

Meeting of the Iron Range Resources Board

**Thursday, December 21, 2006
10:00 a.m.**

**Iron Range Resources Administration Building
Eveleth, Minnesota**

MEETING OF THE IRON RANGE RESOURCES BOARD
Thursday, December 21, 2006
10:00 a.m.
Iron Range Resources Administration Building
Eveleth, Minnesota

TABLE OF CONTENTS

AGENDA	3
APPROVAL OF THE SEPTEMBER 11, 2006, MINUTES	4
TACONITE AREA ENVIRONMENTAL PROTECTION FUND	8
HILL WOOD PRODUCTS, INC.	9
WHITE BEAR TECHNOLOGIES, INC.	12
IRONWORLD ENDOWMENT	16
FOREST INDUSTRY ASSISTANCE PROGRAM	19
BOARD ACCOUNT	21
PUBLIC WORKS PROJECTS	21
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND CORPUS.....	26
MINNESOTA STEEL INDUSTRIES	26

MEETING OF THE IRON RANGE RESOURCES BOARD

Thursday, December 21, 2006

10:00 a.m.

Iron Range Resources Administration Building

Eveleth, Minnesota

Agenda

- 1) Roll Call
- 2) Approval of the September 11, 2006, Minutes
- 3) Commissioner's Comments
- 4) Taconite Area Environmental Protection Fund
 - Action required: Project approval requires 7 votes*
 - a) Hill Wood Products, Inc.
 - b) White Bear Technologies, Inc.
 - c) Ironworld Endowment
 - d) Forest Industry Assistance Program
- 5) Board Account
 - Action required: Project approval requires 7 votes*
 - a) Public Works Projects
- 6) Douglas J. Johnson Economic Protection Trust Fund Corpus
 - Action required: Project approval requires 10 votes*
 - a) Minnesota Steel Industries
- 7) Adjournment

Approval of the September 11, 2006, Minutes

Meeting of the Iron Range Resources Board

Monday, September 11, 2006
11:00 a.m.

Iron Range Resources Administration Building
Eveleth, Minnesota

I. Roll Call

Senator David Tomassoni, Chair, called the meeting to order at approximately 11:07 a.m. Present: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Saxhaug, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich. Absent: Senator Tom Bakk, Senator Becky Lourey and Senator Yvonne Prettner Solon. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Gunnar Johnson, Assistant Attorney General; Doug Gregor, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Jean Dolensek, Chief Financial Officer; Marianne Bouska, Ironworld Discovery Center Director; Dave Hart, Loan Officer, Senior; Sheryl Kochevar, Executive Assistant; Laureen Hall, Executive Assistant; Annette Maki, Executive Assistant; Alison Perry, Information Officer III; Jim Skalski, Chief Financial Officer, Industrial Rubber Products; Dave Danielson, Director, Chisholm/Hibbing Airport Authority; Rick Bradford, City Administrator, City of Hoyt Lakes; Jack Ryan, Itasca Development Corporation; Brian Kolner, Itasca Development Corporation; Tom Reagan, Northern Lights Music Festival; and Tom Gillach, Northern Lights Music Festival.

II. Approval of the June 15, 2006, Minutes

Representative Penas moved approval of the June 15, 2006, minutes. Seconded by Representative Dill. Motion carried.

III. Taconite Area Environmental Protection Fund

Action Required: Project approval requires 7 votes

a. Industrial Rubber Products

Motion by Representative Sertich to approve the Industrial Rubber Products project as presented for an amount not to exceed \$1,500,000. Seconded by Representative Dill. Motion carried.

Voting in Favor of the Motion: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: Representative Loren Solberg.

Absent: Senator Tom Bakk, Senator Becky Lourey and Senator Yvonne Prettner Solon.

b. City of Hoyt Lakes – Laskin Energy Park

Motion by Representative Rukavina to approve the City of Hoyt Lakes – Laskin Energy Park project as presented for an amount not to exceed \$75,000. Seconded by Citizen Begich. Motion carried.

Voting in Favor of the Motion: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Senator Tom Saxhaug, Representative Loren Solberg, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Tom Bakk, Senator Becky Lourey and Senator Yvonne Prettner Solon.

c. Chisholm/Hibbing Airport Authority

Motion by Representative Sertich to approve the Chisholm/Hibbing Airport Authority project as presented for an amount not to exceed \$835,000. Seconded by Representative Solberg. Motion carried.

Voting in Favor of the Motion: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Senator Tom Saxhaug, Representative Loren Solberg, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Tom Bakk, Senator Becky Lourey and Senator Yvonne Prettner Solon.

IV. Ironworld Lease/Management Agreement Term Sheet

Action Required: Project approval requires 7 votes

Motion by Representative Sertich to approve the Ironworld Lease/Management Agreement Term Sheet as presented. Seconded by Representative Rukavina. Motion carried.

Voting in Favor of the Motion: Representative David Dill, Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Senator Tom Saxhaug, Representative Loren Solberg, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Tom Bakk, Senator Becky Lourey and Senator Yvonne Prettner Solon.

V. Resolution 07-001

Action Required: Project approval requires 7 votes

Motion by Representative Sertich to approve Resolution No. 07-001 which supports amending the Motorplex Project Public Entities Memorandum of Understanding Agreement to extend the deadline for financing to September 4, 2007. Seconded by Representative Solberg. Motion carried.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Senator Tom Saxhaug, Representative Loren Solberg, Senator David Tomassoni, Citizen Joe Begich and Citizen Bill Henning.

Voting Against the Motion: Representative David Dill and Citizen Matt Matasich.

Abstain: None.

Absent: Senator Tom Bakk, Senator Becky Lourey and Senator Yvonne Prettner Solon.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
MOTORPLEX PROJECT RESOLUTION**

Resolution No.: 07-001

WHEREAS, on October 24, 2003, Iron Range Resources (“Agency”) entered into a Motorplex Project Public Entities Memorandum of Understanding (“the Agreement”); and

WHEREAS, the Motorplex Project financing was to be in place by September 4, 2006; and

WHEREAS, the Iron Range Resources and Rehabilitation Board (“IRRRB”) wants to amend the Agreement to extend the deadline for financing by one year; and

WHEREAS, in order for this extension to become effective, all of the signatories to the Agreement (including the Agency) will need to execute an amendment.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the IRRRB supports amending the Agreement to extend the deadline for financing to September 4, 2007.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 11th DAY OF SEPTEMBER, 2006.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				X
Senator Becky Lourey				X
Senator Tom Saxhaug	X			
Senator Yvonne Prettner Solon				X
Senator Dave Tomassoni	X			
Representative Dave Dill		X		
Representative Maxine Penas	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Bill Henning	X			
Citizen Matt Matasich		X		
TOTAL				

Signed: _____
 Senator David Tomassoni, Chair

VI. Other
a. Northern Lights Music Festival Program

Tom Reagan and Tom Gillach presented information regarding the Northern Lights Music Festival Program conducted on the Iron Range each summer since 2003. They formally requested that the Commissioner and Board review their request of forgiveness of debt accrued at the Giants Ridge Golf and Ski Resort this past summer as a means to support their fledgling program. Commissioner Layman recommended Iron Range Resources meet with the Northern Lights Music Festival committee to review their project.

b. Other items

Discussion also took place on a number of other items including road access through the agency's administrative headquarters property in Fayal Township, scheduling of a Public Works Liaison meeting and the request for an update on the position of the Assistant to the Commissioner located in St. Paul.

VII. Adjournment

Meeting adjourned at 12:30 p.m.

Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 Votes

- a) Hill Wood Products, Inc.
- b) White Bear Technologies, Inc.
- c) Ironworld Endowment
- d) Forest Industry Assistance Program

Hill Wood Products, Inc.

Direct Loan Program

APPLICANT:

Hill Wood Products, Inc.

PRINCIPAL(S):

Steven Hill, President

BRIEF PROJECT DESCRIPTION:

Develop a facility to manufacture engineered flooring products.

PROJECT COST:

\$1,793,500

PROJECT BREAKDOWN:

Owner equity	\$1,118,500
Iron Range Resources Direct Loan (7years, formula rate)	675,000

COLLATERAL:

First position lien on all new equipment purchased. Personal guaranty of Steven Hill.

JOBS:

This project will create 7 new jobs and retain 4 existing jobs with \$10 to \$15 per hour wages plus benefits.

CONTINGENCIES:

None.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

Approved 12/13/06

FUNDING AUTHORIZATION:

This project is authorized under the provisions of the Taconite Area Environmental Protection Fund Act of 1977, as amended (Minnesota Statutes Section 298.222 – 298.226), pertaining to expenditures of taconite area environmental protection fund monies for the purpose of promoting the economic development of northeast Minnesota, in that the provisions of Minnesota Statutes Section 298.223, Subdivision 1 (d) authorize the expenditure of such funds by the Commissioner for local economic development projects, upon approval by a majority of the members of the Iron Range Resources and Rehabilitation Board and by the Governor.

PROJECT DESCRIPTION:

Hill Wood Products (HWP) is a 60-year-old company located in Cook, MN. It is a diverse company that produces pallet lumber, wood dowels, sawn veneer, veneer panels, flooring, wood joinery biscuits, biomass fiber fuel, wood mulch and animal bedding. The majority of HWP sales currently are domestic, but a large and ever-increasing volume of its business is exports to Europe and Asia.

HWP is expanding its flooring division to compliment and build upon its successful sawn veneer business. With the expertise gained over seven years of producing sawn veneer for other flooring, window and door manufacturers, HWP will begin manufacturing high-value custom engineered flooring. HWP also will produce sawn veneer for shipment to offshore flooring manufacturers for use in other flooring products. By developing cooperation with established flooring producers in Asia, HWP can produce high quality flooring at market pricing from lumber and veneer which is a by-product of their sawn veneer business.

HWP will invest approximately \$1.8MM to produce the custom flooring products. State-of-the-art machinery will be installed to ensure high quality and flexibility in production. The veneer for the flooring will be produced by HWP's existing veneer operation. The products will include wide and long plank flooring, parquetry squares, unique veneers such as reclaimed timber and small order quantities and short lead times.

MANAGEMENT TEAM:

Steven Hill is President and CEO of HWP. He is the third generation of the Hill family to run the company. Steve holds a Business Administration degree from Winona State College and has been with the company since 1978.

Randy Rosandich, Vice President, joined HWP in 2001. He holds a degree in Wood Products Production Management from the University of Minnesota. Randy previously worked at Potlatch and Lake Superior Paper.

Andrew Richey joined HWP in 2006 to work with the Asian markets. Richey is the founder of the former Partridge River wood products company of Hoyt Lakes, MN. Over the past 5 years, he has worked extensively in Asia importing and exporting a variety of wood products. Most recently, he was Export Sales Manager for Besse Forest Products Group, a large veneer and lumber producer, managing their worldwide sales, with an emphasis on marketing veneer to the top engineered flooring manufacturers worldwide.

MARKET OPPORTUNITY:

HWP will fill a market niche that designers, architects and top of the line flooring installers are requesting. The flooring market will range from local retailers, larger regional retailers and distributors to nationwide do-it-yourself and floor covering chains. HWP will introduce itself to the market through trade shows and national floor covering trade journals. Flooring sales will be supported by two full-time sales managers with over 40 years experience in the industry. HWP will be the only custom engineered flooring company in the Midwest.

The National Wood Flooring Association conducts an annual market analysis. The most recent analysis shows the following information:

US market size = 1 billion square feet
Growth for the next 5 years = 4 to 5% (45 to 50 million s.f./year)

Industry trends:

- Increased volume in engineered flooring over solid flooring
- Wide and long planks gain market share
- Handscraped products continue to grow in demand
- Pre-finished click-lock flooring gains in demand
- Custom engineered flooring gains in volume
- Unfinished engineered flooring is projected to grow significantly

Using data gathered from distributors and the National Wood Flooring Association, HWP flooring will be competitively priced in all market segments.

FINANCIAL REVIEW:

The past four years of audited financial statements indicate the company continues to be profitable and has a strong equity position.

COLLATERAL REVIEW:

The cost of the new equipment to be purchased and installed is over \$700,000. Iron Range Resources will have a first priority lien on this equipment. We will also have the personal guaranty of company President Steven Hill. The value of the equipment and the personal guaranty provide sufficient security for this loan.

PAST IRON RANGE RESOURCES HISTORY:

\$590,000 Bank Participation Loan paid off in 1993
\$400,000 Bank Participation Loan funded in 2001, current balance \$83,613
All company history has been satisfactory.

White Bear Technologies, Inc.

Direct Loan

APPLICANT:

White Bear Technologies, Inc.

PRINCIPAL(S):

Boyd Palsgrove

Mark Mitchell

BRIEF PROJECT DESCRIPTION:

White Bear Technologies, Inc. (WBT), headquartered in St. Paul, was founded in February of 2004 to develop and market Global Positioning Systems (GPS) based location products for the consumer, industrial and public safety markets. The company has completed the design and prototyping of its first consumer product, RoamEO for Pets, and is set to begin an aggressive marketing effort. WBT is proposing to lease up to 3,500 square feet of space at the North Shore Enterprise Center in Two Harbors where it will assemble, package and distribute its existing product as well as its future products.

PROJECT COST:

\$450,000

PROJECT BREAKDOWN:

Iron Range Resources (5 years, formula rate)* up to	\$ 75,000
Northland Foundation (5 years, negotiated rate) up to	\$ 75,000
Two Harbors Development Commission (5 years, negotiated rate) up to	\$ 75,000
Equity	<u>\$225,000</u>
Total	\$450,000

* \$25,000 of the loan and accrued interest thereon will be contingently forgiven at the maturity of the loan should WBT employ 16 “qualified” employees by the second anniversary of the closing date of the loan and maintain at least that number until the maturity date of the loan. An employee is considered as “qualified” should s/he earn a minimum of \$11.50 per hour and have available to her/him a benefit package that includes health insurance options.

COLLATERAL:

Collateral will consist of a shared lien on all assets of the company (inventory, accounts receivable, M&E) subject to an existing bank line of credit. The principals will also provide personal guarantees. In addition, WBT will provide a credit enhancement in the form of a Warrant to purchase up to 18,750 shares of common stock at a price of not more than \$2.00 per share for a five-year period from the closing date of the loan.

Iron Range Resources Board Meeting

Thursday, December 21, 2006

Page 12

JOBS:

Projections provided by the company indicate that it will add up to 16 new jobs in Two Harbors within two years of establishing the assembly facility. Wage levels will range from \$11.50 to \$24.00 per hour, with the average hourly wage being approximately \$16.00.

CONTINGENCIES:

Iron Range Resources financing is contingent upon the approval of the other sources of financing as identified in the full application. Should any source not be approved, substitutions will be considered as acceptable as long as the position of Iron Range Resources is not adversely affected.

Iron Range Resources funding will not be disbursed until WBT has agreed to a lease at the North Shore Business Enterprise Center.

Loan funds from the development lenders will be disbursed on a pro rata dollar-for-dollar basis with the proposed new equity investment into the company.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

Approved 12/13/06

FUNDING AUTHORIZATION:

This project is authorized under the provisions of the Taconite Area Environmental Protection Fund Act of 1977, as amended (Minnesota Statutes Section 298.222 – 298.226), pertaining to expenditures of taconite area environmental protection fund monies for the purpose of promoting the economic development of northeast Minnesota, in that the provisions of Minnesota Statutes Section 298.223, Subdivision 1 (d) authorize the expenditure of such funds by the Commissioner for local economic development projects, upon approval by a majority of the members of the Iron Range Resources and Rehabilitation Board and by the Governor.

PROJECT DESCRIPTION:

White Bear Technologies, Inc. (WBT), headquartered in St. Paul, was founded in February of 2004 to develop and market GPS-based location products for the consumer, industrial and public safety markets. The company has completed the software and hardware design and prototyping of its first consumer product, RoamEO for Pets, and is set to begin an aggressive marketing effort. The patent pending product will allow the user to note the position and movement of up to three pets, and/or people, within a two mile radius relative to a handheld PDA sized base unit. A subject's location is transmitted via a small radio transmitter that, in the case of a pet, is embedded in a collar. This is a self contained system with communication achieved using low frequency radio waves. There is no need to either log into a computer network or rely on a cell phone to transmit locations. Unlike competitor products, there are no monthly fees associated with WBT's product.

WBT is currently working on the next generation of products that will allow users to easily plot in a wireless electronic fence barrier for their pets. This system will include an audible alarm and physical stimulation (shocking) that will remind pets when they are close to a wireless fence boundary.

WBT is proposing to lease up to 3,500 square feet of space at the North Shore Business Enterprise Center in Two Harbors where it will assemble, package and distribute its existing product as well as its future products. WBT will use the proposed financing to set up its production facility in Two Harbors, including some needed leasehold improvements, as well as the acquisition of equipment. In addition, funding will also be used to finance marketing efforts for the existing product as well as for engineering and prototyping of future products.

MANAGEMENT TEAM:

Boyd Palsgrove (President) and Mark Mitchell (VP of Sales) co-founded the company in 2004 following several months of market and technical research. Both have worked in a variety of positions in the electronics industry as noted below.

Mr. Palsgrove has worked in the electronics industry for approximately 25 years. He has held a variety of positions in product development, implementation, engineering, sales and management. His employers have included IBM, Honeywell and ADC Telecommunications. He also co-founded Control Products in 1985, an electronic design and manufacturing company, and Vision Sales, a manufacturer's rep company. He has sold his interests in all of the prior companies in which he has had ownership. Mr. Palsgrove is a graduate of St. Thomas University in St. Paul and earned a Technology Degree from the Milwaukee School of Engineering.

Mr. Mitchell has worked in the electronics industry in sales and management for the past twenty years. He spent nearly 13 years with Repron Electronics where he became the General Manager for a manufacturing branch in Minneapolis. Subsequent to that he worked as a district sales manager for Avnet-Memec, a manufacturer's rep company that represented manufacturers in the semiconductor field. Mr. Mitchell is a graduate of the University of Minnesota with a degree in Business Administration and Economics.

MARKET OPPORTUNITY:

GPS technology and a variety of GPS-based products have been on the market for many years. There are passive GPS-based products that help the user identify his/her location. There are active GPS products that combine GPS technology with cell phones to help locate an object such as an over the road truck or another asset. The next generation of GPS-based products will combine active GPS technology with radio transmissions to help identify where both the user and another object, such as a pet, are located. WBT has spent over two years developing a consumer friendly product that falls into the next generation of GPS-based products category. A differentiating factor for WBT's product is that it is a self contained system. It uses radio transmissions in lieu of a cell phone based service provided by another company that requires monthly user fees. WBT's product is relatively simple, self contained and ready to use right out of the box with no hidden costs.

WBT has elected to target the pet industry to introduce its first product. Information provided by the company indicates that there are nearly 400 million pets in the U.S. and that pet owners spent approximately \$38 billion on their pets in 2005. More specifically, the first product is designed for medium to large-sized dogs. At this time, the radio transmitter and the battery pack that powers it requires a certain sized collar. Efforts are underway to redesign these two items to make it suitable for smaller dogs and cats. There are no serious competitors at this time for this product. To date the company has done only limited marketing but staff has developed a website, appeared on television and radio newscasts in the Twin Cities, discussed their product with manufacturer's reps in several states, sent out letters to Minnesota veterinarians, attended pet industry trade shows and has had some initial discussions with major sports retailers. Feedback reportedly has been very positive.

In the future the company will enhance the marketing efforts already started as well as develop retail point of purchase stands, improve packaging and upgrade its web site.

COLLATERAL REVIEW:

Iron Range Resources, Northland Foundation and Two Harbors Development Commission will share a second position on the assets (M&E, Inventory, AR) of the company. The first position secures a line of credit at a commercial bank. Both Palsgrove and Mitchell will personally guarantee the loans. Iron Range Resources will also receive a Warrant to purchase up to 18,750 shares of common stock of the company at a price not exceed \$2.00 per share.

PAST IRON RANGE RESOURCES HISTORY:

Staff first met with Mr. Palsgrove in early 2005 to discuss his proposed business plan.

Ironworld Endowment



**Iron Range Resources
& Rehabilitation Agency**
P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218) 744-7400 • 800-765-5043
Fax: (218)744-7456

To: Sandy Layman
Commissioner

From: Marianne Bouska
Ironworld Managing Director

Date: October 11, 2012

Re: IRONWORLD DISCOVERY CENTER: RELEASE OF ENDOWMENT FUNDS

This memo outlines the status of Ironworld Discovery Center's transition to nonprofit management and a request to release \$10 million dollars to establish an endowment for Ironworld's managing entity, Ironworld Development Corporation, (IDC)

The Agency and IDC, with the support of the Facilities Liaison group, recommends action on the release of endowment funds for Ironworld Development Corporation. After almost 18 months of research, review, meetings and discussion, a three-party agreement that establishes the Ironworld Development Fund with the Minnesota Community Foundation (MCF) has been drafted. As requested by members of the Liaison group, local investment alternatives have been reviewed by Ironworld Development Corporation and no other provider was found that can match the investment strategy, fund management and reputation of the MCF.

As provided for in Board Resolution No: FY06-001 which approved the encumbrance of \$10 million dollars for the endowment, the primary terms and conditions of the endowment transaction are presented in the attached resolution No. 07-002 for Board approval.

Several conditions must be met before final release of the \$10 million dollars to IDC. They include execution of the Iron Range Resources and IDC Lease/Management Agreement, submittal of an IDC business plan and an executed IDC fund agreement with the MCF. The Lease/Management Agreement is under review by the Department of Administration and it is anticipated that a final document will be ready soon. Transition plans are underway at Ironworld in preparation for the turnover of operations to IDC. Once those milestones have been achieved, the agreement with MCF will be finalized and prepared for execution.

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

Resolution No.: 07-002

WHEREAS, on August 18, 2005, the Iron Range Resources and Rehabilitation Board (“IRRRB”) approved Resolution No. FY06-001 and authorized the Agency to place \$10,000,000 into an endowment for the Ironworld Development Corporation (“IDC”); and

WHEREAS, on September 11, 2006, the IRRRB approved the Ironworld Lease/Management Agreement Term Sheet (“Term Sheet”), which included a \$10,000,000 endowment plus interest from February 2, 2006 (“Endowment”) and an endowment challenge match of up to \$250,000 a year for five years (“Endowment Match”); and

WHEREAS, the Endowment and Endowment Match are to be granted to IDC with the requirement that they be deposited into a fund managed and controlled by an entity approved by the Agency and with some rights of reversion to the Agency; and

NOW, THEREFORE, BE IT RESOLVED, that the Commissioner of Iron Range Resources (the “Commissioner”) is authorized to release the Endowment and Endowment Match to IDC subject to the following conditions:

1. That IDC and Iron Range Resources execute an agreement consistent with the terms of the Term Sheet; and
2. That the Endowment and Endowment Match be placed into a fund that is controlled and administered by a Minnesota non-profit corporation that is unrelated to IDC with some mandatory and discretionary rights of reversion to the Agency; and
3. That the Endowment and Endowment Match are subject to other terms and conditions reasonably required by the Commissioner and consistent with other agreements with IDC.

IT IS FURTHER RESOLVED that the IRRRB approves the transfer of control of Ironworld to IDC, as required by Minnesota Statutes Section 298.22, Subd. 10.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21st DAY OF DECEMBER, 2006.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				
Senator Becky Lourey				
Senator Tom Saxhaug				
Senator Yvonne Prettner Solon				
Senator Dave Tomassoni				
Representative Dave Dill				
Representative Maxine Penas				
Representative Tom Rukavina				
Representative Tony Sertich				
Representative Loren Solberg				
Citizen Joe Begich				
Citizen Bill Henning				
Citizen Matt Matasich				
TOTAL				

Signed: _____
 Senator David Tomassoni, Chair

Forest Industry Assistance Program

IRON RANGE RESOURCES AND REHABILITATION BOARD OF THE STATE OF MINNESOTA FOREST INDUSTRY ASSISTANCE PROGRAM RESOLUTION

Resolution No.: 07-003

IT IS HEREBY RESOLVED, that the Board hereby approves the expenditure of up to \$2,000,000 of Taconite Area Environmental Protection Fund monies (the “Forest Industry Assistance Funds”) to provide a grant to the Laurentian Energy Authority (“LEA”) to reimburse it for up to \$32.50 per cord of roundwood product purchased by LEA after the effective date of this Resolution (“Reimbursable Cords”) , from established loggers whose principal place of business or residence is located within the Taconite Assistance Area (“Eligible Loggers), subject to the following additional conditions:

- (1) Reimbursable cords shall be those delivered to a site agreed to by LEA and the agency for power generation purposes;
- (2) Reimbursements will be made only for the first 1,000 Reimbursable Cords purchased by LEA from each Eligible Logger; and,
- (3) No reimbursement will be made for cords purchased by LEA from Eligible Loggers after June 30, 2007.

BE IT FURTHER RESOLVED that the Board, to help defray costs incurred by LEA in administering the Program, hereby recommends that the Commissioner amend the terms of the existing loans by the agency to the City of Virginia and the Hibbing Public Utilities Commission (who are the sole members of LEA) to defer to January 1, 2009, that portion of the payments of interest due during the first six months of calendar year 2007 in an amount equal to \$3 per cord purchased by LEA under the above Forest Industry Assistance program.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21st DAY OF DECEMBER, 2006.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				
Senator Becky Lourey				
Senator Tom Saxhaug				
Senator Yvonne Prettner Solon				
Senator Dave Tomassoni				
Representative Dave Dill				
Representative Maxine Penas				
Representative Tom Rukavina				
Representative Tony Sertich				
Representative Loren Solberg				
Citizen Joe Begich				
Citizen Bill Henning				
Citizen Matt Matasich				
TOTAL				

Signed: _____
 Senator David Tomassoni, Chair

Timber- Commissioner

Board Account

Action required: Project approval requires 7 votes

Public Works Projects



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

To: Iron Range Resources Board

From: Sandy Layman
Commissioner

Date: October 11, 2012

Re: Public Works Grants

At the June 15, 2006, (FY07 Budget) Board meeting, up to \$2 million was allocated for public works grants in the Iron Range Resources FY07 Budget. In October, cities and townships within the TAA were sent the Iron Range Resources' Public Works Grants Process and Application Manual. The agency received 47 grant applications with more than \$10 million requested from the agency for projects totaling more than \$70 million.

After reviewing all responses, the following projects are recommended for funding* based on the criteria outlined in the guidelines:

AITKIN

Grant amount: \$150,000

Brief Project Description: The project is comprised of infrastructure including: water, sewer and a road on Hwy #169 for retail and housing development and for the area of the proposed new high school campus. This project includes \$10.2 million in new investment and will result in the creation of a number of new retail jobs. Iron Range Resources monies will be used for water and sewer and will not be released until the agency has received a copy of a signed development agreement.

	<u>USES</u>		<u>SOURCES</u>	
Water & sewer	\$1,083,815	Iron Range Resources	\$150,000	
Hwy 169 improvements	412,180	Applicant	100,000	
Connector Avenue	358,127	DEED grant	338,841	
Land	85,000	Private	1,572,362	
A & E	161,925			
Developer cost	60,156			
	TOTAL		TOTAL	
	2,161,203		2,161,203	

AURORA

Grant Amount: \$200,000

Brief Project Description: Phase 2 of improvements to the city's waste treatment plant due to the explosion in 2004, includes new and modified clarifiers, splitter boxes, lift stations and an aeration system, etc. The city recently secured funding of \$2.2 million and completed construction of Phase 1. The waste treatment plant serves 758 residents and 78 businesses.

<u>USES</u>		<u>SOURCES</u>	
Clarifiers and splitter boxes	\$874,108	Iron Range Resources	\$200,000
Lift stations	973,050	Applicant	387,900
Aeration tanks	564,070	CDBG grant	240,000
Gravity filter	395,000	PFA loan	2,514,100
Other	190,000		
Contingency/A & E	345,772		
TOTAL	3,342,000	TOTAL	\$3,342,000

BOVEY

Grant Amount: \$100,000

Brief Project Description: The project is comprised of infrastructure including: water, sewer and a road to a business park along Hwy 169 that will serve three new businesses. It is anticipated that there will be considerable private investment in the building and four new jobs will be created. Iron Range Resources monies will not be released until the agency has received a copy of a signed development agreement.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer	\$135,000	Iron Range Resources	\$100,000
Roads	203,000	Applicant	71,000
Engineering	60,000	Private	260,000
Land	125,000	DEED grant	192,000
Building	100,000		
TOTAL	\$623,000	TOTAL	\$623,000

CHISHOLM

Grant Amount: \$100,000

Brief Project Description: The project is comprised of infrastructure including: water, sewer and a road in the 1st Avenue NW and 5th Avenue NW area. This area is known for flooding and has major inflow/infiltration problems. This project will benefit 63 residents.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer & road	\$1,100,000	Iron Range Resources	\$100,000
Engineering	185,000	Applicant	574,000
		Minnesota State Aid	611,000
TOTAL	\$1,285,000	TOTAL	\$1,285,000

EVELETH**Grant Amount:** \$250,000**Brief Project Description:** The project includes enhancing settling equipment, reconstruction of filters and the expansion of the backwash retention capacity for the city's water treatment facility. It also includes replacement of a chemical feed system and motor and distribution controls. The plant currently is in violation of Minnesota Department of Health regulations.

<u>USES</u>		<u>SOURCES</u>	
Construction & engineering	\$5,096,000	Iron Range Resources	\$250,000
		Applicant	750,000
		PFA loan	1,706,000
		2006 State Tax Bill	2,200,000
		CDBG grant	190,000
TOTAL	\$5,096,000	TOTAL	5,096,000

GRAND RAPIDS**Grant Amount:** \$150,000**Brief Project Description:** The project includes the closing of three railroad crossings, with plans to upgrade a fourth crossing with new signals, cross arms and turning lanes. This will improve safety and closure times at the railroad crossings and is expected to improve business and pedestrian flow. Iron Range Resources monies will be used for land acquisitions.

<u>USES</u>		<u>SOURCES</u>	
Construction costs	\$1,233,234	Iron Range Resources	\$150,000
Demolition	300,000	Applicant	1,313,293
Property acquisition	930,000	Federal	1,109,911
Engineering/admin	459,970	Burlington Northern	150,000
		Land sale	200,000
TOTAL	\$2,923,204	TOTAL	\$2,923,204

HIBBING**Grant Amount:** \$100,000**Brief Project Description:** The project is comprised of infrastructure including: water, sewer, sidewalks and soil corrections for the construction of an assisted living unit. The project is expected to create 31 full-time jobs at an average salary of \$10.50 per hour. Iron Range Resources monies will be used for infrastructure and will not be released until the agency has received a copy of a signed development agreement.

<u>USES</u>		<u>SOURCES</u>	
Water & sewer	\$130,000	Iron Range Resources	\$100,000
Soil corrections	72,500	Applicant	102,500
Assisted living building	1,772,500	Private	1,772,500
TOTAL	\$1,975,000	TOTAL	\$1,975,000

HIBBING

Grant Amount: \$150,000

Brief Project Description: The project includes construction of a snow removal building at the Chisholm/Hibbing Airport to comply with Federal regulations. The building also will be used for the recently launched Helicopter Pilot Program at Hibbing Community College.

	<u>USES</u>		<u>SOURCES</u>	
Building	\$1,575,100	Iron Range Resources		\$150,000
Site work	241,398	Applicant		53,567
Engineering	348,990	FAA grant		1,847,546
		MN DOT Aeronautics		114,375
TOTAL			TOTAL	2,165,488

HOYT LAKES

Grant Amount: \$150,000

Brief Project Description: The project includes remediation and site improvements for the old maintenance garage site near the golf course. Underground tanks and drums will be removed and soil corrections made to allow for future development.

	<u>USES</u>		<u>SOURCES</u>	
Remediation & clean-up	\$446,900	Iron Range Resources		150,000
Environmental assessment	96,100	Applicant		218,000
		Minnesota Petro Fund		175,000
TOTAL			TOTAL	\$543,000

MOUNTAIN IRON

Grant Amount: \$150,000

Brief Project Description: The project is comprised of infrastructure including: construction and paving of a secondary road with curb, gutters, and storm sewer for a retail/service development. The city has a development agreement in place. Iron Range Resources monies will be used for road construction and will not be released until the agency has received a copy of the signed development agreement.

	<u>USES</u>		<u>SOURCES</u>	
Road	\$165,132	Iron Range Resources		\$150,000
Engineering	50,000	Applicant		65,132
Retail & service development	7,500,000	Private/city		7,500,000
TOTAL			TOTAL	\$7,715,132

TOWER

Grant Amount: 100,000

Brief Project Description: The project is comprised of infrastructure including water and sewer into a business park to serve three businesses. It is anticipated that the businesses will create 25 new jobs. Iron Range Resources monies will not be released until the agency has received a copy of a signed development agreement.

	<u>USES</u>		<u>SOURCES</u>	
Sewer		\$110,000	Iron Range Resources	\$100,000
Water		55,000	Applicant	149,980
Roads		200,000	DEED grant	249,980
Site prep		66,000		
Engineering		68,960		
TOTAL		\$499,960	TOTAL	\$499,960

TWO HARBORS

Grant Amount: \$150,000

Brief Project Description: The project is comprised of infrastructure including sewer and a road along the golf course for housing construction. The city is signing a development agreement that requires the developer to build 100-120 homes around the golf course over a six-year period. Iron Range Resources monies will not be released until the agency has received a copy of a signed development agreement.

	<u>USES</u>		<u>SOURCES</u>	
Road		\$652,000	Iron Range Resources	\$150,000
Storm sewer		250,000	City/private	752,000
TOTAL		\$902,000	TOTAL	\$902,000

VIRGINIA

Grant Amount: \$250,000

Brief Project Description: The project is comprised of infrastructure including water, sewer and roads to a new industrial park located on Hwy 53. The city is working with a business that will create 17 new jobs and retain 80 jobs. Iron Range Resources monies will not be released until the agency has received a copy of a signed development agreement.

	<u>USES</u>		<u>SOURCES</u>	
Sewer		\$382,240	Iron Range Resources	\$250,000
Water		209,685	City/private	1,047,763
Streets and site improvements		693,478	DEED grant	300,000
Transmission line		100,000		
Engineering		212,000		
TOTAL		\$1,597,673	TOTAL	\$1,597,673

TOTAL AMOUNT OF IRON RANGE RESOURCES GRANTS: \$2,000,000
TOTAL COST OF PROJECTS: \$30,828,790

*Proposed funding sources for the \$2 million are \$1,500,000 from the FY07 Development Projects Fund [\$7 million reserve] and \$500,000 from FY07 Development Projects [regular project appropriation].

Douglas J. Johnson Economic Protection Trust Fund Corpus

Action required: Project approval requires 10 Votes

Minnesota Steel Industries

IRON RANGE RESOURCES AND REHABILITATION BOARD OF THE STATE OF MINNESOTA

Resolution No.: 07-004

WHEREAS, Minnesota Steel Industries, LLC (“MSI”) is developing a steel plant near Nashwauk, Minnesota to produce roughly 2.4 million tons of hot rolled steel in two phases with the capacity of 1.2 million tons per phase; and

WHEREAS, it is expected to cost in excess of \$1.5 billion to develop and construct Phase I of the business; and

WHEREAS, the new plant, including mining activity, is expected to employ approximately 700 permanent workers; and

WHEREAS, the Iron Range Resources and Rehabilitation Board (“IRRRB”) has been and remains supportive of this project.

NOW, THEREFORE, BE IT RESOLVED, that the IRRRB asks the Commissioner of Iron Range Resources to renegotiate the terms of the \$6,000,000 Minnesota Steel Industries, LLC Loan Agreement to provide for full or partial forgiveness of the Note should MSI:

4. close on construction financing for Phase I by December 31, 2008;
5. construct the steel plant; and
6. operate the facility at a certain level of employment for a period of five years.

IT IS FURTHER RESOLVED that no forgiveness shall occur until MSI has met the conditions set forth above along with any other terms and conditions reasonably required by the Commissioner and consistent with the goals of the existing loan agreement.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21st DAY OF DECEMBER, 2006.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk				
Senator Becky Lourey				
Senator Tom Saxhaug				
Senator Yvonne Prettner Solon				
Senator Dave Tomassoni				
Representative Dave Dill				
Representative Maxine Penas				
Representative Tom Rukavina				
Representative Tony Sertich				
Representative Loren Solberg				
Citizen Joe Begich				
Citizen Bill Henning				
Citizen Matt Matasich				
TOTAL				

Signed: _____
 Senator David Tomassoni, Chair