



CHEDA Board Meeting Minutes
Tuesday, March 19, 2019, 7:00 a.m. † Riverview Health

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, Guy Martin, Clayton Briggs, Jessica Bengston, Rob Silvers, Don Cavalier, Bobby Baird, Jeremy Olson, Shannon Stassen, Christine Anderson, Mary Holz-Claus, Reg Holz-Clause, Jason Carlson, Carrie Michalski and Michelle Christopherson

Absent: NONE

- 1) President Heldstab called the meeting to order at 7:00 a.m.
- 2) PUBLIC FORUM - None
- 3) **Public Hearing – Updated 5 Year Action Plan/Agency Plan** – Heldstab opened the public hearing, no comments were made Heldstab closed the hearing.
- 4) **Oath of Office – Betty Arvidson** – Heldstab welcomed Arvidson to the CHEDA Board and gave Arvidson the Oath of Office.
- 5) *Motion: Member Kremeier moved to approve the March 19, 2019 CHEDA Board Meeting Agenda as presented, second by Erickson. Motion carried unanimously.*
- 6) *Motion: Member Kremeier moved to approve the January 29, 2019 Annual Board Meeting Minutes as presented, second by Erickson. Motion carried unanimously.*
- 7) **Consent Agenda**

Motion: Member Morgan moved to approve the consent agenda, second by Eickhof. Motion carried unanimously.
 - a) CHEDA Bills Payable (Check 45497-45584, 45586-45739 and 45819-45832 Totaling \$262,996.53)

8) Main Agenda

- a) **Resolution 1-3-2019 5 Year Action Plan/Agency Plan** – Hoiseth noted this is an update to the 5 Year Action/Agency Plan which now will include replacing the Cable TV infrastructure at Oak Court. We currently have a satellite TV system in place, however the tenants often complain about the reliability of the system. The provider has not been very accommodating in trying to resolve the issue. This has been identified as up to a \$35,000 expenditure which would improve the cable TV and provide internet options to our tenants at Oak Court. We are working with Midco and Halstad Telephone to determine the best path forward. This is a project we could possibly tie in with the upcoming plumbing project with wiring running inside the walls, and possibly result in a lower cost of infrastructure installation.

Motion: Member Morgan moved to approve Resolution 1-3-2019 5 Year Action Plan/Agency Plan, second by Kremeier. Motion carried unanimously.

- b) **Resolution 2-3-2019 Sale 1609 Hoven Lane** – Hoiseth informed the board we have been working through the details for a buyer for the workforce house “as is” and the sale is ready to go upon approval of resolution. Vedbraaten inquired if there was a deadline to have house finished. Hoiseth stated the buyer has the means and intent to finish the house in a timely manner. The purchase agreement can state the buyer has until year end, however the buyer has indicated wanting completion by August of this year.

Motion: Member Vedbraaten moved to approve Resolution 2-3-2019 Sale of 1609 Hoven Lane, second by Erickson, Motion carried unanimously.

- c) **Resolution 3-3-2019 USDA Grant** – Hoiseth stated this resolution is to provide authorization to apply for a USDA grant, aimed at technical support for Epitome Energy. Erickson asked if this was a matching grant. Hoiseth stated it is a \$100,000 grant and matching dollars are not required. Epitome may choose to add a level of match to greater leverage the application.

Motion: Member Morgan moved to approve Resolution 3-3-2019 USDA Grant, second by Kremeier. Motion carried unanimously.

- d) **Childcare Center Discussion** – Hoiseth stated he simply wanted to keep the issue on the agenda at each CHEDA Board meeting so the Board was fully informed with the facts, as there are numerous discussions, opinions and media reports coming out on the matter. Keeping the Board up to date with progress and making sure the Board and all others have opportunity to have questions and concerns addressed as we go along. There have been many sites visited and are being evaluated for the right location for a childcare center and we are open to any and all ideas. The more we keep this on the agenda and welcome any questions and ideas, the more likely we will all find the best answer. Erickson

asked if Hoiseth had met with Sunrise Center and UMC Childcare. Hoiseth stated they both attended the meeting on Monday the 18th as we met with all Childcare providers. The biggest factor they are concerned with regarding a new childcare center is the issue of staffing which is not an easy thing currently to find enough qualified workers. Stainbrook asked if things are continuing with the location of Glenmore. Hoiseth stated we are continuing to work with the owner along with continued evaluation of other locations. It does appear the Glenmore building will result in the lowest cost of preparations needed. The latest value engineering discussions have been able to reduce the anticipated investment for build out at approximately \$100,000, which is less than half of original estimates. Stainbrook asked if the owner will have any skin in game. Hoiseth stated center will run as a nonprofit (meaning: the business model and its assets will not be built up for personal return on a personal investment). The City and CHEDA's goal will continue to focus on doing what we can to get the center started, but be removed from providing an ongoing subsidy. Vedbraaten said he has heard from concerned tax payers that we should not fund an out of city limits childcare center. Hoiseth stated he also has heard that from a few people, but the majority of comments have been very positive towards getting a new center going. We need to listen to every voice, and every opinion, and as leaders make the right decision. It has clearly been stated that childcare is a problem, with many using the word "crisis" to better articulate it. All childcare centers are being subsidized in some way. Vedbraaten asked if the County has been approached. Hoiseth stated he has not reached out to the County as of yet, but realize if the County does consider this, they would have to consider it for every community in the County. Stainbrook asked if there will be a problem with preschool children attending if the School District moves forward with their preschool program. Hoiseth stated the School District needs to make decisions on what is best for the School District. It is obvious this will lead to some dollars removed from childcare centers, whether existing or new. However, Hoiseth stated, "we should never discourage competition" as it always tends to leave the best solutions going forward.

- e) **SBDC – Christine Anderson Presentation** – Anderson stated that in April it will be a year that she has been with the SBDC. She has worked with clients on feasibility studies, business plans, accessing capital and succession planning. She will be doing a Marketing Course, Focus on Feasibility Study Workshop, Succession Planning Workshop and a Business Plan Workshop for the NW Region. The workshops that will be held will be open to the public for anyone to attend. Anderson stated that having an office at Valley Technology Park has been a tremendous help for the SBDC. Fee asked about the funding going forward for the SBDC and how will sustainability be reached. Holz-Claus stated more in depth discussions on this will be starting Friday, March 22. The SBDC cannot charge for their services so there will always be a need for matching funds dollar for dollar with those from the Federal government. This could be a continued commitment from the City and CHEDA. Fee asked if they have reached out to any of the banks, other towns, and perhaps counties. Expanding to more partners would result in lessening commitments. Holz-Claus stated it is a community commitment. Morgan asked Anderson if after a year if she has been able to move

a client to the next step. Anderson stated she has been able to move some clients to step 2 and one, Real Good Bath and Body in Crookston to step 3.

f) ESUSU – Jason Carlson Presentation – Carlson stated he was approached by Abbey Wemimo with the Credit Builders Alliance which is a company for individuals to obtain credit for rent being paid. Unfortunately, historical data has not allowed for building up of a credit rating by being a renter. It would be motivational for landlords because it encourages tenants to pay their rent. This would be optional for landlords to participate in. Carlson is continuing to work with Hoiseth and his staff with the concept. Fee asked in addition to being optional for landlords, what would be the cost and Carlson answered it would be a relatively minor cost per unit for the landlord. Stainbrook asked if there would be lots of red tape for the landlord. Carlson stated there wouldn't be, as it is designed to be easy and user friendly for landlords. Overall, this is designed for a way for clients to get their foot in the door with some creditors which is a very big step for some. Stassen stated the fire department could help with the rental information for the landlords. Carlson stated he can reach out to them as well as CHEDA as a great endorser of the program. Holz-Claus stated this is great PILOT program and that it's hard for college students to get credit and consequently a good credit score, which would help them immensely after college.

g) Riverview Health – Carrie Michalski Presentation and Tour – CHEDA Board and others were treated to tours of the hospital to view the current challenges, needs and opportunities for the new expansion project. Tours were led by Michalski and Arvidson and supported by Riverview staff. Riverview Health continues to be a big part and supporter of the Crookston community in many ways from young children to the elderly. The new construction ground breaking is being slated for April 25, 2019 with a completion date of Fall 2020. The scope of the project will be a \$51.5 M budget, \$48.6 million in bond sale and \$2 million in charitable gifts. This will be an 80,000 square feet project with a 2 story construction. The hospital will have 18 universal patient rooms, 3 labor and delivery rooms and 4 family suites. The clinic will have 48 exam rooms and 4 consultation rooms.

Michalski stated that Hoiseth had provided her with the Epitome Energy impact study, and applying those same multipliers she wanted to note that Riverview Health's project is also extremely valuable to the Crookston area. Riverview has a \$27.5 million annual payroll with 406 employees. With the 2 new physicians recently brought on board, that brings along 4 support positions. A map of hospital closure or at risk was presented with Albany, MN expecting to close. There are 450 hospitals at risk of closing with 93 rural hospitals closed since 2010 (8 in Minnesota). Michalski noted that they have been hiring physicians and 4 out of the last 10 currently living in Crookston. A question was posed, is there anything someone could have done to have more live in Crookston? Michalski stated not necessarily. Some choose to live by the lake, some work in other communities also and are only in Crookston limited days of the week.

How can CHEDA be helpful? Express support of tax exempt bond sale, shared Legislative advocacy and be sure to help the City assess economic impacts of policy decisions, including and beyond counting new job creation.

Michalski noted that she has attended several past Council meetings and wanted to make a small comment. Everything being discussed down in chambers is of economic development. Even the small matter of snow removal is economic development. If an elderly woman can't get out of her house, that's economic development. CHEDA needs to be aware of all these issues.

9) Other – Hoiseth sent around a handout on information regarding the TIF District that was approved at City Council last week. The handout demonstrated the difficulty in the owner/developer ever reaching the approved twenty year, \$208,000 increment. There had been an ongoing discussion afterwards that a smaller sized TIF developer agreement should be implemented. Hoiseth's handout demonstrated that reducing the TIF doesn't help the owner at all and because it makes it harder to pay back as much primary debt it actually creates additional risk to the City and CHEDA in getting our loans paid back in year 10-15. Another thing to consider is moving the target now after the package was negotiated as a whole, doesn't help but only worsens the problem, and other developers in future deals will be hesitant to commit to us. Hoiseth asked Weasner if she agreed and she stated she did. Scenerio 4 of the handout was proposed. Hoiseth stated we aren't losing any tax dollars if we do this TIF, as taxes collected will remain the same. Vedbraaten stated we don't see the tax dollars for 20 years, Hoiseth stated that was correct. Fee stated that it doesn't look like Evers would be bringing much, if any capital to the table. Hoiseth stated that was correct but of course, personal liabilities are being attached. The next step is for Council to approve the developer agreement. Hoiseth stated on a new building you would have 9 years to pay back, and would be labeled an economic development TIF. In this case, it is a rehab project which is called a Redevelopment TIF and can provide a maximum of 26 years. Stainbrook asked if there needs to be guidelines, concerned about if Evers would do Phase 2. Hoiseth responded not really, because without a phase 2, Evers will not likely see anything close to the \$208,000 total. A phase two would help him get closer. Baird asked if there is a set completion date. Hoiseth stated currently there is not, however now that the district has been established, it allows the developer to get started. Carlson stated he does not have a set completion date either but there had been discussion of possibly the end of 2019 but realistically looking at Spring 2020. Hoiseth stated the goal here was simply to make sure all CHEDA Board and any City Council were clear on the details. If anyone has questions to please reach out and contact him.

Hoiseth noted there will be a Special CHEDA Meeting on Thursday March 28th at 7:00 a.m. at VTP which will be closed to discuss the sale and/or purchasing of property.

Hoiseth said CHEDA has been invited to the upcoming Strategy Session for the City on Saturday, March 30th at the Crookston Inn from 7:00 am – 3:30 pm

Board Reports- None

There being no further business to come before the board, President Heldstab adjourned the meeting at 9:51 a.m.

These minutes were officially approved on April 16, 2019

Attest: *Kent Heldstab* and *Cam Forsyth*
Board President *Executive Director*