



**CHEDA Board Meeting Minutes**  
**Tuesday, April 18, 2017, 7:00 a.m. † VTP**

Present: Kurt Heldstab, Craig Morgan, Steve Erickson, Leon Kremeier, Paul Eickoff, Dale Stainbrook,, Amanda Lien and Angelica Weasner

Absent: Lee Meier, Tom Vedbraaten, and Chris Bates,

CHEDA Staff: Craig Hoiseth, Tiffany Jones, and Dana Johnson

Others present: Bobby Baird, Jake Fee, Mike Christopherson, Kristi Thorfinnson, and Dillon Fenno

- 1) President Heldstab called the meeting to order at 7:00 a.m.
- 2) PUBLIC FORUM - None
- 3) *Motion: Member Morgan moved to approve the April 18, 2017 CHEDA Board Meeting Agenda as presented, second by Kremeier. Motion carried unanimously.*
- 4) *Motion: Member Erickson moved to approve the March 21, 2017 Board Meeting Minutes as presented, second by Kremeier. Motion carried unanimously.*
- 5) *Motion: Member Heldstab moved to approve the following consent agenda, second by Morgan. Motion carried unanimously.*
  - a) CHEDA Bills Payable (Check 42489-42633 Totaling \$154,267.76)

**6) Main Agenda**

- a) **Stipend-Sweet Light Photography-** Hoiseth introduced a request for a direct subsidy incentive in the form of a stipend for Sweet Light Photography in Crookston, owned by Andy Hall. Board can certainly take action today, or wait until next month after having time to consider the request. This is an item that is being considered now after a couple of our economic development strategies in 2011 and 2012 have proven successful. First, the stability of VTP has been established as a cash positive business entity with future reoccurring revenue streams and secondly, an emphasis on transitioning the ownership of downtown buildings that needed to change. The current Sweet Light business is located in the Real Estate building at the corner of W 6<sup>th</sup> and University, and Hall has outgrown this location. As discussed last month, an option of coming into VTP would help in more elbow room while keeping the rent affordable as the business gains financial footing was considered. Instead, the thought process is, if we are willing to subsidize this business at VTP as an incubating tenant, could we consider doing the same thing in a downtown location? Hoiseth and Hall have considered all available properties and the building now owned by Jeff Evers between We Klik

and the Carquest building was chosen as the preferred site. Mr. Evers was agreeable to a \$500 per month rent plus utilities. If Hall was willing to sign a lease, Evers would invest roughly \$20,000 to the property to bring it up to nice retail space with Main Street accessibility and new HVAC and lighting systems. CHEDA could make available a monthly subsidy at a rate of \$250/month (total of \$3,000/ year), which would cover half the rent, and make it affordable to have Sweet Light move downtown. This would be a one year commitment, and would then be reviewed at that time. Since the City is not taking from the profitability of VTP this year, this allows money to be available as a source for this funding. VTP has a diverse tenant base of primary, secondary and incubation tenants that recognize that the mission of VTP is to encourage more entrepreneurs and new businesses to develop in Crookston. Eickhof asked how We-Clik feels about this business moving next door. Hoiseth stated that he has not visited with them as this is a very different business model. Hall does not take pictures of people and is on the road a lot selling his art. Hall's business is recognized as an experienced based opportunity to view and purchase art fitting nicely with our downtown objectives. Hoiseth stated that this is a much more modest request than when the idea of a downtown stipend was discussed last year and is not funded with any tax dollars, just VTP funds derived from our tenants. Hall is from Climax and has looked at other locations, but likes the idea of remaining in Crookston. He is currently paying \$400/month in rent with utilities included and has proven that he can cash flow that amount. We are trying to offer him more space in a much more visible spot. Morgan stated that when we do something new like this we need to put together some criteria for the future as this request could spur additional such requests. Hoiseth agreed, and suggested that that would be a positive thing to have happen. Erickson asked that after a few of these, and the demand is greater, where is the money going to come from? We need a plan in place before moving too far forward. Hoiseth stated that we certainly have to move forward cautiously at first, and we need to discuss whether this is just a downtown incentive, or is it applicable to the entire town? Hoiseth stated that he has reviewed policy on this and can build a framework with certain parameters but it will need to stay a bit flexible to meet the needs of the business and the building owners. Fenno stated that there are other cities that are doing this and have been successful. We do not have to necessarily reinvent the wheel and that overall it is a good idea to do this. Eickhof gave Evers credit for what he is doing in terms of willingness to invest into Crookston. Fee stated that this is the right thing to do, building owners would have hesitation without the subsidy and that we need more of this type of creative development, not less. Stainbrook stated that this is low risk tenant for an owner and that the investment requested is relatively cheap for what we are gaining. Hoiseth also stated that this would be the financing assistance that this business would receive. Every business is looked at for what would best assist them. Morgan asked that they have another 30 days to talk about this matter, let the media report it, and then we can obtain some good community feedback. In the meantime, Hoiseth will come up with some criteria and framework for this program.

**b) Rehab loan requests** – JR Rentals was already approved for a Rehab loan for \$50,000 to rehab the house on 7<sup>th</sup> St. Since last month when the Board instructed

Hoiseth to try and find some funds to bolster the program as the money was depleted, we have requested \$50,000 from the City, which is on the agenda for approval Monday. Also last month, due to the media reporting on the need and the pending City action, we have had another request from Craig Larson for a \$25,000 Rehab loan for the house he just purchased at 375 Crescent. He plans to rehab and then sell the home. JR rentals has been contacted and have agreed that they will take \$25,000 now and then the other \$25,000 in August when one of the outstanding loans is paid back. Hoiseth reviewed the history of the Rehab loan program since inception. We have Rehabbed 11 homes and generated nearly 1 million dollars of increased asset valuation to the community.

*Motion made by member Kremeier to again approve Rehab loan request for \$50,000 for JR rentals, (\$25,000 now and \$25,000 in August) seconded by member Morgan. Motion carried unanimously.*

*Motion made by Morgan to approve \$25,000 for Craig Larson seconded by member Erickson. Motion carried unanimously.*

**c) 2017-2018 CT House** –Hoiseth stated that we are in the planning stages now for next school year. The school had requested the financials on the projects for the past several years. That request has had us review each house, and the overall profitability of the program. Selling the house at a profit has not been our mission in the past, but certainly can be considered. Stainbrook stated that we should keep the same mission and model as this is good for everyone. He stated if we “break even” it is a good day for Crookston. CHEDA does take \$10,000 for a developer’s fee which covers both the cost of financing the project and the administrative work necessary each year. The overall profit on the projects for the past 6 years does not cover the loss that we experienced in 2010. CHEDA does assume all of the financial liability on the project. These CT houses now generate approximately \$17,000 in overall property tax revenue per year. We do hire a general contractor as well which is required by law. The NMHC has been a tremendous partner over the years, not only getting good housing stock built up but also driving the mission to educate our students in the various trades. Morgan stated that we should continue to do what has been successful in the past, unless the school district decides that they want this back to do themselves.

## **7) Other**

Hoiseth gave an update that the Meadows apartments only have 1-1 bedroom, 1-2 bedroom and a couple of studio apartments left to rent.

The IDEA competition is on the 25<sup>th</sup>, if any Board member would like to also attend.

## **Board Reports**

Erickson reported that the Boutique is doing well. There is a need for better signage downtown.

Lien stated the NW MN Tourism Conference will be held at UMC on today.

There will be a tour of the New Flyer facility next month after the regular board meeting. We will have a Tri-Valley bus here to transport any board members to the front door and return back to VTP after the tour.

Fenno stated that there will be a property owner meeting tomorrow night at 5pm and a DCDP meeting next Thursday at the Tri-Valley board room.

**There being no further business to come before the board, President Heldstab adjourned the meeting at 7:58 a.m.**

*These minutes were officially approved on May 16<sup>th</sup>, 2017*

Attest: *Ant Heldstab* and *Cory Smith*  
*Board President* *Executive Director*