



**CHEDA Board Meeting Minutes**  
**Tuesday, July 21, 2020, 7:00 a.m.**

**Present:** Kurt Heldstab, Craig Morgan, Steve Erickson, Paul Eickhof, Tom Vedbratten, and Betty Arvidson

**Liaisons to the Board:** Dale Stainbrook and Angelica Weasner

**CHEDA Staff:** Craig Hoiseth, Tiffany Jones, Theresa Tahrán, and Beth DeBoer

**Others present:** Mike Christopherson, Chris Fee, Don Cavalier, Kay Hegge, Dennis Koch, Clayton Briggs, Cynthia Ansbacher and Bobby Baird. Michelle Christopherson via phone.

**Absent:** Leon Kremeier

1) President Heldstab called the meeting to order at 6:58 a.m.

2) PUBLIC FORUM – None

3) **Approve Agenda**

*Motion: Member Erickson moved to approve the Agenda as presented, second by Arvidson. Motion carried unanimously.*

4) **Approve the Minutes-** June 16, 2020 Board Meeting

*Motion: Member Heldstab moved to approve the June 16, 2020 Minutes as presented, second by Eickhof. Motion carried unanimously.*

5) **Consent Agenda**

*Motion: Member Vedbraaten moved to approve the Consent Agenda, second by Morgan. Motion carried unanimously.*

Councilman Baird asked if the Chamber has been paid for the Chamber Buck Promotion Program. Hoiseth stated that the one invoice they submitted has been paid for \$5,140. An additional invoice has now been submitted and has been approved to be paid up to \$15,000 as authorized by the Board.

## **6) Old Business -**

### **a) Cofe' Liquidation**

Hoiseth stated there have been three different possible buyers with no success yet on selling the assets. One of the potential buyers asked if they could buy the assets under certain financing conditions which Hoiseth responded that the Board would have to decide that. Hoiseth asked for guidance going forward on other options to market and sell the remaining assets. Discussion was had and the Board recommended seeking a price from an auction company if need be to sell the equipment within 90 days.

### **b) Colburn Property Bonding Request Update**

Hoiseth asked Weasner if she had any new updates on the application process of the BDPI application. Weasner stated that the county requested more information which was given to them yesterday.

### **c) POHP Update**

Hoiseth reported that construction has been moving along. We did have a roof leak from the result of a mistake from the contractor but it was remedied immediately using the contractor's insurance company. Heldstab asked if the project will be complete by the end of the year. Hoiseth reported that it is highly unlikely due to the shutdown from Covid-19. He mentioned that we were able to combine two phases into one which will gain back some weeks. Hoiseth also reiterated that our matching funds have been dispersed and MN Housing is now reimbursing our expenses.

### **d) Mixed Use Building – Development Flyers/Feedback**

Heldstab stated that a few Councilman and CHEDA Board members toured Selkirk on 4<sup>th</sup> yesterday as they were not able to attend the previous tour. The proposed development for Crookston was presented. Discussion was had about the project. Morgan asked what the next steps are for our agency and what the dollar amounts are to bring this to Crookston. Hoiseth stated that the development will need a 20 year TIF along with the city giving up two existing parking lots that the city owns. The developers have entered into a contract with the current owner of the Legion building which would be demolished. The north half of the development would consist of a new downtown square which the city would have to invest in. The cost would be around one million dollars for the city. The south half of the development would house a 39 unit mixed use building that would be owned by the developers which will cost seven million. Essentially, the city would have to give up parking lots, create a TIF district, and contribute a downtown square amenity to bring to town a seven million dollar new facility for Crookston. In addition to the aforementioned, the developers have asked for the city to lease the 7,700 square foot main level at market rate. It should be up to the city to find a tenant for that space. Discussion was had regarding possible types of businesses to lease the space.

Hoiseth stated that CHEDA has gone as far as we can with this development and that it now requires City Council activity. Discussion was had about involving the community members. Hoiseth reported that he has spoken with the businesses on Broadway and they are all concerned about parking for their employees. Dennis Koch who owns one of the buildings was concerned about the new development obstructing the view of the apartments above his business. The flyers that were disbursed to the community members that use that parking lot received little feedback. Morgan asked if there is or will be a third party verification of the financials for this development. Hoiseth reported that the verification will be completed to insure the taxpayers are getting a fair deal, absolutely. Hoiseth asked the attending Council Members along with the Mayor and Finance Director if they need anything else from CHEDA to move this forward. Weasner asked for a document that lists the requirements and terms that would be required from the city. Mayor Stainbrook added that the community should be involved in this and suggested a public meeting.

## **7) Main Agenda**

### **a) 2019 Audit Report**

Heldstab introduced the audit documents and asked the Board if they had any questions. Vedbraaten asked if anything stuck out. Heldstab replied "no, that it was a very clean audit". Hoiseth mentioned that he has heard that there are on-going discussions about CHEDA's transparency and accountability. Hoiseth mentioned that our audit costs over \$15,000 annually and works to compliment the city's audit. CHEDA's financial accountability is very transparent and Morgan stated he could not understand why any rumors about the lack of transparency and accountability exist. Hoiseth stated that our audit is available to the public and invites anybody to view it.

*Motion: Member Arvidson moved to accept the 2019 Audit Report as presented, second by Morgan. Motion carried unanimously.*

### **b) Request for 2021 Stipend**

Heldstab introduced the \$155,000 stipend request. Hoiseth stated that \$15,000 would be allocated for the Small Business Development Center and the remainder would be for operation of the EDA, which is the same request as last year.

*Motion: Member Vedbraaten moved to request \$155,000 for 2021 stipend to the city, second by Arvidson.*

*Motion carried unanimously.*

**c) Prairie Skyline Loan Request**

Heldstab introduced Kay Hegge from the Prairie Skyline Foundation. Hegge presented information regarding the \$75,000 request for a loan. The funds would be used to pay past due bills that accrued with the rehabilitation of the Cathedral of the Immaculate Conception building. Hegge handed out the agreement between the State of MN Historical Society and Prairie Skyline Foundation. The agreement is a grant in the amount of \$206,608. The funds are released to Prairie Skyline Foundation after each milestone has been made. Hegge reported that the contractors worked ahead which resulted in bills that need to be paid. Discussion was had about the funding and milestones. Morgan asked Hegge if the remaining project can be completed with the remaining funds. Hegge answered "yes".

*Motion: Member Morgan moved to approve a line of credit in the amount \$47,000 with an extension up to \$75,000 after the first two milestones are completed, seconded by Heldstab.*

Vedbraaten asked where the funds would come from. Hoiseth replied that he would have to speak with attorneys to see if the funds can come out of the Revolving Loan Fund. If not the Revolving Loan Fund, we can look at unallocated Community Investment Fund dollars. Discussion was had regarding personal guaranty and interest rates.

*Amended Motion: Member Morgan moved to approve a line of credit in the amount \$47,000 with an extension up to \$75,000 after the first two milestones are completed with a personal guaranty and 5% interest, seconded by Vedbraaten. Motion carried with three ayes and one nay from Member Erickson.*

**d) Resolution 1-7-2020 Ag Innovation Center**

Hoiseth stated that the resolution for the Ag Innovation Center was to show support that CHEDA is willing to sell 10 acres of parcel 82.00163.01 with the City. Morgan asked what the appropriations of the funds looks like. Hoiseth stated that he believes that the proceeds would be split between Crookston Jobs, CHEDA, and the City.

*Motion: Member Morgan moved to approve the Resolution 1-7-2020 Ag Innovation Center, second by Erickson. Motion carried unanimously.*

**e) Obligation of Community Investment Funds**

Hoiseth announced that CHEDA was successful in obtaining the USDA Rural Business Development Grant (RBDG) in the amount of \$99,000. In March, the CHEDA Board authorized staff to apply for the grant with \$101,000 leverage

from the Community Investment Fund. The funds will be used to start a new revolving loan fund for Crookston businesses. Hoiseth requested a motion to obligate the \$101,000 from the Community Investment Fund. He stated that the dollars will have its own account at the bank and be reported each month separately. Hoiseth mentioned that the USDA's feedback has been interesting. He complimented the Board stating that he submitted snapshot resumes of the Board members and this stood out to the USDA. They were impressed by the strength of our Board Members and CHEDA's capacity to administer loans. Having the leverage available was also critical to procure the grant.

*Motion: Member Heldstab moved to obligate \$101,000 from the Community Investment Fund to start a new revolving loan program for the RBDG funds, second by Morgan. Motion carried unanimously.*

Morgan thanked the visionaries for seeing that if we commit to spending \$100,000 we made another \$100,000.

#### **f) Construction Trades Class Options**


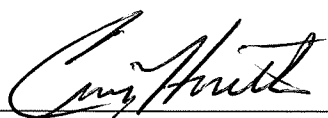
Hoiseth informed the Board that they had hoped that the Hoven Lane home would've been completed and sold by now. Because of COVID-19, the school could not move forward with the house. In discussion with Superintendent Dr. Olson, Jeff Fagerstrom and Travis Oliver, we decided it best to let the students finish the house in the fall. Oliver feels that the house will be completed by November. For the remainder of the school year we would have two options. Acquire a new lot and start construction on a new house or purchase or partner with a dilapidated home in Crookston to be rehabbed. Boards Members all agreed this was an excellent option.

#### **8) Other**

Member Erickson asked if the meetings can be controlled better. For the City, they allow 15 minutes at the podium. He would like to enforce a 15 minute rule at the CHEDA Board meetings as well. The Members of the Board all have jobs to go to after the meeting and if the meetings take longer we may lose the quorum.

**There being no further business to come before the board, President Heldstab adjourned the meeting at 8:53 a.m.**

These minutes were officially approved on Sept. 22, 2020

Attest:  and   
Board President Executive Director

