



CHEDA Board Meeting Minutes
Tuesday, January 28, 2020, 7:00 a.m.

Present: Kurt Heldstab, Craig Morgan, Steve Erickson, Leon Kremeier, Tom Vedbraaten 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, Rob Silvers, Clayton Briggs, Michelle Christopherson, Don Cavalier, Lee Groeschl, Adam Wagner, Jake Ellefson, Morgan Terpstra, Mike Jacobson, Jeff Berning and Laurie Stahlecker.

Absent: Paul Eickhof

- 1) President Heldstab called the meeting to order at 7:00 a.m.
- 2) PUBLIC FORUM – No one present to address the Board. Heldstab closed the public forum.

3) Approve Agenda

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

4) Approve Minutes - December 17, 2019 Board Meeting

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

5) Public Hearing – Parcel #82-03751.00

Heldstab opened the public hearing. No one present to address the Board. Heldstab closed the public hearing.

6) Consent Agenda

Motion: Member Kremeier moved to approve the Consent Agenda with the second by Erickson. Motion carried unanimously.

7) Main Agenda

a) Land Sale – Parcel #82-03751.00

Hoiseth stated that this is the parcel of land between B & E Meats and Centrol. There are actually 2 parcels of land that we have been discussing since July 2019. The Board had decided previously to move forward with offering the land to Total Lawn Care, owned by Morgan Terpstra. Although there are two parcels CHEDA has opted to keep the smaller parcel for now, leaving a strip between B & E and Total Lawn Care. A conceptual plan of the building was presented on the digital screen that indicated the size and location of the facility. Hoiseth introduced Morgan Terpstra and offered to the Board to ask any questions you might have of him. Vedbraaten asks when he plans on putting a building on the parcel. Terpstra answered this spring 2020 we would build the foundation and the gravel road. The summer of 2020 we would have the building erected. The fall of 2020 would see the dirt work roughed in, and during the winter of 2020/2021 the interior work. In the spring of 2021 would be the landscaping completed and irrigation installed. Vedbraaten asked if they would occupy the building by next fall. Terpstra said "yes" we plan on being in there this fall. Erickson asks if we have a map of the property. One was provided to the Board of Commissioners. Vedbraaten asks who is going to maintain that other parcel. Hoiseth says we talked to both neighbors, and they could both use the space as needed. Terpstra would maintain it with mowing any grass and snow removal. Hoiseth said we might sell the parcel down the road to either one of those businesses as the need is better defined and the two agree to what would be the best solution, but for now holding onto the ownership seemed most prudent. Vedbraaten says it is nice to see another business come to town.

b) Resolution 1-1-2020 land Sale Total Lawn Care

Motion: Member Vedbraaten moved to approve the Resolution 1-1-2020 Land sale for Total Lawn Care, second by Arvidson. Motion carried unanimously.

c) Vertical Malt

Hoiseth introduced Vertical Malt President Adam Wagner to the Board and Audience. Since CHEDA agreed to pay for some consulting work on behalf of the company, Wagner was asked to come to the CHEDA Board every three to four months to provide an update on progress. Wagner started his presentation with: New Malt Plant Design is complete; Feasibility Study is complete, Grant Opportunities identified and applications underway. Traditional Financing has been outlined, Outside investment is being explored. Wagner expanded on the Investment Opportunities: \$1.2 million in outside, investor presentation events to

be held in a few weeks. Wagner expressed individuals or businesses welcome to inquire and equity options are being considered. Wagner said additional funding may come from local, state, and federal grant & loan programs. Wagner summed up the vision and review. Wagner says the project cost is \$4.2 million; Annual revenue anticipated for this phase 1 construction will be around \$2 million. The new facility in Crookston is going to be 12,000k sq feet – built with expansion in mind. Wagner says he will need to hire 2-3 staff at ground breaking. Wagner expressed excitement on the Groundbreaking Summer 2020. Wagner said a 10 Month build-out & plant commissioning and a 14 month sales ramp. Achieve profitability in two to three years. Wagner said a BIG thank you to CHEDA for all their support, the lease of the building space and for allowing Rob, the consultant, to be hired. Rob has done a great job! Wagner opened it up for questions. Vedbraaten asked do you have storage on the site. Wagner says we will have a few grain bins for receiving the barley on site. There will be a small space for packaging as well. Wagner says there might be a need more grain bins down the road. There will be space for about 60 pallets. The barley will desire to be cleaned before it gets to the plant. Heldstad asked a question about air permitting. Wagner said his early conversations with the MN Pollution Control have been positive. Being a small enough company no minimum thresholds are even met. Wagner said we only have one natural gas heater and the rest is just water vapor. We would just need to get our water tested from time to time. Hoiseth says we are still looking into the NW corner of the Colbourn property, and this faces Hwy 75, which puts into effect the Gateway Overlay District requirements.

d) Advisory Committee Recommendations

Heldstad says that the Advisory Committee recommended the IPMC (Industrial Process and Management Consultants, LLC) invoice for the amount of \$14,700.00 to be approved by the CHEDA Board. This is for work Seg Niebuhr has been working on for Epitome Energy for the permitting.

Motion: Member Kremeier moved to approve the IPMC Invoice in the amount of \$14,700.00 with the second by Morgan. Motion carried unanimously.

The 2nd invoice brought forth from the Advisory Committee to the CHEDA Board is Egan Public Affairs invoice for \$10,000.00. Egan has worked with various companies on air permitting. The Advisory Committee did not recommend payment on this invoice. Vedbraaten said we should take the Advisory Committee recommendation and not pay this invoice, as this will clearly demonstrate Dennis Egan's skin in the project.

Motion: Member Vedbraaten moved to not approve the Egan Public Affairs invoice, second by Morgan. Motion carried unanimously.

e) B3 Program Update

Heldstad said we are fine tuning the B3 program. Hoiseth said we have gone through this line by line and CHEDA discussed that grants for building maintenance should not be provided (at least not at this time). Hoiseth said that we have received public input on this from landlords and building owners. Hoiseth said that due to this feedback, we should take a closer look prior to recommending this as a change in the program today. If the board wants to insert the language we certainly can but that is not the staff recommendation. However, Hoiseth said as you see on the screen the highlighted item – *line 5 "Recipients will be required to show invoices and sign a grant repayment agreement, before funds can be received. CHEDA will pay the invoices that are submitted directly."* Vedbraaten said I just don't feel like we should be paying for the maintenance invoices, it's not marketing/advertising. Morgan said he does agree with Vedbraaten and maybe we should study this a little further. Morgan does understand how people might be commenting on this but "let's do more research" before making this change. Hoiseth said we can continue to look into each application. Hoiseth said we will fine tune this as to what kind of maintenance items may be considered. Kremer says if this adds capital to the business then this does count. Hoiseth says that no grant is approved without board action so we have time to further detail this aspect of the program.

Motion: Member Morgan moved to approve the single change as recommended by staff the B3 program to have CHEDA directly pay invoices associated to the grants. Second by Erickson. Motion carried unanimously.

Stainbrook asks the question "are we going to look at this again". Morgan says "yes" there might be some maintenance pieces that we could consider to be part of the program after staff re-examines the existing comments from the public and also listen for additional public input.

f) POHP Update

Hoiseth says that we are spending down our reserves from Public Housing. The first (larger part) of the grant has us matching 20%. The last part of the grant was approved to be matched at 10%. Hoiseth states that we are required to put in our match first and then MN Housing loan will be applied. If the loan is not closed as we exceed our contribution, we will be reimbursed after closing. Hoiseth says we are in phase 2 of the project and are now embarking on phase 3. Morgan asked if tenants were moving back into their original units. Hoiseth stated "yes, for the 2nd time now". Hoiseth says we have had good feedback from the tenants on their new plumbing in their apartments. Hoiseth says a huge complement to both Diversified and HN Plumbing for doing an awesome job! Vedbraaten asked if we have run into any problems. Hoiseth said we did have that initial \$30,000.00 abatement for asbestos and also now as we enlarge the tub room, making it better for the handicap tenants, we also have to abate some asbestos. Other than

that, things are largely going according to plan. Certainly there will be some smaller issues arise from day to day, but we are managing through them, but the report is over the big picture, things are progressing well.

g) 2020 CHEDA Board meeting Schedule

The 2020 CHEDA Board meeting schedule was presented for approval. Hoiseth stated that we have made some small changes to accommodate not meeting the mornings after City Council meetings. This allows for more council members to attend without the "back to back, evening and morning" schedule.

Motion: Member Vedbraaten moved to approve the 2020 CHEDA Board Regular Meeting Schedule, second by Kremeier. Motion carried unanimously.

8) Election of Officers (Executive Committee)

- a) President – Kurt Helstab
- b) Vice President – Craig Morgan
- c) Treasurer – Paul Eickhof
- d) Secretary – Leon Kremeier

Motion: Member Vedbraaten moved to approve the same slate of officers, second by Arvidson. Motion carried unanimously.

9) Other Business

10) Closed Session – MN Statute 13D.05. Subd. 3 (a)

Motion: Member Vedbraaten moved to close meeting pursuant to MN Statute 13D.05 Subd. 3 (a), second by Arvidson. Motion carried unanimously.


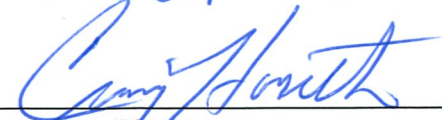
11) Re-Open Meeting

Meeting was re-opened at 9:27 a.m.

12) Adjourn

There being no further business to come before the board, President Heldstab adjourned the meeting at 9:28 a.m.

These minutes were officially approved on March 27th, 2020

Attest:  and 
Board President Executive Director

