



**CHEDA Board Meeting Minutes**  
**Tuesday, May 15, 2018, 7:00 a.m. + VTP**

**Present:** Kurt Heldstab, Craig Morgan, Paul Eickhof, Steve Erickson, Leon Kremeier, Tom Vedbraaten and Lee Meier

**Liaisons to the Board:** Angelica Weasner

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

**Others present:** Wayne Melbye, Mike Christopherson, Kristi Thorfinnson, Terri Heggie, Shannon Stassen, Bob Quanrud, Clayton Briggs, and Craig Larson

**Absent:** Chris Bates, Dale Stainbrook

7:00 a.m. - Met at Agassiz Townhomes site and bused to 375 Crescent Ave (Housing Rehab Project) as the location of the May Board meeting. Project owner, Craig Larson led a tour of the house and answered questions regarding the process of rehabbing and getting it ready for market. The group convened in the lower level of the house, with the large picture window providing an excellent view of the backyard, descending to the river's edge. The Board conveyed their appreciation of Craig's project and ability to turn a blighted house into a positive development for the neighborhood.

- 1) President Heldstab called the meeting to order at 7:20 a.m.
- 2) PUBLIC FORUM - None
- 3) *Motion: Member Vedbraaten moved to approve the May 15, 2018 CHEDA Board Meeting Agenda as presented, second by Erickson. Motion carried unanimously.*
- 4) *Motion: Member Eickhof moved to approve the April 17, 2018 Annual Board Meeting Minutes as presented, second by Kremeier. Motion carried unanimously.*

**5) Consent Agenda**

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

- a) CHEDA Bills Payable (Check 44215-44362, Totaling \$148,359.73)

## 6) Main Agenda

- a) Business Improvement Program (B3 - Building Better Business)** – Hoiseth asked that all present be provided a copy of the most recently revised B3 program. We have continued to solicit feedback over the past few months and incorporated are the edits. We are closing in on a final draft version. Hoiseth encouraged all members to peruse through the document and make sure they are comfortable with the content. The intent is to allow ample time to engage the City Council and obtain public comment. After which, perhaps by mid - summer we are hoping to have engaged with all interested stakeholders, making sure everyone is comfortable with the language. At that time, a discussion will be required as to the level and source of funding such a program.
- b) Synergy Revolving loan request-**Mr. Fenno obtained a \$20,000 loan from CHEDA to assist in the acquisition of a building downtown Crookston a couple of years ago. His payments have been in full and timely. His current balance is just under \$16,000 at the end of May. He is requesting to add \$8380 to the current balance for a total of \$24,361.25, with the same terms continued. This additional amount would be to assist in the financing of the rehabilitation of the location, particularly the roof and siding. Unity Bank would remain the primary lender and this will create the leverage of the SCDP funding with the desire to better secure the building into the future and provide a better appearance as well. *Motion made by Morgan, second by Vedbraaten. Motion Carried Unanimously.*
- c) Strategic Development LLC-**Owners John Bridgeford and Hector Santellones, along with another investor, who own Main Suites Apartments are looking at requesting a \$350,000-400,000 loan for new roof and additional built-out of new garages. The garages they built last year are full and the market continues to seek additional covered and secured parking. They have not made a formal request as yet, but may be looking at a further tax abatement or a TIF from the city due to unexpected and continuing to raise State Property Taxes. They have looked into the Small Cities Grant but have not followed through due to the requirements of lower income limits that are imposed on apartments using those funds. This does not apply well to the market rate business model they have been seeking with this development. They have communicated Local Content for the project thus far at Hoiseth's request, as this has been a continued source of discussion in the community. Labor and Materials for the renovation from abandoned grocery store into apartments was 75% local and the new garages last year showed an 80% local content. No action was taken at this time, as it was largely for information and discussion purposes only.
- d) Publicly Owned Housing Program (POHP)** – Hoiseth informed the board that CHEDA has received notice that they have been selected to receive a bond for \$1,267,504 for Oak Court. CHEDA was high on the list of recipients, and appears to have obtained ten percent of the total available funding in MN. CHEDA was the first and only applicant to provide a video in support of the grant applications. MN Housing felt this visual proof of the needed work helped make the decision of

allocating the bonding request easier, better demonstrating the need effectively. They have certain steps in order to finalize with the grant. Hoiseth thanked his staff and constituents that worked so hard on getting the grant. Next step is a meeting with MN Housing in Brainerd on May 24<sup>th</sup> at the NAHRO conference.

## 7) Other Business

- a) **Fournet building-** Hoiseth stated that Jeff Evers has provided a just received pre-approval for financing from the primary lender regarding the Fournet building. Evers will now be requesting an establishment of a TIF district in order to achieve a better cash flow model. The financial projections reveal there are very slim margins on this project, and without a TIF the taxes will increase over the course of the next few years (as the renovations are completed) to where the project loses money. Jeff understands he needs to move forward must have no changes to the plan (moving Tri-Valley into a ten year lease), obtain an acceptable property appraisal and hire an A&E firm to assure structural design and environmental screening is completed to continue the process. Hoiseth communicated this was a needed and positive step in the development for our downtown.

## Board Reports

There were no Board reports

**There being no further business to come before the Board, President Heldstab adjourned the meeting at 7:48 a.m.**

The Board then transported back to the Agassiz Townhomes Project and were provided a tour of the progress by Executive Director Jason Carlson of Tri-Valley.

These minutes were officially approved on July 24, 2018

Attest: Grant Heldstab and Jason Carlson  
Board President Executive Director

