

Meeting of the Iron Range Resources Board

Thursday, October 25, 2007

11:00 a.m.

Iron Range Resources Board Room

Eveleth, MN

MEETING OF THE IRON RANGE RESOURCES BOARD
Thursday, October 25, 2007
11:00 a.m.

TABLE OF CONTENTS

AGENDA.....3

APPROVAL OF THE OCTOBER 16, 2007, MINUTES.....4

DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND.....8

 PREMIER PLASTICS, INC.....9

 RANGE MONUMENT AND GRANITE WORKS.....11

 CROSSUSA.....13

TACONITE AREA ENVIRONMENTAL PROTECTION FUND.....18

 GRANTS PROJECTS.....18

Resolution No.: 08-00621

MEETING OF THE IRON RANGE RESOURCES BOARD
Thursday, October 25, 2007
11:00 a.m.

Agenda

- 1) Roll Call
- 2) Approval of the October 16, 2007, Minutes
- 3) Douglas J. Johnson Economic Protection Trust Fund
Action required: Project approval requires 8 votes
 - a) Premier Plastics, Inc.
 - b) Range Monument & Granite Works
 - c) CrossUSA
- 4) Taconite Area Environmental Protection Fund
Action required: Project approval requires 7 votes
 - a) Grants Projects – Resolution No.: 08-006
- 5) Other
- 6) Adjournment

Approval of the October 16, 2007, Minutes

Meeting of the Iron Range Resources Board

Tuesday, October 16, 2007
4:00 p.m.

Iron Range Resources Board Room
Eveleth, Minnesota

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 4:01 p.m. Present: Representative Tom Anzelc, Representative Tony Sertich, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich and Citizen Shelley Robinson. Absent: Representative Tom Rukavina, Representative Loren Solberg, Senator Rod Skoe and Citizen Jack Ryan. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Gunnar Johnson, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Sheryl Kochevar, Communications & Media Coordinator; Laureen Hall, Executive Assistant; Annette Maki, Executive Assistant; and John Elmore, President and CEO, Minnesota Steel Industries (via conference phone).

II. Approval of the September 6, 2007, Minutes

Senator Yvonne Prettner Solon moved approval of the September 6, 2007, minutes. Seconded by Representative Tony Sertich. Motion carried.

III. Douglas J. Johnson Economic Protection Trust Fund

Action required: Project approval requires 7 votes

a. Minnesota Steel Industries, LLC – Resolution No. 08-005

Motion by Senator Tom Saxhaug to approve the substitution of collateral for the Minnesota Steel Industries, LLC, Loan as presented in Resolution No. 08-005. Seconded by Representative Tom Anzelc.

Motion by Senator David Tomassoni to amend the 3rd WHEREAS clause of Resolution No. 08-005 to include the underlined items: WHEREAS, Minnesota Steel has asked the Commissioner to terminate the Assignment of Royalties in exchange for a \$6 million irrevocable letter of credit from the Bank of India, New York Branch in the state of New York; and

and to amend the NOW, THEREFORE, BE IT RESOLVED clause of Resolution No. 08-005 to include the underlined item: NOW, THEREFORE, BE IT RESOLVED, that the Board consents to substituting a \$6 million irrevocable letter of credit in exchange for the Assignment of Royalties as collateral for the \$6 million loan to Minnesota Steel dated February 2, 2005.

Motion carried to amend the motion.

Citizen Joe Begich requested the October 15, 2007, letter by Representative Tom Rukavina to be included as part of the minutes and official record.

Oct-15-2007 05:15pm From-MINNESOTA HOUSE OF REPRESENTATIVES 6512964121 T-328 P.002/002 F-782

Tom Rukavina
State Representative

District 5A
Minnesota's Iron Range



**Minnesota
House of
Representatives**

IRON RANGE RESOURCES AND REHABILITATION BOARD

**COMMITTEES: CHAIR, HIGHER EDUCATION AND WORK FORCE DEVELOPMENT POLICY AND FINANCE DIVISION
FINANCE; CAPITAL INVESTMENT FINANCE DIVISION;
EDUCATION FINANCE AND ECONOMIC COMPETITIVENESS FINANCE DIVISION; TAXES**

October 15, 2007

The Honorable David Dill
Chairman, IRRRB
423 Bear Island
Crane Lake, MN 55725

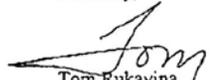
Dear Chairman Dill and IRRRB Board Members:

I apologize for not being able to personally be at the Board meeting today -- it was scheduled short notice and I had already made plans to do a two-day tour of campuses in southeastern Minnesota.

In response to the October 12, 2007 memo from Matt Sjoberg regarding the letter of credit from the Bank of India proposed as collateral for the Minnesota Steel Industries project, I want you all to know that I strongly oppose the plan to accept such letter of credit as collateral for the IRRRB loan to Minnesota Steel for this project when it is going to be deposited in a bank outside of the United States.

I still can't understand how this issue of a \$6 million lien on the Pillsbury and Bennett families' mineral rights has become such an issue on a \$1.6 billion project. But be that as it may, since this new company from India is going through the process of establishing this letter of credit in our name, I can't again fathom why it is so difficult to establish this in a bank in the United States and preferably in Minnesota. In the process of being cooperative I would hope that an amendment could be offered that would place this irrevocable letter of credit in a bank in Minnesota.

Sincerely,


Tom Rukavina
State Representative

6930 Hwy. 169, Virginia, Minnesota 55792 (218) 749-5690
State Office Building, 100 Ray Dr. Martin Luther King Jr Blvd, St. Paul, Minnesota 55155-1288 (651) 296-0170
Email: rep.tomrukavina@house.mn FAX: (651) 296-4121 Toll Free: (888) 682-3205

Motion restated by Senator Tom Saxhaug to approve the substitution of collateral for the Minnesota Steel Industries, LLC, loan as amended by Senator David Tomassoni. Seconded by Representative Tom Anzelc. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tony Sertich, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich and Citizen Shelley Robinson.

Voting Against the Motion: None.

Abstain: None.

Absent: Representative Tom Rukavina, Representative Loren Solberg, Senator Rod Skoe, and Citizen Jack Ryan.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA**

Resolution No.: 08-005

WHEREAS, on December 21, 2006, the Iron Range Resources and Rehabilitation Board (“Board”) passed a resolution asking the Commissioner of Iron Range Resources (“Commissioner”) to renegotiate terms of a \$6 million loan to Minnesota Steel Industries, LLC (“Minnesota Steel”); and

WHEREAS, on July 19, 2007, the Board passed a motion to approve the amendment of the Minnesota Steel loan as presented with the condition that the Board approve any substitution of collateral as provided in condition #6 of the memorandum from the Commissioner; and

WHEREAS, Minnesota Steel has asked the Commissioner to terminate the Assignment of Royalties in exchange for a \$6 million irrevocable letter of credit from the Bank of India, New York Branch in the state of New York; and

WHEREAS, this motion is authorizing an exchange of collateral as previously authorized under the motion passed on July 19, 2007.

NOW, THEREFORE, BE IT RESOLVED, that the Board consents to substituting a \$6 million irrevocable letter of credit in exchange for the Assignment of Royalties as collateral for the \$6 million loan to Minnesota Steel dated February 2, 2005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 16th DAY OF OCTOBER, 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina				X
Representative Tony Sertich	X			
Representative Loren Solberg				X
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan				X
TOTAL	9	0	0	4

Signed: _____
Representative David Dill, Chair

IV. Adjournment

Meeting adjourned at 4:24 p.m.

Douglas J. Johnson Economic Protection Trust Fund

Action required: Project approval requires 8 votes

- a) Premier Plastics, Inc.
- b) Range Monument & Granite Works
- c) CrossUSA

Premier Plastics, Inc.
Bank Participation Loan Program

APPLICANT:
Premier Plastics, Inc.

PRINCIPAL(S):
Robert Menne III

BRIEF PROJECT DESCRIPTION:
Construct a 5,000 square foot storage building

PROJECT COST: \$200,000

PROJECT BREAKDOWN:

American Bank of the North - Loan – 7 year term	\$100,000
Iron Range Resources - Bank Participation Loan – 7 year term	\$100,000

COLLATERAL:
Mortgage on the real estate. Personal guaranty of owner.

JOBS:
Create 4 additional full-time production jobs at \$10 per hour plus benefits.

CONTINGENCIES:
Bank financing must be approved prior to agency participation.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:
Recommended approval at its October 17, 2007, meeting.

FUNDING AUTHORIZATION:
Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions 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 purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

Premier Plastics has grown to capacity in the 30,000 square foot building they occupy in Hoyt Lakes. The facility currently houses their manufacturing, raw materials and finished goods. This project is to construct a 5,000 square foot storage building for raw materials and finished goods to free up space in the main building for additional manufacturing growth.

MANAGEMENT TEAM:

Robert Menne III, President.
Mike Nidelkoff, Director of Operations.

MARKET OPPORTUNITY:

Premier continues to add customers and new products. Currently, growth is limited by their facility. This project will allow Premier to create better product-flow and increase production by up to 50% in the existing facility.

COLLATERAL REVIEW:

This Loan will be secured with a mortgage on the real estate and the personal guaranty of Robert Menne III. Collateral is considered sufficient.

PAST IRON RANGE RESOURCES HISTORY:

Premier Plastics, Inc. is in compliance with all existing financial agreements with Iron Range Resources.

Range Monument and Granite Works
Bank Participation Loan Program

APPLICANT:

Neimi's Inc.

PRINCIPAL(S):

Bruce Neimi

BRIEF PROJECT DESCRIPTION:

Building and equipment expansion.

PROJECT COST:

\$973,000

PROJECT BREAKDOWN:

Iron Range Resources – Bank Participation Loan, 15 year term	\$200,000
Queen City Federal Savings Bank – Participation Loan, 15 year term	\$150,000
Queen City Federal Savings Bank – Loan, 7 year term	\$123,000
Owner's Equity – Cash	\$500,000

COLLATERAL:

Real estate mortgage and security agreement on equipment.
Personal guaranty of Bruce Niemi.

JOBS:

Create 5 new production jobs starting at \$12.50 per hour plus benefits.

CONTINGENCIES:

None. Bank financing has been approved.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

Recommended approval at its October 17, 2007, meeting.

FUNDING AUTHORIZATION:

Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions 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 purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

Range Monument and Granite Works was established in 1912. The company's core business has been monuments and markers. Bruce Niemi purchased the company in 1979 and is the sole shareholder through Niemi's Inc. The company has diversified its product line to include countertops, tables, bathrooms and many other items. Additional equipment and manufacturing space was needed to support the expanded product line. An adjacent building was purchased and removed to add space for the manufacturing operation. The cost of new construction is \$500,000. Equipment for the expansion totals \$452,000. Other project costs of \$21,000 bring the total project to \$973,000.

Iron Range Resources proposed participation is \$200,000 of a \$350,000 loan secured with a 1st real estate mortgage and a 1st position on purchased equipment and inventory. The bank will hold \$150,000 of the \$350,000 loan and also will advance \$123,000 in second position.

MANAGEMENT TEAM:

Bruce Niemi has been president of the company since 1979. Stacy Niemi is secretary/treasurer of the company and also operates Stacy's Fine Jewelry in Virginia. Vice president Jeff Niemi has been with the company for 18 years.

MARKET OPPORTUNITY:

The target market for the new products is northeastern Minnesota. Much of the new market is in upscale homes on Vermilion and other area lakes. The nearest competition is a Duluth company that produces granite countertops. Other similar products are carried by home centers such as Menards and Lowes.

Several studies have been done by the granite industry. Synthetic stone products such as Sile Stone, Caesar Stone and Corian are more expensive than granite and haven't had significant impact on the granite market. Many upscale homes and recently remodeled homes have granite countertops in their kitchens and baths.

Since Range Monument and Granite Works began producing granite countertops in 2002, sales have doubled each year. The company currently sells directly to the homeowner, but will begin selling to contractors and retail outlets as the company grows.

COLLATERAL REVIEW:

Appraisals indicate collateral is sufficient. The loan also is secured with the personal guaranty of owner Bruce Niemi.

PAST IRON RANGE RESOURCES HISTORY:

The company has had no previous history with Iron Range Resources.

CrossUSA
Direct Loan Program

APPLICANT:

CrossUSA

PRINCIPAL(S):

Nicholas Debronsky

BRIEF PROJECT DESCRIPTION:

CrossUSA (Cross) was founded in 1998 in Burnsville, MN by Nicholas Debronsky. The company was formed to offer Information Technology (IT) consulting services including IT assessments, management consulting, project management and programming services to targeted companies. Although headquartered in Burnsville where administrative and marketing functions are based, Cross has established IT programming centers in the rural communities of Sebeka, MN and Watford City, ND. Their strategy in this regard is to attract employees to communities that offer a good quality of life along with the typical amenities of living in a small community. The company's current expansion plans will require the company to add another rural based programming center, and they have selected Eveleth for its next site. The proposed financing will assist the company with equipment acquisition, leasehold improvements, employee recruitment and other working capital needs.

PROJECT COST: \$1,300,000

PROJECT BREAKDOWN:

Iron Range Resources (10 year term, formula rate)	\$ 500,000
Equity and other sources *	\$ 800,000

Terms of loan from Iron Range Resources are as follows:

\$200,000 disbursed at closing; an additional \$100,000 will be disbursed when employment levels reach 20 at its Eveleth Rural Development Center; and, an additional \$200,000 will be disbursed on the later of the first anniversary of the loan closing or upon the company reaching 40 employees at its Eveleth Rural Development Center.

No principal or interest payment for 2 years, followed by an eight (8) year amortization period unless the company has qualified for contingent forgiveness as noted below. The loan, or a portion thereof, goes into repayment should the company not reach an employment goal, or fall below the goal after attaining it.

The loan will be contingently forgiven as follow: 1) \$200,000 plus accrued interest thereon on the second anniversary of the closing date of the loan if the company grows its employment level to 30 at the Eveleth Rural Development Center with each position earning at least \$20.00 per hour plus a benefits package; 2) \$150,000 plus accrued interest thereon on the fourth anniversary of the closing date of the loan if the company has maintained an average of 40 employees at the Eveleth Rural Development Center during the preceding year who are each earning at least \$20.00 per hour plus a benefits package; and 3) \$150,000 on the sixth anniversary of the closing date of the loan should the company maintain its employment base at 50 employees at the Eveleth Rural Development Center who are each earning at least \$20.00 per hour plus a benefits package during the preceding year. The loan will be forgiven in full if on the maturity date of the loan the company has attained and maintained the job goals as discussed above. Should the company discontinue operations or move its facility outside of the Taconite Assistance Area before the final maturity of the loan, the loan and all contingently forgiven accrued interest will become due and payable.

* Includes cash from the company from future operations and/or from other sources for working capital, employee training and equipment needs.

COLLATERAL:

Collateral will consist of a first lien on all equipment, furniture and fixtures and other tangible assets located at the Eveleth Rural Development Center, plus a lien on all other assets of the company. Nicholas Debronsky also will provide a personal guaranty of the loan.

JOBS:

Management projects that it will add at least 50 employees over the next three years at the Eveleth Rural Development Center. Employees will earn a minimum of \$20.00 per hour and will be offered a benefits package.

CONTINGENCIES:

Any financing offered would be contingent upon the company: 1) having a signed lease, acceptable to Iron Range Resources, for a minimum of five years for space located in the Taconite Assistance Area, and, 2) providing evidence that the company has secured at least one service contract with an established company.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

Recommended approval at its October 17, 2007 meeting.

FUNDING AUTHORIZATION:

Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions 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 purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

CrossUSA (Cross) was founded in 1998 in Burnsville, MN by Nicholas Debronsky. The company was formed to offer Information Technology (IT) consulting services including IT assessments, management consulting, project management and programming services to targeted companies. Although headquartered in Burnsville where administrative and marketing functions are based, Cross has established IT programming centers in the rural communities of Sebeka, MN and Watford City, ND. Their strategy in this regard is to attract employees to communities that offer a good quality of life along with the typical amenities of living in a small community. The company's current expansion plans will require the company to add another rural based programming center, and they have selected Eveleth for its next site. The proposed financing will assist the company with equipment acquisition, leasehold improvements, employee recruitment and other working capital needs.

Cross will be leasing space at the Spectrum Health building located at Progress Park near Eveleth. Initially, Cross will lease approximately 3,000 square feet of space with options for additional space per the terms of the five year lease.

MANAGEMENT TEAM:

Nicholas Debronsky is the CEO of Cross. He co-founded the company in 1998 following a 20 year career with Unisys Corporation where he held a variety of positions from systems programmer to manufacturing manager with a focus on information technology. Mr. Debronsky is a graduate of California State College with a degree in Business Administration. Mr. Debronsky is currently the sole stockholder of Cross.

Ross Graba serves as Vice President of Business Development. In this role Mr. Graba is responsible for account management and pursuing new accounts. He previously served as the Vice President of Operations responsible for the day-to-day operation of the company's two rural development centers in Sebeka, MN and Watford City, ND. He joined Cross in 1998 as the General Manager of the Sebeka facility. Mr. Graba is a graduate of North Dakota State University with a degree in electrical engineering. Prior to joining Cross, Mr. Graba worked on avionic technology solutions for military aircraft.

Two relatively new additions to the management team are Scott Thompson and Carl Samuelson. Thompson serves as Director of Business Development. His role, in conjunction with Mr. Graba, is to pursue new clients for the company's services. Mr. Samuelson replaces Mr. Graba as Vice President of Operations.

MARKET OPPORTUNITY:

Cross is basically an IT outsourcing business that offers a low cost alternative to medium and large-sized companies that are looking to reduce their IT department costs. Cross can provide routine maintenance, programming and support functions at what they feel are competitive prices. Competition for the company comes from numerous and very large offshore and U.S. based providers. On a dollar basis, management feels their services are slightly higher in cost than their offshore competitors, but significantly less than their onshore competitors. The Cross advantage is that their technicians are geographically closer to their clients should onsite visits be required. Cross also specializes in providing support for older computer mainframe technologies

that are still prevalent in the companies to which they market their services. This, they feel, is their niche in the industry.

As noted above, Cross supports what they feel is a niche market. As such, they have been able to recruit employees from all over the country who have those specific skills; that is, they can perform programming and maintenance functions for these older systems. The philosophy underlying the establishment of their Rural Development Centers is to provide a career opportunity for skilled individuals in a rural environment that offers a superior quality of life. Employee turnover is low and day-to-day operating costs are much lower than in a metropolitan setting. Consequently, the company's operating costs are comparatively lower than their onshore competitors.

In general, Cross is targeting companies that are in the following industry sectors: Banking and Finance, Insurance, Utilities, Telcom, Airlines, Pharmaceuticals, Computer Hardware and Software and Automobile Manufacturing.

COLLATERAL REVIEW:

Collateral will consist of a first lien on all equipment, furniture and fixtures and other tangible assets located at the Eveleth Rural Development Center, plus a lien on all other assets of the company. Nicholas Debronsky will also provide a personal guaranty of the loan.

PAST IRON RANGE RESOURCES HISTORY:

None.

Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

Grants Projects



Iron Range Resources
P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218) 744-7400 • 800-765-5043
Fax: (218)744-7403

To: Sandy Layman
Commissioner

From: Mathew Sjoberg
Director of Development Strategies

Date: October 24, 2007

Re: Grants Projects

In reviewing the applications that have been recently received for grant projects, it appears that there are several quality projects that may face delays should they have to wait until December to receive a funding commitment from the Iron Range Resources Board. We make the following recommendation for action by the Iron Range Resources Board at its October 25 meeting, warranted by the time sensitive nature of the projects:

PUBLIC WORKS INFRASTRUCTURE GRANTS

City of Ely

Grant amount: \$350,000

The project is comprised of infrastructure to and construction of a 48-unit assisted living development adjacent to the Ely Bloomenson Community Hospital. This project will create 17 FTE at an average wage of \$11-\$12 per hour, plus benefits.

	<u>USES</u>		<u>SOURCES</u>	
Site work	\$218,593	Iron Range Resources	*\$350,000	
Utility relocation	139,426	Applicant	234,000	
Contingency	71,603	Private	3,671,500	
Water & sewer/City Building	234,000			
	3,591,878			
	TOTAL	\$4,255,500	TOTAL	\$4,255,500

*Use of Iron Range Resources grant funds will be restricted to site work and utility relocation associated with the assisted living project as identified in the project application.

City of Eveleth**Grant amount: \$150,000**

The project is comprised of site work for a proposed 6,000 sq. ft. addition to the dialysis center at the Eveleth Health Services Park. The project will create 4 new jobs and help retain 7 jobs for a total of 11 full-time positions in the dialysis center, as well as enhance the viability of the entire facility and help retain 80 full-time jobs in the Eveleth Health Services Park. The city has a letter of intent from the tenant.

	<u>USES</u>		<u>SOURCES</u>	
Building	\$762,000	Iron Range Resources		\$150,000
Improvements	615,000	Applicant		762,000
Site work	150,000	Private		615,000
	TOTAL		TOTAL	
	\$1,527,000		\$1,527,000	

City of Gilbert**Grant amount: \$200,000**

The project is comprised of site improvements to a 24-unit town home facility including: the relocation of the Mesabi Trail, ATV Trail, an access road and electrical infrastructure. The city has a development agreement in place.

	<u>USES</u>		<u>SOURCES</u>	
Building	\$3,000,000	Iron Range Resources		\$200,000
Relocation of trails	83,300	Applicant		43,300
Road	95,500	Private		3,000,000
Electrical	64,500			
	TOTAL		TOTAL	
	\$3,243,300		\$3,243,300	

COMMUNITY BUSINESS INFRASTRUCTURE GRANTS**City of Grand Rapids****Grant amount: \$100,000**

The project is comprised of site work for an industrial building adjacent to the Grand Rapids Itasca County Airport. This building was recently purchased by the Itasca Economic Development Corporation (IEDC), which will complete the renovation. Several manufacturing firms have expressed interest regarding locating in the building. IEDC expects 20-40 new jobs at a wage level of \$11 per hour, plus benefits once the building is full.

	<u>USES</u>		<u>SOURCES</u>	
Building purchase and renovation	\$551,000	Iron Range Resources		\$100,000
Site work & environmental	124,000	IEDC		575,000
	TOTAL		TOTAL	
	\$675,000		\$675,000	

City of Virginia**Grant amount: \$250,000**

The project is comprised of infrastructure including: water, sewer and an access road to a new industrial area, in which P & H MinePro plans to locate. The project will create 17 new jobs and help retain 80 jobs. Iron Range Resources monies will not be released until the agency has received a copy of the signed development agreement.

<u>USES</u>		<u>SOURCES</u>	
Building	\$6,000,000	Iron Range Resources	\$250,000
Equipment	2,000,000	Applicant	797,300
Site work	697,300	IRR 07	250,000
Water & sewer	675,000	DEED	300,000
Electrical	100,000	Private	8,000,000
A & E	125,000		
TOTAL	\$9,597,300	TOTAL	\$9,597,300

In the case of the Ely, Eveleth and Gilbert projects, it would have been desirable for them to go through the competitive Public Works Infrastructure grants process; however, in reviewing all applications received to date, it was readily apparent that these projects ultimately would have been successful in obtaining funding. The Virginia and Grand Rapids projects also appear ready to proceed and are eligible as Community Business Infrastructure grants.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BUSINESS INFRASTRUCTURE AND PUBLIC WORKS PROJECT APPROVALS**

Resolution No.: 08-006

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members 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 FY 2008 Investment Plan budget includes the allocation of \$ 1,000,000 of TEPF for Community Business Infrastructure Grants (“**Business Infrastructure Funds**”) and the reservation of \$6 million of Development Projects Reserve funds which were to be expended for public works projects, otherwise known as Public Works Infrastructure Grants (“**Public Works Funds**”);

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such TEPF Funds for certain local economic development projects as more specifically described below which would be undertaken and implemented in the TAA (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 11:00 a.m. on October 25, 2007, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Funds to provide grants in the following amounts for the following Proposed Projects:

1. **City of Ely**: a grant of up to \$350,000 of the Public Works Funds for infrastructure improvements that are directly and primarily related to the construction of a \$4.3 million, 48-unit assisted living complex to be located adjacent to the hospital which is anticipated to create 17 jobs at an average wage of \$11-12, plus benefits.
2. **City of Eveleth**: a grant of up to \$150,000 of Public Works Funds to be used for the costs of site preparation work associated with the construction of a 6,000 square foot addition to the dialysis center at the Eveleth Health Services Park that is anticipated to cost approximately \$1,527,000 and create 4 new jobs as well as help retain 7 jobs at the dialysis center. In addition, this project will enhance the viability of the entire facility and help retain 80 full-time jobs in the Eveleth Health Services Park.

3. **City of Gilbert:** a grant of up to \$200,000 of the Public Works Funds for infrastructure and site improvements associated with the construction of a \$3.24 million, 24-unit town home development.
4. **City of Grand Rapids:** a grant of up to \$100,000 of the Business Infrastructure Funds for site work, including environment assessments, associated with the Itasca Economic Development Corporation's \$675,000 project to renovate an industrial building it has recently acquired that is located near the City's airport. IEDC expects 20-40 new jobs at a wage level of \$11 per hour, plus benefits once the building is full.
5. **City of Virginia:** a grant of up to \$250,000 of the Business Infrastructure Funds to be used in combination with \$250,000 in Public Works Funds approved by the Board in FY07, along with \$300,000 of DEED funds, to pay a portion of anticipated infrastructure improvements costs of \$1.6 million associated with construction of a \$9.6 million industrial facility to be occupied by P&H MinePro that would create an estimated 17 new jobs as well as help retain 80 jobs.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 25th DAY OF OCTOBER, 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				
Senator Tom Saxhaug				
Senator Rod Skoe				
Senator Yvonne Prettner Solon				
Senator Dave Tomassoni				
Representative Tom Anzelc				
Representative Dave Dill				
Representative Tom Rukavina				
Representative Tony Sertich				
Representative Loren Solberg				
Citizen Joe Begich				
Citizen Shelley Robinson				
Citizen Jack Ryan				
TOTAL				

Signed: _____
 Representative David Dill, Chair