



CHEDA Board Meeting Minutes
Tuesday, March 21, 2017, 7:00 a.m. † VTP

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

Absent: Paul Eickhof and Lee Meier

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

Others present: Wayne Melbye, Clayton Briggs, Shannon Stassen, 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 March 21, 2017 CHEDA Board Meeting Agenda as presented, second by Vebraaten. Motion carried unanimously.*
- 4)** *Motion: Member Morgan moved to approve the January 17, 2017 Annual Board Meeting Minutes as presented, second by Kremeier. Motion carried unanimously.*
- 5)** *Motion: Member Morgan moved to approve the following consent agenda, second by Erickson. Motion carried unanimously.*
 - a) CHEDA Bills Payable (Check 42212-42283, 42311-42313, 42319-42488, 42559-42573 totaling \$291,547.06)

6) Oath of Office

Oath of Office was administered by President Heldstab and recited by new ex-officio member Stainbrook.

7) Main Agenda

- a) Housing Rehab Loan Request-**There has been a request from Darrin Kuenzel who is the owner of Elite Properties (currently being incubated at VTP) to rehab 624 Hunter. Hoiseth has had conversation with Darrin and is recommending the rehab loan for \$25,000. It was noted that providing this loan to Kuenzel will deplete the rehab fund account. Heldstab asked if we can request more funds from the City for Rehab with this being the last \$25,000 available. Hoiseth noted that this might be in fact needed in that Justin Jerde has requested funds for his rehab project on 7th Street. Last year Jerde and Royal applied for and were awarded \$50,000, but then when the property was subsequently tied up in a legal matter, they did not want to hold on to the \$50,000 commitment from CHEDA, and offered the dedicated funds released to others needing to develop a rehab

property. Now the legal action is cleared up and they are ready to proceed. Jerde's original request was approved for \$50,000. He would be ready for funds if they are available at the next CHEDA board meeting in April. Vebraaten would like to see if there are other available funds available within CHEDA. Bates urged caution on utilizing other funds, as if everything goes right, we are fine, but if not, then we risk other funds not being properly available when needed. Hoiseth stated funds would have to come from non-restricted assets, and in that we are pretty limited, however he'll review where funds might be available.

Motion made by member Vebraaten to approve the housing rehab loan for \$25,000 to Darrin Kuenzel of Elite Properties, second by member Morgan. Motion carried unanimously.

- b) Resolution 1-3-17 Flat Rent Increase (Public Housing)** – Johnson stated this is something that is done each year. HUD requires Public Housing agencies to be no less than 80% of current fair market rent values set for our area. Hoiseth noted that this is a mandatory increase imposed by HUD and we have no choice but to adopt the resolution. This resolution keeps the Crookston Housing Authority at the minimum rent standard allowable.

Motion made by member Kremeier to approve Resolution 1-3-17 Flat Rent Increase (Public Housing), seconded by member Vebraaten. Motion carried unanimously.

c) 2017 Budget Items

i) Staff pay and benefits –Hoiseth stated that when budget was approved in October we held off on staff increase to see what the City negotiated. The City has negotiated 2% salary increase and \$75 increase in health benefits per month. Hoiseth is recommending CHEDA adopt the same 2% increase for the staff and \$75 increase in monthly contribution of health benefits for all employees at CHEDA.

Motion made by member Kremeier for 2% staff salary increase and \$75 increase for employee health benefits, seconded by member Vebraaten. Motion carried unanimously.

ii) All School Reunion –In the budget there was a line item to write off \$6,200 for the All School Reunion. Over the past several months the All School Reunion committee has done a good job at fundraising after the event. Now the committee has on hand a total of \$2,644 which they will provide to CHEDA on the All School Reunion debt remaining. This leaves a balance of \$3,812. In discussions with our auditors it has been recommended to write the remaining principle amount off. Vebraaten noted he is not in favor of writing off a loan. Hoiseth noted this doesn't prohibit the committee to continue paying off loan if funds become available in the future.

Motion made by member Morgan to write off remaining balance of All School Reunion loan in the amount of \$3,812, seconded by member Kremeier. Motion carried with ayes: Heldstab, Morgan, Erickson, Kremeier and nays Vedbraaten.

8) Other

Hoiseth gave an update that the Meadows apartments would be having people move in April 1, 2017. The owners of the apartment building have been encouraged with 34 units leased to date. All of the three bedroom apartments are spoken for.

Annual business visits have been started by Hoiseth with those that have CHEDA revolving loans and IRP loans with the City. Hoiseth welcomed anyone that would like to join him for future such business visits.

Weasner stated the closing on purchase agreement for 615 Woodland would be Thursday, March 23. This will leave us with only one flood rental property, and be a decrease in revenue for CHEDA. We are maintaining the required \$10,000 balance in the flood rental account.

There are currently four ownership groups representing the hospitality group in Crookston and that it has been and is currently a very difficult market. Dan Kellogg from AmericInn had stated the property taxes have gone up significantly and the result can be seen in a lowering of overall lodging tax dollars. There is simply too much supply in Crookston not being matched by a strong enough demand. Hoiseth read a statement and question from Mr. Kellogg. He is wondering if there would be a way to lower city property taxes for the next couple of years? Hoiseth stated the hotels are facing this head wind due to a number of factors including the devaluation of the Canadian dollar, the lack of local events, and a lack of local construction. An over- supply buildup in GF/EGF has made the situation even worse.

Andy Hall who resides in Climax who operates Sweet Light Photography is currently renting at the Real Estate Place is looking for a bit larger, higher ceiling space to relocate. He had desired to move to the VTP where Functionally Fit has incubated out from, but Hoiseth would prefer to find a suitable place downtown. His art would provide a nice add on towards an experienced based business and possibly bring some added investment to an existing storefront building. Fenno suggested the old Carquest building that Evers owns. Briggs also suggested the Novel Cup that probably wasn't available a month ago. Melbye suggested the Old JcPenny Catalog store front which is below the Eagles. Hoiseth stated he would follow up with Mr. Hall and try and find the best solution.

Fenno gave an update that there are currently nine board members on the DCDP committee. The committee has reached out to other communities and made a property owner committee which meets Wed. at 5:00 pm and the DCDP meets Thursday at 5:15 pm. No Facilitator has been hired yet but interviews are being conducted and he doesn't know much about this, as he is one of the applicants for the job. Fenno also stated he is working on getting some apartments constructed in

the upstairs of building he purchased. It will likely have a total of five apartments with 1 or 2 bedroom units. There may be a need for some gap financing.

Jason Carlson gave an update on the Agassiz Townhome Project. The market for tax credits isn't doing well in light of the uncertainty brought about by the November elections, but they are working on private placement. There is currently a letter of intent from Wells Fargo to be sent to MN Housing. They have tried to work with the local banks but just realized yesterday that it won't be possible. The developer's fees are at risk to work with Wells Fargo with underwriting. This will also adversely impact our ability to strongly request local content of supply and service providers. Because we have proceeded getting the project shovel ready, and we are the only greater MN project selected, it will probably get strong attention with MN Housing as they look at financing a gap that now exists with every project that has been awarded tax credits.

Board Reports



Melbye stated that he has met with numerous different committees and Boards within the community. He stated there will be a meeting on April 6th at 5:00 pm in the Kiehle Auditorium to hopefully bring together all the different boards and committees of the City. Everything that makes things happen, introduce people to put a face to a name, different entity's Mission Statements and meeting times/places, etc. will be discussed.

Lien stated the NW MN Tourism Conference will be held at UMC on April 18th

Stassen stated that with the new Sports Tourism Initiative, the city is looking at trying to bring more sporting events to the area.

There being no further business to come before the board, President Heldstab adjourned the meeting at 7:45 a.m.

These minutes were officially approved on April 18, 2017

Attest:  and 
Board President *Executive Director*