

Meeting of the Iron Range Resources Board

**Wednesday, February 18, 2009
6:00 p.m.
State Office Building, Room 400N
St. Paul, MN**

MEETING OF THE IRON RANGE RESOURCES BOARD
State Office Building, Room 400N, St. Paul
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TABLE OF CONTENTS

AGENDA	3
APPROVAL OF THE DECEMBER 18, 2008, MINUTES	4
REORGANIZATION OF THE BOARD (2009-2010)	27
TACONITE ECONOMIC DEVELOPMENT FUND	28
HIBBING TACONITE COMPANY	29
NORTHSHORE MINING COMPANY.....	31
UNITED TACONITE LLC	33

MEETING OF THE IRON RANGE RESOURCES BOARD
State Office Building, Room 400N
St. Paul, Minnesota
Wednesday, February 18, 2009 – 6:00 p.m.

Agenda

- 1) Roll Call
- 2) Approval of the December 18, 2008, Minutes
- 3) Commissioner's Comments
- 4) Reorganization of the Board (2009-2010)
 - a) Election of Chair and Vice Chair
 - b) Establish Process for Appointment of Board Liaison Groups
 - i) Economic Development
 - ii) Mining and Mineland Reclamation
 - iii) Public Works
 - iv) Giants Ridge®
 - v) Budget and Revenue Sources
- 5) Taconite Economic Development Fund

Action required: Project approval requires a majority vote of the quorum present

 - a) Hibbing Taconite – Production Year 2007/Pay 2008
 - b) Northshore Mining Company – Production Year 2007/Pay 2008
 - c) United Taconite LLC – Production Year 2007/Pay 2008
- 6) Other
- 7) Adjournment

Approval of the December 18, 2008, Minutes

Meeting of the Iron Range Resources Board

Thursday, December 18, 2008
10:00 a.m.
Iron Range Resources
Eveleth, Minnesota

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 10:00 a.m. Present: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan. Absent: Senator Tom Bakk, Senator Yvonne Prettner Solon and Senator Rod Skoe. Also present: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Al Becicka, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Roy Smith, Workforce Development Coordinator; Dan Jordan, Mining Program Supervisor; Jean Dolensek, Chief Financial Officer; Dave Hart, Loan Officer Sr. Supervisor; Rick Anderson, Loan Officer Sr.; Richard Walsh, Community Development Representative; Sheryl Kochevar, Communications & Media Coordinator; Lee Bloomquist, Information Officer; Laureen Hall, Executive Assistant; Kim Anderson, Executive Assistant; Jonathan Holmes, Vice President/Operations Manager, ArcelorMittal Minorca Mine Inc.; Keith Harvey, CEO, Virginia Regional Medical Center; Michael Zakula, Specialist in Orthodontics; Charles Ricks, Superintendent, St. Louis County Schools.

II. Approval of the October 27, 2008, Minutes

Citizen Shelley Robinson moved approval of the November 24, 2008, minutes. Seconded by Citizen Jack Ryan. Motion carried.

III. Commissioner's Comments

c. Economic Development Trends

Commissioner Sandy Layman provided the Board with an update regarding the annual job audit of the businesses in the agency's loan portfolio.

d. Mining Presentation

Jonathan Holmes, Vice President/Operations Manager, ArcelorMittal Minorca Mine Inc. made a presentation to the Board providing an overview of the Minorca operation and ArcelorMittal's world-wide operations.

IV. Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

c. Biomass Grants – Resolution No. 09-017

- i. Mt. Iron-Buhl Schools
- ii. St. Louis County Schools

Representative Rukavina moved approval of the Biomass Grants for Mt. Iron-Buhl and St. Louis County Schools as presented in Resolution No. 09-017 with amendments to the eighth, ninth and tenth WHEREAS clauses, as follows:

WHEREAS, the St. Louis County School District (“ISD#2142”) plans to convert three steam boilers and heating systems into new biomass boilers and heating systems in the Cook, Tower and Babbitt/Embarrass schools ~~at a total projected cost of \$750,000~~ (“Proposed Project #2”); and

WHEREAS, ISD#2142 has been awarded a \$284,750 grant from DEED ~~subject to matching fund requirements~~ and has made \$165,250 available for Proposed Project #2 through its own monies and in-kind support; and

WHEREAS, ISD#2142 has requested \$300,000 from the agency to help ~~meet the funding match required by DEED and to further~~ secure all necessary funding for Proposed Project #2; and

The motion as amended by Representative Rukavina was seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TEPF FUNDS TRANSFER AND GRANTS TO ISD#712 AND ISD#2142
FOR BIOMASS CONVERSION PROJECTS**

Resolution No.: 09-017

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Iron Range Resources and Rehabilitation Board (“**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 FY07 Budget included an allocation of \$450,000 of TEPF Funds for an interim loan to St. Louis and Lake Counties Regional Rail Authority to begin construction of a Mesabi Trailhead Building in advance of a federal grant awarded for such construction (“**Trailhead Allocation**”); and

WHEREAS, such funds were not requested and never used for their intended purpose, are no longer needed for the Trailhead Building and remain available to the agency; and

WHEREAS, the Mountain Iron/Buhl School District (“**ISD#712**”) plans to convert its existing natural gas heating system at its Merritt Elementary School to a wood pellet heating system at a projected cost of \$500,000 (“**Proposed Project #1**”); and

WHEREAS, ISD#712 has been awarded a \$200,000 grant for Proposed Project #1 from the Department of Employment and Economic Development (“**DEED**”) that requires dollar-for-dollar matching funds from local sources before it may be awarded; and

WHEREAS, ISD#712 has made \$50,000 available for Proposed Project #1 through its own monies and has made an additional \$100,000 available through in-kind support; and

WHEREAS, ISD#712 has requested \$150,000 from the agency to help meet the funding match required by DEED and to further secure all necessary funding for Proposed Project #1; and

WHEREAS, the St. Louis County School District (“**ISD#2142**”) plans to convert three steam boilers and heating systems into new biomass boilers and heating systems in the Cook, Tower and Babbitt/Embarrass schools (“**Proposed Project #2**”); and

WHEREAS, ISD#2142 has been awarded a \$284,750 grant from DEED and has made \$165,250 available for Proposed Project #2 through its own monies and in-kind support; and

WHEREAS, ISD#2142 has requested \$300,000 from the agency to help secure all necessary funding for Proposed Project #2; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, in the agency’s Administrative Office located near Eveleth, Minnesota, to consider, among other matters, the proposed use of the Trailhead Allocation monies to add a FY09 budget category for biomass conversion grants, and, provided such use were approved, to further consider awarding a \$150,000 grant to ISD#712 for Proposed Project #1, and awarding a \$300,000 grant to ISD#2142 for Proposed Project #2, and has determined that it is appropriate to use the \$450,000 Trailhead Allocation for biomass conversion grants in FY09, and has further determined that the

expenditure of \$150,000 for a grant to ISD#712 and the expenditure of \$300,000 for a grant to ISD#2142 for the purposes specified herein would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the modification of the approved FY09 Budget to re-allocate \$450,000 of FY07 TEPF funds allocated for the Mesabi Trailhead building for biomass conversion grants.

BE IT FURTHER RESOLVED that the Board hereby approves the expenditure of \$150,000 of FY09 TEPF biomass conversion grant monies for a grant to ISD#712 for Proposed Project #1 as specified herein.

BE IT FURTHER RESOLVED that the Board hereby approves the expenditure of \$300,000 of FY09 TEPF biomass conversion grant monies for a grant to ISD#2142 for Proposed Project #2 as specified herein.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
 Representative David Dill, Chair

V. Douglas J. Johnson Economic Protection Trust Fund
Action required: Project approval requires 8 votes

c. Essar Steel Minnesota LLC – Resolution No. 09-018

Representative Tom Anzelc moved to approve the forbearance of loan payments by Essar Steel Minnesota LLC, as presented in Resolution No. 09-018. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
ESSAR STEEL MINNESOTA LLC
FORBEARANCE OF LOAN PAYMENTS**

Resolution No.: 09-018

WHEREAS, the Board by motion on December 16, 2004, approved the expenditure of up to \$5.0 million of Douglas J. Johnson Economic Protection Trust Fund monies, subject to a \$1.0 million loan fee, for a total \$6.0 million obligation, for loans to Minnesota Steel Industries, LLC (“Borrower”), for the purpose of helping Borrower develop and pay for the costs of a steel plant (“Project”) to be located near Nashwauk within the Taconite Assistance Area; and

WHEREAS, consistent with such actions, the agency entered into a loan agreement with the Borrower for the \$5.0 million loan on February 2, 2005, which by its terms required Borrower to pay the agency a \$1.0 million loan fee, creating a total loan indebtedness of \$6.0 million (“Loan”); and

WHEREAS, in October 2007, Essar Steel Limited, a corporation based in India, purchased the interests of Minnesota Steel Industries, LLC in the Project, assumed the obligations of the Loan, and subsequently changed the entity name of Borrower to Essar Steel Minnesota LLC; and

WHEREAS, the due date for repayment of the Loan is December 31, 2008 (“Due Date”); and

WHEREAS, the terms of the loan permit the agency to forbear repayment of the Loan for up to four years after the Due Date if Borrower is making substantial progress on the Project; and

WHEREAS, Borrower has requested that the agency forbear repayment of its Loan for a period of four years from the Due Date; and

WHEREAS, the agency has determined that Borrower has met the criteria for making substantial progress on the Project, but believes it is in the agency’s best interest to grant a forbearance for only one year and to re-evaluate progress on the Project should Borrower request further forbearance on the Loan in the future; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, Borrower’s request.

NOW, THEREFORE, IT IS RESOLVED, that granting forbearance of payment on Borrower’s Loan for one year from the Due Date appears to be in the best interests of the Taconite Assistance Area and of the agency.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
 Representative David Dill, Chair

d. City of Cook – Resolution No. 09-019

Representative Tony Sertich moved the City of Cook project not to exceed \$280,000 as presented in Resolution No. 09-019. Seconded by Representative David Dill.

Representative Tom Rukavina moved to amend the motion to include a final BE IT FURTHER RESOLVED clause to Resolution No. 09-019, as follows:

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of these funds is further contingent upon the City agreeing to include in its development contract with Spectrum a requirement that the company remain neutral in efforts by the employees to unionize, and agree to allow the employees at the project facility to unionize without interference by the company.

Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

Representative Tony Sertich renewed his motion as amended by Representative Rukavina. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
CITY OF COOK SPECTRUM HEALTH CARE PROJECT
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND PROJECT FINAL
APPROVAL**

Resolution No.: 09-019

WHEREAS, the Commissioner is authorized to expend, upon approval of eight members of the Board, the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.291-298.294 and Minnesota Statute Section 298.28, subdivision 11 (“**DJJ Funds**”), to participate with private sources in providing financing for various projects located within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”) which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1; and

WHEREAS, the agency’s approved FY09 Investment Plan, as amended, includes provision for the use of DJJ Funds for economic development projects under a budget line item category of DJJ Business Development Projects (“**DJJ Project Funds**”), in which budget fund category there existed a balance of \$3,130,000 prior to the start of the Board meeting on December 18, 2008; and

WHEREAS, the City of Cook submitted a request for a grant of \$280,000 to fund a portion of the site preparation and infrastructure costs it anticipates incurring in connection with its financial participation, with other sources of private financing, in an economic development project that will be undertaken by the Spectrum Community Health company to construct an assisted-living/memory facility that would be able to accommodate at least 30 residents in the City of Cook, which is a city located within the TAA (the “**Proposed Project**”); and,

WHEREAS, the Board met in open session on November 24, 2008, and passed Resolution No. 09-016 indicating its support for the Proposed Project contingent upon approval by a technical advisory committee appointed pursuant to Minnesota Statutes Section 298.297; and

WHEREAS, the technical advisory committee met on December 8, 2008, and approved the Proposed Project consistent with the terms of Board Resolution 09-016; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, final approval for the Proposed Project and determined that the expenditure of \$280,000 of FY 2009 DJJ Funds to make a grant to the City of Cook for the Proposed Project, for the purposes specified herein would be a project designed to create employment, would be in the public interest, and would promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$280,000 of FY 2009 DJJ Business Development Funds to provide a grant to the City of Cook for the Proposed Project for costs the City incurs in connection with its financial participation in the Spectrum Community Health company assisted living/memory facility project.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of these funds is contingent upon the agency, in its grant contract(s) with the City of Cook, requiring the payment of prevailing wages, as indicated in and to the extent required in, the Board’s Resolution 96-005, by all contractors of the City and of the Spectrum Community Health company furnishing labor or materials to the Proposed Project site.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of these funds is further contingent upon the City agreeing to include in its development contract with Spectrum a requirement that the company remain neutral in efforts by the employees to unionize, and agree to allow the employees at the project facility to unionize without interference by the company.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
Representative David Dill, Chair

VI. Other

a. Eveleth Health Services Park Facility – Resolution No. 09-024

Representative Tom Rukavina brought forward and moved to approve an Eveleth Health Services Park Facility project, not to exceed \$30,000, as presented in Resolution No. 09-024. Seconded by Citizen Joe Begich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TEPF PUBLIC WORKS FUND GRANT TO THE CITY OF EVELETH FOR
THE REPLACEMENT OF AN ELEVATOR
AT THE EVELETH HEALTH SERVICES PARK FACILITY**

Resolution No.: 09-024

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Iron Range Resources and Rehabilitation Board (“**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 2009 Budget, as amended by the Board at its September 23, 2008, meeting includes the allocation of \$4,906,041 of TEPF Funds for Public Works grants (“Public Works Funds”); and

WHEREAS, the remaining unencumbered balance of the FY 2009 Public Works Fund as of December 18, 2008, is \$92,041; and

WHEREAS, the agency has received a request from the City of Eveleth for a grant in the amount of \$30,000 to help fund the replacement of an elevator at the Eveleth Health Services Park facility that is critical to meet the needs of patients and workers of health care businesses located in that facility; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed grant to the City of Eveleth to help finance the cost of replacing an elevator at the Eveleth Health Services Park facility and has determined that such grant should be awarded from the FY 2009 Public Works Fund line item.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves a grant of \$30,000 from the FY09 Public Works Fund to the City of Eveleth to be used to replace an elevator at the Eveleth Health Services Park facility, leaving a current unencumbered balance of \$62,041 in that line item.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
Representative David Dill, Chair

VII. Taconite Economic Development Fund (TEDF)

Action required: Approval requires a majority vote of the quorum present

a. ArcelorMittal Minorca

- i. ArcelorMittal Minorca – Production Year 2006/Pay 2007 – **Resolution No. 09-020**

Representative Tom Rukavina moved to approve the ArcelorMittal Minorca Production Year 2006/Pay 2007 project as presented in Resolution No. 09-020. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
ARCELORMITTAL MINORCA COMPANY – PAY 2007 FUND YEAR**

Resolution No.: 09-020

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to taconite producers who provide formulated matching expenditures for projects that involve the acquisition of plant and stationary mining equipment and facilities, or the funding of research and development in Minnesota on new mining or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer ArcelorMittal Minorca company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for a project described in the attached Addendum A, which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Project**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on December 2, 2008, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive TEDF Funds for such project.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Project specified in Addendum A is for an Eligible Purpose and otherwise appears eligible to receive Pay 2007 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
 Representative David Dill, Chair

**Addendum A
 ARCELORMITTAL MINORCA COMPANY**

Project – East Pit Reserve Development – Phase 2

This project funds the final development (Phase 2) of the East Pit reserve, reopening mining in the former J & L East reserves as the third active mining area to be used at ArcelorMittal Minorca Mine. The first two reserves were the original Minorca Pit and the former J & L West reserve which is now known as the Laurentian Pit. The Minorca Pit is exhausted and in use as a tailings basin. The Laurentian Pit is an active pit with approximately 8 years of remaining life. The new East Pit reserve has extended the life of the Minorca Mine operation an additional 12 years beyond the expected life of the Laurentian Pit. The combined Laurentian Pit and East Pit reserves will be mined concurrently to provide the ore blend for the processing plant until the Laurentian Mine is exhausted, after which the East Pit will be the primary source of ore. Additional reserve development for continued operations is possible in the area of the former J & L Central reserve, located near McKinley.

The East Pit reserve development effort began in the late 1990s with some exploration drilling and examination of alternative reserves in the local area. More extensive East Pit reserve exploration drilling, reserve mapping, ore testing, land purchases, preliminary environmental assessments, and engineering were conducted in the Phase 1 portion of this project and received TEDF funding in PY 2003 and PY 2004. Included in the Phase 2 (final phase) of this project are extensive environmental studies and engineering examinations required to support the EIS and all associated permitting, the pre-production stripping, haul road construction, electrical infrastructure, and mine dewatering infrastructure.

The Phase 2 project began in August of 2006 when the Phase 1 effort was deemed complete. The East Pit went into active production in September of 2007. There are on-going permit requirements for monitoring the active mining impact in the East Pit related to a number of the studies that were conducted during the EIS. The final cost for the East Pit Reserve Development – Phase 2 was \$2,000,000 and the project was deemed complete in June 2008.

TEDF Grant	\$872,138
Company Match	<u>\$1,127,862</u>
Estimated Project Total Cost	\$2,000.000

- ii. ArcelorMittal Minorca – Production Year 2007/Pay 2008 – **Resolution No. 09-021**

b. United States Steel

- iii. USS Minntac Production Year 2007/Pay 2008 – **Resolution No. 09-022**
- iv. USS Keetac Production Year 2007/Pay 2008 – **Resolution No. 09-023**

Representative Tom Anzelc moved to approve the ArcelorMittal Minorca Production Year 2007/Pay 2008, the USS Minntac Production Year 2007/Pay 2008 and the USS Keetac Production Year 2007/Pay 2008 projects as presented in Resolutions No. 09-021, No. 09-022 and No. 09-023. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
ARCELORMITTAL MINORCA COMPANY – PAY 2008 FUND YEAR**

Resolution No.: 09-021

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or the funding of research and development in Minnesota on new mining or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer ArcelorMittal Minorca company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for a project described in the attached Addendum A, which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Project**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on December 2, 2008, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive TEDF Funds for such project.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Project specified in Addendum A is for an Eligible Purpose and otherwise appears eligible to receive Pay 2008 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
 Representative David Dill, Chair

**Addendum A
 ARCELORMITTAL MINORCA COMPANY**

Project – In-Pit Tailings Basin Development – Phase 3

This project funds the continued development of the Minorca Mine in-pit tailings basin development, which is currently an active tailings disposal site that has been in continuous use since late-2001. The in-pit basin was first conceived in the early 1990’s as an innovative approach to storing mine waste tailings in an exhausted mine pit, at the end of active mining, in order to reduce operating and capital cost requirements and to defer or eliminate the impact to new land for on-land disposal. Extensive studies were conducted before the basin was permitted for this use and monitoring has continued, as required by the permit, to confirm that there is no significant environmental impact to the underlying aquifer. The initial construction of the basin was completed in the 2000-2001 timeframe and placed into service December of 2001. The permitted pit area contained enough storage space for approximately 5 years of tailings production. It was anticipated that there would be additional storage volume for an additional 5 years of tailings disposal assuming the construction of diversion dikes and perimeter dams. The initial diversion structures were constructed in Phase 1 and 2 of this effort beginning in late 2005 and concluding in late 2007.

The Phase 3 development began in early 2008 and is the project ArcelorMittal Minorca submitted for the TEDF rebate. Included in the 3rd phase is extensive geophysical work to establish the soil conditions for future construction, detail design engineering for the dikes and perimeter dams, engineering for all required environmental and dam safety permits, development of detailed construction specifications, required monitoring of actual construction, and the construction materials and associated construction labor. The majority of the construction materials were recycled material from the mine (coarse tailings, clay, coarse rock), which reduced capital cost and minimized energy consumption related to haulage. The overall project cost is expected to be approximately \$1,970,000. This phase of construction is expected to be complete by the end of 2008 except for some residual charges and engineering work to complete the as-built drawings, and the completion of summaries for the various agencies that have oversight for this basin. The result of the Phase 3 work provides 12-18 months of additional storage volume. Phase 4 and Phase 5 efforts will extend the life of the in-pit basin until it is filled and closed, expected in 2011. Tailings disposal then will shift back to the former on-land basin, which is being prepared for continued tailings disposal for the life of the current ore reserves.

TEDF Grant	\$575,109
Company Match	<u>\$1,394,891</u>
Estimated Project Total Cost	\$1,970,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED STATES STEEL MINNTAC COMPANY – PAY 2008 FUND YEAR**

Resolution No.: 09-022

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or the funding of research and development in Minnesota on new mining or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer United States Steel Minntac company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for projects described in the attached Addendum A, which the Commissioner has determined are for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee

consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on October 20, 2008, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, at the Eveleth Administrative Building to consider the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects specified in Addendum A are for Eligible Purposes and otherwise appear eligible to receive Pay 2008 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
 Representative David Dill, Chair

Addendum A
UNITED STATES STEEL MINNTAC COMPANY

Project 1 – Agglomerator Preheat Burners – Lines 5 and 7

The preheat burners on Agglomerator Lines 5 and 7 operate in an environment of limited oxygen resulting in slag delays, higher fuel consumption and increased levels of emissions. In April 2006, the Agglomerator Line 6 preheat burners were converted to

smaller, oxygen-rich burners. Improvements realized from this conversion were a 50% reduction in slag related delays, more efficient fuel consumption and less emissions. After conversion, lines 5 and 7 should achieve similar results.

TEDF Grant	\$1,903,825
Company Match	<u>\$696,175</u>
Estimated Project Total Cost	\$2,600,000

Project 2 – Hydraulic Press Brake

The Central Maintenance facility at Minntac fabricates a variety of parts for repair and maintenance of the mine and plant. Included in the complement of equipment used for fabrication is a 520 ton capacity mechanical (fly wheel) driven press brake. This machine is capable of bending plates up to 12 feet in width to a 90 degree angle. Once this brake begins its cycle, it must continue through the complete cycle. Mechanical press brakes do not provide the features and control available on hydraulic machines. Hydraulic machines are reversible and apply forces that are measured and adjustable.

TEDF Grant	\$366,120
Company Match	<u>\$133,880</u>
Estimated Project Total Cost	\$500,000

Project 3 – Agglomerator Step I Snap Blower Compressor

In 2004, the Step 1 and 2 Agglomerator contained four air compressors housed in two separate rooms. These air compressors are used for the snap blow portion of the concentrate slurry filtering system. A study performed in October 2004 on the agglomerator air compressor system indicated the age and condition of the Step 1 and 2 air design was created to combine all four Step 1 and 2 air compressors together in the Step 2 air compressor room. The two air compressors in the Step 2 compressor room were replaced in 2006. The Step 1 air compressors are 1993 vintage and have over 100,000 operating hours. This project will replace the two Step 1 air compressors and locate them in the Step 2 compressor room.

TEDF Grant	\$183,060
Company Match	<u>\$66,940</u>
Estimated Project Total Cost	\$250,000

Project 4 – Pilotac Substation Upgrade

The Pilotac substation is a 115 KV/23 KV Power Substation that is critical to the Minntac operation. It serves as a primary power source for the mine and its surrounding locations. The existing Pilotac substation has been in service for over 50 years. The existing transformers and oil blast circuit breakers have been in service for about the same amount of time. Existing equipment is near failure, putting current production

volumes at risk. Also, the existing Pilotac substation does not meet current National Electrical Safety Code as well as other state and local electrical codes and regulations.

TEDF Grant	\$257,141
Company Match	<u>\$4,242,859</u>
Estimated Project Total Cost	\$4,500,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED STATES STEEL KEETAC COMPANY – PAY 2008 FUND YEAR**

Resolution No.: 09-023

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or the funding of research and development in Minnesota on new mining or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer United States Steel Keetac company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for projects described in the attached Addendum A, which the Commissioner has determined are for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on October 16, 2008, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2008, at the Eveleth Administrative Building to consider the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects specified in Addendum A are for Eligible Purposes and otherwise appear eligible to receive Pay 2008 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2008.

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	10	0	0	3

Signed: _____
 Representative David Dill, Chair

**Addendum A
 UNITED STATES STEEL KEETAC COMPANY**

Project 1 – CEMS – Waste Gas

A Continuous Emissions Monitoring System (CEMS) is a device that takes continuous measurements of the nitrogen oxides (NO_x) and sulfur oxides (SO_x) that the indurating (pellet firing) machine generates. The CEMS at Keetac are a requirement of an Administrative Order from MPCA issued because of the recently approved Regional Haze State Implementation Plan (SIP). The goal of the SIP is to improve visibility over Class 1 areas in Minnesota: Boundary Waters Canoe Area and Voyageurs National Park. NO_x and SO_x are two pollutants that contribute to visibility impacts. The MPCA wants taconite facilities to have a better understanding of their generation of NO_x and SO_x and to ultimately come up with ways to lower the amount of their emissions.

TEDF Grant	\$548,942
Company Match	<u>\$171,058</u>
Estimated Project Total Cost	\$720,000

Project 2 – Concentrator Mill Gear

Keetac has 10 Allis Chalmers 27-foot x 18-foot dual-drive, bi-directional SAG or Semi-Autogenous Grinding mills (Primary Mills). Semi-Autogenous means that the rock is ground up by a combination of rock on rock and grinding ball on rock physical impacts.

The primary mills process crude taconite (reducing the ore from 12 inches in diameter to less than ¼ inch) at the rate of 350 long tons per hour. These mills have a bull gear around them and a pinion on each side that meshes with the bull gear. Each pinion is connected to a gear reducer, which is connected to a 3,500 HP Motor.

The gearing on primary mill 3 and 5 have reached the end of their serviceable life. The lead time on new gears of this size is around 150 weeks. The gear on primary mill 3 was replaced in June of 2007. The gear on primary mill 5 will be replaced in 2008. Keetac made a progress payment of 40% (\$468,032) on the gear for primary mill 5 in March of 2007 and will pay the balance of \$602,048 when the gear is installed. The gear for primary mill 3 received union signoff for TEDF monies in 2007.

TEDF Grant	\$459,013
Company Match	<u>\$143,035</u>
Estimated Project Total Cost	\$602,048

Project 3 – Tailings Basin Maintenance Building

The existing structures at the tailing basin have significantly deteriorated. A new equipment storage facility work shop is required to properly store equipment and perform the daily functions necessary to operate and maintain the tailings basin.

TEDF Grant	\$222,594
Company Match	<u>\$377,406</u>
Estimated Project Total Cost	\$600,000

Chairman Dill left the meeting at this time; therefore, Senator David Tomassoni, Vice Chair, took over Chairmanship of the meeting.

VI. Other - CONTINUED

b. Iron Range Higher Education Committee Compensation

Representative Tom Rukavina brought forward and moved to revise the Board policy regarding payment of per diem, mileage and lodging reimbursement to Iron Range Resources Board members as follows:

IRON RANGE RESOURCES AND REHABILITATION BOARD POLICIES AND PROCEDURES PER DIEM, MILEAGE AND LODGING REIMBURSEMENT

Purpose: Board policy regarding payment of per diem, mileage and lodging reimbursement to Iron Range Resources and Rehabilitation Board members

A. Payments shall be made to Board members for the following meetings in accordance with the rates and procedures set forth in Section B:

1. Regular, emergency and special Iron Range Resources and Rehabilitation Board meetings.
2. Board Meetings of Board Committees meetings as well as meetings of any advisory councils or committees of which the Board member is a council or committee member by appointment of the Chair of the Board.
3. Board Liaison Group meetings.
4. Other economic development meetings and/or business site visits authorized in advance by the Board Chair in writing or by e-mail, with notice to the Commissioner.

B. Payment Schedule: Except as otherwise may be provided in Minnesota Statutes Section 298.22, payments associated with attendance at meetings described in Section A shall be made according to the following schedule:

1. **Per Diem Payment Amounts:**
 - a. Legislative Board Members will be paid at rates pursuant to the rules of the Minnesota House of Representatives for House members and the rules of the Minnesota Senate for Senate members during legislative interims (no payments will be made during Legislative sessions)
 - b. Citizen Board Members will be paid at the same rate as the rates established by the Minnesota House of Representatives for members of the House.
2. **Mileage Expense Reimbursement Amounts:**
 - a. Legislative Board Members will be reimbursed at rates set by the rules of the Minnesota House of Representatives and the Minnesota Senate, respectively;
 - b. Citizen Board Members will be reimbursed at the rates set by the Commissioner of Administration pursuant to Minnesota Statutes Section 43A.18 (“**Commissioner’s Plan**”) as the same may be amended and updated from time to time
3. **Lodging Expense Reimbursement**
 - a. Conditions for Reimbursement
 - i. General: Travel of 100 miles or more to the meeting location from home (or the Capitol during legislative sessions), the meeting begins before 1:00 pm and/or runs beyond 5:00 pm and the meeting location is 100 miles or more from a member's residence
 - b. Legislative Board Members: will be paid actual, directly related lodging expenses not to exceed rates pursuant to the rules of the Minnesota House of Representatives and the Minnesota Senate, respectively for expenses incurred during session interims.
 - c. Citizen Board Members: will be paid based on actual, directly related lodging expenses (receipt copy required) as provided in the Commissioner's Plan.

The Rukavina motion was seconded by Representative Loren Solberg. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Representative David Dill; Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

c. Nursing Home Consolidation Project

Representative Tom Rukavina brought forward and moved to authorize the expenditure of up to \$50,000 of TEPF Public Works funds for a grant to the Virginia Regional Medical Center to partially fund a study to determine how certain nursing homes located in the Taconite Assistance Area could be administered in a more efficient and effective manner. Seconded by Representative Tony Sertich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg; Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Absent: Representative David Dill; Senator Tom Bakk, Senator Rod Skoe, Senator Yvonne Prettner Solon

d. Dental Education Loan Forgiveness Program

Michael Zakula, Specialist in Orthodontics, addressed the Board to thank members for their support of the Iron Range Resources Dental Education Loan Forgiveness Program.

VIII. Adjournment

Meeting adjourned at 11:30 a.m.

Reorganization of the Board (2009-2010)

- a) Election of Chair and Vice Chair
- b) Appointment of Board Liaison Groups
 - i) Economic Development
 - ii) Mining and Mineland Reclamation
 - iii) Public Works
 - iv) Giants Ridge®
 - v) Budget and Revenue Sources

Taconite Economic Development Fund

Action required: Project approval requires a majority vote of the quorum present

- a) Hibbing Taconite Company – Production Year 2007/Pay 2008
- b) Northshore Mining Company - Production Year 2007/Pay 2008
- c) United Taconite Company – Production Year 2007/Pay 2008

Hibbing Taconite Company



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: Iron Range Resources Board Members

From: Sandy Layman
Commissioner

Date: October 10, 2012

**Re: HIBBING TACONITE COMPANY TACONITE ECONOMIC DEVELOPMENT FUND
PROJECTS (PRODUCTION 2007, PAY 2008) \$1,577,128**

Minnesota Statutes 298.227, authorize grants to Minnesota's taconite producers *for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton.* These funds are held in the Taconite Economic Development Fund.

Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225.

Hibbing Taconite Company is eligible for a pay 2008, based on 2007 production, Taconite Economic Development Fund rebate of \$1,577,128, subject to the company providing a match of \$576,711 for a total project cost of \$2,153,839.

Project 1 – Furnace Burner Control Cameras

Hibbing Taconite will purchase and install two optical cameras in the firing zone of the furnace. Each camera will have the ability to measure temperatures at several locations across the pellet bed. The additional data collected will allow better furnace heat control, higher pellet quality and lower natural gas consumption.

TEDF Grant	\$87,869
Company	<u>\$32,131</u>

Estimated Project Total Cost	\$120,000
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Project 2 – Reclamation and Dust Control in 2009

Hibbing Taconite will spend funds to reclaim disturbed lands by seeding, mulching and fertilizing the disturbed sites. This project will also include costs for controlling dust through the application of dust suppressants on the tailings basin.

TEDF Grant	\$73,224
Company	<u>\$26,776</u>
Estimated Project Total Cost	\$100,000

Project 3 – Phase One Elevator Upgrade

Hibbing Taconite will upgrade the controls and drive motor on the existing freight elevator in the Phase One pelletizer building. This work will make the elevator compliant with new code standards for freight elevators. The result will be a safer and more reliable elevator.

TEDF Grant	\$300,339
Company	<u>\$93,661</u>
Estimated Project Total Cost	\$394,000

Project 4 – Replacement of Pellet Cars

Hibbing Taconite will purchase 25 new pellet car assemblies. Each furnace line utilizes 124 cars. The Pellet Cars are an essential component of the indurating process and the new pellet cars incorporate the latest technological advances and improved materials, which allows for improvements in product quality and a decrease in energy consumption.

TEDF Grant	\$1,115,696
Company	<u>\$1,384,304</u>
Estimated Project Total Cost	\$2,500,000

Northshore Mining Company



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: Iron Range Resources Board Members

From: Sandy Layman
Commissioner

Date: October 10, 2012

**Re: NORTHSHORE MINING COMPANY TACONITE ECONOMIC DEVELOPMENT
FUND PROJECTS (PRODUCTION 2007, PAY 2008) \$1,158,455**

Minnesota Statutes 298.227, authorize grants to Minnesota's taconite producers *for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton.* These funds are held in the Taconite Economic Development Fund.

Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225.

Northshore Mining Company is eligible for a pay 2008, based on 2007 production, Taconite Economic Development fund rebate of \$1,158,455, subject to the company providing a match of \$361,266, for a total project cost of \$1,519,721.

Project 1 – New Dust Collector System for Section 9 Concentrator Line

The processing of taconite produces significant amounts of dust, which can impair the health and safety of workers as well as degrade air quality. The Section 9 Concentrator Line had been inactive for a number of years and the existing dust control system was a multi-clone style system that was installed in the 1950's. Current dust control systems utilize high efficiency cartridge style fabric filters that capture 99% of the dust. As part of the reactivation and updating of the Section 9 Concentrator Line, the dust control system for the transfer of ore into the storage bin and eventually into the rod mill was

replaced. This project also implemented the Title V Air Permit requirements for the Furnace 5 reactivation project.

TEDF Grant	\$179,236
Company	<u>\$50,232</u>
Estimated Project Total Cost	\$229,468

Project 2 – Reactivation of Concentrator Section 9

Northshore Mining has recently reactivated Furnace 5, providing additional pellet production capacity. Consequently, additional concentrate sections are required, since the eleven existing concentrate sections do not have the capacity to supply Furnace 5. This requires the refurbishment of two idle concentrator sections - 9 and 10. These sections, along with Furnace 5, have been idle since the early 80's. Furnace 5 provides an additional 800,000 tons of annual pellet capacity and each concentrator section provides 400,000 tons of concentrate supply capacity.

Currently, Section 9 is providing concentrate feed to furnace 11 and 12. In the near future, this section, along with the other sections, will provide concentrate to Steel Dynamics for the Mesabi Nugget Plant in Hoyt Lakes, MN.

TEDF Grant	\$1,072,787
Company	<u>\$1,186,346</u>
Estimated Project Total Cost	\$2,259,133

United Taconite LLC



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: Iron Range Resources Board Members

From: Sandy Layman
Commissioner

Date: October 10, 2012

**Re: UNITED TACONITE LLC TACONITE ECONOMIC DEVELOPMENT FUND
PROJECT (PRODUCTION 2007, PAY 2008) \$1,252,023**

Minnesota Statutes 298.227, authorize grants to Minnesota's taconite producers *for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton.* These funds are held in the Taconite Economic Development Fund.

Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225.

United Taconite LLC is eligible for a pay 2008, based on 2007 production, Taconite Economic Development fund rebate of \$1,252,023, subject to the company providing a match of \$350,888, for a total project cost of \$1,602,911.

Project 1 –Coarse Crusher Dust Collection System

United Taconite has four separate stages of crushing. The first two stages occur at the Thunderbird Mine site in Eveleth. The processing procedures for taconite may pose hazards to workers and the environment because, during the crushing process, silica in the ore is liberated and has the potential to become air-borne. United Taconite's crushing process incorporates dust collectors to collect the air-borne silica and dust to provide a safe working environment in the facility. Dust collectors are also required by the Minnesota Pollution Control Agency to limit airborne emissions of dust to the

environment. United Taconite replaced the dust collection system number 2 in the Coarse Crusher located at Thunderbird Mine. The existing unit was installed in the mid 1960's and had reached the end of its useful life. The unit had deteriorated to the point that repairs were no longer effective, the air quality had become impaired and the area served by this collector became a designated restricted area that required personnel working there to use respirators. This project improved both the air quality environment, as well as the safety and comfort of the employees.

TEDF Grant	\$1,252,023
Company	<u>\$683,393</u>
Estimated Project Total Cost	\$1,935,416