

**Meeting of the
Iron Range Resources Board**

**Friday, February 10, 2006
3:00 p.m.**

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

I. Roll Call

Senator David Tomassoni, Chair, called the meeting to order at approximately 3:10 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, Development Strategies Director; Jean Dolensek, Administrative Services Director; Sheryl Kochevar, Executive Assistant; Lauren Hall, Executive Assistant; Tom Caprio, President, Meyer Associates, Inc.; Larry Lehtinen, President, Mesabi Nugget, LLC; George Erickson, Tennis for All; Bob Belluzo, Superintendent, Hibbing School District; John Klarich, Superintendent, Nashwauk-Keewatin School District; Tom Berrigan, Chairman, Iron Range Veterans Memorial Committee; and Mike Woods, President, United Steelworkers of America – Local 1938.

II. Approval of the December 12, 2005, Minutes

Representative Sertich moved approval of the December 12, 2005, minutes. Seconded by Representative Solberg. Motion carried.

III. Commissioner's Comments

Commissioner Layman reviewed the Legislative Auditor's findings regarding the agency's annual budget process, the Board's ability to approve programs as a part of that process, and the Commissioner's ability to make grants under those programs once approved. The Commissioner noted that tonight she would be requesting board approval on a number of small programs and projects which would not have come before the Board in the past but rather have been approved as a part of the agency's annual budget.

Commissioner Layman requested Board Account agenda item 4 b) Technology Projects ii.) Northeast Service Cooperative – Grant Amendment, be pulled from tonight's agenda.

IV. Taconite Area Environmental Protection Fund

Action Required: Project approval requires 7 votes

a. Meyer Associates, Inc.

Motion by Representative Rukavina to approve the Meyer Associates, Inc. project as presented for an amount not to exceed \$625,000. Seconded by Representative Sertich. 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.

V. Douglas J. Johnson Economic Protection Trust Fund Corpus

Action Required: Project approval requires 10 votes

a. Mesabi Nugget, LLC

Motion by Senator Bakk to approve Resolution No.: FY06-004 related to the expenditure of up to \$6,488,000 of the corpus of the DJJ Fund to purchase the surface and mineral rights for up to 800 acres within the proposed Mesabi Nugget pellet product facility footprint at the former LTV site at Hoyt Lakes and then to lease that same property back to Mesabi Nugget in the manner and subject to the terms contained in the Commissioner's Proposal. 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.

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

Resolution No.: FY06-004

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (c) authorizes the agency to expend, upon prior approval by the affirmative vote of at least ten members of the Board, up to 20% of the corpus of the Douglas J Johnson Economic Protection Trust Fund (the "DJJ Fund"), valued as of the date of May 18, 2002, for projects and programs described in Minnesota Statutes Section 298.292, subdivision 1 that either:

- a. are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses; or,
- b. encourage diversification of the economy and promote the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism;

WHEREAS, Mesabi Nugget, LLC has asked Iron Range Resources to purchase the surface and mineral rights for up to 800 acres within the proposed Mesabi Nugget pellet product facility footprint at the former LTV site at Hoyt Lakes and then lease that same property back to Mesabi Nugget; and,

WHEREAS, the Commissioner has submitted a three-page proposal (the Proposal”) to the Board requesting it to authorize, on the terms therein described, the expenditure of up to \$6,488,000 of DJJ Fund corpus monies to purchase such land mineral interests, with approximately 18.5% of such purchase price allocated to the cost of acquiring surface fee interests and approximately 81.5% of the purchase price allocated to the cost of acquiring mineral rights; and,

WHEREAS, the Board held a special meeting starting at 3:00 p.m. on Friday, February 10, 2006, at the agency’s Eveleth Administration building to consider the Proposal and whether to approve the proposed expenditure of DJJ Fund corpus funds for the project to facilitate the company’s proposed construction within the Taconite Assistance Area of a full-scale production plant using the Kobe Steel ITmk3 iron nugget production process (the “Plant”); and,

WHEREAS, the Board, after due consideration of the Commissioner’s Proposal and other information presented at the meeting, has concluded that the construction and subsequent operation of the Plant at that location in northeastern Minnesota has the potential of providing a significant number of new jobs and increasing the vitality and long-term viability of the iron mining industry within the Taconite Assistance Area, and that the acquisition of real property in support of the Plant project is thus for a purpose for which the expenditure of DJJ Fund corpus monies is authorized.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board has concluded that it would be in the best interests of the economy and of the people of the Taconite Assistance Area to authorize, under the provisions of Minnesota Statutes Section 298.296, Subdivision 2 (c), the expenditure of up to \$6,488,000 of the corpus of the DJJ Fund to purchase the surface and mineral rights for up to 800 acres within the proposed Mesabi Nugget pellet product facility footprint at the former LTV site at Hoyt Lakes and then to lease that same property back to Mesabi Nugget in the manner and subject to the terms contained in the Commissioner’s Proposal.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY, 2006

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Becky Lourey				X
Senator Tom Saxhaug	X			
Senator Yvonne Prettner Solon				X
Senator Dave Tomassoni	X			
Representative Dave Dill	X			
Representative Maxine Penas	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Bill Henning	X			
Citizen Matt Matasich	X			

TOTAL	11	0	0	2
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Signed : _____
 Senator David Tomassoni, Chair

VI. Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

a. Development Projects

i. City of Coleraine

ii. City of Grand Marais/Cook County/Grand Marais Joint Economic Development Authority

No action taken.

VII. Projects introduced by the Board for Commissioner Approval

Action Required: Project approval requires 7 votes

- a. Coleraine** - \$85,000 grant for infrastructure and roadway extensions to the proposed Eagle Ridge Technology Park.
- b. Grand Marais/Cook County/Grand Marais Joint Economic Development Authority** - \$200,000 grant for the development of the Cedar Grove Business Park in Grand Marais.
- c. Nashwauk** - \$175,000 grant for water and sewer extensions in the industrial park. The release of these funds is contingent upon a firm commitment from the prospective business tenants.
- d. Aitkin** - \$10,000 grant to the Aitkin Board of Soil and Water Conservation for engineering and predesign for Flemming Creek Watershed District.
- e. Virginia** - \$125,000 grant for the “Tennis For All” project.
- f. Eveleth** - \$100,000 grant for sewer plant repairs.
- g. Eveleth** - \$50,000 grant for Eveleth Veterans Park upgrades.
- h. Embarrass** - \$5,000 grant for Timberhall roof repairs.
- i. Silver Bay** - \$170,000 grant for asbestos and other hazardous materials removal at the former mining company barracks -- now known as the Bell Apartments – in order to develop residential housing.
- j. Hibbing** - \$75,000 grant for water and sewer extensions within the North Hibbing Industrial Park. The release of these funds is contingent upon a firm commitment from the prospective business tenants.
- k. Irongate Business Park** - \$70,000 grant for the extension of utilities, a road, curbs and gutters to complete the looping system with existing utilities and businesses.
- l. Chisholm-Hibbing Airport** - \$100,000 grant for the extension of utilities and roads onto the SIB site.
- m. Chisholm** - \$100,000 grant for wastewater treatment infrastructure.

Representative Solberg moved approval of the expenditure of Taconite Area Environmental Protection Fund monies for the following above projects in the designated

amounts, subject to the condition that the grant contract for each such project contain provisions requiring the grantee to comply with the prevailing wage policy expressed by the Board in Resolution 96-005. 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 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.

Absent at the Time of the Vote: Senator Tom Bakk.

VIII. Board Account

Action Required: Project approval requires 7 votes

a. Communication Projects

- i. Minnesota Wood Campaign – Minnesota Wood Education Program**
- ii. Blandin Foundation – 2006 Minnesota Wood Campaign**

Motion by Senator Saxhaug to approve the two Communications Projects (Minnesota Wood Campaign/Minnesota Wood Education Program - \$30,000 and Blandin Foundation/2006 Wood Capacity Conference - \$10,000) as presented for an amount cumulatively not to exceed \$40,000. 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.

Absent at the Time of the Vote: Senator Tom Bakk.

b. Technology Projects

- i. Northeast Service Cooperative**

- ii. **UMD Center for Economic Development – 21st Century Arrowhead Initiative**
- c. **Commissioner Projects**
 - i. **UMD Center for Economic Development – Small Business Development Centers**

Chairman Tomassoni tabled the above agenda items pending further discussion and review.

IX. Taconite Area Environmental Protection Fund
Action required: Project approval requires 7 votes

a. School District Bonding Program

Motion by Senator Bakk to approve the School District Bonding Program as presented for an amount not to exceed \$50,000. Seconded by Representative Sertich. 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 Prettnner Solon.

Motion by Senator Bakk to approve the recommendation of the Taconite Assistance Area school superintendents committee, in conjunction with the Range Association of Municipalities and Schools, regarding funding criteria and allocations for the \$15 million school district health, safety and maintenance improvements grants program. 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 Prettnner Solon.

b. Tourism Projects

- i. **Club Mesabi – 2006 Great River Energy Mesabi Trail Tour**
- ii. **Curl Mesabi – 2007 World Junior Curling Championships**

Motion by Representative Rukavina to approve the two Tourism Projects (Club Mesabi/2006 Great River Energy Mesabi Trail Tour - \$10,000 and Curl Mesabi/2007 World Junior Curling Championship - \$10,000) as presented for an amount cumulatively not to exceed \$20,000. 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.

X. Other

a. Iron Range Veterans Memorial

Tom Berrigan, Chairman, Iron Range Veterans Memorial Committee, updated the Board on the status of the Iron Range Veterans Memorial project. The Commissioner pledged agency staff support to assist the Iron Range Veterans Memorial Committee in preparation of a project proposal at the \$250,000 level to be presented for final approval at the next Board meeting.

b. US Steel – Minntac – Taconite Economic Development Fund (TEDF) 2005 Allocation

Mike Woods, President, United Steelworkers of America – Local 1938, urged Commissioner Layman and the Board not to approve the pay 2005 TEDF allocation for US Steel – Minntac to purchase production trucks. Commissioner Layman outlined the “Findings of Fact” she used in making her final determination to release the pay 2005 TEDF funds.

c. 2006 Legislation

Motion by Citizen Matt Matasich for the Iron Range Resources Board to go on record urging the agency’s support of restoration of the monies in the Minnesota Minerals 21st Century Fund. Seconded by Representative Rukavina. Motion carried.

XI. Adjournment

Meeting adjourned at 4:30 p.m.