

*Dayton
Ott
Suzanne*

EXECUTIVE COUNCIL AGENDA

Thursday, December 6, 2012

10:00 a.m.

State Capitol, Room 123

TAB

◆ EXECUTIVE COUNCIL

MINUTES of the September 12, 2012 meeting1A
APPROVAL

◆ MINNESOTA MANAGEMENT & BUDGET
Kristin Hanson, Assistant Commissioner, Treasury Division

Request to approve the list of new collateral used to secure state funds on deposit as required by Minnesota Statutes, Section 9.031, subdivisions 2 and 32A
APPROVAL

◆ DEPARTMENT OF REVENUE
Lloyd McCormick, Appraisal Supervisor, Property Tax Division

Request for property tax relief for the counties of Aitkin, Carlton, Crow Wing, Pine, St. Louis, and the City of Duluth related to the severe storms and flooding during 2012 under Minnesota Statutes, Sections 273.1231–273.1235.....3A
APPROVAL

◆ DEPARTMENT OF NATURAL RESOURCES
Tom Landwehr, Commissioner

Approved

Request to approve issuance of State taconite iron ore mining lease to ArcelorMittal Minorca Mine Incorporated under Minnesota Statutes, Section 93.1925 subdivision 14A
APPROVAL

Protective Game

Request to approve issuance of 31 non-ferrous metallic minerals leases pursuant to 2012 State non-ferrous metallic minerals lease sale under Minnesota Statutes, Section 93.25, subdivision 24B
APPROVAL

**MINUTES OF THE MEETING
OF THE EXECUTIVE COUNCIL OF THE STATE OF MINNESOTA
September 12, 2012 – 9:00 a.m.
State Capitol, Room 123**

In attendance: Governor Mark Dayton
Lt. Governor Yvonne Prettner Solon
State Auditor Rebecca Otto
Secretary of State Mark Ritchie
Attorney General Lori Swanson

The meeting was called to order at 9:00 a.m. The minutes of the June 6 meeting were approved with a motion made by Auditor Otto and unanimously approved.

MINNESOTA MANAGEMENT & BUDGET (MMB)

Susan Gurrola requested approval of the list of new collateral used to secure state funds on deposit as required by Minnesota Statutes, Section 9.031, subdivisions 2 and 3.

- ◆ Motion to approve was made by Secretary Ritchie and unanimously approved.

Susan Gurrola requested approval to designate state depositories as required by Minnesota Statutes, Section 9.031.

- ◆ Motion to approve was made by Secretary Ritchie and unanimously approved.

DEPARTMENT OF NATURAL RESOURCES (DNR)

Commissioner Tom Landwehr came before the Council to introduce DNR's new Division Director, Jess Richards. Jess comes to DNR from the Pollution Control Agency where he worked for almost two decades, and brings with him a great deal of experience with mining issues.

The Department of Natural Resources is preparing letters to send to private landowners who own the surface of properties bid upon at the metallic minerals lease sale. The DNR has met with the county officials and county boards for the counties involved in the next sale to answer questions about the leasing process and update them on the changes that DNR has implemented this year with regard to the minerals leases process. At the next Executive Council meeting, DNR will request the council's approval of minerals leases to be issued as a result of the bidding at the public lease sale held on October 24, 2012.

The council thanked Commissioner Landwehr and staff for all their efforts in this process.

The meeting was adjourned by **Governor Dayton**.

**Potential Mineral Lease Sale Citizen Petition for an EAW
Talking Points - December 4, 2012**

- On September 26, 2012, the Minnesota Department of Natural Resources (DNR) received a citizen petition asking for an environmental assessment worksheet (EAW) to be conducted on upcoming minerals leases. Over 140 Minnesota citizens signed the petition.
- The petition requests preparation of an EAW "...to assess the potential for significant and cumulative environmental impacts from the October 2012 auction of state mineral leases."
- The petition also requests postponement of the October 2012 lease sale until issues raised in the petition are addressed and a timely citizen hearing is conducted. The October 2012 lease sale is expected to be approved by the Executive Committee on November 6, 2012.
- Environmental concerns raised in the petition are related to exploration and include: physical impacts to sensitive natural communities, impacts to trails, loss of wetlands, trout stream impacts, proximity to and impacts to private property, groundwater quantity/quality, surface water quality impacts, impacts to national forest and other federal lands (e.g., Rice Lake National Wildlife Refuge), and cumulative impacts due to multiple lease sales.
- DNR reviewed the petition for an EAW and found that it did not meet the requirements in law because there is no "project" to review. The mere holding of a mineral lease sale is a governmental process and not a project subject to environmental review without more.
- DNR would be unable to assess any environmental effects of the lease sale because physical exploration is not proposed at this time. If a lease progresses to exploration, the lessee must submit an exploration plan to DNR. Consideration of exploration plans is a final governmental action that is subject to Minnesota Environmental Review Rules and such plans may trigger the need for an EAW.
- DNR issued a Record of Decision (ROD) denying the petition on November 8, 2012 based on the lack of a project ripe for environmental review. Instead, the DNR will make the decision on the need for an EAW when actual exploration plans related to the subject leases are submitted to the DNR for approval.
- Some exploration activities are exempt from environmental review rules. Some exploration activities are subject to mandatory EAW preparation. Some exploration activities are neither exempt nor mandatory, and for these activities the DNR will evaluate the nature and location of the exploration to determine the potential for significant environmental effects. If the DNR determines there may be a potential for significant environmental effects for any specific exploration, an EAW will be ordered.
- In accordance with Minnesota Rules, part 4410.1100, subpart 9 the petition remains in effect for one year and would apply to any exploration plans submitted on the identified mineral lease sale. This was stated in the ROD.
- The petitioners are appealing the DNR decision to the Minnesota Court of Appeals and seeking a stay from the DNR of the decision to defer the decision on an EAW in the ROD pending appeal.
- DNR will deny the request for a stay based on the standard of review in the law: the petitioners are not likely to suffer irreparable harm without of stay because there are no projects ripe for review at this time and if exploration management plans are submitted, the DNR will make an EAW decision at that time; the petitioners have not provided any information demonstrating that they are likely to succeed on the merits of the case; and the effect of the stay would have a negative effect on the public interest. This is so because projects required to have an EAW will receive one but projects where no EAW under the law would be delayed pending appeal. Exploration work is many times conducted in the winter months because access through moist soils is better on frozen ground and has less environmental impact in the winter months. Because of this, a delay pending appeal could delay exploration by at least one year. Further, there was recently over an 8 month delay in approving the 2011 nonferrous metallic lease sale by the Executive Council because of severed mineral interest issues. These types of delays have a discouraging effect on mining industry because of the cost and uncertainty of investing and doing business in Minnesota which has a direct impact on the competitiveness of Minnesota in world markets.

DEPARTMENT OF NATURAL RESOURCES
MINERAL RECEIPTS BY ACCOUNT
FISCAL YEAR 2012

ACCOUNT	IRON-ORE TACONITE	M-LEASES	STOCKPILE/ SURFACE	R-LEASES	METALLIC MINERALS	PEAT	INDUSTRIAL MINERALS	RGRA **	INTEREST	TOTALS
School Trust Fund	26,095,520	131,170		54,556	396,045	34,603	10,080		21,969 *	26,743,944
School Trust Fund (Minerals Mgmt)	6,523,880			13,639	99,011		2,520			6,639,050
University Trust Fund	9,443,691	23,120		534,184					120 *	10,001,114
University Trust Fund (Minerals Mgmt)	2,360,923			133,546						2,494,469
Tax Forfeit	3,008,115	788		58,465	484,906	31,257	6,033		2,324 *	3,591,888
Tax Forfeit (Minerals Mgmt)	752,029			14,616	121,227		1,508			889,380
Consolidated Conservation					96,795	4,825	5,687			107,306
Consolidated Conservation (Minerals Mgmt)					24,199		1,422			25,620
General Fund					48,968					48,968
Filing Fees					300					300
State Forest										
General Fund (Minerals Mgmt)					12,242	2,124				12,242
Voistead Lands										
Voistead Lands (Minerals Mgmt)										2,124
Game & Fish Fund					27,631	879				28,509
Game & Fish Fund (Minerals Mgmt)					6,908					6,908
Natural Resources Fund										
Natural Resources Fund (Minerals Mgmt)										
County Fee Owned				4,448						4,448
Advance Royalty Account										388,653
Advance Royalty Account	388,653									388,653
Professional Services Account				1,112		7,814				8,926
Professional Services Account										
TOTAL:	48,572,810	155,077		814,567	1,318,230	81,503	27,250		24,413	50,993,851

* Interest earned Special Advance Royalty account.
** Regional Geological Reconnaissance Authorization

Special Advance Royalty Account	IRON-ORE TACONITE
Beginning Balance July 1, 2011	4,488,840
Receipts received FY 2012	388,653
Transfers during FY 2012	0
Ending Balance June 30, 2012	<u>4,877,493</u>