

**Meeting of the
Iron Range Resources Board**

Tuesday, September 23, 2008

10:00 a.m.

**Iron Range Resources
Eveleth, Minnesota**

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 10:00 a.m. Present: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan. Absent: Senator Tom Bakk, Senator Tom Saxhaug and Senator Rod Skoe. Also present: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Doug Gregor, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Roy Smith, Workforce Development Coordinator; Dan Jordan, Mining Program Supervisor; Jean Dolensek, Chief Financial Officer; Marianne Bouska, Human Resources & Strategic Results Manager; Dave Hart, Loan Officer Sr. Supervisor; Rick Anderson, Loan Officer Sr.; Sheryl Kochevar, Communications & Media Coordinator; Lauren Hall, Executive Assistant; Kim Anderson, Executive Assistant; Todd Smrekar, Principal, Renewafuels, LLC; Denny Moen, President, Northshore Manufacturing, Inc.

II. Approval of the August 28, 2008, Minutes

Representative Tom Rukavina moved approval of the August 28, 2008, minutes. Seconded by Citizen Jack Ryan. Motion carried.

III. Commissioner's Comments

a. Business Development Update

Commissioner Sandy Layman provided the Board with an update regarding business development activities.

IV. Douglas J. Johnson Economic Protection Trust Fund

Action required: Project approval requires 8 votes

a. Northshore Manufacturing, Inc.

Motion by Representative Tom Rukavina to approve the Northshore Manufacturing, Inc. project, as presented, for an amount not to exceed \$500,000. Seconded by Citizen Shelley Robinson. Motion carried.

Voting in Favor of the Motion: Senator Yvonne Prettner Solon, Senator David Tomassoni, Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe

V. Commercial Building Renovation Grant Program

Action required: Discussion only

Commissioner Layman discussed the Commercial Building Renovation Grant Program. The Commissioner has proposed that the program be renewed and expanded from a similar program offered by the agency in the 1990s. Local communities, several of which have diminished loan funds that they would like to have replenished, have expressed an interest in renewing the program. After discussion with staff and Economic Development Liaison Group members, guidelines have been developed. After Board input at today's meeting, Commissioner Layman said the intent was to send out the guidelines and solicit applications.

Chairman Dill and Representative Rukavina applauded the work of staff on the program; however, they asked that further discussion take place at an Economic Development Liaison Group meeting prior to distribution of the guidelines and solicitation of applications.

VI. Taconite Economic Development Fund (TEDF)

Action required: project approval requires a majority vote of the quorum present

a. Renewafuel, LLC – Resolution No. 09-007

Motion by Representative Tom Anzelc to approve the Renewafuel, LLC project, which includes the construction of a biomass facility to be located within the Taconite Assistance Area, as presented in Resolution No. 09-007, and to include the prevailing wage provision as outlined in Resolution No. 96-005, for an amount not to exceed \$3,882,294. Seconded by Citizen Jack Ryan. Motion carried.

Voting in Favor of the Motion: Senator Yvonne Prettner Solon, Senator David Tomassoni, Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
RENEWAFUEL, LLC PROJECT APPROVAL**

Resolution No.: 09-007

WHEREAS, the Commissioner is authorized to expend, upon approval of the Board, the Biomass Loan Fund monies made available under Minnesota Statutes Section 298.227, Paragraph (b) (“**Biomass Loan Funds**”) to make a loan to provide funds for the construction of a biomass energy facility to be located within the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”); and

WHEREAS, the agency has available in the said Biomass Loan Fund account a current balance of \$3,882,294; and

WHEREAS, the Commissioner has received a request from Renewafuel, LLC for a loan in the amount of \$3,882,294 to provide funds for a project that it is proposing to undertake to construct a 100,000 square foot biomass briquette production facility within the TAA near Orr, Minnesota, as such project is more specifically described in the packet of materials and comments that have been provided to the Board (“**Renewafuel Project**”); and

WHEREAS, the Board met in open session at 10:00 a.m. on September 23, 2008, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed Renewafuel Project and has determined that the expenditure of \$3,882,294 of Biomass Loan Funds for the proposed Renewafuel Project would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$3,882,294 of Biomass Loan Funds for the purpose of making a loan to Renewafuel, LLC for the company’s proposed Renewafuel Project.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of Biomass Loan Funds for the Renewafuel Project is contingent upon the agency, in its loan agreement, requiring the borrower, Renewafuel, LLC, to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board’s Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 23rd DAY OF SEPTEMBER, 2008.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				X
Senator Tom Saxhaug				X
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	10	0	0	3

Signed: _____
 Representative David Dill, Chair

- b. Northshore Mining Company – Resolution No. 09-005**
- c. Hibbing Taconite Company – Resolution No. 09-006**

Chairman Dill discussed the Northshore Mining Company and Hibbing Taconite Company TEDF grants, which had been laid on the table at the June 19, 2008, Board meeting. He asked if there was a motion to remove the projects from the table. Following discussion of alternative types of TEDF projects that might address current challenges facing the industry, no action was taken on Resolution No. 09-005 and No. 09-006.

VII. Taconite Area Environmental Protection Fund
Action required: Approval requires 7 votes

- a. Ironworld Leadership Grant – Resolution No. 09-003**

Motion by Representative Loren Solberg to approve the Ironworld Leadership Grant, which will enable the Ironworld Development Corporation to hire necessary staff and begin fundraising activities in accordance with its business and fundraising plans, as presented in Resolution No. 09-003, not to exceed \$250,000. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Senator Yvonne Prettner Solon, Senator David Tomassoni, Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA**

Resolution No.: 09-003

WHEREAS, on August 18, 2005, the Board approved Resolution No. 06-001 and authorized the Agency to place \$10,000,000 into an endowment for the Ironworld Development Corporation (“IDC”); and

WHEREAS, on September 11, 2006, the Board approved the Ironworld Lease/Management Agreement Term Sheet (“Term Sheet”), which included a \$10,000,000 endowment plus interest from February 2, 2006 (“Endowment”) and an endowment challenge match of up to \$250,000 a year for five years (“Endowment Match”), beginning in FY 2007 and concluding in FY 2011; and

WHEREAS, the Board approved Resolution No. 07-002, which authorized the Commissioner of Iron Range Resources to release the Endowment and Endowment Match to the IDC subject to certain conditions specified in the Resolution; and

WHEREAS, the IDC has been involved with planning, board development and improvements to develop and implement a new operating model for Ironworld since approval of Resolution No. 07-002, and has refined its business and fundraising plans and is ready to recruit individuals with the skills necessary to achieve its operational, fundraising and financial goals; and

WHEREAS, no significant Endowment Match funds have been released to date; and

WHEREAS, the Board believes it is critical to provide the IDC with funds to enable it to hire necessary staff and begin fundraising activities in accordance with its business and fundraising plans.

NOW, THEREFORE, BE IT RESOLVED, that the Commissioner of Iron Range Resources (the “Commissioner”) is authorized to waive conditions precedent and release the FY 07 Endowment Match amount of \$250,000 to IDC for the purpose of recruiting and hiring a CEO and a grant writer and conducting strategic planning, fundraising and other related activities. Subsequent Endowment Match amounts are subject to prior conditions before release as established in Resolution 07-002.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 23rd DAY OF SEPTEMBER, 2008.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				X
Senator Tom Saxhaug				X
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	10	0	0	3

Signed: _____
 Representative David Dill, Chair

- b. Public Works Infrastructure Grants – Resolution No. 09-004**
- c. Community Business Infrastructure Grant – Resolution No. 09-004**

Motion by Representative Tom Rukavina to approve the Public Works Infrastructure and Community Business Infrastructure Grants as presented in Resolution No. 09-004, except to delete #4. City of Biwabik, \$120,000 for a 27-unit housing project, under Public Works Fund Grants on Page 3, Exhibit A, of Resolution No. 09-004. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Senator Yvonne Prettner Solon, Senator David Tomassoni, Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BUSINESS INFRASTRUCTURE AND PUBLIC WORKS PROJECT APPROVALS**

Resolution No.: 09-004

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY 2009 Budget includes the allocation of \$1,000,000 of TEPF Funds for Community Business Infrastructure grants (“**Business Infrastructure Funds**”) and the allocation of \$4,656,041 of TEPF Funds for Public Works grants (“**Public Works Funds**”); and

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such TEPF Funds for certain local economic development projects as more specifically described in Items 1-23 in Exhibit A, which is attached hereto and incorporated by reference (“**Commissioner Proposed Projects**”); and

WHEREAS, in addition to the list of Commissioner Proposed Projects the Board considered the proposed project (the “**Board Proposed Project**”) for the expenditure of \$250,000 of Public Works Funds for the Bois Forte housing infrastructure project listed as Item 24 in Exhibit A (which Commissioner Proposed Projects and Board Proposed Project are collectively referenced as the “**Proposed Projects**” and amount, in total, to the sum of \$4,780,000 of TEPF Funds); and

WHEREAS, the Board met in open session at 10:00 a.m. on September 23, 2008, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area; and

WHEREAS, in order to best provide the funding for the Proposed Projects it is approving, the Board has determined that it is appropriate to modify the approved agency’s FY09 Budget by transferring \$250,000 from the Business Infrastructure Funds line item into the Public Works Fund line item, thereby increasing the Public Works Fund budget line item to the sum of \$4,906,041.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the modification of the approved FY09 Budget to transfer \$250,000 of Business Infrastructure Funds into the Public Works Fund line item portion of the approved budget, thereby increasing the Public Works Fund budget line item to the sum of \$4,906,041.

BE IT FURTHER RESOLVED, that the Board approves the expenditure of TEPF Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of TEPF Funds for those Proposed Projects that have concurrent commercial or housing construction is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of TEPF Funds for those Proposed Projects for which a developer or benefiting business is involved, is further contingent upon receipt by the agency of a final, approved development agreement between each such grantee entity and the associated project developer or benefiting business.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 23rd DAY OF SEPTEMBER, 2008.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				X
Senator Tom Saxhaug				X
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	10	0	0	3

Signed: _____
 Representative David Dill, Chair

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BUSINESS INFRASTRUCTURE AND PUBLIC WORKS PROJECT APPROVALS**

Resolution No.: 09-004

EXHIBIT A

Business Infrastructure Fund Grants:

- 1. City of Bigfork
Reconstruction and Extension of Airport Runway
Grant Amount: \$150,000**

The grant is to assist with the reconstruction and extension of the airport runway. The airport is used by the Bergquist Company and for medical evacuations and small plane traffic.

Public Works Fund Grants:

- 2. City of Aurora
Waste Treatment Plant Upgrades
Grant amount: \$250,000**

The grant is for upgrades to the waste treatment plant to help the City meet MPCA requirements to eliminate significant overflows during wet weather.

- 3. City of Biwabik
Housing Project Infrastructure
Grant Amount: \$60,000**

The grant will be used for water, sewer, roads and site work for a 6 unit single family housing project.

- ~~4. City of Biwabik
Giant Ridge Cottages Project Infrastructure
Grant Amount: \$120,000~~**

~~The grant will be used for water, sewer, roads and site work for a 27-unit Cottages housing project at Giants Ridge®.~~

- 4. City of Bovey
Housing Project Infrastructure
Grant Amount: \$200,000**

The grant will be used for water, sewer, roads and site work for a 13 unit single family housing project.

5. City of Buhl

Frantz Street Reconstruction and Sewer Improvements

Grant Amount: \$200,000

The grant will be used for sanitary sewer improvements and the reconstruction of Frantz Street, which accesses the city's senior center, public library, and city hall.

6. City of Calumet

Housing Project Infrastructure

Grant Amount: \$200,000

The grant will be used for water, sewer, roads and site work for a 20 unit single family housing project.

7. City of Chisholm

Housing Project Infrastructure

Grant Amount: \$240,000

The grant will be used for water, sewer, roads and site work for a 16 unit single family housing project.

8. City of Cook

Relocation and Replacement of Water System

Grant Amount: \$280,000

The grant will assist the city to relocate and replace its wells and water plant pursuant to a directive from the Minnesota Department of Health.

9. City of Eveleth

Replacement of Water, Sewer and Roads

Grant Amount: \$200,000

The grant will assist the city with replacing water, sewer and roads in the 17th Avenue area, Cleveland Street and North Norman block area pursuant to a directive from the Minnesota Pollution Control Agency to replace these lines and eliminate inflow and infiltration.

10. City of Eveleth

Grant Amount: \$150,000

The grant will assist with water, sewer and utility relocation and site work for the Mesabi Station trail head building.

11. Fayal Township

Water Line Extensions

Grant Amount: \$100,000

The grant will assist with water line extensions to the south shore of Ely Lake for 18 existing residences and 5 lots for single family housing.

12. City of Gilbert

Housing Project Infrastructure

Grant Amount: \$200,000

The grant will be used for water, sewer, roads and site work for a 16 unit single family housing project.

13. City of Grand Rapids

Retail Project Infrastructure

Grant Amount: \$300,000

The grant will be used for water, sewer, roads and site work in the south airport industrial park to serve new retail development.

14. City of Hibbing

Housing Project Infrastructure

Grant Amount: \$350,000

The grant will be used for water, sewer, roads and site work for a 50-55 unit single family housing development.

15. City of Hibbing

Senior Housing Complex Infrastructure

Grant Amount: \$250,000

The grant will be used for water, sewer, roads and site work for a 28 unit senior housing complex.

16. City of Hoyt Lakes

Housing Project Infrastructure

Grant Amount: \$300,000

The grant will be used for storm sewer replacement, street lights, and a gas line for a 25 unit single family housing project.

17. City of Keewatin

Housing Project Infrastructure

Grant Amount: \$290,000

The grant will be used for water, sewer, roads and site work for a 20 unit single family housing project which has the potential for 30-40 total housing lots.

18. Lutsen Township

Infrastructure Improvements

Grant Amount: \$100,000

The grant will be used for infrastructure improvements at the Superior National Golf Course.

19. City of McKinley

Housing Project Infrastructure

Grant Amount: \$100,000

The grant will be used for storm sewer road improvements for 5 single family lots.

**20. City of Mountain Iron
Renewable Energy Park Infrastructure
Grant Amount: \$300,000**

The grant will be used for water, sewer, roads and site work for a renewable energy park located on the east and west side of County Road 102.

**21. City of Mountain Iron
Housing Project Infrastructure
Grant Amount: \$100,000**

The grant will be used for water, sewer, roads, and site work for a 19 unit single family housing project in the South Grove neighborhood.

**22. City of Orr
Housing Project Infrastructure
Grant Amount: \$60,000**

The grant will assist with replacing water lines on Moose Lake and Pine Drive streets, which will help provide infrastructure for 10 housing lots.

**23. City of Virginia
P&H Mine Pro Infrastructure
Grant Amount: \$300,000**

The grant will be used for water, sewer, roads and site work for a business park on Highway 53 for the P & H Mine Pro project. This infrastructure will also support future development on the north and south side of Inland Haul Road.

**24. Bois Forte Tribal Council
Duplex Housing Project Infrastructure
Grant Amount: \$ 250,000**

The grant will be used for water, sewer, roads and/or site work associated with a 36-unit duplex lot housing project which grantee will construct in the vicinity of the existing convention center at Fortune Bay.

VIII. Adjournment

Meeting adjourned at 10:55 a.m.