



ECONOMIC DEVELOPMENT AUTHORITY AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Wednesday, June 26, 2024 @ 12:30 PM

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. **Unfinished Business**

A. **Consider Purchase and Development Agreement with VCV**

5. **Adjourn**

Visit the City's Website at www.ci.brainerd.mn.us

MISSION

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

MEMO



TO: EDA Board of Commissioners

FROM: James Kramvik, Community Development Director

DATE: June 26th, 2024

RE: Consider Revised Purchase and Development Agreement with VCV

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.

EDA MEETING JUNE 6th

The EDA considered the revised purchase and development agreement at the June 6th meeting. Public Utilities Director Wussow voiced concern about the transfer of ownership and stated that BPU's attorney was reviewing the legalities of the transfer. In addition, BPU also required an electrical plan prior to agreeing to the transfer of ownership. On June 18th VCV met all of the requirements and BPU mailed the signed transfer of ownership document to VCV. The president of the EDA called a special meeting to reconsider the revised PDA as an answer must be given to the Developer.

RESALE OF REQUIRED PROPERTY: DISPOSITION OF PROCEEDS

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:

1. 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.
2. Cancel and rescind or terminate the Agreement.
3. 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.

Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer.

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)

1. 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
2. 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

Then the Authority shall have the right to re-enter and take possession of the parcel to which the default relates and to terminate (and revest in the Authority) the estate conveyed by the deed to Developer as to that parcel. 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 Events of Default and Resale of Reacquired Property and Disposition of Proceeds can be found on pages 16 through 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.

IN WITNESS WHEREOF, the parties have executed this Amendment to Purchase and Development Contract as of the date first indicated above.

**VCV DIGITAL INFRASTRUCTURE
MINNESOTA LLC, as Developer**

By: _____
Name: _____
Its: _____

STATE OF _____)
)
COUNTY OF _____) SS.:

The foregoing instrument was acknowledged before me this _____ day of _____, 2024 by _____, the _____, of VCV Digital Infrastructure Minnesota LLC, a Delaware limited liability company on behalf of the company.

Notary Public

**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.

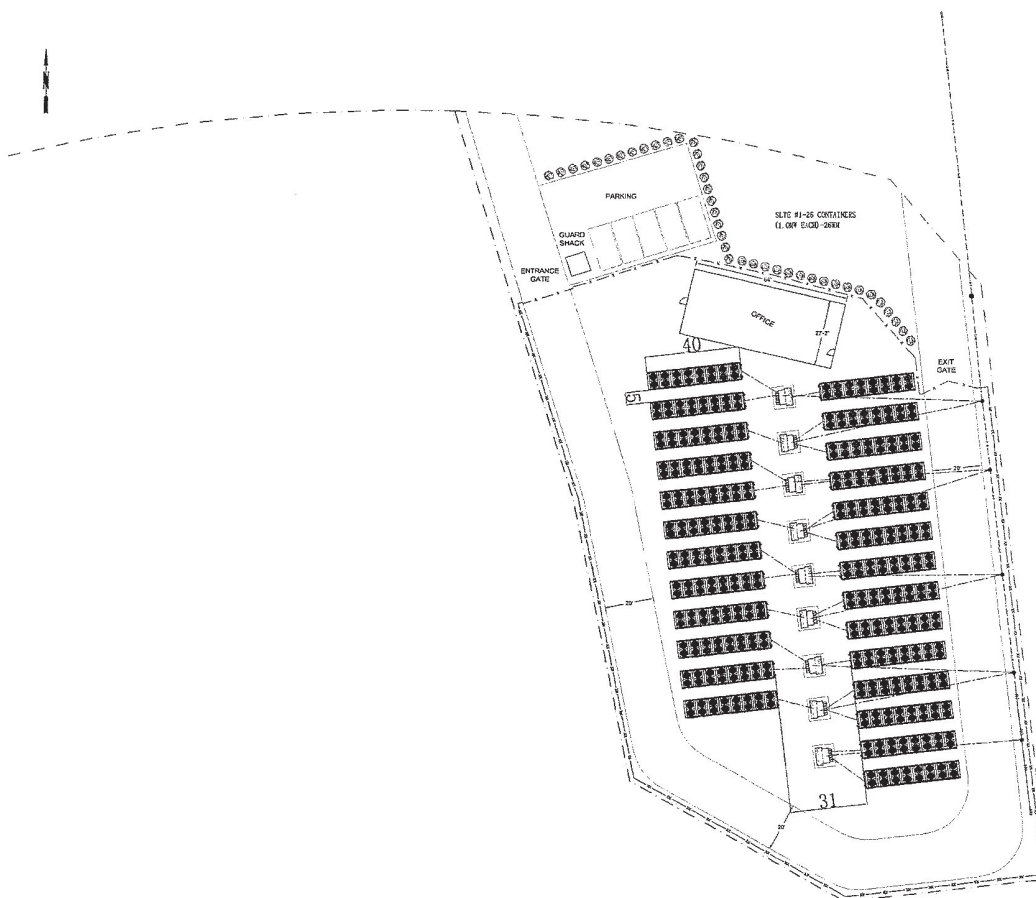
2.03. The Authority hereby acknowledges the proposed transfer of all outstanding membership interests of the Developer to Ancheng. Notwithstanding such transfer, VCV Digital Infrastructure Minnesota LLC, as the Developer, as counterparty to the Contract and the Amendment, shall continue to be bound by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

Approved this 26th day of June, 2024, by the Board of Commissioners of the Brainerd Economic Development Authority.

President

ATTEST:

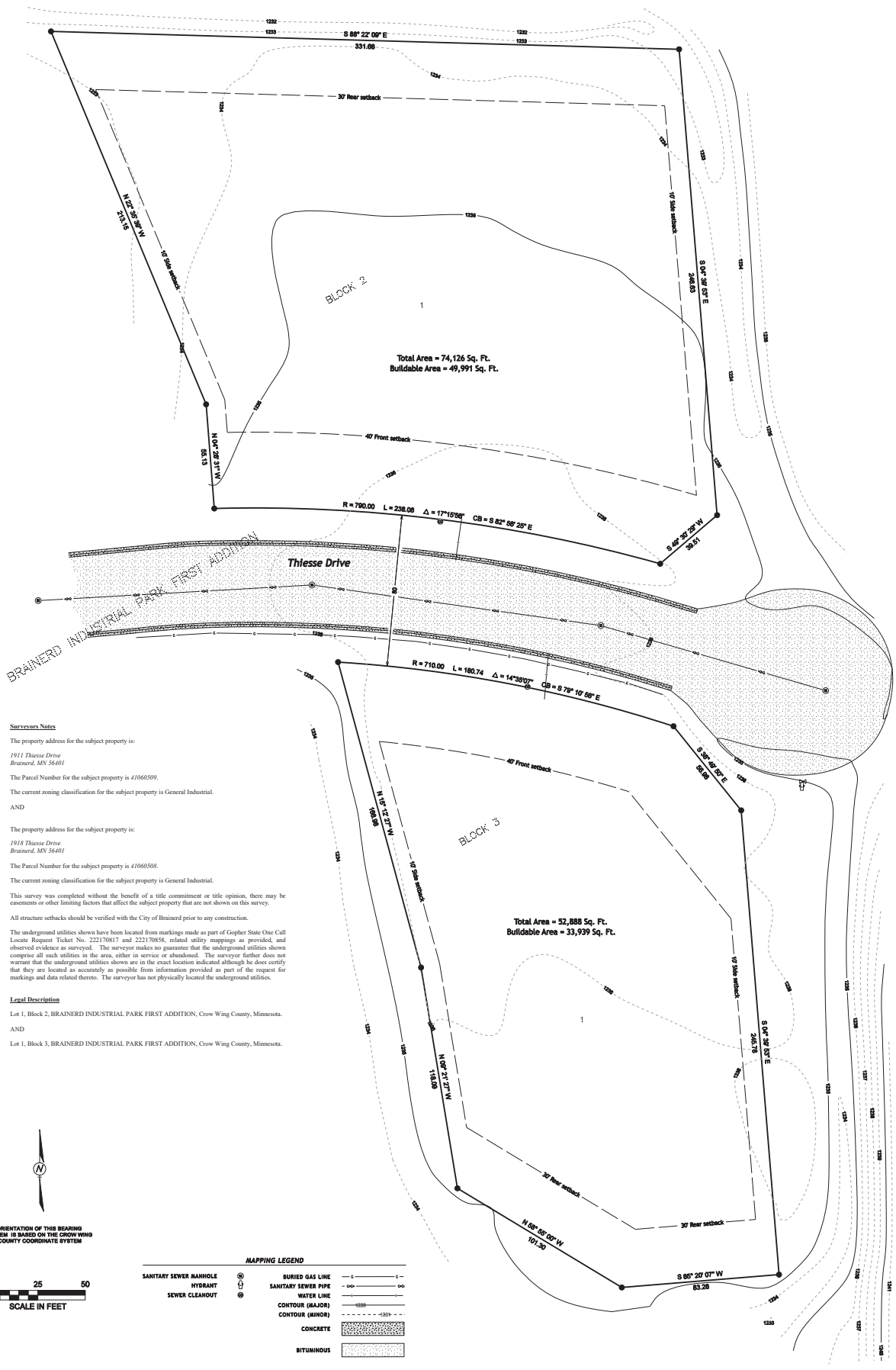
Executive Director



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

- LEGEND:**
- 34.5 KV OH LINES
 - 2.5 MW 3200VA TRANSFORMER
 - PROPERTY LINE
 - 8' PRIVACY FENCE
 - 8' CHAIN LINK FENCE W/ BARBED WIRE
 - UG ELECTRICAL LINES
 - ACCESS ROADS
 - DOWN GUT
 - ⊗ SH-PLUG

TITLE:				
DESIGNED BY:	Jack	DATE:	QTY:	DWG
TECHNICALIZED BY:		DATE:	SIZE: A4	No:
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.



MAPPING LEGEND	
SANITARY SEWER MANHOLE	⊕
SANITARY SEWER PIPE	—
HYDRAUNT	⊕
SEWER CLEANOUT	⊕
BURNED GAS LINE	—
WATER LINE	—
CONTOUR (MAJOR)	—
CONTOUR (MINOR)	—
CONCRETE	▨
BITUMINOUS	▨

NO.	REVISIONS SINCE INITIAL DATE OF	DATE

KLD
KRAMER LEAS DELO
SURVEYING - ENGINEERING - PLANNING
BRainerd ST. CLOUD

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, AIA License No. 23468

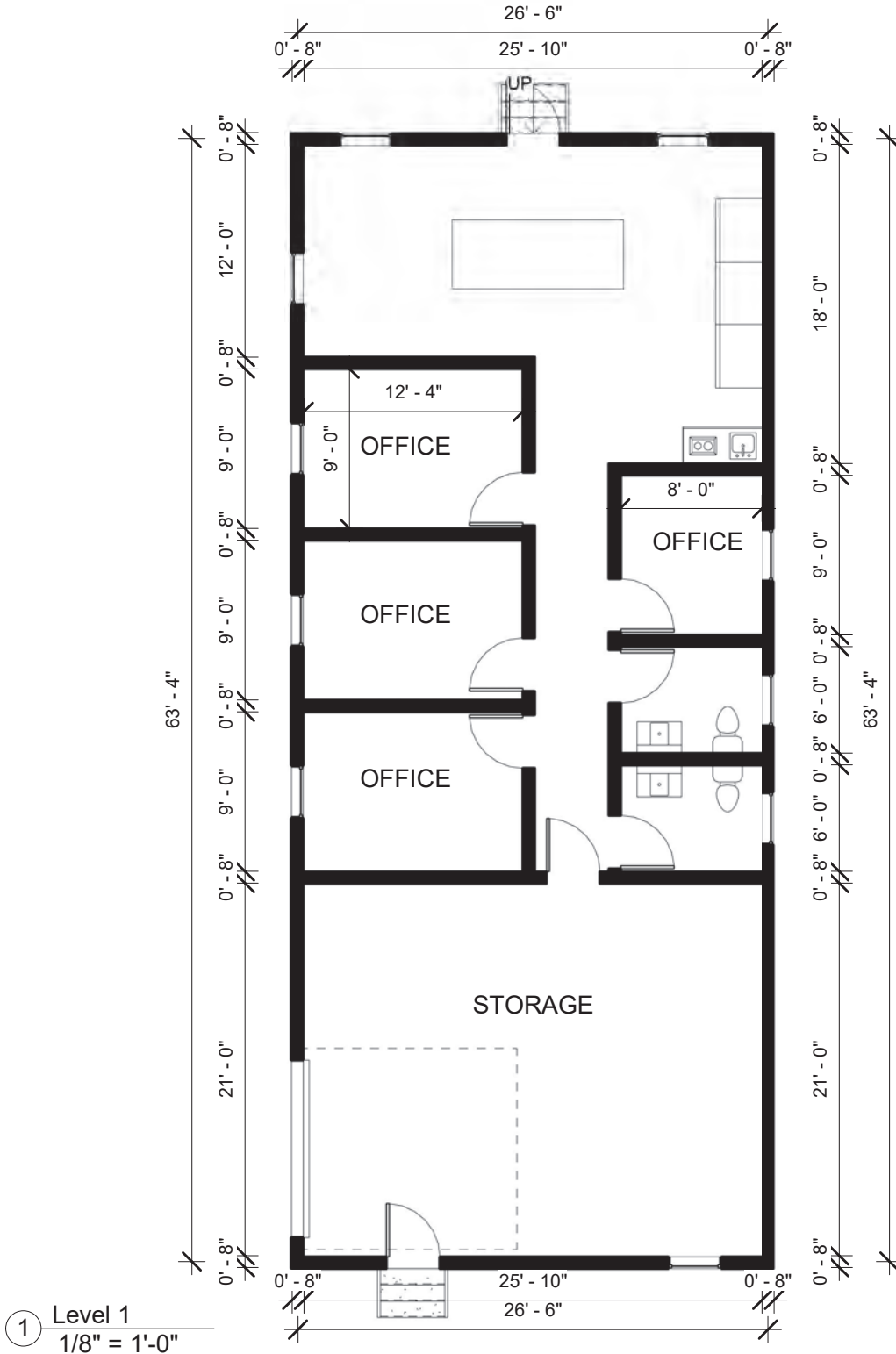
08/17/2022
Date

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



www.autodesk.com/revit

Owner

Design FLOOR PLAN

FLOOR PLAN

Project number 1

Date 23/8/2022

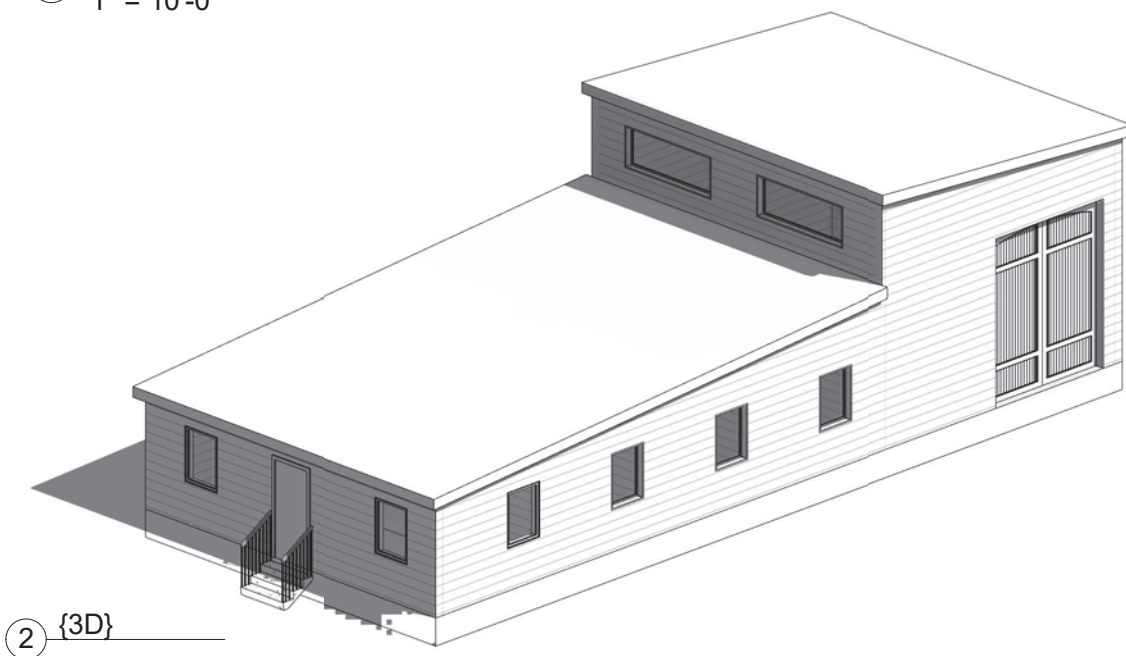
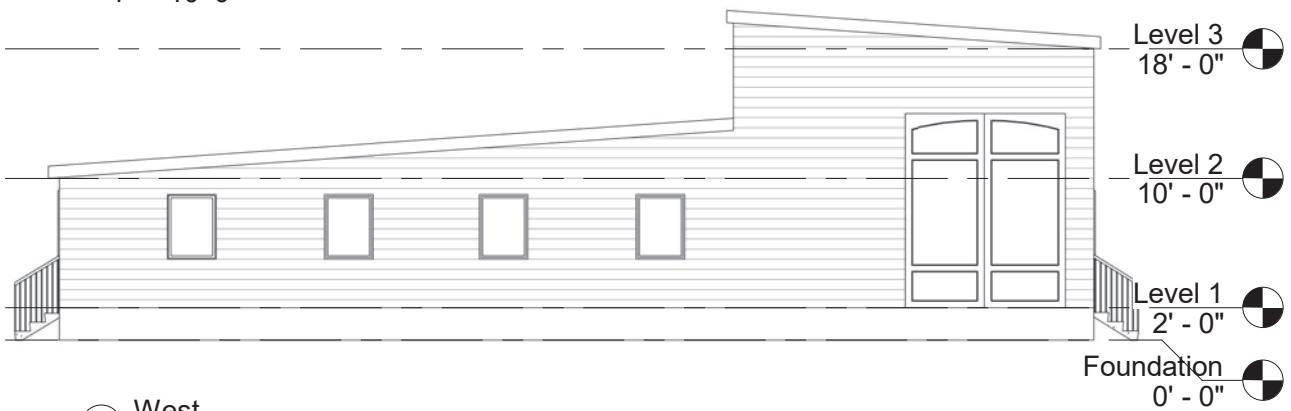
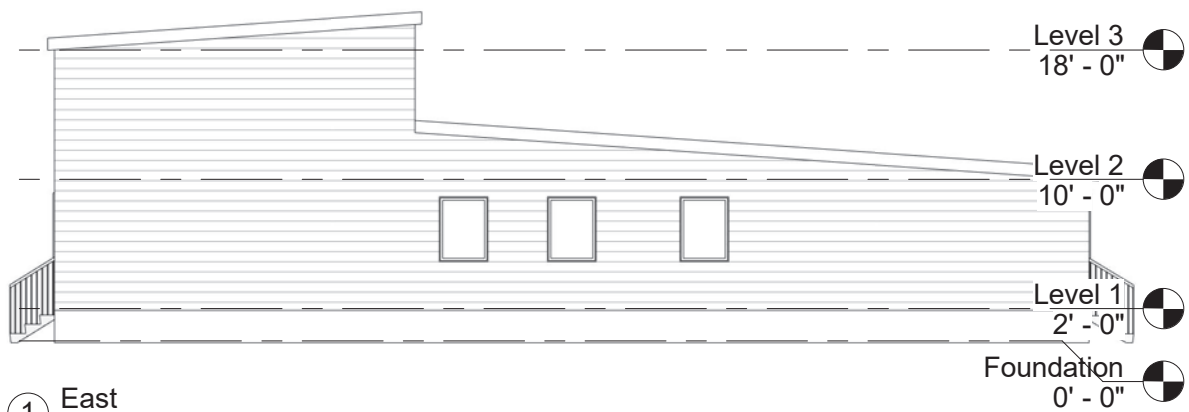
Drawn by MOHAMED

Checked by Checker

A101

Scale 1/8" = 1'-0"

23/08/2022 08:34:52



www.autodesk.com/revit

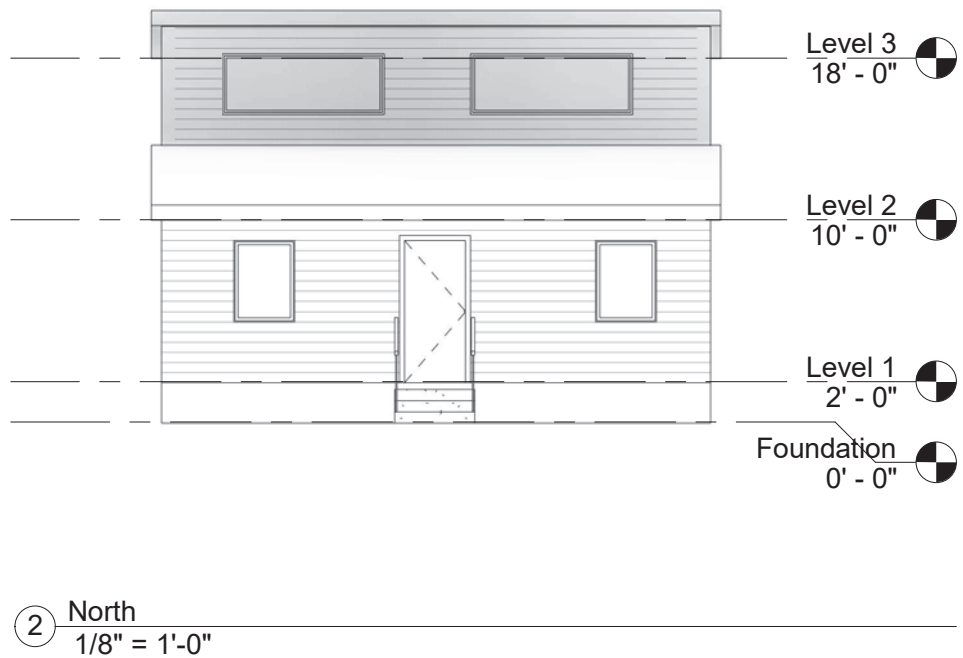
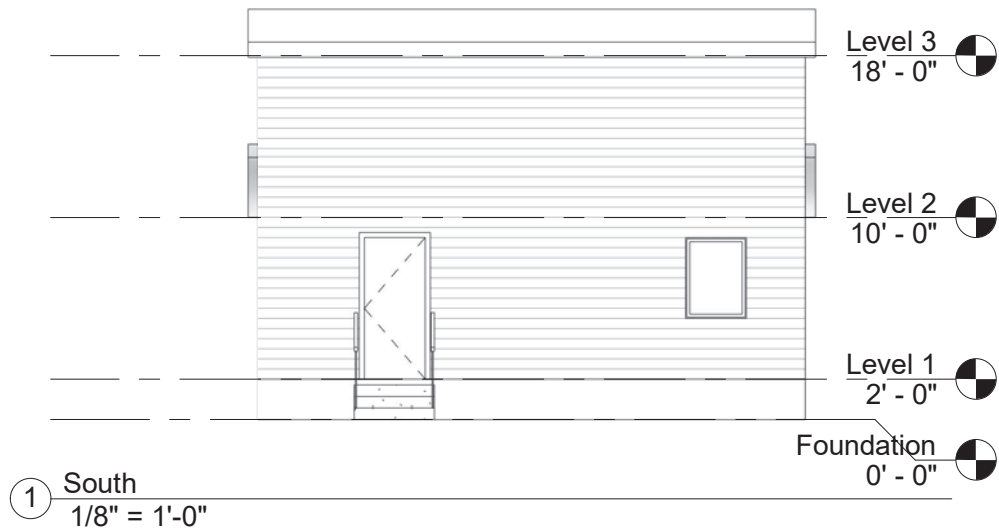
Owner

Design FLOOR PLAN

ELEVATIONS & 3D VIEW

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

23/08/2022 08:34:55



www.autodesk.com/revit

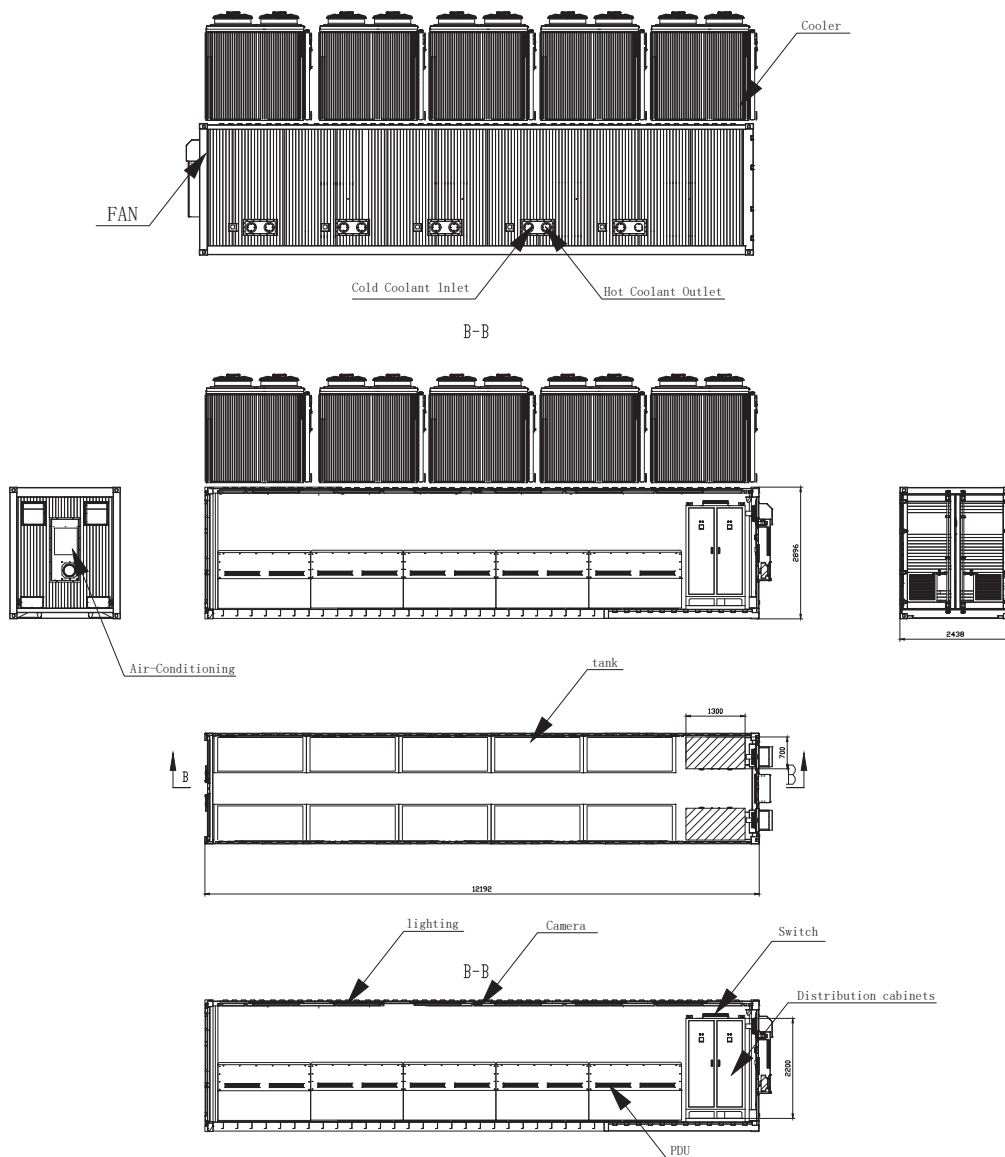
Owner

Design FLOOR PLAN

ELEVATIONS

Project number	1	A104
Date	23/8/2022	
Drawn by	Author	Scale 1/8" = 1'-0"
Checked by	Checker	

23/08/2022 08:34:57



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

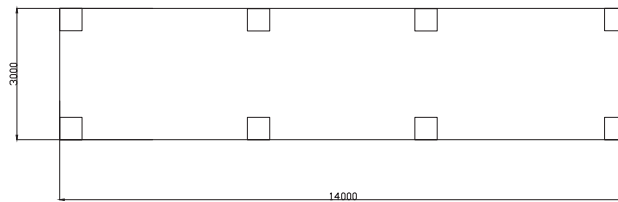
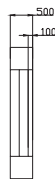
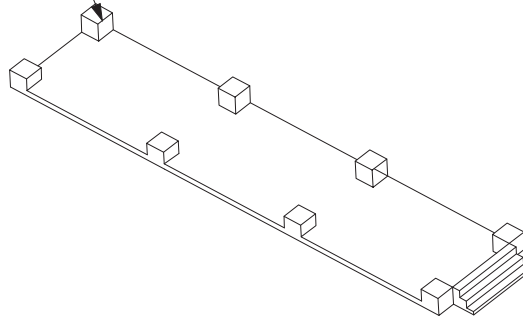
Operating weight per set of air coolers (5 units): 10T

Overall net weight: 18.5T

Overall operating weight: 40T

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

Load 5.5t



Door



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				



Dry Cooler Spec			
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
Fan Spec			
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
Oil Pump Spec			
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		
Outline diagram			

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

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.

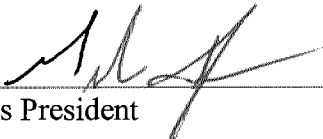
Section 10.13. Good Faith. Each party shall act in good faith and in a commercially reasonable manner with respect to any matter contemplated by this Agreement, including, without limitation, approving or disapproving any request, including any request for approval of plans.

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.

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

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

BRAINERD ECONOMIC DEVELOPMENT
AUTHORITY

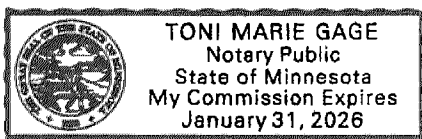
By 
Its President

By 
Its Executive Director

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

The foregoing instrument was acknowledged before me this 3rd day of March, 2022, by Gabe Johnson and Jennifer Bergman, the President and Executive Director of the Brainerd Economic Development Authority, a public body politic and corporate, on behalf of the Authority.


Notary Public

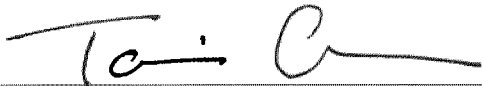


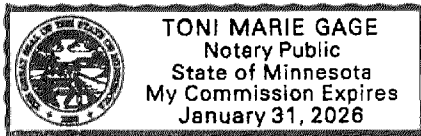
VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC

By 
Its President

STATE OF MN)
) SS.
COUNTY OF Crow Wing)

The foregoing instrument was acknowledged before me this 3rd day of March, 2022 by Matthew Faust the President of VCV Digital Infrastructure Minnesota LLC, a Delaware limited liability company, on behalf of the company.


Notary Public



SCHEDULE A
DEVELOPMENT PROPERTY

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

SCHEDULE B

FORM OF QUIT CLAIM DEED

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

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

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

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

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the Grantor and Grantee on the 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.

**BRAINERD ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
Its Executive Director

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

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

SCHEDULE C

CERTIFICATE OF COMPLETION

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

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

and

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

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

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

Dated: _____, 20__.

BRAINERD ECONOMIC DEVELOPMENT
AUTHORITY

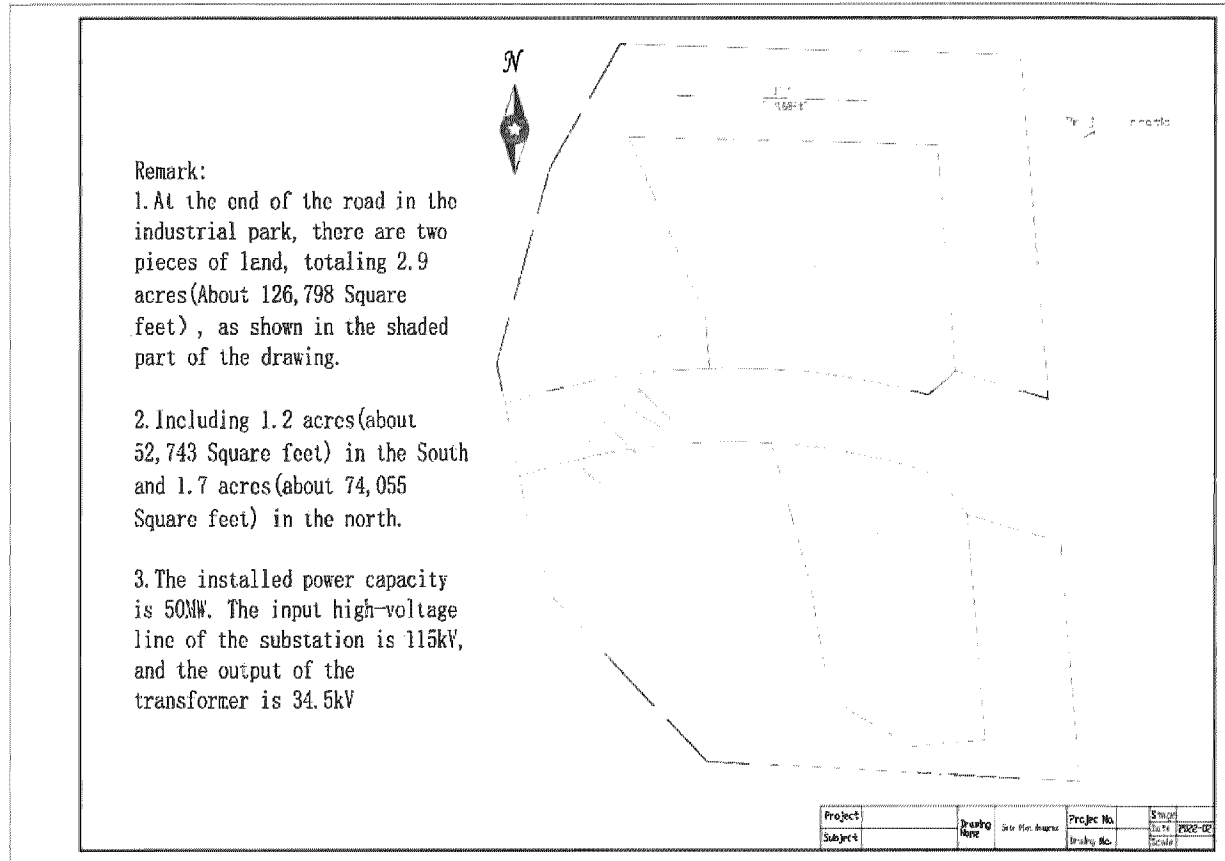
By _____
Authority Representative

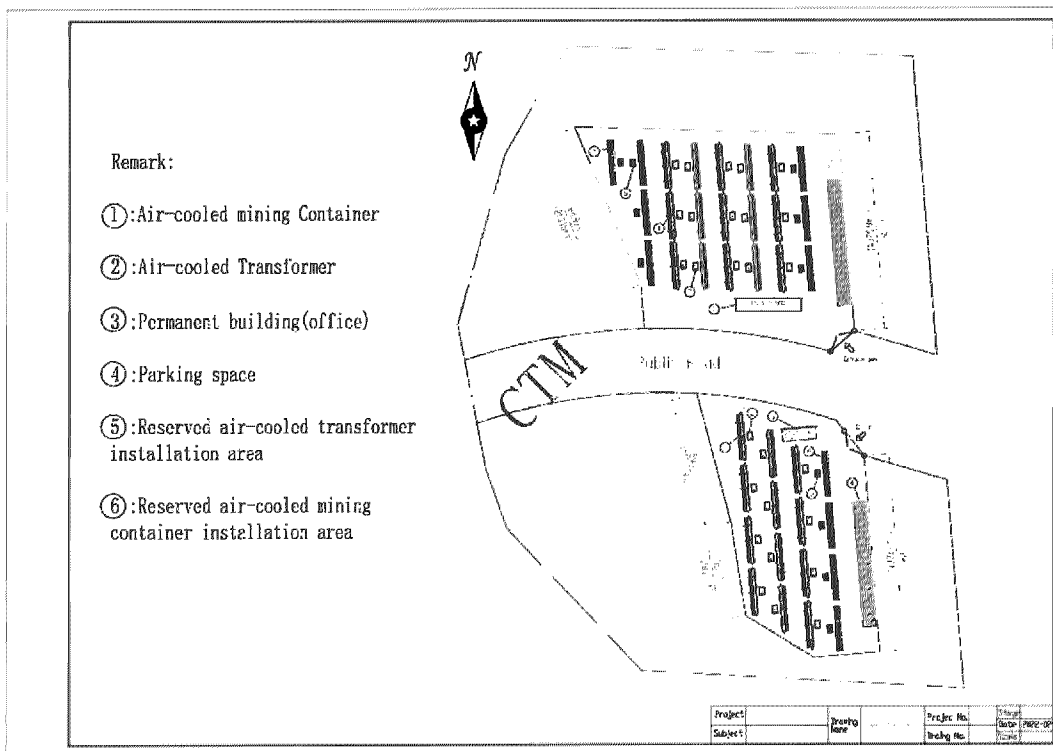
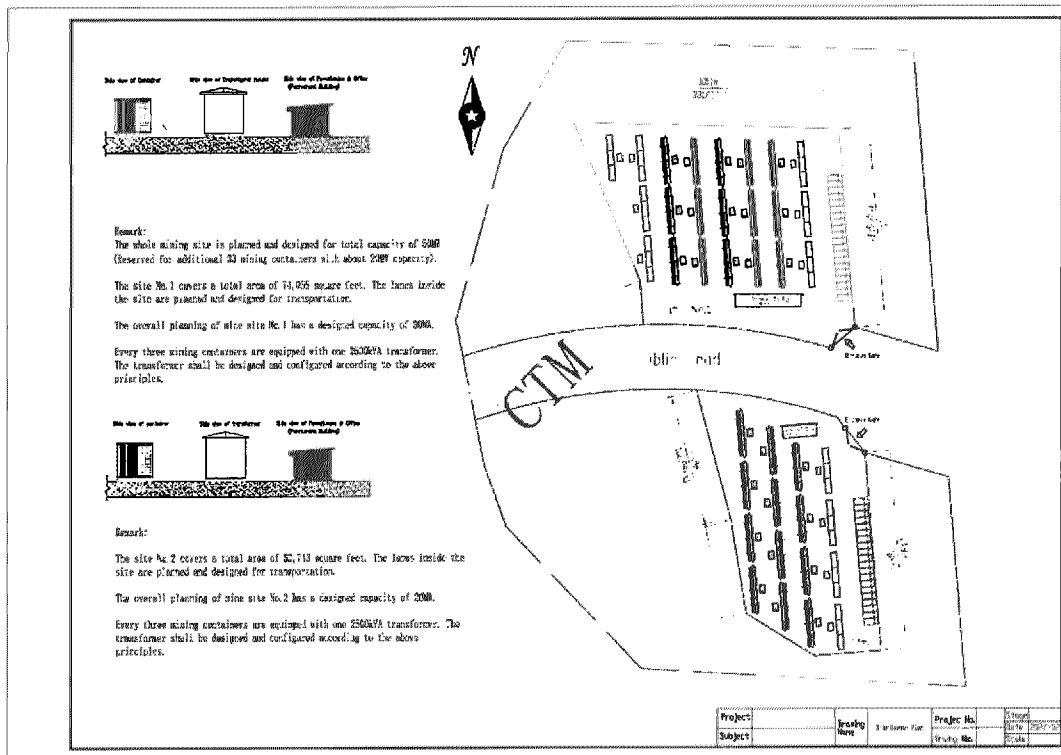
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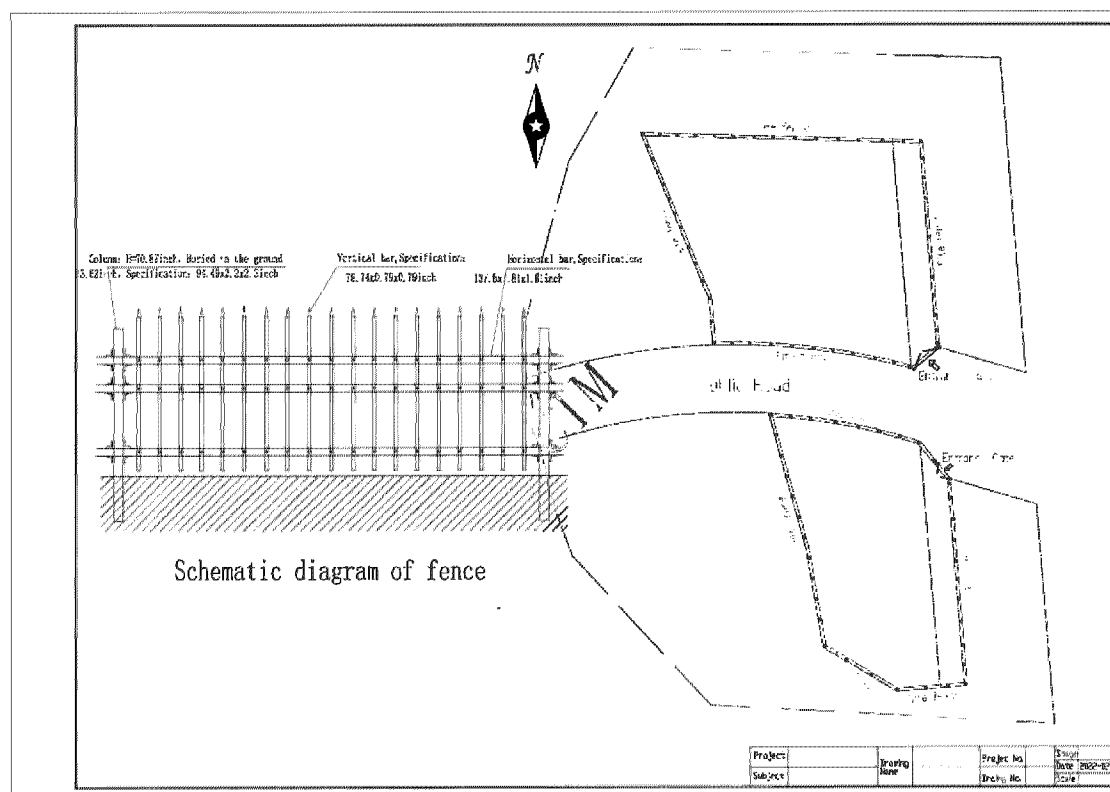
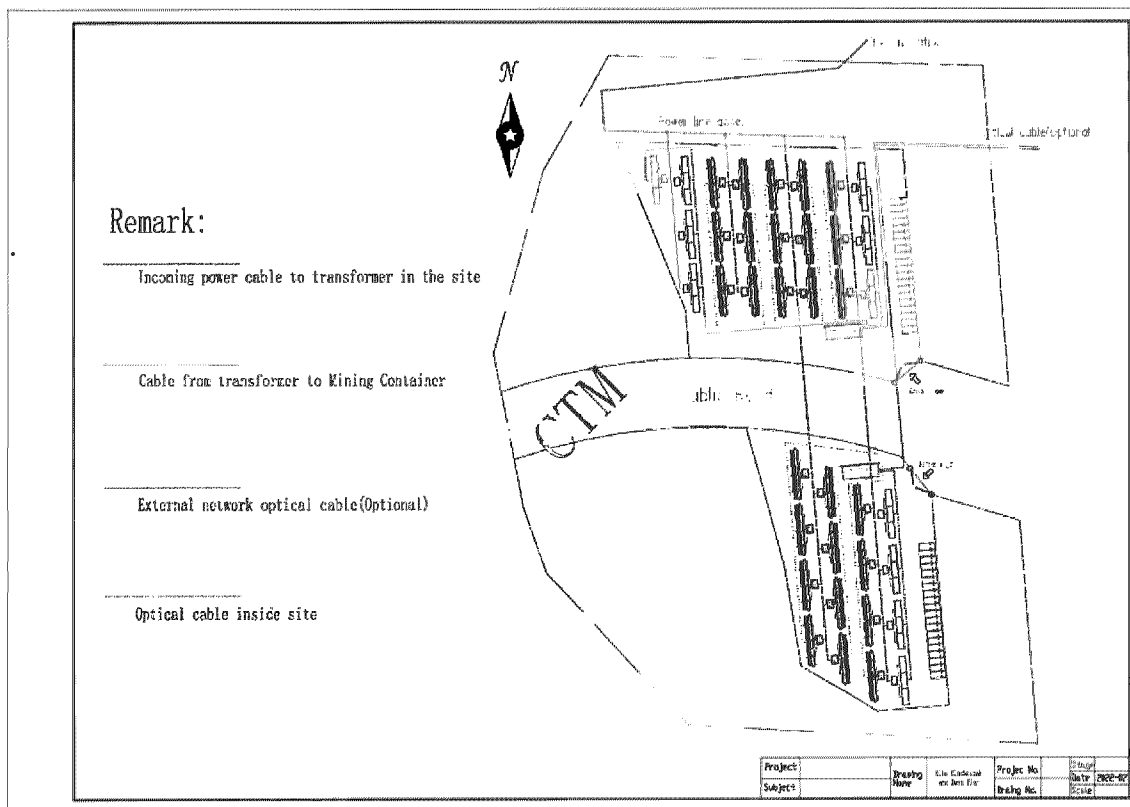
KENNEDY & GRAVEN, Chartered
150 South 5th Street, Suite 700
Minneapolis, Minnesota 55402
(612) 337-9300

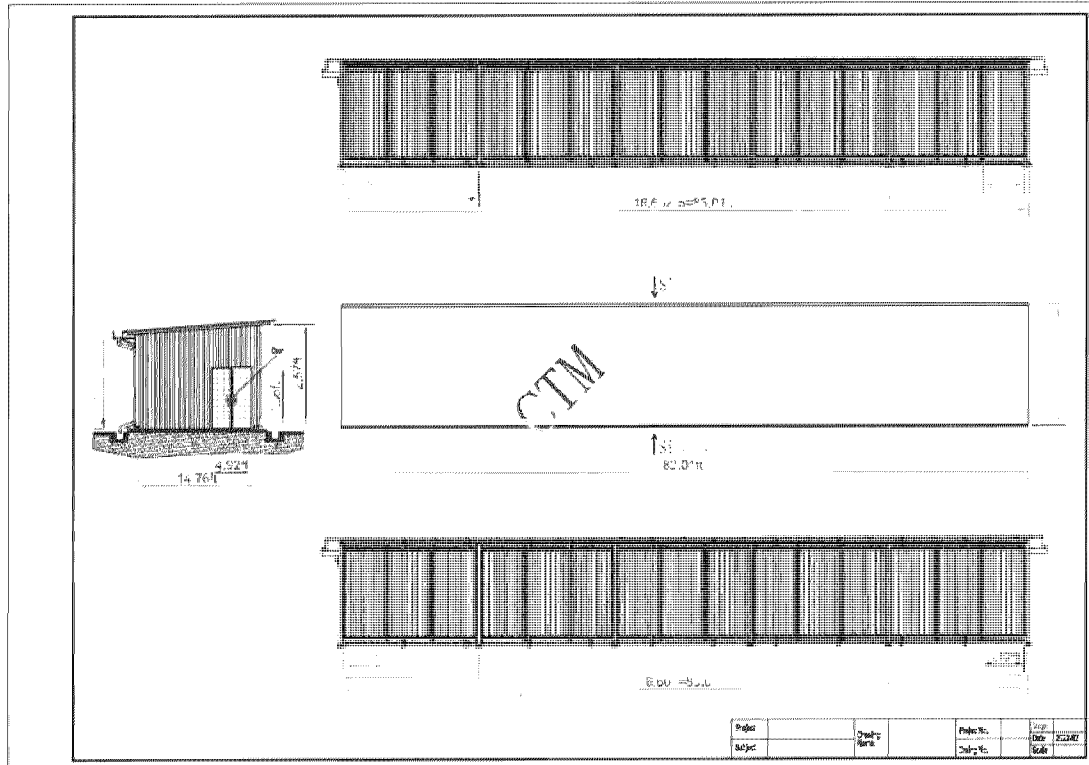
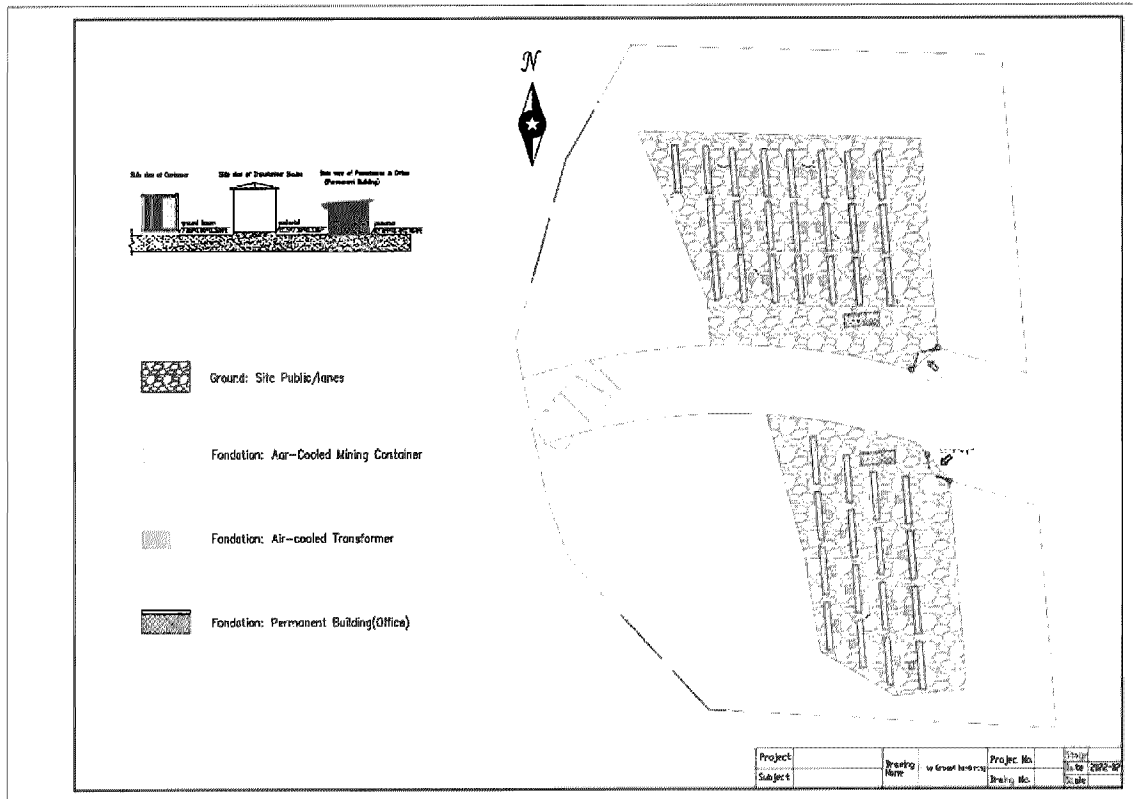
SCHEDULE D

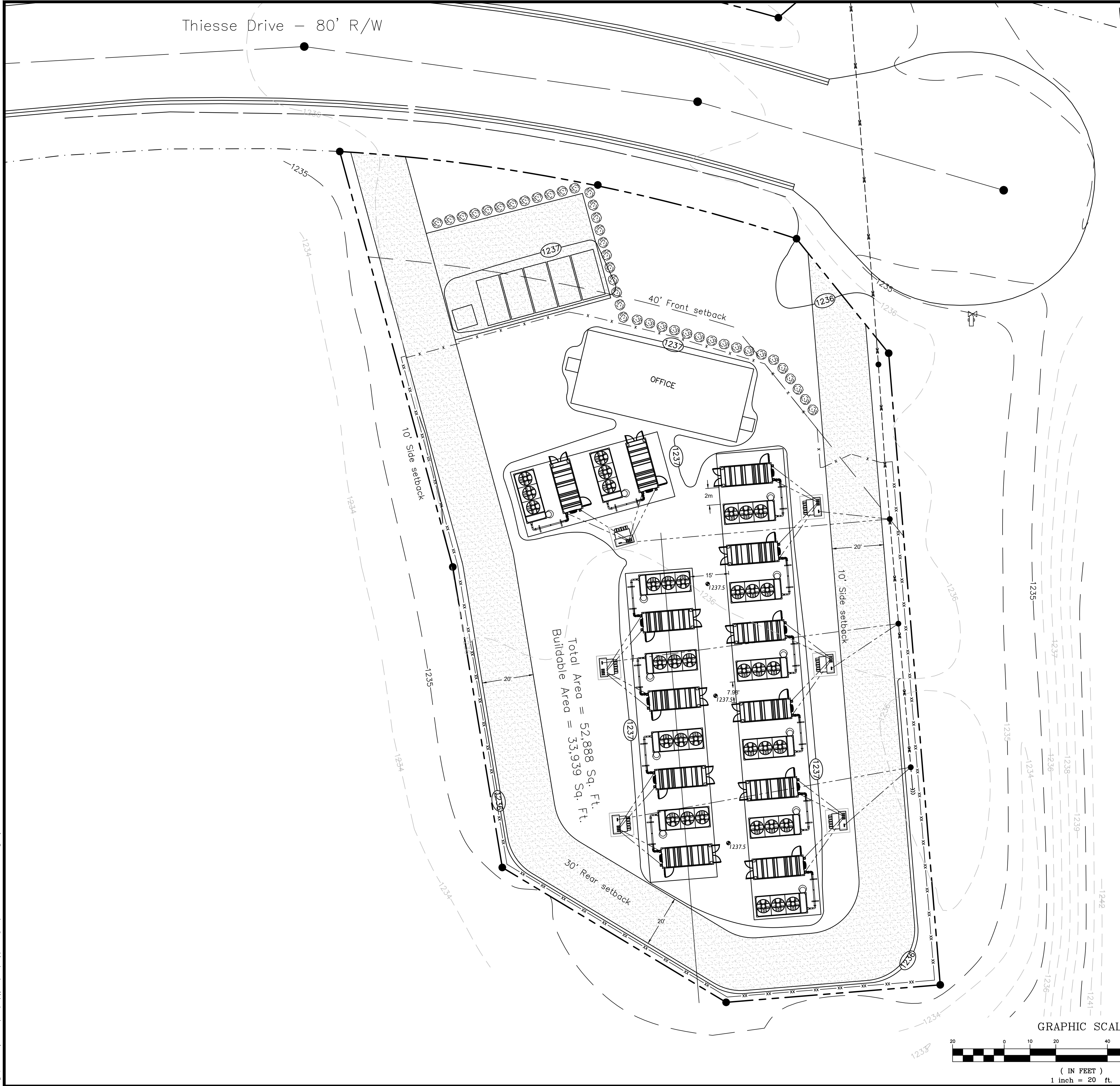
MINIMUM IMPROVEMENTS











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

MAPPING LEGEND

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

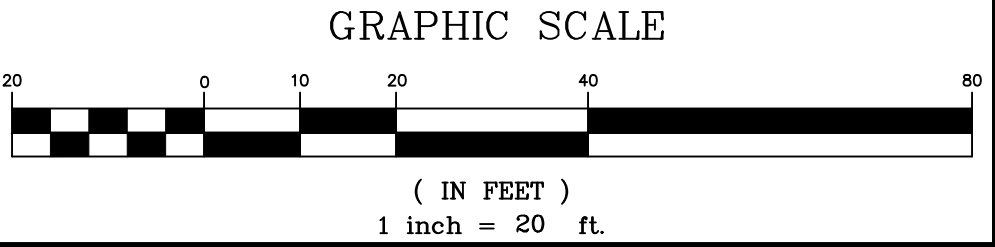
TOTAL AREA = 52888.09 Sq. Ft. = 1.214 ACRES
EXISTING IMPERVIOUS AREA = 0 Sq. Ft.
PROPOSED IMPERVIOUS AREA = 27,212.97 Sq. Ft. = 0.625 ACRES
= 51.48% IMPERVIOUS AREA

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

			PRELIMINARY NOT TO BE USED FOR CONSTRUCTION REVISION08/23/22		VCV DIGITAL GROUP BRAINERD, MN BRAINERD INDUSTRIAL PARK CRYPTO SITE #2 LAYOUT ANTSPACE CONTAINERS	
			UTEC UTILITY TECHNOLOGY ENGINEERS - CONSULTANTS, PLLC P.O. Box 2629 • Asheboro, North Carolina • 27204			
A	EDA SUBMITTAL	08/23/22	DWN. PBC	DATE: 08/23/22	DWG. NO.	C4H
NO.	REVISIONS	DATE	SCALE: 1" = 20'	JOB NO. 220302	SHEET NO.	1 OF 1

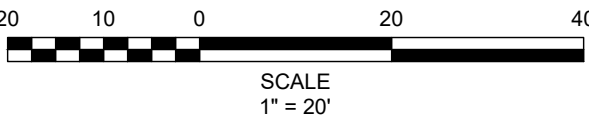


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Aug 23, 2022 4:51pm

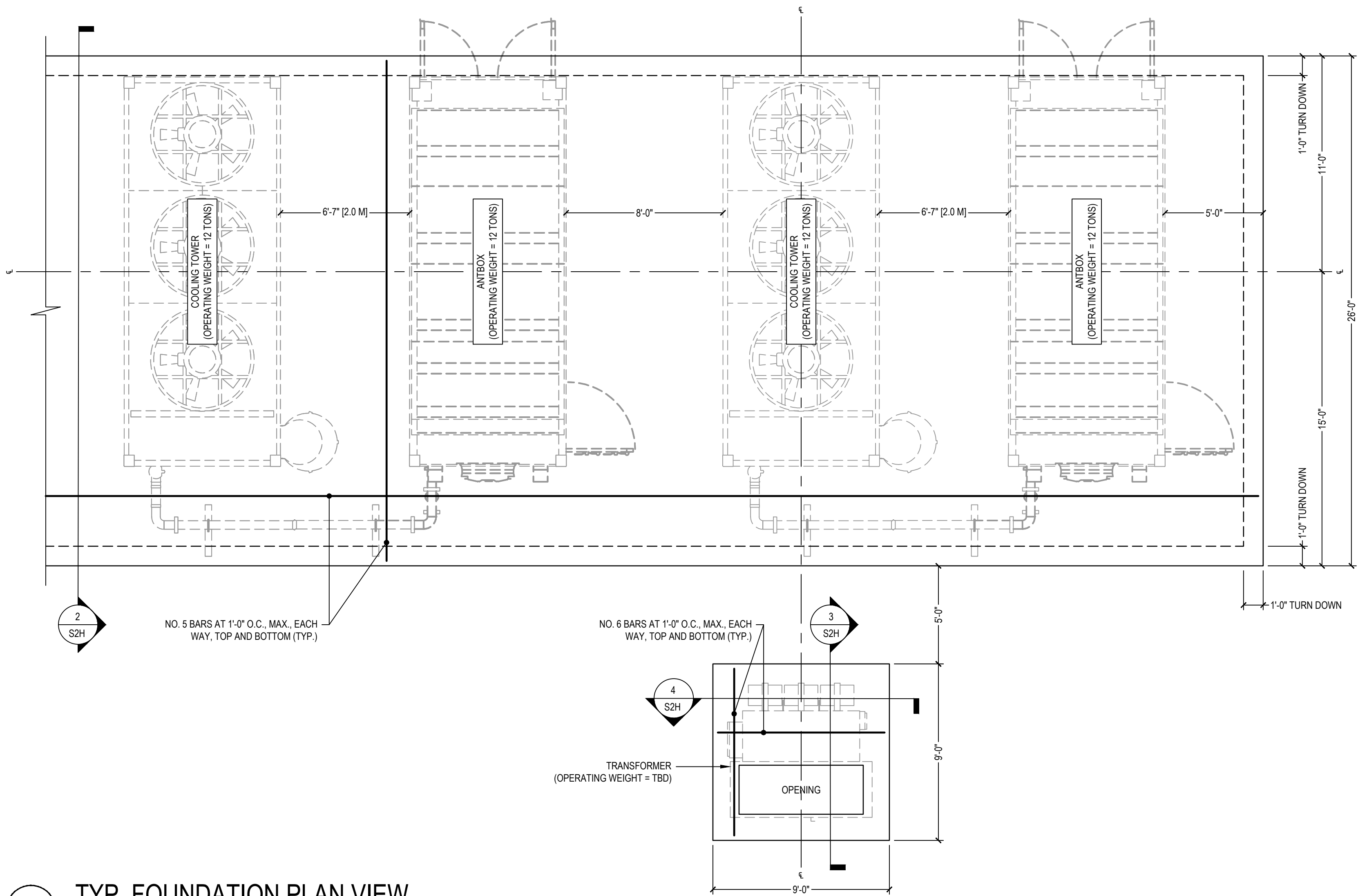


NOTE:
1. THIS LAYOUT IS FOR CONCEPTUAL REVIEW ONLY. NOT INTENDED AS FINAL DESIGN.

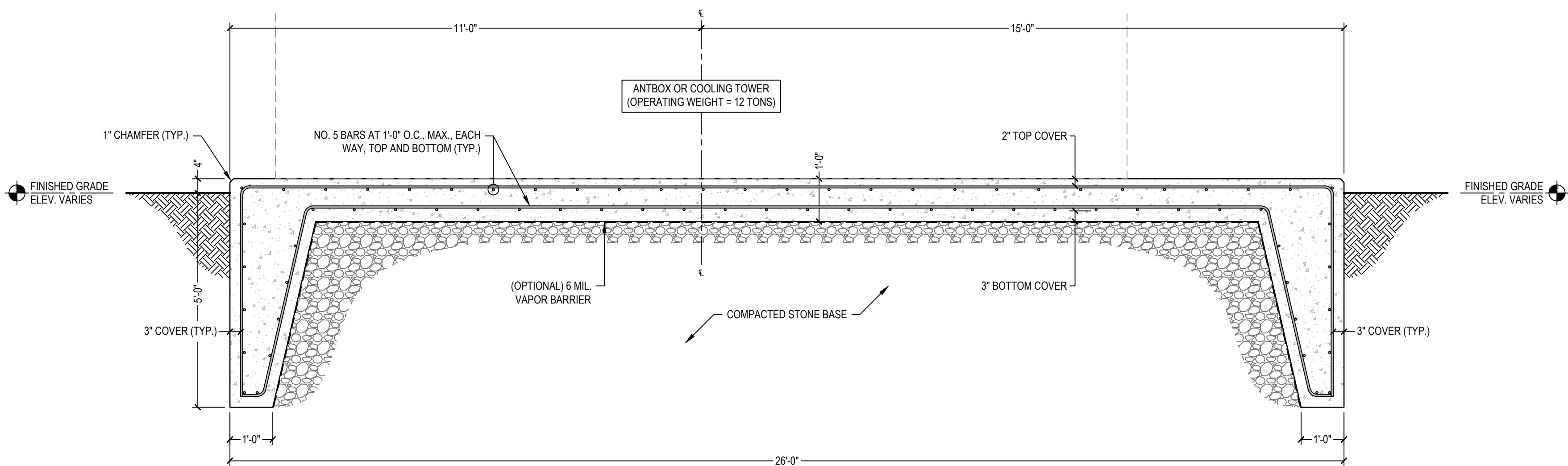
- LEGEND:**
- 34.5 KV OH LINES
 - 2.5 MVA TRANSFORMER
 - PROPERTY LINES
 - x 8' PRIVACY FENCE
 - xx 8' CHAIN LINK FENCE W/ BARBED WIRE
 - UG ELECTRICAL LINES
 - ACCESS ROADS
 - DOWN GUY
 - SHRUBS



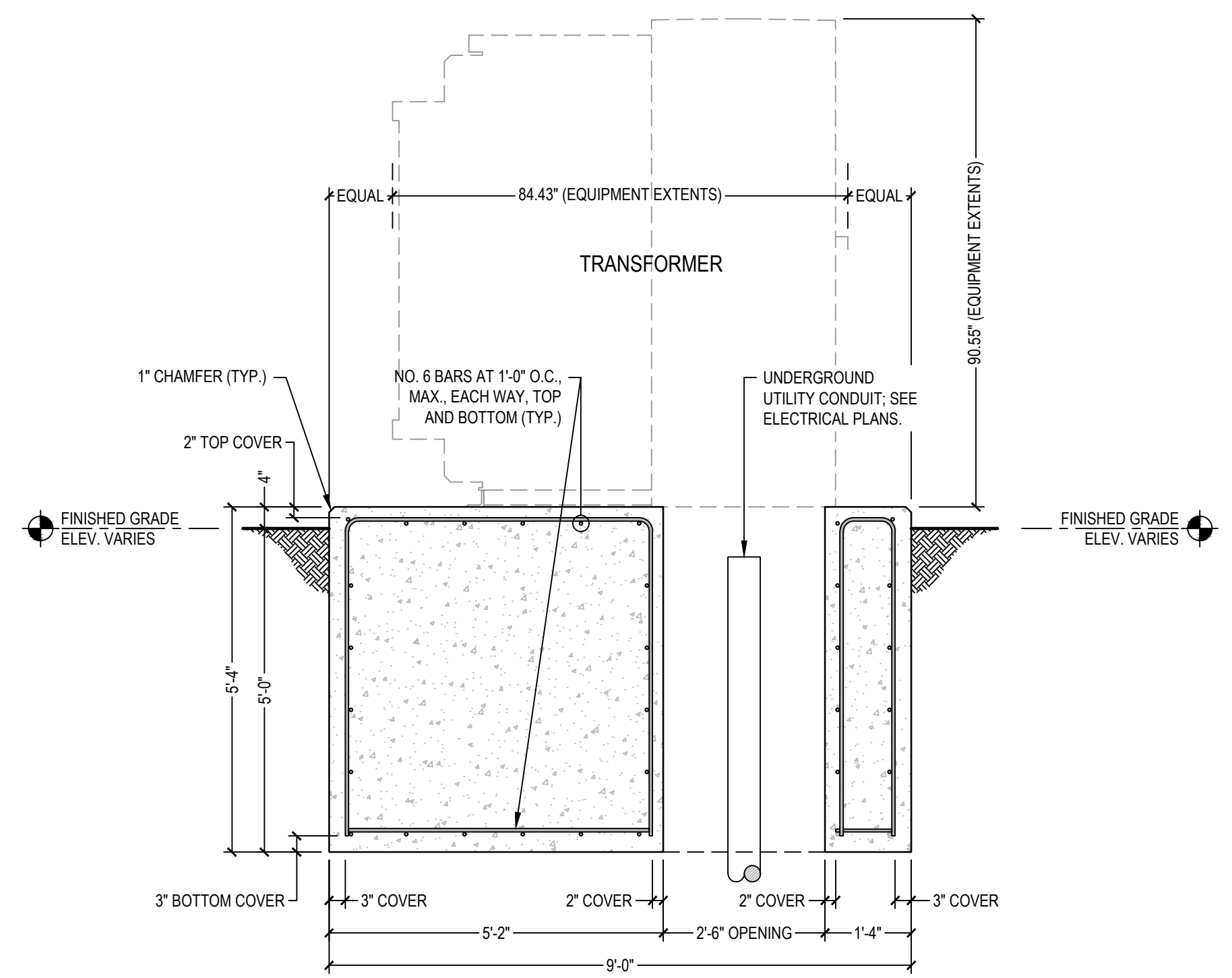
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			NOT TO BE USED FOR CONSTRUCTION			BRAINERD, MN		
			REVISION 08/23/22			BRAINERD INDUSTRIAL PARK		
						CRYPTO SITE #2 LAYOUT		
						ANTSPACE CONTAINERS		
						UTILITY TECHNOLOGY		
						ENGINEERS - CONSULTANTS, PLLC		
						P.O. Box 2629 • Asheboro, North Carolina • 27204		
						Utec		
						DWN. LMB DATE: 07/15/22 DWG. NO. C2H		
						SCALE: 1" = 20' JOB NO. 220302 SHEET NO. 1 OF 1		



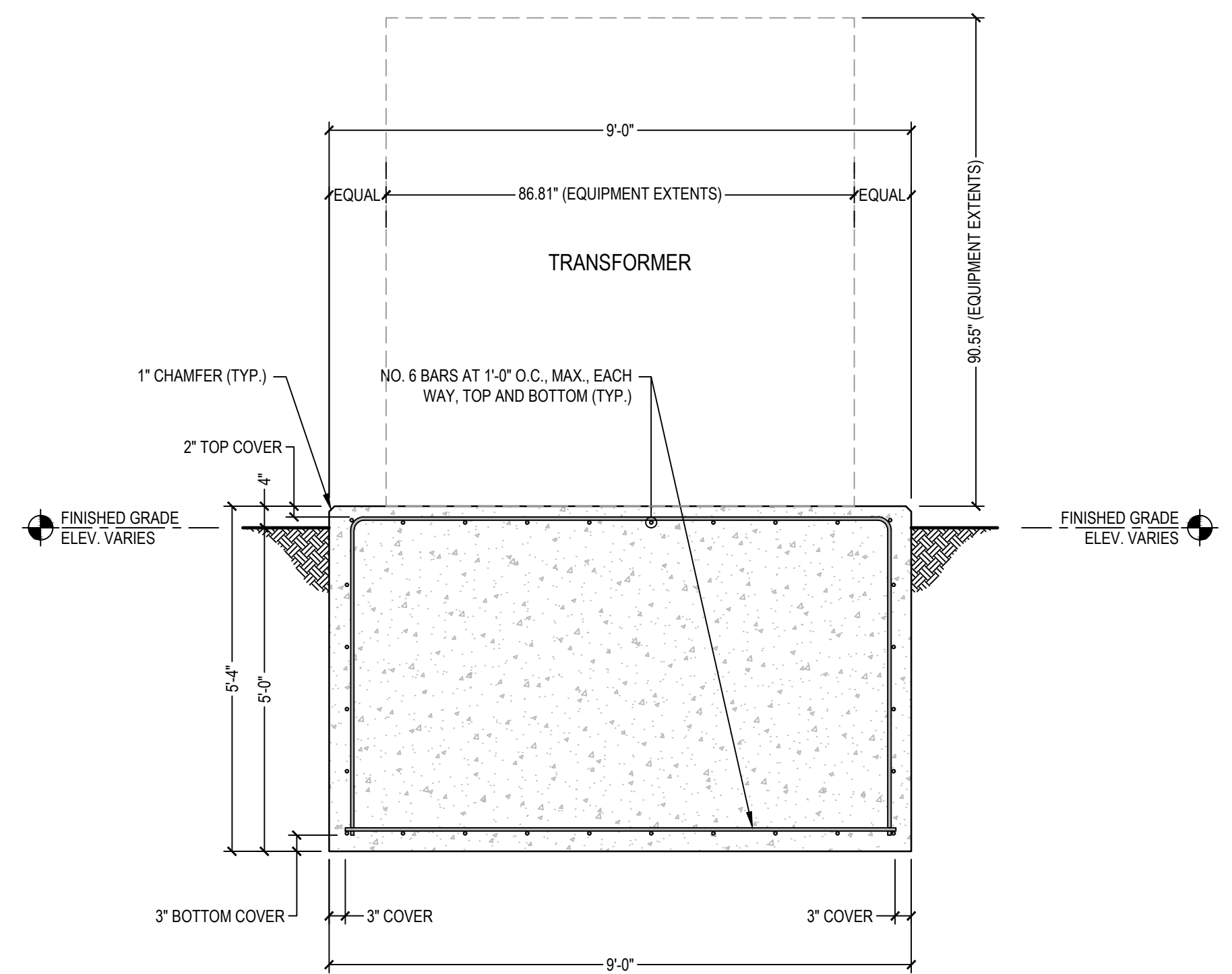
1 TYP. FOUNDATION PLAN VIEW
SCALE: 1/4" = 1'-0"



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



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



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

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

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Engineering - Consulting - Surveying
PO Box 968, Asheboro, NC 27204
Ph: 336-328-0902 Fax: 336-328-0922
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SEA

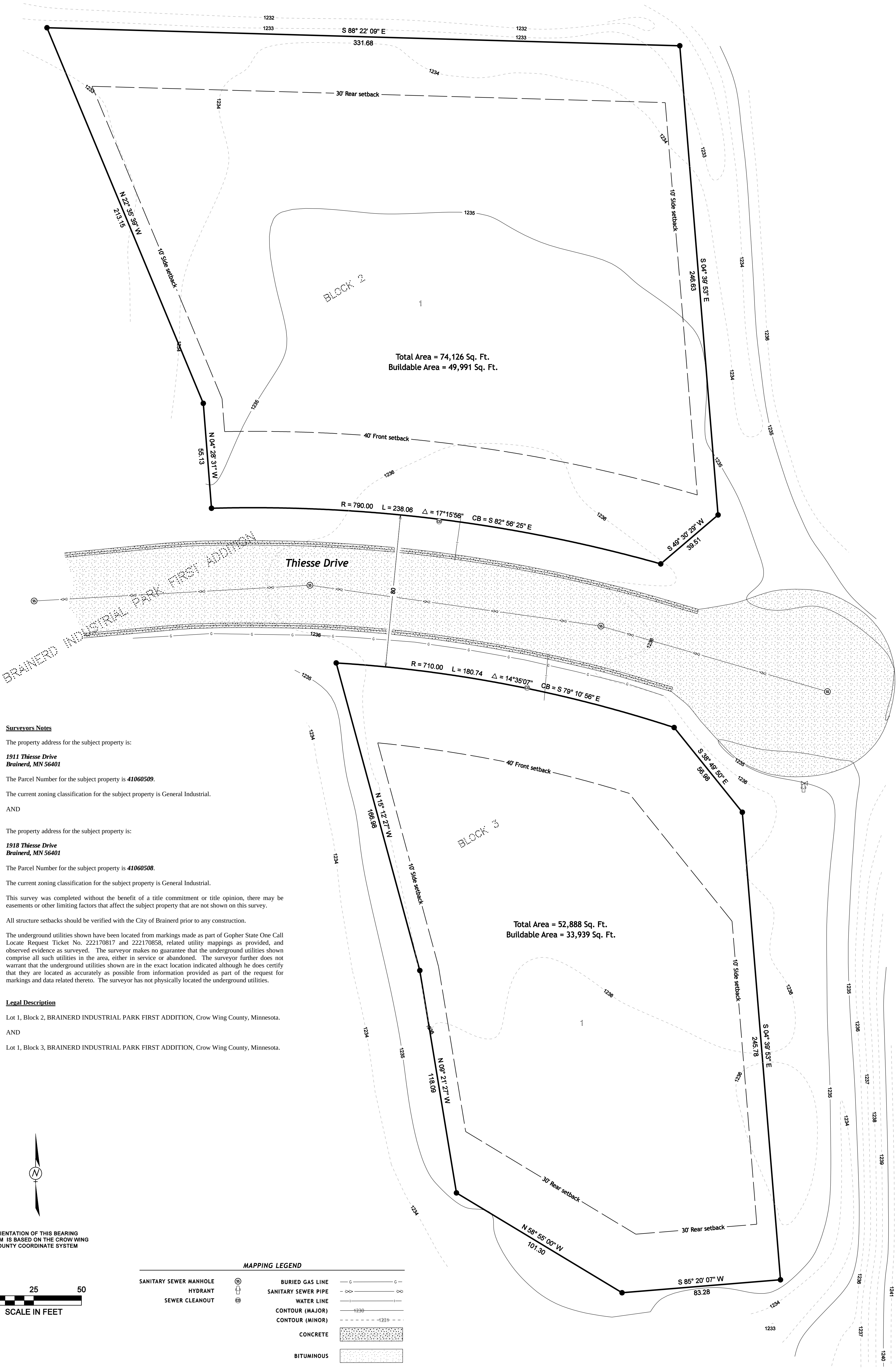
NO.	EDS SUBMITTAL	08/23/2022
NO.	REVISIONS	DATE

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

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

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

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



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.



1120 Industrial Park Road
Brainerd, MN 56401
218-626-5333

13 North 11th Avenue
St. Cloud, MN 56303
320-259-1286

KRAMER LEAS DELEO
SURVEYING • ENGINEERING • PLANNING
BRAINERD ST. CLOUD

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*
James Kramer, MN License No. 23668

08/17/2022
Date

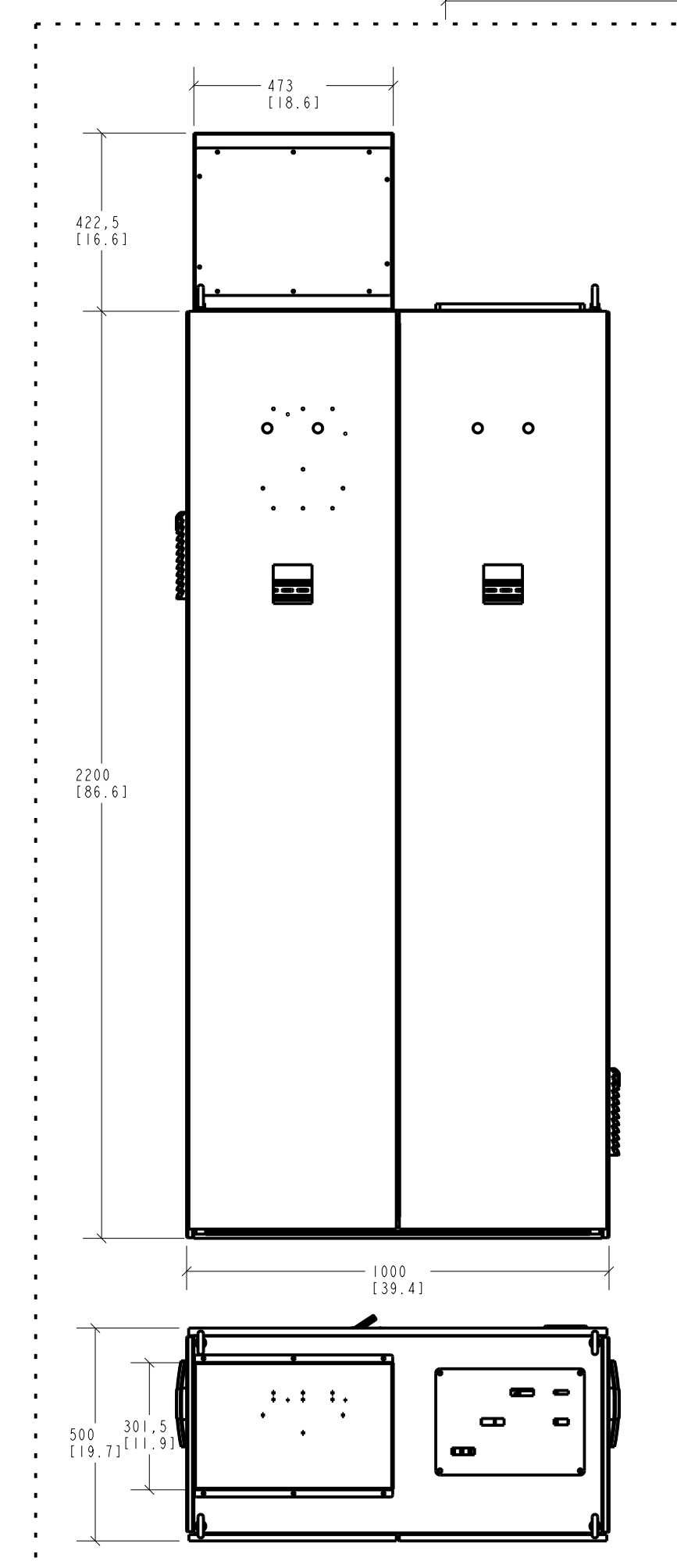
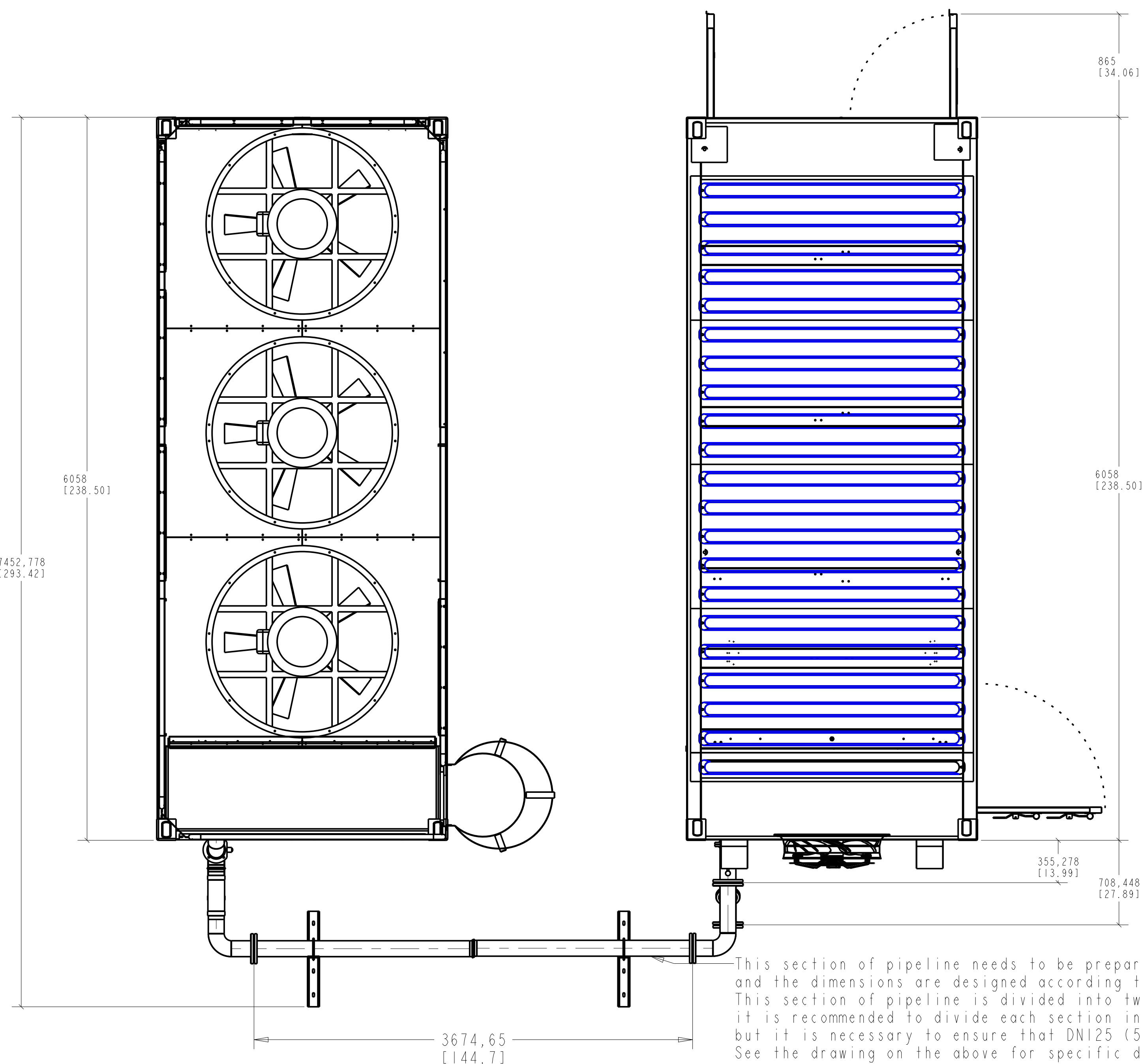
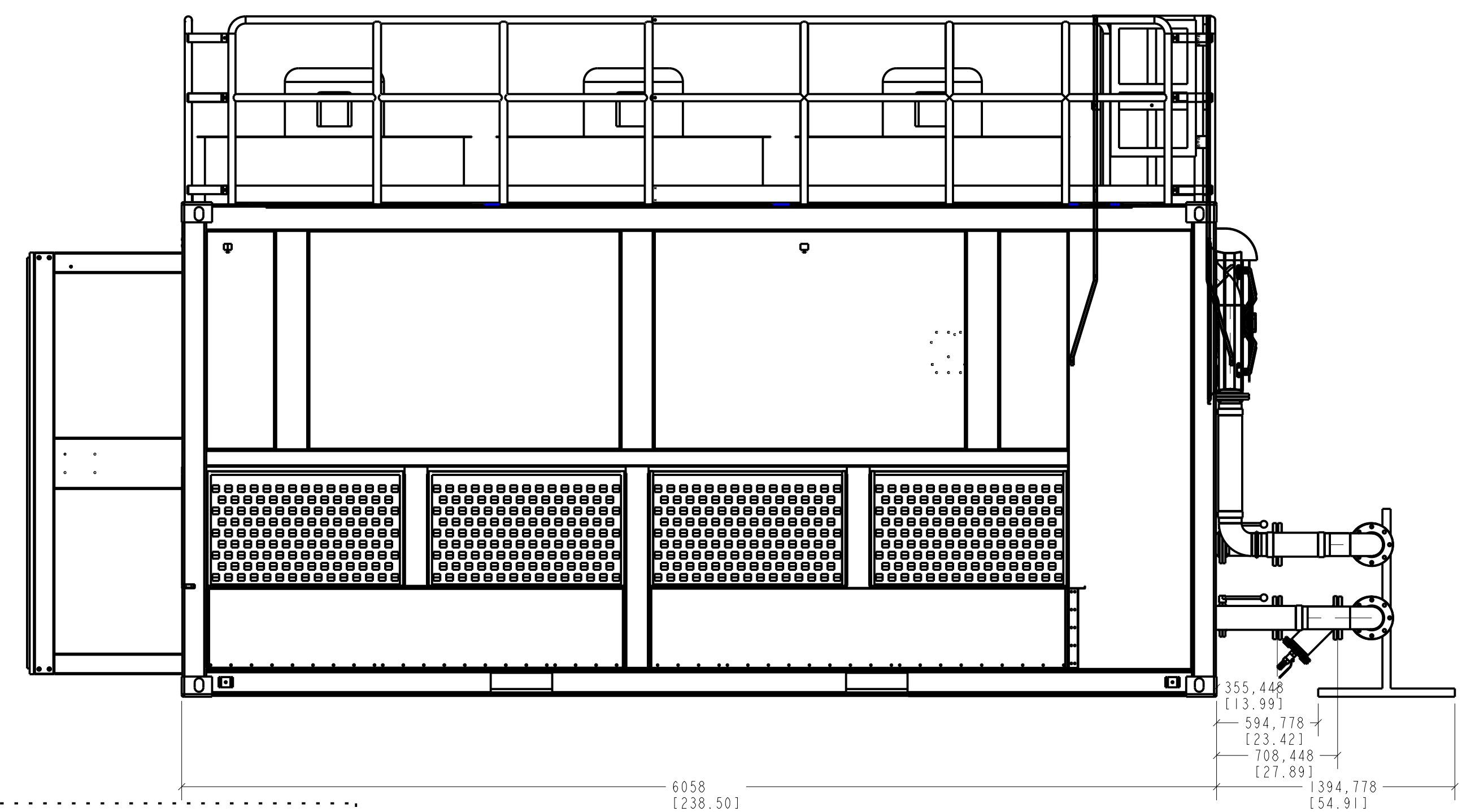
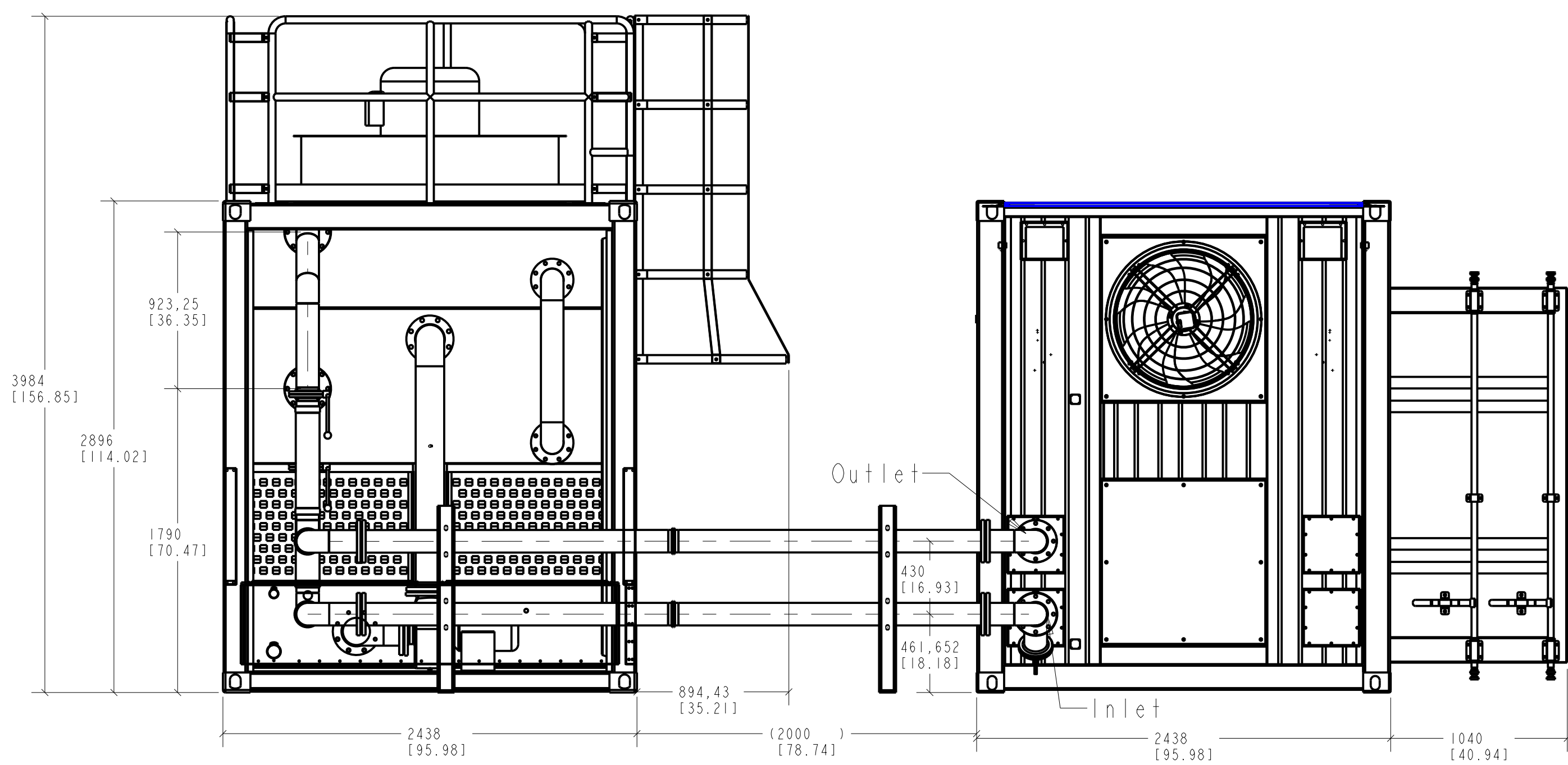
PROJECT NO. SUMME2201

CERTIFICATE OF SURVEY

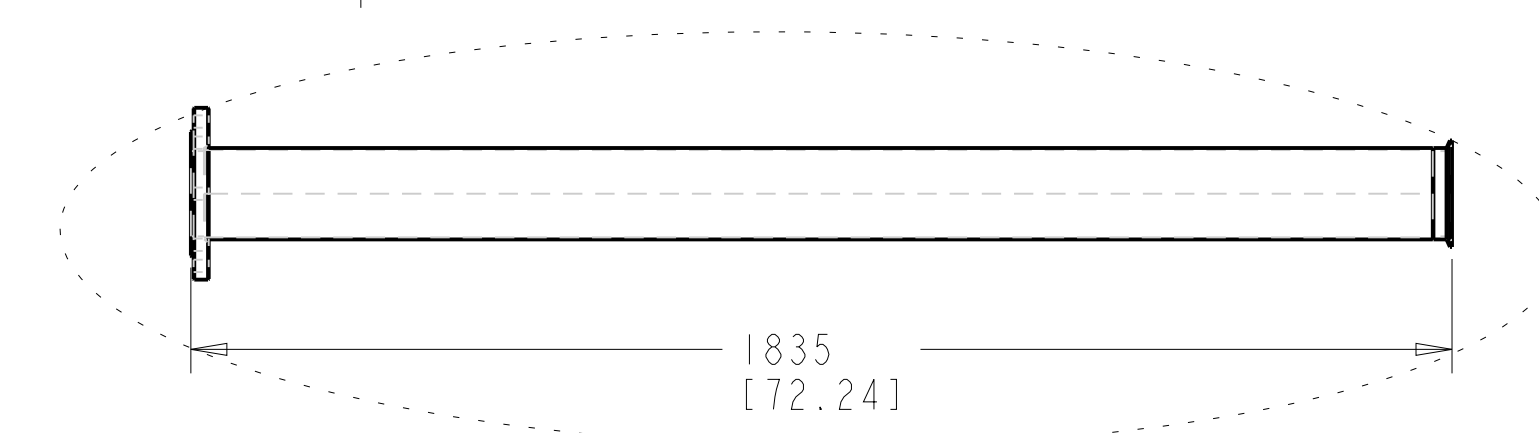
Topographic and Property Boundary Survey

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

Sheet No. 1 of 1



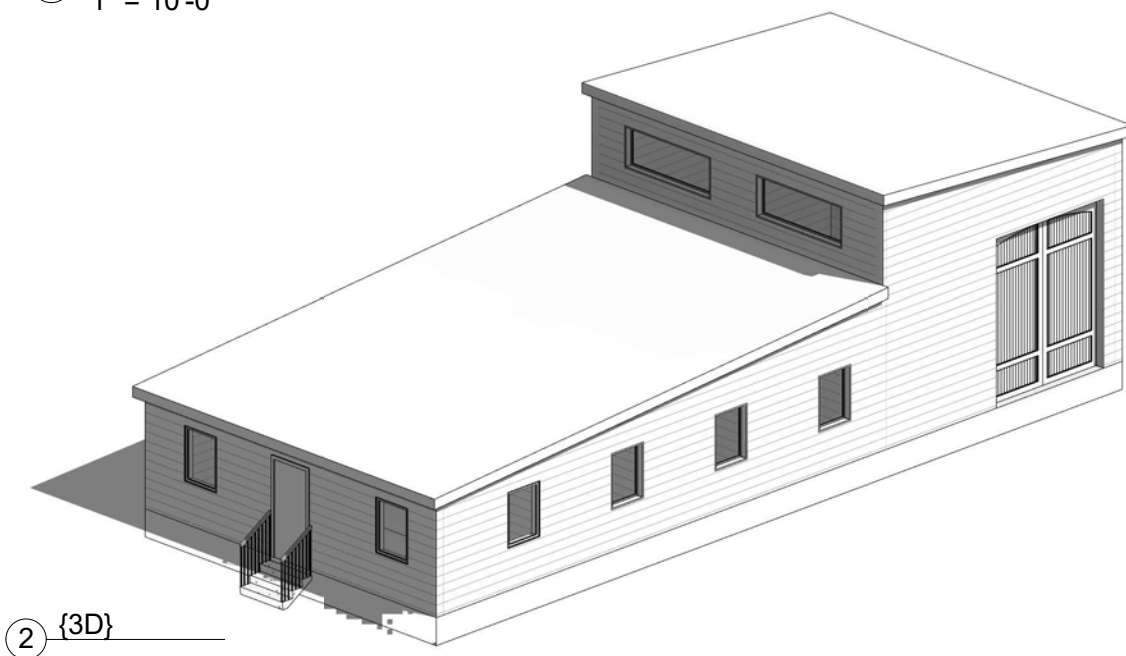
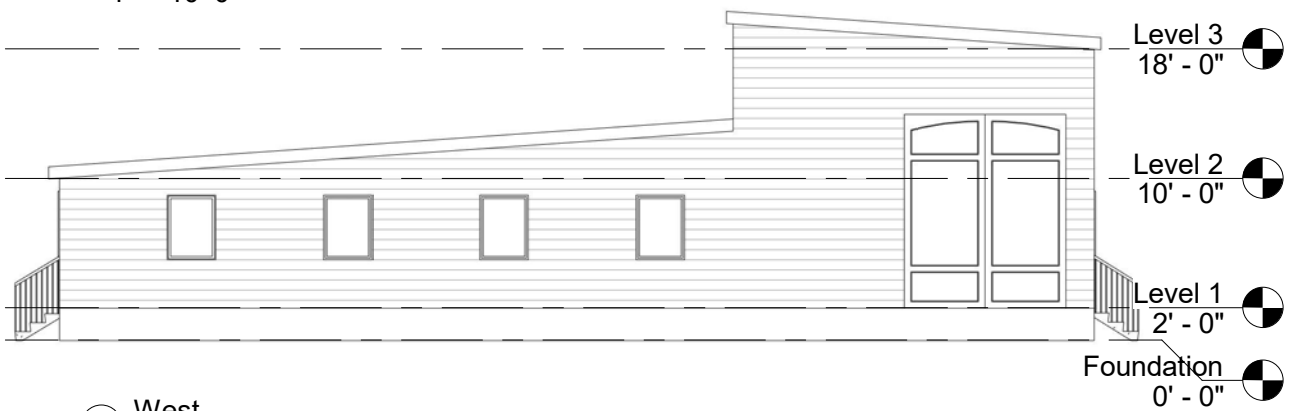
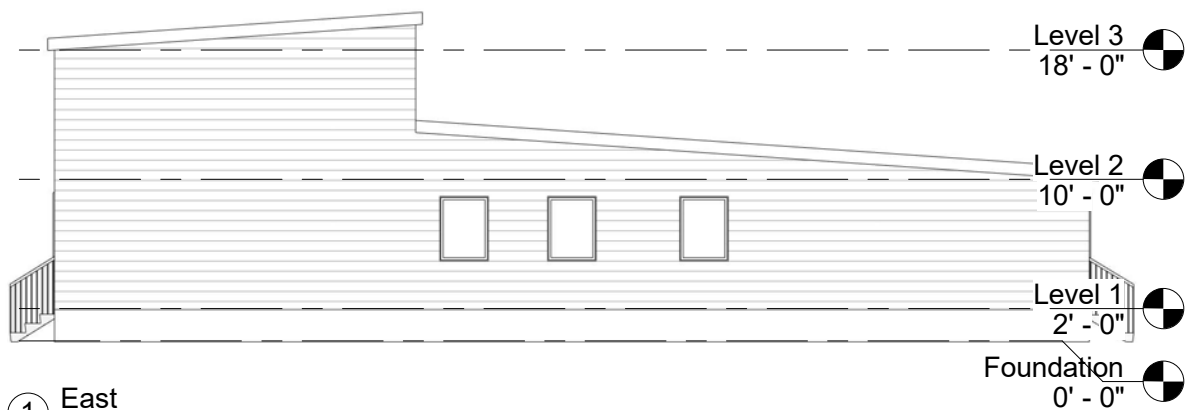
Three views of power distribution cabinet



Note:

- Note:
- 1.The **upper** dimension of all dimensions is in **millimeters** and the **lower** dimension is in **inches**.
 - 2.Inlet and Outlet specification:DN125(5in)/304/PN16
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).

						AntSpace HK3	Bitmain Technologies Inc.	
标记	处数	分区	更改文件号	签名	年、月、日			
设计			标准化			阶段标记	重量	比例
校对			质量会签					
审核								
工艺			批准			共 张	第 张	YLY-1000E-006 Page 64 of 114



www.autodesk.com/revit

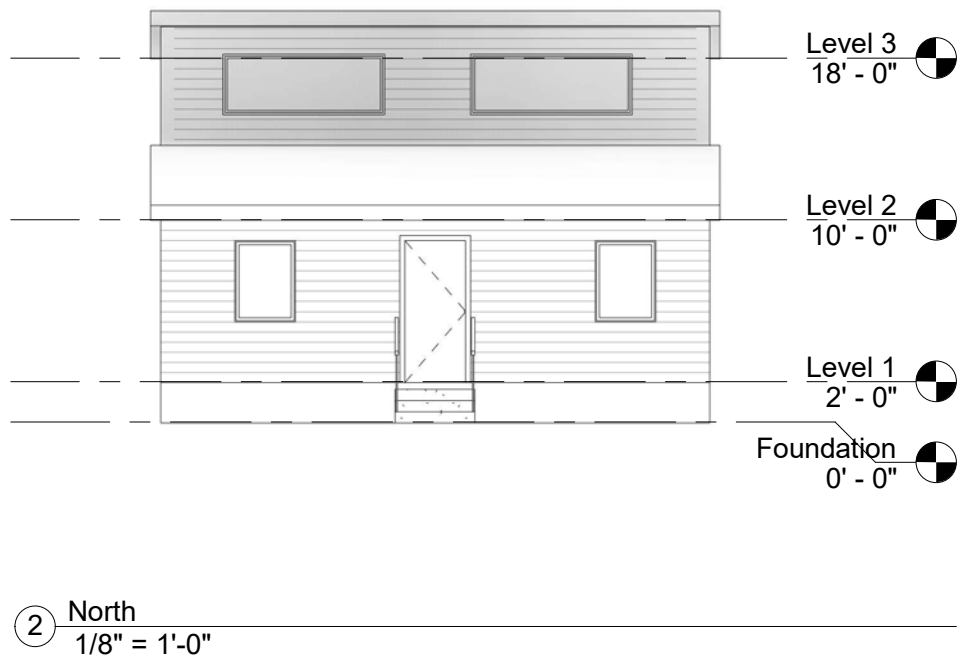
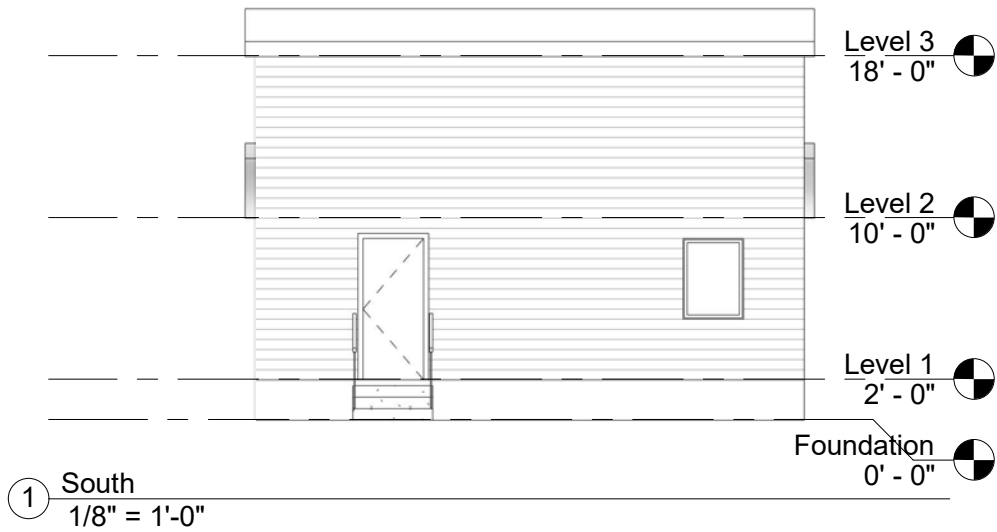
Owner

Design FLOOR PLAN

ELEVATIONS & 3D VIEW

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

23/08/2022 08:34:55



www.autodesk.com/revit

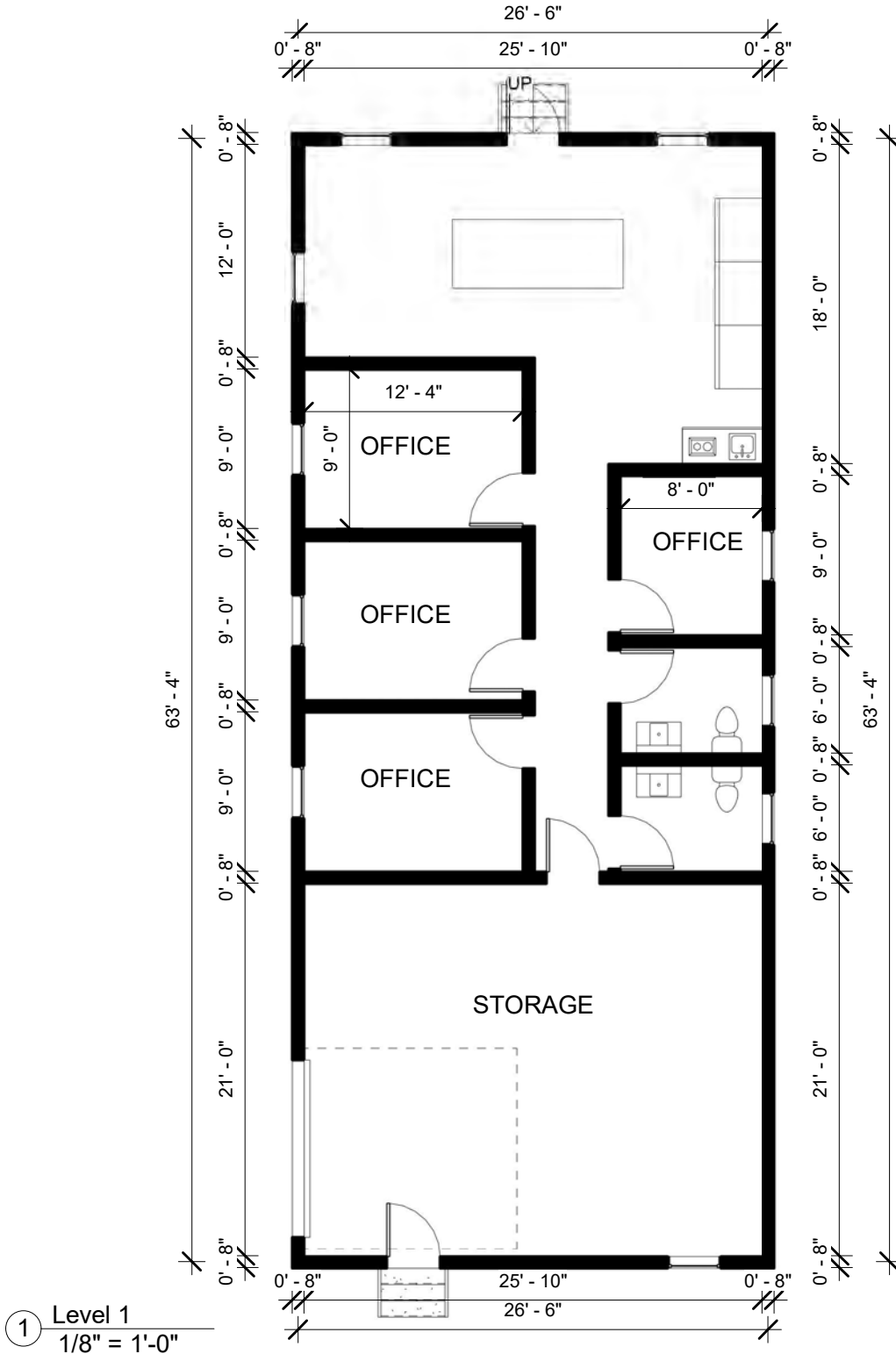
Owner

Design FLOOR PLAN

ELEVATIONS

Project number	1	A104
Date	23/8/2022	
Drawn by	Author	Scale 1/8" = 1'-0"
Checked by	Checker	

23/08/2022 08:34:57



www.autodesk.com/revit

Owner

Design FLOOR PLAN

FLOOR PLAN

Project number 1

Date 23/8/2022

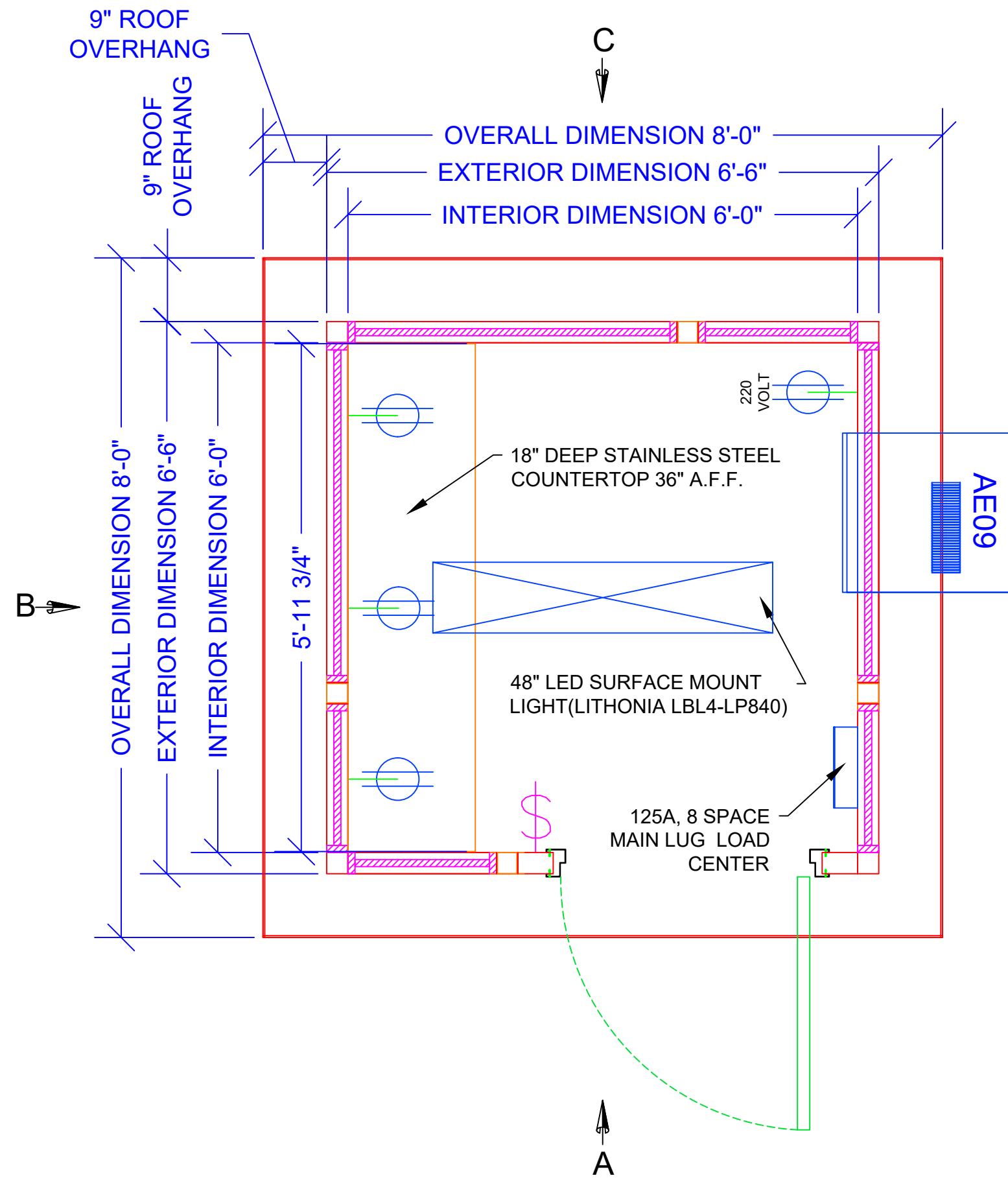
Drawn by MOHAMED

Checked by Checker

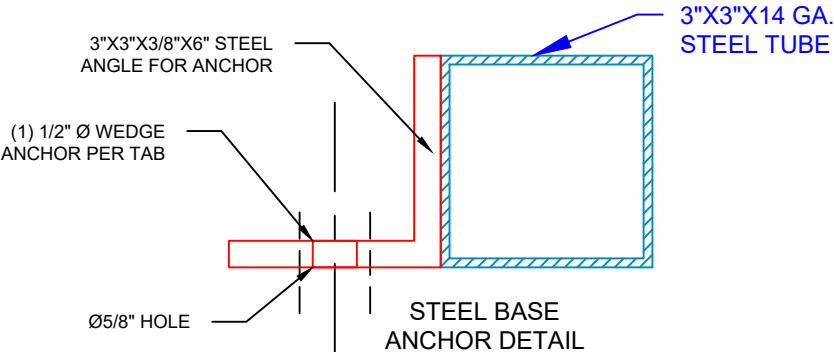
A101

Scale 1/8" = 1'-0"

23/08/2022 08:34:52



FLOORPLAN
SURFACE MOUNTED ELECTRICAL



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:	BV POWER ALPHA LLC	CUSTOMER:	BV POWER ALPHA LLC
---------	--------------------	-----------	--------------------

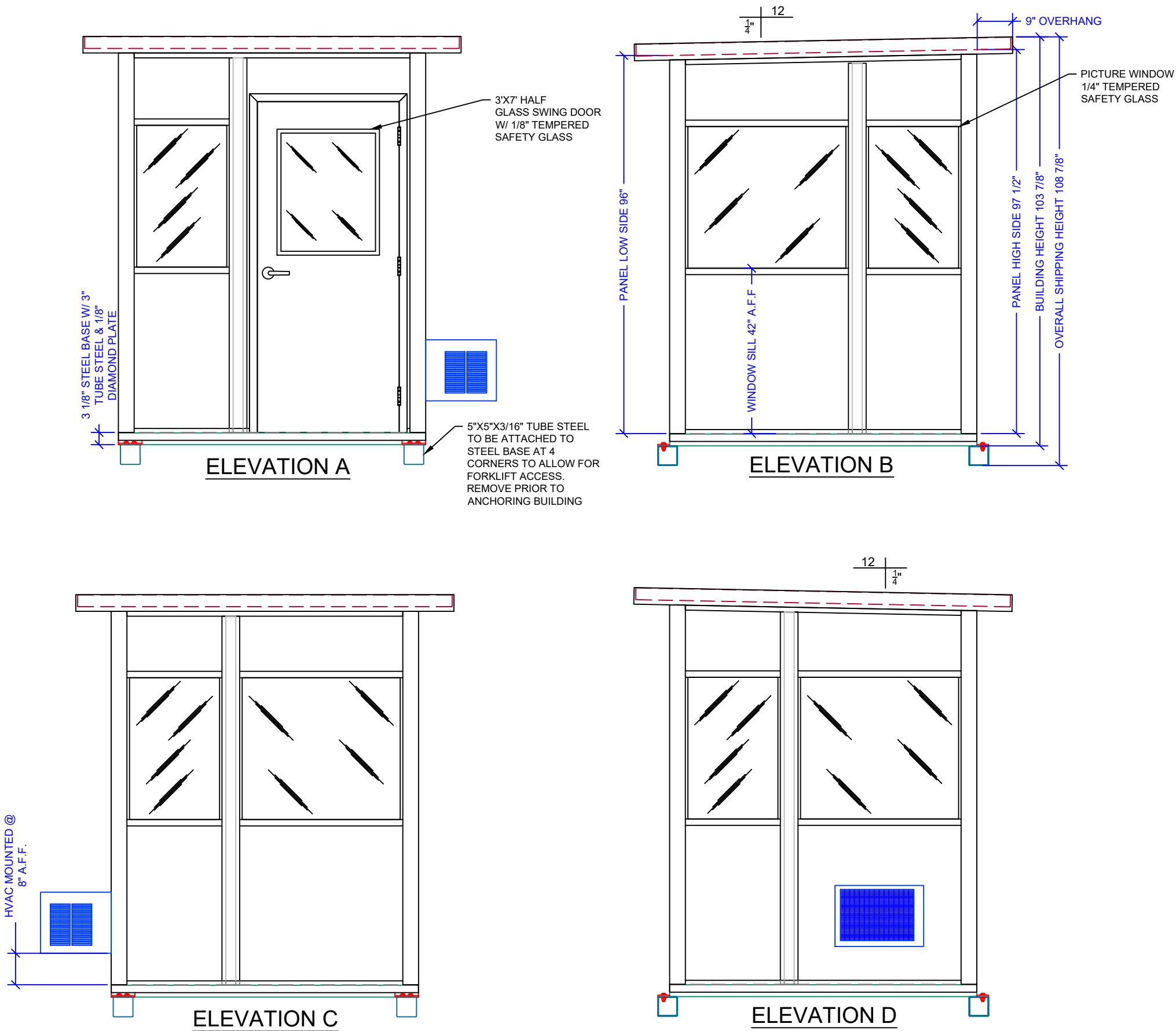
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PANEL BUILT
INCORPORATED

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		☐	
REVISE & RESUBMIT		☐	
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
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JOB NUMBER: 16798	DRAWN BY: S. VAZQUEZ	CHECKED BY: M.B.	DATE: 7.25.2022
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DEALER: BV POWER ALPHA LLC	CUSTOMER: BV POWER ALPHA LLC
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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		☐	
REVISE & RESUBMIT		☐	
SIGN: _____			
DATE: _____			
REV #	DR. BY#	DESCRIPTION OF REV	DATE
*	*	*	*



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

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



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](#)
[Noise Level Calculation.pdf](#)
[Harvey Letter On Immersion Cooling 20240603.pdf](#)
[Sound Analysis June to August_NLA.jpg](#)

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

Noise Level Calculaton

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

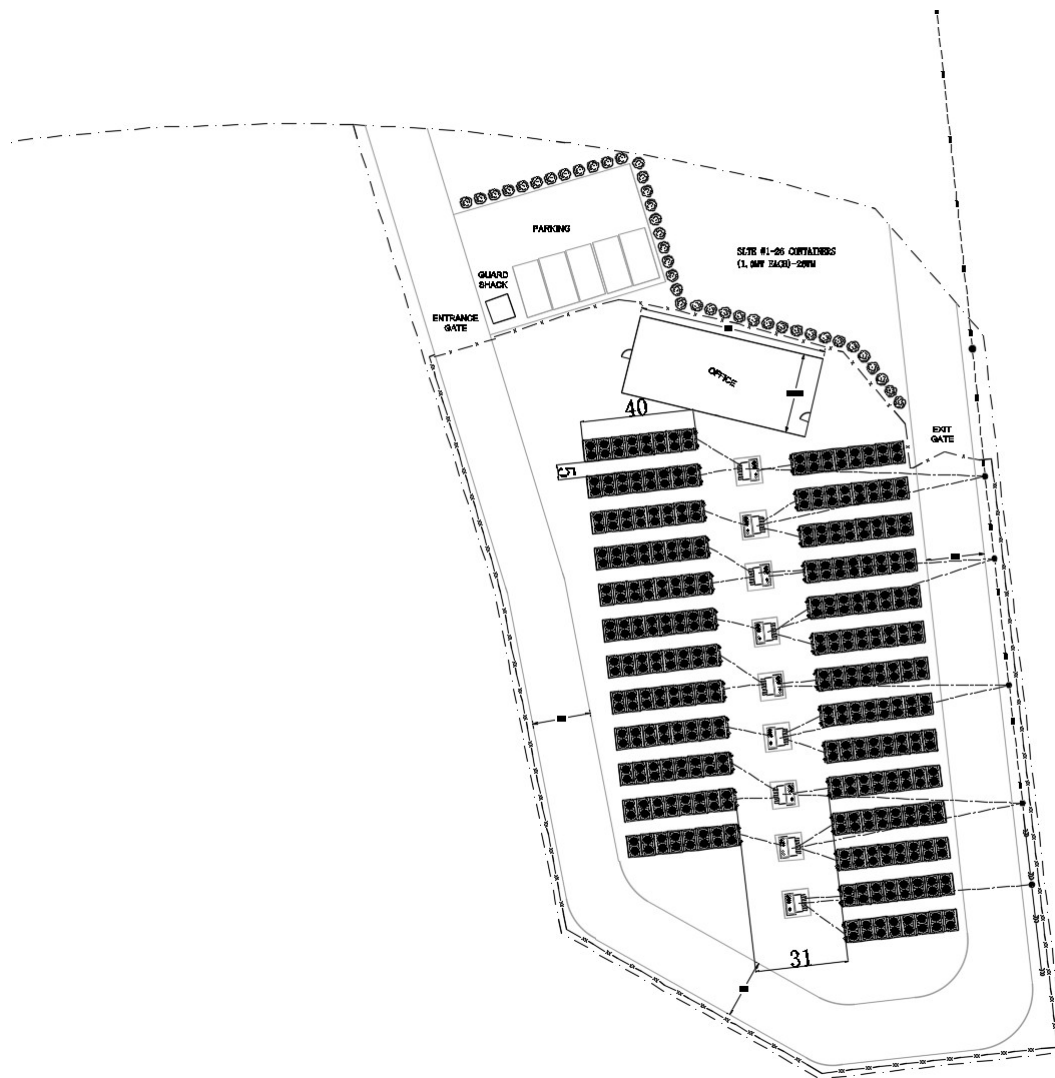
Test Result

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.

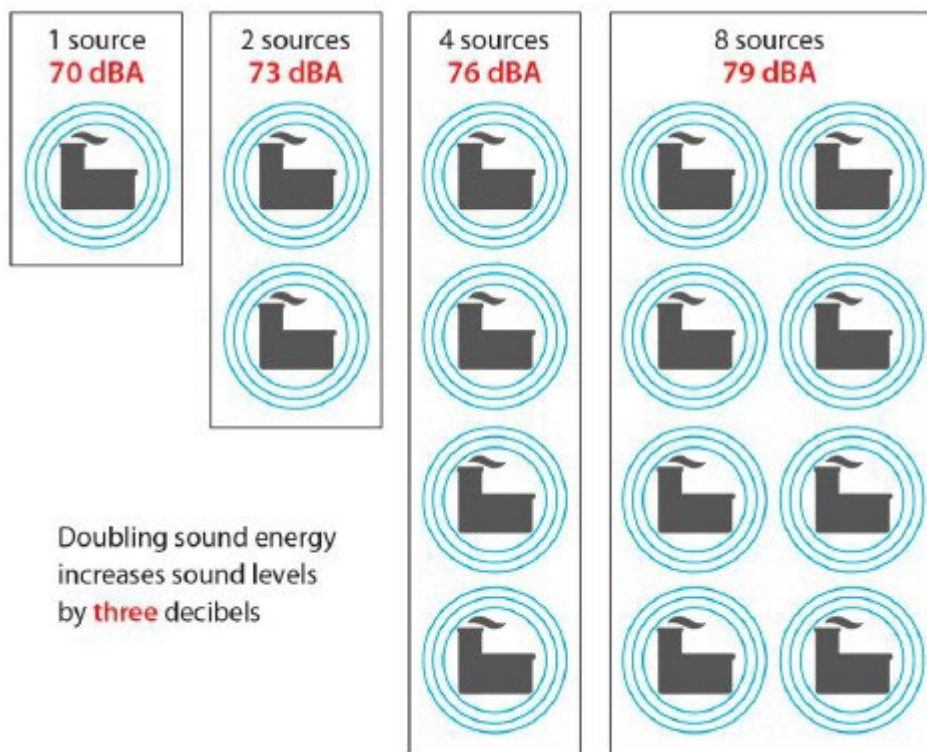


Figure 7. Addition and subtraction of decibel levels

- ✦ 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

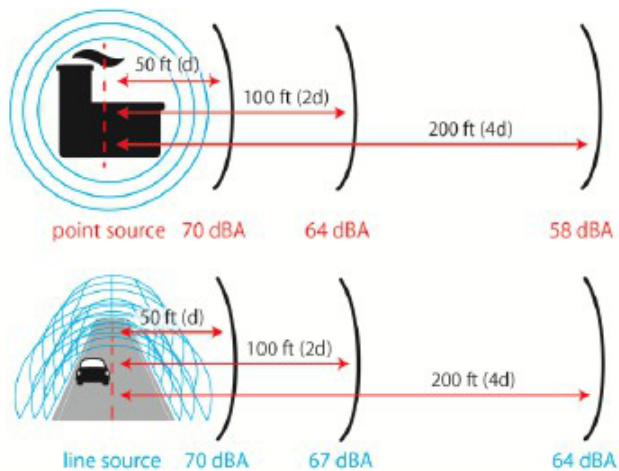


Figure 6. Distance attenuation of noise levels from a point source (top) and a line source (bottom)



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.

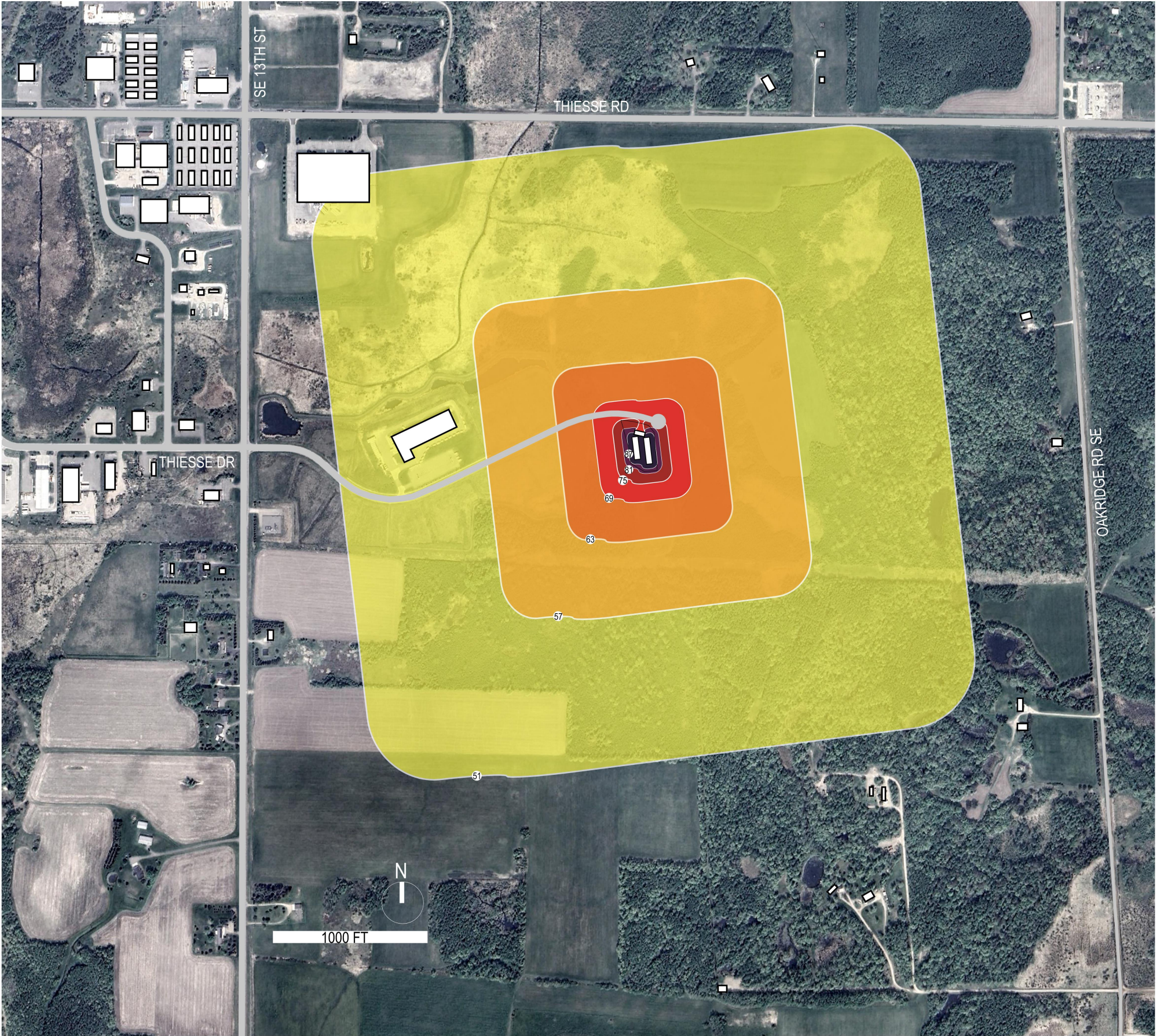
I hope this is useful, let me know if you need anything else.

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.

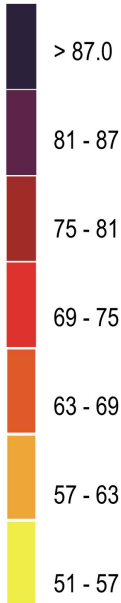
Number of Dry Coolers		130									
Month	Average Temp (F)*	Average Max Temp (F)	Fan Speed Ratio	Single Cooler Noise Level@30feet	Overall Noise Level@30feet	Overall Noise Level@60feet	Overall Noise Level@120feet	Overall Noise Level@240feet	Overall Noise Level@480feet	Overall Noise Level@960feet	Overall Noise Level@1920feet
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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

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
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

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

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: [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](#)

Hi All,

I have bcc'd all EDA board members. I was asked by the public to forward the e-mails from the May 20th 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

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://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](#)

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



Website | Twitter | YouTube | Telegram



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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]

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>

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

Cc: Toni Gage <tgage@ci.brainerd.mn.us>; Nick Broyles <nbroyles@ci.brainerd.mn.us>; Sarah Thiesse <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

From: Sarah Thiesse <sarhtc80@gmail.com>

Sent: Thursday, May 16, 2024 10:14 PM

To: Dave Badeaux <dbadeaux@ci.brainerd.mn.us>; Kelly Bevens <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; Megan Thiesse <mthiesse1@gmail.com>

Subject: Interim Permit 1918 Thiesse Dr

You don't often get email from 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 <sarahtc80@gmail.com>

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 & 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 <gtbone69@gmail.com>

Thu 5/16/2024 5:48 PM

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

[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](#)
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

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://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](#)

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



Website | Twitter | YouTube | Telegram



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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 <jkramvik@ci.brainerd.mn.us>

Mon 5/20/2024 1:55 PM

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

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

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

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

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 <jkramvik@ci.brainerd.mn.us>

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

Cc: Toni Gage <tgage@ci.brainerd.mn.us>; Nick Broyles <nbroyles@ci.brainerd.mn.us>; Sarah Thiesse <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

From: Sarah Thiesse <sarhtc80@gmail.com>

Sent: Thursday, May 16, 2024 10:14 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; Megan Thiesse <mthiesse1@gmail.com>

Subject: Interim Permit 1918 Thiesse Dr

You don't often get email from 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 <sarahtc80@gmail.com>

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 & 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 <gtbone69@gmail.com>

Thu 5/16/2024 5:48 PM

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

[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