



CHEDA Board Meeting Minutes
Tuesday, May 21, 2019, 7:00 a.m. † VTP

Present: Kurt Heldstab, Craig Morgan, Paul Eickhof, Steve Erickson, Leon Kremeier, and Tom Vedbraaten, Betty Arvidson

Liaisons to the Board: Dale Stainbrook and Angelica Weasner

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

Others present: Jake Fee, Mike Christopherson, Rob Silvers, Don Cavalier, Bobby Baird, Shannon Stassen, Terri Heggie, Brent and Jasmine Melsa, Sue Murphy, Tu Sommerfeld, Christine Anderson and Michelle Christopherson

Absent: NONE

- 1) President Heldstab called the meeting to order at 7:00 a.m.
- 2) PUBLIC FORUM – Bobbie Baird addressed the Board. Economic development is what we do and we are to always try our best to assist our businesses for the town of Crookston. Can't thank you all enough. Baird asked Hoiseth specifically if he answers to this Board, with Hoiseth stating "Yes" in response. Baird stated he is committed to this town and is very appreciative for the CHEDA Board and the work they do for this community.
- 3) *Motion: Member Vedbraaten moved to approve the May 21, 2019 CHEDA Board Meeting Agenda as presented, second by Kremeier. Motion carried unanimously.*
- 4) *Motion: Member Erickson moved to approve the April 16 2019 Board Meeting Minutes as presented, second by Arvidson. Motion carried unanimously.*
- 5) **Consent Agenda**
Member Arvidson requested to remove the Flood Property Financials from consent agenda.
Motion: Member Kremeier moved to approve the consent agenda with the removal Flood Property Financials, second by Erickson. Motion carried unanimously.
 - a) CHEDA Bills Payable (Check 45876-45985 and 46061-46080 Totaling \$197,736.39)

6) Main Agenda

Flood Property Financials – Arvidson stated she had the opportunity to meet with Weasner, Tahran and Jones to review the financials to re-acquaint herself with the financial statements. When we reached the flood property financials we had a brief discussion on when those funds originated back in her day with the goal of creating Workforce housing fund. The flood rental properties have all been sold and Arvidson recommended a motion to move the remaining funds to the Workforce Housing fund and close account the Flood Rental account. The balance is \$10,000.

Motion: Member Arvidson moved to transfer the remaining Flood Rental funds of \$10,000 to the Workforce Housing fund, second by Vedbraaten. Motion carried unanimously.

a) Amended Resolution 4-7-2018 2018 Capital Funds– Hoiseth stated HUD had appropriated more funds to the 2018 Capital Funds. It was approximately \$55,000 last year and they increased that now to \$76,120.

Motion: Member Morgan moved to amend Resolution 4-7-2018 2018 Capital Funds, second by Morgan. Motion carried unanimously.

b) Resolution 1-5-2019 Accepting 2019 Capital Funds – Hoiseth stated that this resolution is needed for HUD annually to accept HUD Capital Funds for use at Oak Court. The funds for capital funds have increased and we will possibly be using capital funds for roofing or elevator project. We may also need to seek additional funds, perhaps from the City to be able to do these needed projects. We are working with MN Housing regarding our POHP fund grant for the plumbing project. Erickson verified if these funds are to be used at Oak Court. Hoiseth stated that was indeed correct, and these funds are restricted to utilization only at Oak Court and only as long as they are on our 5 year capital improvement plan.

Motion: Member Eickhof moved to approve Resolution 1-5-2019 Accepting 2019 Capital Funds, second by Arvidson, Motion carried unanimously.

c) Resolution 2-5-2019 Civil Rights Certification– Hoiseth stated that this is a resolution repeated every year when accepting Capital Funds.

Motion: Member Vedbraaten moved to approve Resolution 2-5-2019 Civil Rights Certification, second by Erickson. Motion carried unanimously.

d) B3 – Drafts – Hoiseth stated Drafts owners Brent and Jasmine Melsa are both Crookston graduates and over the last year they have added a food truck to their business. Hoiseth stated the food total investment is \$17,000. Brent and Jasmine Melsa were present to address the Board and stated they plan to travel to more events this year. Melsa's are requesting \$5,000 to make improvement to their hot

and cold storage in the food truck as traveling more and further distances will be different than just going across town. Arvidson asked about new staff, are jobs being retained or created by this investment? Jasmine Melsa stated they would take some of the current staff maybe hire a few part time staff, more to provide coverage for the two of them, as they typically operate the food truck themselves. The total new purchase is \$8,269 the Melsa's feel the original purchase/investment should be considered in their request being it is a rather recent acquisition. The B3 program is designed to be leveraged with matching funds.

Motion: Member Vedbraaten moved to approve the B3 grant in the amount of \$5,000 as recommended, second by Erickson. Motion carried unanimously.

- e) B3 Application – Hair Connexion** – Carrie Larson is the owner of Hair Connexion and has been the operation for over 16 years. Her request is for \$4,000 with matching fund of \$4,000. She'd like to do more advertising, purchase computer to help with her business by marketing and advertising. Also, the list of potential purchases would be to bolster inventory items and small equipment. Of the list provided, \$1500 were attributed to a new computer and business marketing and equipment. The remainder, \$2500 would go to inventory type of items. Heldstab asked about the shears and straightener. Arvidson stated those would be items of equipment to run her business. Kremeier asked about capital expenses. Stainbrook inquired about salon products. Hoiseth stated yes products would be purchased and then sold for retail which is probably not the heart or scope of the program. The program was designed to be broader for more utilization, so no harm in debating the merits of individual requests. A new program rolled out will undoubtedly have some questions along the way. Baird asked if she was relocating. Hoiseth stated she is not relocating.

Motion: Member Erickson moved to approve \$1,500 B3 Grant for Hair Connexion as we would need more clarification to do the entire \$5,000 request, second by Arvidson. Motion carried unanimously.

- f) Northwest MN Foundation Child Care Grant** - Hoiseth stated the Northwest MN Foundation had a grant that was due May 3rd which he applied for on behalf of Regal Childcare. Vedbraaten asked if this was a matching grant. Hoiseth stated it was a matching grant with maximum \$15,000. One item on the grant application was to have Board authorization to apply. Hoiseth spoke to the Foundation about getting motion to approve grant application on May 21, rather than call for a special Board meeting for that one item. They agreed to having the CHEDA Board authorize the grant application after submittal.

Motion: Member Kremeier moved to approve grant application for Child Care Grant, second by Vedbraaten. Motion carried unanimously.

- g) Child Care Center – Regal Academy** – Hoiseth stated Jeff Evers is the building owner of the old Glenmore/Marywood. Riverview had a fence in the back courtyard but it may need to be changed a bit to allow for adequate egress and

protection from lower level building windows. There would be 60 toddler/preschool and 20 infants. Build out would be for restroom to change to toddler toilets. The infant rooms will need to have a sinks added. Carpets may need to be cleaned. The staff ratio would need to be 2 staff per 8 infants but we are thinking of doing 3 to 8. Vedbraaten asked how many people would be employed. Hoiseth stated they would follow the guidelines for how many adults per child, but the center would employ approximately a dozen staff. The entire bottom floor of the building would be utilized for the child care center. This expanded area has allowed for much less build out dollars being needed. Vedbraaten asked if there was anything else in the building. Hoiseth stated that at the moment there isn't anything at the building other than the caretaker staying there. Hoiseth noted we may need a couple of new refrigerators, but the kitchen is still function able. The new fridges would reduce operating costs as to not utilize the large walk in cooling room. Hoiseth noted we would need the state inspector to come in when things get remodeled, but we need to be close to operation before they would make the trip up. Baird inquired about the Crookston Township. Hoiseth noted the Crookston Township has decided to partner with us on this endeavor. They would like to keep or improve their tax base and want to support the childcare crisis. The Township contribution will be in the amount of \$6,000 - \$7,000 total over five years. Stainbrook inquired if it would be a year to year lease. Hoiseth noted that it would likely be a five year lease, to protect both Regal Academy and the landlord. Hoiseth noted that he has had good verbal commitment from businesses in supporting the child care which will help greatly with the ongoing operating costs. Vedbraaten asked if we had anything in writing. Hoiseth stated he doesn't have anything in writing but is confident with the word of the business owners and managers. A legal document will likely be drawn up in coming months. Stainbrook inquired of an ongoing contribution from City or CHEDA. Hoiseth stated he'd like to stay away from that and has not found CHEDA Board members or City Council members very willing to go that far. Vedbraaten stated not in favor of an ongoing subsidy. Hoiseth noted the buildout would cost roughly \$30,000, given what quotes have come in for the items identified in need of. Stainbrook mentioned the plumbing is old. Hoiseth stated they would take from the existing plumbing, and it has all been in good working condition with Riverview being there, and recently all tested out again. Erickson asked about a contingency, and Hoiseth stated a contingency has been built into the \$30,000 number. Erickson also stated that we should act boldly and allocate enough resources to get this job done at Marywood and not require Hoiseth to come back to the Board if he runs a little short, suggesting providing \$50,000 to be used if deemed necessary. Cavalier asked if the grant would reduce this cost. Hoiseth stated the grant if obtained from the NWMF and other possible partners would indeed reduce the cost to us. Fee, who also sits on the Advisory Board of Regal Academy, stated the grant would be better utilized for building renovations and startup capital. Sunrise Center director Sue Murphy commented that staffing is huge. Regal Academy would need a minimum of 13 staff for the center to operate as planned. UMC Childcare has been looking for a staff member for one year and Sunrise Center is in need of two staff, people just don't go into the childcare field. Vedbraaten asked if anyone has looked into that. Hoiseth stated that certainly we all know the

labor market is tight, and childcare staff even tighter. To date no one has been hired as of yet. The non-profit will have a Board of Directors and will be charged with staffing. Erika Leake has been doing all the administrative work to get this off the ground and will likely become the Executive Director of center but ultimately that is a Board decision to make. Hoiseth noted that yesterday he toured Tri Valley Headstart, Sunrise Center, and UMC childcare. Really, all do receive some type of subsidy, it's just a matter of in which fashion. Lower or no rent payments, operational costs, or other dollars being infused are all ways of lowering the operational expenses of the centers. Hoiseth thought maybe there should be some type of incentive for childcare staff training. Vedbraaten asked if there was any way you can look at staffing before renovations. This is possible, but it is not the task of CHEDA to do this, it would be Regal Academy, and while we await non-profit status and formation of the Board of Directors it is difficult to do. The state inspection cannot occur until after a build out is complete, so essentially that is the next steps. Erickson asked what the timeframe would be for the work to be completed. Hoiseth stated if we go ahead that possible renovations could start by the end of summer. There are various aspects and details to work out but certainly hoping to have center up and running by end of year. Stainbrook asked if the non-profit has been approved yet. Hoiseth noted it has not been approved yet, as the IRS is backed up, although the application is in. Arvidson stated by approving this it gives another tool to be used to get the childcare up and running. Arvidson asked if there was a reason as to why the front entrance wouldn't be utilized. Hoiseth stated drop off would likely be the east side but it is still being discussed because the front entrance is very nice and has an existing parking lot and drop off area. Vedbraaten asked if the \$50,000 would come out of the \$350,000 set aside for development. Hoiseth noted that if the CHEDA Board appropriated money it would have to come out of those funds, as we have no other account to draw dollars from. Hoiseth reminded the Board that at the Working Session on April 3th, where priorities for this \$350,000 were discussed, there was consensus in the room between CHEDA Board and City Council members that the Childcare issue was the number one challenge of our community and we needed to act accordingly.

Motion: Member Vebraaten moved to approve \$50,000 towards the child care center being created at Marywood , second by Erickson. Motion carried unanimously.

7) Other – Childcare Meeting planned for tonight at City Hall 7 pm

Board Reports-

Heggie mentioned First Community would have their groundbreaking this afternoon, and anybody who can attend, please do so to show our support.

Hoiseth noted the changes to the VTP co working space from Benoit Barnwood. Also, in speaking to owner/operator Jerry Snow at Chickadee and he is in need of



customers. The business continues to lack adequate cash flows. The new community space here at VTP will be used by AURI and U of M Extension. They are both excited to use the new space for additional programming. Fee asked if there will be a smart TV for presentations. Hoiseth stated there will be a TV and also the likelihood of a new smartboard.

Member Arvidson stated that Riverview has successfully sold their bonds and will have a groundbreaking ceremony on the 25th and construction will start the 29th.

Councilman Cavalier thanked everyone at the meeting. He stated that it had been a great discussion and very informative. He appreciated being here and stated that this is how an operation should go with good communication with everybody.

There being no further business to come before the board, President Heldstab adjourned the meeting at 8:10 a.m.

These minutes were officially approved on July 16, 2019

Attest:  and 
Board President Executive Director