



ECONOMIC DEVELOPMENT AUTHORITY AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers

Thursday, August 1, 2024 @ 7:30 AM

The public is invited to attend these meetings in person

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

1. **Call To Order**

2. **Roll Call**

___K. Bevans ___T. Bieser ___J. Grecula ___G. Johnson ___M. Kirsch ___M. O'Day ___P.
Sandy ___K. Yeager

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

4. **Consent Calendar**

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

A. **Approval of Minutes**

B. **Financial Reports**

C. **Swanson Haskamp Report**

D. **DDBC Report**

E. **Visit Brainerd Report**

5. **Unfinished Business**

A. **Update on VCV Industrial Park Property**

B. **Update on Facade Improvement Grant Program and Request for Additional Funds**

6. **New Business**

A. **Consider Marketing Strategy for Industrial Park Properties**

B. **Set the 2025 Preliminary EDA Tax Levy Request**

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

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

MISSION

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

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY
Thursday, June 6th, 2024, 7:30 a.m.
City Hall Council Chambers

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

Upon roll call Commissioners Kelly Bevans, Toni Bieser, Justin Grecula, Marie Kirsch, Mike O'Day, and Kevin Yeager were noted as present. Commissioner Johnson was noted as absent.

Staff present were Executive Director Broyles, Community Development Director Kramvik, Finance Director Hillman, City Engineer/Public Works Director Dehn, Interim Public Utilities Director Wussow, and HRA Director Charpentier.

Approval/Amendment of the Agenda

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

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

Approval of Consent Calendar

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY TO APPROVE THE CONSENT CALENDAR.

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

New Business

Presentation on Alexandria Broadway Street Reconstruction Outreach Efforts

Nicole Fernholz, Alexandria EDC, gave a presentation from the Alexandria Broadway Street Reconstruction efforts by the Alexandria community. As a community, they gathered a committee of stakeholders and community members to plan, fund, market, and carry out events in the community. They received a grant from Blue Cross Blue Shield which was used for a grant program and received donations from businesses to market their downtown being open for business during construction, carry out events, and provide information.

Commissioner Kirsch asked about the timeline, stakeholders, funding, and communication.

Ms. Fernholz stated that the committee met monthly until the construction started and then met as needed. The meetings were very informal and utilized email to communicate. The engineering firm that was utilized by MnDOT was responsible for communicating with the committee to provide to the public. She recommended organizing a committee to begin communicating with the public and beginning the plan.

Chair Yeager asked about fiscal agent.

Ms. Fernholz stated that the EDC was the fiscal agent for the marketing. These dollars were strictly for marketing. The EDC received no money to be the agent.

Commissioner Kirsch requested that staff identify stakeholders to start forming a committee.

Chair Yeager asked staff to identify stakeholders, members, a timeline, and framework.

Commissioner Grecula requested that the City of Baxter be included in the committee.

Approve VCV Revised Purchase and Development Agreement

Community Development Director Kramvik stated that VCV is requesting an amendment to the Purchase and Development Agreement (PDA) to extend the construction commencement deadline, revise the minimum improvement for 1918 Thiesse Drive, and note of the membership holdings transfer of the developer to Ancheng Holdings. The original proposal for minimum improvements was twelve, forty-foot containers with open air cooling. The proposed change includes twenty-six, forty-foot containers with immersion cooling. The City Council is reviewing the interim use permit for outdoor storage as a principal structure.

Commissioner Bevans asked if the development does not happen, whether the two parcels are dedicated to crypto mining in perpetuity.

Community Development Director Kramvik stated that the PDA contains the construction document with the minimum improvements. The minimum improvements are what would be required. Which VCV is requesting to update the minimum improvements.

Commissioner Bevans then asked if VCV continues to not fulfill their end of the bargain, how is it then that that section of the agreement lives on in perpetuity. It doesn't seem to make sense for it to be dedicated to crypto mining.

Community Development Director Kramvik stated that as a part of the original conveyance of the land, stated that crypto mining does meet the comprehensive plan. It protects the developer against the City changing their mind on what they want as the use on the property. It also protects the City in saying that the developer can turn around and sell the property for a profit for a different use that the City may not support. Both parties would need to amend the PDA in order to change the use.

Commissioner O'Day asked about the 180-days that the company originally had to make the minimum improvements. Now, the EDA could send out a 30-day notice of non-compliance. It seems this group has convinced staff that they are making efforts. The City had two groups that wanted to conduct crypto mining, one group was doing what they said they would, and this group is not. The only difference he can see is that bitcoin tanked and has now rebounded. He does not think the City owes the group anything, they broke the contract, why is the EDA automatically giving an extension.

Commissioner Sandy asked for clarification on why the improvements did not happen previously.

Matt Feast, VCV, stated that yes, the lack of improvements was largely tied to economics. This new partner is looking to improve the plan that VCV originally had with different technology and immersion. The market is more diverse.

Commissioner Kirsch asked about the change of the minimum improvements is going from twelve containers to twenty-six containers.

Matt Feast, VCV, stated that the extended agreement with BPU they required VCV to have a minimum amount of power usage by the end of the year. In order to meet this requirement there needs to be more containers on the southern parcel.

Commissioner Sandy asked how the power agreement fits into this equation.

Interim Public Utilities Director Wussow stated that the BPU Commission extended their agreement at the April Commission meeting. The new agreement requires 15 mWh per day by the end of 2024. He had a conference call with the Company, the Commission has not officially adopted the transfer of ownership and the agreement. Staff is doing their due diligence to confirm that the company is able to do business in the State of Minnesota.

Chair Yeager asked the Attorney whether VCV is currently in default of their contract. He asked whether the City has remedies or an escape solution now that they are in default. His understanding of the contract is that when in default there could be remedies.

Attorney Langel stated that yes, they are in default on their contract as they did not satisfy the timing of the contract. He believes that it is correct that the City could have an escape solution.

Commissioner Kirsch asked whether the minimum improvements would stay with the land if the EDA does not extend the contract.

Community Development Director Kramvik stated that the EDA would have to send a thirty-day letter, market the property for another developer to complete the minimum improvements. There has also been some infrastructure installed. Whatever the new buyer would purchase the land for would be returned to VCV.

Commissioner O'Day asked about the investment by BPU.

Interim Public Utilities Director Wussow stated that \$345,000 has been invested by VCV for infrastructure. He cannot comment on whether the company was aware that it would be at their own risk. He is not aware that anything would need to be done by BPU if the City does not approve the PDA amendment. The improvements would stay with the property. BPU has not received any engineered plans to improve the property as would be required for crypto mining.

Matt Feast, VCV, stated that in addition to the \$345,000 for the distribution line, the company also bought \$300,000 in solar recs. The total VCV has invested is \$1.1 million. The company has every reason to move very quickly. The minimum improvement date is for the Northern Parcel, the power agreement is for the Southern Parcel. VCV Digital Minnesota already has a license to do business in Minnesota, Ancheng is covered by this business license.

Commissioner O'Day stated that hearing that BPU staff is doing their due diligence, the EDA cannot take the companies at face value. The extension would be premature.

Commissioner Bieser stated that she needs to abstain from voting due to her employment.

Community Development Director Kramvik stated that the Attorney could advise the EDA on whether the resolution could be passed contingent upon conditions.

Attorney Langel stated that you could pass the resolution with conditions. He asked that the EDA be specific on their conditions. No action by the EDA doesn't seem to move the ball forward one way or another.

Commissioner O'Day requested that the EDA wait until BPU receives the information that they are waiting on.

Discuss Concept Plans for Future Development

Community Development Director Kramvik gave an overview of the properties that have been addressed by the EDA. Staff recommend Trailside Park as the next area of focus.

Chair Bevans asked for clarification on Trailside Park.

City Engineer/Public Works Director Dehn stated that Trailside Park was not included for development as park land. Park Board is aware that the park is set aside for future development, not a future park.

Jennifer Haskamp, SHC, stated that there are individuals that are interested in parcels in the City. She asked whether it makes sense in addition to Trailside Park to offer concept planning to developers to developers who are interested and she believes would actually come to fruition.

Commissioner Bieser asked about the cost.

Jennifer Haskamp stated that it would be included in the scope of the current contract.

Chair Yeager asked about rezoning for Trailside.

Community Development Director Kramvik stated that it may be premature to rezone prior to the plan approval.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND O'DAY, DULY CARRIED, TO AUTHORIZE SHC TO CREATE A CONCEPT PLAN FOR TRAILSIDE PARK AND TO DIRECT STAFF TO WORK WITH THE PROPER BOARD ON ZONING OF THE PARCEL.

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Unfinished Business

Approve Amended Brokerage Agreement with Kamp Real Estate

Community Development Director Kramvik stated that City Council approved sale or lease of the Annex.

Commissioner Bieser asked about the co-brokerage transaction brokerage fee.

Jennifer Haskamp stated that there should be a decimal point between the 1 and 7.

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Community Development Director Kramvik stated that all commercial and industrial properties will be eligible, design work is not eligible, and BLAEDC must set a not to exceed amount for administering.

Commissioner Kirsch asked about the funding source, whether this money could be banked for the Hwy 210 corridor.

Community Development Director Kramvik stated that the EDA determined that the funds are collected from the entire city. The EDA could vote to move any unallocated funds into a fund for the Highway 210 project.

Tyler Glynn, BLAEDC, stated that the funds are unallocated funds levied by the EDA in 2024. The feedback from the Business Retention Evaluation has been that there is no funding for businesses outside of the River to Rails Corridor. Social media and the intended list will be used for informing potential applicants. The grant will be first come first serve if the requirements are met.

Commissioner Bieser stated that a one page in the Highway 210 information could be useful.

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Review Central Business District Incentive Policy

Community Development Director Kramvik gave an overview.

Commissioner Bevans stated that the entire proposed section should get all incentives. He asked about the deadline of the Highway 210 project and whether the incentive should align with the end of the project.

Commissioner Bieser asked about the current River to Rails deadline. She stated that she would be in favor of aligning it to the current end of the River to Rails deadline in 2029.

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HRA Director Charpentier stated that there were 48 applicants for the Workforce Housing Grant. Of the \$96 million were requested from the grant for the \$39 million available. The projects are very viable. The Northstar building is going out for bid for projects around the site. The HRA will be putting in a Small Cities Development Grant for the Highway 210 project.

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Commissioner O'Day stated that the links to the Thiesse Properties for the City website are broken.

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

The Authority adjourned at 9:00 a.m.

Respectfully Submitted by
Toni Gage

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The Authority adjourned at 9:00 a.m.

Respectfully Submitted by
Toni Gage

Financial Report for EDA

As of June 30, 2024

	<u>Cash & Investments</u>	<u>Receivable Balance</u>	<u>Deferred Loans (as of 12/31/23) **</u>	<u>Awarded Grants</u>
General Funds:				
EDA Fund - #295	\$ 83,543	\$ -	\$ -	\$ -
Total	\$ 83,543	\$ -	\$ -	\$ -
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):				
Downtown - #298	\$ 51,260	\$ 4,390	\$ 290,887	\$ -
SE Brainerd - #215	53,156	-	99,135	-
NE Brainerd - #218	-	-	194,675	-
2023 SE Brainerd	(3,398)	-	-	-
Willows Project - #209	-	-	47,286	-
Old Housing - #209	3,395	-	-	-
Local Income - #275	104,591	12,372	9,875	-
Total	\$ 209,003	\$ 16,761	\$ 641,857	\$ -
Federal & State MIF (Commerical (Jobs)):				
Commerical - #210 ^^^	\$ -	\$ 646,427	\$ -	\$ -
Federal MIF - #296	18,861	-	-	-
Total	\$ 18,861	\$ 646,427	\$ -	\$ -
Grand Total	\$ 311,407	\$ 663,188	\$ 641,857	\$ -

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

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

Fund 295 EDA FUND

GL Number	Description	PERIOD ENDED 06/30/2023	PERIOD ENDED 06/30/2024
*** Assets ***			
295-0000-10100	CASH	73,986.62	83,542.87
295-0000-10700	DELINQUENT TAX RECEIVABLE	6,467.34	7,003.02
295-0000-16160	FA-LAND HELD FOR RESALE	460,396.74	460,396.74
Total Assets		540,850.70	550,942.63
*** Liabilities ***			
295-0000-20600	DEPOSITS PAYABLE	9,324.00	1,230.49
295-0000-22200	DEFERRED REVENUE	460,396.74	460,396.74
295-0000-22210	DEFERRED TAXES RECEIVABLE	4,202.29	3,473.95
Total Liabilities		473,923.03	465,101.18
*** Fund Balance ***			
295-0000-28900	FUND BALANCE/EQUITY ACCT	69,279.63	80,283.50
Total Fund Balance		69,279.63	80,283.50
Beginning Fund Balance		69,279.63	80,283.50
Net of Revenues VS Expenditures		(2,351.96)	5,557.95
Ending Fund Balance		66,927.67	85,841.45
Total Liabilities And Fund Balance		540,850.70	550,942.63

PERIOD ENDING 06/30/2024

GL NUMBER	DESCRIPTION	ACTIVITY FOR			YTD BALANCE	% BGD USED
		2024 MONTH	06/30/2024	06/30/2024		
		AMENDED BUDGET	CREASE (DECREASE)	NORMAL (ABNORMAL)		
Fund 295 - EDA FUND						
Function: Unclassified						
Dept 0000						
Revenues						
TAXES & PENALTIES						
295-0000-31010	CURRENT AD VALOREM	186,812.00	65,066.83	67,966.15	36.38	
295-0000-31020	DELINQUENT AD VALOREM	0.00	688.22	1,317.97	100.00	
	TAXES & PENALTIES	<u>186,812.00</u>	<u>65,755.05</u>	<u>69,284.12</u>	<u>37.09</u>	
OTHER REVENUE						
295-0000-36210	INTEREST INCOME	550.00	928.90	928.90	168.89	
	OTHER REVENUE	<u>550.00</u>	<u>928.90</u>	<u>928.90</u>	<u>168.89</u>	
	TOTAL REVENUES	<u>187,362.00</u>	<u>66,683.95</u>	<u>70,213.02</u>	<u>37.47</u>	
	Net - Dept 0000	<u>187,362.00</u>	<u>66,683.95</u>	<u>70,213.02</u>		
Dept 6510 - ECONOMIC DEVELOPMENT AUTH						
Expenditures						
SERVICES						
295-6510-43300	PROFESSIONAL SERVICES	138,000.00	11,500.02	59,086.77	42.82	
295-6510-43350	PRINTING/LEGAL PUBLICATION	0.00	0.00	194.00	100.00	
295-6510-43361	INS - GENERAL LIABILITY	142.14	0.00	24.30	17.10	
295-6510-43435	BOOKS/PAMPHLETS/DUES	5,350.00	0.00	5,350.00	100.00	
	SERVICES	<u>143,492.14</u>	<u>11,500.02</u>	<u>64,655.07</u>	<u>45.06</u>	
	TOTAL EXPENDITURES	<u>143,492.14</u>	<u>11,500.02</u>	<u>64,655.07</u>	<u>45.06</u>	
	Net - Dept 6510 - ECONOMIC DEVELOPMENT AUTH	<u>(143,492.14)</u>	<u>(11,500.02)</u>	<u>(64,655.07)</u>		
	Total - Function Unclassified	<u>43,869.86</u>	<u>55,183.93</u>	<u>5,557.95</u>	<u>12.67</u>	
	TOTAL REVENUES	187,362.00	66,683.95	70,213.02	37.47	
	TOTAL EXPENDITURES	143,492.14	11,500.02	64,655.07	45.06	
	NET OF REVENUES & EXPENDITURES	<u>43,869.86</u>	<u>55,183.93</u>	<u>5,557.95</u>	<u>12.67</u>	

CHECK DISBURSEMENT REPORT FOR CITY OF BRAINERD
 CHECK DATE FROM 05/01/2024 - 06/30/2024

Check Date	Bank	Check #	Invoice	Payee	Description	Account	Dept	Amount
Fund: 295 EDA FUND								
05/08/2024	BB	98456	APRIL 2024	BRAINERD LAKES AREA DEV C	PROFESSIONAL SERVICES	43300	6510	3,000.00
05/08/2024	BB	98477	24-3289	CWC RECORDER	PRINTING/LEGAL PUBLICATION	43350	6510	194.00
05/08/2024	BB	98483	APRIL 2024	DESTINATION DOWNTOWN BRAINERD	PROFESSIONAL SERVICES	43300	6510	833.34
05/08/2024	BB	98538	APRIL 2024	SWANSON HASKAMP CONSULTING	PROFESSIONAL SERVICES	43300	6510	2,916.67
05/08/2024	BB	98544	APRIL 2024	VISIT BRAINERD	PROFESSIONAL SERVICES	43300	6510	3,333.34
06/05/2024	BB	98645	BTMA25861	BAKER TILLY MUNICIPAL ADVISOR	DEPOSITS PAYABLE	20600	0000	5,200.00
06/05/2024	BB	98650	MAY 2024	BRAINERD LAKES AREA DEV C	PROFESSIONAL SERVICES	43300	6510	3,000.00
06/05/2024	BB	98664	MAY 2024	DESTINATION DOWNTOWN BRAINERD	PROFESSIONAL SERVICES	43300	6510	833.34
06/05/2024	BB	98702	MAY 2024	SWANSON HASKAMP CONSULTING	PROFESSIONAL SERVICES	43300	6510	2,916.67
06/05/2024	BB	98707	MAY 2024	VISIT BRAINERD	PROFESSIONAL SERVICES	43300	6510	3,333.34
Total for fund 295 EDA FUND								25,560.70

User: chillman
 DB: Brainerd

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 295 EDA FUND							
05/01/2024			295-0000-10100 CASH		BEG. BALANCE		45,252.96
05/31/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2138		1,416.67	43,836.29
06/18/2024	GJ	JE	TO RECEIPT IN TAX SETTLEMENT	2153	65,755.05		109,591.34
06/30/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2163		1,416.67	108,174.67
06/30/2024	GJ	JE	TO ALLOCATE 1ST QTR INTEREST	2164	928.90		109,103.57
06/30/2024			295-0000-10100	END BALANCE	66,883.95	2,833.34	109,103.57
05/01/2024			295-0000-10700 DELINQUENT TAX RECEIVABLE		BEG. BALANCE		7,003.02
06/30/2024			295-0000-10700	END BALANCE	0.00	0.00	7,003.02
05/01/2024			295-0000-16160 FA-LAND HELD FOR RESALE		BEG. BALANCE		460,396.74
06/30/2024			295-0000-16160	END BALANCE	0.00	0.00	460,396.74
05/01/2024			295-0000-20600 DEPOSITS PAYABLE		BEG. BALANCE		(6,430.49)
06/30/2024			295-0000-20600	END BALANCE	0.00	0.00	(6,430.49)
05/01/2024			295-0000-22200 DEFERRED REVENUE		BEG. BALANCE		(460,396.74)
06/30/2024			295-0000-22200	END BALANCE	0.00	0.00	(460,396.74)
05/01/2024			295-0000-22210 DEFERRED TAXES RECEIVABLE		BEG. BALANCE		(3,473.95)
06/30/2024			295-0000-22210	END BALANCE	0.00	0.00	(3,473.95)
05/01/2024			295-0000-31010 CURRENT AD VALOREM		BEG. BALANCE		(2,899.32)
06/18/2024	GJ	JE	TO RECEIPT IN TAX SETTLEMENT	2153		65,066.83	(67,966.15)
06/30/2024			295-0000-31010	END BALANCE	0.00	65,066.83	(67,966.15)
05/01/2024			295-0000-31020 DELINQUENT AD VALOREM		BEG. BALANCE		(629.75)
06/18/2024	GJ	JE	TO RECEIPT IN TAX SETTLEMENT	2153		688.22	(1,317.97)
06/30/2024			295-0000-31020	END BALANCE	0.00	688.22	(1,317.97)
05/01/2024			295-0000-36210 INTEREST INCOME		BEG. BALANCE		0.00
06/30/2024	GJ	JE	TO ALLOCATE 1ST QTR INTEREST	2164		928.90	(928.90)
06/30/2024			295-0000-36210	END BALANCE	0.00	928.90	(928.90)
05/01/2024			295-6510-43300 PROFESSIONAL SERVICES		BEG. BALANCE		36,086.73
05/31/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2138	1,416.67		37,503.40
06/30/2024	GJ	JE	TO RECORD SERVICES TO EDA PER BUDGET	2163	1,416.67		38,920.07
06/30/2024			295-6510-43300	END BALANCE	2,833.34	0.00	38,920.07
05/01/2024			295-6510-43361 INS - GENERAL LIABILITY		BEG. BALANCE		24.30
06/30/2024			295-6510-43361	END BALANCE	0.00	0.00	24.30
05/01/2024			295-6510-43435 BOOKS/PAMPHLETS/DUES		BEG. BALANCE		5,350.00
06/30/2024			295-6510-43435	END BALANCE	0.00	0.00	5,350.00
TOTAL FOR FUND 295 EDA FUND					69,517.29	69,517.29	80,283.50
GRAND TOTALS:					69,517.29	69,517.29	80,283.50

City of Brainerd
Economic Development Authority
Scope of Services Monthly Report

Date: July 25, 2024
 From: Jennifer Haskamp, SHC
 RE: Activities June & July

Overview of Monthly Activities:

SHC has been working to prepare a detailed, up to date, underutilized and underdeveloped properties matrix. Results of this effort will be presented in Q4 of this year. We have continued to meeting and discuss the active listings with various builders/developers and have continued interest, but no specific offers as of yet. We are still waiting for direction regarding the concept planning of the park land, but will begin the efforts as soon as authorized. Included in the August packet is a summary and background regarding the extension of the \$1/acre incentive program for the marketing and promotion of the Thiesse Industrial Park and potentially the Wright Street Extension. SHC/Kamp will be in attendance at the August meeting to discuss how the effort could be used as part of the marketing effort.

Activities by Scope Task:

SCOPE	TASK
a.	Maintain an inventory of under-utilized and/or undeveloped property, update bi-annually.
	SHC Activities: <ul style="list-style-type: none"> • We are working on the GIS database/shapefile and matrix and will provide an update in Q4.
b.	Identify up to three priority properties for 2024.
	SHC Activities: <ul style="list-style-type: none"> • We are waiting for authorization to prepare the concept plan for the park site identified in June. • Based on outcomes of (a.) we may identify potential concept planning options on the Washington St. Corridor. We will discuss this with the EDA at the October meeting.
c.	Establish relationship with developers on behalf of the EDA.
	SHC Activities: <ul style="list-style-type: none"> • We continue to discuss and follow up with interested parties regarding the property listings. • Planning to attend the MNCAR event in the Fall for continued networking.

d.	Participate in quarterly roundtable discussions with the City of Brainerd Staff and all other consultants.
	SHC Activities: <ul style="list-style-type: none"> • Q3 meeting planned to align with August meeting.
e.	Lead/Participate in one (1) business roundtable. Topic to address Washington Street Corridor.
	SHC Activities: <ul style="list-style-type: none"> • This event will occur in second half of 2024.
f.	Attend regular meetings of the EDA (minimum of four meetings.)
	SHC Activities: <ul style="list-style-type: none"> • SHC will attend August meeting in person.

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

Report Date: July 24, 2024

1. Maintain Main Street America Membership status.

Status: In Progress

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

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

Status: In Progress

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

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

Status: In Progress

DDBC will be hosting it's quarterly Business Owner Social event on July 31, 2024 at Sage on Laurel in Downtown Brainerd. This event is open to any individuals interested in learning about Downtown Brainerd Business Community happenings.

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

DDBC is working to cross-promote upcoming events in/near downtown, including Brainerd Jaycee's Street Fest being held on July 26-27.

DDBC received draft logo files from iTeam, who is developing updated branding materials for promoting the Downtown district. DDBC has provided feedback for further revisions and is awaiting updated logo files.

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

Status: In Progress.

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

5. Participate in quarterly consultant meetings.

Status: Ongoing.

A DDBC representative plans to attend all upcoming consultant meetings.

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

Report Date: 07/24/2024

a. Update content on EDA website.

Update: The website is live.

Action: Integrate the Swanson-Haskamp materials into design.

Action: Create a content management handbook for staff.

[BEDA Homepage \(webflow.io\)](#).

b. Create a marketing strategy and campaign for EDA website and available Brainerd properties.

Update: Suggested framework for promoting website once it is live includes:

- On-page SEO. This SEO focuses on the content on site pages and how to optimize it to boost the website's ranking for specific keywords.
 - Off-page SEO. This SEO focuses on links directed to websites from elsewhere. The number of backlinks a site has from reputable sources helps you build trust with search algorithms.
 - Technical SEO. This SEO focuses on a website's backend architecture, like site code. Google cares just as much about technical set-up as it does content, so this position is essential for rankings.
 - Paid Search: Keywords campaign > \$300 per month
 - Paid Digital Display campaign > \$300 per month
-

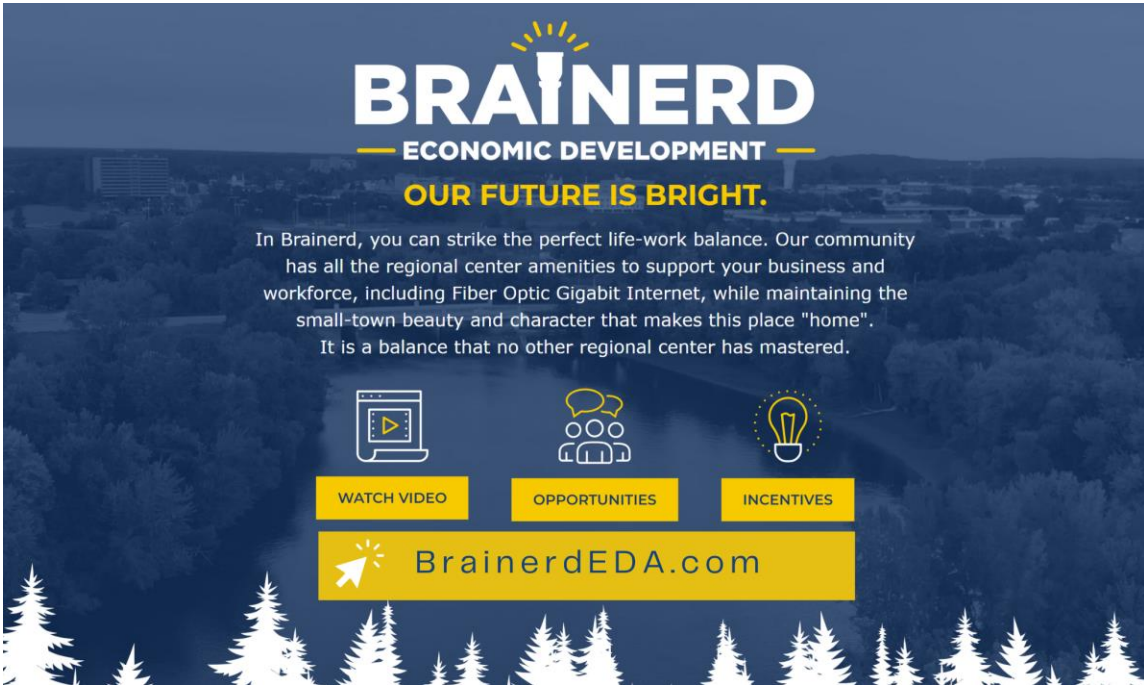
c. Develop and implement an advertising campaign focused on recruiting entrepreneurs, developers, investors, and the like to start a business within the corporate limits of the City of Brainerd.

Update: In progress. Radio ads ran statewide; currently paused. Larger multi-media campaign to launch in Q3 TBD (see below).

Action: Finalize billboard contract, get artwork created, go live.

Action: Launch LinkedIn Page for Brainerd EDA, start advertising on platform.

c. Advertising Campaign Recruiting Entrepreneurs, Developers, Investors to Start a Business	\$ 10,000.00
Visit Brainerd fee	\$ (1,000.00)
IQ Ad Spring 2024	\$ (500.00) Complete; publish April
IQ Ad Fall 2024	\$ (500.00) Complete; publish October
LinkedIn ads	\$ (2,000.00)
Billboards	\$ (6,000.00) Q2 if stationary billboard opens up; Q3 if we go with digital billboards; price TBD.



Ad copy in IQ Magazine.

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

Update: Q3 ad plan is the same as previous years. In progress.

d. Summer Shopping Ad Campaign	\$ 10,000.00
Visit Brainerd fee	\$ (500.00)
Radio - Hubbard	\$ (5,000.00) 10-day flight in Jun, Jul, Aug
Radio - MPR (Brainerd News & Classical)	\$ (1,500.00) 10-day flight in Jun, Jul, Aug
Spectrum Reach - OTT Streaming	\$ (2,500.00) 10-day flight in Jun, Jul, Aug

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

Update: Q4 project.

f. Participate in quarterly roundtable discussions with City of Brainerd staff and all other consultants providing services to the EDA

Update: TBD

g. Attend the regular meeting of the EDA at least 4 times during this contract.

Update: Will attend regular meetings as schedule allows:

- April: Attended

Support, participate in, coordinate and attend DDBC Main Street programming:

- Attend bi-weekly coordinator meetings with Marie Kirsch (every other Monday).
- Attended business visits at Elysium Hair Salon and Bargains on 7th on Jan. 18.
- Attended business owner social at Shep's on 6th on Jan. 31
- Coordinated St. Patrick's Day shopping promotion.
- Attended business visit at The Good Village on Mar. 21.
- Coordinated and attended the business visits at Crossing Arts and The Office Shop on Apr. 18.
- Attended business owners social at The Blue Oyster on Apr. 24.

MEMO



TO: EDA Board of Commissioners

FROM: James Kramvik, Community Development Director

DATE: August 1st, 2024

RE: Update on VCV Industrial Park Property

INTRODUCTION

The EDA considered VCV's request at their June 26th Special Meeting for 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.

After consideration, the EDA moved and approved denial of the request and directed Staff to send a thirty-day written notice on the default of the agreement that required the developer to commence construction of the Minimum Improvements within one hundred twenty (120) days after closing. The EDA will then refer to Section 9.2. Remedies on Default and make a decision at a later meeting.

The Brainerd City Council denied the Interim Use Permit request for outdoor storage as a principal use at their regularly scheduled July 1st meeting and provided findings through a resolution at the July 15th meeting. Given that the City Council denied the IUP for construction, the default is incurable at this time.

The EDA has called for a workshop on August 6th to review a proposed idea from VCV that would construct buildings on the property rather than outdoor storage containers. BPU Commission members and the City Council may also be present at the meeting to provide comments. In order to construct a building, VCV would need to revise the construction plans and receive approval from the EDA and also extend the power agreement with BPU.

PDA AGREEMENT – REMEDIES ON DEFAULT

As provided in Section 9.2 of the PDA, after written notice to the Developer of the failure to commence construction of the Minimum Improvements within 120 days after Closing (the "Construction Commencement Deadline"), and to substantially complete construction of the Minimum Improvements within 180 days following the Construction Commencement Deadline, which is an "Event of Default," the Developer will have a certain period to cure the Event of Default. Because the nature of this Event of Default (failure to commence and complete construction of the Minimum Improvements) is by its nature probably incurable within 30 days, the Developer must "provide *assurances reasonably satisfactory to the [EDA] that the Event of Default will be cured and will be cured as soon as reasonably possible[.]*"

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.

The EDA cannot revise the title until the 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.

STAFF RECOMMENDATION

Option 1 – As the default is incurable at this time, the EDA could 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. (Pending full legal review)

Option 2 – VCV cannot construct the proposed outdoor storage containers due to City Council's denial of the land use permit and the EDA's denial of the revised PDA. VCV will present a new idea at the August 6th workshop and if the Boards and Commissions are receptive to their idea, VCV would most likely provide revised construction plans at or before the October 3rd regularly scheduled EDA meeting. The EDA could then make a decision at that time.

July 1st, 2024



VCV DIGITAL INFRASTRUCTURE MINNESOTA LLC
1540 BROADWAY STE 1010
NEW YORK NY 10036

Dear Mr. Tang,

The EDA considered your request at their June 26th Special Meeting for an amendment to the PDA to extend the construction commencement deadline, revise the minimum improvements for 1918 Thiesse Drive, and acknowledge the transfer of the outstanding membership interests of the Developer to Ancheng. After consideration, the EDA denied the request and directed Staff to send a 30-day written notice on the default of the agreement that required the developer to commence construction of the Minimum Improvements within 120 days after closing. This letter constitutes that 30-day notice. The EDA will consider default remedies pursuant to Section 9.2 of the Agreement at a later meeting. Please contact me with any questions about this 30-day notice.

Sincerely,

A handwritten signature in black ink, appearing to read "NB", is written over a light gray horizontal line.

Nick Broyles
Executive Director of the Brainerd EDA
Brainerd City Administrator

CONTACT US

501 LAUREL ST, BRAINERD, MN 56401

(218) 828-2307

HELLO@BRAINERDEDA.COM

RESOLUTION
No. 30:24

RESOLUTION DENYING INTERIM USE PERMIT

WHEREAS, VCV Digital Infrastructure Minnesota, LLC applied for an interim use permit for outdoor storage as a principal use to operate a crypto-mining facility at 1918 Thiesse Dr (PID 41060508); and

WHEREAS, the property is zoned GI - General Industrial; and

WHEREAS, adjacent zoning is GI - General Industrial and RR 2.5 – Rural Residential 2.5 (Crow Wing County); and

WHEREAS, an interim use permit is required for outdoor storage as a principal use; and

WHEREAS, the Planning Commission recommended denial of the interim use permit by a 3-2 vote; and


WHEREAS, Zoning Code section 515-5-3.B.2 states that uses defined as Interim Uses which do not presently exist within a respective Zoning District shall be processed according to the standards and procedures for a Conditional Use Permit as established by Section 515-5-2 of this Ordinance; and

WHEREAS, Zoning Code section 515-5-2.B.6.a-g provides that the Council shall consider the advice and recommendations of the Planning Commission and the effect of the proposed use upon the health, safety, morals and general welfare of occupants or surrounding lands.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BRAINERD, MINNESOTA:

1. Consistent with section 515-5-2, the Council approves the following findings:
 - a. “The proposed use shall preserve the objectives of this Ordinance and shall be consistent with the Comprehensive Plan.” Only applications that “serve, in a general way the needs of the citizens” shall be considered.
 - i. *Economic Development Goal 3 - Policy 2 - Attract new businesses best suited for the community’s assets, increasing local employment options and building the city’s tax base.*
 1. *The project is expected to consume 25 megawatts of power.*
 2. *The project fails to materially increase local employment as only sixteen jobs are expected to be added.*
 3. *One job is expected to be created for every 1.5 megawatts of power usage, which is not an efficient use of the City’s assets.*

Adopted this 15th day of July 2024.



Kelly Bevens, Council President

Approved this 16th day of July 2024.



Dave Badeaux, Mayor

ATTEST: 

Nicholas W. Broyles, City Administrator

MEMO



TO: EDA Board of Commissioners

FROM: James Kramvik, Community Development Director

DATE: August 1st, 2024

RE: Update on Facade Improvement Grant Program and Request for Additional Funds

INTRODUCTION

At the April 4th EDA meeting the Board reviewed staff's recommendation for an exterior improvement grant program in which the EDA would allocate up to \$20,000 per calendar year to fund eligible projects. The program provides a 50% matching grant for actual construction costs up to \$5,000 per property. The EDA will continue to fund as many projects as possible until the \$20,000 is fully allocated.

At the June 6th EDA meeting the Board agreed to a contract with BLAEDC for advertising and administering the grant program. BLAEDC worked with staff on the final parameters of the grant program and the FAQ's and began advertising the grant on July 1st. BLAEDC began accepting applications on July 15th and by the end of the week all funds were allocated to eligible projects based on a first come basis. BLAEDC, the Community Development Director, and the President of the EDA reviewed all projects for eligibility.

PROJECTS

Pearl Swan, LLC – 823 Washington St – Painting the exterior and new awning
Total Project - \$10,290
EDA Grant - \$5,000

A.W. Research Laboratories, Inc – 314 Charles St – Exterior paint
Total Project - \$15,150
EDA Grant - \$5,000

623 Laurel St – A lighted south facing sign along Laurel Street
Total Project - \$6,569
EDA Grant - \$3,284

Revolv Manufacturing – 1100 Industrial Park Road - Sidewalk to an entrance door and landscaping
Total Project – \$4,500
EDA Grant - \$2,250

Rage Holdings LLC – 1109 Oak St – Awning across entire façade
Total Project - \$10,388
EDA Grant - \$5,000 – Exceeds EDA \$20,000 allocation by \$534.00

5 Total Project - \$20,534.00 in Grant Requests

STAFF RECOMMENDATION

Option 1 – Fully fund all five projects by adding \$534.00 to the total allocation amount.
Option 2- Reduce Rage Holdings allocation by \$534.00 as it was the last application received.



MEMO

To: Members of Brainerd EDA

CC: James Kramvik, Community Development Director

From: Jennifer Haskamp, AICP, SHC & Kamp

Date: July 25, 2024

RE: Industrial Land Sale Incentives - \$1/acre Summary

Background

In 2019 the EDA discussed the sale and marketing of the Industrial Park lots and recommended that they be placed on the market for \$1/acre to encourage and promote their development and sale. The recommendation was passed to the City Council and at their regular meeting on November 4, 2019 the City Council affirmed the EDA's recommendation for marketing and promotion for a period of four (4) years. Per the motion, the marketing effort expired in November of 2023.

Summary

Since the incentive expired late last year the current listing of the property is based on market value which would be determined at time of offering and verified through an appraisal. No land in the Industrial Park has been sold or transferred since the 2015 FedEx development and therefore a renewed marketing effort of the property promoting available incentives may help kick-start development interest.

Even though the \$1/acre incentive was available over the past four years, there was little promotion or marketing of the program completed. Renewing and extending this incentive may be prudent given the development of new marketing channels such as:

- The EDA website – specific program terms and program objectives could be clearly defined and placed on the new website.
- Real estate signage – language could be added to signage to identify that incentives are available.
- Active listings – listings could be adjusted to include incentive availability.
- Kamp would develop a specific campaign around the incentive program.

If the EDA recommends that the incentive be extended, it will be important to have the terms of the incentive program clearly established which would likely help in its promotion and marketing. To that end, attached to this staff memo is an example of a Land Credit Program from the City of Sandstone. Since the land offered would constitute a business subsidy, the city (and conversely the potential business owner) must demonstrate a public benefit. Part of that demonstration is typically tied to meeting/supporting the community's economic development goals and job creation for a minimum of five (5) years.

If the incentive program is extended, a marketing/promotion document similar to the Sandstone Land Credit program would be drafted for the listings. To develop these documents a key consideration of the EDA would be to identify the goals and objectives of development so that potential businesses and projects could



be vetted against the criteria. Based on historical minutes, it seems that some criteria were discussed with the 2019 incentive program, but we should revisit the terms to ensure they continue to align with the City and EDA's objectives. As with the program before, if a business does not meet the criteria, they would still have the opportunity to purchase the land at market value without any conditions.

Request/Discussion

We are requesting discussion by the EDA regarding the following:

- Should the \$1/acre incentive be offered for the Thiesse Industrial Park? For the Wright Street Expansion?
- If yes, what are the key objectives/goals that the EDA would like to see incorporated into the program that could established as criteria when evaluating an offer? Example considerations:
 - Increase full-time employment
 - Minimum of 3 years? 5 years?
 - Employment standards with benefits
 - Minimum size of a building or improvement
 - Increase number of housing units, if applicable
 - Others?



Land for a DOLLAR!

City of Sandstone Land Credit Program

Sandstone Business Park

PROGRAM INFORMATION, GUIDELINES AND APPLICATION INSTRUCTIONS

City of Sandstone – Economic Development Authority
119 - 4th Street, PO Box 641, Sandstone, MN 55072
T: 320-245-5241 F: 320-245-5502
www.sandstone.govoffice.com

Adopted March 25, 2020

Sandstone Business Park



CITY OF SANDSTONE

LAND CREDIT PROGRAM: SANDSTONE BUSINESS PARK PROGRAM INFORMATION, GUIDELINES AND APPLICATION INSTRUCTIONS

SECTION ONE: GENERAL INFORMATION

The Sandstone Industrial Park is owned and developed by the Sandstone Economic Development Authority (SEDA), appointed by the Mayor and City Council. The Industrial Park includes a total of 181 acres, surveyed and zoned for Professional / Light Industrial uses. Approximately 150 acres are available for sale and development ranging in size from 1.9 acres to 28.4 acres. Road and utility infrastructure was completed throughout the park in 2017. Current tenants of the Medical Campus include Essentia Health hospital, Gateway Clinic, Thrifty White Pharmacy, Therapeutic Services Agency, and Golden Horizons Assisted Living.

Location: The Park enjoys easy visibility from Interstate 35 and is right off the exit to Minnesota Highway 23, within close proximity to the following:

- 10 miles from Hinckley / Grand Casino
- 20 miles from Pine Technical & Community College
- 60 miles from Duluth
- 60 miles from Minneapolis / St. Paul
- 80 miles from St. Cloud

Land Price and City Assistance: Prices range from \$0.72/sf to \$0.25/sf. The sales price may be modified by the land credit program, as approved by SEDA. If a business is approved for the land credit program, the price is \$1.00 an acre.

The SEDA generally provides land as an incentive rather than establishing TIF districts.

Zoning & Uses: The Park is Zoned Professional / Light Industrial Business Park allowing for most industrial, manufacturing, office\warehousing uses, and vehicle sales and service. Refer to the City Zoning Code for more detailed information.

Utilities: Unusual demand for utilities, water, sewer capacity, special emission or effluent treatments and the storage and handling of combustibles and chemicals should be raised early in the process.

Taxes: There will be no taxes or assessments due on the property at sale. To calculate an estimate as to what your future tax liability may be, please contact the Pine County Assessor at (800) 450-7463 ext. 1632.

Contact: **Kathy George**
City Administrator
(320) 245-5241
administrator@sandstonemn.com

SECTION TWO: PURCHASING LAND

The following outlines the steps from inquiry to closing the sale. This outline is not considered all-inclusive, as additional information may be necessary and will be available for each step.

Step One: Initial Inquiry.

Contact City Administrator to discuss your business and building needs, including size and layout of the building and property, land price and credit conditions.

Step Two: Offer & Concept Plan.

Make a written offer to SEDA for the purchase the land. Identify the specific lot(s) and blocks, or acres and location. Specify the price offered for the land and/or request the land price program and include the credit information form. Provide a concept plan including the location of building, parking, and storage areas, as well as a building elevation or image depicting the appearance of the building.

Step Three: SEDA Review & Approval – Preliminary Land Credit, Sale, and Concept Plan.

Offers, Preliminary Land Credit, Sale, and Concept plan will be reviewed by City Staff and scheduled for SEDA consideration. SEDA meetings are typically held at 6:00 pm on the 4th Wednesday of the month.

Step Four: Documents. City Staff will work with the City Attorney to draft appropriate documents (purchase agreement, development agreement, etc.).

Step Five: Site Plan Approval.

Approval of formal plans for the site and building are considered as part of the Site Plan application by the Planning Commission and City Council. Please see the attached *Site Plan Checklist* for further details

Step Six: Public Hearing.

A Public Hearing before the SEDA will be required on the proposed sale of EDA owned land.

Step Seven: Authorization & Execution.

The completed package of all plans and agreements will be presented to SEDA for authorization to execute the deed and agreements and close on the property.

LAND CREDIT PROGRAM

This section includes a brief outline of the conditions under which the Sandstone Economic Development Authority (SEDA) can consider a request to reduce the sale price of Industrial Park land (a business subsidy). The subsidy consists of selling the land for \$1.00 an acre and deferring the balance of the land price for five years. Credits based on the value of building construction and new jobs are then deducted from the land price. The SEDA makes final decisions on the granting of business subsidies. Program acceptance may require a public hearing.

Type of Business: Land credits can be used when the SEDA owns the land. To be considered for a land credit, the business has to be permitted in the Professional / Light Industrial Business Park, such as manufacturing, processing or wholesaling (See Sandstone City Code for complete details). Businesses that need a special use permit to locate in the Business Park will be considered for the land price subsidy on a case-by-case basis.

Business Subsidy Law: Minnesota requires a business which receives a subsidy (of up to \$150,000) to sign a commitment to remain in operation at the site for five years or repay the subsidy (Business Subsidy Act 116J-933-955). The law also requires that subsidy agreements include new job and wage goals that must be established and reported to the state. The City will provide reporting forms in early February, which must be returned by March 15, annually, until the goals are met. A job is considered a full-time equivalent or 2080 hours of work per year. Failure to meet these requirements necessitates reimbursement of a prorated amount of the subsidy.

Security: The purchaser executes a development agreement recorded on the land title. If the developer/owner does not complete construction of the building, meet its job and wage goals as reported to the state, defaults on the development agreement, or the land credits do not cover the subsidy, a prorated amount of the subsidy will have to be paid to the SEDA. The purchaser's lender will need to acknowledge the purchaser's obligation to the SEDA. Additionally, this agreement gives the SEDA the right to assess the reimbursement against the property.

Calculation of Credits: The purchaser proposes to construct building(s) on the site of a given value and proposes an annual payroll of a given value at the site by a specified date, five years after transfer of the property. The proposal will be used to estimate the land price credit for the agreement. However, the actual value of the credits can be calculated for certification anytime up to the fifth anniversary of the release of the Certificate of Occupancy.

Construction Credit is the value of the improvements, less land. Divide the building value (determined by the county assessor's market value on the January proceeding), by 10 for the amount of the credit.

Example: Building valued by the county assessor at \$500,000 divided by 10 = \$50,000 credit.

Jobs Credit is based on the amount of the purchaser's payroll for the last 12 months or most recent four quarters, as documented by the businesses' quarterly tax/wage reports (MDES-1). Adjustments are made for jobs existing prior to the sale and for the owner's compensation. Divide the payroll by \$27,000 (a full-time job at \$13.00 an hour) for the number of job equivalents. Multiply job equivalents by \$5,400 for the amount of the credit.

Example: 12-month payroll of \$400,000 divided by \$27,000 = 15 job equivalents; 15 x \$5,400 = \$81,000 credit.

The value of both credits is subtracted from the amount of the subsidy. If they exceed the subsidy, and all other terms are met, the SEDA will certify that the purchaser has completed the conditions of the agreement. Upon certification of construction credits and job credits, a satisfaction will be recorded releasing the purchaser from those repayment obligations.

Example: The owner received title to two acres. The subsidy is valued at \$133,978.. Five years later, the credits shown above show a total of \$151,000. The owner does not owe the SEDA because the credit exceeds the land value.

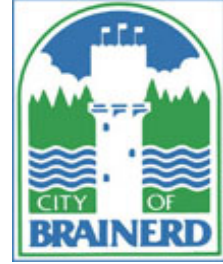
The purchaser agrees that if the building value and payroll calculations do not equal or exceed the value of the land, the purchaser owes the balance to the SEDA. Additionally, the balance will be due if the purchaser defaults on the agreement or sells the property prior to certification. If the purchaser does not pay the SEDA, the balance will be assessed against the property in the same manner as public improvements.

Comparison of the Land Credit Program and the Business Subsidy Law

YEAR	SEDA LAND CREDIT PROGRAM	STATE OF MINNESOTA BUSINESS SUBSIDY LAW
<p><i>Close on Land Sale:</i> considered the benefit date in the agreement for the land credits.</p> <p><i>Certificate of Occupancy:</i> considered the starting date for State wage and job goals.</p>	<p><i>Development Agreement Recorded:</i> payment of full land value is deferred for five years, at which time building and payroll credits are calculated and subtracted from the balance due on the land.</p>	<p><i>Business Subsidy Agreement Recorded:</i> developer/owner commits to job & wage goals, as well as to continuing operations at the site for five years.</p>
1 st Anniversary of Benefit Date		<i>May</i> have met job & wage goals per subsidy agreement.
2 nd Anniversary of Benefit Date	When the assessor has valued the new building and the business has acquired twelve months of payroll records for the new site, a request may be made asking the SEDA to calculate the amount of credits and determine whether the credits exceed the subsidy.	<i>Must</i> have met job & wage goals unless request for one-year extension is granted.
3 rd Anniversary of Benefit Date	same as above	<i>Must</i> have met job & wage goals or pay back pro rata share of land value.
4 th Anniversary of Benefit Date	same as above	Must still be in operation to this date or pay back pro rata share of land value.
5 th Anniversary of Benefit Date	Credits <i>must</i> be calculated as of this date, if not already done. If credits do not exceed the full value of the land, developer must pay the balance to the SEDA.	Must still be in operation to this date or pay back pro rata share of land value.

SUMMARY: Fulfilling the conditions of the land credit program does not exempt the developer from the conditions of the business subsidy act, or vice-versa. The terms of both agreements have to be met or a prorated share of the land value will have to be paid to the SEDA. Please see Minnesota Statute (116J.933-995) for additional information regarding State of Minnesota Business Subsidy Law.

MEMO



TO: EDA Board of Commissioners
FROM: Connie Hillman, City of Brainerd Finance Director
DATE: July 18, 2024
RE: 2025 EDA Fund Preliminary Levy Request

The preliminary levy needs to be set by the City Council by September 30, 2024. What the Council is needing at this point from the EDA Board is the preliminary EDA tax levy request. How the EDA proposes to spend the funds by line item can be determined in the upcoming months.

Historically, the EDA Board has requested the maximum allowed by state statute (469.107 s.1). For 2025, this amount is \$214,612. It is .01813% of the previous years estimated market value of the City which was \$1,183,737,800. For reference the maximum the EDA levy for 2024 was \$186,812.

The City's final levy, set in December, can be lower than, but not higher than the preliminary levy set in September.

Action Requested:

Set the preliminary EDA tax levy request that will be forwarded to the City Council.