



**CHEDA Special Board Meeting Minutes**  
**Tuesday, June 11, 2019, 7:00 a.m. + VTP**

**Present:** Kurt Heldstab, Craig Morgan, Paul Eickhof, Steve Erickson, Leon Kremeier, Betty Arvidson, Tom Vedbraaten (via telephone)

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

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

**Others present:** Rob Silvers, Mike Christopherson, Michelle Christopherson, Clayton Briggs, Shannon Stassen, Don Cavalier, Christine Anderson and Cindy Gjerswold.

**Absent:** None

1) **Call Meeting to Order** – *President Heldstab called meeting to order.*

2) **Close Session (MN Statue 13D.05 Subd. 1 and MN Statue 13D.05 Subd.3)**

**Open Meeting**

**1) Other Business**

CHEDA received a proposal from Epitome Energy. Recently, the legislative session met and awarded \$5 million to MN Soybean and Epitome Energy for equipment, infrastructure pertaining to the Soybean Innovation Campus. Epitome has requested via a letter provided, asking for a 1.25 million dollars. This could be a one million dollar loan and a quarter million possible equity position in the company. The loan would be paid back in one year. The legislative appropriations are not being made available until the second half of the biennium and is the reason for the one year pay back of the loan in its entirety. By borrowing this money, it will jump start the steps to be able to break ground earlier as the various aspects of soil testing, air emissions permitting and other design items can be completed. Member Vedbraaten asked what the interest rate is on this loan. Hoiseth stated that the letter from Epitome is asking for one year - zero percent interest. Member Vedbraaten asked Weasner what interest is currently on the money that would likely be used for this loan. Weasner said over 2%. Member Vedbraaten stated that we have given Epitome an awful lot already so he would like to see the loan have interest at 1.5% to 2%. Councilman

Briggs asked where the money would come from. Weasner stated that all they have is reserves. Councilman Stainbrook asked if the state money could be used to pay back the loan and if the money is appropriated for certain use. Hoiseth stated that this loan is to be paid back as soon as the money is available from the state. Member Vedbraaten asked if there was a chance that the money from the state wouldn't come. Hoiseth stated that verbiage would be built into the loan paperwork to secure the payback. There would be no consideration of the loan if proper security from the State of MN was not offered. Member Erickson stated that he would like to see a 1.5%-2% interest rate. Member Eickhof asked what the interest would be on the loan given a 2% rate. Hoiseth stated around \$20,000. Member Erickson stated that he didn't think it would be a deal breaker for them either to pay that amount. After much discussion, the rate of interest (0, 1, or 2%) was determined to be of little consequence in the bigger picture. Hoiseth asked Member Vedbraaten to quantify what he meant with the comment that "we have given them a lot already" referring to what CHEDA and the City of Crookston have already given to Epite. Hoiseth then stated that he doesn't believe that CHEDA has given them anything to speak of at this point. Hoiseth mentioned the only thing he has been authorized to give thus far is the \$25,000 committed a long time ago to assist in marketing the Colbourn property to Epite and allowing them to do a deeper dive into Crookston's available site. Half of that amount has been paid by CHEDA, and the other half is due upon announcement of Crookston being the site selected for the facility, which we owe, but have not distributed yet. Member Vedbraaten stated that we may be end up needing to give them the land and that's worth quite a bit. Councilman Stainbrook stated that after this loan there will be more asks such as infrastructure. Hoiseth stated that we will have some bonding requests for infrastructure, hopefully even as legislation in 2020. Hoiseth also mentioned in the future, we will likely be adding an economic development TIF for that acreage. Administrator Stassen asked if there were any other lenders involved. Hoiseth stated that this particular loan would be all local city funds. There is fundraising going on and depending on how that goes we won't know who the primary lender ends up being. Member Morgan asked if CHEDA was willing to take a quarter million dollars value of shares in the company as requested in the letter request. It is more likely at this stage to offer a \$1.25 million loan and talk about conversion of this last quarter million debt possibly at a later time, perhaps at the end of the year duration. This is about as exciting a move that Crookston can do with very little risk is what Member Morgan stated.

*Motion: Member Morgan moved to approve a \$1.25 million loan for Epite Energy with zero percent interest. Second by Erickson. Motion carried unanimously.*

**Board Reports**

None

**There being no further business to come before the Board, President Heldstab adjourned the meeting at 7:55 a.m.**

*These minutes were officially approved on July 16, 2019*

Attest: *Aunt Heldstab* and *Cory Hunt*  
*Board President* *Executive Director*