

IRRRB Meeting Minutes
Tuesday, May 23, 2017 – 11:00 a.m.
Minnesota Senate Building – Room 2412
St. Paul, Minnesota

1) Roll Call

Senator David Tomassoni, chair, called the meeting to order at approximately 11:15 a.m. Present: Representative Rob Ecklund, Representative Sandy Layman, Representative Jason Metsa, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Bakk, Senator Justin Eichorn. Excused: Senator Carrie Ruud. Minute Taker: Laureen Hall, Executive Aide. Also present: Mark Phillips, Commissioner; Mary Finnegan, Deputy Commissioner, Steve Peterson, Executive Director of Development; Marianne Bouska, Chief Operating Officer; Linda Johnson, Director of Giants Ridge; Roy Smith, Director of Workforce Development; Bob Scuffy, Accounting Director; Dave Kallio, Sr. Accounting Officer; Chris Ismil, Community Development Representative; Barry Trice and Benji Neff, Guest Services.

2) Approval of the February 28, 2017, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved approval of the February 28, 2017, minutes. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Carrie Ruud

3) FY2017 Budget Amendment – Resolution #17-023

Action required: Approval requires a simple majority of the quorum

Representative Dale Lueck moved to approve an amendment to the FY2017 Budget to add \$765,000 of agency carryforward Board account funds to the FY17 Budget for an early separation incentive (ESI) as presented in Resolution #17-023. Seconded by Representative Julie Sandstede. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Carrie Ruud

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

Resolution No.: 17-023

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 Board at its February 28, 2017 meeting, approved 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 ("ESI Proposal"); and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY17 Budget to add \$765,000 of agency carryforward Board account funds to the FY17 Budget for the ESI proposal (the "Proposed Budget Amendment"), which would increase the total funds available for the ESI Proposal to \$1,665,000; and

WHEREAS, the Board met in open session at 11:00 a.m. on May 23, 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 be in the best interest of and help promote the mission of the agency.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY17 Budget to add \$765,000 of available carryforward Board account funds for the ESI Proposal.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD
THIS 23rd DAY OF MAY 2017.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	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			
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

4) 2017 Infrastructure Projects – Resolution #17-024

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve the expenditure of up to \$1,451,137 of TEPF Public Works Funds for community and economic development infrastructure projects, as well as a request from the City of Chisholm to reallocate a grant previously approved by the Board for a different community and economic development project, as presented in Resolution #17-024. Seconded by Representative Rob Ecklund. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Carrie Ruud

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

Resolution No.: 17-024

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 \$3,473,000 has already been obligated for projects by prior Board actions, leaving \$1,527,000 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 \$1,451,137 of such TEPF Public Works Funds for community and economic development infrastructure projects, as well as a request from the City of Chisholm to reallocate a grant previously approved by the Board for a different community and economic development project, all of which are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (collectively the “Proposed Projects”); and

WHEREAS, the Board met in open session at 11:00 a.m. on May 23, 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 reallocation of the City of Chisholm grant and the expenditure of up to \$1,451,137 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 23RD DAY OF MAY 2017.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	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			
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

City of Bigfork

Grant Amount: \$75,000

The project consists of the drilling of a new secondary 8-inch well as an emergency backup for the city water supply. The secondary well has failed, which puts the community at risk. The city is currently running on one operational well, which supplies the residential community and business sector including Bigfork Valley Hospital and the Bigfork Schools. In addition to the new secondary well, the city will also replace their existing potable water disinfection system. The project is projected to create 2 construction jobs.

USES		SOURCES	
New Well	\$105,000	IRRRB	\$75,000
Chlorine Gas Disinfection System	24,350	City of Bigfork	54,350
TOTAL	\$129,350	TOTAL	\$129,350

City of Biwabik

Grant Amount: \$250,000

This is Phase II of a city-wide infrastructure upgrade and road redevelopment project in the City of Biwabik. The investment will correct several deficiencies in their sanitary sewer, water, storm sewer systems, as well as deteriorating streets and alleys. The pipes, structures, valves, and hydrants are old and deteriorated to a point that there have been many breaks and blockages that require constant maintenance. Furthermore, there are areas within the streets and parking lot areas where failures in the storm sewer pipes and catch basin structures are causing severe settling of the pavement causing safety concerns for motorists and pedestrians. The project is projected to create 17 construction jobs.

USES		SOURCES	
Water, Sewer, Storm Sewer, and Street Reconstruction	\$6,520,000	IRRRB	\$250,000
A&E	680,000	USDA Rural Development	6,700,000
		City of Biwabik	250,000
TOTAL	\$7,200,000	TOTAL	\$7,200,000

Biwabik Township

Grant Amount: \$200,000

Infrastructure and site work for the construction of a new 6,400 sq. ft. town hall/community center. The current town hall was built in 1950 and does not meet the needs of the community. The cost to update the current hall exceeds the value in investing in a new modern town hall facility. In addition to the need for a new community center, the town hall also houses the government offices for two township staff. The project is expected to create six construction jobs.

USES		SOURCES	
Utilities & site work	\$101,100	IRRRB	\$200,000
Facility Construction	768,000	Biwabik Township	728,000
A&E	70,500	Blandin Foundation	50,000
Contingency	38,400		
TOTAL	\$978,000	TOTAL	\$978,000

City of Buhl

Grant Amount: \$99,500

The project is comprised of infrastructure and site development for the construction of a new addition to the current Cornerstone Villa facility in the City of Buhl. This is an expansion of the current facility, which is the home to 44 residents, both long and short term, all of whom reside in private rooms with private baths. This project is both a new facility and a service expansion, which would enable Cornerstone Villa to provide enhanced services to ten individuals in a newly constructed, attached 10 room apartment building (enhanced service Assisted Living building). Cornerstone Villa currently has 68 employees. The business expansion is projected to create seven permanent jobs and 30 construction jobs.

USES		SOURCES	
Infrastructure & site work	\$99,500	IRRRB	\$99,500
Facility Construction	1,614,891	Private	1,700,000
Equipment	40,000	IRRRB Demo	14,891
A&E	60,000		
TOTAL	\$1,814,391	TOTAL	\$1,814,391

City of Chisholm

Grant Amount: \$13,237

The project consists primarily of rehabilitation and replacement of the entire sanitary sewer collection system for the Lakeview Addition residential area. The proposed project would replace the 24 failing manholes, make spot repairs to the pipe where needed and then line the entire pipe collection system length with a slip liner or a cured-in-place liner. The project also includes looping three dead-end lines and extensive road reconstruction. The project is expected to create 35 construction jobs.

USES		SOURCES	
Infrastructure & site work	\$4,661,030	IRRRB	\$13,237
A&E	720,340	City of Chisholm	275,875
		PFA	4,855,495
		IRRRB Grant Reallocation	236,763
TOTAL	\$5,381,370	TOTAL	\$5,381,370

City of Cohasset**Grant Amount: \$32,500**

The project includes new sewer line and waterline upgrades for the expansion of Nelson Wood Shims in Cohasset. Nelson Wood Shims has been manufacturing shims for over 60 years and currently has 50 full-time employees. The Nelson Wood Shims production line expansion project includes the purchase of land and buildings, relocation of the sawmill, relocation of the current 12" production line, and expansion of the 8" production line. This project allows for improved efficiencies, expansion of wood supply lines, increased automation, and improved production cost. The business expansion is projected to create five permanent jobs and six construction jobs.

USES		SOURCES	
Infrastructure & site work	\$32,500	IRRRB	\$32,500
Facility Upgrades	945,700	Private	851,200
		Cohasset EDA Loan	94,500
TOTAL	\$978,200	TOTAL	\$978,200

Crane Lake Township**Grant Amount: \$87,600**

The project consists of the development of a new wayside/visitor stop at the gateway to the community of Crane Lake. The visitor stop site will include signage, parking space, an information kiosk, a picnic area, canoe monument, voyager statue, light pole and flag pole. In addition to the visitor stop, the project also includes acquisition of a 30 acre former resort on the shores of Crane Lake. This 30 acre site (Phase II) will include a National Park Service Visitors Center, boat ramp, docks, beach, campground, restrooms and educational and community space. The project is expected to create six construction jobs.

USES		SOURCES	
Wayside Site Development	\$87,600	IRRRB	\$87,600
Natl. Park Service Visitor Center Site Development	950,000	LCCMR	950,000
TOTAL	\$1,037,600	TOTAL	\$1,037,600

Embarrass Township**Grant Amount: \$25,800**

Infrastructure and site work for the development and build-out of a new post office facility in Embarrass. The US Post Office that was originally located in Embarrass was closed on Feb. 14, 2015 due to water damage and unsafe structural issues. The US Postal Service is re-establishing the local "window/retail" service in Embarrass, which would also service White, Waasa, and Pike Townships. The development project is expected to create 3.5 permanent jobs and three construction jobs.

USES		SOURCES	
Infrastructure & site work	\$47,800	IRRRB	\$25,800
Facility Purchase and build-	296,700	Embarrass Township	81,880

out			
Land	18,800	USPS	249,000
A&E	12,800	IRRRB Demolition Grant	22,000
Contingency	2,580		
TOTAL	\$378,680	TOTAL	\$378,680

City of Gilbert

Grant Amount: \$250,000

This is Phase I of an \$8.5 million waste treatment facility project to begin in 2017 and to be completed in 2019. Phase I of the project is the construction of a new equalization pond. The engineering design is complete and is currently being reviewed by the MPCA. The schedule is to take bids in mid-June 2017 and start construction in July 2017. The City of Gilbert's wastewater treatment facility includes a collaborative agreement with the Town of Fayal. In 2000, Fayal Township completed their wastewater collection system and pumps the wastewater to Gilbert for treatment. The Gilbert facility serves over 700 users in the Town of Fayal. The waste treatment project is expected to create 6.5 construction jobs.

USES		SOURCES	
Pond Development	\$782,845	IRRRB	\$250,000
Contingency	78,269	PFA	602,000
A&E	140,886	CDBG	150,000
TOTAL	\$1,002,000	TOTAL	\$1,002,000

City of Grand Rapids

Grant Amount: \$167,500

This is a development project to extend sanitary sewer and water service to business/industries in the process of establishing themselves at the Grand Rapids/Itasca County Airport. Valley Med Flight is a new Grand Forks based fixed wing medical ambulance service establishing a satellite location in Grand Rapids to serve communities within a 200 mile radius. Valley Med Flight is presently storing their aircraft in a hangar recently acquired by GREDA for the ACC Manufacturing project, while a new \$490,000, 7500 sq. ft., hangar is being built for their own use. This project will provide sewer and water utilities to the new Valley Med Flight Hangar, and replace the sanitary holding tank system at the GREDA hangar. The utilities will also provide access to five additional hangar locations at the airport. The development project is expected to create 10 permanent job and 6.5 construction jobs.

USES		SOURCES	
Water & Sewer	\$139,597	IRRRB	\$167,500
Hangar Construction	490,000	Grand Rapids/Itasca Airport	25,477
Taxiway Construction	115,000	Valley Med	490,000
A&E	13,960	FAA/MNDOT Aero	103,500
Contingency	27,920		
TOTAL	\$786,477	TOTAL	\$786,477

City of Hoyt Lakes

Grant Amount: \$250,000

This is Phase I of a \$7.1 million waste treatment facility project to begin in 2017 and be completed in 2019. Phase I of the project includes: Control Structure Rehabilitation, Primary Clarifier Rehabilitation, Secondary Clarifier Rehabilitation and First Stage Digester Rehabilitation. The total project includes the planning, design, and construction of improvements for upgrades to the existing wastewater treatment facility. The new improvements will include: structural repairs to some existing infrastructure, a new disinfection tank, a new filtration building with sand filters, new HVAC, new intermediate lift station, and new electrical/controls equipment. These improvements will extend the useful life of the existing infrastructure and provide increased reliability for the treatment facility. The waste treatment project is expected to create 14 construction jobs.

USES		SOURCES	
Facility Upgrades	\$2,065,708	IRRRB	\$250,000
Dewatering	89,292	City of Hoyt Lakes (Bond)	1,820,000
Contingency	50,000	City of Hoyt Lakes (WW Fund)	230,000
A&E	95,000		
TOTAL	\$2,300,000	TOTAL	\$2,300,000

*** Grant Reallocation**

City of Chisholm

Grant Amount: \$250,000

Reallocation Amount: \$236,763

Chisholm City Hall Upgrades project. The city of Chisholm City Hall Upgrades project (FY2016) has \$236,763 remaining. Rather than close the grant the IRRRB would like to reallocate \$236,763 in grant funds to the City of Chisholm Lakeview Addition Infrastructure Improvement project, which is a \$5.38 million project.

5) Giants Ridge Recreation Tax – Resolution #17-025

Action required: Approval requires approval of at least seven members

Representative Dale Lueck moved to approve the expenditure of up to \$70,000 of Giants Ridge Amenities Tax monies for the design and construction of up to 10 miles of mountain biking trails and three hiking trails within the GRR and Biwabik that will supplement the 3.5 mile gravity mountain bike trail that is being constructed, as presented in Resolution #17-025. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Carrie Ruud

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
GIANTS RIDGE RECREATION AREA TAXING AUTHORITY
GIANTS RIDGE AMENITIES**

Resolution No.: 17-025

WHEREAS, pursuant to 2010 Laws of Minnesota, Chapter 389, Article 5, Section 7, the City of Biwabik (“**Biwabik**”), is authorized to impose lodging taxes, admissions and recreation taxes, and food and beverage taxes for the purpose of collecting tax revenues to invest in public amenities as provided in such law (collectively the “**Giants Ridge Amenities Tax**”); and

WHEREAS, the proceeds of these taxes are dedicated to and must be expended by the commissioner of the Iron Range Resources and Rehabilitation Board, upon approval by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board (“**Board**”), to pay costs for the construction, renovation, improvement, expansion, and maintenance of public recreational facilities located in those portions of Biwabik within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7 (“**GRRRA**”); and

WHEREAS, \$571,105 has been collected from Giants Ridge Amenities Taxes and deposited into the Iron Range Resources and Rehabilitation Board account enterprise fund created under the provisions of Minnesota Statutes, section 298.221, paragraph (c), of which \$500,000 has already been dedicated to projects; and

WHEREAS, the Commissioner has received a proposal for the expenditure of up to \$70,000 of Giants Ridge Amenities Tax revenues for the design and construction of up to 10 miles of mountain biking trails and three hiking trails within the GRRRA and Biwabik that will supplement the 3.5 mile gravity mountain bike trail that is being constructed (“**Proposed Project**”); and

WHEREAS, the Board met in open session at 11:00 a.m. on May 23, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Project and has determined that the proposed expenditure of up to \$70,000 of Giants Ridge Amenities Tax revenue monies for the biking and hiking trails 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 \$70,000 of Giants Ridge Amenities Tax revenue monies for the Proposed Project.

BE IT FURTHER RESOLVED that the Board’s approval is contingent upon the agency requiring payment of prevailing wages for the Proposed Project 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 23RD DAY OF MAY 2017.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	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			
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair



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

TO: Iron Range Resources and Rehabilitation Board

FROM: Mark Phillips
 Commissioner

DATE: May 23, 2017

RE: **GIANTS RIDGE NEW AMENITIES PROPOSAL - \$70,000 RECREATION TAX USE**

The Giants Ridge Recreation Area (GRRRA) taxes (lodging, admissions and food and beverage), which were implemented by the City of Biwabik in 2010, are dedicated to construction, renovation, improvement, expansion or maintenance of public recreational facilities located within those portions of the City of Biwabik that lie within the GRRRA. Under current law the Commissioner and at least seven board members must approve the expenditure of these tax funds.

The Giants Ridge Amenities Committee, an informal group of IRRRB staff and GRRRA stakeholders, has provided the agency with recommendations for the use of these tax dollars. Previously approved projects funded by the tax include:

- Project 1: Bike Trails, 3.5 miles, \$250,000 (in progress)
- Project 2: Climbing Wall, \$150,000 (opening June 2017)
- Project 3: Kid's Outdoor Play Area, \$100,000 (in progress)

The Committee is now proposing to use \$70,000 of the available tax revenues for biking and hiking trails:

Project:

- Design hiking and biking trails (25 miles of bike trails, up to 3 new hiking trails)
- Build hiking trails (up to 3 new hiking trails)

The additional bike trails will enhance the previously approved project of 3.5 miles of purpose built gravity trails at Giants Ridge. The goal is to work toward becoming a mountain bike trail destination, which requires approximately 25 miles of purpose built trails. The trails will be accessible by the new high speed Sarajevo Express lift, which will generate revenues on the ski hill during non-winter months.

6) Iron Range Higher Education Account – Resolution #17-026

Action required: Approval requires a simple majority of the quorum

Senator Tom Bakk moved to approve the expenditure of up to \$450,000 of Iron Range Higher Education Account funds for a new Veterinary Technician program at Vermilion Community College, plus the reallocation of \$200,000 from previously approved expenditures of which \$50,000 will be used for upgrading the electrical engineering lab at Mesabi Range College and \$150,000 to support phase #2 of NHED Advancement Strategies, as described in Resolution #17-026. Seconded by Senator Justin Eichorn. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Carrie Ruud

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

Resolution No.: 17-026

WHEREAS, Minnesota Statutes Section 298.28, subd. 9d allocates five 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 and Rehabilitation 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 expenditures from the Higher Education Account; and

WHEREAS, on May 1, 2017, the Committee met and approved the expenditure of up to \$450,000, plus the reallocation of \$200,000 from previously approved expenditures, for the programs described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Programs**”); and

WHEREAS, in order to provide the Higher Education Account funds to the Northeast Higher Education District and to the IRRRB Commissioner for the Proposed Programs, it is necessary for the Board to approve the proposed expenditures of funds from the Higher Education Account; and

WHEREAS, the Board met in open session starting at 11:00 a.m. on May 23, 2017, in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota to consider, among other matters, the proposed expenditure of up to \$450,000 and reallocation of \$200,000 of Higher Education Account funds in support of the Proposed Programs within the TAA, and has determined that the proposed expenditures would be in the public interest.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of up to \$450,000 and reallocation of \$200,000 of Higher Education Account funds for the Proposed Programs in the amounts and for the purposes set forth in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD
THIS 23RD DAY OF MAY 2017.**

Member	Aye	Nay	Abstain	Excused
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			
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

Iron Range Higher Education Committee
 Proposed Programs Approved May 1, 2017

1.) \$450,000 for new Veterinary Technician program at Vermilion Community College

\$300,000 for investments in facilities renovations and equipment
 \$125,000 to assist with faculty costs until we have 3 cohorts of students the 2.5 years of the program
 \$25,000 for national accreditation costs

The college has already invested in program design development, program advertising, and hired an architect to inform the decision to move ahead with launching this program. The steps that have been undertaken along with rationale that this is a needed program that fits the mission of the college:

- Hired DVM Vet Tec program developer/consultant (August 2016)
- Began advertising and recruiting efforts to gauge student interest (August-December 2016)
- Developed curriculum approved by college AASC committee (December 2016)
- Applied for and received new program approval from Minnesota State (Jan/Feb 2017)
- Applied to Higher Learning Commission for approval of substantive program change (March 2017)
- Initial application for AVMA-CVTEA accreditation (April 2017)
- Hired two unlimited faculty, one DVM and one CVT (April/May 2017)
- Begin instruction for first cohort (August 2017)

Vermilion began embarking on an aggressive student interest/marketing campaign in September of 2016. Our enrollment staff has been gauging interest through the development of student interest lists, and working with our Vet Tech program developer at college fairs and numerous individual high school visits. During this time we compiled a student interest list of 60 students. To date, with 1/3 of next year's new-student enrollment completed, Vermilion currently has eight new students enrolled in the Vet Tech Program, well on our way to our target of twelve in our first cohort. Vermilion Occupational projections for Minnesota predict that demand for Veterinary Technicians will grow at a rate of 23.8% through 2022. This far outpaces the demand for Veterinary Assistants (not requiring an accredited program) which is only projected to grow 4.9% over the same

timeframe, illustrating the industry shift to Veterinary Technicians with degrees from an accredited program.

2.) \$50,000 request to repurpose unspent funds from the 2015 Process Operations Grant to be used for upgrading the electrical engineering lab at Mesabi Range College

The Electrical Engineering Lab at Mesabi Range College that serves ICC and IRE students is in need of new equipment in order to meet accreditation requirements in fall 2017. Along with new electrical equipment, a new PCB engraver and CNC router is needed.

3.) \$150,000 request to repurpose of \$100,000 in unspent funds from the 2016 Health Care Sim Lab and \$50,000 from the 2015 Process Operations Grant to support phase #2 of NHED Advancement Strategies

The request is to continue work on the NHED Advancement Strategies that began in the fall of 2016.



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

Date: May 23, 2017

To: Iron Range Resources and Rehabilitation Board

From: Mark Phillips
Commissioner

RE: IRON RANGE HIGHER EDUCATION COMMITTEE – HIGHER EDUCATION ACCOUNT EXPENDITURES

The Iron Range Higher Education Committee (IRHEC) is a legislatively created committee charged to advise the Commissioner of Iron Range Resources and Rehabilitation Board on providing higher education programs in the Taconite Assistance Area (TAA). Monies allocated to the Iron Range higher education account under Minn. Stat. Sec. 298.28, subd. 9d, may be used for higher education programs conducted at educational institutions in the TAA, and must be approved by both the IRHEC and the Board.

The IRHEC met on Monday, May 1, 2017 to hear program updates and consider program funding requests. At that meeting, the IRHEC approved an expenditure of up to \$450,000 of the higher education account funds to provide a grant to the Northeast Higher Education District (NHED) for the development and delivery of an Associate of Applied Science Veterinary Technician Program at Vermilion Community College. The IRHEC also approved repurposing \$200,000 of unused monies

from a 2015 process operation grant and a 2016 health care sim lab grant for the following; 1) \$50,000 for a project to upgrade the electrical engineering lab at Mesabi Range College, and 2) \$150,000 for NHED advancement strategies.

I am recommending Board approval of these expenditures.

Funding Authorization:

These expenditures are authorized under the provisions of the Iron Range Higher Education Committee and the Iron Range Higher Education Account as codified under Minnesota Statutes, Section 298.2214 and 298.28, subdivision 9d, respectively.

7) FY18 Budget – Resolution #17-027

Action required: Approval requires a simple majority of the quorum

Representative Julie Sandstede asked that the Board receive a 5-year expenditure/revenue report related to Giants Ridge.

Representative Julie Sandstede proposed that the Board agree to include in the FY18 Budget, a separate line item for the Recharge the Range effort.

Senator Justin Eichorn asked that the Board receive a 5-year history regarding the Commissioner's grant program.

Representative Jason Metsa moved to approve the FY 2018 IRRRB Budget, as presented in Resolution #17-027 and Board packet materials (see attached Exhibit A). Seconded by Representative Dale Lueck. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Carrie Ruud

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2018 AGENCY BUDGET APPROVAL**

Resolution No.: 17-027

WHEREAS, the Commissioner, pursuant to the provisions of Minnesota Statutes Section 298.22, Subdivision 11, has submitted to the Board for its consideration and approval a proposed fiscal year 2018 ("FY18") budget for the funding of operational expenditures, programs and projects of the agency during the State's FY18 which covers the period of time from July 1, 2017, through June 30, 2018 (the "**Proposed FY18 Budget**"); and

WHEREAS, the Board met in open session on May 23, 2017, at 11:00 a.m. in Room 2412 of the Minnesota Senate Building in St. Paul, Minnesota, to consider, among other matters, the Proposed FY18 Budget; and

WHEREAS, the Board, after careful deliberation of the current and future resources anticipated to be available to the agency, has concluded that it would be in the best interests of the agency and the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 ("**TAA**") to approve the Proposed FY18 Budget and to approve the requested expenditures of funds made available to the Commissioner under the provisions of Minnesota Statutes Section 298.22 ("**Board Account**"), Section 298.223 ("**Taconite Area Environmental Protection Fund**"), Sections 298.291 through 298.296 ("**Douglas J Johnson Economic Protection Trust Fund**") and Section 298.17 ("**Occupation Tax Funds**") for the projects and purposes, in the amounts, and to the extent requested for final approval authorization in the Proposed FY18 Budget.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board approves the Proposed FY18 Budget and the expenditure authorizations therein requested from the Board Account, Taconite Area Environmental Protection Fund, Douglas J. Johnson Economic Protection Trust Fund and Occupation Tax Funds to fund the operational expenditures, programs and projects of the FY18 Budget, subject to the understanding that the Board at subsequent meetings during FY18 will approve, on a project-by-project basis, the expenditure of the funding designated in the projects section of the Budget except as otherwise provided in the Budget, and subject to the understanding that the Commissioner's authority to approve loans up to \$500,000 as described in the Project section of the Budget does not extend beyond June 30, 2018 without further Board approval.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD
THIS 23rd DAY OF MAY 2017.**

Member	Aye	Nay	Abstain	Excused
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			
TOTAL	7	0	0	2

Signed: _____
 Senator David Tomassoni, Chair

8) Adjournment

The meeting adjourned at 12:54 p.m.

EXHIBIT A



m IRON RANGE RESOURCES
& REHABILITATION BOARD

FY 2018 Budget

To promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.

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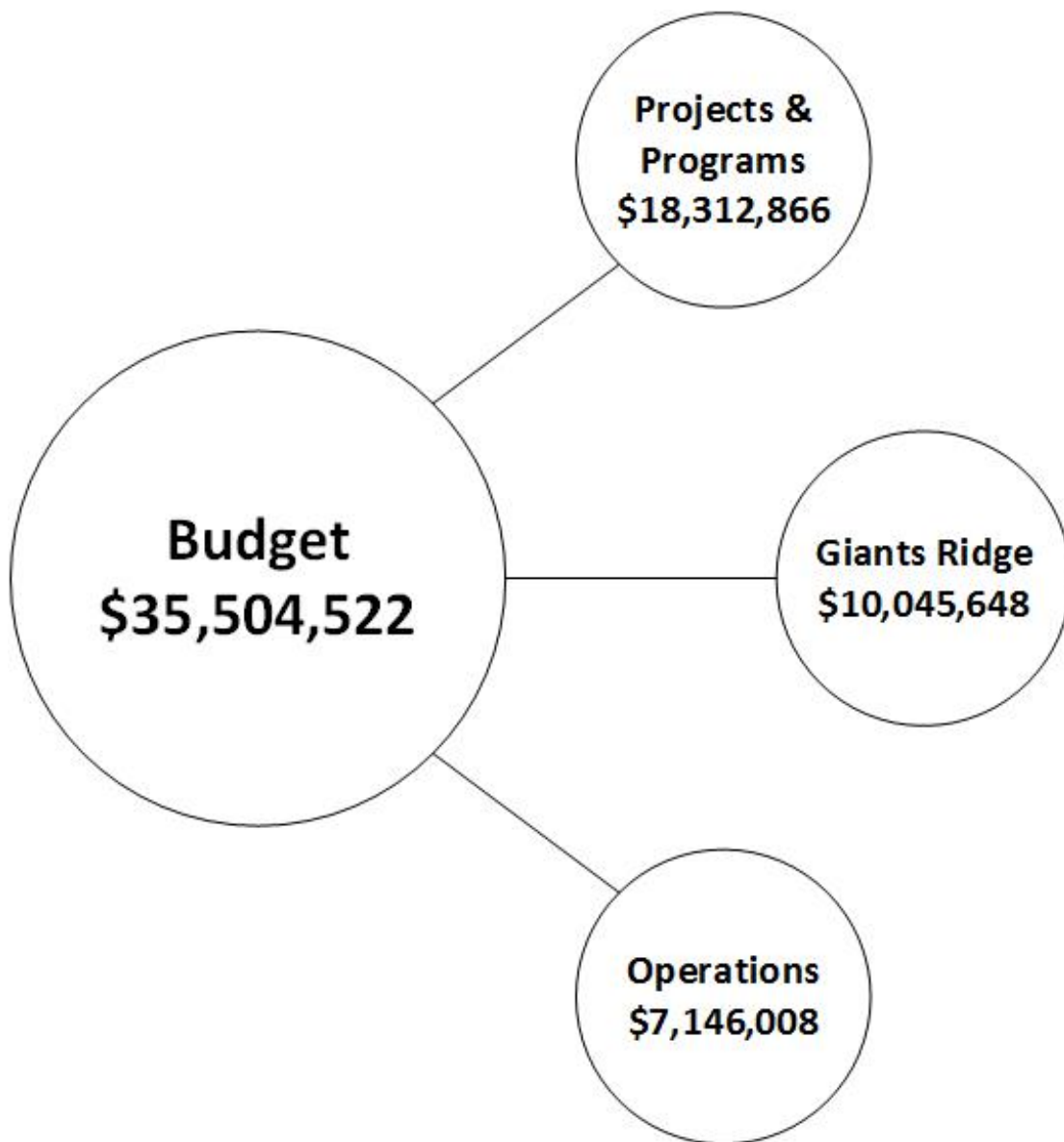
Introduction

FY17 July 1, 2017 – June 30, 2018

This proposed FY18 IRRRB budget represents the agency’s commitment to investing in a better future for northeastern Minnesota. It is organized in order of funding priorities - public investments in development projects and programs, Giants Ridge, and operational costs.

Approval of specific projects is governed by Minnesota statutes, which may be amended in FY18.

Development projects and programs account for 52% of the agency’s spending; Giants Ridge 28%; and operations 20%.



FY18 Budget

Iron Range Resources & Rehabilitation Board	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget
Resources			
Carryforward In	\$14,114,688	\$15,365,881	\$15,114,267
Current Resources			
Taconite Production Taxes	\$19,405,971	\$19,405,971	\$21,051,255
Investment Earnings	772,609	1,255,721	1,198,691
Loan Revenues	1,865,671	4,464,387	1,986,835
Facilities Revenues	5,243,542	4,402,331	5,454,727
Occupation Tax Region III	563,091	563,091	502,866
Subtotal Current Resources	\$27,850,884	\$30,091,501	\$30,194,374
Total Resources	\$41,965,572	\$45,457,382	\$45,308,641
Estimated Expenditures			
Projects			
Development Projects	6,200,000	3,975,250	7,000,000
Public Works	5,000,000	4,836,000	6,000,000
Total Projects	\$11,200,000	\$8,811,250	\$13,000,000
Programs			
Program Grants	5,575,000	4,580,607	4,710,000
Occupation Tax Region III	563,091	563,091	502,866
Total Programs	\$6,138,091	\$5,143,698	\$5,212,866
Giants Ridge	\$9,802,483	\$8,889,436	\$10,045,648
Operations & Development Fixed Costs	\$8,654,720	\$7,498,731	\$7,246,008
Total Budget	\$35,795,294	\$30,343,115	\$35,504,522
Estimated Carryforward Out	\$6,170,278	\$15,114,267	\$9,804,119

Projects

Development Projects - \$7,000,000

A total of \$7,000,000 is designated for economic development projects to promote business development opportunities and attract new investments to the region. In an effort to streamline approvals, improve timeliness, and better serve businesses, the Commissioner, with approval of the IRRR Board Chair, will be authorized to approve development projects of \$500,000 and less for projects that meet the following conditions:

- Qualify for IRRRB financing under established guidelines.
- Approved by the Technical Advisory Committee (TAC).

Public Works - \$6,000,000

Public works grants help cities, townships, airport authorities, hospital boards, utility commissions and collaborative organizations complete projects that support community and economic development. Eligible projects include, but are not limited to, publicly owned infrastructure such as wastewater, drinking water, storm water and utility systems, health care and airport facility improvements and renewable energy or energy efficiency initiatives.

Projects Budget

Development Projects	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget
Development Projects	\$6,200,000	\$3,975,250	\$7,000,000
Public Works	5,000,000	4,836,000	6,000,000
Total Development Projects	\$11,200,000	\$8,811,250	\$13,000,000

Programs

Grants

Community Development

Commercial Redevelopment - \$800,000

Commercial Redevelopment grants fund the demolition and removal of commercial or publicly-owned structures, or the clean-up of brownfield sites, making way for new development.

Residential Redevelopment - \$300,000

Residential Redevelopment grants help create cleaner and safer communities and encourage new construction by assisting in the demolition of dilapidated residential structures.

Development Partnerships - \$250,000

The program funds partnerships for research, education, and development-based initiatives which support long term economic growth within the region and are consistent with IRRRB strategies. Past and present partnerships include: APEX, Northspan, East Range Joint Powers Board, Enterprise Minnesota, Minnesota Power, Minnesota Logger Education Program, Arrowhead Manufacturers & Fabricators Association, Iron Range Tourism Board, and UMD Center for Economic Development Small Business Development Center.

Community Comprehensive Plan Updates - \$20,000

The grant program helps communities fund the development and adoption of comprehensive plans. Comprehensive plans provide a long range vision for how each community desires to grow and develop. The plans better enable communities to make long term development decisions and also assist IRRRB in making funding decisions.

Downtown & Business Corridor - \$200,000

Downtown revitalization has been identified as essential to the quality of life in our communities and as a priority in communities across the IRRRB service area. The Downtown Partnership Pilot Program provides funding for projects in downtown areas to create excitement, encourage citizen engagement, and generate visible improvements in downtowns.

Business Energy Retrofit - \$500,000

The program is funded by IRRRB and administered through a partnership with Arrowhead Economic Opportunity Agency (AEOA) to assist business owners with energy efficient improvements to their buildings.

Workforce Development - \$200,000

Grants assist in workforce development by funding sector specific customized training programs for industry, industry clusters, schools or collaborative partnerships that build capacity, responsiveness or innovation to address workforce needs. Funding is also available for secondary and post-secondary educational institutions and other regional workforce development partners to develop and deliver curriculum that prepares students for a seamless transition from high school or post-secondary education to the workforce.

Mining and Mineland Reclamation

Mining & Mineland Reclamation - \$140,000

FY18 funded projects and programs include stocking mine pits with fish (\$20,000), emergency safety projects and repair (\$20,000), and the Drilling Incentive Grant Program (\$100,000) to stimulate additional exploration in Minnesota – primarily for manganese and gold.

Laurentian Vision Partnership - \$200,000

The Laurentian Vision Partnership Innovation Grant Program assists cities, townships, mining companies or joint powers boards with projects to promote the LVP vision and mission of “transforming pits and piles to living lakes and landscapes...our legacy for the future.” Grant funds are used to preserve lands that sustain current and future mining, promote landscape options for post-mining uses, identify and plan new development opportunities, and provide the tools to achieve these goals.

Culture and Tourism

Culture and Tourism - \$250,000

Culture and Tourism grants assist non-profit organizations to undertake projects that stimulate tourism and enrich the quality of life in communities through artistic, cultural, heritage or recreational activities.

Minnesota Discovery Center - \$1,350,000

Minnesota Discovery Center’s mission is to “collect, preserve, interpret and promote the history and cultural heritage of northeastern Minnesota; and to manage, promote, sustain and develop the assets of Ironworld for the long-term benefit of area residents and visitors.”

Through FY 2018 the Sublease/Management Agreement provides an annual \$1,000,000 operating subsidy, the interest on an endowment fund and a \$150,000 challenge grant for operating or endowment fund raising. In addition to these financial terms, the budget includes \$200,000 for building capital improvements.

Commissioner Program - \$300,000

Grants under the Commissioner Program allow the agency to respond quickly to urgent situations or to support development opportunities that may not meet other program requirements.

Application Fund - \$50,000

The grant program reimburses communities, non-profits and educational organizations for up to one-half of the cost of applying for funding from other state, federal or private grant programs.

Recharge the Range - \$250,000

A strategic roadmap for economic development. In response to a downturn in the mining industry, the Recharge the Range initiative was created to ensure that attention and strategies are introduced and implemented to address the instability of the region's economy. Seven Recharge the Range community committees and additional spin off committees are taking action to initiate a series of new strategies and programs.

During FY18, Recharge the Range will host workshops and conferences, will develop community-driven grant programs and will promote the Iron Range to improve business, community, workforce and quality of life in Iron Range area communities.

Programs Budget

Program Grants	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget
Community Development			
Commercial Redevelopment	\$1,000,000	\$900,000	\$800,000
Residential Redevelopment	350,000	325,000	300,000
Development Partnerships	250,000	240,000	250,000
Community Comprehensive Plan Updates	40,000	30,000	20,000
Downtown & Business Corridor	200,000	200,000	200,000
Business Energy Retrofit	750,000	750,000	500,000
Total Community Development	\$2,590,000	\$2,445,000	\$2,070,000
Workforce Development	\$200,000	\$126,950	\$200,000
Mining and Mineland Reclamation			
Mining & Mineland Reclamation	\$585,000	\$25,724	\$140,000
Laurentian Vision Innovation Projects	200,000	38,250	\$200,000
Total Mining and Mineland Reclamation	\$785,000	\$63,974	\$340,000
Culture & Tourism			
Culture & Tourism	\$300,000	\$299,683	\$250,000
Minnesota Discovery Center	1,350,000	1,350,000	1,350,000
Total Culture & Tourism	\$1,650,000	\$1,649,683	\$1,600,000
Commissioner Program	\$300,000	\$260,000	\$300,000
Application Fund	\$50,000	\$35,000	\$50,000
Recharge the Range	\$0	\$0	\$250,000
Total Program Grants	\$5,275,000	\$4,580,607	\$4,810,000

Region III

State law directs IRRRB to serve as the fiscal agent for Carlton and Koochiching County (Region III) grants from occupation taxes for economic and environmental development projects. IRRRB does not make any funding decisions, but funds pass through under the following provisions:

- The Region III allocation is equal to the amount that would have been generated by a 1.5-cent tax imposed on each taxable ton for the preceding production year.
- By law, one-third of the portion allocated for Koochiching County must be used to fund the Koochiching County Economic Development Commission.

Region III Grant – Carlton/Koochiching	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget
Region III	\$563,091	\$563,091	\$502,866

Giants Ridge

Giants Ridge promotes destination tourism and offers a variety of recreational opportunities that enhance the quality of life for visitors and area residents. It also supports the agency's mission to enhance and diversify the economy of the IRRRB service area. Multiplier economic impacts from Giants Ridge on the local economy are estimated to be over \$43 million today and \$98 million by 2035. Continued investments in the facility, infrastructure and real property, including two new ski lifts slated for operations next winter, help meet customer expectations and keep Giants Ridge competitive.

Giants Ridge offers a mountain of outdoor experiences year around, including snow sports with alpine and Nordic skiing and snow tubing; two championship golf courses and disc golf; and mountain bike and hiking trails. A new chalet and event center features expanded rental, retail, food service and dining. Giants Ridge is a destination for amateur and high school sports and is currently the host site for the Minnesota State High School League alpine and cross country state championship races. Private sector lodging partners help fulfill hospitality needs in the recreation area and it is also home to a growing residential development population.

The contract manager at Giants Ridge, Guest Services, is implementing a new business model this year that integrates all functional areas owned by the IRRRB under a single operator. The model has expanded revenue opportunities, more flexibility in staffing, broader control over the guest experience and it consolidates expenses. The changes are expected to help the facility achieve better service and management outcomes. This budget supports strategic reinvestment at Giants Ridge to build a better future.

Giants Ridge Budget

Giants Ridge	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget
Revenues			
Admissions	\$2,764,469	\$2,653,562	\$2,783,948
Facility Rental	2,000	4,000	0
Other Revenue	67,031	82,678	298,200
Retail Sales	2,242,451	1,515,347	2,120,388
Total Revenues	\$5,075,951	\$4,255,587	\$5,202,536
Expenses			
Cost of Sales	\$844,163	\$709,269	\$792,680
Salaries & Benefits	4,842,575	4,744,170	5,343,120
Utilities	323,542	341,324	356,815
Advertising & Marketing	788,600	614,000	510,000
Equipment Rental	15,450	8,156	4,600
Management Fees	100,080	96,326	279,817
Professional Services			35,730
Maintenance & Repairs	800,191	714,915	713,262
Supplies	415,181	235,101	329,800
Insurance	128,857	98,534	166,008
Purchased Services	271,844	214,574	98,316
Total Operational Expenses	\$8,530,483	\$7,776,369	\$8,630,148
Non Operational Expenses			
Transition Costs	\$410,000	\$250,000	\$0
Non-Capital Assets	562,000	570,801	572,500
Capital Assets	300,000	292,266	843,000
Total Non-Operational Expenses	\$1,272,000	\$1,113,067	\$1,415,500
Total Expenditures	\$9,802,483	\$8,889,436	\$10,045,648

Operational Costs

Operational costs include day-to-day general and administrative expenses for running the agency: payroll, purchased services, indirect costs, supplies, materials, repairs and maintenance. Payroll expenses include all Operations and Development employees.

Operational Costs Budget

Operational Costs	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget
Payroll			
Wages and Benefits	\$4,218,302	\$3,893,025	\$4,384,200
Retirement Insurance	100,444	99,211	323,837
Unemployment Compensation	50,000	51,229	50,000
Workers Compensation	80,000	69,212	71,000
Other Payroll Costs	1,680,150	1,668,683	13,970
Total Payroll	\$6,128,896	5,781,360	\$4,843,007
Purchased Services			
Rentals and Utilities	\$49,940	\$51,926	\$50,100
Printing and Advertising	98,000	89,420	70,500
Professional/Technical Services	747,100	289,587	447,100
Computer and Computer Services	174,000	159,596	179,000
Communications	136,100	135,471	144,300
Travel	220,000	190,223	216,600
Employee Development	51,000	43,601	44,000
Total Purchased Services	\$1,476,140	\$959,825	\$1,151,600
Supplies and Equipment	\$394,600	\$285,538	\$322,950
Repairs and Maintenance	\$247,000	\$57,804	\$239,000
Indirect Costs			
Statewide Indirect Costs	\$146,984	\$147,793	\$331,051
Attorney General Costs	10,000	7,658	15,000
Total Indirect Costs	\$156,984	\$155,451	\$346,051
Other Operating Costs	\$251,100	\$258,753	\$243,400
Total Operational Costs	\$8,654,720	\$7,498,731	\$7,146,008