

**Meeting of the  
Iron Range Resources Board**

**Tuesday, March 31, 2009**

**6:00 p.m.**

**State Capitol – Room 318**

**St. Paul, Minnesota**

**I. Roll Call**

Senator David Tomassoni, Chair, called the meeting to order at approximately 6:04 p.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Rod Skoe, Senator Yvonne Prettner Solon, Citizen Joe Begich. Absent: Senator Tom Bakk, Senator Tom Saxhaug, Citizen Shelley Robinson, Citizen Jack Ryan. Also present: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Al Becicka, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Roy Smith, Workforce Development Coordinator; Jean Dolensek, Chief Financial Officer; Laureen Hall, Executive Assistant; Sue Collins, President, Northeast Higher Education District; Trent Janezich, Director, Arrowhead University Consortium; Terry Leoni, General Manager, Virginia Public Utilities.

**II. Approval of the February 18, 2008, Minutes**

Representative Loren Solberg moved approval of the February 18, 2009, minutes. Seconded by Representative David Dill. Motion carried.

**III. Iron Range Higher Education Account**

*Action required: Approval requires a majority vote of the quorum present*

**a. Iron Range Engineering Program – Resolution No. 09-028**

Representative Tom Rukavina moved approval of the Iron Range Engineering Program, as presented in Resolution No. 09-028. Seconded by Representative Loren Solberg. Motion carried.

**Voting in Favor of the Motion:** Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich

**Voting Against the Motion:** None

**Abstain:** None

**Absent:** Senator Tom Bakk, Senator Tom Saxhaug, Citizen Shelley Robinson, Citizen Jack Ryan

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
IRON RANGE HIGHER EDUCATION ACCOUNT EXPENDITURE APPROVAL**

**Resolution No.: 09-028**

**WHEREAS**, Minnesota Statutes Section 298.28, subd. 9d allocates 5 cents per taxable ton of taconite taxes to the agency to be deposited in an Iron Range higher education account (“**Higher Education Account**”) to be used for higher education programs conducted at educational institutions in the Taconite Assistance Area designated in Minnesota Statutes Section 297.1341 (“**TAA**”); and,

**WHEREAS**, Minnesota Statutes Section 298.2214 created the Iron Range Higher Education Committee (“**Committee**”) to advise the commissioner of Iron Range Resources on providing higher education programs within the TAA; and,

**WHEREAS**, pursuant to 298.28, subd. 9d, both the Iron Range Resources and Rehabilitation Board (“**Board**”) and the Committee must approve all expenditures from the Higher Education Account; and,

**WHEREAS**, the Committee has approved an expenditure of up to \$1,144,700 of the Higher Education Account funds to provide a grant to the Northeast Higher Education District (NHED) for use by the Arrowhead University Consortium (AUC) to develop a higher education program that, in collaboration with private industry, will allow students to earn a bachelors of science in engineering degree from Minnesota State University at Mankato (hereafter referred to as the “**Engineering Degree Program**”); and,

**WHEREAS**, the Committee approved expenditure will cover the first year of costs for the Engineering Degree Program, for which it is projected that total costs for the development and implementation of the Program will be \$3,097,852 over the course of four years, and for which it is further anticipated that the Program will begin to generate revenues in excess of costs starting with the fifth year after it has been implemented; and,

**WHEREAS**, in order to provide the aforementioned grant to the NHED, it is necessary for the Board to approve an expenditure of funds from the Higher Education Account; and,

**WHEREAS**, the Board met in open session at 6:00 p.m. on March 31, 2009, at the State Capitol building in St. Paul to consider, among other matters, the proposed expenditure of up to \$1,144,700 of Higher Education Account funds for the purpose of providing a grant to the NHED for use by the AUC to develop an Engineering Degree Program within the TAA and determined that the proposed expenditure would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby approves the expenditure of up to \$1,144,700 of Higher Education Account funds for a grant to the NHED to be used by the AUC to develop an Engineering Degree Program that, in collaboration with private industry, will

allow students to earn a bachelors of science in engineering degree from Minnesota State University at Mankato.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 31<sup>st</sup> DAY OF MARCH 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug				<b>X</b>
Senator Rod Skoe	<b>X</b>			
Senator Yvonne Prettner Solon	<b>X</b>			
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<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 Shelley Robinson				<b>X</b>
Citizen Jack Ryan				<b>X</b>
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>4</b>

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

**IV. Douglas J. Johnson Economic Protection Trust Fund**

*Action required: Approval requires 8 votes*

a) Logger Assistance/Hibbing & Virginia Public Utilities Loan Payments –  
**Resolution No. 09-029**

Representative Tony Sertich moved approval of the Logger Assistance Project, as presented in Resolution No. 09-029. Seconded by Senator Yvonne Prettner Solon. Motion carried.

**Voting in Favor of the Motion:** Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Rod Skoe, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich

**Voting Against the Motion:** None

**Abstain:** None

**Absent:** Senator Tom Bakk, Senator Tom Saxhaug, Citizen Shelley Robinson, Citizen Jack Ryan

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
HIBBING PUBLIC UTILITIES COMMISSION AND CITY OF VIRGINIA  
FORGIVENESS OF LOAN PAYMENTS DUE THROUGH JANUARY 1, 2010,  
FOR PURCHASE OF ADDITIONAL WOOD BIOMASS FUEL HARVESTED BY  
LOGGING BUSINESSES IN THE TACONITE ASSISTANCE AREA**

**Resolution No.: 09-029**

**WHEREAS**, the Board by motion on September 23, 2004, approved the expenditure of up to \$8 million of funds from the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.291-298.294 and Minnesota Statute Section 298.28, subdivision 11 (“**DJJ Funds**”) for loans to the Public Utility Commission of Hibbing (“HPUC”) and to the City of Virginia for its Department of Public Utilities Commission (“City of Virginia” and, jointly, the “Public Entities”) for financial assistance in pursuing projects to retrofit and create certain facilities to power their boilers (the “Biomass Project”) using biomass materials that are produced locally within the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“TAA”); and,

**WHEREAS**, consistent with such motion, the agency entered into separate loan agreements for up to \$4 million with the City of Virginia on July 15, 2005, and for up to \$4 million with the HPUC on July 19, 2005, with provisions requiring installment payments to be paid by the Public Entities to the agency throughout the terms of the loans until the loans are repaid in full; and,

**WHEREAS**, the amount of loan installment payments anticipated to be paid to the agency by the Public Entities through January 1, 2010, for deposit into the DJJ Fund operating account is \$720,000; and,

**WHEREAS**, the Board recognizes that the logging industry in the TAA has been adversely impacted by the economic downturn disproportionately more than many other business sectors; and,

**WHEREAS**, the Commissioner has proposed that all loan installment payments owed to the agency by the Public Entities through January 1, 2010, be forgiven provided that in exchange the Public Entities agree to spend all such payment amounts otherwise due to the agency during such time period on additional purchases of wood from logging businesses located in the TAA; and

**WHEREAS**, such loan forgiveness is expected to allow the Public Entities to purchase approximately 30,000 additional cords of wood during calendar year 2009 over and above the amount of wood that otherwise would be purchased for use in their boilers provided by and through the Biomass Project; and,

**WHEREAS**, the Public Entities will purchase all of the 30,000 additional cords of wood no later than January 1, 2010; and,

**WHEREAS**, the Board met in open session at 6:00 p.m. on March 31, 2009, at the State Capitol building in St. Paul to consider, among other matters, the proposal to forgive up to \$720,000 in loan installment payments owed by the Public Entities through January 1, 2010, in exchange for their purchase of additional wood for use in their Biomass Project boilers from logging businesses located in the TAA.

**NOW, THEREFORE, IT IS RESOLVED**, that the forgiveness of up to \$720,000 of installment payments on outstanding loans payable to the agency through January 1, 2010, by the HPUC and the City of Virginia in exchange for the purchase of 30,000 additional cords of wood harvested by logging companies in the TAA no later than January 1, 2010, appears to be in the best interests of the TAA and of the agency and is hereby approved.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 31st DAY OF MARCH 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug				<b>X</b>
Senator Rod Skoe	<b>X</b>			
Senator Yvonne Prettner Solon	<b>X</b>			
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<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 Shelley Robinson				<b>X</b>
Citizen Jack Ryan				<b>X</b>
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>4</b>

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

**VIII. Adjournment**

Meeting adjourned at 6:25 p.m.