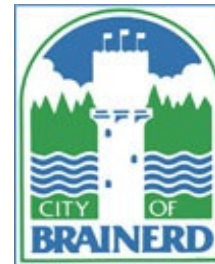


MEMO



TO: EDA Board of Commissioners

FROM: Connie Hillman, City of Brainerd Finance Director

DATE: October 28, 2022

RE: Transfer Sale Proceeds from Industrial Lots to City

The EDA purchased the land for the Industrial Park Phase IV and Wright Street. The EDA paid cash in the amount of \$355,807 and borrowed \$646,427 from the state MIF revolving loan fund. The City issued bonds and received a grant from DEED to put in the infrastructure and to make the sites shovel ready. The bonds issued were assessment bonds, however since the lots did not sell, the City needed to levy to make the debt payments. It is estimated that the City paid just over \$4 million in principal and interest.

When the lots in Phase IV were sold to FedEx, all of the proceeds went to pay off debt the City had issued. In working with DEED at the time, Staff was told that if the City chose to use the proceeds from the sale for debt service, then the state MIF revolving loan would not have to be repaid. If not used for debt service, then the MIF loan would need to be repaid.

The City conveyed the lots that were sold to VCV to the EDA so that there could be a right of reverter in the agreement. Because VCV does not qualify for the dollar an acre a lot set by the City for the industrial park lots, the lots were sold to VCV at market value.

The recommendation is to authorize the proceeds of the sale of the lots to VCV to be returned to the City to recoup the costs invested in the industrial park.