



**CHEDA Board Meeting Minutes
Tuesday, September 21, 2017, 7:00 a.m. † VTP**

Present: Kurt Heldstab, Steve Erickson, Lee Meier, Tom Vedbraaten and Angelica Weasner

CHEDA Staff: Craig Hoiseth, Tiffany Jones, and Theresa Tahrn

Others present: Dale Stainbrook, Bobbie Baird, Wayne Melbye, Mike Christopherson, Kristi Thorfinnson, and Shannon Stassen

Absent: Craig Morgan, Leon Kremeier, Paul Eickhof, Amanda Lien and Chris Bates

- 1) President Heldstab called the meeting to order at 7:00 a.m.
- 2) PUBLIC FORUM - None
- 3) *Motion: Member Vedbraaten moved to approve the September 21, 2017 CHEDA Board Meeting Agenda as presented, second by Erickson. Motion carried unanimously.*
- 4) *Motion: Member Heldstab moved to approve the July 18, 2017 Board Meeting Minutes as presented, second by Vedbraaten. Motion carried unanimously.*
- 5) *Motion: Member Erickson moved to approve the consent agenda, second by Vedbraaten Motion carried unanimously.*
 - a) CHEDA Bills Payable (Check 42989-43061, 43083-43139 and 41341-43249 Totaling \$312,881.73)

6) Main Agenda

- a) **Housing Study Update** – Hoiseth mentioned that at the July board meeting there was board approval updating the housing study with Community Partners for \$8900. Since then Hoiseth has been communicating with the MN Housing Institute committee and would like to include a more regional focus to the housing study to include East Grand Forks, Red Lake Falls and Warren. The cost of the housing study would total \$24,900 to include the three other communities. If we incorporate a more regional effort, we may obtain a \$10,000 matching grant which would effectively reduce our housing study cost. Meier asked if we considered including Mentor, Fertile and Climax. Hoiseth stated they did have that discussion and thought NW MN Foundation could possibly help with that opportunity and those communities could be a tag along. Right now the MN Housing Institute was just interested in these four cities as they are the active members within that group. Baird asked if the focus would be on 55 and older and asked if the Summerfield apartment on Woodland is 55 and older. Hoiseth stated it would certainly address the 55+ needs but also any new construction, or market needs.

Meier stated the Summerfield apartments are required to be eighty percent 55 and older and the other twenty percent can be a mix. Hoiseth acknowledged that it would be good to incorporate the other three communities, as this regional approach is a more comprehensive view than just a snapshot of Crookston alone. Stainbrook asked if housing study would only focus on 55 and older. Hoiseth stated the housing study update would have the same scope as previous studies, and clarified his involvement in the Housing Institute is primarily to learn of opportunities to develop and finance the 55+ units need identified previously, it was not going to be a sole focus of the Housing Study. The new Housing Study is update to the Study completed in 2014. The possible \$10,000 matching fund would be leveraged to potentially reduce the CHEDA contribution for housing study from \$8900 to roughly \$5000.

Motion: Member Meier moved to approve allowing for the inclusion of East Grand Forks, Red Lake Falls and Warren in a more regional housing study upon contribution derived from the MN Housing Institute and some matching funds, second by Heldstab. Motion carried unanimously.

- b) E & C Realty LLC Loan** - Hoiseth stated E & C Realty is requesting to keep the principle funding of the \$10,000 loan for another calendar year but pay the interest of \$500 as required by October 1st. This would continue to preserve their operating line of credit, while using the \$10,000 to help spruce up the building. They are currently receiving a \$40,000 SCDG grant, and our loan would leverage those dollars. By extending the loan for another year and paying just the interest it avoids the legal fees of re-writing a new loan. Vedbraaten stated he would like to see them pay the interest. Hoiseth stated they would pay the interest but keep the principal. Erickson stated the \$40,000 SCDG grant would help with signs, awnings, advertising on Main Street and free up some cash.

Motion made by member Vedbraaten to approve an extension on the E & C Realty loan for \$10,000 with interest of \$500 being paid now, seconded by member Meier. Member Erickson abstained from vote. Motion carried unanimously.

- c) 2018 CHEDA Preliminary Budget** –Heldstab stated he has met with Hoiseth to review the preliminary budget and has asked some questions and received answers. Heldstab encourages the board to review the preliminary budget and to call Hoiseth with any questions, or better yet stop in and visit with him. It is likely the board will approve the 2018 budget at the October 17th meeting. Hoiseth also welcomes the board to come visit with him regarding the budget to answer any questions or provide input. Vedbraaten asked about the CT house. Hoiseth stated this year the CT house is a little larger with a three car garage on a corner lot and will be reflected in a \$230,000 price range. Meier asked if the possible lowering of payment income factored in the difference of the reduction from housing. Hoiseth stated it provided for some reduction, but it is an unknown for our budget at this point. Meier also asked if we always run at a negative. Hoiseth stated it's a moving target, but we are typically a bit conservative in our budgeting approach. If you look at previous years, a negative projection often ends up with a positive

result. At this time there are uncertainties. For example, Hoiseth mentioned currently we have the flood rentals as income. Weasner stated we are hoping to have the property sold and off the books by the end of the year. She is just awaiting approval from the State. Hoiseth also mentioned that after the last flood rental home is sold the board will have to decide what they want to do with the \$10,000 always held in reserves in flood rental that is held for repairs of flood rental property. Meier questioned the line item of health insurance, stating he has heard health insurance is going to increase by 20%. Weasner stated the City is in negotiations and stated they are considering narrowing the network to reduce cost. Hoiseth again invited the board to stop in with any questions and suggestions over the next month, but certainly our board and council member meetings held in Q1 of 2017 were helpful in providing a strong budget understanding.

7) A) Other

Berry Burst – Hoiseth stated Berry Burst has paid off their revolving loan. They had an auction of equipment earlier this summer and paid back a substantial loan portion at that time. Now they have sold their food truck, and completely paid off the remaining loan principle and interest. Rosalyn Nephew learned a lot from this business venture, and Hoiseth complimented the entire family of the Nephews for their efforts and good faith in paying off the debt.

COFE – Hoiseth stated that October 1st is the deadline for the Board's earlier action this year, the freeze of Cofe's loan. Bjorgo again recently expressed much appreciation to the Board for allowing her to freeze the loan the past six months. Although she was not certain she can pay regularly now and requested another six months of freezing her loan. Hoiseth stated current balance with Cofe and Cycle of Threads loan is roughly \$68,000 and payment would be roughly \$1,000 a month. Vedbraaten stated this isn't the first for this request. Hoiseth stated no she asked six months ago and we approved six months no interest or principal. Vedbraaten stated he would like to see them pay at least the interest. Stainbrook stated they are only asking for an extension, if we don't give it they could end up closing their doors. Meier asked if their cash flows are better. Hoiseth stated they are breathing a bit better these days and able to pay their primary lender which helps us. Paying down the debt at the primary lender was an extremely important objective in doing this. Heldstab asked if they are current with primary lender, Hoiseth stated that Dawn said they are. Another option would be to accrue the interest, and tack that on to the balance. Vedbraaten asked if they rent from Mike Paul, but Hoiseth responded that it is with Jeff Evers. Hoiseth stated it would be beneficial to possibly hire some professional help for the business management and possible marketing ideas, with CHEDA actually providing some resources to help accomplish this. Stassen thought this would be a tremendous idea. Hoiseth felt if wasn't a financial burden to Cofe' and this should be embraced well as a helpful gesture. Erickson stated the summer months Crookston is a ghost town, slower than ever traffic and extending another six months would allow them to take advantage of the fact school is back in session and more people in town. Meier thought this is a good idea. Hoiseth stated the accrual

interest would be about \$250 month. Heldstab suggested leave the loan as is, no interest and no principal. He would like to see things evaluated prior to the end of six month due date. Meier asked how quick the business expert would be started and if there was someone lined up. Hoiseth stated no one lined up currently but will start looking for a consultant (to include a specific scope of work) to help with business assistance geared towards operations and marketing.

Motion made by member Vedbraaten to approve the continued freezing COFE loan for six more months (Oct 2017 – March 2018), and direct Hoiseth to move forward with the business assistance plan. The motion was seconded by member Heldstab. Motion carried unanimously.

Easement N. Broadway – Hoiseth stated the board needs to approve easement on west side of North Broadway in the area we presently own designated for Agassiz Townhomes development and the extra lot to the north of that. This easement will be for utilities along the west side of Broadway sidewalk area. Hoiseth just received notification of this yesterday, so no resolution is prepared, but the document authorizing this would be signed off upon Board approval.

Motion made by member Vedbraaten to approve easement on west side of North Broadway, seconded by member Erickson. Motion carried unanimously.

Closed Meeting July 18, 2017 – Hoiseth stated the result of the closed meeting in July was agreement to sell property to Centrol. This has been executed and we have been paid and all recording is complete. Vedbraaten asked if this would result in a building going up this fall. Hoiseth stated that it is likely it would, permits are applied for and contractors being selected. The property was an asset that CHEDA received from Crookston JOBS.

Crookston JOBS request – Upon dissolution, Crookston Jobs requested that we consider the continuation of a \$500 scholarship each year. Hoiseth asked the board to think about this over the next month or so and we will discuss at the October meeting or early next year. It could maintain at the same rate, or perhaps even be expanded. Erickson stated the scholarship would be good to continue, it's good to work with the community, and the University. Hoiseth stated we would develop a list of criteria to consider applicants such as things like the scholarship to go to someone on campus not an online student. Perhaps and entrepreneurial studies or business major, but the CHEDA Board can develop this and the selection process in upcoming weeks/months.

Ex-Officio – Hoiseth stated that he had reviewed the by-laws regarding exofficios, there's no mention of them. Participation of ex-officios is excellent but no real obligation to come to meeting. All are welcome to attend meetings! It is important that the Board receive input from all aspects of the community, and these "ex-officios" as we refer to them, do that. The new Chancellor at the university does have a background in economic development and we want to welcome her to attend. Hoiseth will to invite the Chancellor to the CHEDA board meetings.

Board Reports

NONE

There being no further business to come before the board, President Heldstab adjourned the meeting at 7:55 a.m. and those in attendance wanting to take the tour of American Crystal Sugar Company were encouraged to board the Tri-Valley bus.

These minutes were officially approved on October 17, 2017

Attest: *Kent Heldstab* and *Chris Smith*
Board President *Executive Director*