

# **Meeting of the Iron Range Resources Board**

**Monday, December 14, 2009  
10:00 a.m.  
Iron Range Resources  
Eveleth, Minnesota**

**MEETING OF THE IRON RANGE RESOURCES BOARD**  
**Iron Range Resources, Eveleth, Minnesota**  
**Monday, December 14, 2009**  
**10:00 a.m.**

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**MEETING OF THE IRON RANGE RESOURCES BOARD**  
**Iron Range Resources**  
**Eveleth, Minnesota**  
**Monday, December 14, 2009 – 10:00 a.m.**

**Agenda**

- 1) Roll Call
- 2) Approval of the October 15, 2009, Minutes
- 3) Commissioner's Comments
- 4) Douglas J. Johnson Economic Protection Trust Fund  
*Action required: Project approval requires 8 votes*
  - a) Essar Steel
  - b) Silver Bay Assisted Living
- 5) Taconite Area Environmental Protection Fund  
*Action required: Project approval requires 7 votes*
  - a) Public Works Projects
  - b) Range Cities Health Care Collaborative
  - c) Minnesota Discovery Center
- 6) Taconite Economic Development Fund  
*Action required: Project approval requires 7 votes*
  - a) United States Steel – Keetac
- 7) Adjournment

# Approval of the October 15, 2009, Minutes

## Meeting of the Iron Range Resources Board

Thursday, October 15, 2009  
10:00 a.m.

Iron Range Resources  
Eveleth, Minnesota

### I. Roll Call

Senator David Tomassoni, Chair, called the meeting to order at approximately 10:05 a.m.  
Present: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Saxhaug, Citizen Joe Begich, Citizen Shelley Robinson, Citizen Jack Ryan. Absent: Senator Tom Bakk; Senator Yvonne Prettner Solon; Senator Rod Skoe. Also present: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Doug Gregor, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Marianne Bouska, Director of Human Resources and Strategic Results; Roy Smith, Workforce Development Coordinator; Dan Jordan, Mining Program Supervisor; Dave Hart, Loan Officer Sr. Supervisor; Richard Walsh, Community Development Representative, Mary Somnis, Community Development Representative; Lauren Hall, Executive Assistant; Kim Anderson, Executive Assistant; Tim Kaminski, Hibbing Rotary Club; Jerry Birchem, Birchem Logging; Scott Allison, Minnesota Twist Drill; John Fedo, John Fedo & Associates; John Monacelli, Spectrum Housing; Craig Wainio, Mt. Iron EDA; Cary Cerkenik; Consultant to Mt. Iron EDA; Riki McManus, Upper Minnesota Film Office; Lucinda Winter, Minnesota Film and TV Board; Michelle Ufford, Northeast Office of Jobs Training.

### II. Approval of the August 20, 2009, Minutes

Citizen Shelley Robinson moved approval of the August 20, 2009, minutes. Seconded by Representative Tony Sertich. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

### III. Douglas J. Johnson Economic Protection Trust Fund

*Action required: Approval requires 8 votes*

**a) Birchem Logging, Inc.**

Motion by Representative Tom Rukavina to approve the Birchem Logging, Inc. project to purchase equipment to support expansion into the biomass industry, as presented, for an amount not to exceed \$40,000. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**b) MTD Acquisition, Inc.**

Motion by Representative Tony Sertich to approve the MTD Acquisition, Inc. project to purchase additional equipment and inventory, as presented, for an amount not to exceed \$2.7 million. The project will allow for an expansion and renovation of the MTD facility in Chisholm. Seconded by Citizen Jack Ryan. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**c) Spectrum Housing with Services, LLC – Resolution No. 10-012**

Motion by Representative Tom Rukavina to approve the Spectrum Housing with Services, LLC project as presented in Resolution No. 10-012, in an amount not to exceed \$105,000. Seconded by Representative David Dill. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
SPECTRUM BUILDING LOAN PROJECT  
DOUGLAS J JOHNSON NORTHEAST ECONOMIC PROTECTION TRUST FUND**

**Resolution No.: 10-012**

**WHEREAS**, the Commissioner is authorized to expend, upon approval of at least 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 designated in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

**WHEREAS**, Spectrum Housing With Services, LLC, a Minnesota limited liability company (“**Spectrum**”), in 2004 made application to the agency for a loan of \$375,000 for the purpose of providing funds for Spectrum to purchase and upgrade a 42,000 square foot commercial building in the TAA that was located in Progress Park (the “**Project**”); and

**WHEREAS**, the Commissioner, the Board at its March 3, 2004, meeting, and the Governor by his subsequent approval of the Project, each determined in accordance with Minnesota Statutes Section 298.296 that the proposed loan for the Project was authorized under the said statute and approved the expenditure of up to \$375,000 of DJJ Funds for such purposes; and,

**WHEREAS**, the agency on June 22, 2004, entered into a loan agreement with Spectrum (the “**Loan**”), under the terms of which the agency agreed to lend Spectrum up to \$375,000 for the Project improvements; and,

**WHEREAS**, Spectrum only borrowed \$266,558 of the available \$375,000 of Loan funds and the agency in FY08, in response to the Borrower’s indication that it was not then in a position to undertake further Project improvements, cancelled the remaining \$108,442 encumbrance of DJJ Funds for the Project and credited those funds into the FY 08 DJJ Fund; and,

**WHEREAS**, Spectrum now has requested the agency for authorization to borrow \$105,000 of the remaining potential Loan funds under and pursuant to the terms of the original 2004 Loan agreement and its associated promissory note to enable Spectrum to make additional building improvements to the Spectrum building in Progress Park and,

**WHEREAS**, the Commissioner has requested the Board to re-authorize the loan of up to \$105,000 of FY10 DJJ Funds for the remaining Spectrum building improvements, under and

pursuant to the terms of the existing 2004 Loan agreement and associated promissory note (the “**Proposed Re-Allocation**”);

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Re-Allocation request and has determined that the expenditure of up to \$105,000 of DJJ Funds for the Project is consistent with the purposes and approvals of the original 2004 Loan and would promote economic development within the TAA.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves the expenditure and re-allocation of up to \$105,000 of DJJ Funds from the FY10 Projects Budget for the Spectrum Re-Allocation Project under and pursuant to the terms of the existing 2004 Loan agreement and its associated promissory note.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15<sup>th</sup> DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**IV. Taconite Area Economic Protection Fund**

*Action required: Approval requires 7 votes*

**a) Mt. Iron Economic Development Authority – Resolution No. 10-013**

Motion by Representative Tom Rukavina to approve the Mt. Iron Economic Development Authority project as presented in Resolution No. 10-013, in an amount not to exceed \$1 million. Seconded by Representative Tom Anzelc. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
MOUNTAIN IRON ECONOMIC DEVELOPMENT AUTHORITY  
RENEWABLE ENERGY INITIATIVE GRANT**

**Resolution No.: 10-013**

**WHEREAS**, the Commissioner is authorized to expend, upon approval of at least seven 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 Monies**”) 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**, Minnesota Statutes Section 298.2961, subdivision 6 authorizes and establishes a special account in the TEPF for distributions in 2009 only that would be available for funding cooperative projects between the agency and local governments for renewable energy initiatives; and

**WHEREAS**, the Mountain Iron Economic Development Authority (“**MIEDA**”) is in the process of developing a wind energy project that will consist of 6 wind turbines expected to generate up to 9 megawatts of electric energy annually at a site located in the Giants Ridge area (“**First Discovery Wind Project**”); and,

**WHEREAS**, MIEDA has applied for a grant of \$1,000,000 from the agency to fund First Discovery Wind Project development costs, which include engineering, permitting and negotiating power purchase agreements; and

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed grant for MIEDA to help provide funding for its renewable energy initiative and has determined that it is appropriate and consistent with existing law to provide the grant as requested by MIEDA.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves a \$1,000,000 grant to MIEDA from the special account established in the TEPF for renewable energy projects to

fund development costs for the First Discovery Wind Project as specified in MIEDA’s grant application.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**b) Minnesota Film Board Film Making Incentive – Resolution No. 10-014**

Motion by Representative Loren Solberg to approve the Minnesota Film Board Film Making Incentive project as presented in Resolution No. 10-014, in an amount not to exceed \$150,000. Seconded by Citizen Shelley Robinson. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
 OF THE STATE OF MINNESOTA  
 GRANT FOR CONVINCER MOVIE PROJECT  
 TACONITE ENVIRONMENTAL PROTECTION FUND**

**Resolution No.: 10-014**

**WHEREAS**, the Commissioner is authorized to expend, upon approval of at least seven 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**, Minnesota Motion Picture and Television Board, a Minnesota non-profit corporation operating under the assumed name of the Minnesota Film & TV Board (“**MFB**”), has requested a grant from the agency of up to \$150,000 that would be used by the MFB to provide rebate incentives to WercWerkWorks (“**WWW**”) for certain eligible expenditures that WWW would make within the TAA in connection with WWW’s filming of the movie, “The Convincer” (the “**MFB Project**”); and

**WHEREAS**, the Commissioner has requested that the Board approve the expenditure of up to \$150,000 of TEPF Funds for the proposed MFB Project, subject to the terms and conditions specified in that certain document entitled “Terms of the Convincer Film Making Incentive” that was included in the agenda materials for the Board’s October 15, 2009, meeting and is attached hereto as Exhibit A; and

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed MFB Project and has determined that the expenditure of up to \$150,000 of TEPF Funds for the Project is consistent with the provisions of Minnesota Statutes Section 298.223, Subd. 1(c) because the funding of the proposed MFB Project would promote economic development within the TAA.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves the expenditure of up to \$150,000 of TEPF Funds from the Projects portion of the FY10 Agency Budget for a grant to the Minnesota Motion Picture and Television Board for its proposed “Convincer” film rebate Project, on the terms and subject to the conditions stated in the attached “Terms of the Convincer Film Making Incentive” document.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15<sup>th</sup> DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			

Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**TERMS OF “THE CONVINCER” FILM MAKING INCENTIVE**

**Rebate**

As an incentive to film the movie “The Convincer” in the Taconite Assistance Area (TAA), Iron Range Resources shall provide a grant to the Minnesota Film & TV Board (MFB), to enable MFB to rebate to WercWerkWorks (WWW), the amount of certain eligible expenditures WWW makes within the TAA. *Only expenditures incurred within the TAA are eligible for the rebate.*

**Grant Contract**

The funds required to pay the rebate shall be made available to MFB through a grant agreement between the MFB and Iron Range Resources. Therefore, the rebate is dependent upon final execution of that grant agreement between MFB and Iron Range Resources.

**Eligible Expenditures**

The rebate shall be paid on:

- WWW expenditures for products and services required to film “The Convincer” that are purchased from businesses located within the TAA. Expenditures for individual laborers, trades people or “extras” hired to make the film, provided these persons are residents of the TAA, also shall be eligible for the rebate.
- The rebate shall equal 10% of WWW’s eligible expenditures made during the period November 1, 2009 through June 30, 2010.
- The rebate shall be capped at a maximum of \$150,000. (The maximum rebate of \$150,000 would require eligible expenditures of at least \$1.5 million dollars.)

**Ineligible Expenditures**

The rebate shall not be paid on:

- WWW expenditures for products or services purchased outside the TAA.
- WWW expenditures for WWW employees, contract laborers who are not residents of the TAA, or the primary actors with whom WWW contracts to make the film.
- MFB costs or expenses in administering the grant.

**Documentation**

To obtain its rebate, WWW shall supply receipts, invoices or other means of documentation of eligible expenditures to MFB. MFB shall submit such documents to Iron Range Resources which shall independently review such supporting documentation to verify the correct rebate payment amounts and advance to MFB funds to enable it to reimburse WWW for verified eligible expenditures up to the maximum amount of the grant.

**Point-of-Sale Discount Program**

In addition, Iron Range Resources will coordinate a voluntary Point-of Sale discount program to be offered by TAA businesses on WWW purchases from participating businesses. Names and contact information for businesses that respond to Iron Range Resources shall be forwarded to WWW for its use in obtaining these discounts.

**c) Drilling Incentive Grant Program – Resolution No. 10-015**

Motion by Representative David Dill to approve the Drilling Incentive Grant Program as presented in Resolution No. 10-015, in an amount not to exceed \$125,000. Seconded by Representative Tony Sertich. 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 Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe, Citizen Shelley Robinson

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
DRILLING INCENTIVE GRANT PROGRAM**

**Resolution No.: 10-015**

**WHEREAS**, the Commissioner is authorized to expend, upon approval of at least seven 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 Monies**”) 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 funded a Drilling Incentive Grant program (“**DIG program**”) from 1998 through 2003 by which qualified applicants that conducted exploratory (not development or delineation) drilling within the TAA received matching state funds to offset their exploratory drilling costs up to the amount of their DIG program grant award; and

**WHEREAS**, the agency believes reconstituting the DIG program will stimulate mineral exploration activity within the TAA and will promote economic activity within the TAA; and,

**WHEREAS**, the agency has determined that \$125,000 of FY 2010 TEPF monies budgeted for a taxation study of the non-ferrous mining industry within the state is no longer needed for that purpose and is available to fund the DIG program; and,

**WHEREAS**, the agency proposes the new DIG program will provide matching grants up to 40% of direct drilling costs, not to exceed \$20,000 for any one drill hole, to qualified applicants that hold a state minerals lease issued by the State’s Department of Natural Resources, for exploratory drilling that occurs on or before June 30, 2010; and

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, approving and funding the proposed DIG program and has determined that doing so is consistent with existing law and will promote economic activity within the TAA.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves the expenditure of up to \$125,000 from TEPF monies, previously designated for a non-ferrous mining industry taxation study, for the DIG program to provide matching grants of up to 40% of direct drilling costs, not to exceed \$20,000 for any one drill hole, to qualified applicants that hold a state minerals lease issued by the State’s Department of Natural Resources, for exploratory mineral drilling within the TAA that occurs on or before June 30, 2010.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF OCTOBER 2009.**

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

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**d) Minnesota Discovery Center – Resolution No. 10-016**

Motion by Representative Tony Sertich to approve the Minnesota Discovery Center proposed capital improvement project, as presented in Resolution No. 10-016, in an amount not to exceed \$117,652. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
APPROVAL OF GRANT FOR MINNESOTA DISCOVERY CENTER CAPITAL  
IMPROVEMENTS**

**Resolution No.: 10-016**

**WHEREAS**, the Commissioner is authorized to expend, upon approval of at least seven 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 Commissioner previously prepared, and the Board on June 18, 2009, and the Governor in June 2009 approved a budget for operational expenditures, programs, and projects of the agency for State fiscal year 2010 (the “**Approved FY10 Budget**”); and

**WHEREAS**, the Approved FY10 Agency Budget includes an allocation of \$100,000 of TEPF Funds for use by the Ironworld Development Corporation, d/b/a Minnesota Discovery Center (“**IDC**”) for Building Capital Improvements; and

**WHEREAS**, the Commissioner has received a request from IDC for an additional grant of \$117,652 to provide money with which, in combination with \$90,000 of the previously approved FY10 Building Capital Improvement Funds, will be sufficient to enable IDC to pay the estimated \$207,652 of costs for replacing the Discovery Center’s inoperable central boiler with three new gas-fired independent boiler units and five new Lennox Roof Top Units as more specifically described in the attached Addendum A (the “**Proposed Capital Improvement Project**”). IDC has further indicated if its request for these additional funds for the Proposed Capital Improvement Project is approved, IDC will forego making requests in FY11 and FY12 that it

had anticipated making for building capital improvement funds in the amounts of \$58,826 in each of those future fiscal years; and

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota to consider, among other matters, the Proposed Capital Improvement Project and has determined that the expenditure of up to \$117,652 of TEPF Funds for the Project 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:

- a) the modification of the Operations portion of the Approved FY10 Agency Budget to reflect the transfer of an additional \$117,652 of TEPF Funds for the Minnesota Discovery Center, thereby authorizing a total of \$217,652 of TEPF Funds to be expended for the Building Capital Improvements line item during State fiscal year 2010; and
- b) the expenditure of up to \$117,652 of such additional TEPF Funds for the Proposed Capital Improvement Project.

**BE IT FURTHER RESOLVED**, that the expenditure of such FY10 TEPF Funds for the Proposed Capital Improvement Project is intended to be in lieu of expenditures that might otherwise have been approved by the Board for IDC building capital improvement grant funding in FY11 and FY12.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15<sup>th</sup> DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**ADDENDUM A**  
**2009 IDC Boiler Replacement Project**  
**Requested Grant Amount: \$117,652**

IDC requests additional FY10 funds to pay for equipment, installation and related construction work to retire the central boiler system and implement independent boiler units for three buildings, the Research Center, Museum and former Admissions building

<u>SOURCES</u>		<u>USES</u>	
Dedicated Portion of Budgeted FY10 Building Capital Improvement Funds	\$90,000	Equipment and Installation	\$154,552
<b>Requested Additional FY10 Building Capital Improvement Funds</b>	<b>\$117,652</b>	Construction and Electrical	\$53,100
<b>TOTAL</b>	<b>\$207,652</b>	<b>TOTAL</b>	<b>\$207,652</b>

**V. Board Account**

*Action required: Approval requires 7 votes*

**a) Hoyt Lakes Grant Amendment – Resolution No. 10-017**

Motion by Representative Tom Rukavina to approve the Hoyt Lakes Grant Amendment as presented in Resolution No. 10-017, in an amount not to exceed \$98,680. Seconded by Representative David Dill. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
AMENDMENT OF CITY OF HOYT LAKES GRANT AGREEMENT**

**Resolution No.: 10-017**

**WHEREAS**, on December 21, 2006, the Board met in open session in the Board Room located near Eveleth, Minnesota and approved, among other matters, a \$150,000 grant to the City of

Hoyt Lakes (“City”) from monies made available under Minnesota Statutes Section 298.22 (“Board Account”) for remediation, soil clean-up and site improvements at a maintenance garage area located near the City’s golf course (“Garage Project”); and

**WHEREAS**, the City completed the Garage Project and only spent \$51,320 of the available grant monies, leaving an unspent balance of \$98,680; and

**WHEREAS**, the grant agreement between the agency and the City for the Garage Project expired on June 30, 2009; and,

**WHEREAS**, the unspent balance from the grant agreement for the City’s Garage Project was not canceled and remains encumbered for that purpose in the State’s accounting system; and

**WHEREAS**, the City is currently working on a project to develop infrastructure and housing on Leeds Road (“Leeds Road Project”); and

**WHEREAS**, unexpected soil conditions will require the City to perform remediation, soil clean-up and site improvement work for the Leeds Road Project that is very similar to the work that was required for the Garage Project; and

**WHEREAS**, the City has requested that the agency revive the Garage Project grant agreement and amend it to make the unspent amount from the Garage Project available for unexpected remediation, soil clean-up and site improvement work on the Leeds Road Project; and

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the request by the City to revive the Garage Project grant agreement and amend it to make the unspent amount from the Garage Project grant available for unexpected remediation, soil clean-up and site improvement work on the Leeds Road Project, and has determined it is in the best interest of the City and the agency to revive the Garage Project grant and amend it to provide the City with the amount it has requested for unexpected remediation, soil clean-up and site improvement work on the Leeds Road Project.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves the City’s request to revive the Garage Project grant and amend it to provide the remaining \$98,620 balance of Board Account funds for unexpected remediation, soil clean-up and site improvement work on the City’s Leeds Road Project.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>

Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**VI. Iron Range Higher Education Account**

*Action required: Approval requires 7 votes*

**a) Arrowhead Institute of Technology Higher Education Programs – Resolution No. 10-018**

Motion by Representative Tom Rukavina to approve the Arrowhead Institute of Technology Higher Education Programs as presented in Resolution No. 10-018, in an amount not to exceed \$315,000. 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

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

**Resolution No.: 10-018**

**WHEREAS, Minnesota** Statutes Section 298.28, subd. 9d allocates 5 cents per taxable ton of taconite taxes to the agency to be deposited in an Iron Range higher education account (“**Higher Education Account**”) to be used for higher education programs conducted at educational institutions in the Taconite Assistance Area designated in Minnesota Statutes Section 297.1341 (“**TAA**”); and,

**WHEREAS**, Minnesota Statutes Section 298.2214 created the Iron Range Higher Education Committee (“**Committee**”) to advise the commissioner of Iron Range Resources on providing higher education programs within the TAA; and,

**WHEREAS**, pursuant to 298.28, subd. 9d, both the Iron Range Resources and Rehabilitation Board (“**Board**”) and the Committee must approve all expenditures from the Higher Education Account; and,

**WHEREAS**, the Committee has approved an expenditure of up to \$315,000 of the Higher Education Account funds to provide a grant to the Northeast Higher Education District (“**NHED**”) for use by the Arrowhead University Consortium (“**AUC**”) to develop, in collaboration with private industry, higher education programs in industrial technology, process automation, industrial lab technician, industrial construction and information management (hereafter referred to as the “**Higher Education Programs**”); and,

**WHEREAS**, the Committee approved expenditure will cover the first year of costs for the Higher Education Programs; and,

**WHEREAS**, in order to provide the aforementioned grant to the NHED, it is necessary for the Board to approve an expenditure of funds from the Higher Education Account; and

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed expenditure of up to \$315,000 of Higher Education Account funds for the purpose of providing a grant to the NHED for use by the AUC to develop the Higher Education Programs and determined that the proposed expenditure would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby approves the expenditure of up to \$315,000 of Higher Education Account funds for a grant to the NHED to be used by the AUC to develop, in collaboration with private industry, Higher Education Programs.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15<sup>th</sup> DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			

Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
 Senator David Tomassoni, Chair

**VII. Wage Subsidy Account (a special account within the Douglas J. Johnson Economic Protection Trust Fund)**

*Action required: Approval requires 8 votes*

**a) Wage Subsidy Program Amendment – Resolution No. 10-019**

Motion by Representative Loren Solberg to approve the Wage Subsidy Program Amendment as presented in Resolution No. 10-019. Seconded by Representative Tom 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, Citizen Jack Ryan

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Tom Bakk, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
 OF THE STATE OF MINNESOTA  
 WAGE SUBSIDY PROGRAM AMENDMENT  
 DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND**

**Resolution No.: 10-019**

**WHEREAS**, Laws of Minnesota for 2009, Chapter 78, Article 7, Section 20 (the “**Wage Subsidy Law**”), amended Minnesota Statutes Section 298.294 by designating the pre-existing provisions of that section as paragraph (a) and by enacting two new subparagraphs that were designated as paragraphs (b) and (c); and

**WHEREAS**, the paragraphs (b) and (c) of Minnesota Statutes Section 298.294 establish a new special account within the Douglas J. Johnson Economic Protection Trust Fund (the “**Wage Subsidy Account**”) to receive, in State fiscal years 2010 and 2011 only, \$1,000,000 of the net interest, dividends, and other earnings the (“**Wage Subsidy Funds**”) that otherwise would have

been transferred into the Douglas J. Johnson Economic Protection Trust Fund’s primary account; and,

**WHEREAS**, the Wage Subsidy Law authorizes the Commissioner, upon approval of at least seven Board members, to make loans or grants of the Wage Subsidy Funds, including loans or grants that provide wage subsidies of up to \$5 per hour, to businesses to create additional jobs in the Taconite Assistance Area established under Minnesota Statutes Section 273.1341 (the “TAA”), with priority given to businesses with 25 or fewer employees (the “**Authorized Purposes**”); and

**WHEREAS**, the Board at its June 15, 2009, meeting passed and adopted its Resolution No. 09-032 authorizing the expenditure of up to \$1,000,000 of FY10 Wage Subsidy Funds, and the Governor thereafter approved the expenditure of such funds, to provide grants to eligible businesses within the TAA in accordance with the Wage Subsidy Program grant guidelines and eligibility standards as then proposed by the Commissioner to the Board; and,

**WHEREAS**, the Board met in open session at 10:00 a.m. on October 15, 2009, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, a proposal to expand the program’s eligible job qualifications and eligible NAICS job code categories to include full-time, permanent, non-seasonal jobs created in North American Industry Classification System (“NAICS”) all job code categories except NAICS Code No. 92 (Public Administration).

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby approves the expansion of the program’s eligible job qualifications and eligible NAICS job code categories to include full-time, permanent, non-seasonal jobs created in North American Industry Classification System (NAICS) all job code categories except NAICS Code No. 92 (Public Administration).

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15<sup>th</sup> DAY OF OCTOBER 2009.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk				<b>X</b>
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator Yvonne Prettner Solon				<b>X</b>
Senator Dave Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative Dave Dill	<b>X</b>			
Representative Tom Rukavina	<b>X</b>			
Representative Tony Sertich	<b>X</b>			
Representative Loren Solberg	<b>X</b>			
Citizen Joe Begich	<b>X</b>			
Citizen Shelley Robinson	<b>X</b>			
Citizen Jack Ryan	<b>X</b>			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

Signed: \_\_\_\_\_  
Senator Dave Tomassoni, Chair

### **VIII. Adjournment**

The meeting adjourned at 12:00 p.m.

## **Douglas J. Johnson Economic Protection Trust Fund**

*Action required: Project approval requires 8 votes*

- a) Essar Steel Minnesota, LLC
- b) Silver Bay Assisted Living

## Essar Steel Minnesota, LLC



**Iron Range Resources**  
P.O. Box 441  
4261 Highway 53 South  
Eveleth, Minnesota 55734-0441  
(218) 735-3000 • 800-765-5043  
Fax: (218)735-3046

**To:** Iron Range Resources Board

**From:** Sandy Layman  
Commissioner

**Date:** December 7, 2009

**Re:** **ESSAR STEEL MINNESOTA, LLC**

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Essar Steel Minnesota, LLC ("Essar" or "Borrower") has requested that the agency grant additional forbearance on the payment of principal, loan fee, and interest totaling \$6,180,000, on the loan from Iron Range Resources to Essar beyond the December 31, 2009, date which the repayment is currently due. The loan agreement, as amended, states "repayment of the Loan, Loan Fee and accrued interest will be forborne for up to four years after the Due Date (of December 31, 2008) if Borrower is making substantial progress, as determined by the State, toward Loan forgiveness." Per the agreement, forgiveness is to occur when: the project facilities are constructed; Essar produces a minimum of 600,000 tons of hot rolled sheet and/or slab steel in one year; and Essar directly employs at least 300 full-time workers for a period of six months. In December of 2008, consistent with Iron Range Resources Board Resolution 09-018, the agency granted a one-year forbearance of repayment from the due date of December 31, 2008, until December 31, 2009.

Essar has made substantial progress towards construction of the plant since acquiring the project in October 2007, including: site acquisition and final configuration of the project; completion of site grading for the crusher and concentrator areas; execution of master development agreements with the city of Nashwauk and Itasca County; execution of the business subsidy and reimbursement agreement with the State; finalized engineering, procurement, construction and project management contracts; placement of orders for long lead capital equipment items; completion of surveying work; commencement of construction of temporary power by the Nashwauk Public Utilities Commission; and substantial completion of six miles of rail by the Itasca County Rail Road Authority.

I believe Essar has satisfied the requirement to make substantial progress towards receiving forgiveness on the loan as stipulated in the agreement, and, therefore, I recommend granting forbearance of all repayment until December 31, 2010.

## Silver Bay Assisted Living



**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

**From:** Sandy Layman  
Commissioner

**Date:** December 4, 2009

**Re: SILVER BAY ASSISTED LIVING PUBLIC WORKS D.J.J. GRANT OF \$350,000**

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The city of Silver Bay has requested Iron Range Resources financing, in the form of a Public Works Infrastructure grant, for infrastructure and site work for a 16-unit assisted living/memory care facility. The city has been working with Spectrum Health Companies in the development of this project, summarized below:

### **City of Silver Bay**

#### **Grant Amount: \$350,000**

The project is comprised of water, sewer, roads and site work for a 16-unit assisted living facility. The city is working with an established developer, Spectrum Health Companies, which has been in business since 1981. Spectrum owns facilities in Ely, Virginia, Grand Rapids, Brainerd, Duluth, Willmar, Twin Cities, St. Cloud, Faribault and Rochester, and manages additional facilities in Ely, Virginia, Gilbert and Duluth. The company also is building a 20-unit assisted living facility in Cook.

The project is expected to create 7 FTE permanent jobs at an average rate of \$11.50 per hour, plus benefits with an estimated value of \$3.00 per hour. In addition, a number of construction jobs will be created.

<u>USES</u>		<u>SOURCES</u>	
Building	\$1,343,000	Iron Range Resources	\$350,000
Infrastructure & site work	457,000	Applicant	150,000
Land	150,000	Private	1,450,000
<b>TOTAL</b>	<b>\$1,950,000</b>	<b>TOTAL</b>	<b>\$1,950,000</b>

A recent market study suggests a need for 8 private pay and 8 subsidized care units in the Silver Bay area. Spectrum has submitted a business plan, and the release of agency funds will be contingent upon receipt of a development agreement with the city and a firm commitment letter from Spectrum's lender. IRR funds will not be released until all financing is in place.

This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Fund Act.

**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.

**TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:**

Recommended at the December 8, 2009, meeting

## **Taconite Area Environmental Protection Fund**

*Action required: Project approval requires 7 votes*

- a) Public Works Projects
- b) Range Cities Health Care Collaborative
- c) Minnesota Discovery Center

## Public Works Projects



**Iron Range Resources**  
 P.O. Box 441  
 4261 Highway 53 South  
 Eveleth, Minnesota 55734-0441  
 (218) 735-3000 • 800-765-5043  
 Fax: (218)735-3047

**To:** Iron Range Resources Board

**From:** Sandy Layman  
 Commissioner

**Date:** December 7, 2009

**Re: PUBLIC WORKS FY10 - \$140,000**

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**PURPOSE**

Public Works Infrastructure Grants provide funds for cities, townships and non-profits that can be used for infrastructure needs or health care capital improvement projects that support community and economic development.

**CRITERIA**

- A. Economic Impact – Priority #1
- B. Leverage – Priority #2
- C. Project Readiness – Priority #3
- D. Need – Priority #4

**PUBLIC WORKS INFRASTRUCTURE GRANTS FY10**

**Crystal Bay Township**  
**Grant amount: \$90,000**

The project is comprised of construction of a septic system for an intermodal center in Finland, Minnesota. The center will serve as a trailhead building for the Superior Hiking Trail, Moose Run ATV trail and the North Shore snowmobile trail, as well as a community center and a community education facility. Elements of green design will be incorporated into the facility.

**USES**

**SOURCES**

Building & Contingency	\$1,479,560	Iron Range Resources	\$90,000
A&E	82,000	Applicant	150,000
Geothermal System	41,500	Coastal grant	97,300
Septic system	90,000	Lake County	139,000
Furniture, Fixtures, Equipment	85,000	MN DOT grant- Enhancement grant	295,000
		Grants, donations	286,839
		Federal DOT grant	719,921
<b>TOTAL</b>	<b>\$1,778,060</b>	<b>TOTAL</b>	<b>\$1,778,060</b>

**City of Iron Junction**

**Grant Amount: \$50,000**

The project is comprised of extending new sewer lines to 17 residents and eliminating inflow and infiltration (I&I) in the existing waste treatment system.

<u>USES</u>		<u>SOURCES</u>	
Sewer extension / I &I	\$909,000	Iron Range Resources	\$50,000
A & E	132,000	Applicant -USDA loan	281,000
		Iron Range Resources FY08	50,000
		USDA grant	410,000
		Army Corp 569 grant	250,000
<b>TOTAL</b>	<b>\$1,041,000</b>	<b>TOTAL</b>	<b>\$1,041,000</b>
<b>TOTAL GRANT AMOUNT</b>	<b>\$140,000</b>		
<b>TOTAL PROJECT COST</b>	<b>\$2,819,060</b>		
<b>LEVERAGE</b>	<b>19.1 to 1</b>		

## Range Cities Health Care Collaborative



**Iron Range Resources**  
P.O. Box 441  
4261 Highway 53 South  
Eveleth, Minnesota 55734-0441  
(218) 735-3000 • 800-765-5043  
Fax: (218) 735-3047

**To:** Iron Range Resources Board

**From:** Sandy Layman  
Commissioner

**Date:** December 7, 2009

**Re: RANGE CITIES HEALTH CARE COLLABORATIVE**

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The Range Cities Health Care Collaborative (the “Collaborative”) is a recently formed alliance of the three largest hospitals located within the Taconite Assistance Area including the Virginia Regional Medical Center located in Virginia, Grand Itasca Clinic and Hospital located in Grand Rapids, and Range Regional Health Services located in Hibbing. The intent of the organization is to strengthen and grow the local health organizations by identifying and pursuing ways to enhance services collectively while creating efficiencies across the continuum. This new model will focus on collaboration and partnership opportunities that will provide more services, including better access to specialty care, to the respective communities as opposed to the traditional competitive model between the three facilities. It is the intent of the Collaborative to work with area critical access hospitals and other organizations that show an interest in this initiative.

The Collaborative has engaged Health Care Futures, a Twin Cities consulting firm, to begin the collection and planning process to support this endeavor. The total budget to initiate and implement this effort is estimated to be \$430,000 including: \$150,000 for Health Care Futures; \$50,000 for legal review of physician agreements; \$65,000 for business and clinic service line planning; \$65,000 to develop business and clinical business plans; and, \$100,000 to implement two to three clinical, business processes and informational systems plans. The budget does not include the significant in-kind contributions that the respective organizations will continue to provide.

The Collaborative has requested a matching grant of \$215,000 from Iron Range Resources with Range Regional Health Services serving as the fiscal agent. I recommend approval of a grant in the amount of \$215,000 from the FY 2010 Development Project monies budgeted out of the TEPF, with a stipulation that no Iron Range Resources funds are used to reimburse the contract with Health Care Futures.

## Minnesota Discovery Center



**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

**From:** Sandy Layman  
Commissioner

**Date:** October 10, 2012

**Re: CHANGE IN AUTHORIZED USE OF UP TO \$250,000 IN IRONWORLD  
DEVELOPMENT CORPORATION ENDOWMENT CHALLENGE FUNDS**

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### **PURPOSE**

The nonprofit Ironworld Development Corporation (IDC) has operated state facilities at Ironworld (now known as Minnesota Discovery Center), under a sublease/management agreement since January 2007. IDC closed the center to the public on November 20, 2009, due to a significant financial deficit. Since that time, Iron Range Resources has taken over the assets at the site and intends to provide critical services during the closure to protect the buildings and preserve the collections.

The agency seeks to reallocate IDC funds from the agency's fiscal year 2010 budget to pay for costs incurred as a result of the budget shortfall and closure. Up to \$250,000 authorized as a match for fundraising will instead be used to provide a loan to the nonprofit to pay its outstanding claims and to cover agency costs in securing the facility. It also will pay for a forensic accounting examination and business planning.

### **IDC Endowment Match Reallocation**

**Amount: \$250,000**

<u>USES</u>		<u>SOURCES</u>	
Loan for IDC payables	\$81,000	Iron Range Resources	\$250,000
		(Approved in the 2010 budget)	
Critical services to maintain buildings	\$120,000		
Forensic accounting and business planning	\$49,000		
<b>TOTAL</b>	<b>\$250,000</b>	<b>TOTAL</b>	<b>\$250,000</b>

## **Taconite Economic Development Fund**

*Action required: Project approval requires 7 votes*

- a) Keewatin Taconite

## United States Steel - Keetac



**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 STATES STEEL - KEETAC  
TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS  
(PRODUCTION 2008, PAY 2009) – \$1,725,971**

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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 a proposed expenditure is not approved by at least seven Iron Range Resources and Rehabilitation Board members the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225.*

US Steel – Keetac Mining Company is eligible for a pay 2009, based on 2008 production, Taconite Economic Development fund rebate of \$1,725,971, subject to the company providing a match of \$370,402, for a total project cost of \$2,096,373.

The US Steel Keetac Mining Company TEDF Review Committee completed its review on December 8, 2009, and unanimously approved submitting the following projects.

## **Project 1 – Exploratory Drilling and Analysis for Expansion**

Keetac is conducting an exploratory diamond drilling program for the Keetac Expansion project. The purpose is to obtain ore quality and characteristic information where extensive drilling is lacking. This project is necessary for meeting the Security Exchange Commission (SEC) standards to prove the ore reserves exist for at least the next twenty-five years. This data also will be used to estimate stripping, stockpile volume, mining requirements and to provide valuable information about the ore characteristics to be used in determining proper plant process equipment requirements.

Idea Drilling LLC in Virginia is using up to three Hagby drill rigs twenty-four hours a day, seven days a week to perform this work. The locations of the holes are determined by using a four-hundred foot by four-hundred foot offset grid pattern. Lerch Brothers in Hibbing is performing the analyses of the drill core.

TEDF Grant	\$1,725,971
Company	<u>\$371,042</u>
Estimated Project Total Cost	\$2,097,013

## **Project 2 – Tailings Basin Reclamation and Dust Control**

Keetac's active tailings pond is 2,500 acres in size and has a perimeter dike of 44,000 feet. Each year, the height of 12,000 linear feet of this perimeter dike is increased by six feet. This is accomplished by discharging tailings near the dike and dozing the coarse tails to add to the existing dike structure and height. The tailing beaches, located between the water's edge and the toe of the dike, along the 12,000 lineal feet of new deposition, vary in width from 600 to 2,000 feet. The tailing beaches consist of, from the perimeter dike towards the interior, the coarse and medium tailings; second, the medium and the fine tailings; and third, the fine tailings. The discharge water carries the medium and fine tailings flow into the interior of the pond where the tailings settle out in the interior water reservoir.

Minnesota Department of Natural Resources requires Keetac to develop and execute an annual reclamation plan to control fugitive dust levels established by the Minnesota Pollution Control Agency (MPCA). The annual vegetation and tree planting activity on the tailings basin is used to satisfy the requirements of both of these agencies.

Seed and fertilizer are applied to bare areas of soil on inactive areas of the basin by using specialized low ground pressure seeding equipment. Various seed mixtures are used depending upon if the mix is needed for temporary or permanent vegetation. Temporary vegetated areas are seeded within the basin during March and April while the ground is still frozen. Permanent seeding activities on the outer slopes are generally completed in May. The soil nutrient levels are very low; therefore significant amounts of fertilizer are required to sustain plant growth. In lieu of chemical fertilizer, bio solids have been a successful alternative.

The use of hay mulch has been an effective method of controlling dust on the tailings basin. Mulch is spread by either bale busters which are pulled by low ground pressure tractors or by helicopter when the ground is too wet such as in areas where tailings have been recently deposited.

Trees are used to enhance the perimeter of the tails basin. Trees are beneficial because they act as a visual and sound buffer for the operation and they have proved effective as a means of windbreak. The trees that are used are acquired from Iron Range Resources, local nurseries, or grown from seed and cuttings collected from the Keetac property. An excess of 15,000 trees are planted annually.

TEDF Grant	\$0
Company	<u>\$70,675</u>
Estimated Project Total Cost	\$70,675

### **Project 3 – Welcome Creek Treatment**

Keetac has historically exceeded its winter season turbidity limits for NPDES monitoring station SD002. Previous research, visual observations and technical data into the cause of these exceedances indicated that ground water inflow in Basin 10 may be contributing to the increased turbidity witnessed downstream at SD002. The elevated turbidity levels are the result of dissolved iron entering the ditch system through ground water seeps in Basin 10 and downstream. The dissolved iron is oxidized within the stream and precipitates, but is not able to adequately settle out of the water column before reaching SD002. A permit Compliance Schedule with the MPCA requires implementation of a new Welcome Creek treatment system to bring the turbidity levels below permitted levels.

Keetac's plan is to increase the settling basin's dam height to an elevation of 1,465 feet and thereby, increase the retention time in the last settling basin to 24 hours. This project also will include the addition and mixing of coagulant prior to entering the final settling basin to assure compliance.

As a trial, a small settling basin was constructed in the fall of 2008, which appears to have lowered the turbidity in the effluent when compared to previous years. The current plan is to increase the surface area of the basin by approximately ten times its current size as this will provide maximum settlement time. The settling basin size would be as large as can be constructed given the physical site constraints.

A pretreatment basin, weir, mixer and chemical feed system also will be installed. Jar testing has confirmed that the coagulant aluminum chlorhydrate induces rapid settling of the suspended iron particles. The contractor's testing has shown that this will greatly increase the probability of preventing excessive turbidity that would exceed the allowable level.

TEDF Grant	\$0
Company	<u>\$86,577</u>
Estimated Project Total Cost	\$86,577