

**Meeting of the
Iron Range Resources Board**

**Thursday, September 6, 2007
10:00 a.m.
Iron Range Resources Board Room
Eveleth, Minnesota**

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 10:15 a.m. Present: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan. Absent: None. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Gunnar Johnson, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Jean Dolensek, Administrative Services Director; Sheryl Kochevar, Communications & Media Coordinator; Lauren Hall, Executive Assistant; Annette Maki, Executive Assistant; Robert Leiviska, Owner, Aitkin Machine and Manufacturing; Mark Millett, Executive Vice President of Steel Dynamics, Inc. and President and Chief Operating Officer for Flat Rolled Steels and Ferrous Resources; Steve Rutherford, Manager, Mesabi Nugget Project of Steel Dynamics, Inc.; and Scott Dane, Executive Director, Associated Contract Loggers and Truckers of Minnesota.

II. Approval of the July 19, 2007, Minutes

Citizen Jack Ryan moved approval of the July 19, 2007, minutes. Seconded by Citizen Shelley Robinson. Motion carried.

III. Update on Grant Guidelines and Programs

Board Members were provided with the guidelines for the Public Works Infrastructure Program, the Community Business Infrastructure Program and the Residential Community Redevelopment Program.

IV. Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

a. Board Proposed Youth In Action Project Grants – Resolution No. 08-002

Motion by Senator Bakk to approve the Board Proposed Youth in Action Project Grants as presented in Resolution No. 08-002 for an amount not to exceed \$150,000. Seconded by Representative Tony Sertich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None.

Abstain: None.

Absent: None.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BOARD PROPOSED YOUTH IN ACTION PROGRAM GRANT APPROVALS**

Resolution No.: 08-002

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local development projects within the TAA; and,

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$150,000 of TEPF Funds for certain Youth In Action Program community development projects generally described as the **Board Proposed Youth in Action projects** (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on September 6, 2007, in the Iron Range Resources Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Funds to provide grants in the following amounts for the following proposed projects:

- (1) **Chisholm Youth in Action project:** \$50,000 to the City of Chisholm for the proposed renovation of the two-story building on Main Street commonly known as the “Old Union Hall” to enable it to function as a youth center;
- (2) **Cook Youth in Action project:** \$50,000 to the City of Cook for the proposed construction of a new youth facility at the Doug Johnson recreational park in Cook that will include a deli-style restaurant, lounge area, warming area, and equipment storage area; and
- (3) **Ely Youth in Action project:** \$50,000 to the City of Ely for the proposed construction of a youth facility and associated recreational areas in the City’s new park.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 6th DAY OF SEPTEMBER, 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			

Senator Rod Skoe	X			
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
Representative David Dill, Chair

b. Board Proposed Development Project Grants – Resolution No. 08-003

Motion by Senator David Tomassoni to approve the Board Proposed Development Project Grants as presented in Resolution No. 08-003 for an amount not to exceed \$200,000. Seconded by Representative Tom Rukavina. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None.

Abstain: None.

Absent: None.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BOARD PROPOSED DEVELOPMENT GRANT APPROVALS**

Resolution No.: 08-003

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local development projects within the TAA; and,

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$200,000 of TEPF Funds for certain community development projects generally described as the Board Proposed Development projects (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on September 6, 2007, in the Iron Range Resources Board Room located Building near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Funds to provide grants in the following amounts for the following Proposed Projects:

(1) **B'nai Abraham Cultural Center project:** \$75,000 to the City of Virginia or a Virginia community-based public or nonprofit corporation for the preservation of that certain National Register of Historic places building known as the "B'nai Abraham Synagogue" in Virginia, of which \$50,000 shall be for renovation of such facility and \$25,000 for a permanent endowment for the preservation of such facility during such period of time as it is open to the public and functioning as a cultural center and museum, subject to repayment obligations if the property is sold to a person other than a public or non-profit corporation within 10 years;

(2) **Iron Range Retriever Club project:** \$50,000 to the Minnesota Iron Range Retriever Club, a Minnesota nonprofit corporation, for pond and field construction on the property owned by the corporation in Mt. Iron, subject to repayment obligations if the facility within 10 years is no longer used for dog field trial or dog training events that are open to the general public; and

(3) **Chisholm Ballfield project:** \$75,000 to the city of Chisholm to improve infrastructure at the city-owned baseball field.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 6th DAY OF SEPTEMBER, 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
 Representative David Dill, Chair

V. Douglas J. Johnson Economic Protection Trust Fund
Action required: Project approval requires 8 votes

a. Aitkin Machine and Manufacturing

Motion by Representative Loren Solberg to approve the Aitkin Machine and Manufacturing project as presented for an amount not to exceed \$102,500. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None.

Abstain: None.

Absent: None.

VI. Douglas J. Johnson Economic Protection Trust FundCorpus

Action required: Project approval requires 10 votes

a. Mesabi Nugget Delaware, LLC – Resolution No. 08-004

Motion by Senator Tom Bakk to approve the Mesabi Nugget Delaware Project as presented in Resolution No. 08-004 for an amount not to exceed \$16,488,000. Seconded by Representative Tom Rukavina. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None.

Abstain: None.

Absent: None.

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

Resolution No.: 08-004

WHEREAS, Iron Range Resources has been instrumental in the development of the ITmk3[®] iron nugget technology; and

WHEREAS, in 2001, Iron Range Resources provided the initial funding to Mesabi Nugget, LLC in the form of a \$500,000 Convertible Debenture; and

WHEREAS, in 2002, Iron Range Resources provided funding for an iron nugget pilot demonstration plant in Silver Bay, Minnesota, in the form of a \$7,500,000 Convertible Debenture; and

WHEREAS, Iron Range Resources has continued to support efforts to commercialize the iron nugget process, which will provide new economic benefits and opportunities for Minnesota's Iron Range; and

WHEREAS, in partnership with Mesabi Nugget Delaware, LLC; Mesabi Nugget, LLC; Ferrometrics, Inc.; Iron Units LLC, Kobe Iron Nugget LLC; Ferrous Resources, LLC; the Minnesota Department of Employment and Economic Development; Larry Lehtinen; Kobe Steel, Ltd.; Cleveland-Cliffs Inc. and Steel Dynamics, Inc., Iron Range Resources has entered into a Master Agreement to construct and operate a commercial iron nugget plant near Hoyt Lakes, Minnesota; and

WHEREAS, the construction of the commercial iron nugget plant is expected to cost in excess of \$235,000,000; and

WHEREAS, to facilitate the construction of the commercial iron nugget plant near Hoyt Lakes and to promote the further commercialization of the technology in northeastern Minnesota, Iron Range Resources has agreed to restructure the repayment of its previous assistance to Mesabi Nugget, LLC, which includes the right to share in a portion of the worldwide ITmk3[®] royalties, a release of Iron Range Resources' security interest in the pilot demonstration plant, the option for Kobe Steel, Ltd. to repay the previous assistance in exchange for Iron Range Resources' royalty rights and other provisions to assist in the wind-up of Mesabi Nugget, LLC; and

WHEREAS, to facilitate the construction and development of the commercial iron nugget plant near Hoyt Lakes, Iron Range Resources also has agreed to provide \$16,488,000 in financing to Mesabi Nugget Delaware, LLC to acquire land and develop and construct the commercial plant, as further detailed on the attached Mesabi Nugget Delaware, LLC Large-Scale Nugget Demonstration Plant Term Sheet ("Term Sheet"); and

WHEREAS, the \$16,488,000 was previously authorized to fund Mesabi Nugget, LLC by Board action of September 23, 2004, October 20, 2005, February 10, 2006, and June 15, 2006, but changes to the structure of the project financing and ownership have necessitated certain modifications to the proposed financing from Iron Range Resources.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Iron Range Resources and Rehabilitation Board has concluded that it would be in the best interest of the economy and of the people of the Taconite Assistance Area to loan \$16,488,000 to Mesabi Nugget Delaware, LLC, on the terms specified on the attached Term Sheet.

\$10,000,000 of funding for this project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.294) pertaining to expenditures of DJJ monies for economic development projects in that these statutes authorize the agency, upon prior approval by the affirmative vote of at least eight members of the Board, to make small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341. More specifically, Minnesota Statutes Section 298.296, Subdivision 4 (a-d) provides temporary loan authority for construction and equipping of value-added iron products facilities.

\$6,488,000 of funding for this project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.294) pertaining to expenditures of DJJ monies for economic development projects in that these statutes authorize the agency to make small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341. More specifically, 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, due to the fact that the project is one that:

- a. is designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses; and,
- b. encourages diversification of the economy of the Taconite Assistance Area and promotes the development of minerals.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 6th DAY OF SEPTEMBER, 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
 Representative David Dill, Chair

VII. Other

- a. Scott Dane, Executive Director, Associated Contract Loggers and Truckers of Minnesota, expressed appreciation to the Commissioner and Board for the implementation of the Forest Industry Assistance Program.
- b. Representative Tom Rukavina expressed his concern regarding agency program guidelines which, in his opinion, are too prescriptive; and matching requirements which, in his opinion, present a financial hardship for some cities and towns.
- c. Representative Tom Rukavina and Citizen Joe Begich expressed objections with articles in the Fall 2007 – RangeView.

VIII. Adjournment

Meeting adjourned at 11:10 a.m.