

**Meeting
of the
Iron Range Resources
and
Rehabilitation Board**

**IRRRB
Eveleth, Minnesota**

Thursday, October 11, 2012

**Meeting of the Iron Range Resources and Rehabilitation Board
IRRRB, Eveleth, Minnesota
Thursday, October 11, 2012
10:00 a.m.**

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**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD
IRRRB
Eveleth, Minnesota
Thursday, October 11, 2012 – 10:00 a.m.**

AGENDA

- 1) Roll Call

- 2) Approval of the August 9, 2012, Minutes
See Exhibit A

- 3) Commissioner's Comments

- 4) Louisiana Pacific Corporation
DJJ – Action required: Project approval requires 8 votes

- 5) Detroit Diesel Remanufacturing (DMR)
DJJ – Action required: Project approval requires 8 votes

- 6) Premier Plastics, Inc.
DJJ – Action required: Project approval requires 8 votes

- 7) City of Keewatin Public Works Project
TEPF – Action required: Project approval requires 7 votes

- 8) United States Steel – Keetac Taconite Economic Development Fund Projects
TEDF – Action required: Project approval requires 7 votes

- 9) Other

- 10) Adjournment

LOUISIANA PACIFIC CORPORATION

414 Union Street, Suite 400

Nashville, TN 37219

IRRRB Direct Loan Program

Applicant:	Louisiana Pacific Corporation (“LP”)	
Project Location:	711 25 th Avenue Two Harbors, MN 55616	
Principal(s):	Jeff Potocnik, Project Engineer Steve Twining, Plant Manager Matt Rolfe, Accounting Manager	
Project Description:	LP is seeking financing from the IRRRB for a project that will increase efficiencies and the production capacity of its Two Harbors plant. The contemplated project would include a comprehensive rebuild of the existing press at the plant. The project would also increase the capacity of the plant by adding two flights (going from eight to ten) to the press. It is expected that this project will decrease production costs at the plant in addition to increasing its capacity. The expansion of the plant will also significantly increase the resource utilization by LP from its current levels of approximately 80,000 cords of wood at its Two Harbors plant to approximately 100,000 cords annually. This will result in increased jobs and activity in the logging and transportation industries. Overall, this expansion will be positive for the continued viability of the Two Harbors plant.	
Market Opportunity:	The products produced at the Two Harbors plant are used both in new construction and the remodeling of existing structures. While demand remained relatively strong through the recent recession in the remodeling sector, the market for new housing construction was weak. The new housing construction market appears to be on the rebound. Combined with the fact that a lot of capacity, particularly in the OSB sector has been removed from the market, this should bode well for the company moving forward.	
Project Investment:	Equity	\$4,290,000
	IRRRB 1%*, 10 year amortization	\$2,000,000
	IRRRB Infrastructure Grant (to Lake County)	350,000
	DEED Infrastructure Grant (to	350,000

	Lake County)	
	Lake County	60,000
	TOTAL	\$ 7,050,000
	*This is equal to the participation loan formula rate. Originally, the loan was contemplated to be a participation loan with a lender to be identified. The Commissioner agreed to consider a direct loan at the participation loan formula rate after LP decided to fund the majority of the project internally.	
Jobs:	17 Projected New 112 Retained Wages: \$32,000 to \$58,000 per year plus benefits	
Collateral:	First position lien on a 10 opening Motala press, comprised of approximately 75% refurbished equipment and 25% new equipment.	
Business History:	LP, headquartered in Nashville, TN, has been a leading manufacturer of building products since its inception in 1973. The company operates 24 manufacturing facilities throughout North America and South America, with its focus on delivering innovative, high-quality commodity and specialty building products to retail, wholesale, home building and industrial consumers. Its products are used primarily in new home construction, repair and remodeling, and manufactured housing. LP has manufactured siding products at its plant in Two Harbors since the plant was constructed in 1985.	
Past IRRRB History:	In 1985 the IRRRB participated in financing the Two Harbors plant with the issuance of revenue bonds. The bonds were repaid as agreed by LP.	
Contingencies:	<ol style="list-style-type: none"> 1) Documentation of value of collateral, acceptable to IRRRB staff, is obtained prior to disbursement of funds. 2) Alternative project structures may be considered as long as the IRRRB position is not compromised. 	
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on October 4, 2012.	

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.
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DETROIT DIESEL REMANUFACTURING (DMR)

**1111 East 7th Avenue
Hibbing, Minnesota 55746**

IRRRB Direct Loan Program

Applicant:	Chisholm-Hibbing Airport Authority	
Project Location:	3895 South Hughes Road, Hibbing, Minnesota 55746	
Principal(s):	Shaun Germolus, Executive Director, Airport Authority David Rhode, Operations Manager, Detroit Diesel Remanufacturing DMR	
Project Description:	This project is to build-out the airport speculative building for occupancy by Detroit Diesel Remanufacturing DMR. With consolidation of their Iron Range facilities, this project will give the company 62,000 square foot of space within two facilities and will allow for efficiencies and growth. DMR's existing lease commitments expire by February 2015. The company and the airport have signed a Letter-of-Intent to negotiate an eleven-year renewable lease with purchase options. This project will ensure their continued presence and growth on the Iron Range.	
Market Opportunity:	Through its affiliation with Daimler AG and Daimler Trucks North America, DMR has access to a large market for their products and services. Prior to its acquisition by Detroit Diesel, DMR annual revenues were approximately \$4 million. Since 2007, revenues have increased to over \$20 million. DMR continues to add international customers. This growth has resulted in some manufacturing being shifted from Hibbing to other Detroit diesel Remanufacturing centers in Utah and Mexico. The company is currently pursuing a \$6 million manufacturing opportunity that will not fit in their existing Hibbing facilities and anticipates the need for 40,000 square-foot of additional manufacturing space within three years. The airport site will allow for that anticipated expansion on the Iron Range.	
Project Investment:	IRRRB non-recourse direct loan to the Airport Authority at our formula rate. Repayment will be from lease revenues generated by the building.	\$2,500,000
	DMR will fund all costs associated with relocation and	235,000

	installation of their equipment at the new site, as well as any costs exceeding \$2,500,000 on the build-out.	
	TOTAL	\$ 2,735,000
Jobs:	50 Projected New* 97 Retained Wages \$28,392 - \$52,520 per year plus benefits. <i>*(10 immediate and 40 when the anticipated future expansion is complete).</i>	
Collateral:	The loan will be secured with a first-position mortgage on the building and with an assignment of lease revenues.	
Business History:	DMR was founded in Hibbing in 1987 to serve the truck, bus, heavy-duty equipment and light rail industries with electrical and electronic assemblies. In 2001, DMR relocated to a 15,000 square-foot building in the Hibbing industrial park. DMR was acquired by Detroit Diesel Remanufacturing Corporation in 2007. Detroit Diesel's history goes back to 1938 with the GM Diesel Division. Detroit Diesel is a "Daimler" company and is affiliated with Daimler Trucks North America, which manufactures Freightliner and Western Star trucks, Thomas Built Busses and custom chassis for motor-homes and busses. The company continues to grow and currently occupies 51,000 square-foot of space in four separate locations in Hibbing.	
Past IRRRB History:	<p>Airport: The 30,000 square-foot airport speculative building project direct loan of \$790,000 was approved by the IRRRB at the August 18, 2005 Board meeting. At the September 11, 2006 Board meeting, an additional \$835,000 was approved by the IRRRB as an increase to the direct loan to cover the increased cost of building materials and for the change from a steel building to a concrete building. The loan requires payment only from revenues generated by the speculative building.</p> <p>DMR: IRRRB participated in the funding for construction of the 15,000 square-foot building DMR currently leases in the Hibbing industrial park.</p>	
Contingencies:	A fully-executed development agreement and lease between Detroit Diesel and the Chisholm-Hibbing Airport Authority is required.	
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on October 4, 2012.	

<p>Funding Authorization:</p>	<p>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.</p>

PREMIER PLASTICS, INC.
5520 Colby Lake Road
Hoyt Lakes, Minnesota 55750

IRRRB Direct Loan Program

Applicant:	Virginia/Eveleth Economic Development Authority (VEEDA)	
Project Location:	1404 Progress Park Parkway Eveleth, Minnesota 55734	
Principal(s):	Laura Rusich, Executive Director, VEEDA Bob Menne III, President, Premier Plastics, Inc.	
Project Description:	<p>The project will support the expansion of Premier Plastics into the windshield market for motorcycles, boats, UTV's and ATV's.</p> <p>The total project includes equipment, as well as costs to build-out a portion of the #1404 building in Progress Park. IRRRB is considering the costs related to the building modifications.</p> <p>The IRRRB loan will be in the form of a non-recourse loan to VEEDA and will be repaid from revenues generated through rents and leases on the building.</p>	
Market Opportunity:	Existing customers have encouraged Premier Plastics to expand into the windshield business. These customers are requesting better quality and quicker delivery of the products. Premier Plastics believes this is a natural expansion for their existing product line.	
Project Investment:	Northland Foundation	\$80,000
	Arrowhead Regional Development Commission	80,000
	Bank	80,000
	Company	10,000
	IRRRB, loan amortized over 5-years at formula rate	60,000
	TOTAL	\$310,000
Jobs:	3 to 5 Projected New 29 Retained Wages \$18,700 to \$22,880 per year plus benefits	
Collateral:	IRRRB will be secured with a mortgage and assignment of rents & leases on the building.	
Business History:	Premier Plastics was formed in 1997 and relocated to Hoyt	

	Lakes in 2002. Using roto-molding and vacuum-forming, Premier produces various products for the marine, ATV, heavy-equipment and transportation markets. Their customer list includes: ASV, Bombardier, Cirrus, Polaris, Kawasaki, Suzuki, Bass Pro Shops, Cabela's and many more.
Past IRRRB History:	In 2001, IRRRB funded the construction of the speculative building currently occupied by Premier Plastics in the Laskin Energy Park. Since 2002, IRRRB has assisted Premier plastics with expansion and equipment financing as well. The company is in compliance with all financing requirements.
Contingencies:	A lease between VEEDA and Premier Plastics, Inc. and funding, substantially as indicated above, must be committed to.
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on October 4, 2012.
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.

CITY OF KEEWATIN PUBLIC WORKS GRANT



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 & Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: October 11, 2012

RE: KEEWATIN FY13 PUBLIC WORKS GRANT OF \$285,000

PURPOSE

The Public Works Grants program provides funds for cities and townships that can be used for infrastructure, site work, or healthcare capital projects that support community and economic development.

CRITERIA

- A. Economic Impact - Priority #1
- B. Jobs Created - Priority #2
- C. Leverage - Priority #3
- D. Project Readiness - Priority #4
- E. Need - Priority #5

FY13 Public Works grant projects will be brought before the Board at its December meeting; however, the public works grant project listed below is being brought before the Board today due to the timeliness of the project. This project is shovel ready and is tied to development and private job creation. Construction has started on this project in order to get the building foundation in the ground before frost.

City of Keewatin

Grant Amount: \$285,000

The project is comprised of infrastructure and site work for the expansion of Pro Blast Technology Inc. The project is expected to create 8 projected new permanent jobs, and transfer 5 existing jobs from the old facility. The project is also expected to create 13 FTE construction jobs. Eligible expenses are those incurred since October 01, 2012. The company expects to double their revenues by 2014.

<u>USES</u>		<u>SOURCES</u>	
Building & furniture	\$2,035,000	IRRRB	\$285,000
Equipment	420,000	City	175,000
Land	175,000	Private	2,477,550
Infrastructure & site work	307,550		
TOTAL	\$2,937,550	TOTAL	\$2,937,550

**UNITED STATES STEEL – KEETAC TACONITE ECONOMIC
DEVELOPMENT FUND PROJECTS**



**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 and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: October 11, 2012

**RE: UNITED STATES STEEL – KEETAC TACONITE ECONOMIC
DEVELOPMENT FUND PROJECTS (Pay 2012, Production 2011) - \$1,141,598**

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 2012, based on 2011 production, Taconite Economic Development fund rebate of \$1,141,598, subject to the company providing a match of \$243,223, for a total project cost of \$1,384,821.

The US Steel Keetac Mining Company TEDF Review Committee completed its review on July 11, 2012, and unanimously approved submitting the following projects.

Projects 1 and 2 are Primary Projects and Projects 3, 4 and 5 are Residual Projects. Primary Projects are funded first. If the eligible expenses or the total cost of the project is less than the estimated project total cost then to insure that the company would receive their total refund, the Residual Projects will become eligible for funding at the same ratio as the Primary Projects.

Project 1 – Mine Management System Upgrade – \$2,700,000

The current Mine Management system at Keetac is comprised of a Modular Mining mine dispatching system and a Thunderbird drill monitoring system that communicate over an Ultra High Frequency (UHF) wideband radio system. The Federal Communication Commission (FCC) is narrow banding the UHF frequency effective 01/01/2013 requiring wideband communications to migrate to narrowband or an alternate communication system. The current Modular Mining system interfaces to mobile equipment via low precision Global Positioning System (GPS) for shovels, haul trucks, some loaders, and a few pieces of support equipment. Fleet management is very basic and relies on operators to manage equipment scheduling. The majority of the support equipment is not interfaced to the current Modular Mining system. The existing Mine Management System software and hardware are at the end of their useful life. Users are required to manually download data collected from Caterpillar's Vital Information Management System (VIMS) for Caterpillar equipment. Data collection and reporting is handled by a combination of an in-house legacy system written in Microsoft Access and Microsoft SQL.

This project will allow Keetac to become compliant with the FCC narrow banding of the UHF frequency. The Mine Management System's wideband radio hardware on all mobile equipment will be replaced with a 3D-P communication platform interfacing with the recently installed Mesh wireless network. High precision GPS units will be installed on all loading, dozing, drilling, and foreman equipment enhancing fleet tracking, maintenance monitoring, and drill navigation capabilities. Hardware will be installed on all VIMS enabled mobile equipment to allow for real time wireless transfer of data. A third party Production Reporting and Performance Management system will be implemented to replace the current in-house legacy system and will enhance data collection and reporting capability for operations, maintenance, and engineering needs.

TEDF Grant	\$761,566
Company	<u>\$1,938,434</u>
Estimated Project Total Cost	<u>\$2,700,000</u>

Project 2 – Crusher Canopy Doors - \$550,000

The Keetac Crusher buildings each have two doors separating the crusher cavity from the maintenance bay. One door is a bi-fold; the other is a swinging canopy door. They are configured in a T-shape with the tall bi-fold door below the swinging canopy door providing a dust seal between the crusher cavity and the crusher building. The doors need to be opened periodically to perform maintenance on the crusher. The doors are past their useful life and have become very unreliable and unsafe and they no longer open and close properly. The bi-fold door in the #1 crusher is four feet narrower than the door in the #2 crusher. As part of this project the crusher door will be widened. This will allow the spider assembly to be lifted out of the crusher cavity and placed in the

maintenance bay when repairs are performed, thus providing more room in the cavity for safer maintenance.

The new doors will provide for safer, more reliable operation, and provide a better dust seal between the cavity and building thus providing a more hygienic workplace.

TEDF Grant	\$380,000
Company	<u>\$170,000</u>
Estimated Project Total Cost	\$550,000

Project 3 – Concentrator Secondary Mill Area Air Handling – \$100,000

Air handling within the plant is critical to maintain an air balance for combustion units, equipment cooling, and create an environment suitable for employees to work safely. This project includes installing new equipment that provides improved air flow and improves the operation and reduces the maintenance of the existing equipment. This project will provide additional air handling roof fans and new platforms will be installed to provide safe access to service these units.

TEDF Grant	\$0
Company	<u>\$100,000</u>
Estimated Project Total Cost	\$100,000

Project 4 – Overhead Door Operators - \$75,000

There are 25 electric operated overhead doors that are used daily in the Keetac Maintenance Shop. The doors are currently operated only by a push button located inside the building. In order to eliminate a hazardous condition for employees working in the shop, walking under an open garage door, they are proposing and planning to install a pushbutton door control on the exterior of each door.

TEDF Grant	\$0
Company	<u>\$75,000</u>
Estimated Project Total Cost	\$75,000

Project 5 – Concrete Approach Aprons for the Truck Shop - \$50,000

At the entrance of each of the overhead doors for the Truck Shop there are concrete aprons that aid in keeping mud, rock, and other road material outside the building. These aprons are important for maintaining a clean safe work environment inside the shop. They will also allow mechanics to work outside on a smooth level surface while servicing equipment that is not inside the shop. This project includes enlarging the existing steel reinforced concrete apron at the entrance of doors to a size that mining production equipment can completely park on the apron.

TEDF Grant	\$0
Company	<u>\$50,000</u>
Estimated Project Total Cost	\$50,000

EXHIBIT A – AUGUST 9, 2012, IRRRB MEETING MINUTES

IRRRB Meeting Minutes
Thursday, August 9, 2012
10:00 a.m.
IRRRB
Eveleth, Minnesota

1) Roll Call

Representative Tom Rukavina, Chair, called the meeting to order at approximately 10:02 a.m. Present: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElfatrick, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan. Excused: Senator Tom Bakk, Representative David Dill, Senator Paul Gazelka and Mr. Dave Chura. Minute Taker: Lauren Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Doug Gregor, Assistant Attorney General; Steve Peterson, Executive Director of Development; Matt Sjoberg, Director of Development; Dave Hart, Assistant Director Business Development; Richard Walsh, Community Development Representative, Jean Dolensek, Chief Financial Officer; Sheryl Kochevar, Communications and Marketing Coordinator; Janette Paul, Executive Assistant; David Furin, Principal, Furin & Shea Welding and Fabricating; Dave Cutsforth, Principal, Cutsforth, Inc., Jim Carlstrom, General Manager, DC Manufacturing

2) Approval of the June 14, 2012, Minutes

Action required: Approval requires 7 votes

Senator John Carlson moved approval of the June 14, 2012, minutes. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElfatrick, Representative Tom Rukavina, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

3) Commissioner Comments

a) Commissioner Update

Commissioner Tony Sertich gave a presentation and an update regarding the agency's new website.

4) Furin & Shea Welding & Fabricating – Resolution No. 13-001

Action required: Project approval requires 8 votes

Representative Carly Melin moved to approve the Furin & Shea Welding & Fabricating request for financial assistance in the form of a bank participation loan for the addition of a large plate-roll machine to increase its abilities to serve existing and new customers in

an amount not to exceed \$113,000, as presented in Resolution No. 13-001. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElpatrick, Representative Tom Rukavina, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

FURIN & SHEA WELDING & FABRICATING, INC.

**1432 East 34th Street
Hibbing, Minnesota 55746**

Bank Participation Loan

Applicant:	Furin & Shea Welding & Fabricating, Inc.	
Project Location:	1432 East 34 th Street Hibbing, Minnesota 55746	
Principal(s):	David Furin and Daniel Shea	
Business History:	The company was formed in 1979 and serves the mining, paper, power generation and construction industries around the world with complete steel fabrication, from design to delivery. They also manufacture products for OEM equipment companies and provide engineering and detailing services to their customers.	
Project Description:	This project consists of the addition of a large plate-roll machine to increase their abilities to serve existing and new customers.	
Jobs:	1 to 2 new jobs planned 32 retained Base wages of \$35,000 per year plus benefits	
Project Cost:	Bank loan	\$ 113,000
	5- year amortization	
	IRRRB Bank Participation	\$ 113,000
	Loan	
	Formula rate	
	5- year amortization	
	TOTAL	\$ 226,000

Collateral:	Davi MCB 3034 CNC ¾” x 10’ Plate Roll. Personal guarantees of David Furin and Daniel Shea.
Market Opportunity:	Currently, customers for products produced with this type of machine are served primarily by companies located in the Twin Cities area.
Past IRRRB History:	Existing participation loan being paid in compliance with terms.
Contingencies:	Bank financing, as indicated above, must be approved.
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on August 6, 2012.
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.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
FUNDS FOR PURCHASE OF A PARTICIPATION INTEREST IN
LOAN FOR FURIN & SHEA WELDING & FABRICATING PROJECT**

Resolution No.: 13-001

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 provide loans and 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 FY13 Budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line item category of DJJ Business Development Projects (“**FY13 DJJ Business Development Funds**”); and

WHEREAS, Furin & Shea Welding & Fabrication, Inc., a Minnesota business corporation (“**Furin & Shea**”) which has its principal office and production facilities in Hibbing, Minnesota, which is a location within the TAA, has made application to the

Commissioner for financial assistance to enable it, in combination with funds provided from other sources, to purchase and install a large plate-roll machine to facilitate the ongoing growth of its business at the Hibbing location (the “**Furin & Shea’s Equipment Purchase Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$113,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$226,000 bank loan which is being made to enable Furin & Shea to finance a portion of the costs of the Furin & Shea Equipment Purchase Project, with said participation interest to be acquired on the terms and subject to the conditions set forth in the Board packet materials and as otherwise discussed at the meeting (collectively, the “**Commissioner’s Proposed Project**”); and

WHEREAS, the technical advisory committee appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed Project, met on August 6, 2012, and recommended approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board met in the Board Room at the agency’s Administration Building near Eveleth on Thursday, August 9, 2012, at 10:00 a.m. to consider, among other matters, approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for the Commissioner’s Proposed Project, and that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$113,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$226,000 bank loan which is being made to enable Furin & Shea to finance a portion of the costs of its Equipment Purchase Project, with such participation interests to be purchased on the terms and subject to the conditions set forth in the Board packet materials and in the agency’s standard participation loan form, including the provisions customarily contained therein that require the borrower to pay at least prevailing wages to workers performing work on the equipment installation project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 9th DAY OF AUGUST 2012.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk				X
Senator John Carlson	X			
Senator Paul Gazelka				X
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill				X
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			

Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura				X
Mr. Jack Ryan	X			
TOTAL	9	0	0	4

Signed: _____
Tom Rukavina, Chair

4) Cutsforth, Inc. – Resolution No. 13-002

Action required: Approval requires 8 votes

Motion by Senator John Carlson and Senator Tom Saxhaug to approve the Cutsforth, Inc. request for financial assistance in the form of a bank participation loan for construction of a new approximately 13,480 square foot building on the former Ainsworth site in Grand Rapids, in an amount not to exceed \$450,000, as presented in Resolution No. 13-002. Seconded by Representative Tom Anzelc and Representative Carolyn McElpatrick. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElpatrick, Representative Tom Rukavina, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

**CUTSFORTH, INC.
37837 Rock Haven Road
Cohasset, Minnesota 55721**

Bank Participation Loan

Applicant:	Cutsforth, Inc.
Project Location:	30 County Road 63 Grand Rapids, Minnesota 55744
Principal(s):	David Cutsforth Marlyce Cutsforth Rob Cutsforth Dustin Cutsforth
Business History:	Cutsforth, Inc. (Cutsforth) started in 1990 as a small company focused primarily on manufacturing replacement brush holders for generators and exciters in the power industry. ROX Speed FX (ROX), which serves customers in the motorsports

	<p>industries by producing promotional vehicles, apparel and high end accessories, was a venture started as a division of Cutsforth in 1999 and was spun off in June of 2005. DC Manufacturing was created in 2010 as a division of Cutsforth and currently operates with a focus on manufacturing top quality products for Cutsforth, ROX and other customers. Currently, the sales, marketing and engineering functions of Cutsforth are located in Bellingham, WA, while distribution and field services are headquartered in Bloomington, MN, and the manufacturing and administrative offices are in Cohasset.</p>	
Project Description:	<p>Construction of a new approximately 13,480 square foot building on the former Ainsworth site in Grand Rapids that will house the operations of DC Manufacturing and the administration for Cutsforth. Along with the move of DC Manufacturing to the new site, ROX will be expanding into the space in Cohasset currently occupied by DC Manufacturing.</p>	
Jobs:	<p>6 new jobs planned 9 retained Production wages range from \$10-28/hour plus benefits.</p>	
Project Cost:	Northview Bank 20 year amortization	\$450,000
	IRRRB Formula rate 20 year amortization	\$450,000
	SBA 504 20 year amortization	\$720,000
	IRRRB Public Works Grant	\$150,000
	Equity	\$280,000
	TOTAL	\$2,050,000
Collateral:	<p>First priority security interest, shared with Northview Bank, on the land a facility to be constructed. Personal guaranties of David Cutsforth, Marlyce Cutsforth, Rob Cutsforth, and Dustin Cutsforth.</p>	
Market Opportunity:	<p>The additional space provided by the project will assist DC Manufacturing in being able to meet the growing needs of the business in the power generation, heavy industrial motors, and motorsports industries.</p>	
Past IRRRB History:	<p>None</p>	
Contingencies:	<p>1) An appraisal of the collateral acceptable to the IRRRB is obtained prior to disbursement of funds. 2) Alternative project structures, including that of the ownership of the collateral, may be considered as long as the IRRRB position is not compromised.</p>	

Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on August 6, 2012.
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.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
FUNDS FOR PURCHASE OF A PARTICIPATION INTEREST IN
LOAN FOR CUTSFORTH BUILDING CONSTRUCTION PROJECT**

Resolution No.: 13-002

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 provide loans and 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 FY13 Budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line item category of DJJ Business Development Projects (“**FY13 DJJ Business Development Funds**”); and

WHEREAS, Cutsforth, Inc., a Minnesota business corporation (“Cutsforth”) is proposing to construct a new approximately 13,480 square foot building on the former Ainsworth site in Grand Rapids, which is a location within the TAA, that will house the operations of Cutsforth’s DC Manufacturing Division and the administrative offices of Cutsforth, and has made application to the Commissioner for financial assistance to enable it, in combination with funds provided from other sources, to finance that construction project (the “**Cutsforth Building Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$450,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$900,000 bank loan which is being made to enable Cutsforth to finance a portion of the costs of the Cutsforth Building Project, with said participation interest to be acquired on the terms and subject to the conditions set forth in the Board packet materials

and as otherwise discussed at the meeting (collectively, the “**Commissioner’s Proposed Project**”); and

WHEREAS, the technical advisory committee appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed Project, met on August 6, 2012, and recommended approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board met in the Board Room at the agency’s Administration Building near Eveleth on Thursday, August 9, 2012, at 10:00 a.m. to consider, among other matters, approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for the Commissioner’s Proposed Project, and that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$450,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$900,000 bank loan which is being made to enable Cutsforth to finance a portion of the costs of the construction of its Building Project, with such participation interests to be purchased on the terms and subject to the conditions set forth in the Board packet materials and in the agency’s standard participation loan form, including the provisions customarily contained therein that require the borrower to pay at least prevailing wages to workers performing work on the construction project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 9th DAY OF AUGUST 2012.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk				X
Senator John Carlson	X			
Senator Paul Gazelka				X
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill				X
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura				X
Mr. Jack Ryan	X			
TOTAL	9	0	0	4

Signed: _____
Tom Rukavina, Chair

5) Public Works Projects – Resolution No. 13-003

Action required: Approval requires 7 votes

- a. City of Grand Rapids
- b. City of Big Fork
- c. City of Chisholm
- d. City of Virginia

Motion by Mr. Jack Ryan to approve the Public Works projects for the City of Grand Rapids for infrastructure and site work for the expansion of Cutsforth, Inc., the City of Big Fork for improvements to the water treatment and distribution system, the City of Chisholm for new water, sewer and road on 6th St. SE between Central Ave and 2nd Ave SE and the City of Virginia for infrastructure for two large new development projects, for a total amount not to exceed \$740,000, as presented in Resolution No. 13-003. Seconded by Mr. Joe Begich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElpatrick, Representative Tom Rukavina, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

PUBLIC WORKS GRANTS



IRRRB
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 and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: August 9, 2012

Re: **FY13 Public Works Grant Totaling \$740,000**

PURPOSE

The Public Works Grants program provides funds for cities and townships that can be used for infrastructure, site work, or healthcare capital projects that support community and economic development.

CRITERIA

- A. Economic Impact - Priority #1
- B. Jobs Created - Priority #2
- C. Leverage - Priority #3
- D. Project Readiness - Priority #4
- E. Need - Priority #5

FY13 Public Works grant projects will be brought before the Board at its December meeting; however, the public works grant projects listed below are being brought before the Board today due to the timeliness of the projects they are connected with. All of these projects are shovel ready and are tied to development and private job creation.

City of Grand Rapids

Grant Amount: \$150,000

The project is comprised of infrastructure and site work for the expansion of Cutsforth, Inc. Details about the project can be found on Pages 6 & 7 of this Board packet under the Cutsforth, Inc. bank participation loan write-up.

<u>USES</u>		<u>SOURCES</u>	
Infrastructure and site work	\$326,765	IRRRB	\$150,000
A & E	18,235	Private/City	195,000
TOTAL	\$345,000	TOTAL	\$345,000

City of Bigfork

Grant Amount: \$250,000

The project is comprised of improvements to the water treatment and distribution system. Improvements include: demolition of well house and sludge tank, new electrical and mechanical, repairing building, new equipment and several new water main loops in the city. The MPCA has determined the City of Bigfork is in violation of municipal water standards and for further development in the community to continue, corrections must be made. The project has been bid and is awaiting approval from IRRRB to proceed. The City has obtained DEED funds which must be spent by December 31, 2012. This project is shovel ready and will commence immediately. These upgrades will also be needed for an expected expansion of Rajala Lumber. The project is expected to create 7 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water treatment improvements	\$841,800	IRRRB	\$250,000
A & E	51,000	DEED	250,000
		City	392,800
TOTAL	\$892,800	TOTAL	\$892,800

City of Chisholm

Grant Amount: \$190,000

The project is comprised of new water, sewer and road on 6th Street SE between Central Avenue and 2nd Avenue SE. The infrastructure project is ready to proceed immediately. The completion of this project will provide a new 10 ton route/road to their business park. The following companies are looking to add jobs in their business park: Anderson

Lubricants – 22 FTE jobs; MN Twist Drill – 20 FTE jobs and Duluth Redi Mix will add several jobs. The project is expected to create 25 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Building	\$3,000,000	IRRRB	\$190,000
Infrastructure & roads	871,062	City/State Grant Funds	772,500
A&E	91,438	Private	3,000,000
TOTAL	\$3,962,500	TOTAL	\$3,962,500

City of Virginia

Grant Amount: \$150,000

FY 2012 Public Works funding was provided for water, sewer, roads and site work for the expansion of Sundell Eye Associates on Baileys Lake.

The FY2012 funding was for preliminary site development and basic infrastructure requirements. The new cost estimates now include utility hookups to 4th Street North, which will provide infrastructure for two additional large new development projects being planned. It makes sense to provide a FY 2013 grant at this time to build off and leverage the other work being done at the same time and in the same location. This project has been bid and will commence immediately upon IRRRB approval. The project is expected to create 12 FTE jobs and 11 FTE construction jobs in the first phase.

<u>USES</u>		<u>SOURCES</u>	
Building	\$1,750,000	IRRRB	\$150,000
Infrastructure and site work	604,000	Private Building	1,750,000
		IRRRB FY12 Grant	150,000
		Private/City	304,000
TOTAL	\$2,354,000	TOTAL	\$2,354,000

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

Resolution No.: 13-003

WHEREAS, the Commissioner is authorized to expend, upon approval of seven members of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY 2013 Budget includes the allocation of \$6,000,000 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”); and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$740,000 of such TEPF Public Works Funds for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Board met in open session at 10:00 a.m. on August 9, 2012, in the Board Room at the agency’s administrative offices located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the TAA; and

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$740,000 of FY13 TEPF Public Works Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY 13 TEPF Public Works Funds for the Grand Rapids, Chisholm and Virginia Projects, which are anticipated to have associated private development work, is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages for the funded project and associated concurrent private development as indicated in, and to the extent required in, the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of \$740,000 of FY13 TEPF Public Works Funds for the Proposed Projects is further contingent upon all such project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 9th DAY OF AUGUST 2012.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk				X
Senator John Carlson	X			
Senator Paul Gazelka				X
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill				X
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura				X
Mr. Jack Ryan	X			
TOTAL	9	0	0	4

Signed: _____
Tom Rukavina, Chair

**EXHIBIT A
PUBLIC WORKS GRANTS FY13**

City of Grand Rapids

Grant Amount: \$150,000

The project is comprised of infrastructure and site work for the expansion of Cutsforth, Inc. Details about the project can be found on Pages 6 & 7 of this Board packet under the Cutsforth, Inc. bank participation loan write-up.

<u>USES</u>		<u>SOURCES</u>	
Infrastructure and site work	\$326,765	IRRRB	\$150,000
A & E	18,235	Private/City	195,000
TOTAL	\$345,000	TOTAL	\$345,000

City of Bigfork

Grant Amount: \$250,000

The project is comprised of improvements to the water treatment and distribution system. Improvements include: demolition of well house and sludge tank, new electrical and mechanical, repairing building, new equipment and several new water main loops in the city. The MPCA has determined the City of Bigfork is in violation of municipal water standards and for further development in the community to continue, corrections must be made. The project has been bid and is awaiting approval from IRRRB to proceed. The City has obtained DEED funds which must be spent by December 31, 2012. This project is shovel ready and will commence immediately. These upgrades will also be needed for an expected expansion of Rajala Lumber. The project is expected to create 7 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water treatment improvements	\$841,800	IRRRB	\$250,000
A & E	51,000	DEED City	250,000 392,800
TOTAL	\$892,800	TOTAL	\$892,800

City of Chisholm

Grant Amount: \$190,000

The project is comprised of new water, sewer and road on 6th Street SE between Central Avenue and 2nd Avenue SE. The infrastructure project is ready to proceed immediately. The completion of this project will provide a new 10 ton route/road to their business park. The following companies are looking to add jobs in their business park: Anderson Lubricants – 22 FTE jobs; MN Twist Drill – 20 FTE jobs and Duluth Redi Mix will add several jobs. The project is expected to create 25 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Building	\$3,000,000	IRRRB	\$190,000
Infrastructure & roads	871,062	City/State Grant Funds	772,500
A&E	91,438	Private	3,000,000
TOTAL	\$3,962,500	TOTAL	\$3,962,500

City of Virginia

Grant Amount: \$150,000

FY 2012 Public Works funding was provided for water, sewer, roads and site work for the expansion of Sundell Eye Associates on Baileys Lake.

The FY2012 funding was for preliminary site development and basic infrastructure requirements. The new cost estimates now include utility hookups to 4th Street North, which will provide infrastructure for two additional large new development projects being planned. It makes sense to provide a FY 2013 grant at this time to build off and leverage the other work being done at the same time and in the same location. This project has been bid and will commence immediately upon IRRRB approval. The project is expected to create 12 FTE jobs and 11 FTE construction jobs in the first phase.

<u>USES</u>		<u>SOURCES</u>	
Building	\$1,750,000	IRRRB	\$150,000
Infrastructure and site work	604,000	Private Building	1,750,000
		IRRRB FY12 Grant	150,000
		Private/City	304,000
TOTAL	\$2,354,000	TOTAL	\$2,354,000

6) Public Works Projects – House File 3149 – Resolution No. 13-004

Action required: Approval requires 7 votes

Motion by Representative Tom Anzelc to approve the Public Works Projects (House File 3149) in an amount not to exceed \$679,299 for certain community and economic development projects as more specifically described in Exhibit A of Resolution No. 13-004. Seconded by Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElfattrick, Representative Tom Rukavina, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
10 CPT MONEY PROJECT APPROVALS**

Resolution No.: 13-004

WHEREAS, the Commissioner is authorized to expend, upon approval of seven members of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in

Minnesota Statutes Section 273.1341 (“TAA”), by investing in local economic development projects within the TAA; and

WHEREAS, Minnesota Statutes Section 298.227 contains provisions related to the Taconite Economic Development Fund program (the “**TEDF Law**”). Paragraph (b) of that TEDF Law, which was originally enacted during the 2008 Legislative session, appropriated an amount equal to ten cents per taxable ton of production in 2007 (the “**10 CPT Money**”) to provide funds with which the Commissioner, with Board and Governor approval, could make loan or grants for costs associated with constructing value-added wood products facilities that would be located within the taconite assistance area designated in Minnesota Statutes Section 273.1341 (“**TAA**”); and

WHEREAS, Paragraph (b) (ii) of the TEDF Law provides that, if the authorized loan or grant for the value-added wood products facility was not made prior to July 1, 2012, the 10 CPT Money thereafter would be transferred into the Taconite Area Environmental Protection Fund account to be available for expenditure as TEPF Funds, without Governor approval, for public works projects in various proportions in the house legislative districts within the TAA; and

WHEREAS, the Commissioner prior to July 1, 2012, did not make any loan or grant of any portion of the 10 CPT Money for any such value-added wood products facility and the 10 CPT Money is therefore now available for expenditure as TEPF Funds for public works projects allocated in accordance with the provisions of Paragraph (c) of the TEDF Law; and

WHEREAS, the Board at its June 2012 meeting previously approved the expenditure of up to \$3,036,497 of such TEPF 10 CPT Money for certain public works projects and the Commissioner now has received proposals for the expenditure of up to \$679,299 of the remainder of such TEPF 10 CPT Money for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Board met in open session at 10:00 a.m. on August 9, 2012, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of 10 CPT Money TEPF Funds for the purposes and in the amounts specified below would be in the public interest, would promote economic development within the TAA, and would provide for the allocation of such 10 CPT Money in the manner required by Paragraph (c) of the TEDF Law; and

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$679,299 of the 10 CPT Money to provide TEPF Fund grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of the 10 CPT Money for those Proposed Projects listed in the attached Exhibit A which have associated private development work is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages for the funded project and associated private development construction work as indicated in, and to the extent required in, the Board’s Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 9th DAY OF AUGUST 2012.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk				X
Senator John Carlson	X			
Senator Paul Gazelka				X
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill				X
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura				X
Mr. Jack Ryan	X			
TOTAL	9	0	0	4

Signed: _____
Tom Rukavina, Chair

**EXHIBIT A
PROPOSED PROJECTS**

Grantee	Description	Amount
5B		
Meadowlands	Improvements to the fairgrounds	\$500
Chisholm	Improvements to Chisholm Memorial Sports Complex	\$353,799
TOTAL		\$354,299
6A		
Ely	Improvement to the Ely Veterans Memorial Baseball Field	\$50,000
St. Louis County School District #2142	Baseball/Softball field dugouts, playground equipment, athletic equipment, storage building and bus garage at the new North Woods school in Cook.	\$275,000
TOTAL		\$325,000

7) Other

The Board requested that the Commissioner arrange for a Board tour of the Essar Minnesota and Magnetation Inc. projects.

8) Adjournment

The meeting adjourned at 10:40 a.m.