn why this is important](#)

\*\*\* **Warning:** External sender, use extreme caution with attachments and links \*\*\*

Good Morning City Council Members &amp; Staff,

Attached is a petition to request a delay of the vote on the interim use permit for 1918 Thiesse Drive that is signed by 39 people in the community surrounding the proposed site of operation.

All but a few of the signed parties live within 1 mile of the proposed Crypto Mining Operation. The reasons for the request are outlined in the attached document.

We would like to point out the fact that while today we are discussing 1918 Thiesse Drive and the potential impacts from that one site.

We would ask that you look farther down the road on this project as 1911 Thiesse Drive has not been factored in whatsoever and is a larger parcel.

It is our understanding that this particular type of business is contingent on continued growth. Meaning in order to remain in business, expansion is necessary.

The size and volume of this operation would increase repeatedly. What then would the decibel level that reaches neighboring homes be?

The comment from the applicant at the zoning meeting was they "think" the decibel level will be 50 db at 2000 feet. We are to the understanding that one cannot use simple math to calculate the exact decibel range. There are many environmental factors that would need to be applied for accuracy. The statement that the sound would travel upward because that is the direction of the fan is not factual.

Sound does not only travel in the direction it is pointed. We would also point out that there is evidence to prove that fans are actually louder at low speeds. We would like to see some facts from an expert that is impartial and not hired by the applicant.

We would ask if consideration of the other businesses in the industrial park have been factored in here. Fed Ex is only .3 miles from 1918 Thiesse Drive.

What is the decibel level that will reach them? How will that affect their employees?

There are still vacant parcels in that industrial park. How will that affect your ability to sell those parcels? How can one expect another business to want to set up shop in an area where they would be subjecting their employees to high decibel levels?

Our main concerns are about how this will directly affect our children, families and neighbors surrounding the area of operation. The noise, our health, environmental factors and also our property values which have proven to drastically decline in areas near crypto mining facilities.

However, upon looking into this for those reasons we also cannot disregard the other issues that affect the larger picture surrounding these types of operations.

Below are a few links to articles that spell out some of the larger issues:

<https://www.nytimes.com/2024/05/13/us/bitcoin-mine-biden-ban.html>

<https://www.cbsnews.com/news/bitcoin-noise-arkansas-right-to-mine-bill/>

<https://www.whitehouse.gov/ostp/news-updates/2022/09/08/fact-sheet-climate-and-energy-implications-of-crypto-assets-in-the-united-states/>

Across the country dozens of cities are adjusting laws, adding conditions to mitigate the noise, and even relocating these facilities based on complaints and lawsuits from surrounding residents and towns.

We would think that for the welfare of all parties involved, taking the time to assess what the actual decibel levels will be and researching what kind of sound barriers would be most effective is in everyone's best interest. We can understand that the noise

pollution and direct impacts on the residents were not previously a consideration because it was not brought to attention as this is a relatively new industry.

Please take caution of the fact that the use of Just for Krypto as an example would not be accurate as the miner machines are located in a building and the size of the operation is much smaller.

A professional would need to compare the plans of both to determine the relative sound comparison. However, it's a good starting point though.

We urge you to please consider a delay to vote on this for 60 days in the interest of uncovering some facts and researching the best way to move forward for all parties involved.

We tried to compile all thoughts from this community into one email as to not overload you with many emails.

Those concerns were narrowed down to the main points regarding the complaints that are aligned with the interim use permit and how it affects the direct neighboring residents.

We appreciate your time and consideration.

Respectfully Submitted By,

Sarah Thiesse

5/20/2024

Brainerd City Council Members and Staff,

We would like to formally request that the council delay the vote for the interim use permit at 1918 Thiesse Drive Brainerd, MN 56401 for the 60 days allowable by law.

The purpose of this request is for the following reasons:

There is no definitive proof regarding what the actual decibel level that would reach neighboring homes would be.

We would request that a similar operation be found to be used as a reference to more accurately determine the realistic noise levels, environmental and health impacts surrounding the operation.

We would like to request that the city research reasonable conditions to mitigate anticipated adverse impacts associated with the proposed use to protect the nearby properties. We would request that the research includes the anticipated noise pollution, health and environmental factors.

Energy consumption is a concern for many. However, our main concern is the direct impact on the surrounding residential communities and how it will affect our health, welfare, and quality of life.

We feel that 11 days notice to gather information regarding this new permit request was not enough time. We request more time be allowed to gather and present information as this project may not be in the best interest of the city of Brainerd.

We appreciate your time and consideration.

Respectfully submitted,

Sarah Thiesse  
Glynis Thiesse  
Alvina Thiesse  
Bryan and Robin Thiesse  
Megan & Tyler Bock  
Clayton Thiesse  
Shirley Thiesse  
Craig and Glenda Kunde  
Kelsey Kunde  
Loretta Wulf  
Heather Larson

Gary and Karren Thiesse  
Nolan and Jessica Faber  
Merle Faber  
Mike and Carrie Brown  
Torrey and Alissa Boser  
Bridget Busacker  
Wesley and Carol Urdahl  
Bradley Gorrion  
Marie Dosh  
Sharon Magnan  
Janine Russell

Doug and Marilyn Varin  
Riley Bastian  
Amanda Krebsbach  
Jayme Pickar  
Stacy Konen  
Doug and Vicki Kruse  
Cory Kruse  
BriAnna Kruse

May 17, 2024

Dear Council Member:

I and many residents in the vicinity of the Brainerd Industrial Park just became aware of the fact that the Investment Company VCV owns land in the industrial park and plans to build a large crypto mining facility there.

We are very concerned about the level of sound, the human health risks and the environmental impact to soil, water, air, animals and birds in the area of an installation that requires extreme amounts of electricity and cooling resources.

I am very much opposed to the building of this facility since it will also negatively affect our property values and the desirability of this area for potential new residential growth...and also, some businesses!

Please also consider that recently President Biden (Federal Government) just shut-down a crypto mining facility in Cheyenne, WY and explained it was for security reasons because it was near a military base. (New York Times – May 13, 2024...also printed in “The Hill”). Camp Ripley is a significant military installation.

Thank you for your consideration,

Loretta Wulf  
11365 County Road 45  
Brainerd, MN 56401

**City council meeting regarding IUP application by VCV Digital**

Glynis Thiesse &lt;gtbone69@gmail.com&gt;

Thu 5/16/2024 5:48 PM

To: Kelly Bevans &lt;kbevans@ci.brainerd.mn.us&gt;

[You don't often get email from gtbone69@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

Hello Kelly,

My name is Glynis Thiesse. I am the daughter of Harold and Alvina Thiesse, who owned the industrial park land in south Brainerd prior to selling it to the city to bring in industry and jobs for the community. My mom, Alvina, received a letter from James Kramvik regarding the Planning Commission meeting scheduled May 15th to discuss outdoor storage for a crypto mining operation. I shared this letter with family members because my mom was the only one who received this letter. I'm grateful she received it so we could attend the meeting and express concerns regarding pollution, especially noise pollution to those of us living in the area. We were pleased that the Planning Commission voted to deny the application for an IUP to VCV Digital. However, I understand that the city council is the authority that decides, so I am asking for you to please vote to deny. I watched the EDA meeting dated December 9, 2021. At that time, there was much less information available about crypto mining as China banned it only 5 months prior, in July 2021. The B&D Solutions wanted to have 12 storage containers 20 feet in length for their crypto mining. Now they are applying for a IUP for 26 containers 40 feet in length for their computers to run 24 hours a day to mine crypto, which will only benefit their investors. Brainerd Public Utilities will profit; however, this comes with significant energy use, and I don't think it is consistent with the city's Comprehensive Plan. The goal is to work toward becoming carbon neutral not increase energy usage. It would seem like receiving payment to allow a company to increase pollution. Mr. Duval was very astute in describing his opinion at the Planning Commission meeting. The amount of energy that will be used goes in the wrong direction of becoming carbon neutral, with only very few jobs offered does not seem like a benefit to the community. Mr. Duval verbalized that the amount of energy used will be "on our ledger" showing increase in carbon emissions, going against the goal to be carbon neutral. My impression is that he is genuinely concerned about our community rather than the amount of money this company estimates it may be offering to have their operation in Brainerd. No amount of money is worth the negative impacts crypto mining has had on communities throughout the country. Another major concern is the noise this will generate to those of us who live in the area. There are many articles that document the negative impact, including health issues, from noise produced by crypto mining on communities throughout the country. This information was not as plentiful in December 2021 when that EDA meeting occurred. We now have research and much information about how crypto mining affects the environment and communities. I am asking you to please read about this before you vote on this at the city council meeting. Additionally, it is my understanding that in 2023, the area surrounding the industrial park where VCV Digital wants to operate, is now zoned Residential 2.5. I am hoping you can help keep our quality of life peaceful and in turn healthy. Thank you for reading this and helping our community.

Respectfully,

Glynis Thiesse

property owned 11374 County Road 45 Brainerd

gtbone69@gmail.com

218-851-3140

# MEMO



**TO:** EDA Board of Commissioners

**FROM:** James Kramvik, Community Development Director

**DATE:** June 6<sup>th</sup>, 2024

**RE:** Discuss Concept Plans for Future Development

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## SUMMARY

As part of SHC's scope of services for 2024, the EDA directed SHC to prepare a Concept Plan for City of Brainerd property. In 2022, SHC created concept plans for Downtown Brainerd parking lots and in 2023 SHC has completed concept plans for the Wright Street Extension and the Thiesse Drive Industrial lots. Staff and SHC are looking for direction from the EDA as to which property the EDA would like to focus on next.

Staff has included an attachment of private properties that the EDA reviewed in 2022 along with a memo of Tier 1 properties from SHC. All Tier 1 properties have been conceptually planned with the exception of the Roberts property near Pennsylvania Ave and Mary Street. Staff does not recommend residential development of the Roberts property after speaking with the consultant tasked with writing Brainerd's wellhead protection plan.

In 2023, the City Council did not designate Trailside Park as a park because of the potential for future residential development. Trailside Park has an extensive master plan for additional park activities; however, the Park Board has made it clear they are not in favor of any new park property.

Of the 120 total acres, Trailside Park has approximately 80 acres of dry developable property with the Paul Bunyan Bike Trail bisecting the parcels. Trailside Park has a 5" water line stubbed in for future development, however additions to the water utility would be needed to supply adequate water pressure for large development.

## STAFF RECOMMENDATION

Staff recommends that Trailside Park should be the next area considered for SHC to create a concept plan as it is owned by the City of Brainerd and could support residential development.

*Note: SHC will propose alternatives to Trailside Park at the meeting*

# TRAILSIDE PARK AERIAL MAP

*Note: The area shaded in red indicates potential developable property*





MEMO

To: Members of Brainerd EDA

CC: David Chanski, Community Development Director

From: Jennifer Haskamp, AICP, SHC

Date: March 30, 2022

RE: Opportunity Site – Priority and Approach

At the regular EDA meeting on March 3, 2022 we presented a draft list of potential redevelopment and/or development sites in the City. The Opportunity Sites were organized into two general categories – sites with redevelopment opportunities, and greenfield sites. Through the course of the discussion, a third category was added to the list which are opportunity sites owned by the city. Attached to this memo is a revised Opportunity Site Map with all categories represented.

Based on the EDA’s conversation, we propose to establish/organize the Opportunity Sites by tiers, where Tier 1 properties are the top initiative. The intent of establishing tiers is to set general priority and to make sure all the properties remain on the list. The properties can move between tiers as circumstances arise and new information is learned (real estate rarely stays static, so the objective is to be flexible). For example, if a Tier 3 property owner contacts the City and is interested in learning about what development opportunities exist, the property may be “bumped up” to a Tier 1 initiative, whereas it may have been a Tier 2 or Tier 3 property without the specific owner’s interest. A proposed approach/work plan for the Tier 1 properties is provided for your comment and feedback. Generally, the same approach or work plan would be applicable to Tier 2 or Tier 3 properties, with adjustments to account for private ownership.

The following summary Tier 1 properties is provided for your review, comment and authorization. The deliverable to the EDA will include a summary and graphic representations including concept plans for the properties identified, as well as recommendations regarding next steps. We propose to submit a report to the EDA for each Use Category, with the first report/presentation for the Underutilized Parking Lots identified.

**Tier 1 Properties:**

All City owned properties are identified as Tier 1; and the site recommended for acquisition by the PUC.

USE Category (FLU/Zoning)	Map Legend	Summary Characteristics	Approach
<b>Underutilized Parking Lots</b>			
<ul style="list-style-type: none"> <li>➤ City Hall Parking Lot</li> <li>➤ 616 Laurel Street Parking Lot</li> <li>➤ 212 7<sup>th</sup> Street Parking Lot</li> </ul>	A, B, C	<ul style="list-style-type: none"> <li>▪ Existing parking lot areas are adjacent to structures/buildings</li> <li>▪ Sites have physical constraints (ROW, buildings, or other)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establish base map to establish site constraint analysis.</li> <li>▪ Perform “fit test” to determine what the site can support.</li> </ul>

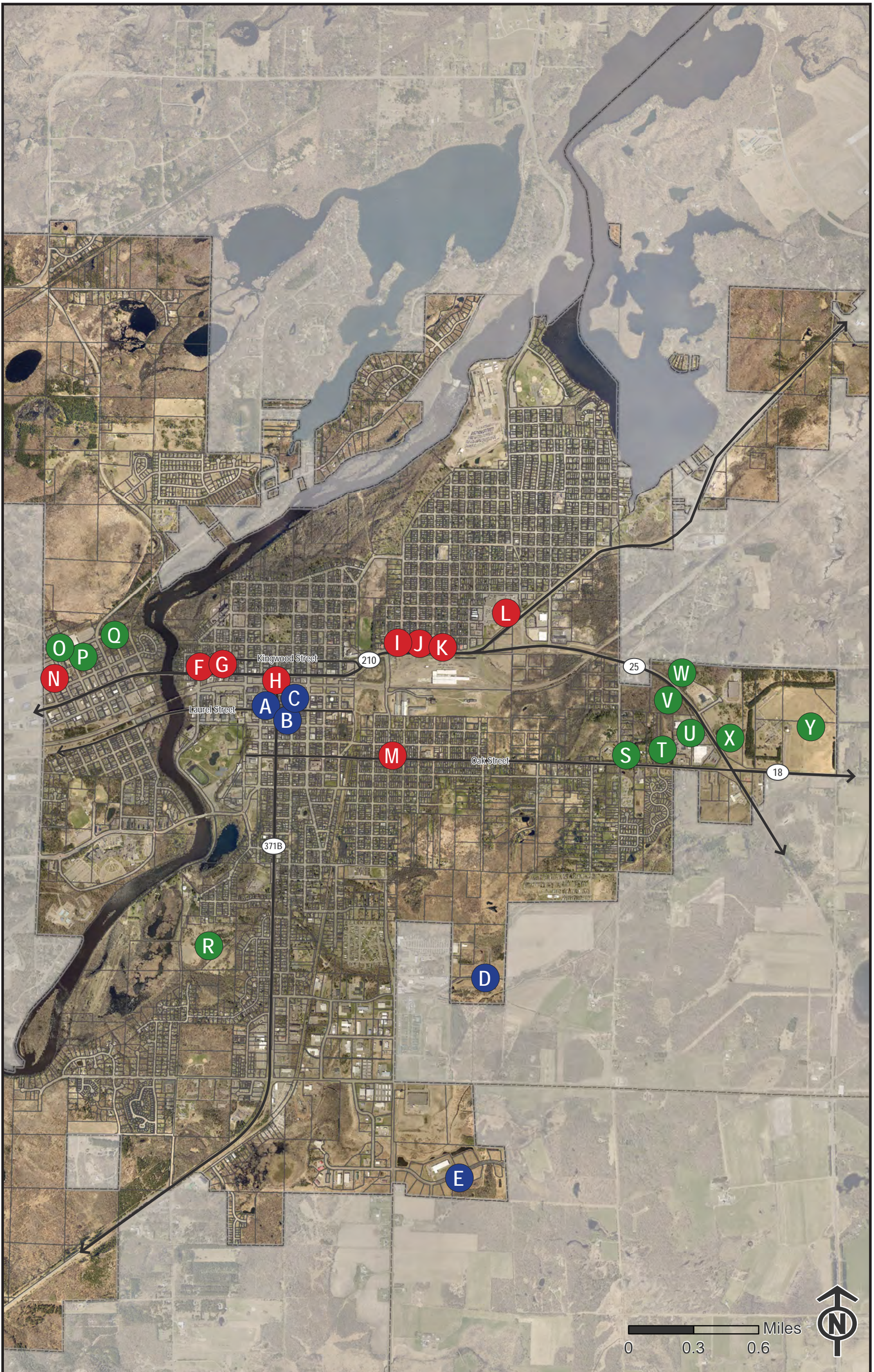


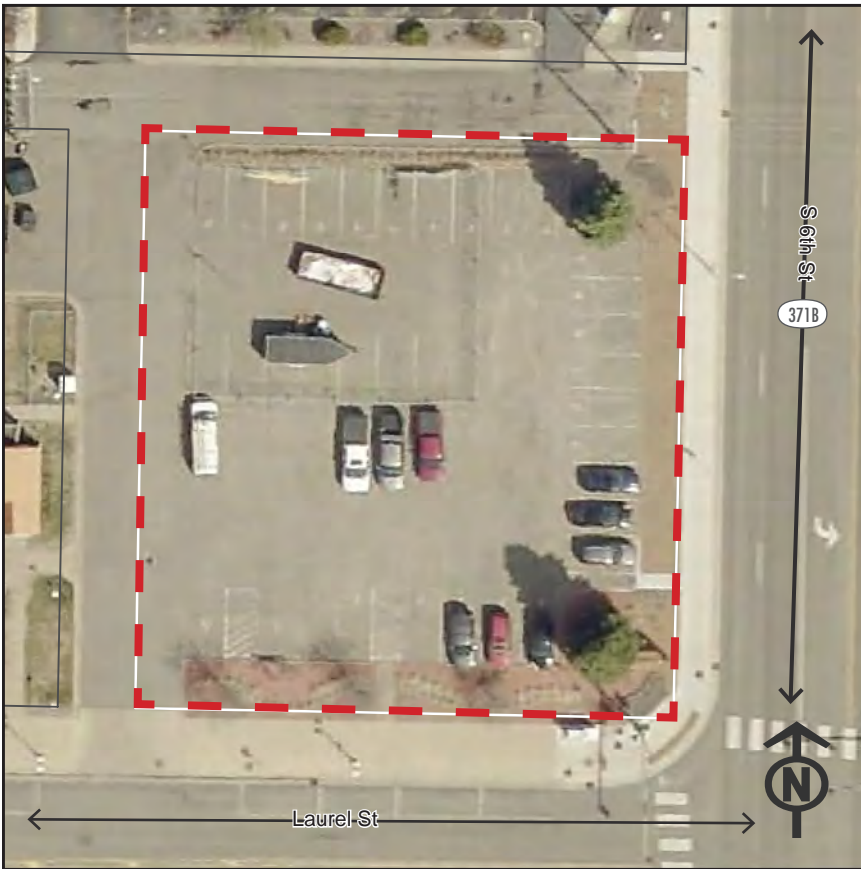
		<ul style="list-style-type: none"> <li>Sites are highly accessible (auto and pedestrian oriented)</li> </ul>	<ul style="list-style-type: none"> <li>Identify market opportunities for different uses by site. Use existing reports and analysis and pull data from other resources such as MLS.</li> <li>Based on use analysis and fit test, prepare summary high-level proforma.</li> </ul>
Industrial Park Parcels			
<ul style="list-style-type: none"> <li>Wright Street Extension (unplatted)</li> <li>Wright Street Extension (platted lots)</li> </ul>	D, E	<ul style="list-style-type: none"> <li>Unplatted area is large contiguous acreage, with road network; does not appear “shovel ready” but could be opportunity for larger user</li> <li>Platted industrial lots are “shovel ready”</li> <li>Roads are available, area is accessible</li> </ul>	<ul style="list-style-type: none"> <li>Establish base map, including existing utility information. (Potential to use as part of future marketing)</li> <li>Perform “fit test” on platted lots for building size/developability analysis</li> <li>Prepare summary high-level proforma</li> <li>Perform general market research to identify leading industry sectors in area</li> </ul>
Other (Greenfield Site, if acquired)			
<ul style="list-style-type: none"> <li>1702 Pennsylvania Avenue</li> <li>1700 Mary Street</li> </ul>	R	<ul style="list-style-type: none"> <li>PUC identified site for wellhead management area; location unknown</li> <li>Significant topography will impact development area</li> <li>Utilities are adjacent, but infrastructure (roadways/access/extension) etc., will need to be evaluated</li> </ul>	<ul style="list-style-type: none"> <li>Establish base map, include utility analysis.</li> <li>Identify areas that are for PUC use, review applicable setbacks, etc.</li> <li>Interview PUC representative to understand their improvements and impact on potential development area.</li> <li>Perform concept planning of area to identify potential uses.</li> </ul>

DRAFT

# Opportunity Site Prioritization

Brainerd Economic Development Authority 3.30.2022





**A** NW Corner of Laurel St & S 6th St (City Hall parking)

Property Owner(s): City of Brainerd

PIN(s): 41241434

Size: 0.48 Acres

Category: City-Owned

Proposed Zoning District: Main Street (MS)



**B** 212 7th Street S

Property Owner(s): City of Brainerd

PIN(s): 41241453

Size: 0.22 Acres

Category: City-Owned

Proposed Zoning District: Main Street (MS)



**C** 616 Laurel Street

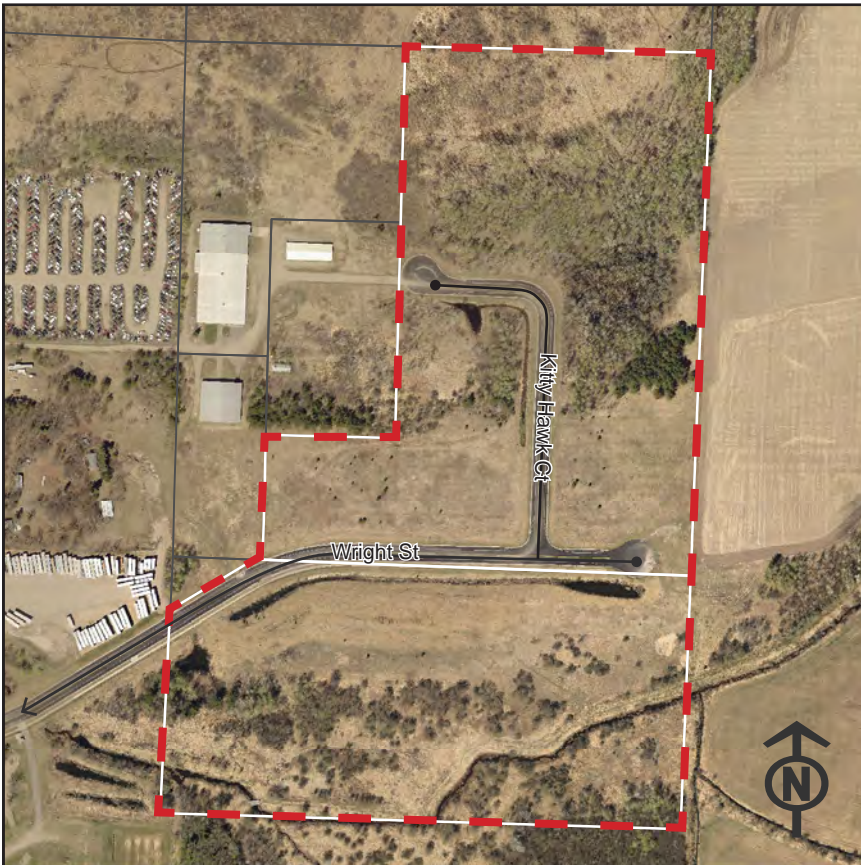
Property Owner(s): City of Brainerd

PIN(s): 41241296  
41241298

Size: .28 Acres

Category: City-Owned

Proposed Zoning District: Main Street (MS)



**D** Wright Street Extension

Property Owner(s): City of Brainerd

PIN(s): 41310500  
41310501

Size: 45.5 Acres

Category: City-Owned

Proposed Zoning District: General Industrial (GI)



**E** Wright Street Extension

Property Owner(s): City of Brainerd, ARG

FEBRNMN001 LLC

PIN(s): 41060500, 41060501  
 41060502, 41060503  
 41060504, 41060505  
 41060506, 41060507  
 41060508, 41060509  
 41060510, 41060511  
 41060512, 41060513

Size: 34.5 Acres

Category: City-Owned/Redevelopment

Proposed Zoning District: General Industrial (GI)



**F** 112 Kingwood Street  
 119 Washington Street

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

PIN(s): 41241364  
 41241368

Size: 22,400 square feet

Category: Redevelopment

Proposed Zoning District:

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

Commercial Corridor (CC) (East Parcel)



## 206 Kingwood Street

Property Owner(s): 209 Washington LLC

PIN(s): 41241377  
41241378

Size: 13,800 square feet

Category: Redevelopment

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)



## NE Corner of 6th St S & Front St

Property Owner(s): Lively Auto Bldg Real Est

Holdings

PIN(s): 41251149

Size: 37,000 square feet

Category: Redevelopment

Proposed Zoning District: Main Street (MS)



**118, 112 1st Avenue NE**

Property Owner(s): Roger Engholm

PIN(s): 41191816

41191817

Size: 14,000 Square Feet

Category: Redevelopment

Proposed Zoning District:

Traditional Neighborhood 1 (TN-1)



**111 2nd Avenue NE**

Property Owner(s): Mattson Properties LLC

PIN(s): 41191814

41191815

Size: 14,000 Square Feet

Category: Redevelopment

Proposed Zoning District:

Traditional Neighborhood 1 (TN-1)





**K** 106 3rd Street NE

Property Owner(s): PBJ Rentals LLC

PIN(s): 41191847

Size: 14,600 square feet

Category: **Redevelopment**

Proposed Zoning District:  
Commercial Corridor (CC)



**L** 417 8th Avenue NE

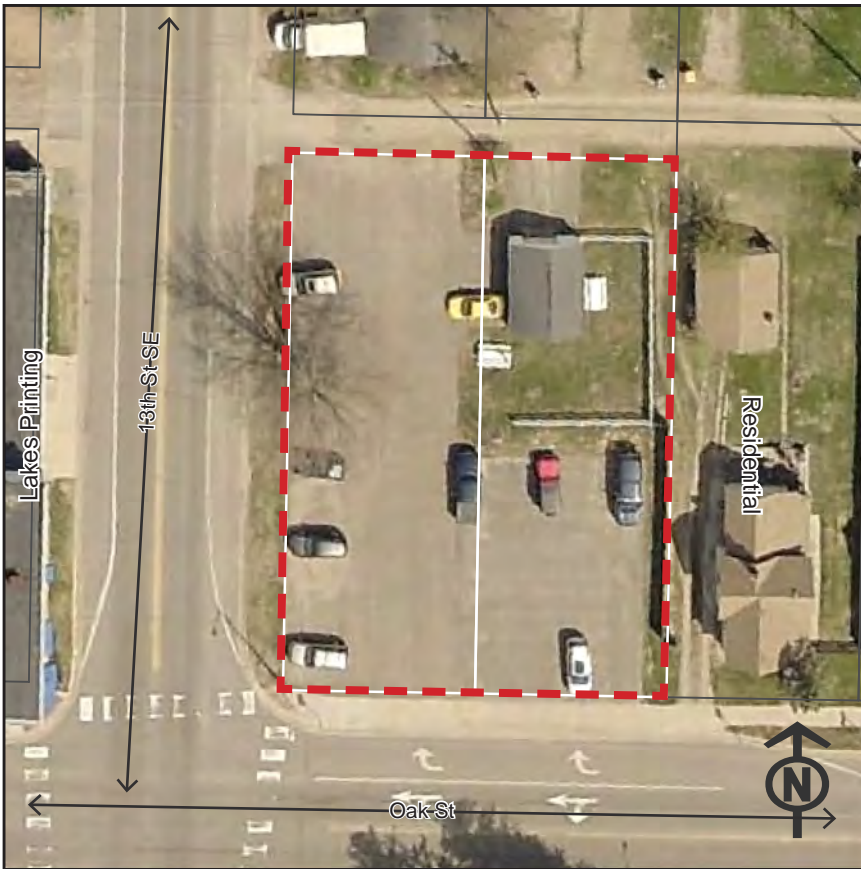
Property Owner(s): Suso 2 Brainerd LP

PIN(s): 41190502  
41191873

Size: 1.3 Acres

Category: **Redevelopment**

Proposed Zoning District: General Commercial (GC)



**515 13th Street SE  
1307 Oak Street**

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

PIN(s): 41300579

41300580

Size: 14,000 Square Feet

Category: Redevelopment

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)



**14136 Baxter Drive**

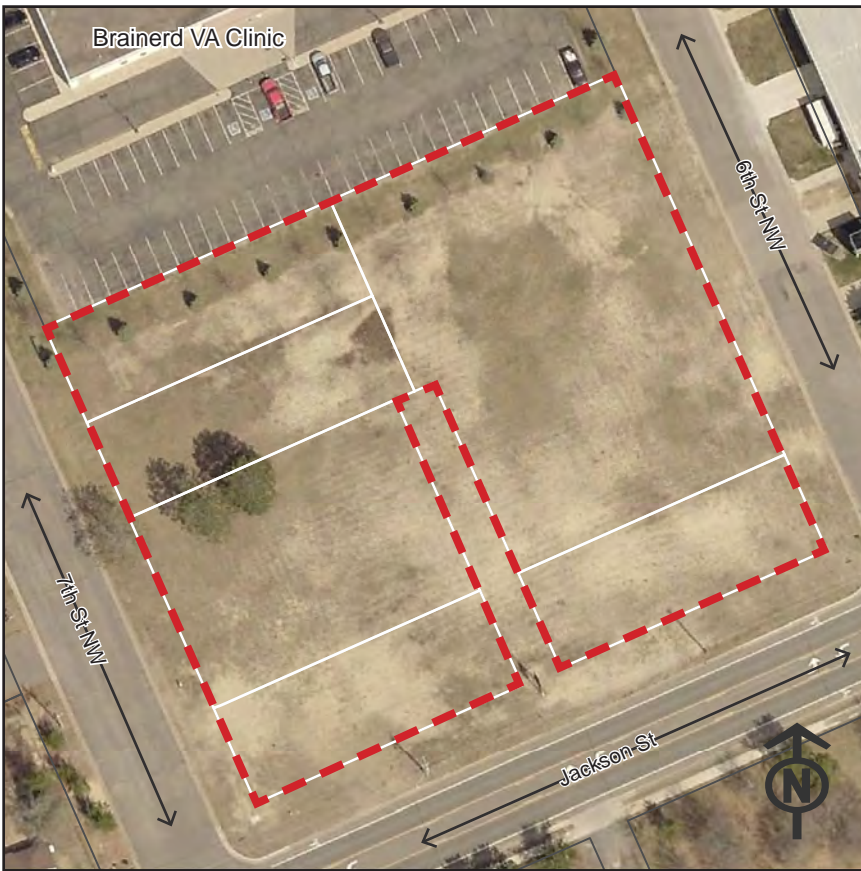
Property Owner(s): Westgate Mall Realty Group LLC

PIN(s): 41040784

Size: 1 Acre

Category: Redevelopment

Proposed Zoning District: General Commercial (GC)



**O** 710 7th Street NW

Property Owner(s): Timothy and Ladonna Haglin

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

Size: 75,000 square feet

Category: **Greenfield**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)



**P** 605 NW 6th Street

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

PIN(s): 41040765  
 41040766  
 41040767

Size: 28,000 square feet

Category: **Greenfield**

Proposed Zoning District:

Traditional Neighborhood 2 (TN-2)



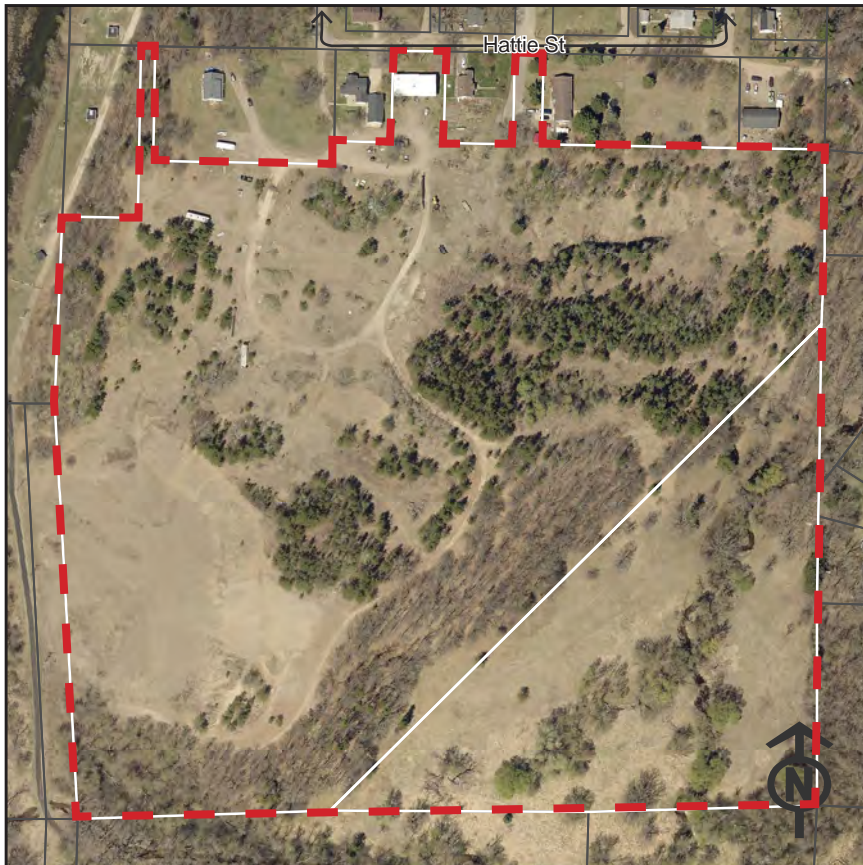
**Q** 509 2nd Street

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

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

Size: 9.4 Acres total  
 North Portion: 2.3 Acres  
 West Portion: 3.16 Acres  
 East Portion: 4 Acres

Category: **Greenfield**  
 Proposed Zoning District:  
 Traditional Neighborhood 2 (TN-2)



**R** 1702 Pennsylvania Avenue  
 1700 Mary Street

Property Owner(s): Robert's Sand and Gravel  
 PIN(s): 41361080  
 41361081

Size: 35.2 Acres

Category: **Greenfield**  
 Proposed Zoning District:  
 Contemporary Neighborhood 1 (CN-1)



**S** NE Corner of Oak Street & 28th Street SE

Property Owner(s): RKD Real Estate LLC

PIN(s): 41290503

41290683

Size: 2.6 Acres

Category: **Greenfield**

Proposed Zoning Code:

Contemporary Neighborhood 2 (CN-2)



**T** 3115 Oak Street

Property Owner(s): Liberty Group of Brainerd LLC

PIN(s): 41290694

41290695

81290532

Size: 13.5 Acres

Category: **Greenfield**

Proposed Zoning District:

Contemporary Neighborhood 2 (CN-2)



**SW Corner of Hwy 25 & Etak Dr**

Property Owner(s): Liberty Group of Brainerd LLC

PIN(s): 41290609

Size: 2.5 Acres

Category: **Greenfield**

Proposed Zoning District: General Commercial (GC)



**NW Corner of Hwy 25 & Etak Drive**

Property Owner(s): Liberty Group of Brainerd LLC

PIN(s): 41290697

Size: 14.7 Acres

Category: **Greenfield**

Proposed Zoning District: General Commercial (GC)



**W** 217 Etak Drive

Property Owner(s): Liberty Group of Brainerd LLC

PIN(s): 41290504

Size: 17.65 Acres

Category: **Greenfield**

Proposed Zoning District: General Commercial (GC)



**X** 217 Etak Drive

Property Owner(s): Liberty Group of Brainerd LLC

PIN(s): 41290504

Size: 22.5 Acres

Category: **Greenfield**

Proposed Zoning District: General Commercial (GC)



## 11605 State Avenue

Property Owner(s): State of Minnesota, State of

Minnesota Admin Bldg

PIN(s): 41290698

41290702

41290703

Size: 62.75 Acres

Category: **Greenfield**

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

# MEMO



**TO:** EDA Board of Commissioners

**FROM:** James Kramvik, Community Development Director

**DATE:** June 6<sup>th</sup>, 2024

**RE:** Amended Brokerage Agreement with Kamp Real Estate

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## INTRODUCTION

After the execution of the Listing Agreement at the February EDA meeting, Staff contacted Kamp to discuss the potential of listing the Annex building to the City Hall in addition to the properties identified in the master contract. Kamp has prepared a draft Addendum for consideration to include the Annex as part of the master listing agreement. The Annex building is currently platted and constructed on the same lot and PID as City Hall. To sell the building, a subdivision or CIC plat, or some other division will be required so that the fee title to the building and land can be sold.

The EDA considered staff's request at the April 4th meeting. Council member Bevans stated that the City Council must approve the listing of the Annex prior to acceptance of the brokerage agreement as the Annex has never been approved for sale by City Council. The Annex was previously leased as office space and in 2022 Region 5 considered a long-term lease agreement for improvements to the building.

At the May 6<sup>th</sup> City Council meeting, the Council approved the request for the EDA to list the Annex for sale or lease. Staff is currently working on a list of repairs for the Annex, specifically the HVAC system and elevator.

## STAFF RECOMMENDATION

Approve Addendum No. 1 to the Exclusive Right to Sell Agreement between the Brainerd Economic Development Authority and Kamp Real Estate and Development LLC



MEMO

To: Members of Brainerd EDA  
CC: James Kramvik, Community Development Director  
From: Jennifer Haskamp, AICP, Kamp  
Date: March 28, 2024  
RE: Addendum No. 1 to Listing Agreement, et. Al

**Addendum No. 1 – Summary and Background**

After the execution of the Listing Agreement at the February EDA meeting, Staff contacted Kamp to discuss the potential of listing the Annex building to the City Hall in addition to the properties identified in the master contract. Kamp has prepared a draft Addendum for consideration to include the Annex as part of the master listing agreement. A couple items to note regarding the Addendum:

- The Annex building is currently platted and constructed on the same lot and PID as City Hall. To sell the building a subdivision or CIC plat, or some other division will be required so that the fee title to the building and land can be sold. The Addendum contemplates this and establishes that any Purchase Agreement must be contingent on an acceptable process and outcome so that the property can be transferred. The Addendum does not establish that the City, EDA, SHC or Kamp will be responsible for the division and places that responsibility on the potential purchaser. It is likely that the City/EDA and Kamp/SHC will assist with this process and the specifics of that agreement can be established once a buyer is identified.
- The sales price will be listed as “Negotiable” until a market study can be completed. Kamp will prepare a market analysis with recommended pricing to be presented at the June meeting.
- Kamp will work with staff to work through necessary disclosures and/or documentation regarding building condition, etc., to determine the appropriate listing type (as-is, etc.)

**Property Marketing Updates**

A summary of the following activities is provided for reference:

- The Listings are active and marketed on Kamp’s website and will be placed on the EDA website once the EDA website is live.
- The QR Code on the signage is live and links to Kamp’s current listings. This can be adjusted in the future if/and when the EDA website is live.
- A master list of brokers and developers using MNCAR database is in draft form. Marketing “flyers” for the properties will be sent in the next two weeks.



- Kamp is working with MNCAR on the public listing on the MNCAR Exchange which is the industry public portal for commercial/industrial property listings. The listings will (hopefully) be live by 4/5.
- Kamp has begun initial conversations with a few industrial brokers that are targeting “outstate” markets and will continue to solicit potential buyers/user.
- The sign package is ready to print. We are working with staff to get signs printed locally and to install the signs as soon as weather conditions permit.

### **Miscellaneous**

- SHC/Kamp attended a meeting with the City and School District representatives on 3/13 to discuss the approximately 20-acre property north of Buffalo Hills Park. At the meeting we discussed in general terms the potential to collaborate on how to best position and sell the property. The ISD 181 representative planned to go back to their committee to discuss next steps.



**ADDENDUM NO. 1 TO EXCLUSIVE RIGHT TO SELL AGREEMENT**

This Addendum No. 1 is made to the Exclusive Right to Sell Agreement (Agreement) entered into between the Brainerd Economic Development Authority and Kamp Real Estate and Development LLC on February 8, 2024. All terms and conditions as established in the Agreement remain in effect unless explicitly identified within this Addendum.

- 1. Exhibit A of the Agreement shall be modified to ADD the following Property:

City	Address (Legal Description)	Property Identification Number
Brainerd	213 S 5 <sup>th</sup> Street (Lots 19 thru 45 Inclusive Block 45, First Addition to Brainerd)	41241431

- 2. The Subject Property is improved with a building that is known as the Annex to the Brainerd City Hall. Both the City Hall and the Annex are constructed on one lot with one Property Identification Number.
- 3. Any Purchase Agreement must be contingent upon the successful subdivision or re-plat of the parcel to divide that portion of the parcel containing the Annex so that fee title ownership may be transferred.
- 4. The Exclusive Right to Sell Agreement shall be modified for the Annex Building as described below, and such agreement shall be amended to include the Sale and/or Lease provisions as detailed within this Addendum.
- 5. A market study will be completed by Kamp to establish the listing price and/or potential lease rates. The study and price recommendation will be presented to the Owner for approval.
- 6. Exhibit B Schedule of Sale Commissions shall be amended to include the following schedule for lease commissions for the Annex building:

**LEASES**

**Rates:** Broker will be compensated for a successful lease transaction per the following schedule:

**DIRECT TRANSACTION (NO THIRD PARTY INVOLVED):**

Should Kamp lease space without the assistance of a Third Party Broker, Kamp will be paid a commission equal to:

- 6% of the total net rent to be collected in Year 1
- 5% of the total net rent to be collected in Year 2
- 4% of the total net rent to be collected in Year 3
- 3% of the total net rent to be collected in Year 4 & 5.

**CO-BROKER TRANSACTION:**

In the event a cooperating broker (including other brokers affiliated with Broker but not a member of the Listing Team) is involved in securing a lease, the commission to Listing Broker shall be 175% of the above schedule. Such fee shall be shared with the cooperating broker as the market dictates. In the event the cooperating broker is seeking a fee higher than fifty percent (50%) of the Co-Broker fee, the Owner will review, approve or decline such additional fee at its sole discretion but in no case shall the listing Broker receive less than fifty percent (50%) of the Co-Brokered Fee Structure.



**Cancellation Clauses:** Kamp will be paid a commission based upon the entire lease term notwithstanding any right of Owner to cancel the lease. If a tenant has a right to cancel the lease after the term has commenced (and for reasons unrelated to casualty, condemnation, default and the like), the commission will initially be based upon the noncancellable portion of the lease term plus the amount of any cancellation payment payable by tenant; if such right is not thereafter exercised, Owner will promptly pay Kamp the balance of the commission. A lease will be deemed canceled only if tenant vacates the premises. If a lease is terminated or amended and tenant remains under a new or different arrangement, Kamp shall be paid the balance of its commission. If a cancellation payment includes the unamortized commission, then Kamp will be paid a full commission as if no right of cancellation existed.

**Computation of Commissions:** If a rental concession is made by Owner allowing a tenant not to pay rent for the initial months of the lease term, then the commission shall be calculated on the entire term with the first year being deemed to commence on the first day of the lease term whether or not rent is payable. If rental concessions are granted in lieu of Owner performing construction or alteration work and with respect to any other allowances or concessions granted to a tenant whether in the form of a credit against rent, construction, decoration or otherwise, there shall be no deduction from the commission calculation above unless otherwise negotiated with the Broker.

**Time of Payment:** Commissions on leases shall be earned quarterly upon payment of rent unless otherwise negotiated and approved by the Brainerd EDA.

**Sale by Owner:** In the event of a sale, conveyance or other disposition of all or any portion of Owner's interest in the Property at which the lease is made, Owner shall remain responsible to pay Kamp the commissions due and/or which may become due hereunder, unless Owner shall obtain from the grantee of its interest and deliver to Kamp an agreement whereby the grantee assumes Owner's commission obligations hereunder.

This Addendum is entered into on the Effective Date.

**Owner: Brainerd EDA on Behalf of City of Brainerd**

**Kamp Real Estate and Development, LLC**

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**Name: Kevin Yeager**  
**Its: President**  
**Date: April 15, 2024**  
**Address: 501 Laurel Street**  
**Address 2:**  
**City, State, ZIP: Brainerd, MN 56401**

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**Name: Jennifer Haskamp**  
**Its: Managing Broker and CEO**  
**Date: April 4, 2024**  
**Address: 246 S. Albert Street**  
**Address 2: Suite 2A**  
**City, State, ZIP: Saint Paul, MN 55105**

# MEMO



**TO:** EDA Board of Commissioners

**FROM:** James Kramvik, Community Development Director

**DATE:** June 6<sup>th</sup>, 2024

**RE:** Façade Improvement Grant and BLAEDC Contract

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## INTRODUCTION

At the April 4<sup>th</sup> EDA meeting the Board reviewed staff's recommendation for an exterior improvement grant program in which the EDA would allocate up to \$20,000 per calendar year to fund eligible projects. The program provides a 50% matching grant for actual construction costs up to \$5,000 per property. The EDA will continue to fund as many projects as possible until the \$20,000 is fully allocated. The EDA recommended the following changes:

1. All commercial/ industrial uses should be eligible for the grant rather than only those located within the River to Rail Economic Incentive District or adjacent to Washington Street, Mill Avenue, or Business 371.
2. Design work shall not be eligible for funding.
3. BLAEDC must set a not to exceed yearly contract number for administering the grant.

The EDA Board directed staff to work with BLAEDC on a contract for administering the grant program and to bring the contract back to the next meeting.

## STAFF RECOMMENDATION

Approve the contract with BLAEDC to administer the grant program and recommend any final changes to the qualifications and guidelines.



# BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

## *Exterior Improvement Grant Program*

### PURPOSE

The Brainerd Exterior Improvement Grant Program provides incentives to stimulate external and visible investment in Downtown and Corridor properties. Property owners and business owners are encouraged to consider improvements incorporating aesthetic, environmental, cultural, and historical elements that enhance the character and architecture of Brainerd. These improvements should create a cohesive, attractive environment. The program provides a 50% matching grant for actual construction costs up to \$5,000 per property on a pay-for-performance basis. Eligible projects include permanent exterior building and landscape improvements visible from a public right-of-way. The EDA will allocate up to \$20,000 per calendar year to fund eligible projects.

- **Eligibility - Property must be a commercial use, mixed-use, or industrial use and must be permitted in the respective zoning district.**
  - All work must be done on the property/building exterior and result in a publicly visible improvement.
  - All work must be done in compliance with the Brainerd City Code and necessary permitting. Work must include the correction of any known exterior building code violations.
  - Work already in progress or performed prior to project approval will not be eligible for funding.
  - Funds may be used for ~~design and/or~~ construction of permanent exterior building improvements, awnings, signage, windows, doors (including front/back door accessibility), brick repair and/or site landscaping resulting in a publicly visible improvement. Other uses may also be eligible if prior approval is granted by the Brainerd Economic Development Authority.
  - Operational or ongoing maintenance expenses will not be considered (Ex. roof repair).
  - Properties must be taxable existing structures occupied by commercial or mixed-use tenants in a commercial zoning district.

# BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

## Exterior Improvement Grant Program

- Properties may not include properties with delinquent taxes or special assessments, in litigation, condemnation or receivership.
- **Application Guidelines** - The Executive Director and President of the Brainerd Economic Development Authority (EDA) is responsible for grant approval. BLAEDC is responsible for program oversight and administration of the grant. Applicants must comply with the following guidelines:
  - Only fully completed applications will be reviewed.
  - Owners of multiple properties must submit separate applications for each project.
  - Business owners under a lease submitting applications must include written consent of the property owner.
  - Projects must be completed in a timely manner from the date of approval (within one year with a maximum extension of six months). As indicated by the pay-for-performance model, funds will be distributed after the project's completion and reimbursement is requested.
  - No applications will be accepted for retroactive projects.
- **Grant Disbursement** - Awarded funds will be dispersed as a reimbursement to the applicant upon submittal of receipts and/or invoices for supplies purchased and inspection which certifies the work completed is in accordance with the EDA approval and other City ordinances. The business must operate for two years after the grant disbursement or repayment is required.
- **City Code and Permit Requirements** - Recipients must comply with all requirements of State law, City Code, and EDA policy and program guidelines. Applicants agree to work cooperatively with the EDA and City as follows:
  - Provide design drawings, proposed work specifications, and architectural materials in a timely manner.
  - Attend various meetings, reviews, etc. with representatives of either the City or EDA to expedite various stages of the project.
- **Recipient Responsibility** - All work to be completed shall be the sole responsibility of the property owner. The EDA/ BLAEDC administers the grant program herein and the EDA/ BLAEDC are not responsible for any work undertaken as a result of the grant. The owner hereby holds the City and BLAEDC harmless for any and all liability commencing out of any work constructed and paid for the façade improvement grant herein.





**AGREEMENT FOR PROFESSIONAL SERVICES  
BY AND BETWEEN THE BRAINERD EDA  
AND  
THE BRAINERD LAKES AREA  
ECONOMIC DEVELOPMENT CORPORATION**

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

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

I. SERVICES

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

- a) BLAEDC agrees to provide administration of the Brainerd EDA Facade Grant Program.
- b) BLAEDC will create the application, marketing, handle all inquiries, and review applications for submission to Brainerd EDA for final approval.

II. TERM OF CONTRACT

The term of this contract shall be one year, commencing June 6, 2024, and terminating with completion of the grant program, not to exceed 18 months (about 1 and a half years) from the date of the signed contract.

III. COMPENSATION

**Services Relating to Accomplishing Our Mission**

Brainerd EDA agrees to pay BLAEDC **\$85/hour** to administer these services. BLAEDC will utilize Clicktime to track hours for submission of payment.

IV. REPRESENTATION

- a) The Brainerd EDA does hereby acknowledge that BLAEDC will be conducting the Administration of the Facade Grant Program for the agreed upon amount of hourly compensation, not to exceed \$2,000.
- b) Each party to this agreement binds himself and his partners, successors, executors, administrators, and assigns to the other party of this agreement and to the partners, successors, executors, administrators, and assigns of such other party, in respect to all covenants of this agreement. Except as above, neither party shall assign, sublet, or transfer his interest in this agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body which may be party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the parties to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement in the City of Brainerd, Minnesota on this day\_\_\_\_\_.

Brainerd EDA

BRAINERD LAKES AREA ECONOMIC  
DEVELOPMENT CORPORATION

\_\_\_\_\_  
By Its President

\_\_\_\_\_  
By Its Executive Director

**Brainerd Lakes Area  
Economic Development Corporation**

224 West Washington Street  
Brainerd, MN 56401

[growbrainerdlakes.org](http://growbrainerdlakes.org) (218) 828-0096

# MEMO



**TO:** EDA Board of Commissioners

**FROM:** James Kramvik, Community Development Director

**DATE:** June 6<sup>th</sup>, 2024

**RE:** Review Central Business District Incentive Policy

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## INTRODUCTION

The EDA held a workshop on June 28<sup>th</sup>, 2023, to discuss additional economic incentive programs for the City of Brainerd. Exploring additional incentive programs is a goal of the 2023-2024 framework plan for the EDA. At the workshop, BLAEDC provided a report on comments from their 2022 BR&E interviews and a few comments centered around providing incentives or programs for the businesses that are not located in the downtown area of Brainerd.

## UTILITY INFRASTRUCTURE

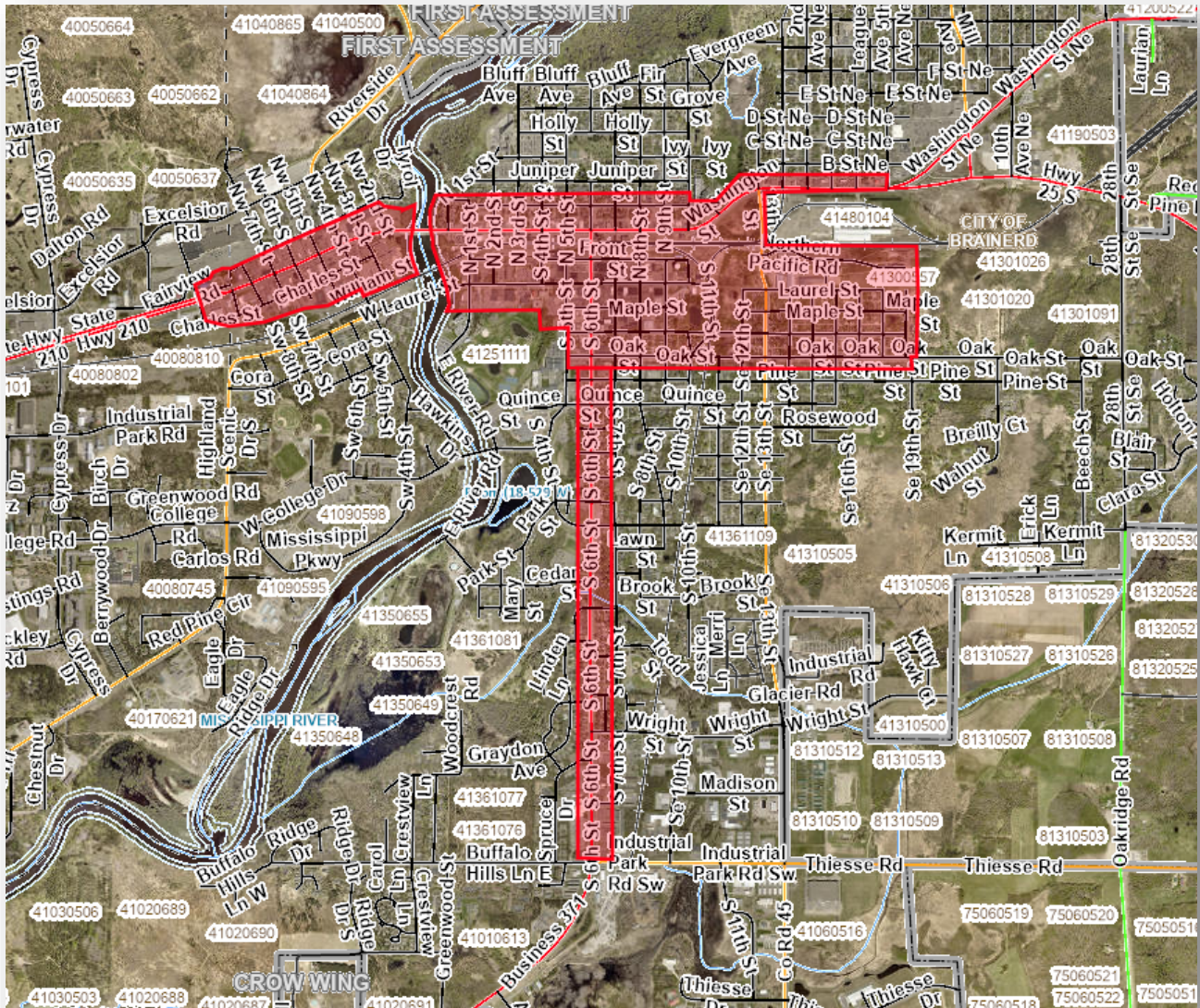
The Community Development Director, Public Works Director, and Public Utilities Director discussed the Commercial Corridor District and the potential for mixed-use development. The CC District does not currently allow for mixed-use or residential development. However, there are numerous benefits for allowing mixed-use development in the CC District such as creating complete neighborhoods, expanding areas for residential development, and making redevelopment financially viable for a potential developer. The Washington Street reconstruction project will increase utility capacity in the CC District and future residential development will not have an impact on the new infrastructure. The Public Works Director and Public Utilities Director did not see any issue with extending the River to Rail District or to allow future residential development in this area as the River to Rail District forgives all SAC and WAC permit charges. The Planning Commission will consider mixed-use development in the CC District after conclusion of the short-term rental ordinance and cannabis dispensary ordinance.

Brainerd Public Utilities has voiced concern about adding additional incentive districts beyond the expansion of Washington Street, as the SAC and WAC could be used for large infrastructure projects.

## CENTRAL BUSINESS DISTRICT INCENTIVE POLICY

At the April 4<sup>th</sup>, 2024 EDA meeting, the Board discussed options to expand the incentive district further than what staff proposed. Staff proposed including all properties located in the Commercial Corridor Zoning District along Washington Street. The Board recommended that the district should be expanded west of the Washington Street bridge and along South 6<sup>th</sup> Street. Staff has attached a proposed map for discussion and additional expansion could be considered. Staff recommends renaming the policy as the Central Business District Incentive Policy.

## CENTRAL BUSINESS DISTRICT MAP



## DISTRICT OPTIONS

1. Approve the proposed Central Business District Map with the same incentives as the River to Rail District.
2. Separate the map into three zones and only waive SAC and WAC in the original River to Rail District with the small expansion along Washington Street NE.
3. Add additional incentive zones.

# **City of Brainerd, Minnesota**

## **River to Rail Initiative**

### **Incentives Policy**

#### **1. Policy Introduction**

The River to Rail initiative focuses on the area of Brainerd, Minnesota bound by the Mississippi River on the west, the Northern Pacific Center on the East, Oak Street on the south, and Washington Street on the north. In recent years, momentum to revitalize the core downtown of Brainerd has been building due to the hard work of several organizations including the City of Brainerd, the Brainerd HRA, the Brainerd Lakes Area Chamber of Commerce, the Brainerd Lakes Area Economic Development Corporation, Sourcewell, and the Region 5 Development Commission. While this momentum has been taking place, these organizations along with entrepreneurs and developers have been working together to create a shared vision for this core area of Brainerd now known as the River to Rail Initiative.

#### **2. Policy Purpose and Need**

Generally, the City of Brainerd City Council finds it necessary and advantageous to outline specific policy decisions it has made for the River to Rail corridor as it relates to potential development incentives that developers or entrepreneurs can tap into as resources to complete important projects within the River to Rail corridor. The incentives in this policy provide baseline guidance to staff, City Council members, developers, entrepreneurs, and economic development agencies about what options are available to promote development, re-development, and economic vibrancy to the corridor.

This policy is not intended to be an exhaustive list of all the City of Brainerd is willing to make available for potential investors within the corridor, nor is it meant to mean that the City will not consider these same incentives in other areas of the community, rather it is meant to be a trial run at an economic development policy that provides as a guiding document for potential investors that want to develop or re-develop areas within the corridor, and may be expanded in the future to include all of Brainerd upon success stories shared due to this policy.

#### **3. Policy Statement**

The following incentives, based upon City Council action, are available for use within the River to Rail corridor and may vary due to project construction costs as outlined further in this policy:

- Waiving of City Building Permit Fees (not including State of Minnesota surcharge). This does not waive the requirement to obtain a permit, but rather just the fee.
- Waiving of Sewer and Water Availability Charges (SAC and WAC)
- Tax-Increment Financing
- Tax Abatement
- Parking Assistance
- Land Acquisition

These listed incentives do not limit potential investors from tapping into other resources available within the community for financial assistance including the following list:

- City of Brainerd/Brainerd HRA Revolving Loan Fund
- Brainerd HRA Small Cities Development Program (SCDP) Grants
- Brainerd Lakes Area Economic Development Corporation Unified Fund Loans
- Brainerd Public Utilities Economic Development Electric Rate Reduction if applicable based on load capacity.
- Opportunity Zone Assistance
- New Market Tax Credits
- State and Federal Historic Tax Credits

### **Waiving of City Building Permit Fees**

Generally, the Brainerd City Council has elected to waive City building permit and inspection fees for all construction projects less than \$150,000 in total construction costs. This does not waive the requirement to obtain a permit or the ability for investors that exceed this threshold the ability to see reduction or waiver of fees during the development or re-development negotiation process. This does not include a waiver of the State of Minnesota surcharge, which is a requirement of all building permits within the City.

### **Waiving of Sewer and Water Availability Charges (SAC and WAC)**

The City of Brainerd City Council has elected to waive all sewer and water availability charges (SAC and WAC charges) within the River to Rail Corridor, as identified in the introduction.

### **Tax-Increment Financing (TIF)**

Generally, tax-increment financing (TIF) is available for construction projects in excess of \$1,000,000 total construction costs, however, upon the proof of need shown by the investor that the development would not occur without the assistance of tax-increment financing, the Brainerd City Council is willing to negotiate the term and amount of increment with said investor. All tax-increment financing applications must be approved by the Brainerd City Council, upon completion of negotiations.

### **Tax Abatement**

Tax abatement may be considered if tax increment financing is not an option because the project doesn't qualify under state law or the project is not in excess of \$1,000,000.

- Tax abatement will be considered on the new proposed value created, not the land or buildings' existing or "base" value (base being a definition related to tax increment financing).
- Tax abatement will be considered only if the County is requested to participate, although the city's provision of abatement is not contingent upon the County agreeing to participate.
- The Council will carefully deliberate abatement requests that ask for the maximum amount and term, only agreeing to provide abatements for the

maximum amount and term where the developer can support the request with evidence of special need, or the proposal is for a project that is a high priority for the Council.

- Although not required by State law, abatement projects will be required to meet the “but-for” test as defined in the Tax Increment Financing statute.

### **Parking Assistance**

Generally, the Brainerd City Council is willing to negotiate parking needs of the proposed development to come to a mutually beneficial parking solution to serve both the new investment and other areas within the River to Rail corridor.

### **Land Acquisition**

The Brainerd City Council continues to seek opportunities to acquire blighted property and make the property marketable for future investment including the razing of old structures, beautifying said property, or any other means to make property marketable and attractive to potential investors.

## **4. Policy Conclusion**

It is the intent of this policy to assist investors and entrepreneurs to make small or large investments in the River to Rail corridor and to inform on the potential incentives available to promote incremental or large changes within this core area of Brainerd.

The incentives and funding mechanisms presented in this policy are all negotiable during the development agreement process, and the City of Brainerd City Council has indicated is not tied to any specific threshold of development for each incentive. This list is to provide for opportunities for incentives and is not intended to close the door on any development request or proposal.

### **Term**

This policy shall be reviewed after a period of ten (10) years to evaluate its effectiveness. It shall be reviewed, amended, renewed, ore revoked after that review.

Adopted July 2, 2019

# **River to Rail Economic Incentive Policy**



Organizations, local government, entrepreneurs and developers, working together have created a shared vision, now known as the Rail to River Initiative. The vision is to build on the current momentum to revitalize Brainerd's community district and create a strategic narrative that encourages planning and new private sector investment for the future. Individuals and businesses that choose to invest in this area may receive assistance with planning, financing, and securing permits.

## **River to Rail Economic Incentive Policy**

As of July 1, 2019, all City permit fees, plan review fees and any SAC and WAC fees for construction projects with a valuation less than \$150,000 will be waived.

- The State of Minnesota surcharge will continue to be applied to all projects located in the River to Rail Corridor.

Any property owner or contractor who fails to obtain a permit will be denied the economic incentive and be charged an investigative fee, which is equal to the original cost of the permit.

River to Rail Economic Incentive Corridor - (Map on other side)

The project area boundaries are as one-half block north of Washington street to one-half block south of Oak street; from the Mississippi River to 19th Street SE.

