

**IRRRB Meeting Minutes  
Tuesday, February 28, 2017 – Noon  
Minnesota Senate Building  
St. Paul, Minnesota**

**1) Roll Call**

Senator David Tomassoni, vice chair, called the meeting to order at approximately 12:12 p.m. Present: Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Bakk (arrived at 12:35 p.m.), Senator Justin Eichorn, Senator Carrie Ruud. Excused: None. Minute Taker: Laureen Hall, Executive Aide. Also present: Mark Phillips, Commissioner; Mary Finnegan, Deputy Commissioner, Al Becicka, Legal Counsel; Steve Peterson, Executive Director of Development; Marianne Bouska, Chief Operating Officer; Linda Johnson, Director of Giants Ridge; Chris Ismil, Community Development Representative; Scott Sundvall, Loan Officer; Mark Zimmerman, Itasca Economic Development Association; Howard Hedstrom, Cook County EDA; Matt Rudzack, Minnesota Power, Peter McDermott, Minnesota Diversified Industries; Doug Rosnau, AFSCME; Richard Kolodziejki, MAPE; Tom Rukavina, St. Louis County Commissioner.

**2) Reorganization of the Board**

Representative Jason Metsa nominated Senator David Tomassoni as Chair. Representative Rob Ecklund nominated Representative Jason Metsa as Vice Chair. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk

**3) Approval of the December 28, 2016, Minutes**

*Action required: Approval requires a simple majority of the quorum*

Representative Rob Ecklund moved approval of the December 28, 2016, minutes. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk

**3) FY2017 Budget Amendment – Resolution #17-017**

*Action required: Approval requires a simple majority of the quorum*

Representative Dale Lueck moved to approve an amendment to the FY2017 Budget to add, of available Taconite Area Environment Protection Fund (TEPF) carryforward funds, \$850,000 to a line item for TEPF Business Development, \$250,000 for the Commercial Redevelopment Program, and \$50,000 for the Residential Redevelopment Program as presented in Resolution #17-017. Seconded by Representative Rob Ecklund. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
FISCAL YEAR 2017 AGENCY BUDGET AMENDMENT APPROVAL**

**Resolution No.: 17-017**

**WHEREAS**, the Board and Governor have previously approved a Fiscal Year 2017 ("**FY17**") 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, 2016, through June 30, 2017 (the "**FY17 Budget**"); and

**WHEREAS**, the Commissioner has requested the Board to approve an amendment to the FY17 Budget to add \$850,000 of available Taconite Area Environmental Protection Fund ("**TEPF**") carryforward funds to a line item for TEPF Business Development in the FY17 Budget, to add \$250,000 of available TEPF carryforward funds to a line item for the Commercial Redevelopment Program in the FY17 Budget, and to add \$50,000 of available TEPF carryforward funds to a line item for the Residential Redevelopment Program in the FY17 Budget, for a total increase of \$1,150,000 from TEPF carryforward funds to the FY17 Budget (collectively the "**Proposed Budget Amendment**"); and

**WHEREAS**, the Board met in open session at 12:00 noon on February 28, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY17 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 FY17 Budget to add \$1,150,000 of available TEPF carryforward funds to the line items for TEPF Business Development (\$850,000), the Commercial Redevelopment Program (\$250,000), and the Residential Redevelopment Program (\$50,000).

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 28<sup>TH</sup> DAY OF FEBRUARY 2017.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Justin Eichhorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Senator David Tomassoni	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Sandy Layman	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Jason Metsa	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

**4) Central Iron Range Sanitary Sewer District Board Appointment – Resolution #17-022**  
*Action required: Approval requires a simple majority of the quorum*

Representative Jason Metsa moved to delegate the selection of the CIRSSD Board member to Chair David Tomassoni, provided, however, that the Board may override the Chair’s selection and appoint a different CIRSSD board member at a future meeting of the IRRRB Board, as presented in Resolution #17-022. Seconded by Senator Carrie Ruud. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
CENTRAL IRON RANGE SANITARY SEWER DISTRICT  
BOARD APPOINTMENT**

**Resolution No.: 17-022**

**WHEREAS**, Laws of Minnesota for 2009, Chapter 122, Sections 2-21 reconstituted the Central Iron Range Sanitary Sewer District (“**CIRSSD**”); and

**WHEREAS**, the CIRSSD is governed by a Board comprised of nine Board members chosen in accordance with the provisions in the above-cited law; and

**WHEREAS**, Section 2, paragraph 2 of the law provides that one CIRSSD board member “must be selected by the Iron Range Resources and Rehabilitation Board on behalf of Ironworld”; and

**WHEREAS**, the Board met in open session at 12:00 noon on February 28, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the IRRRB’s CIRSSD board member selection and determined that delegation of the selection to the IRRRB Chair would be prudent and in the best interest of both the Board and the CIRSSD.

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that the IRRRB Board delegates the selection of the CIRSSD Board member to Chair David Tomassoni; provided, however, that the Board may override the Chair’s selection and appoint a different CIRSSD board member at a future meeting of the IRRRB Board. Promptly following the appointment of the CIRSSD Board member, the Chair shall report his appointment to the Board and to the chair of the CIRSSD Board.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 28<sup>TH</sup> DAY OF FEBRUARY 2017.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Justin Eichhorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Senator David Tomassoni	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Sandy Layman	<b>X</b>			

Representative Dale Lueck	X			
Representative Jason Metsa	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

**5) EDA Revolving Loan Fund Grants – Resolution #17-018**

*Action required: Approval requires a simple majority of the quorum*

Representative Rob Ecklund moved to approve the expenditure of up to \$350,000 of Taconite Economic Development Area Environmental Protection Fund (TEPF Business Development Funds) monies to replenish certain economic development authority revolving loan funds to support business development projects, as presented in Resolution #17-018. Seconded by Representative Julie Sandstede. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
 OF THE STATE OF MINNESOTA  
 TACONITE AREA ENVIRONMENTAL PROTECTION FUND  
 ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND GRANTS**

**Resolution No.: 17-018**

**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 fiscal year 2017 (“FY17”) Budget includes the allocation of up to \$1,200,000 for business development projects from TEPF Funds (“**TEPF Business Development Funds**”) of which \$350,000 has already been obligated for projects by

prior Board actions, leaving \$850,000 that has not yet been approved by the Board for expenditure during FY17; and

**WHEREAS**, the Commissioner has received proposals for the expenditure of up to \$350,000 of such TEPF Business Development Project Funds to replenish certain economic development authority revolving loan funds to support business development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

**WHEREAS**, the Board met in open session at 12:00 noon on February 28, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of TEPF Funds for the purposes and in the amounts 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 \$350,000 of FY17 TEPF Business Development Project Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

**BE IT FURTHER RESOLVED** that the Board’s approval for the expenditure of FY17 TEPF Business Development Project Funds for all Proposed Projects, including those Proposed Projects which have associated private development work, is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages as required by law, or to the extent required in the Board’s Resolution 96-005.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 28<sup>TH</sup> DAY OF FEBRUARY 2017.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Justin Eichhorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Senator David Tomassoni	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Sandy Layman	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Jason Metsa	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

## EXHIBIT A

### **City of Ely – EEDA**

**Grant Amount: \$125,000**

The project consists of funding the City of Ely with a grant to be administered by the EEDA. The EEDA revolving loan fund currently doesn't have the funding capacity to assist in a downtown economic redevelopment project. EEDA will use the grant funds through their revolving loan fund and administer a loan as part of the redevelopment project. The private redevelopment is a total project investment of \$2,000,000 and will create 13 construction jobs and 5 to 7 permanent jobs.

### **City of Hibbing - HEDA**

**Grant Amount: \$100,000**

The project consists of funding the City of Hibbing with a grant to be administered by HEDA. HEDA's revolving loan fund currently doesn't have the funding capacity to assist in a downtown economic redevelopment project. HEDA will use the grant funds through their revolving loan fund and administer a loan as part of the redevelopment project. The private redevelopment is a total project investment of \$600,000 and will create 4 construction jobs and 35 permanent jobs.

### **City of Tower - TEDA**

**Grant Amount: \$125,000**

The project consists of funding the City of Tower with a grant to be administered by the TEDA. TEDA's revolving loan fund currently doesn't have the funding capacity to assist in a downtown housing development project. TEDA will use the grant funds through their revolving loan fund and administer a loan as part of the development project. The private development is a total project investment of \$6,000,000 and will create 39 construction jobs and 3 permanent jobs.

### **6) 2017 Infrastructure Grants – Resolution #17-019**

*Action required: Approval requires a simple majority of the quorum*

Representative Sandy Layman moved to approve the expenditure of up to \$975,000 of Taconite Economic Development Area Environmental Protection Fund (TEPF Public Works Funds) monies for projects as described in Resolution #17-019. Seconded by Representative Julie Sandstede. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Balk, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
TACONITE AREA ENVIRONMENTAL PROTECTION FUND  
INFRASTRUCTURE PROJECT APPROVALS**

**Resolution No.: 17-019**

**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 fiscal year 2017 (“FY17”) Budget includes the allocation of up to \$5,000,000 for infrastructure projects from TEPF Funds (“**TEPF Public Works Funds**”) of which \$2,498,000 has already been obligated for projects by prior Board actions, leaving \$2,502,000 that has not yet been approved by the Board for expenditure during FY17; and

**WHEREAS**, the Commissioner has received proposals for the expenditure of up to \$975,000 of such TEPF Public Works Funds for those certain community and economic development infrastructure projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

**WHEREAS**, the Board met in open session at 12:00 noon on February 28, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of TEPF Funds for the purposes and in the amounts 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 \$975,000 of FY17 TEPF Public Works Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

**BE IT FURTHER RESOLVED** that the Board’s approval for the expenditure of FY17 TEPF Public Works Funds for all Proposed Projects, including those Proposed Projects which have associated private development work, is contingent upon the agency, in its grant contracts, requiring each such 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 for the expenditure of FY17 TEPF Public Works Funds for the Proposed Projects is further contingent upon all such 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 28<sup>TH</sup> DAY OF FEBRUARY 2017.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	X			
Senator Justin Eichhorn	X			
Senator Carrie Ruud	X			
Senator David Tomassoni	X			
Representative Rob Ecklund	X			
Representative Sandy Layman	X			
Representative Dale Lueck	X			
Representative Jason Metsa	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**EXHIBIT A**

**City of Cohasset**

**Grant Amount: \$275,000**

The project consists of the development of a competitive rail assessment relative to building a cross range connector rail from Cohasset to Taconite. The purpose of the assessment is to determine the feasibility to build the connector and pre-engineering for the application to the surface transportation board. Northeastern Minnesota and its businesses are subject to single rail providers and the project would help determine the feasibility of multiple rail providers.

<b>USES</b>		<b>SOURCES</b>	
Feasibility assessment	\$2,375,000	Minnesota Power	\$2,000,000
		Blandin	50,000
		IRRRB	275,000
		Itasca County	25,000
		Other	25,000
<b>TOTAL</b>	<b>\$2,375,000</b>	<b>TOTAL</b>	<b>\$2,375,000</b>

**Cook County – Grand Marais EDA – Lutsen Township**

**Grant Amount: \$350,000**

The project consists of infrastructure and site work for new workforce housing development in Lutsen Township. One Roof Community Housing (ORCH) will construct a 16-unit apartment complex in Lutsen Township. The project consists of four buildings with four units of housing in each building. Half of the units will be one-bedroom, and half will be two-bedroom apartments. One Roof Housing

will be the developer and owner of the apartments. The project is projected to create 2 permanent jobs and 17 construction jobs.

USES		SOURCES	
Infrastructure & site work	\$514,000	IRRRB	\$350,000
Home Construction	1,674,000	Cook County Board	1,440,000
Land	40,000	DEED Workforce Housing	325,359
A&E	378,700	Greater MN Housing Fund	226,700
		One Roof Housing	264,641
<b>TOTAL</b>	<b>\$2,606,700</b>	<b>TOTAL</b>	<b>\$2,606,700</b>

### City of Hibbing

#### Grant Amount: \$350,000

Infrastructure and site development for the construction of a new facility for Minnesota Diversified Industries (MDI). MDI has purchased land on Highway 37 in Hibbing and will begin construction of a new 35,000 sq. ft. manufacturing facility. Currently, MDI has 51 employees who work in a facility, which is over 100 years-old and severely outdated. MDI's current facility presents multiple barriers to business growth and working conditions, while the new facility will position them for long-term stability and growth. The business expansion is projected to create 100 permanent jobs and 30 construction jobs.

USES		SOURCES	
Infrastructure & site work	\$529,000	MDI	\$2,350,000
Facility Construction	3,409,000	IRRRB	350,000
Land	79,000	IRRRB Loan	1,000,000
A&E	414,000	DEED	500,000
Contingency	222,400	Blandin	100,000
		Foundations	353,400
<b>TOTAL</b>	<b>\$4,653,400</b>	<b>TOTAL</b>	<b>\$4,653,400</b>

#### 7) MDI Minnesota Diversified Industries, Inc. – Resolution #17-020

*Action required: Approval is required by a majority of all Board members*

Representative Julie Sandstede moved to approve the expenditure of up to \$1,000,000 of Douglas J. Johnson Economic Protection Trust Fund (DJJ Funds) monies to provide a forgivable direct loan to Minnesota Diversified Industries, Inc. to build a new production facility near the Range Regional Airport in Hibbing, as described in Resolution #17-020. Seconded by Senator Justin Eichorn. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Balk, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND  
MINNESOTA DIVERSIFIED INDUSTRIES, INC. PROJECT LOAN APPROVAL**

**Resolution No.: 17-020**

**WHEREAS**, the Commissioner is authorized to expend, upon approval by a majority of all Board members, 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**"), to provide loans and participate with private sources in providing financing for various projects located within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 ("**TAA**") which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1; and

**WHEREAS**, the agency's FY 2017 Budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line item for DJJ Business Development Projects; and

**WHEREAS**, the Commissioner has requested the Board to approve the expenditure of up to \$1,000,000 of the DJJ Business Development Project Funds to provide a forgivable direct loan to Minnesota Diversified Industries, Inc. ("**MDI**") for MDI to build a new production facility near the Range Regional Airport in Hibbing within the TAA ("**MDI Project**"), under the terms and conditions more fully set forth in the Board packet materials, which are attached hereto and incorporated by reference as Exhibit A; and

**WHEREAS**, the technical advisory committee, appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed MDI Project, met on February 22, 2017, and recommended approval of the MDI Project and the proposed agency financing for it; and

**WHEREAS**, the Board met in open session in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, on February 28, 2017, at 12:00 noon to consider, among other matters, the proposed expenditure of DJJ Business Development Project funds for the MDI Project; and

**WHEREAS**, the Board determined that the expenditure of such funds are for the purposes authorized by law and will promote economic development in the TAA.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves the expenditure of up to \$1,000,000 of FY 2017 DJJ Business Development Project funds to provide a forgivable direct loan to MDI in support of the proposed MDI Project, on the terms and subject to the conditions set forth in Exhibit A and as otherwise discussed at the meeting.

**BE IT FURTHER RESOLVED**, that the approval of funding for this project is subject to the condition that MDI must pay or require to be paid to all laborers, workers and mechanics performing construction work prevailing wages consistent with Board Resolution number 96-005.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 28<sup>TH</sup> DAY OF FEBRUARY 2017.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	X			
Senator Justin Eichhorn	X			
Senator Carrie Ruud	X			
Senator David Tomassoni	X			
Representative Rob Ecklund	X			
Representative Sandy Layman	X			
Representative Dale Lueck	X			
Representative Jason Metsa	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**MDI Minnesota Diversified Industries, Inc.**

**825 Lily Lane**

**Grand Rapids, MN 55744**

**IRRRB Forgivable Direct Loan**

<b>Applicant:</b>	MDI-Minnesota Diversified Industries, Inc.	
<b>Project Location:</b>	Northeast corner of said (N1/2 of NW1/4), Section 27, Township 57 North, Range 20 West, St Louis County, Minnesota (Approximately 1 mile west of the Range Regional Airport on highway 37)	
<b>Principal(s):</b>	Minnesota Diversified Industries, Inc.	
<b>Project Description:</b>	MDI is building a new production facility in Hibbing.	
<b>Market Opportunity:</b>	<p>MDI has researched and analyzed options including purchasing/remodeling existing buildings or building new. MDI has determined a new facility will best position the organization for long-term stability and growth, thereby strengthening capacity to serve current and future workers.</p> <p>MDI is proposing to build a 35,000-sq-ft structure, which will include room to diversify and expand business, improve working conditions, and increase job opportunities. The new building will also create manufacturing efficiencies and will utilize energy-efficient technologies. The proposed location is seven acres approximately one mile west of the Range Regional Airport.</p>	
<b>Project Investment:</b>		
	MDI	\$ 2,350,000
	IRRRB – Forgivable Loan	\$ 1,000,000
	IRRRB – Infrastructure Grant	\$ 350,000
	Deed	\$ 500,000
	Blandin Foundation	\$ 100,000
	Lisa And Philip Falcone, Paulucci Foundation, Pohlad Foundation, American Bank Of The North, Individual Donations, Other	\$ 400,000
	<b>TOTAL</b>	<b>\$ 4,700,000</b>
<b>Jobs:</b>	<u>100</u> Planned New <u>51</u> Retained Wages \$ 20,000 to \$ 92,000 per year plus benefits	

<b>Collateral:</b>	1 <sup>st</sup> position on commercial real estate for the prospective loan.
<b>Business History:</b>	In 1992, MDI purchased the old Greyhound bus station in Hibbing and began hiring local residents with and without disabilities. Today, the 20,000-sq-ft facility houses MDI's conversion lines. On these lines, plastic and die-cut sheets are folded and assembled into packaging and storage products which are mainly supplied to the US Post Office. The operation currently employs 83 individuals, 57 of whom are permanent employees and 26 of whom are temporary contractors. More than 70 percent of individuals at MDI Hibbing have some form of disability, whether mental, physical, or developmental. All employees receive at least \$9.50/hour plus benefits. Contractors receive at least \$9.50/hour as well as benefits provided by the temp agency.
<b>Past IRRRB History:</b>	1/2/09 - \$194,448 Loan - Paid in Full 6.5% 1/2/09 - \$231,552 Loan - Paid in Full 6.5% 9/1/05 - \$500,000 Loan - Paid in Full 1.5%
<b>Contingencies:</b>	100 Additional FTE jobs created and maintained for at least 2 years within the first 12 Years
<b>Technical Advisory Committee Recommendation:</b>	Recommended approval on February 22, 2017.
<b>Funding Authorization:</b>	Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provision of the Douglas J Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.298) pertaining to expenditures of Douglas J Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341

**8) Giants Ridge – Resolution #17-021**

*Action required: Approval requires a simple majority of the quorum*

Representative Sandy Layman moved to approve Resolution #17-021.

Representative Jason moved to table a vote on Resolution #17-021. A show of hands was requested as provided below. Four yes, five no. Motion failed.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Jason Metsa, Representative Julie Sandsted, Senator David Tomassoni

**Voting Against the Motion:** Representative Sandy Layman, Representative Dale Lueck, Senator Tom Balk, Senator Justin Eichorn, Senator Carrie Ruud

**Abstain:** None

**Excused:** None

Representative Layman moved to approve the Commissioner's proposal to transfer operations at Giants Ridge to a single non-governmental vendor and to approve the expenditure of up to \$900,000 of agency Board account funds for an early separation incentive for eligible employees, as presented in Resolution #17-021. Seconded by Representative Dale Lueck. Roll call was requested as provided below. Five yes, four no. Motion carried.

**Voting in Favor of the Motion:** Representative Sandy Layman, Representative Dale Lueck, Senator Tom Balk, Senator Justin Eichorn, Senator Carrie Ruud

**Voting Against the Motion:** Representative Rob Ecklund, Representative Jason Metsa, Representative Julie Sandsted, Senator David Tomassoni

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
GIANTS RIDGE MANAGEMENT AND ESI PROPOSALS**

**Resolution No.: 17-021**

**WHEREAS**, pursuant to Minnesota Statutes Section 298.22, the Office of the Commissioner of Iron Range Resources and Rehabilitation (“**IRRRB**”) owns and operates the Giants Ridge Golf and Ski Resort (“**Giants Ridge**”), which is located within the Giants Ridge Recreation Area in the Town of White and City of Biwabik as defined by Minn. Stat. Sec. 298.22, subd. 7(c); and

**WHEREAS**, the IRRRB acknowledges that the long-term growth and viability of Giants Ridge requires the implementation of a strategy and changes that the IRRRB, as a state executive branch agency, is not best-suited to implement or administer; and

**WHEREAS**, through a comprehensive analysis process that included input from a citizen task force, consultants and key agency personnel, the Commissioner has concluded that the long-term viability of Giants Ridge is dependent upon moving all Giants Ridge operations to a single vendor with experience managing similar recreational facilities (“**Management Proposal**”); and

**WHEREAS**, to ease the transition to a single operating vendor, the Commissioner, consistent with authority and available funding provided under Minnesota Statutes and in conjunction with the Minnesota Management and Budget Office, supports creating and funding an early separation incentive (“**ESI**”) of up to \$900,000 from Board account funds, made available to the agency as part of the previously approved FY17 Budget, for eligible employees represented by bargaining units that are willing to enter into a memorandum of understanding with the agency (“**ESI Proposal**”); and

**WHEREAS**, the Board has the general authority to approve expenditures, projects and programs proposed by the Commissioner from Board account funds, and in addition has the authority to approve the Commissioner’s proposal to transfer operations at Giants Ridge to a single non-governmental vendor under Minn. Stat. Sec. 298.22, subd. 10; and

**WHEREAS**, the Board met in open session at 12:00 noon on February 28, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the Management Proposal and ESI Proposal and determined that, as proposed, the Management Proposal and ESI Proposal 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 the Management Proposal and the expenditure of up to \$900,000 of agency Board account funds for the ESI Proposal.



**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD  
THIS 28<sup>TH</sup> DAY OF FEBRUARY 2017.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	X			
Senator Justin Eichhorn	X			
Senator Carrie Ruud	X			
Senator David Tomassoni		X		
Representative Rob Ecklund		X		
Representative Sandy Layman	X			
Representative Dale Lueck	X			
Representative Jason Metsa		X		
Representative Julie Sandstede		X		
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>0</b>

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



P.O. Box 441  
4261 Highway 53 South  
Eveleth, Minnesota 55734-0441  
(218)735-3000 • 800-765-5043

Date: February 28, 2017

To: Iron Range Resources & Rehabilitation Board

From: Mark Phillips  
Commissioner

**RE: GIANTS RIDGE AND ESI OPPORTUNITY**

As the result of a comprehensive 18-month analysis of Giants Ridge operations, I am requesting IRRR Board approval to enter into a management contract with a single vendor for Giants Ridge operations and to extend an Early Separation Incentive (ESI) to eligible employees represented by bargaining units that are willing to enter into MOUs with the agency.

**Management Contract**

Under the Giants Ridge management contract, one vendor will oversee all Giants Ridge operations, including ski, golf, concession, and rentals. Management by a single vendor will replace the outdated, inefficient multi-party operational model, which has affected the ability of Giants Ridge to perform successfully. One vendor can create additional full-time jobs at the operation rather than temporary seasonal positions. The multiple existing management

contracts at Giants Ridge expire in April, which allows the agency to move forward at this time.

The agency expects to work closely with affected bargaining units on ESI or other MOU agreements in order to move this change forward.

This is the first time that the entire Giants Ridge operation will be placed under private contract management, so I seek your authorization to privatize (M.S. 298.22 Subd. 10) further defined for this purpose as changing from public to private management, but retaining public ownership. It is important to state that IRRRB will continue to own and retain all property and physical assets at Giants Ridge and continue to reinvest in the facility.

#### Early Separation Incentive

Offering an early separation incentive allows the agency to reorganize its workforce. The cost of the ESI is estimated at \$900,000.

#### **9) Adjournment**

The meeting adjourned at 2:00 p.m.