

BOARD REVISED MINUTES

Meeting of the Iron Range Resources Board

Thursday, October 20, 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 5:07 p.m. Present: Representative David Dill; Representative Maxine Penas; Representative Tom Rukavina; Representative Tony Sertich; Representative Loren Solberg; Senator Tom Bakk; Senator Tom Saxhaug; Citizen Joe Begich; Citizen Bill Henning and Citizen Matt Matasich. Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon. 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; Marianne Bouska, Director – Ironworld Discovery Center; Jack LaVoy, Marketing, Communications and External Affairs Director; Richard Anderson, Loan Officer Senior; Dave Hart, Loan Officer Senior; Sheryl Kochevar, Executive Assistant; Laureen Hall, Executive Assistant; David Torrel, Citizen, city of Gilbert; Terry Leoni, General Manager, Virginia Public Utilities; Peter McDermott, President, Itasca Development Corporation; Kirk Bustrom, Director, Itasca Technology Exchange; Bruce Strom, Executive Director, Mesabi Academy; John Staver, Owner, Staver Foundry; Rene Capra, President, Staver Foundry; Tom Keppel, Plant Manager, Staver Foundry; Barry Collins, Owner, Davich Properties, Inc.; Chris Boelter, Regional Director, CharterWest Mortgage, LLC; Brad Gallop, Regional Manager, CharterWest Mortgage, LLC; Derek Vekich, President and Chief Executive Officer, KMDA, Inc.; Don Lindstrom, Owner, Black Iron Rubber Company; Virginia Forti, Owner, Sunrise Bakery & Gourmet Foods; and Larry Lehtinen, President, Mesabi Nugget, LLC.

II. Approval of the August 18, 2005, Minutes

Representative Rukavina moved approval of the August 18, 2005, minutes. Motion carried.

III. Public Comments

David Torrel requested an update on the activity of the agency's Assistant to the Commissioner position that is officed in St. Paul and its relationship to the agency's mission and programs.

IV. Commissioner's Comments

Commissioner Layman updated the Board on the Legislative Audit Report released on October 5, 2005. Senator Tomassoni requested that the Iron Range Resources Revenue Sources & Budget Liaison group, chaired by Representative Sertich, review the audit findings with Commissioner and staff to develop a course of action in response to the report.

Commissioner Layman also updated the Board on activity related to the Douglas J. Johnson Economic Protection Trust Fund and its distribution of investments.

In addition, she reported on the agency's Early Separation Incentive Program. Nine out of ten eligible employees have formally notified the agency of their intent to accept the early separation incentive prior to July 1, 2006.

V. Laurentian Energy Authority Update

Terry Leoni, General Manager, Virginia Public Utilities, updated the Board on the status of the Laurentian Energy Authority biomass project, noting that the sale of \$60 million in bonds for the project had closed earlier in the day.

Matt Sjoberg reminded the Board of the agency's funding commitments to the project as per Resolution No. FY05-001: \$1 million in loans approved by the Board in September of 2004; \$3 million in loans approved as a part of the agency's FY06 Budget approved by the Board in August of 2005, which subsequently was approved by the Governor in September of 2005 and advanced by the agency; and \$4 million in loans that are anticipated to be made available by the agency as part of its FY07 Budget.

VI. Bonding for School Health, Safety & Maintenance Improvements

The Commissioner updated the Board on the recent meeting with Ron Dicklich, Executive Director, Range Association of Municipalities and Schools, and two area school superintendents regarding bonding for school health, safety and maintenance improvements as provided by Section 39, Senate File 69, 2005 1st Special Session. The legislation authorizes the Iron Range Resources Commissioner to issue revenue bonds in the amount of \$15 million. There appears to be consensus among the Taconite Assistance Area school districts that each of the fifteen districts would initially be eligible to receive up to a \$600,000 grant (a total of \$9 million). Area superintendents will provide a recommendation to the Commissioner in December regarding how the remaining \$6 million of bonding monies should be made available.

VII. Board Account

Action Required: Project approval requires 7 votes

a. Program Grants

- i. City of Biwabik**
- ii. Greenway Area Business Association**

- iii. **Ironworld Development Corporation**
- iv. **Minnesota Technology, Inc.**
- v. **North Shore Business Enterprise Center**

Senator Bakk suggested that the Economic Development Liaison group, chaired by Representative Solberg, meet with Wayne Pletcher, Minnesota Technology, Inc. (MTI), to obtain additional information regarding the MTI project, including the total project cost and the breakdown of financial assistance by other contributors.

Motion by Representative Sertich to approve projects i, ii, iii and v modified by friendly amendment by Representative Rukavina to add \$2 million dollars to the agency's FY06 budget for "public works" projects." Representative Rukavina proposed that this additional allocation come from two sources: \$1 million from \$2 million originally proposed for the Giants Ridge Repair & Investment Fund; and \$1 million from the Douglas J. Johnson Economic Protection Trust Fund.

Chairman Tomassoni ruled that the motion passed notwithstanding the Commissioner's request for clarification as to whether or not the motion had received the seven or eight "yes" votes required by law to approve spending from these accounts. **Amended with the following additions:** *Responding to the Commissioner's request, the Chair asked the board if anyone would like a division, i.e., a showing of hands. No board member questioned the Chair's ruling by asking for a division. Custom and Usage dictates that the number of votes required by law to pass Representative Sertich's motion were therefore recorded by voice vote.*

Voting in Favor of the Project:

Voting Against the Project:

Abstain:

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

VIII. Taconite Area Environmental Protection Fund

Action Required: Project approval requires 7 votes

a. City of Buhl – Occupational Development Center, Inc. (ODC)

Motion by Representative Rukavina to approve the City of Buhl – Occupational Development Center, Inc. project as presented. Seconded by Senator Bakk. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

b. Itasca Development Corporation – Speculative Building Project

Motion by Representative Solberg to approve the Itasca Development Corporation – Speculative Building project as presented. Seconded by Senator Saxhaug. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

Representative Rukavina, Representative Dill, Representative Sertich, Citizen Begich and Senator Tomassoni asked to be recorded as abstaining from the vote. Project, therefore, was not approved.

c. Northwest Airlines Bankruptcy Counsel Appropriation

Motion by Representative Sertich to approve the Northwest Airlines Bankruptcy Counsel Appropriation as presented. Seconded by Representative Solberg. Motion carried.

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

Voting Against the Motion: Representative Maxine Penas.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

IX. Douglas J. Johnson Economic Protection Trust Fund

Action Required: Project approval requires 8 votes

a. Buhl Economic Development Authority (KidsPeace Corporation) – Amendment

Motion by Representative Rukavina to approve the Buhl Economic Development Authority (KidsPeace Corporation) Amendment as presented. Seconded by Representative Dill. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

b. Staver Foundry

Motion by Representative Rukavina to approve the Staver Foundry project as presented. Modified by friendly amendment by Citizen Begich to allow for subsequent consideration of forgiveness for portions of the loan based upon the project achieving and sustaining certain employment thresholds. Seconded by Citizen Matasich. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

c. Davich Properties, Inc.

Motion by Representative Sertich to approve the Davich Properties, Inc. project as presented. Seconded by Representative Rukavina. Motion carried.

Voting in Favor of the Motion: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren

Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

d. CharterWest Mortgage, LLC

Motion by Senator Saxhaug to approve the CharterWest Mortgage, LLC project as presented. Seconded by Representative Solberg. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

e. KMDA, Inc.

Motion by Representative Solberg to approve the KMDA, Inc. project as presented. Seconded by Representative Rukavina. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

f. Black Iron Rubber Company

Motion by Representative Dill to approve the Black Iron Rubber Company project as presented. Seconded by Senator Bakk. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

g. Sunrise Bakery & Gourmet Foods

Motion by Representative Sertich to approve the Sunrise Bakery & Gourmet Foods project as presented. Seconded by Citizen Henning. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

h. Mesabi Nugget, LLC – Debenture Conversion and Amendment of Term Sheet

Motion by Senator Bakk to approve the Mesabi Nugget, LLC – Debenture Conversion as presented. Seconded by Citizen Begich. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

Motion by Senator Bakk to approve the Mesabi Nugget, LLC – Amendment of Term Sheet as presented. Seconded by Representative Rukavina. Motion carried.

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Becky Lourey and Senator Yvonne Prettner Solon.

XI. Adjournment

Meeting adjourned at 7:55 p.m.