

VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
THURSDAY, APRIL 2, 2015 – 10:00 A.M.
Council Chambers (Second Floor), Virginia City Hall

MINUTES

Present: Jim Tieberg, John Tourville, Rob Marwick, Kim Culbert-Blaeser, Julianne Paulsen, Dennis Jorgensen, Carl Baranzelli

Absent: Mike Harvey

Also Present: Lois Roskoski, City Clerk; Kris Johnson, Administrative Assistant; Wendy Summers, Accounting Clerk; Gary Carlson

I. Minutes Approval (February 5 and March 20, 2015)

Moved by Jorgensen and supported by Baranzelli to approve the minutes from the February 5, 2015, and March 20, 2015, meetings. Motion carried.

II. Finance Reports

Wendy Summers, Accounting Clerk, reviewed the check register and noted the City paid the \$1,500 membership for the Greater Minnesota Partnership.

Moved by Marwick and supported by Paulsen to approve the check register. Motion carried.

Accounting Clerk Summers reviewed the financial reports for the period ending March 31, 2015.

Accounting Clerk Summers reviewed the Revolving Loan Fund and noted Mike Ralston has not made a payment in 2015 and is over 90 days past due. Aszendrops is also a few months behind in their payment. City Administrator Tourville stated he will ask the City Attorney to send a communication to the businesses that are 90 days past due.

Moved by Marwick and supported by Baranzelli to approve the financial reports for the period ending March 31, 2015. Motion carried.

III. President's Report

President Tieberg stated Mike Harvey has resigned from the VEDA board and noted Mayor Cuffe has someone that is interested in filling the position.

President Tieberg stated there is a lot of anxiety with the taconite industry and hoped it would not be long term.

City Administrator Tourville stated the City of Virginia is waiting for the \$19.5 million in State bond funds for the Highway 53 relocation project. The State is amending the legislation to separate the amounts due the City, Public Utilities and Mesabi Trail.

IV. New Business

Thomas Leach, Area Specialist, USDA, was present to answer questions regarding the Rural Enterprise Loan Fund and provided the following information:

- The City of Virginia was awarded a \$99,000 loan four years ago, which required a \$100,000 match. The City and IRRRB each contributed \$50,000 in matching funds.
- Grant funds must be used within five year period or agency will pull the funds. City of Virginia has 18 months remaining of the five year period.
- No funds have been disbursed from the grant awarded to Virginia.
- Religious/fraternal organizations cannot be included in the grant program.
- City can amend the loan guidelines, but they must comply with agency requirements.
- A minimum credit score is not required by agency.
- Agency approval is required on the initial loan. After that, the City can originate the loans.
- There are environmental requirements on the initial loan, if the project required digging. This requires a 30-day response period.
- If loan is used for working capital or equipment, no environmental steps would be required.
- Carlton County has been successful with marketing their loan program.
- The goal is for the business to provide future growth. New or saved jobs can be used as justifying job growth.
- Multi-family houses are not eligible for the loan program.
- Commercial properties are eligible for loan program.
- VEDA can amend the interest rate, but it must remain consistent for all applicants.
- The USDA would be required to review any amendments that are made to the loan guidelines.

Following a lengthy discussion, it was agreed that the Loan Committee would meet and prepare amendments to the guidelines for the USDA R-BEG Loan Program. The amendments would be submitted to the VEDA board for final approval. The Loan Committee consists of Rob Marwick, Dennis Jorgensen and Julianne Paulsen.

Discussion was held on the funding for the UMD Center for Economic Development and the resignation by Jennifer Pontinen. It was determined that VEDA would need to determine the funding source, prior to committing any funding in the future.

V. Old Business/Updates

1. VEEDA Update.

City Administrator Tourville stated Mayor Cuffe appointed Dennis Jorgensen to replace him on the Virginia/Eveleth Economic Development Authority.

2. City Update.

City Administrator Tourville provided an update on the following items:

- Two grant applications have been submitted for the Joy Global expansion project.
- City is working on a soil correction issue at the former East Range Clinic site. Waschke is still planning to build a new building to expand their dealership.
- Tritec is moving forward with their expansion project.
- Virginia Coop Credit Union is requesting \$60,000 from the City to fund unexpected soil issues.
- Laborers Union is moving ahead with their development project on Silver Lake.
- Pace Laboratory is looking to expand next year.
- Natural Harvest Foods is looking for a larger building.
- City has applied to the IRRRB for funds to demolish the commercial building on 2nd Avenue South for the new White Drug location.
- Ulland Brothers will hold an open house in May.

Kris Johnson, Administrative Assistant, reported that she is working on a new website for the City, which will include a tab for VEDA. Ms. Johnson asked the VEDA members to submit any photos or information that could be included on the new website. Julianne Paulsen stated the students, through the Eveleth Graphics Arts Program, would be willing to assist with the development of the website. It was recommended that the VEDA and VEEDA minutes be posted on the new VEDA website. President Tieberg asked the members to review the current VEDA website and bring back any recommendations for the next regular meeting.

VI. Adjournment to next meeting
Meeting adjourned at 11:35 A.M.