

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

**State Office Building
Room 300 South
St. Paul, Minnesota**

Tuesday, May 19, 2015 – 10:00 a.m.

**Meeting of the Iron Range Resources and Rehabilitation Board
State Office Building, Room 300 South, St. Paul, Minnesota
Tuesday, May 19, 2015
10:00 a.m.**

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**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD
IRRRB
State Office Building – Room 300 South
St. Paul, Minnesota
Tuesday, May 19, 2015 – 10:00 a.m.**

AGENDA

- 1) Roll Call

- 2) Approval of February 10, 2015, Meeting Minutes
See Exhibit A

- 3) Commissioner's Comments

- 4) FY16 IRRRB Budget
See Exhibit B

- 5) FY16 Public Works Projects

- 6) Other

- 7) Adjournment

FY16 IRRRB Budget

See Exhibit B

FY16 Public Works Projects



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To: Iron Range Resources and Rehabilitation Board

From: Mark Phillips
Commissioner

Date: May 19, 2015

Re: FY16 PUBLIC WORKS PROJECTS

PURPOSE

The Public Works grant 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.

ECONOMIC IMPACT*

FY 16 development public works grants	9
IRRRB investment	\$1,625,000
Total public/private investment	\$39,087,003
Leverage	23 to 1

City of Cook**Grant Amount: \$200,000**

Infrastructure, site work and the construction of a new Emergency Services Facility for the Lake Vermilion Fire Brigade. The Lake Vermilion Fire Brigade supports fire, search and rescue, and emergency medical situations within a 61 sq. mile service area, including several townships and unorganized townships that lack fire or medical emergency services. The project is expected to create 3 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Site Work	\$27,886	IRRRB	\$200,000
Building	385,000	Lake Vermilion F.B.	212,886
<hr/>		<hr/>	
TOTAL	\$412,886	TOTAL	\$412,886

City of Cook**Grant Amount: \$50,000**

Infrastructure, site work and construction for a new 4500 sq. ft. Community Center. The community of Cook has undertaken this Cook Community Center Development Project for the last five years and has raised over \$257,000 and additionally had over \$200,000 in volunteer construction labor. This is a grass roots project supported by the community of Cook and surrounding townships.

<u>USES</u>		<u>SOURCES</u>	
Site Work	\$75,000	IRRRB	\$50,000
Building	512,696	Legislative	50,000
		St. Louis County	5,130
		City	482,566
<hr/>		<hr/>	
TOTAL	\$587,696	TOTAL	\$587,696

City of Ely**Grant Amount: \$200,000**

Infrastructure, roads and site work for the expansion of the Ely Business Park. The city is investing in the development of a new business park on Miners Drive. The current business park recently sold its last lot to Steger Mukluks' Manufacturing Facility as part of their business expansion. Currently, there are 7 businesses with 178 jobs in the business park and there are no lots available for new development. The new business park will be used for light industrial/manufacturing type businesses and is located on reclaimed railroad and mining property that was acquired by the City of Ely when the mine closed over 50 years ago. The project is projected to create 6 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$815,000	IRRRB	\$200,000
A&E	125,000	DEED	200,000
		City	540,000
<hr/>		<hr/>	
TOTAL	\$940,000	TOTAL	\$940,000

City of Grand Marais

Grant Amount: \$100,000

Water, sewer, utilities extension, and site work for renovation and expansion of the Cook County North Shore Hospital & Care Center, which is a 16-bed critical access hospital and 37-bed Skilled Nursing Facility located in the city of Grand Marais. In addition to the hospital and care center, the organization also operates a home health agency and an ambulance service, and is the largest employer in the region with 150 jobs. The proposed project is the addition of one hospital patient room wing, two care center resident room wings, and extensive remodeling to the existing hospital and care center building. The construction of additional space will be 26,150 square feet and the renovation of 42,680 square feet will include every area of the existing hospital and Care Center. The project is projected to create 3 permanent jobs and 146 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	1,156,715	IRRRB	\$100,000
A&E	1,529,472	DEED	250,000
Equipment	1,806,500	USDA	24,357,500
Facility Renovation/Addition	20,214,813		
TOTAL	\$24,707,500	TOTAL	\$24,707,500

City of Hibbing

Grant Amount: \$300,000

Water, sewer, utilities, roads, and site work for a new 32-unit housing development project. The Hibbing HRA currently owns and operates 252 units of public housing and will own and operate the new 32 town home units. Forest Park East will consist of 8 town home units located across from Vic Power Park and Forest Park West will consist of 24 town home units located on West 47th Street across from the Real Life Co-op SENIOR Apartments. The project is expected to create 45 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$686,080	IRRRB	\$300,000
Land	327,500	MHFA	691,000
Town Homes	4,980,326	Hibbing HRA	440,910
A & E	778,500	Federal Tax Credits	5,172,305
Contingency	204,530	SLC HRA	250,000
TOTAL	\$6,976,936	TOTAL	\$6,976,936

City of Mt. Iron

Grant Amount: \$75,000

Sewer, force main pipe, and a new lift station to service five businesses and the development of 45,000 sq. feet of new commercial development on Miners Drive. The project is expected to create 7 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Lift station, sewer and force main pipe	\$120,000	IRRRB	\$75,000
A & E	20,000	City	65,000
Building	1,000,000	Private	1,000,000
TOTAL	\$1,140,000	TOTAL	\$1,140,000

Nashwauk Township

Grant Amount: \$150,000

Infrastructure, site work, and construction for a new 5000 sq. ft. town hall. The current town hall has structural and safety issues, as well as lacking handicap accessibility. The cost to update the current hall exceeds the value in investing in a new modern town hall facility. The project is expected to create 5.5 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and site work	\$76,000	IRRRB	\$150,000
Land	47,500	Blandin	\$50,000
A & E	33,000	State	198,000
Building	626,760	Township	385,260
TOTAL	\$783,260	TOTAL	\$783,260

City of Virginia

Grant Amount: \$250,000

Infrastructure and site work for a new development on 9th Street North in Virginia. A new 15,000 sq. ft. Chrysler Dealership will be built on the former East Range Clinic site. The project is expected to create 20 permanent jobs and 16 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Utilities and site work	\$444,000	IRRRB	\$250,000
Building	1,992,000	Private	2,243,770
A & E	45,000		
TOTAL	\$2,488,725	TOTAL	\$2,488,725

City of Virginia

Grant Amount: \$300,000

Phase II of the Joy Global Expansion Project includes the continued site development at the Joy Global Facility in the Virginia Business Park. When Joy Global moved to Virginia they built a \$25 million facility and started with 45 permanent jobs. They have created an additional 27 permanent jobs and are looking at future expansion. The expansion of the Joy Global production yard will allow for immediate business growth. The project is expected to create 3 permanent jobs and 6.5 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Site work	\$930,000	IRRRB	\$300,000
A & E	120,000	DEED	250,000
		City	600,000
TOTAL	\$1,050,000	TOTAL	\$1,050,000

Exhibit A – IRRRB February 10, 2015, Meeting Minutes

IRRRB Meeting Minutes
Tuesday, February 10, 2015 – 5:00 p.m.
State Office Building, Room 300 South
St. Paul, Minnesota

1) Roll Call

Senator David Tomassoni, Board chair, called the meeting to order at approximately 5:08 p.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug. Minute Taker: Lauren Hall, Executive Assistant. Also present: Mark Phillips, Commissioner; Al Becicka, IRRRB Legal Counsel; Linda Johnson, Director of Giants Ridge; Whitney Ridlon, Community Development Representative, Bob Scuffy, Accounting Director; Sheryl Kochevar, Media Coordinator; Lyle McVee, Northeast Service Coop; Kirk Lehman, Frontier Communications; Doug Kelley, Department of Administration

2) Approval of the December 18, 2014, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Dale Lueck moved approval of the December 18, 2014, minutes. Seconded by Representative Jason Metsa. Motion carried.

Senator Bakk questioned whether Representative Lueck was a member of the Board at the December 18, 2014, meeting. Representative Lueck was not yet a member of the Board but was present at the December 18, 2014, meeting. Therefore, Representative Lueck withdrew his motion to approve the December 18, 2014, meeting minutes. Motion carried.

Senator Bakk moved approval of the minutes of the December 18, 2014, Board meeting. Seconded by Representative Metsa. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

3) Reorganization of the Board

Representative Jason Metsa nominated Representative Dill as Chair and Senator Tomassoni as Vice Chair of the IRRRB. There were no other nominations. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

Senator Tomassoni turned the meeting over to Chairman Dill. After saying a few words, Chairman Dill, for continuity purposes, turned the meeting back over to Vice Chair Tomassoni.

4) FY 2015 Broadband Infrastructure Projects – Resolution #15-017

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve up to \$1,500,000 of FY15 Township Funds and TEPF Infrastructure Funds to provide a grant to Clinton Township on behalf of Northeast Service Cooperative and Frontier Communications for a broadband expansion project to provide direct broadband connections to 30 townhall/firehalls and to 877 households in 20 townships across the service area as presented in Resolution #15-017. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BROADBAND INFRASTRUCTURE PROJECT APPROVAL**

Resolution No.: 15-017

WHEREAS, the Commissioner is authorized to expend, upon approval 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 FY15 Budget includes the allocation of \$2,574,505 of special funds for township grants authorized under 2014 Laws of Minnesota, Chapter 308, Article 5, Section 11 (“**Township Funds**”), plus the allocation of \$5,674,505 of TEPF Funds for

Public Works Projects (“**TEPF Infrastructure Funds**”), of which \$6,749,010 has already been obligated for projects by prior Board actions, leaving \$1,500,000 that has not yet been approved by the Board for expenditure during FY15; and

WHEREAS, the Commissioner has received a proposal for the expenditure of all such remaining funds for a broadband expansion project that is more specifically described in the board packet materials and Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Project**”); and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Project and has determined that the expenditure of the following amounts of Township Funds and TEPF Funds for the purpose and in the amount specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$1,500,000 of FY15 Township Funds and TEPF Infrastructure Funds to provide a grant for the Proposed Project in the amount and for the purposes set forth in the board packet materials and Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval of this expenditure for the Proposed Project is contingent upon the agency, in its grant contract, requiring the grantee entity to commit to the payment of prevailing wages for the funded project as required by law, or to the extent required in the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval of this expenditure for the Proposed Project is further contingent upon all other sources of 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 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
Chair

EXHIBIT A
FY15 BROADBAND INFRASTRUCTURE PROJECT

USES

SOURCES

		Northeast Service Cooperative	\$135,206
Household Connections	\$3,494,455	Frontier	\$750,000
Townhall/Firehall Connections	\$535,408	IRRRB	\$1,500,000
Engineering/Planning	\$315,344	DEED Grant	\$1,960,000
TOTAL	\$4,345,206	TOTAL	\$4,345,206

Township	Townhall/Firehall Connections	Household Connections
Alborn	2	61
Arrowhead	1	0
Beatty	1	0
Biwabik	1	0
Breitung	1	33
Cherry	2	0
Clinton	2	0
Crane Lake	2	33
Culver	1	23
Eagles Nest	1	84
Elmer	1	17
Fayal	1	0
Greenwood	1	233
Industrial	1	33
Kabetogama	1	36
Kelsey	1	34
Kugler	1	0
Lavell	0	3
Leiding	1	0
McDavitt	1	7
Meadowlands	1	2
New Independence	1	100
Northland	0	33
Pike	1	0
Portage	1	27
Stoney Brook	0	36
Toivola	2	27
Vermilion Lake	1	41
Whiteface Reservoir	0	14
TOTALS	30	877



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To: Iron Range Resources and Rehabilitation Board Members

From: Mark Phillips, Commissioner

Date: February 4, 2015

Re: FY15 BROADBAND INFRASTRUCTURE PROJECT

PURPOSE

The Infrastructure Grant program provides funds for cities and townships for projects that support community and economic development. The opportunity exists to leverage IRRRB infrastructure funding with private investment and state funding through the Border to Border Broadband Grant Program to fund broadband projects in townships throughout the service area that are currently unserved and underserved by the state broadband goal.

PROJECT SUMMARY

Clinton Township on behalf of Northeast Service Cooperative (NESC) and Frontier Communications requests \$1,500,000 for a broadband expansion project to provide direct broadband connections to 30 townhall/firehalls and to 877 households in 20 townships across the service area. The project will provide connection speeds above the state broadband goal to areas that are currently unserved and underserved by broadband infrastructure.

The request of \$1,500,000 would fund 35% of the project costs. The remaining 65% of the project funding has been secured by NESC, Frontier, and DEED. DEED awarded the project a \$1.96 million grant from the Border-to-Border Broadband Development Grant Program. Clinton Township has agreed to serve as the fiscal agent for the project. The project is projected to create 28 construction jobs.

At the IRRR Board Meeting on December 18, 2014, this project was discussed and struck from the infrastructure projects approved by the board because it overlapped portions of the Lake County Connections project. In response, all overlaps with the Lake County Connections project were removed and new areas were added.

USES

Household Connections

\$3,494,455

SOURCES

Northeast Service
Cooperative

\$135,206

Frontier

\$750,000

Townhall/Firehall Connections	\$535,408	IRRRB	\$1,500,000
Engineering/Planning	\$315,344	DEED Grant	\$1,960,000
TOTAL	\$4,345,206		TOTAL \$4,345,206

Townships Impacted by Broadband Project

Township	Townhall/Firehall Connections	Household Connections
Alborn	2	61
Arrowhead	1	0
Beatty	1	0
Biwabik	1	0
Breitung	1	33
Cherry	2	0
Clinton	2	0
Crane Lake	2	33
Culver	1	23
Eagles Nest	1	84
Elmer	1	17
Fayal	1	0
Greenwood	1	233
Industrial	1	33
Kabetogama	1	36
Kelsey	1	34
Kugler	1	0
Lavell	0	3
Leiding	1	0
McDavitt	1	7
Meadowlands	1	2
New Independence	1	100
Northland	0	33
Pike	1	0
Portage	1	27
Stoney Brook	0	36
Toivola	2	27
Vermilion Lake	1	41
Whiteface Reservoir	0	14
TOTALS	30	877

5) FY15 Budget – Resolution #15-018

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve an amendment to the FY15 Budget to add \$1,612,015 of available TEPF carryforward funds to the Giants Ridge Capital line item in the FY15 Budget as presented in Resolution #15-018. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: Senator Tom Bakk

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2015 AGENCY BUDGET AMENDMENT APPROVAL**

Resolution No.: 15-018

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2015 ("FY15") agency budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency, which covered the period of time from July 1, 2014, through June 30, 2015 (the "**FY15 Budget**"); and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY15 Budget to add \$1,612,015 of available Taconite Area Environmental Protection Fund ("TEPF") carryforward funds to the Giants Ridge Capital line item in the FY15 Budget, which action would have the effect of increasing the authorized balance in the FY15 Budget's Giants Ridge Capital line item by \$1,612,015 (the "**Proposed Budget Amendment**") to the total sum of \$7,802,015 for FY15; and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY15 Budget as proposed would help promote economic development within the Taconite Assistance Area, as defined in Minnesota Statutes Section 273.1341.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY15 Budget to add \$1,612,015 of available TEPF carryforward funds to the Giants Ridge Capital line item in the FY15 Budget, thereby increasing the authorized amount of that line item to \$7,802,015.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk		X		
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	7	1	0	0

Signed: _____
Chair

6) Giants Ridge Event Center – Resolution #15-019

Action required: Approval requires an affirmative vote by a majority of all Board members

Representative Jason Metsa moved to approve the expenditure of up to \$1,612,015 of FY15 TEPF Funds to complete the Giants Ridge Event Center project as presented in Resolution #15-019. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: Senator Tom Bakk

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL FUND
GIANTS RIDGE EVENT CENTER PROJECT**

Resolution No.: 15-019

WHEREAS, the Commissioner is authorized to expend, upon approval 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, pursuant to Laws for Minnesota, Chapter 295, Article 1, Section 13, the agency was granted \$3,800,000 to predesign, design, construct, furnish and equip a new multiuse, year-round event center at Giants Ridge that will replace the existing facility ("**Event Center Project**"), subject to providing funds at least matching such sum; and

WHEREAS, at its meeting on June 23, 2014, the Board approved its Resolution No. 14-063 by which it approved the expenditure of up to \$6,190,000 of agency funds for the Event Center Project which, in combination with the \$3,800,000 legislation appropriation, made \$9,990,000 available for the project; and

WHEREAS, despite the diligent and best efforts of everyone involved with the project, construction bids were opened on January 22, 2015 and the total cost for the Event Center Project is now known to be \$1,612,015 over the available construction project budget; and

WHEREAS, in order to move the project forward, the agency must increase the project budget by \$1,612,015 and enter into a contract with the low bidder on or before February 20, 2015 to make its bid pricing firm; and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of such amount from available FY15 TEPF Funds to complete the Event Center project; and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, the proposed expenditure of up to \$1,612,015 of FY15 TEPF Funds for the Event Center Project, and has determined that the proposed expenditure of those Funds for that purpose would be an expenditure that supports the economic development of tourism and other sections of the economy of the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the additional expenditure of up to \$1,612,015 of the available FY15 TEPF Fund monies for the Event Center Project.

BE IT FURTHER RESOLVED that the Board's approval of this expenditure continues to be subject to the payment of prevailing wages for the Event Center Project as required by law and by the Board's Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk		X		
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			

Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	7	1	0	0

Signed: _____
Chair



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To: Iron Range Resources and Rehabilitation Board

From: Mark Phillips
Commissioner

Date: February 4, 2015

Re: GIANTS RIDGE EVENT CENTER REQUEST

The chalet building at Giants Ridge was constructed in 1984, and has been in need of replacement for years due to structural deterioration and energy deficiencies that were becoming increasingly costly to remediate. The Board expressed its support for the construction of a new Event Center to replace the chalet in June of 2012 when it passed a resolution committing up to \$4,995,000 in agency funds for the project, which at that time was expected to cost approximately \$10 million.

At its meeting on June 23, 2014, the Board approved the expenditure of \$6,190,000 for the construction of a new Event Center at Giants Ridge. In combination with the \$3,800,000 grant approved by the legislature during the 2014 session, the total Event Center project budget was set at \$9,990,000.

The project commenced in July with engineering work. Demolition work was completed in October. The Minnesota Department of Administration's Real Estate and Construction Service's Division took the lead on preparing specifications and bidding out the project construction. The agency contracted with LHB, Inc. to ensure proper architectural bid specifications were developed. Design plans were intended to keep project costs at a minimum, including incorporating part of the current structure into the new Event Center.

Despite the diligent efforts of everyone involved with the project, bids were opened on January 22nd and the total cost of all necessary elements for the Event Center construction from the low bidder (Donlar Construction Company) came in \$1,612,015 over the available construction project budget. Two other bids were received; both were approximately \$300,000 higher than Donlar's bid.

While it was hoped the Event Center project budget could be made to work, construction inflation of nearly 11% in Minnesota since the Board's initial support appears to have been the primary reason the construction budget was not adequate.

In order to move the project forward, the agency must increase the project budget by \$1,612,015 and enter into a contract with Donlar on or before February 20th to make the bid pricing firm. I am recommending the Board approve the expenditure of such amount from available TEPF carryforward monies to complete the Event Center project.

7) Commissioner's Loan Authority – Resolution #15-020

Action required: Approval requires a simple majority of the quorum

Representative Dale Lueck moved to approve the Commissioner's authority to approve loans up to \$500,000, subject to the condition that the underlying projects qualified for agency financing under established guidelines, were approved by the agency's Technical Advisory Committee, and were signed off by the Board's Chair as presented in Resolution #15-020. Seconded by Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2015 COMMISSIONER'S LOAN AUTHORITY APPROVAL**

Resolution No.: 15-020

WHEREAS, the Board previously approved a Fiscal Year 2015 ("FY15") agency budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency, which covered the period of time from July 1, 2014, through June 30, 2015 (the "FY15 Budget"); and

WHEREAS, as part of the approval of the FY15 Budget, the Board granted the Commissioner the authority to approve loans of up to \$500,000, subject to the condition that the underlying

projects qualified for agency financing under established guidelines, were approved by the agency's Technical Advisory Committee, and were signed off by the Board's Chair; and

WHEREAS, the Commissioner's above-mentioned authority to approve loans up to \$500,000 expired on December 31, 2014; and

WHEREAS, Commissioner Phillips has requested the Board to renew the Commissioner's authority to approve loans up to \$500,000, subject to the same conditions referenced above and as described in the Project section of the FY15 Budget for the remainder of FY15; and

WHEREAS, the Board met in open session at 5:00 p.m. on February 10, 2015, in Room 300 South of the State Office Building in St. Paul, Minnesota, to consider, among other matters, renewing the Commissioner's authority to approve loans up to \$500,000 as described in the Project section of the FY 15 Budget for the remainder of FY15 and has determined that such renewal is in the best interests of the agency.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board hereby approves renewing the Commissioner's authority to approve loans up to \$500,000 subject to the same conditions described in the Project section of the FY 15 Budget for the remainder of FY15.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 10th DAY OF FEBRUARY 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
Chair

8) Adjournment

The meeting adjourned at 5:50 p.m.

Exhibit B – FY16 IRRRB Budget

FY 2016 Budget



**Iron Range Resources &
Rehabilitation Board**

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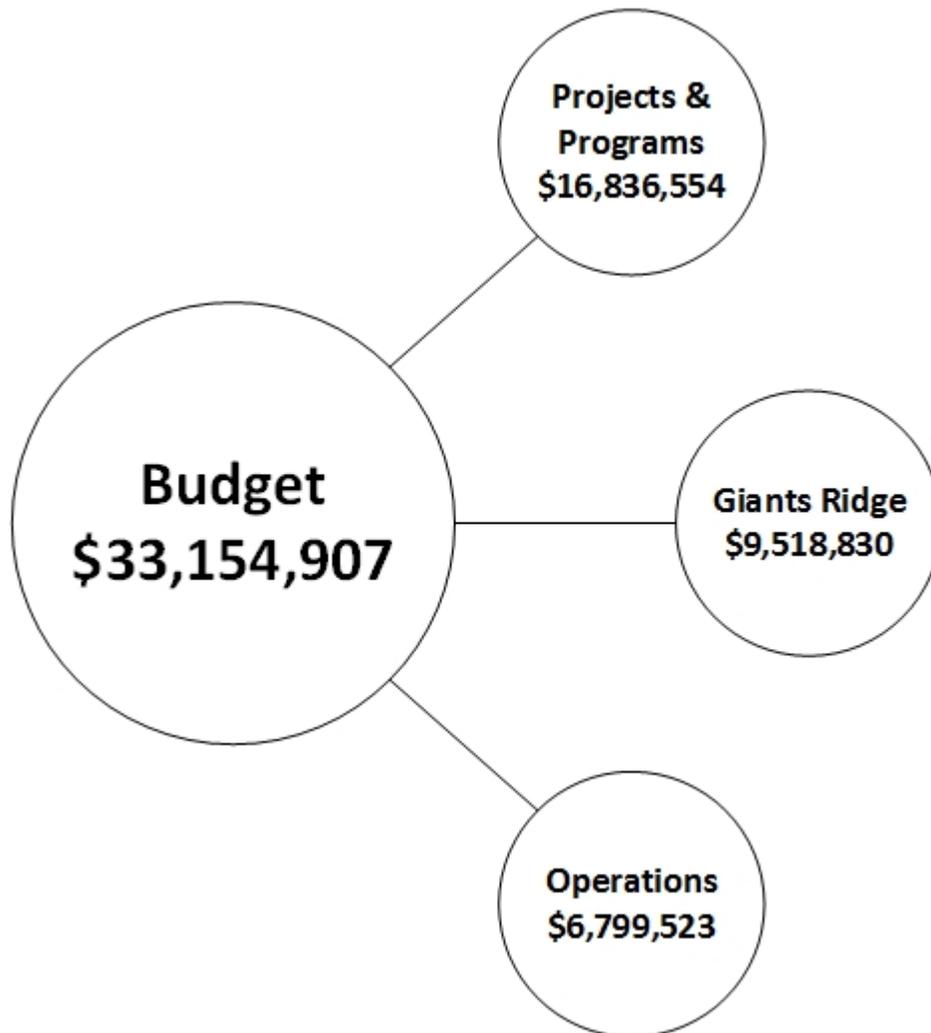
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Introduction

FY16 July 1, 2015 – June 30, 2016

This proposed FY16 IRRRB budget represents the agency’s commitment to investing in a better future for northeastern Minnesota. It is organized in order of funding priorities - public investments in development projects and programs, Giants Ridge, and operational costs.

Development projects and programs account for 51% of the agency’s spending; Giants Ridge 29%; and operations 21%.



FY16 Budget

Iron Range Resources & Rehabilitation Board			
	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget
Resources			
Carryforward In	\$6,085,554	\$8,479,607	\$6,788,566
Current Resources			
Taconite Production Taxes	\$21,251,632	\$21,251,632	\$21,273,530
Investment Earnings	550,116	587,155	587,155
Loan Revenues	2,772,094	4,632,022	2,157,268
Facilities Revenues	4,231,768	4,110,817	4,177,513
Occupation Tax Region III	594,116	594,116	591,554
Taconite Homestead Credit Transfer	2,574,505	2,574,505	0
Subtotal Current Resources	\$31,974,231	\$33,750,247	\$28,787,020
Total Resources			
	\$38,059,785	\$42,229,854	\$35,575,586
Estimated Expenditures			
Projects			
Development Projects	9,050,000	9,050,000	5,000,000
Public Works	8,249,010	8,249,010	6,000,000
Total Projects	\$17,299,010	\$17,299,010	\$11,000,000
Programs			
Program Grants	4,595,000	4,470,000	5,245,000
Occupation Tax Region III	594,116	594,116	591,554
Total Programs	\$5,189,116	\$5,064,116	\$5,836,554
Giants Ridge			
	\$7,862,536	\$7,751,006	\$9,518,830
Operations & Development Fixed Costs			
	\$6,099,179	\$5,327,155	\$6,799,523
Total Budget			
	\$36,449,841	\$35,441,287	\$33,154,907
Estimated Carryforward Out			
	\$1,609,944	\$6,788,566	\$2,420,679

Projects

Development Projects - \$5,000,000

A total of \$5,000,000 is designated for economic development projects to promote business development opportunities and attract new investments to the region. In an effort to streamline approvals, improve timeliness, and better serve businesses, the Commissioner, with approval of the IRRR Board Chair, will be authorized to approve development projects of \$500,000 and less for projects that meet the following conditions:

- Qualify for IRRRB financing under established guidelines.
- Approval by the Technical Advisory Committee (TAC).

Public Works - \$6,000,000

Public works grants help cities, townships, airport authorities, hospital boards, utility commissions and collaborative organizations complete projects that support community and economic development. Eligible projects include, but are not limited to, publicly owned infrastructure such as wastewater, drinking water, storm water and utility systems, health care and airport facility improvements and renewable energy or energy efficiency initiatives.

Projects Budget

Development Projects	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget
Development Projects	\$9,050,000	\$9,050,000	\$5,000,000
Public Works	8,249,010	8,249,010	6,000,000
Total Development Projects	\$17,299,010	\$17,299,010	\$11,000,000

Programs

Grants

Community Development

Commercial Redevelopment - \$900,000

Commercial Redevelopment grants fund the demolition and removal of commercial or publicly-owned structures, or the clean-up of brownfield sites, making way for new development.

Residential Redevelopment - \$350,000

Residential Redevelopment grants help create cleaner and safer communities and encourage new construction by assisting in the demolition of dilapidated residential structures.

Development Partnerships - \$250,000

The grant program funds partnerships with regional development entities for research, education, and development-based initiatives which support long term economic growth within the region and are consistent with IRRRB strategies. Past and present partnerships include: APEX, Northspan, East Range Joint Powers Board, Enterprise Minnesota, MN Power, MN Logger Education Program, Arrowhead Manufacturers & Fabricators Association, and Quad Cities Small Business Development Center.

Community Comprehensive Plan Updates - \$150,000

The grant program helps communities fund the development and adoption of comprehensive plans. Comprehensive plans provide a long range vision for how each community desires to grow and develop. The plans will better enable communities to make long term development decisions and will also aid IRRRB in making funding decisions.

Education/Workforce Development - \$300,000

Grants assist in workforce development by funding sector specific customized training programs for industry, industry clusters, schools or collaborative partnerships that build capacity, responsiveness or innovation to address workforce needs. Funding is also available for secondary and post-secondary educational institutions to develop and deliver curriculum that prepares students for a seamless transition from high school or post-secondary education to the workforce.

Mining and Mineland Reclamation

Mining & Mineland Reclamation - \$435,000

FY16 funded projects and programs will include mine pit fish stocking (\$15,000), emergency safety projects and repair (\$20,000), the Mining Impact Grant Program (\$150,000) that will stimulate communities to proactively address current and future conflicts with mining, and the Drilling Incentive Grant Program (\$250,000) to stimulate additional exploration in Minnesota – primarily for manganese and gold.

Laurentian Vision Partnership - \$200,000

The Laurentian Vision Partnership Innovation Grant Program assists cities, townships, mining companies or joint powers boards with projects to promote the LVP vision and mission of “transforming pits and piles to living lakes and landscapes...our legacy for the future.” Grant funds are used to preserve lands that sustain current and future mining, promote landscape options for post-mining uses, identify and discuss new development opportunities, and provide the tools to achieve these goals.

Business Energy Retrofit - \$750,000

The Business Energy Retrofit (BER) Program is a partnership with Arrowhead Economic Opportunity Agency (AEOA) and assists business owners with clean energy improvements to their buildings by delivering technical expertise, project management, and grants for 1/3 of project costs up to \$20,000. The program is in high demand, and currently there are 90 applicants waiting for funding.

Culture and Tourism

Culture and Tourism - \$185,000

Culture and Tourism grants help non-profit organizations undertake projects that stimulate tourism and enrich communities through artistic, heritage-related or recreational activities.

Film Production Incentive Program - \$200,000

The Film Production Incentive Program supports projects which create jobs and result in economic impact in the IRRRB service area. IRRRB will reimburse 20% on eligible expenditures in its service area.

Minnesota Discovery Center - \$1,350,000

Minnesota Discovery Center’s mission is to “collect, preserve, interpret and promote the history and cultural heritage of northeastern Minnesota; and to manage, promote, sustain and develop the assets of Ironworld for the long-term benefit of area residents and visitors.”

Through FY 2016 the Sublease/Management Agreement provides an annual \$1,000,000 operating subsidy, the interest on an endowment fund and a \$150,000 challenge grant for operating or endowment fund raising. In addition to these financial terms, the budget includes \$200,000 for building capital improvements.

Commissioner Program - \$150,000

Grants under the Commissioner Program allow the agency to respond quickly to emergency situations or to support development opportunities that may not meet other program requirements.

Application Fund - \$25,000

The grant program reimburses communities, non-profits and educational organizations for up to one-half of the cost of applying for funding from other state, federal or private grant programs.

Programs Budget

Program Grants	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget
Community Development			
Commercial Redevelopment	\$750,000	\$750,000	900,000
Residential Redevelopment	350,000	350,000	350,000
Development Partnerships	250,000	250,000	250,000
Community Comprehensive Plan Updates	150,000	150,000	150,000
Total Community Development	\$1,500,000	\$1,500,000	\$1,650,000
Education/Workforce Development	\$300,000	\$300,000	\$300,000
Mining and Mineland Reclamation			
Mining & Mineland Reclamation	\$185,000	\$175,000	\$435,000
Laurentian Vision Innovation Projects	200,000	185,000	200,000
Business Energy Retrofit	500,000	500,000	750,000
Total Mining and Mineland Reclamation	\$885,000	\$860,000	\$1,385,000
Culture & Tourism			
Culture & Tourism	\$185,000	\$185,000	\$185,000
Minnesota Discovery Center	1,350,00	1,350,000	1,350,000
Film Production Incentive	0	0	200,000
Total Culture & Tourism	\$1,535,000	\$1,535,000	\$1,735,000
Commissioner Program	\$250,000	\$250,000	\$150,000
Application Fund	\$25,000	\$25,000	\$25,000
Total Program Grants	\$4,595,000	\$4,470,000	\$5,245,000

Region III

State law directs IRRRB to serve as the fiscal agent for Carlton and Koochiching County (Region III) grants from occupation taxes for economic and environmental development projects. IRRRB does not make any funding decisions, but funds pass through under the following provisions:

- The allocation is equal to the amount that would have been generated by a 1.5-cent tax imposed on each taxable ton for the preceding production year.
- The amount for both counties in FY15 was \$594,116, from which IRRRB was reimbursed \$14,000 for costs of administering the fund.
- By law, one-third of the portion allocated for Koochiching County must be used to fund the Koochiching County Economic Development Commission.

Region III Grant – Carlton/Koochiching	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget
Region III	\$594,116	\$594,116	\$591,554

Giants Ridge

Giants Ridge supports and promotes tourism and recreational opportunities for the economic enhancement and diversification of the IRRRB service area, while improving the quality of life for area residents. The Giants Ridge recreation area includes: a snow sports area with alpine and Nordic skiing, and snow tubing; two golf courses; mountain bike trails; hiking trails; disc golf; lake access and private sector lodging and residential development.

The FY16 budget support includes site work for the new event center, including parking lots, outdoor lighting, and landscaping. When completed in 2016, the event center will house space for recreation services; a snow sports school; winter and summer equipment rentals; banquet and conference spaces; and, food and beverage venues.

Giants Ridge Budget

Giants Ridge	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget
Revenues			
Admissions	\$2,564,228	\$2,450,260	\$2,585,210
Facility Rental	43,406	14,512	2,000
Other Revenue	146,186	173,305	121,213
Retail Sales	1,203,157	1,197,829	1,222,299
Total Revenues	\$3,956,377	\$3,835,905	\$3,930,722
Expenses			
Cost of Sales	\$ 558,953	\$597,164	\$594,370
Salaries & Benefits	3,933,959	3,718,382	4,301,144
Utilities	315,465	308,676	313,738
Advertising & Marketing	495,488	381,354	504,200
Equipment Rental	5,450	14,787	6,650
Management Fees	127,572	127,244	133,843
Maintenance & Repairs	597,378	545,280	990,181
Supplies	380,268	342,639	397,846
Insurance	107,698	96,528	106,707
Purchased Services	399,664	422,003	513,055
Non-Capital Assets - 471	537,274	690,833	414,500
Total Operational Expenses	\$7,459,169	\$7,244,890	\$7,681,874
Non Operational Expenses			
Interest and Financing	\$3,367	\$3,367	\$27,171
Event Center Costs	400,000	502,748	1,215,415
Total Non-Operational Expenses	\$403,367	\$506,115	\$1,242,586
Total Expenditures	\$7,862,536	\$7,751,005	\$9,518,830

Operational Costs

Operational costs include day-to-day general and administrative expenses for running the agency: payroll, purchased services, indirect costs, supplies, materials, repairs and maintenance. Personnel expenses include all Operations and Development employees.

Operational Costs Budget

Operational Costs	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget
Payroll			
Wages and Benefits	\$3,752,907	\$3,546,712	4,106,231
Retirement Insurance	179,000	162,892	158,422
Unemployment Compensation	100,000	44,473	100,000
Workers Compensation	120,000	119,428	120,000
Other Payroll Costs	16,700	19,249	17,700
Total Payroll	\$4,168,607	\$3,892,754	\$4,502,353
Purchased Services			
Rentals and Utilities	\$60,220	\$63,374	\$53,280
Printing and Advertising	44,400	37,461	58,700
Professional/Technical Services	470,400	267,571	448,800
Computer and Computer Services	113,500	68,461	248,460
Communications	145,560	163,803	17,780
Travel	214,200	169,474	256,900
Employee Development	43,500	26,999	46,800
Total Purchased Services	\$1,091,780	\$797,143	\$1,130,720
Supplies and Equipment	\$417,400	\$282,310	\$551,050
Repairs and Maintenance	\$184,000	\$110,959	\$364,000
Indirect Costs			
Statewide Indirect Costs	\$44,592	\$38,887	\$49,500
Attorney General Costs	15,000	803	10,000
Total Indirect Costs	\$59,592	\$39,690	\$59,500
Other Operating Costs	\$177,800	\$204,297	\$191,900
Total Operational Costs	\$6,099,179	\$5,327,154	\$6,799,523