

# ARROWHEAD REGIONAL DEVELOPMENT COMMISSION

## Board of Directors

Thursday, September 19, 2019  
Duluth, MN

### Minutes

#### Members Present

Dick Brenner, Chair  
Allen Rasmussen  
Ginny Storlie  
Don Niemi, V Chair  
Mary Somnis  
Wade Pavleck  
Earl Elde  
Anne Varda  
Frank Jewell

#### Representing

Carlton County  
At Large, Treasurer  
Cook County  
Aitkin County  
At Large  
Koochiching County  
MIC Advisory Comm  
AAAA Advisory Comm  
St. Louis County

#### Others Present

Krista Mattila  
Sr. Mary Matthew Morrisroe  
Andy Hubley  
Charlie Moore  
Justin Otsea  
Bob Palmquist

#### Representing

ARDC  
ARDC  
ARDC  
ARDC  
ARDC  
Northspan

#### Members Absent

Jason Holliday, Sec. NATC  
Terry Snyder Itasca County  
Jeremy Hurd Lake County  
JinYeene Neumann NEMNATP Advisory Committee  
Paul Nevanen At Large

1. **CALL TO ORDER** The meeting was called to order by Chair, Dick Brenner at 10:00 a.m.

2. **CONSENT AGENDA for approval of the following:**

A. **Board Meeting Minutes, May 16, 2019**

**Motion by Allen Rasmussen/Earl Elde to approve. Motion carried unanimously.**

3. **RESOLUTION:** Authorizing the Arrowhead Regional Development Commission to Apply for Funding from the Iron Range Resources and Rehabilitation Board to Complete the North Country Trail Arrowhead Reroute Plan and to Enter into a Contract with the North Country Trail Association for Said Plan. (*Andy Hubley*)

**Motion by Allen Rasmussen/Ginny Storlie to support. Motion carried unanimously.**

4. **RESOLUTION:** Authorizing ARDC to Contract with the North Shore Management Board (NSMB) to Facilitate the Coastal Erosion Hazard Mapping Phase 2 Project. (*Andy Hubley*)

**Motion by Allen Rasmussen/Earl Elde to approve. Motion carried unanimously.**

5. **RESOLUTION:** Authorizing Expenditures for 50<sup>th</sup> Anniversary of the Arrowhead Regional Development Commission (not to exceed \$10,000). (*Sr. Mary Matthew Morrisroe*).

**Motion by Allen Rasmussen/Don Niemi to support. Motion carried unanimously.**

6. **FINANCE REPORT** – *Sr. Mary Matthew Morrisroe, Finance Director*

Finance Director reviewed the July 2019 Balance Sheet. Finance Director reported very little had changed from the previous month. She noted RLFs showed the biggest changes. She

also stated the fixed assets do not reflect any ARDC renovation expenses yet, but will be reflected after the project completion date, which is anticipated for the end of October. Finance Director stated outside of the \$235,000 approved by the Commission for the renovation, there have been approximately \$12,000 in items approved by management due to necessity. Finance Director discussed the building depreciation extension may change from 30 years to 35-40 years due to the renovation project, a new roof, new elevator and other essential building upgrades. She noted this will help ARDCs indirect costs. Finance Director will discuss this with the architect for support and bring it to the Commission if it is justified.

Bob Palmquist from Northspan reviewed the RLF Activity Report. He noted there have been \$571,000 in loan disbursements this year compared to \$313,000 last year. He is anticipating approval will be requested next month for another RLF.

Mr. Palmquist reviewed the RLF loans receivable listing. He stated Northspan's goal is 43-44 percent of income for this year. Discussion occurred around loans with balances over 90 days. Bob reported they are still actively seeking payments. He stated some of the reasons for these delays are due to management turnover, mortgage and bank delays. He stated one bank has been very slow in making payments.

There was extensive discussion around one RLF loan, Paladin Properties, LLC. Based on policy, it was expected origination fees be collected before any loans are disbursed. However, this loan was given out prior to the fee collection. Mr. Palmquist stated the closing was at a Title agency and he was not present. He stated at all of the other previous closings, he is usually there or the fees have been collected at the closing by the agency prior to providing a loan. Mr. Palmquist stated this loan is guaranteed 75 percent by the Small Business Administration (SBA). He also stated Paladin Properties, LLC, has experienced complications and obtaining payment from the funding source has not been timely or paid in full. Mr. Palmquist stated an agreement was made to split up the fee payments over the next six weeks. The Board unanimously agreed the policy must be followed in the future.

For official recording purposes, it must be followed that no funds will be provided through the RLF to any organizations without the collection of origination fees.

**Motion by Mary Somnis/Anne Varda to approve that no funds will be provided through the RLF to any organizations without the collection of origination fees. Motion carried unanimously.**

Mr. Palmquist reported in June, the risk rating was raised by the EDA to A-level per their risk analysis scoring. This is good news. Some of the determining factors include positive default rates, loan write-offs, RLF income versus admin fees and existing balances. Overall, Mr. Palmquist stated the ARDCs RLF Program has performed well over the past 30+ years.

**RESOLUTION:** Approval of the 2018 Annual Report. (*Finance Director*)

**Motion by Wade Pavleck/Allen Rasmussen to approve. Motion carried unanimously.**

7. **PRESENTATION:** North Shore Erosion Study, *Charlie Moore, Sr. GIS Specialist and Justin Otsea, Sr. Planner. More information can be found at: [www.ardc.org/cehm](http://www.ardc.org/cehm)*
8. **PRESENTATION:** Lutsen Design Process, *Justin Otsea, Sr. Planner. More information can be found at: [www.ardc.org/lutsen](http://www.ardc.org/lutsen)*

## 9. MANAGEMENT TEAM UPDATE

Regional Director reported the management team continues to meet two times a month. Current discussion items include:

Building remodel efforts are in progress. Walls have been put up, and electrical and painting have occurred. Later in the project will be security, windows and façade signage. As earlier reported, there have been approximately \$12,000 in change orders approved by management out of necessity.

50<sup>th</sup> Anniversary Celebration: Invites have or will soon be sent out electronically. It was requested RSVPs be answered as soon as possible for planning purposes.

Flu shots are available at ARDC on Thursday, September 26, from 9:30-10:00a.m. – board members are welcome to participate.

ARDC Employee Benefits 2020 renewal rates will be presented for approval at the October Commission meeting.

Regional Director also reported there was a Data Practices Act Request received which is under legal council's review and control.

Senior LinkAge Line Open Enrollment starts in October. It was reported the Aging Department is almost fully staffed.

It was also noted ARDC is currently recruiting for a Finance Assistant to fill an upcoming vacancy due to retirement.

Mr. Jewell reported there should be new Chairs voted on soon for the DSMIC Board.


## 10. UPCOMING MEETINGS

- **Commission Meeting** – October 24, 2019, Greysolon Plaza, Moorish Room, 231 East Superior St, Duluth, MN (*50<sup>th</sup> Anniversary celebration to follow*)
- **Board Meeting** – November 21, 2019, ARDC Conference Rooms
- **Board Meeting** – December 19, 2019, ARDC Conference Rooms
- **Commission Meeting** – January 16, 2020 (*Annual Meeting*), TBD

## 11. ADJOURN

**Motion to adjourn by Allen Rasmussen/Frank Jewell.** Meeting was adjourned at 12:01 p.m.

Attest:

  
\_\_\_\_\_  
ARDC Chair

  
\_\_\_\_\_  
Krista Mattila, HR Mgr/Commission Coordinator