



CHEDA Board Meeting Minutes
Tuesday, May 18, 2021, 7:00 a.m.

Present: Kurt Heldstab, Craig Bunes, Steve Erickson, Tom Vedbraaten, Leon Kremeier, Paul Eickhof and Betty Arvidson

Liaison to the Board: Wayne Melbye

CHEDA Staff: Craig Hoiseth, Tiffany Jones, and Theresa Tahrn

Others present: Mike Christopherson, Chris Fee, Kristie Jerde, Amy Finch, Ryan Lindtwed, Kathy Carlson, Dale Stainbrook and Jeff Evers

Absent: None

- 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 Bunes moved to approve the May 18, 2021 Agenda as presented, second by Arvidson. Motion carried unanimously.
- 4) **Approve Minutes** – April 20, 2021 Board Meeting
Motion: Member Erickson moved to approve the minutes of April 20, 2021, second by Kremeier. Motion carried unanimously.
- 5) **Consent Agenda**
Motion: Member Kremeier moved to approve the Consent Agenda, second by Vedbraaten. Motion carried unanimously.
- 6) **Old Business** –
 - a) **Colborn Property Infrastructure Update** – Hoiseth asked Finch if she had any update on the infrastructure. Finch stated she had no update. She thought they would be wrapping up pretty quickly. Hoiseth stated the big news yesterday was the State Legislature overall agreed to the budget. However, it

did not include a bonding bill. This will be a topic of discussion at the upcoming special session. Hoiseth did get the opportunity to testify at the Senate Investment Committee and the Committee did vote to include the language of design work into the bill. Heldstab inquired as to this being the group was up here couple years ago. Hoiseth stated yes, the Senate Investment Committee was in Crookston in the fall of 2019 to learn about the infrastructure needs of the Colborn property. Vedbraaten inquired if this bonding bill dollars were for the road. Hoiseth confirmed it was for the road from Ingersoll running south along the eastern edge of the Ag Innovation Campus. We have been appropriated the money, what we haven't been appropriated is the design work to do the job. We believe the appropriation can fully fund the project, including the design work so we are hesitant to pull the trigger to do the design until the language specifically identifies it. Either way, it should still happen in arrears being we haven't done anything prior to October, when the bonding bill became law. We are letting it play out a little longer and Ag Innovation Center schedule has a bit of slip in their schedule as well due to COVID supply chain interruptions. Stainbrook asked if the design work is in on that cost. Hoiseth stated we believe the appropriation will cover all construction costs to include the design work, of an estimated cost of roughly \$50,000. We have had discussion with Rich Clauson, who gave us this input.

- b) POHP Plumbing Project Update** – Hoiseth mentioned that last month we as a Board took a tour of Oak Court to see the work completed and we continue to wrap things up. We still have some contingency money which we will utilize for carpet in hallways as if we don't use it all we will lose it. We have started leasing up new tenants in vacate rooms from plumbing projects.
- c) POHP Bond Roof Project Application** – Hoiseth reported the POHP Bond Application for the roofing was submitted to MN Housing on time. Thank you to Finch, Stainbrook and Jerde for individual letters of support. Such letters from the community are always helpful. We should hear something by July regarding our application possibly being awarded. We did decide to go with approximately 17% leverage, just under the CHEDA Board approved 20% max.
- d) Childcare – Crookston's Little Pirates** – Hoiseth stated the Crookston Little Pirates Board is working diligently on business planning, but has no formal request. They are fully aware of the \$27,500 grants and \$35,000 from CHEDA allocated to childcare that could be made available. The Board wishes to get all their ducks in row before they make a formal ask of CHEDA for funding.
- e) Epitome Energy** – Hoiseth stated Eagan was at the May 10, 2021 City Council meeting. Buness had asked for an update and Hoiseth mentioned appreciation for seeing Buness at the Council meeting last week. Eagan gave a recap of

where business is today and where they are heading. Vebraaten clarified that the forgivable loan was funded with \$100,000 from Crookston Jobs, \$75,000 from CHEDA and \$75,000 from the City. Finch noted that \$150,000 came from the City. Finch verified that there was a City Resolution allocating \$150,000. Hoiseth stated the \$250,000 came from: \$100,000 Crookston Jobs, \$75,000 Valley Technology Park (income derived through favorable lease contracts with AURI and UMN Extension), and \$75,000 from the City. Vedbraaten again wanted to clarify that \$75,000 came from revenue from Valley Technology Park, not specifically tax payer dollars. Kremeier stated the \$75,000 was profits derived from Valley Technology Park balance funds, Hoiseth stated these funds were from operational profit, however note that VTP is a City owned building. Finch mentioned that although there is income the City does budget and there are still expenses from VTP.

7) Main Agenda

a) Rehab Program -

Hoiseth stated that one of the objectives for 2021 is to review the Rehab Housing Fund and B3 Program. The Rehab Program was seeded with \$150,000 several years ago, of which the full balance remains as cash or as a receivable. The usage of the program is now experiencing not being fully subscribed and as this demand for Rehab Housing requests has diminished, Hoiseth wanted to make sure we are utilizing our resources as best we can. Hoiseth has talked with various users of the program and also primary lenders. Our rehab program has a 2% interest rate which used to be a very favorable rate, but the cost of money continued to decrease. We take no security position on the property, lien or administration fee (unless not paid on time), which has made it very user friendly. Some of the rehab projects are difficult to complete within the one-year horizon. Hoiseth wanted some Board feedback on the program as we look at possibly editing some of the language and program perimeters. We could look at owner/occupied opportunities as well. Normandin is experiencing difficulty marketing a renovated home in an older neighborhood with more than anticipated value gap. Erickson stated this has been a fantastic program and we need to do what we can to revitalize it again. We may need to market the program more. Hoiseth stated the media does a good job marketing for us and we could look at doing a paid ad to advertise funds available. Heldstab stated we will revisit when program language is massaged and ready for consideration.

b) Dee Inc. Loan –

Hoiseth stated the Dee Inc. Loan is due in the amount of \$31,000+, which was a receivable derived through the Crookston Jobs Fund, when they transferred those assets to CHEDA. Hoiseth noted he was unaware of when the loan

originated from but stated it was somewhere in the timeframe of when the founder, Jim Ellinger was around, possibly late 1970's to early 1980's. We did have a discussion with the Brady Martz auditors regarding the Dee Inc. Loan. Hoiseth has spoken to Dee Inc. and they stated they have paid the loan three times over the years with the interest only payments being made. They are now ready to pay off the balance but asked if CHEDA would be willing to possibly reduce the overall balance. Vedbraaten stated that would open things up for others. If they were paying so much in interest why didn't they just pay the loan off sometime previously? Arvidson asked what the interest rate was at. Hoiseth stated the interest is at 5% and the last promissory note was signed in 2015. Bunes suggested they pay ending balance. Eickhof inquired if they had another loan. Hoiseth confirmed DEE Inc. does have another loan and they are making payments as agreed upon. Crookston Jobs mission was to create business opportunities by way of land and workforce development. Hoiseth confirmed with the Board that there is a consensus for DEE Inc. to pay the existing loan balance.

c) Heroes Rise –

Arvidson questioned the location. Hoiseth stated they have had several discussions regarding the old DaRoos location, but nothing yet is final. Arvidson stated that the equipment they are proposing to purchase would go into either location. Erickson asked about \$75,000 expanding the business to include packaging/canning facility. He expressed he would like to see an agreed upon final home before approving loan. Erickson suggested if we need a special meeting to specifically deal with Heroes Rise, we can have one. Hoiseth stated all agreements are verbal to this point, however there is little need to develop all of the necessary legal work if the CHEDA Board feels borrowing the funds is not an option. Bunes thought they were going to be here and available for questions. Hoiseth had invited them but we had enough information obtained and communicated to them that they didn't have to be present. Eickhof inquired that they have discontinued operating out of the old Cofe/Chickadee location. Hoiseth confirmed. Eickhof was really encouraged initially, new signage, website and promotions of business. They seemed like they knew what they were doing. How long in that space, didn't give too much of a chance? Hoiseth stated soft opening in Nov. 20 and closed April, citing the equipment was failing. It is this equipment failure requiring the new investment. Melbye asked how old the equipment is. Hoiseth stated the majority was new with Bjorgo's roughly 5-6 years ago. Melbye stated it's hard to believe such commercial equipment would fail that quickly and he had heard some equipment was switched out from another store. Hoiseth stated he did check on that when he visited them in Bemidji and verified two pieces of equipment were at that location, a table and chairs, and a hot food preparation item. Erickson stated that if they do move then the possibility of more rent. Erickson suggested the Board table the discussion until the location for the business was determined, whether new location or stay where they are.

Vedbraaten shared the concerns and stated when he was in Grand Forks Starbucks drive thru was packed and thought not having a drive thru in Crookston would be a recipe for disaster. Erickson stated the need is there and the community would like to see them successful. Vedbraaten inquired if the old Arby's would be a possible location. Heldstab stated we can table to get more information if needed and then have a special meeting if requested. Eickhof verified again that they closed due to equipment failure. Hoiseth stated that is correct. The cash flow of the business was good and if they went to different location the rent would be similar as the existing space on University. Downtown would offer more walk-in sales traffic be coming in. The drive thru option to the Heroes Rise owners wasn't necessary as they don't have one in Bemidji. Without the drive thru, walk-in customers are more likely to buy pastries and bags of coffee. Vedbraaten asked where we are at with payments. Hoiseth stated we have no money loaned out to them.

Motion: Member Arvidson moved to table Heroe's Rise revolving loan request in the amount of \$75,000, second by Erickson. Motion carried, with Kremeier abstaining from vote.

d) Epitome Energy Invoice –

Stainbrook inquired if we were close to the finish line to submit for the MPCA permit. Hoiseth stated yes, according to Mr. Egan last Monday night at the City Council meeting, he believes submission to MPCA is possible by end June. Stainbrook asked how many months for MPCA to make decision. Hoiseth stated he was unaware of that timeline, although Sunde and Wenck work very closely with MPCA. Discussion was that Egan had stated he was hoping this would be expedited in roughly four to five months, however other permits have taken up to 18 months. Melbye asked about a timeline showing how long it takes for paperwork to submit to MPCA and inquired when Egan would have a timeline for us, understanding the timeline moves based on the work completed at MPCA. Heldstab reminded everyone that October 2019 was the when the first air permit invoice payment was made on behalf of Epitome. The process has been a longer than expected one due to several hurdles. Erickson stated he would like to see more updates. Vedbraaten stated that once we get permit things will likely start to move. Melbye stated that Egan has worked enough with these types of things that he knows how long such a process will take. Finch stated she would follow up with Egan to receive a timeline. Eickhof stated Egan should be able to provide such a timeline once the permit application is in. Kremeier reminded the Board that there's a complex process to get a MN permit versus going across the river to ND.

Motion: Member Vedbraaten moved to approve invoice to Wenck/Stantec for purpose of air permitting in the amount of \$29,599.76 to be paid for Epitome Energy, second by Kremeier. Motion carried unanimously.

8) Other Business – Hoiseth mentioned the Brady Martz auditors were here a couple of weeks ago and they made mention that they appreciate CHEDA's bookkeeping and the establishment and reporting of the various accounts we have in place. This demonstrates strong transparency, and provides for an easier auditing process. Overall, it was a good clean audit and they appreciated the staff being available for questions and also for President Heldstab coming in to visit and answer questions.

Hoiseth stated he had a request for CHEDA to provide additional information prior to the Board meetings. The MN law states the only provision is to provide adequate notice of the meeting going to be held. This provision is met by CHEDA as we publish the meeting dates at the beginning of the year, however we send out reminders the week prior to all CHEDA Board meetings. No agendas or minutes of upcoming meetings are required. Also, it was suggested for consideration to have CHEDA Board meetings at a different time other than 7:00 a.m. Arvidson stated 7:00 a.m. meeting works good for her. Finch stated that the request came from her being a working mom and Jerde also agreed 7:00 a.m. meeting doesn't work well for her. Finch stated by publishing an agenda it allows community members to view agenda and decide whether to attend meeting for a particular topic. Melbye stated this goes back over 15 years ago when Genereux was around and we have had no issues with having a quorum at 7:00 a.m. and no meetings needed to be cancelled. He cited an example as yesterday, the Park Board was unable to achieve a quorum, and consequently, no business is able to be completed. Buness stated there really is no good time for a meeting as no matter when it occurs, some people will have scheduling problems. Vedbraaten agreed 7:00 has worked well, but also stated that it wasn't a bad idea putting the agenda out on website when Board Members receive their Management Reports. Erickson inquired about the capabilities of for people to call in like City Hall has in place. Hoiseth responded this is absolutely no problem at Valley Tech Park, but is more difficult when the CHEDA Board meets at other venues such as today. The CHEDA Board has always wished to be out in the community more, seeing what the opportunities are, and also evaluate some of the investments we are making. Jerde stated it shows transparency when you make the effort to have meetings when most people can attend. Consensus of the Board was while it is important to encourage all public to attend, having the Board available to get the business of the people done was important, and all agreed to continue with 7:00 a.m. CHEDA Board Meetings. Additionally, the meeting agenda can/should be posted to the CHEDA website when the Board obtains the Management Reports, but hold off on posting minutes until approved and signed off.

9) Adjourn

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

- 10)** Jeff Evers, owner of the Fournet Building prepared to take the CHEDA Board, Council Representatives, and Staff on a tour of the facility. Hoiseth commented that this building transformation was a heavy lift for the community of Crookston.

Hoiseth thanked Evers for his vision and willingness to invest in Crookston, saving a Historic Building and landmark in downtown.

The \$1.7 million dollar project is being financed with \$300,000 of interest only (1%) for ten years. An additional loan of \$100,000 has been offered as well, in addition to a twenty-year TIF with another \$208,000 of value. That totals \$608,000 of exposure to Crookston.

These minutes were officially approved on July 20, 2021

Attest: Wayne McElroy and Amy Finck
Board President Executive Director, Interim

