

**Meeting of the
Iron Range Resources Board**

Thursday, August 18, 2005

5:00 p.m.

**Iron Range Resources Administration Building
Eveleth, Minnesota**

I. Roll Call

Senator David Tomassoni, Chair, called the meeting to order at approximately 5:11 p.m. Present: Representative Maxine Penas; Representative Tom Rukavina; Representative Tony Sertich; Representative Loren Solberg; Senator Tom Bakk; Senator Tom Saxhaug; Senator Yvonne Prettnier Solon; Citizen Joe Begich; Citizen Bill Henning and Citizen Matt Matasich. Absent: Representative David Dill and Senator Becky Lourey. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Doug Gregor, Assistant Attorney General; Matt Sjoberg, Interim Development Strategies Director; Jean Dolensek, Administrative Services Director; Linda Johnson, Director – Giants Ridge; Marianne Bouska, Director – Ironworld Discovery Center; Jack LaVoy, Marketing, Communications and External Affairs Director; Sheryl Kochevar, Executive Assistant; Laureen Hall, Executive Assistant; Jim Varichak, Chisholm School Superintendent; Terry Leoni, Virginia Public Utilities; Jim Kochevar, Hibbing Public Utilities; and Dave Danielson, Hibbing-Chisholm Airport.

II. Approval of the June 16, 2005, Minutes

Representative Rukavina moved approval of the June 16, 2005, minutes. Motion carried.

III. Bonding for School Health, Safety & Maintenance Improvements

Motion by Senator Bakk to authorize the Commissioner to issue revenue bonds in a principal amount of \$15,000,000. The proceeds of the bonds must be used to make grants to school districts located in the taconite assistance area to be used by the school districts to pay for health, safety, and maintenance improvements but only if the school district has levied the maximum amount allowable under law for those purposes.

Seconded by Representative Solberg. Motion carried with the understanding that school districts will be notified by the Attorney General's Office not to incur costs without receiving the opinion of bond counsel.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettnier Solon, Senator David Tomassoni, Citizen Joe Begich and Citizen Bill Henning.

Voting Against the Motion: Citizen Matt Matasich.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

IV. Laws of Minnesota for 2005, First Special Session, Chapter 1, Article 4, Section 90 – Resolution No.: FY06-002

Motion by Representative Rukavina to approve Resolution No.: FY06-002 related to the 2005 Legislation that provided five cents per ton of the taconite production tax revenues be paid into a grant and loan fund established within the Taconite Area Environmental Protection Fund as well as an amount equal to the amount of taconite production taxes generated by the implicit price deflator for taxes paid in 2005. These combined amounts will be allocated as follows: in 2005 to the city of Virginia for improvements and repairs to the city's steam heating system; in 2006 to the public utilities commissions of the cities of Hibbing and Virginia to convert their electrical generating plants to the use of biomass products; and in 2007 to the city of Tower to be used for the East Two Rivers project. Seconded by Representative Sertich. Motion carried.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

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

Resolution No.: FY06-002

WHEREAS, Laws of Minnesota for 2005, First Special Session Chapter 1, Article 4, Section 89, provides that five cents per ton of the taconite production tax revenues available for distribution under Minnesota Statutes Section 298.28 (the "**Nickel Funds**"), shall be paid into the taconite environmental fund for use under Minnesota Statutes Section 298.2961, Subd. 4 ("**Subdivision 4**"); and,

WHEREAS, Laws of Minnesota for 2005, First Special Session Chapter 1, Article 4, Section 90, provides that an amount equal to the amount of taconite production taxes generated by the so-called implicit price deflator as therein referenced for taconite production taxes paid in 2005 (the "**Escalator Funds**") shall be distributed in calendar year 2005 and in the years thereafter into the grant and loan fund established in Subdivision 4; and,

WHEREAS, Laws of Minnesota for 2005, First Special Session Chapter 1, Article 4, Section 91 (the "**Act**"), specifies that funds available for distribution under the said Subdivision 4 are to be allocated as follows:

- Distributions received in calendar year 2005 are allocated to the city of Virginia for improvements and repairs to the city's steam heating system (the "**Virginia Project**").

- Distributions received in calendar year 2006 are allocated to a project of the public utilities commissions of the cities of Hibbing and Virginia to convert their electrical generating plants to the use of biomass products, such as wood (the “**Hibbing Project**”).
- Distributions received in calendar year 2007 are allocated to the city of Tower to be used for the East Two Rivers project in or near the city of Tower (the “**Tower Project**”); and,

WHEREAS, the Act provides that any grant or loan made pursuant to the provisions of Subdivision 4 must be approved by a majority of the members of the Board;

WHEREAS the Board met in regular session at Eveleth on August 18, 2005, to consider, among other matters, whether, and if so in what form, the funds made available by law under the provisions of Subdivision 4 should be allocated for the Virginia Project, the Hibbing Project and the Tower Project.

NOW, THEREFORE, BE IT RESOLVED THAT the Board hereby approves the distribution of the Nickel Funds and the Escalator Funds made available under Minnesota Statutes Section 298.2961, Subdivision 4, as grants to and for the Virginia Project, the Hibbing Project and the Tower Project, subject to the conditions that the grants are to be:

- Funded and made available to the respective grantees when and as the specified taconite production tax amounts are received and distributed into the Subdivision 4 fund in 2005, 2006 and 2007, and,
- Made by the Commissioner in a form of grant and subject to such grant conditions as are customarily contained in other agency grants of similar amounts and purposes.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF AUGUST, 2005

AYES: 11
 NAYS: 0
 ABSTENTIONS: 0
 ABSENT: 2

Signed : _____
 Senator David Tomassoni, Chair

V. Board Account

Action Required: Project approval requires 7 votes

a. Chisholm-Hibbing Airport Speculative Building Project

Motion by Representative Sertich to approve the Chisholm-Hibbing Airport Speculative Building project as presented. Seconded by Senator Solon. Motion carried.

Voting in Favor of the Project: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Project: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

VI. Douglas J. Johnson Trust Fund Investment Policy

Action Required: Project approval requires 8 votes

Motion by Representative Sertich to approve the Douglas J. Johnson Trust Fund Policy as presented. Seconded by Representative Solberg. Motion carried.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

VII. Other – Occupational Development Center

Senator Bakk requested a review of the Occupational Development Center application by the Iron Range Resources Economic Development Liaison group.

VIII. FY06 Investment Plan

Action Required: Project approval requires 8 votes

Motion by Representative Rukavina, with a friendly amendment by Representative Solberg, to approve the Iron Range Resources FY2006 Budget as presented by the Commissioner with a decrease of \$1,000,000 to the Giants Ridge Repair & Investment Fund and periodic reports to the Iron Range Resources Liaison groups regarding Marketing Projects; Communications Projects; Mining, Energy and Minerals Projects; and Technology Projects. Seconded by Representative Sertich. Motion carried.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

IX. Ironworld Endowment – Resolution No.: FY06-001

Motion by Representative Sertich to approve Resolution No.: FY06-001 related to an allocation of \$10 million for an endowment to help support and sustain the mission of the

Ironworld Discovery Center with an amendment to the second “Whereas” clause deleting the words “and control” from the statement “...intends to transfer the operation and control of the Ironworld...” Seconded by Representative Rukavina. Motion carried.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

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

Resolution No.: FY06-001

WHEREAS, pursuant to Minnesota Statutes Section 298.22 Iron Range Resources owns and operates the Ironworld Discovery Center, which is located near Chisholm; and

WHEREAS, Iron Range Resources intends to transfer the operation of the Ironworld Discovery Center to the Ironworld Development Corporation (“IDC”), a Minnesota non-profit corporation; and

WHEREAS, this transfer was recommended by the Ironworld Task Force report entitled *Ironworld Discovery Center: Recommendations for a Sustainable Future*; and

WHEREAS, the Ironworld Transition Team has recommended that Iron Range Resources establish an endowment to help support and sustain the mission of Ironworld Discovery Center even after the direct agency subsidy ceases; and

WHEREAS, the Commissioner has requested that Iron Range Resources place \$10,000,000 into a permanent endowment for the benefit of IDC; and

WHEREAS, it is intended by this Board that the interest and income from the endowment be used as a revenue source for IDC.

NOW, THEREFORE, BE IT RESOLVED, that the Commissioner is authorized to encumber and place \$10,000,000 of the operating reserve into an endowment for the benefit of IDC subject to reasonable terms and conditions for such a transaction which subsequently shall be approved by the Iron Range Resources and Rehabilitation Board.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF AUGUST, 2005.

AYES: 11
NAYS: 0
ABSTENTIONS: 0
ABSENT: 2

Signed: _____
Senator David Tomassoni
Chair of the Board

X. Board Appointment to Ironworld Development Corporation Board

Chairman Tomassoni appointed Representative Sertich to serve as the Iron Range Resources Board's member on the Ironworld Development Corporation Board

XI. Adjournment

Meeting adjourned at 8:55 p.m.