

**MINUTES OF THE MEETING
OF THE EXECUTIVE COUNCIL OF THE STATE OF MINNESOTA
March 2, 2016
MSRS, Room 106
60 Empire Drive
St. Paul, MN**

In attendance Governor Mark Dayton
 Lt. Governor Tina Smith
 Secretary of State Steve Simon
 Attorney General Lori Swanson
 State Auditor Rebecca Otto
 Assistant Commissioner of Administration Curt Yoakum

The meeting was called to order at 10:05 a.m. by Governor Mark Dayton. The minutes of the December 2, 2015 meeting were approved with a motion made by Attorney General Lori Swanson, seconded by Lt. Governor Tina Smith and unanimously approved.

DEPARTMENT OF NATURAL RESOURCES (DNR)

Commissioner Tom Landwehr requested the approval of 43 non-ferrous metallic minerals leases to be issued as a result of bidding at public sale on November 16, 2015. Commissioner Landwehr provided an overview of the meeting packet materials and detailed the progress in the process to date since 2013 regarding State mineral lease sales. Commissioner Landwehr outlined actions since the bidding at the public sale on November 16, 2015 and provided detailed information about the leases before the Executive Council for approval as follows:

On November 16, 2015, a sale of state non-ferrous metallic minerals leases was held. The Mining Unit Book for this sale established 177 mining units covering 88,571.91 acres in six counties. Four parties submitted 48 bids for state leases to prospect for and mine metallic minerals. One of the bids was in error and referenced a mining unit number not offered in the sale. The remaining 47 mining units bid upon contained a total of 17,737.34 acres in four counties.

Following the lease sale, one of the bidders withdrew all of its four valid bids. After removal of these mining units, the total acreage proposed for lease is 16,348.69. The leases before the Executive Council for approval are for mining units located in Aitkin, Koochiching and St. Louis Counties. The DNR requests approval to issue 43 state non-ferrous metallic minerals leases.

The Commissioner explained these are exclusively to explore minerals. If a mineral deposit is discovered and the mining company wants to proceed, there is a lengthy public process that takes place. The mining company would first need to prepare an environment impact statement (EIS) after the preparation of a scoping document. If the EIS were found adequate, the Department of Natural Resources would subsequently need to issue a permit to mine and water appropriation permits. The Pollution Control Agency (PCA) also has major permit authority associated with mining, including permits for air and water discharge. Shutdown and deactivation of any mining operation would be regulated by the state's mine land reclamation laws and the PCA permits.

Governor Dayton welcomed comments from the audience. Mark Weber and Jason Meyer from St. Louis County Land and Minerals Department expressed support for the mineral lease proposal stating it can help optimize revenue for tax forfeited land while ensuring environmental

safeguards must be followed by companies while mining. Jane Reyer, Friends of the Cloquet Valley State Forest expressed concern about the state losing any discretion over mineral exploration and drilling after mineral lease rights are granted. Kristin Larsen, also from Friends of the Cloquet Valley State Forest, expressed concern as she resides on land that can be drilled underneath and believes when her father sold the mineral rights to that land he did not realize the implications. Paula Maccabee, WaterLegacy expressed concern about the lease language and environmental impacts. Colleen Bonniwell and Robert Tammen, residents near mineral leasing, both also expressed environmental concerns about the proposal.

Governor Dayton thanked the group for their thoughtful contributions. The Executive Council members discussed. Auditor Otto explained she has been on the Executive Council for the past nine years and has seen leases come through over time. In 2013 Auditor Otto voted against non-ferrous mineral leases because of the concern with taxpayers' liability. She further commended the DNR for improving the lease process as it currently is more transparent and provides more opportunity for public comment. However, Auditor Otto remains concerned that DNR both promotes and regulates mining. Auditor Otto recommended the conflict be worked out in statute and with the mining industry currently depressed, this is an opportunity for the State to work through the current process and identify ways to protect our natural resources and ensure safe water and other natural resources for future generations.

- Governor Dayton moved to approve the issuance of the 43 state non-ferrous metallic minerals leases before the Council. Members Lt. Governor Smith, Secretary of State Simon and Attorney General Swanson voted aye. State Auditor Otto voted nay. Motion approved by majority vote.

Meeting was adjourned by Governor Dayton at 11:16 am.