



CHEDA Board Meeting Minutes
Tuesday, December 17, 2019, 7:00 a.m.

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

Liaisons to the Board: Dale Stainbrook and Angelica Weasner

CHEDA Staff: Craig Hoiseth, Tiffany Jones, and Beth DeBoer

Others present: Mike Christopherson, Rob Silvers, Clayton Briggs, Michelle Christopherson, Craig Bunes, Lee Groeschl, and Bobby Baird.

Absent: NONE

- 1) President Heldstab called the meeting to order at 7:02 a.m.
- 2) PUBLIC FORUM – Nobody to address the Board. Heldstab closed the public forum.
- 3) *Motion: Member Vedbraaten moved to approve the Agenda as presented, second by Kremeier. Motion carried unanimously.*
- 4) *Motion: Member Kremeier moved to approve the October 22, 2019 CHEDA Board Meeting Minutes and the November 5, 2019 Special CHEDA Board Meeting Minutes as presented, second by Erickson. Motion carried unanimously.*
- 5) **Consent Agenda**
Member Morgan requested to remove the B3 grants and financials from consent agenda. Member Vedbraaten requested to remove the Rehab loan status from consent agenda.
Motion: Member Arvidson moved to approve the Consent Agenda with the removal of B3 grants and financials and rehab loan status, second by Morgan. Motion carried unanimously.

6) Main Agenda

a) Amending Resolution 3-10-2019 Borrowing Resolution for POHP –

Craig stated that Minnesota Housing Finance Agency wanted a couple language changes. They wanted the words “not applicable” to be removed.

Motion: Member Erickson moved to approve the amended resolution 3-10-2019, second by Kremeier. Motion carried unanimously.

b) Resolution 1-12-2019 Request to Take Units Offline Due to Modernization -

Hoiseth stated that we have already taken the first five 5 units offline for the start of the project and this resolution will essentially take the entire building offline. This is recommended by MN Housing in that a Board resolution is not required for each phase, but this can cover the entire project throughout the year. The first five units are nearing completion and we will be starting the next phase shortly. This resolution will provide a bit of convenience for the Board by allowing for units to come off line as new phases are started. Erickson asked if this will go through 2020. Hoiseth stated that we are hoping to wrap things up this time next year. Councilman Baird asked if the units have to be inspected. Hoiseth replied “yes” stating that we must inspect, sign off and make sure all plumbing work is properly tested. Baird asked if the old plumbing gets tied into the new plumbing. Hoiseth stated that no old plumbing should remain as this is very comprehensive. This does require a few evenings without water but that does allow for valve installation so future issues arising will allow maintenance to occur without shutting down the entire building.

Motion: Member Vedbraaten moved to approve the resolution 1-12-2019 Request to Take Units Offline Due to Modernization, second by Morgan. Motion carried unanimously.

c) Cable Project – Oak Court –

Hoiseth stated that 4 or 5 years ago Midco indicated that the cabling inside Oak Court could no longer support Midco services and our contract was ending. Midco was moving forward with price increases to our service substantially and the tenants weren't in favor of that. After looking at our

options, we decided to use Direct TV and install a satellite roof top system. That system has proven to be ok but continue to have intermediate interruptions without solution, and relatively poor service from Direct TV. After meeting with the residents, they would like to go back to cable TV with the understanding that the price will require an increase in service cost monthly in order to recoup the cost of the cabling. We requested bids to install new cabling in the building and had two quotes submitted. Red River Electric was the lowest bidder coming in at \$24,600. This was considerably less than the bid from Valley Electric, which was not surprising as RRE is on site for the plumbing project. Midco committed to supplying all the cable for free along with a 5 year contract. Hoiseth stated this is the opportune time in that the walls are open for the plumbing project. Red River Electric would install the cabling supplied by Midco. Hoiseth stated that the funds for this project are coming from our capital fund (Federal dollars) and the Board could determine if the monthly upcharge would be continued after the cost of initial investment was recovered. Member Morgan was interested where the recovered dollars would go, and Hoiseth indicated into the PH fund.

Motion: Member Morgan moved to approve the bid to install new cabling at Oak Court second by Arvidson. Motion carried unanimously.

d) B3 – Removed from Consent Agenda

Morgan asked if there is a change in ownership what does the policy say needs to happen. Hoiseth stated that the policy states that they pay half the grant back. Erickson asked what the time frame is on requiring a pay back. Hoiseth stated that the current policy is 5 years. Hoiseth mentioned that he spoke with the owners and if the grant was used to purchase assets, and those assets stay with the business that we could probably waive that 50% pay back requirement. If the assets that were obtained with the grant money aren't included in the sale or were not able to be quantified, we would want to recapture half of that grant. Erickson asked if the new owners obtained the equipment purchased with the grant if they would be eligible for a B3 grant. Vedbraaten stated that he thinks the new owners shouldn't be eligible for a B3 grant if the equipment stays with the business. Hoiseth did acknowledge the B3 did allow for a second grant to be applied for a particular business as the maximum threshold. Erickson stated we may want to stick our necks out since somebody is stepping up and buying the business.

Motion: Member Morgan moved to approve the B3 Grants and Financials from the consent agenda second by Erickson. Motion carried unanimously.

e) Rehab Housing Loans & Financials – Removed from Consent Agenda.

Vedbraaten stated that it seems like a lot if the loans are behind and at one point the Board talked about adding language if the loan is defaulted on. Hoiseth stated that at the time the Board discussed putting more teeth in the program, the Board decided to keep it more user friendly but add an administrative fee. Hoiseth stated that there are three loans that are due back and conversations have been had with each of them. Lessard is closing on a loan and should have it paid back shortly. Normandin's have been waiting for the house to sell but will find a different avenue to pay the loan back. Dietz had some personal issues arise but has been making \$1,000 payments twice a month towards his loan. Erickson stated that if all the loans are paid back it should give us a balance of \$172,000 which should make it a self sufficient program. Hoiseth concurred. Heldstab asked if anybody has been knocking on the door. Hoiseth stated that nobody has been but we haven't been promoting it either since it was fully subscribed.

Motion: Member Vedbraaten moved to approve the Rehab Housing Loan Status and Financials from the consent agenda, second by Kremeier. Motion carried unanimously.

f) B3 Grant Application – Functionally Fit -

Hoiseth stated that Functionally Fit submitted a B3 application and when reviewing it, it was determined not to meet the program guidelines. However the program guidelines are geared toward a Board decision and not solely an Executive Director determination. Hoiseth stated that he didn't recommend this application because the plumbing was already completed and paid for, which is not allowed by the program guidelines. Hoiseth asked for guidance regarding future applications that come to his desk. Essentially, "would the Board like to see every application that comes in or would they like to just see the qualified applications"? The Board stated that they would like to know about every application for the B3 Program, whether recommended for approval or not. Hoiseth stated that there are a couple of other items that need to be discussed with regards to this program. One of the main purposes of the grant is marketing and advertising and when Hoiseth spoke with the local media they haven't seen any money from B3 grant recipients. Hoiseth stated that he thought it might be wise to start paying the invoices ourselves instead of the just handing the money over. Erickson asked if it would be labor intensive. Typically applications have only a single or few separate items requested so it wouldn't be too difficult. Also, a discussion regarding maintenance of buildings was conducted. Morgan asked for the program guidelines to come back to the Board in January with any changes that need to be made.

g) 2020 Budget Approval -

Hoiseth stated that the budget hasn't changed since it was presented in final form in October. Hoiseth did mention that the only thing that will change is the \$15,000 allocated for SBDC must be removed as the City Council did not approve that portion of the stipend. All agreed to remove that line item.

7) Other Business -

Hoiseth asked the Board if they like the Tuesday morning meetings or would there be a preference to change the time. We are setting up the meeting schedule for 2020, and that can be approved at the first meeting in January. Hoiseth mentioned that in 2019 we had 13 CHEDA Board Meetings and 7 Advisory Meetings.

Hoiseth mentioned that he has some language that has been drafted up for the bonding bill and it was circulated to everybody. He reiterated that this really needs to drive through the City rather than through CHEDA.

Hoiseth was pleased to announce that the house that was built on Kevin Ross's land has been sold. The asking price was \$199,999 but we agreed to sell for \$185,000. At the last CHEDA Board meeting we decided it would be ok to utilize our local realtors. Prior to formally listing the property, which would have cost us 6% of sales price, we had an offer. It seemed logical to bypass the 6% cost and accept the offer. The lot next to the house was purchased by the buyers to build an additional workshop. There was a discussion if this was desirable from a City and/or neighborhood perspective. The partnership between Kevin Ross and CHEDA consisted of \$50,000, \$25,000 from Ross and \$25,000 from CHEDA. CHEDA will receive a check for \$46,034.24. CHEDA already paid the first \$5,000 down on the lot and Kevin will absorb the next \$5,000. CHEDA will take the remainder of the lot cost. Discussion was had regarding open lots in Crookston. Hoiseth stated that the sale of the house, even with a slight haircut on our investment is a win. We took on some risk putting a Homark home out there. Tri Valley also took a risk and we are so thankful for their support. The Housing Institute tried a new unproved model. We are very fortunate that we were able to sell at a reasonable price, and kick start development on the south end of town. Red Lake Falls and Warren haven't been so fortunate yet.

Motion: Member Morgan moved to approve paying Kevin Ross \$30,000 for the housing partnership established last year, second by Heldstab. Motion carried unanimously.


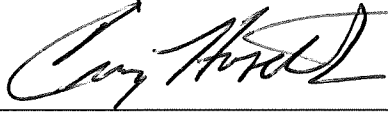
8) Closed Meeting (MN Statute 13D.05 Subd. 3(a) and MN Statute 13D.05 Subd. 3(c) -

After the meeting was opened up again, it was noted that there was NOT a motion to approve the 2020 budget upon completion of the discussion earlier in the meeting. With this oversight, a motion to approve the 2020 budget is required.

Motion: Member Kremeier moved to approve the 2020 Budget with removal of SBDC funding line item, second by Eickhof. Motion carried unanimously.

There being no further business to come before the board, President Heldstab adjourned the meeting at 9:01 a.m.

These minutes were officially approved on January 28th, 2020

Attest:  and 
Board President Executive Director