

IRRRB Meeting Minutes
Tuesday, February 10, 2015 – 5:00 p.m.
State Office Building, Room 300 South
St. Paul, Minnesota

1) Roll Call

Senator David Tomassoni, Board chair, called the meeting to order at approximately 5:08 p.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug. Minute Taker: Laureen Hall, Executive Assistant. Also present: Mark Phillips, Commissioner; Al Becicka, IRRRB Legal Counsel; Linda Johnson, Director of Giants Ridge; Whitney Ridlon, Community Development Representative, Bob Scuffy, Accounting Director; Sheryl Kochevar, Media Coordinator; Lyle McVee, Northeast Service Coop; Kirk Lehman, Frontier Communications; Doug Kelley, Department of Administration

2) Approval of the December 18, 2014, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Dale Lueck moved approval of the December 18, 2014, minutes. Seconded by Representative Jason Metsa. Motion carried.

Senator Bakk questioned whether Representative Lueck was a member of the Board at the December 18, 2014, meeting. Representative Lueck was not yet a member of the Board but was present at the December 18, 2014, meeting. Therefore, Representative Lueck withdrew his motion to approve the December 18, 2014, meeting minutes. Motion carried.

Senator Bakk moved approval of the minutes of the December 18, 2014, Board meeting. Seconded by Representative Metsa. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

3) Reorganization of the Board

Representative Jason Metsa nominated Representative Dill as Chair and Senator Tomassoni as Vice Chair of the IRRRB. There were no other nominations. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

Senator Tomassoni turned the meeting over to Chairman Dill. After saying a few words, Chairman Dill, for continuity purposes, turned the meeting back over to Vice Chair Tomassoni.

4) FY 2015 Broadband Infrastructure Projects – Resolution #15-017

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve up to \$1,500,000 of FY15 Township Funds and TEPF Infrastructure Funds to provide a grant to Clinton Township on behalf of Northeast Service Cooperative and Frontier Communications for a broadband expansion project to provide direct broadband connections to 30 townhall/firehalls and to 877 households in 20 townships across the service area as presented in Resolution #15-017. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BROADBAND INFRASTRUCTURE PROJECT APPROVAL**

Resolution No.: 15-017

WHEREAS, the Commissioner is authorized to expend, upon approval 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 economic development projects within the TAA; and

WHEREAS, the agency’s approved FY15 Budget includes the allocation of \$2,574,505 of special funds for township grants authorized under 2014 Laws of Minnesota, Chapter 308, Article 5, Section 11 (“**Township Funds**”), plus the allocation of \$5,674,505 of TEPF Funds for Public Works Projects (“**TEPF Infrastructure Funds**”), of which \$6,749,010 has already been obligated for projects by prior Board actions, leaving \$1,500,000 that has not yet been approved by the Board for expenditure during FY15; and

WHEREAS, the Commissioner has received a proposal for the expenditure of all such remaining funds for a broadband expansion project that is more specifically described in the board packet materials and Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Project**”); and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Project and has determined that the expenditure of the following amounts of Township Funds and TEPF Funds for the purpose and in the amount specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$1,500,000 of FY15 Township Funds and TEPF Infrastructure Funds to provide a grant for the Proposed Project in the amount and for the purposes set forth in the board packet materials and Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval of this expenditure for the Proposed Project is contingent upon the agency, in its grant contract, requiring the grantee entity to commit to the payment of prevailing wages for the funded project as required by law, or to the extent required in the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval of this expenditure for the Proposed Project is further contingent upon all other sources of project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
Chair

EXHIBIT A
FY15 BROADBAND INFRASTRUCTURE PROJECT

USES

SOURCES

Household Connections	\$3,494,455	Northeast Service Cooperative	\$135,206
Townhall/Firehall Connections	\$535,408	Frontier	\$750,000
Engineering/Planning	\$315,344	IRRRB	\$1,500,000
		DEED Grant	\$1,960,000
TOTAL	\$4,345,206	TOTAL	\$4,345,206

Township	Townhall/Firehall Connections	Household Connections
Alborn	2	61
Arrowhead	1	0
Beatty	1	0
Biwabik	1	0
Breitung	1	33
Cherry	2	0
Clinton	2	0
Crane Lake	2	33
Culver	1	23
Eagles Nest	1	84
Elmer	1	17
Fayal	1	0
Greenwood	1	233
Industrial	1	33
Kabetogama	1	36
Kelsey	1	34
Kugler	1	0
Lavell	0	3
Leiding	1	0
McDavitt	1	7
Meadowlands	1	2
New Independence	1	100
Northland	0	33
Pike	1	0
Portage	1	27
Stoney Brook	0	36
Toivola	2	27
Vermilion Lake	1	41
Whiteface Reservoir	0	14
TOTALS	30	877



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 Eveleth, Minnesota 55734-0441
 (218)735-3000 • 800-765-5043
 Fax: (218)735-3047**

To: Iron Range Resources and Rehabilitation Board Members

From: Mark Phillips, Commissioner

Date: February 4, 2015

Re: FY15 BROADBAND INFRASTRUCTURE PROJECT

PURPOSE

The Infrastructure Grant program provides funds for cities and townships for projects that support community and economic development. The opportunity exists to leverage IRRRB infrastructure funding with private investment and state funding through the Border to Border Broadband Grant Program to fund broadband projects in townships throughout the service area that are currently unserved and underserved by the state broadband goal.

PROJECT SUMMARY

Clinton Township on behalf of Northeast Service Cooperative (NESC) and Frontier Communications requests \$1,500,000 for a broadband expansion project to provide direct broadband connections to 30 townhall/firehalls and to 877 households in 20 townships across the service area. The project will provide connection speeds above the state broadband goal to areas that are currently unserved and underserved by broadband infrastructure.

The request of \$1,500,000 would fund 35% of the project costs. The remaining 65% of the project funding has been secured by NESC, Frontier, and DEED. DEED awarded the project a \$1.96 million grant from the Border-to-Border Broadband Development Grant Program. Clinton Township has agreed to serve as the fiscal agent for the project. The project is projected to create 28 construction jobs.

At the IRRR Board Meeting on December 18, 2014, this project was discussed and struck from the infrastructure projects approved by the board because it overlapped portions of the Lake County Connections project. In response, all overlaps with the Lake County Connections project were removed and new areas were added.

USES

SOURCES

		Northeast Service Cooperative	\$135,206
Household Connections	\$3,494,455	Frontier	\$750,000

Townhall/Firehall Connections	\$535,408	IRRRB	\$1,500,000
Engineering/Planning	\$315,344	DEED Grant	\$1,960,000
TOTAL	\$4,345,206	TOTAL	\$4,345,206

Townships Impacted by Broadband Project

Township	Townhall/Firehall Connections	Household Connections
Alborn	2	61
Arrowhead	1	0
Beatty	1	0
Biwabik	1	0
Breitung	1	33
Cherry	2	0
Clinton	2	0
Crane Lake	2	33
Culver	1	23
Eagles Nest	1	84
Elmer	1	17
Fayal	1	0
Greenwood	1	233
Industrial	1	33
Kabetogama	1	36
Kelsey	1	34
Kugler	1	0
Lavell	0	3
Leiding	1	0
McDavitt	1	7
Meadowlands	1	2
New Independence	1	100
Northland	0	33
Pike	1	0
Portage	1	27
Stoney Brook	0	36
Toivola	2	27
Vermilion Lake	1	41
Whiteface Reservoir	0	14
TOTALS	30	877

5) FY15 Budget – Resolution #15-018

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve an amendment to the FY15 Budget to add \$1,612,015 of available TEPF carryforward funds to the Giants Ridge Capital line item in the FY15 Budget as presented in Resolution #15-018. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: Senator Tom Bakk

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2015 AGENCY BUDGET AMENDMENT APPROVAL**

Resolution No.: 15-018

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2015 ("FY15") agency budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency, which covered the period of time from July 1, 2014, through June 30, 2015 (the "**FY15 Budget**"); and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY15 Budget to add \$1,612,015 of available Taconite Area Environmental Protection Fund ("TEPF") carryforward funds to the Giants Ridge Capital line item in the FY15 Budget, which action would have the effect of increasing the authorized balance in the FY15 Budget's Giants Ridge Capital line item by \$1,612,015 (the "**Proposed Budget Amendment**") to the total sum of \$7,802,015 for FY15; and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY15 Budget as proposed would help promote economic development within the Taconite Assistance Area, as defined in Minnesota Statutes Section 273.1341.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY15 Budget to add \$1,612,015 of available TEPF carryforward funds to the Giants Ridge Capital line item in the FY15 Budget, thereby increasing the authorized amount of that line item to \$7,802,015.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk		X		
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	7	1	0	0

Signed: _____
Chair

6) Giants Ridge Event Center – Resolution #15-019

Action required: Approval requires an affirmative vote by a majority of all Board members

Representative Jason Metsa moved to approve the expenditure of up to \$1,612,015 of FY15 TEPF Funds to complete the Giants Ridge Event Center project as presented in Resolution #15-019. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: Senator Tom Bakk

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL FUND
GIANTS RIDGE EVENT CENTER PROJECT**

Resolution No.: 15-019

WHEREAS, the Commissioner is authorized to expend, upon approval of the Iron Range Resources and Rehabilitation Board (“**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 economic development projects within the TAA; and

WHEREAS, pursuant to Laws for Minnesota, Chapter 295, Article 1, Section 13, the agency was granted \$3,800,000 to predesign, design, construct, furnish and equip a new multiuse, year-round event center at Giants Ridge that will replace the existing facility ("**Event Center Project**"), subject to providing funds at least matching such sum; and

WHEREAS, at its meeting on June 23, 2014, the Board approved its Resolution No. 14-063 by which it approved the expenditure of up to \$6,190,000 of agency funds for the Event Center Project which, in combination with the \$3,800,000 legislation appropriation, made \$9,990,000 available for the project; and

WHEREAS, despite the diligent and best efforts of everyone involved with the project, construction bids were opened on January 22, 2015 and the total cost for the Event Center Project is now known to be \$1,612,015 over the available construction project budget; and

WHEREAS, in order to move the project forward, the agency must increase the project budget by \$1,612,015 and enter into a contract with the low bidder on or before February 20, 2015 to make its bid pricing firm; and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of such amount from available FY15 TEPF Funds to complete the Event Center project; and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, the proposed expenditure of up to \$1,612,015 of FY15 TEPF Funds for the Event Center Project, and has determined that the proposed expenditure of those Funds for that purpose would be an expenditure that supports the economic development of tourism and other sections of the economy of the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the additional expenditure of up to \$1,612,015 of the available FY15 TEPF Fund monies for the Event Center Project.

BE IT FURTHER RESOLVED that the Board's approval of this expenditure continues to be subject to the payment of prevailing wages for the Event Center Project as required by law and by the Board's Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

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

Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	7	1	0	0

Signed: _____
Chair



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To: Iron Range Resources and Rehabilitation Board

From: Mark Phillips
Commissioner

Date: February 4, 2015

Re: GIANTS RIDGE EVENT CENTER REQUEST

The chalet building at Giants Ridge was constructed in 1984, and has been in need of replacement for years due to structural deterioration and energy deficiencies that were becoming increasingly costly to remediate. The Board expressed its support for the construction of a new Event Center to replace the chalet in June of 2012 when it passed a resolution committing up to \$4,995,000 in agency funds for the project, which at that time was expected to cost approximately \$10 million.

At its meeting on June 23, 2014, the Board approved the expenditure of \$6,190,000 for the construction of a new Event Center at Giants Ridge. In combination with the \$3,800,000 grant approved by the legislature during the 2014 session, the total Event Center project budget was set at \$9,990,000.

The project commenced in July with engineering work. Demolition work was completed in October. The Minnesota Department of Administration's Real Estate and Construction Service's Division took the lead on preparing specifications and bidding out the project construction. The agency contracted with LHB, Inc. to ensure proper architectural bid specifications were

developed. Design plans were intended to keep project costs at a minimum, including incorporating part of the current structure into the new Event Center.

Despite the diligent efforts of everyone involved with the project, bids were opened on January 22nd and the total cost of all necessary elements for the Event Center construction from the low bidder (Donlar Construction Company) came in \$1,612,015 over the available construction project budget. Two other bids were received; both were approximately \$300,000 higher than Donlar's bid.

While it was hoped the Event Center project budget could be made to work, construction inflation of nearly 11% in Minnesota since the Board's initial support appears to have been the primary reason the construction budget was not adequate.

In order to move the project forward, the agency must increase the project budget by \$1,612,015 and enter into a contract with Donlar on or before February 20th to make the bid pricing firm. I am recommending the Board approve the expenditure of such amount from available TEPF carryforward monies to complete the Event Center project.

7) Commissioner's Loan Authority – Resolution #15-020

Action required: Approval requires a simple majority of the quorum

Representative Dale Lueck moved to approve the Commissioner's authority to approve loans up to \$500,000, subject to the condition that the underlying projects qualified for agency financing under established guidelines, were approved by the agency's Technical Advisory Committee, and were signed off by the Board's Chair as presented in Resolution #15-020. Seconded by Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2015 COMMISSIONER'S LOAN AUTHORITY APPROVAL**

Resolution No.: 15-020

WHEREAS, the Board previously approved a Fiscal Year 2015 ("FY15") agency budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency, which covered the period of time

from July 1, 2014, through June 30, 2015 (the “**FY15 Budget**”); and

WHEREAS, as part of the approval of the FY15 Budget, the Board granted the Commissioner the authority to approve loans of up to \$500,000, subject to the condition that the underlying projects qualified for agency financing under established guidelines, were approved by the agency's Technical Advisory Committee, and were signed off by the Board's Chair; and

WHEREAS, the Commissioner's above-mentioned authority to approve loans up to \$500,000 expired on December 31, 2014; and

WHEREAS, Commissioner Phillips has requested the Board to renew the Commissioner's authority to approve loans up to \$500,000, subject to the same conditions referenced above and as described in the Project section of the FY15 Budget for the remainder of FY15; and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, renewing the Commissioner's authority to approve loans up to \$500,000 as described in the Project section of the FY 15 Budget for the remainder of FY15 and has determined that such renewal is in the best interests of the agency.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board hereby approves renewing the Commissioner's authority to approve loans up to \$500,000 subject to the same conditions described in the Project section of the FY 15 Budget for the remainder of FY15.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
Chair

8) Adjournment

The meeting adjourned at 5:50 p.m.