

**Meeting of the  
Iron Range Resources Board**

**Thursday, December 21, 2006  
10:00 a.m.**

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

**I. Roll Call**

Senator David Tomassoni, Chair, called the meeting to order at approximately 10:27 a.m. Present: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug and Citizen Matt Matasich. Absent: Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Doug Gregor, Assistant Attorney General; Gunnar Johnson, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Jean Dolensek, Chief Financial Officer; Marianne Bouska, Ironworld Liaison and Agency Strategic Results; Dave Hart, Loan Officer, Senior; Richard Anderson, Loan Officer Senior; Richard Walsh, Community Development Representative; Sheryl Kochevar, Executive Assistant; Laureen Hall, Executive Assistant; Annette Maki, Executive Assistant; Steve Hill, President, Hill Wood Products, Inc.; Randy Rosandich, Vice President, Hill Wood Products, Inc.; Boyd Palsgrove, President, White Bear Technologies, Inc.; Mike Valentine, Economic Development Coordinator, Two Harbors Development Commission; Dave Clusiau, Chair, Ironworld Development Corporation; Jack Ryan, Ironworld Development Corporation; Douglas R. Stasek, Director of Gift Planning, Minnesota Community Foundation;

**II. Approval of the September 11, 2006, Minutes**

Representative Dill moved approval of the September 11, 2006, minutes. Seconded by Senator Bakk. Motion carried.

**III. Commissioner's Comments**

Commissioner Layman recognized retiring Board Members: Representative Maxine Penas, Senator Becky Lourey, and Citizen Bill Henning. Commissioner Layman expressed her appreciation and gratitude for their service on the Iron Range Resources Board. (Senator Becky Lourey and Citizen Bill Henning were absent from the meeting)

**IV. Board Account**

*Action Required: Project approval requires 7 votes*

**a. Public Works Projects**

Motion by Representative Rukavina to approve the Public Works Projects as presented for an amount not to exceed \$2,000,000\*. Seconded by Representative Solberg. Motion carried.

\*Proposed funding sources for the \$2 million are \$1,500,000 from the FY07 Development Projects Fund [\$7 million reserve] and \$500,000 from FY07 Development Projects [regular project appropriation].

**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, and Citizen Matt Matasich.

**Voting Against the Motion:** None.

**Abstain:** None.

**Absent:** Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning.

**V. Taconite Area Environmental Protection Fund**  
*Action Required: Project approval requires 7 votes*

**a. Hill Wood Products, Inc.**

Motion by Senator Bakk to approve the Hill Wood Products, Inc. project as presented for an amount not to exceed \$675,000. 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, and Citizen Matt Matasich.

**Voting Against the Motion:** None.

**Abstain:** None.

**Absent:** Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning.

**b. White Bear Technologies, Inc.**

Motion by Representative Dill to approve the White Bear Technologies, Inc. project as presented for an amount not to exceed \$75,000. 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, and Citizen Matt Matasich.

**Voting Against the Motion:** None.

**Abstain:** None.

**Absent:** Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning.

**c. Ironworld Endowment – Resolution No. 07-002**

Motion by Representative Penas to approve Resolution No. 07-002 which authorizes the Commissioner to release the Ironworld endowment and endowment match to the Ironworld Development Corporation subject to the conditions as outlined in the Resolution. Seconded by Citizen Matasich. Motion carried.

**Voting in Favor of the Motion:** Representative David Dill, Representative Maxine Penas, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, and Citizen Matt Matasich.

**Voting Against the Motion:** Representative Tom Rukavina.

**Abstain:** Representative Tony Sertich.

**Absent:** Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning.

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

**Resolution No.: 07-002**

**WHEREAS**, on August 18, 2005, the Iron Range Resources and Rehabilitation Board (“IRRRB”) approved Resolution No. FY06-001 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 IRRRB 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”); and

**WHEREAS**, the Endowment and Endowment Match are to be granted to IDC with the requirement that they be deposited into a fund managed and controlled by an entity approved by the Agency and with some rights of reversion to the Agency; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Commissioner of Iron Range Resources (the “Commissioner”) is authorized to release the Endowment and Endowment Match to IDC subject to the following conditions:

1. That IDC and Iron Range Resources execute an agreement consistent with the terms of the Term Sheet; and
2. That the Endowment and Endowment Match be placed into a fund that is controlled and administered by a Minnesota non-profit corporation that is unrelated to IDC with some mandatory and discretionary rights of reversion to the Agency; and
3. That the Endowment and Endowment Match are subject to other terms and conditions reasonably required by the Commissioner and consistent with other agreements with IDC.

**IT IS FURTHER RESOLVED** that the IRRRB approves the transfer of control of Ironworld to IDC, as required by Minnesota Statutes Section 298.22, Subd. 10.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21<sup>st</sup> DAY OF DECEMBER, 2006.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Senator Tom Bakk	<b>X</b>			
Senator Becky Lourey				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Maxine Penas	<b>X</b>			
Representative Tom Rukavina		<b>X</b>		
Representative Tony Sertich			<b>X</b>	
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich				<b>X</b>
Citizen Bill Henning				<b>X</b>
Citizen Matt Matasich	<b>X</b>			
<b>TOTAL</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>4</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**VI. Douglas J. Johnson Economic Protection Trust Fund Corpus**

*Action Required: Project approval requires 7 votes*

**a. Minnesota Steel Industries – Resolution No. 07-004**

Motion by Representative Solberg to approve Resolution No. 07-004 which asks the Commissioner to renegotiate the terms of the \$6,000,000 Minnesota Steel Industries, LLC Loan agreement to provide for full or partial forgiveness of the Note subject to the conditions as outlined in the Resolution. Seconded by Senator Saxhaug. Motion carried.

Representative Rukavina submitted a letter for the record by Citizen Joe Begich which outlined his concerns regarding the Minnesota Steel Industries Project and the Forest Industry Assistance Program.

**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, and Citizen Matt Matasich.

**Voting Against the Motion:** None.

**Abstain:** None.

**Absent:** Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning.

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

### **Resolution No.: FY07-004**

**WHEREAS**, Minnesota Steel Industries, LLC (“MSI”) is developing a steel plant near Nashwauk, Minnesota to produce roughly 2.4 million tons of hot rolled steel in two phases with the capacity of 1.2 million tons per phase; and

**WHEREAS**, it is expected to cost in excess of \$1.5 billion to develop and construct Phase I of the business; and

**WHEREAS**, the new plant, including mining activity, is expected to employ approximately 700 permanent workers; and

**WHEREAS**, the Iron Range Resources and Rehabilitation Board (“IRRRB”) has been and remains supportive of this project.

**NOW, THEREFORE, BE IT RESOLVED**, that the IRRRB asks the Commissioner of Iron Range Resources to renegotiate the terms of the \$6,000,000 Minnesota Steel Industries, LLC Loan Agreement to provide for full or partial forgiveness of the Note should MSI:

1. close on construction financing for Phase I by December 31, 2008;

2. construct the steel plant; and
3. operate the facility at a certain level of employment for a period of time to be determined through negotiation.

**IT IS FURTHER RESOLVED** that no forgiveness shall occur until MSI has met the conditions set forth above along with any other terms and conditions reasonably required by the Commissioner and consistent with the goals of the existing loan agreement.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21<sup>st</sup> DAY OF DECEMBER, 2006.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Senator Tom Bakk	<b>X</b>			
Senator Becky Lourey				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Maxine Penas	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich				<b>X</b>
Citizen Bill Henning				<b>X</b>
Citizen Matt Matasich	<b>X</b>			
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>4</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**VII. Forest Industry Assistance Program - Resolution 07-003**

*Action Required: Project approval requires 7 votes*

Motion by Representative Dill to approve Resolution No. 07-003 which authorizes the expenditure of up to \$2,000,000 to provide a grant to the Laurentian Energy Authority or another biomass facility to reimburse the facility up to \$32.50 per cord of wood product purchased by the facility from established loggers within the Taconite Assistance Area subject to the conditions as outlined in the Resolution. 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, and Citizen Matt Matasich.

**Voting Against the Motion:** None.

**Abstain:** None.

**Absent:** Senator Becky Lourey, Senator Yvonne Prettner Solon, Citizen Joe Begich and Citizen Bill Henning.

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
FOREST INDUSTRY ASSISTANCE PROGRAM RESOLUTION**

Resolution No.: 07-003

**IT IS HEREBY RESOLVED**, that the Board hereby approves the expenditure of up to \$2,000,000 of Taconite Area Environmental Protection Fund monies (the “Forest Industry Assistance Funds”) to provide a grant to the Laurentian Energy Authority (“LEA”) or another biomass facility located in the Taconite Assistance Area (collectively “Grant Recipient”) to reimburse it for up to \$32.50 per cord of roundwood product purchased by the Grant Recipient after the effective date of this Resolution (“Reimbursable Cords”), from established loggers whose principal place of business or residence is located within the Taconite Assistance Area (“Eligible Loggers), subject to the following additional conditions:

- (1) Reimbursable cords shall be those delivered to a site agreed to by the Grant Recipient and the agency for power generation purposes;
- (2) Reimbursements will be made only for the first 1,000 Reimbursable Cords purchased by the Grant Recipient from each Eligible Logger; and,
- (3) The Commissioner shall request the Governor in writing to support and endorse legislation in the 2007 Legislative Session to provide State general fund monies to assist financially distressed loggers in the Taconite Assistance Area and throughout the State in an amount of no less than \$4 million (in addition to the Forest Industry Assistance Funds); and,
- (4) No reimbursement will be made for cords purchased by the Grant Recipient from Eligible Loggers after June 30, 2007, or for a price less than \$62.50 per cord.

**BE IT FURTHER RESOLVED** that the Board, to help defray costs incurred by the Laurentian Energy Authority in administering the Program, hereby recommends that the Commissioner amend the terms of the existing loans by the agency to the City of Virginia and the Hibbing Public Utilities Commission (who are the sole members of the Laurentian Energy Authority) to defer to January 1, 2009, that portion of the payments of interest due during calendar year 2007 and 2008 in an amount equal to \$3 per cord purchased by the Laurentian Energy Authority under the above Forest Industry Assistance program.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21<sup>st</sup> DAY OF DECEMBER, 2006.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Senator Tom Bakk	<b>X</b>			
Senator Becky Lourey				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Maxine Penas	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich				<b>X</b>
Citizen Bill Henning				<b>X</b>
Citizen Matt Matasich	<b>X</b>			
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>4</b>

Signed: \_\_\_\_\_  
Senator David Tomassoni, Chair

**VIII. Adjournment**

Meeting adjourned at 12:30 p.m.