



CHEDA Annual Board Meeting Minutes
Tuesday, January 23, 2018, 7:00 a.m. + VTP

Present: Kurt Heldstab, Craig Morgan, Paul Eickhof, Steve Erickson, Leon Kremeier, Tom Vedbraaten, Lee Meier, Dale Stainbrook, and Angelica Weasner

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

Others present: Jake Fee, Wayne Melbye, Mike Christopherson, Kristi Thorfinnson, Nick Nicholas, Gary Willhite, Luke Normandin, Shannon Stassen, Clayton Briggs

Absent: NONE

- 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 January 23, 2018 CHEDA Annual Board Meeting Agenda as presented, second by Kremeier. Motion carried unanimously.*

- 4) *Motion: Member Erickson moved to approve the December 19, 2017 Special Board Meeting Minutes as presented, second by Vedbraaten. Motion carried unanimously.*

5) Consent Agenda

Motion: Member Vedbraaten moved to approve the consent agenda, second by Morgan. Motion carried unanimously.

- a) CHEDA Bills Payable (Check 43656-43743, 43765-43831 Totaling \$126,136.08)

- 6) **Main Agenda** – The order of the Main Agenda was slightly altered to better accommodate the order of a slide presentation regarding the year (2017) in review.

- a) **Rehab Housing Loan** – Hoiseth introduced Luke Normandin to the Board and stated that Luke would like to obtain another housing rehab loan from CHEDA, this time for refurbishing 111 Washington Avenue. Luke expressed his thanks to the CHEDA board for providing the first loan and stated that the success with the rehab of 702 North Front spurred them to live in the house instead of sell it. Luke stated that after high school he decided to attend higher education schooling for carpentry and graduated with his license. Luke performed well with the first loan payoff and is now requesting \$42,000 with 2% interest rate for one year. He plans to sell this house when remodeling is completed. He stated that this will be a full remodel which would include interior and exterior parts of the home. Hoiseth

stated that the house is currently owned by Jerry Person which is Luke's father-in-law. In order to follow the parameters of the Rehab Housing Loan Program, Hoiseth asked if Jerry would be willing to co-sign on the application and this loan. Luke stated that he would have no problem signing.

The Board expressed appreciation for the work Luke has accomplished and wished him well as he continues to improve properties in Crookston.

Motion: Member Meier moved to approve a housing rehab \$42,000 - 1year term, 2% interest loan to Luke Normandin and Jerry Person, second by Erickson. Motion carried unanimously.

- b) Dee Inc.** – Hoiseth introduced Nick Nicholas to the board and stated that last month the board approved a business loan for \$300,000 for DEE Inc., and now DEE is requesting an additional \$50,000. Nicholas thanked the board for the \$300,000 which will help with funding WIP Inventory (work in progress) that banks are not as willing as previously to adequately value the inventory. This additional revolving loan from CHEDA for \$50,000 will be added to \$125,000 applied for increase with the City IRP loan, and \$25,000 from the NWRDC completing the financing package to move forward with a new banking relationship. Nicholas stated that Dee Inc. has no speculative inventory and that all WIP is tied to current and insured contracts. Eickhof asked if their customers paid a deposit. Nicholas stated that they don't and most customers are insisting on longer account payable terms. Almost all of the current contracts are through 2027. Nicholas stated that Dee Inc. had a really good year with sales up a bit and margins being improved over 2016 results. When asked about workforce, Nicholas did give praise to Doherty Staffing Solutions, suggesting, "They have more outreach for employees than we did internally".

Motion: Member Kremeier moved to approve a CHEDA revolving fund loan for \$50,000 - 10 year term with 4.5% interest (with a five year adjustment opportunity) to Dee Inc., second by Vedbraaten Motion carried unanimously.

- c) Crookston Job Scholarship-** Hoiseth stated he has been working with the Chancellor and Brandy Chaffee on an internship, scholarship or both. The numbers are being put together in response to a request from Crookston Jobs to possibly continue the scholarship program they had prior to transfer of assets to CHEDA. Hoiseth will bring this back to the Board as the Internship or Scholarship opportunity is more fully detailed.
- d) The Fournet Loan** –Hoiseth presented a loan request from Jeff Evers in the amount of \$50,000 to be used in conjunction with other primary (Bremer Bank) and secondary lenders (City of Crookston), where planning is underway to loan an additional \$1,050,000, for the renovation of the Fournet building. The \$800,000 which has been verbally approved from Bremer will be added to a pending

\$250,000 application from the IRP fund of the City to bring the total financing to \$1.1M. Hoiseth has reviewed the financials of Mr. Evers and a lot of gates (additional verification points) will have to be crossed before we move forward on the actual dispensing of the loan funds. Willhite stated there is a lease drafted with Tri Valley, and they are willing to execute it for being a tenant of the Fournet building once the refurbishment can be completed. The loans from CHEDA and the City would be part of the entire project but primary use is as funding the renovation of the skylight atrium and also putting in an elevator, which is what Jeff originally requested. There will be phases of renovation of the building, with this being the first one. Eickhof asked if Evers has invested anything out of his own pockets and it was stated he purchased the building and did some minor renovations to the first floor to accommodate the tenants that are currently there. The only other known investment was for cleaning and preparations in advance of community tours which piqued much interest as people were offered an opportunity to walk through this historic building. Vedbraaten asked if there were any environmental issues. It was stated that these have been taken in consideration and they have been included with preliminary design work and will be addressed as part of the loan requests for this phase. Additionally, we need to see Bremer's money deployed first, as our funding is as a gap lender in a secondary position. A structural analysis of the building showing it fit for purpose will be required through the permitting process along with environmental issues being adequately addressed. Lee Meier asked if any historical grants have been applied for and Hoiseth stated this was investigated and the decision was the professional expense and considerable added time to follow the historical grants was not as feasible at this time than to simply remodel.

Motion: Member Vedbraaten moved to approve a revolving loan of \$50,000 for 1% interest for the first ten years, then interest to be determined after these 10 years for the next 5 years, not to exceed prime rate at that time to Jeff Evers, second by Kremeier. Motion carried unanimously.

7) Other Business

Hoiseth attended the EDAM Conference and the entire program promoted "keeping an eye on the ball" which is directly tied to economic developers staying focused on building up tax base, creating and retaining jobs, developing workforce and business opportunities, and staying at the forefront in promoting and positioning your community for growth.

Hoiseth requested from the Board a need to have dollars available for initial recruitment of jobs to Crookston. Discussion of the Board was centered around how much for each job being targeted, and where would these funds come from? It was decided that this is an ideal use of the Crookston Job funds that were absorbed into CHEDA last year to promote jobs and business building in the city of Crookston.

Erickson stated one job brings in one family. Heldstab acknowledged the job likely will bring kids to our school district. Vedbraaten says providing some funds toward

job recruitment is a "no brainer". Morgan did not like the idea of limiting Hoiseth with a preset amount to disperse, saying he needs some latitude in this to be effective. Kremeier said we needed to allow something like this to compete with other communities that are actively engaged in job recruitment efforts. Erickson conveyed the thought if City Council is not on board for jobs and housing in Crookston it will be a sad day, as this provides for a better future. Meier asked if there were adequate reserves to cover such job recruiting expenses?

Currently, there is just over \$100,000 of cash available in that account and further discussion was the Board did not wish to set too harsh of limits on Hoiseth, instead allowing him discretion on utilizing the dollars as needed, keeping record of such expenditures.



Motion: Morgan moved to allow Hoiseth the flexibility to use as necessary the dollars from the Crookston Jobs funds for the purpose of job recruitment, seconded by Kremeier. Motion passed unanimously.

Board Reports

There were no Board reports

There being no further business to come before the board, President Heldstab adjourned the meeting at 8:30 a.m.

These minutes were officially approved on March 20, 2018

Attest:  and .
Board President Executive Director