# Range Association of Municipalities & SchoolsBoard Meeting MinutesThursday, April 26, 2018 – 6:00 P.M. Northeast Service Cooperative Building

**Call to Order:**

President Dave Lislegard called the meeting to order at 6:00 P.M.

**Roll Call of Board:**

Present: Dave Lislegard (City of Aurora); Charlie Baribeau (City of Virginia); Pat Medure (ISD 318-Grand Rapids); Gregg Allen (Supts Assn); Glenn Anderson; (City of Babbitt); Bob Berrini (Morse Township); Jim Fisher (McDavitt Township); Pat Garrity (City of Hibbing); Barb Kalmi (ISD 319-Nashwauk/Keewatin); Paul Kess (City of Ely); Stu Lehman (City of Buhl); Milan Luziach (Great Scott Township); Ray Marsnik (ISD 696-Ely); David Pace (Supts Assn); Carlene Perfetto (City of Silver Bay); Mark Skelton (City of Hoyt Lakes); Al Stanaway (City of Mt Iron); Warren Stolp (Nashwauk Township); Stacey Sundquist (ISD 706-Virginia); Jim Varda (City of Chisholm); Cyndi Worshek (ISD 2711-Mesabi East)

Absent: ISD 701-Hibbing; ISD 695 Chisholm; City of Grand Rapids

Also Present: Steve Giorgi, Executive Director; Lois Roskoski, Administrative Assistant; Ron Pittman, Cherry Township

**Review and Approve Agenda:**

**Moved by Fisher and supported by Perfetto to approve the agenda. Motion carried.**

**Approve Meeting Minutes:**

1. Regular Meeting held March 22, 2018.

**Moved by Kalmi and supported by Baribeau to approve the minutes from the regular meeting held on March 22, 2018. Motion carried.**

**Appearance:**

1. Sandy Karnowski and Ed LaTendresse were present from Cleveland Cliffs to provide an update on their mining operations.
	* Cleveland Cliffs joined RAMS as a corporate member in 2018.
	* Cleveland Cliffs celebrated their 170th anniversary last year. Cleveland Cliffs moved to Minnesota in 1905, with their first mine in Nashwauk.
	* Lorenza Gonclaves was hired as the CEO in 2014.
	* Cleveland Cliffs operates the following mines:

Tilden Mine:

Located in Michigan. $8 million long tons produced annually. 908 employees.

Empire Mine:

Located in Michigan and idled in 2016. Cliffs purchased the remaining equity and there is some talk about restarting that mine. A prefeasibility study is underway.

United Taconite:

Located in Eveleth, MN. $5.4 million long tons produced annually. 483 employees.

Hibbing Taconite:

Located in Hibbing, MN. $8 million long tons produced annually. 737 employees. Ownership is shared with Arcelor/Mittal and US Steel. They are currently working on obtaining mineral rights to expand ore reserves at Hibbing Taconite.

Northshore:

Located in Silver Bay, MN. $6 million long tons produced annually. 526 employees.

* The Minnesota mines provide a $1 billion economic cost and 1,750 jobs.
* The taxes paid for the Minnesota mines were $42 million in 2017 and are anticipated to be $54 million for 2018.
* Cleveland Cliffs contributes annually to local organizations, the United Way, and through the Cliffs Foundation Grants. The Cliffs Foundation Grants are given to non-profit organizations. 2018 grants were given to the United Way building, restoration of William Kelly school in Silver Bay, Olcott Park Fountain, Eveleth police shooter gear, Minnesota Diversified Industries building, East Range DAC, Habitat for Humanity; Children’s dental services, local food banks/shelfs. Deadline to submit a grant application is October 31st for the 2019 funding.
* The mustang project broke ground in 2016 at the United Taconite plant, which produces flex iron ore pellets for Arcelor Mittal. It was a $75 million investment and created 120 construction jobs.
* A $90 million investment has been made at the North Shore Mine to create DRI grade (low silica) pellets. The pellets will be shipped to the HBI facility in Toledo, Ohio to feed electric arc furnaces. The project should be completed by the winter of 2019. This is the first project in the US to feed electric arc furnaces. There is a demand for $4-4.5 million tons of these pellets and they can only produce $1.6 million tons with the facility being built.
* The HBI project in Toledo, Ohio, is a $700 million investment and will create 130 permanent jobs. The facility will be fed 100 percent by North Shore mining pellets. Construction started in February of 2018 and commercial production should begin by July of 2020.
* Cleveland Cliffs is waiting on the State to make their decision on the former Essar site in Nashwauk. They may build a plant in Minnesota or reopen the Empire Plant in Michigan.

Director Giorgi thanked Cleveland Cliffs for becoming a RAMS corporate member and expressed his appreciation for the efforts they make to communities.

**Director’s Report:**

Director Giorgi provided the following report on the activities held in April:

* Attended the Broadband Lobby Day at the State Capitol on April 12th. Information was shared on the need for funding to continue the border to border broadband grant program. A hearing was held the same day and it appears $20 million may be allocated for the program. The Minnesota Rural Broadband Coalition has been leading this charge.
* Attended a listening session for Virginia and Eveleth/Gilbert Academy Project for grades 9-12. A consultant firm was hired and a survey has been sent out to community members, in conjunction with the City of Virginia, who hired the same consultant firm. A presentation will be made once the surveys are returned and summarized by the consultant firm.
* On April 13th, RAMS hosted a meeting with Senator Smith and representatives from the RAMS Board, local elected officials, labor leaders, Chamber of Commerce, Jobs for Minnesotans and Mining Minnesota. Discussion was held on moving the PolyMet Land exchange legislation forward in the Senate. Legislation was passed in the House. Senator Smith is committed to working to get legislation passed this year.
* Update on wild rice standard. An administrative law judge decided the MPCAs proposed formula on the wild rice standard would be unconstitutional. A bill was introduced to provide a $50,000 allocation to the DNR to issue a report on what would be beneficial for wild rice restoration. The MPCA issued a statement today stating they are withdrawing their own standard from the rulemaking process and will be working with legislators to determine an alternate plan.
* Senator Bakk agreed to include our proposed change to the Municipal Tax Formula in the Senate tax bill. Representative Metsa is working on including it in the House tax bill. This would move the escalator clause to the Municipal Aide formula and would provide the first increase since 1983.
* St. Louis County stated they need additional time to prepare a presentation on the allocation of taxes within the County. Hopefully, representatives from St. Louis County will appear at the May RAMS Board meeting.

**Old Business:**

1. Dig Once Resolutions.

Director Giorgi stated we have enough resolutions from the RAMS membership to move this issue to the St. Louis County Board. A request has been submitted to appear at the next St. Louis County Board meeting.

**New Business:**

1. Legislative Update:

Gary Cerkvenik provided a written legislative update, as follows:

* Tax Bill: The House will be voting on their version of the tax bill, which focuses on conformity with the major changes made on the federal level with the recent federal tax reform. The House bill targets relief to middle class homeowners, but raises taxes on 150,000 Minnesotans. If a tax bill does not pass, Minnesotans would face a $400 million tax increase. The Senate is in the process of creating their tax bill, which includes an automatic tax reduction provision based upon the annual economic forecast.
* Bonding Bill: Neither House or Senate have released their bonding proposals. The Governor is proposing a $1.5 billion bill, with no local projects.
* Iron Range Fiscal Disparities: We were able to fight off an attempt to include an expansion of the IRFD program into Duluth, which would have resulted in a loss of state aid to RAMS communities of nearly $1 million.
* Taconite Municipal Aid: This RAMS initiative made it into the House tax bill, thanks to a Metsa amendment. This would raise the taconite municipal aid by $789,700 and insure that the base of aid would be $6.7 million per year, nearly $1 million more than our cities received in 2018. It was agreed to delay the effective date for one year to account for the three-year tax averaging on the IRRRB. A tax bill still needs to be passed before this becomes effective.
* School Fund Transfer: The Northeast Higher Education District attempted to transfer $5 million from the school fund designed for pre-k-12 local schools. Our legislators denied this attempt. RAMS remains opposed to the increased use of our local taconite taxes to fund community colleges. RAMS would be glad to support colleges focusing on increased state general fund support as an alternative.

**Board Member Updates:**

1. Bob Berrini, Morse Township:
* The Fire Department parking lot was blacktopped in 2016.
* Two 5-year contracts have been signed with the State Forest Service.
* A lot of homes were sold in 2017. Fifty building permits were issued for new buildings.
* Population is staying around 1,200.
* Terry Soderberg was the only candidate in 2018 for the Town Board.
* A management deal was signed with the golf course.
* Work is in progress for a walking trail.
1. Barb Kalmi – Nashwauk/Keewatin Schools:
* A new high school principal was hired.
* A long term deal was finalized with sharing superintendent services with Deer River.
* A community survey was taken and facilities are being evaluated.

**Finance Committee Report:**

Pat Medure reported on the finance reports:

1. Expenditures.

**Moved by Medure and supported by Fisher to approve the expenditures, for the period March 22-April 25, 2018, in the total amount of $16,738.00. Motion carried.**

1. Profit & Loss Budget Vs. Actual.
2. Balance Sheet as of April 25, 2018.

**Moved by Perfetto and supported to approve the Balance Sheet. Motion carried.**

1. Membership Dues with MASA, District 27/28.

**Moved by Medure and supported by Perfetto to approve an advance payment of membership dues with the MASA, District 27/28, for the 2018-2019 school year, in the amount of $150.00. Motion carried.**

**Other:**

Discussion was held on the development of a Comprehensive Land Use Plan by St. Louis County. Townships can adopt the plan, or prepare their own plan. St. Louis County is willing to meet with townships, if they have questions.

Discussion was held on the extension of the State mineral leases for the former Essar site in Nashwauk. It was determined that no action be taken at this time. The issue will be added to the May board meeting.

Information from the Coalition in support of HF3280/SF2983 (Minnesota’s sulfate water quality standard to protect wild rice) was included in the packet. A News Release issued on April 26th stating the MPCA will withdraw the Wild Rice rule from the rulemaking process was also included in the packet.

Pat Medure announced he will be running for the District 5 State Representative seat, currently held by Sandy Layman.

Dave Lislegard announced he will be running for the District 6B State Representative seat, which will be vacated by Jason Metsa.

**Next Meeting:**

 Director Giorgi will determine if the next RAMS Board Meeting will be held on May 24th or May 31st, depending on his availability.

**Adjournment:**

 Meeting adjourned at 8:08 P.M.