

Meeting of the Iron Range Resources Board

Thursday, December 13, 2007

10:00 a.m.

Iron Range Resources Board Room

Eveleth, MN

MEETING OF THE IRON RANGE RESOURCES BOARD
Thursday, December 13, 2007
10:00 a.m.

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MEETING OF THE IRON RANGE RESOURCES BOARD
Thursday, December 13, 2007
10:00 a.m.

Agenda

- 1) Roll Call
- 2) Approval of the November 1, 2007, Minutes
- 3) Taconite Area Environmental Protection Fund
Action required: Project approval requires 7 votes
 - a) Workforce Development Grants
 - b) Community Business Infrastructure Grants
 - c) Public Works Infrastructure Grants
- 4) Taconite Economic Development Fund
Action required: Project approval requires a majority vote of the quorum present
 - a) United Taconite
 - b) U.S. Steel – Minntac
 - c) U.S. Steel – Keetac
- 5) Adjournment

Approval of the November 1, 2007, Minutes

Meeting of the Iron Range Resources Board

Thursday, November 1, 2007
9:00 a.m.

Iron Range Resources Board Room
Eveleth, Minnesota

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 9:10 a.m. Present: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan. Absent: Senator Yvonne Prettner Solon. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Doug Gregor, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; and Sheryl Kochevar, Communications & Media Coordinator.

II. Approval of the October 25, 2007, Minutes

Representative Tom Anzelc moved approval of the October 16, 2007, minutes. Seconded by Senator Tom Saxhaug. Motion carried.

III. Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

a. Grants Projects – Resolution No. 08-008

Motion by Senator Tom Bakk to approve the Grants Projects as presented in Resolution No. 08-008 with the addition of the following projects to also be approved when the application process and due diligence has been completed.

1. City of Keewatin. *A grant of up to \$150,000 of either Public Works Funds or Mineland Reclamation funds as provided in the agency's approved FY08 Investment Plan, to provide funds to pay, on a dollar-for-dollar matching basis with other funds, a portion of the costs associated with the City's project, commonly known as the Longyear Project, to remediate an oil-spill.*

2. City of Nashwauk. *A grant of up to \$250,000 of Public Works Funds to provide funds to pay for a portion of the costs associated with the City's project to upgrade its municipal sewer system.*

3. City of Chisholm. *A grant of up to \$200,000 of Public Works Funds to provide funds to pay for a portion of the costs associated with the City's pending street improvement project.*

4. City of Hibbing. *A grant of up to \$300,000 of Public Works Funds to provide funds to pay for a portion of the costs associated with the City's pending housing development project.*

Motion to also include the elimination of the final whereas clause which states “*WHEREAS, the Board at its October 25, 2007, meeting adopted its Resolution No. 08-006 which evidenced its conditional approval of the expenditure of TEPF Funds for the Proposed Projects and for four other projects, and now wishes to limit its approval to the five Proposed Projects, eliminate one of the conditions contained in Resolution No. 08-006, and in other respects rescind and supersede the provisions of its Resolution 08-006.*”

Seconded by Citizen Jack Ryan. Motion carried

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

Voting Against the Motion: None.

Abstain: None.

Absent: Senator Yvonne Prettner Solon.

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

Resolution No.: 08-008

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote 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 2008 Investment Plan budget includes the allocation of \$ 1,000,000 of TEPF for Community Business Infrastructure Grants (“**Business Infrastructure Funds**”) and the reservation of \$6 million of Development Projects Reserve funds which were to be expended for public works projects, otherwise known as Public Works Infrastructure Grants (“**Public Works Funds**”);

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such TEPF Funds for nine local economic development projects as more specifically described below which would be undertaken and implemented in the TAA (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 11:00 a.m. on October 25, 2007, and again at 9:00 a.m. on November 1, 2007, on each occasion 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 TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area; and,

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Funds to provide grants in the following amounts for the following Proposed Projects:

1. **City of Ely**: a grant of up to \$480,000 of the Public Works Funds for infrastructure improvements that are directly and primarily related to the construction of an approximately \$4.3 million, 48-unit assisted living complex to be located adjacent to the hospital which is anticipated to create 17 jobs at an average wage of \$11-12 plus benefits;
2. **City of Eveleth**: a grant of up to \$150,000 of Public Works Funds to be used for the costs of site preparation work associated with the construction of an approximately 6,000 square foot addition to the dialysis center at the Eveleth Health Services Park that is anticipated to cost approximately \$1,527,000 and create 4 new jobs as well as retain 7 jobs at the dialysis center. In addition, this project will enhance the viability of the entire facility and help retain 80 full-time jobs in the Eveleth Health Services Park.
3. **City of Gilbert**: a grant of up to \$200,000 of the Public Works Funds for infrastructure and site improvements associated with the construction of an approximately \$3.24 million, 24-unit town home development;
4. **City of Grand Rapids**: a grant of up to \$100,000 of the Business Infrastructure Funds for site work, including environment assessments, associated with the Itasca Economic Development Corporation's approximately \$675,000 project to renovate an industrial building it has recently acquired that is located near the City's airport. IEDC expects 20-40 new jobs at a wage level of \$11 per hour, plus benefits once the building is full.
5. **City of Virginia**: a grant of up to \$250,000 of the Business Infrastructure Funds to be used in combination with \$250,000 in Public Works Funds approved by the Board in FY07, along with \$300,000 of DEED funds, to pay a portion of anticipated infrastructure improvements costs of approximately \$1.6 million associated with construction of an approximately \$9.6 million industrial facility to be occupied by P&H MinePro that would create an estimated 17 new jobs as well as help retain 80 jobs.
6. **City of Keewatin**. A grant of up to \$150,000 of either Public Works Funds or Mineland Reclamation funds as provided in the agency's approved FY08 Investment Plan, to provide funds to pay, on a dollar-for-dollar matching basis with other funds, a portion of the costs associated with the City's project, commonly known as the Longyear Project, to remediate an oil-spill.

7. **City of Nashwauk.** A grant of up to \$250,000 of Public Works Funds to provide funds to pay for a portion of the costs associated with the City's project to upgrade its municipal sewer system.
8. **City of Chisholm.** A grant of up to \$200,000 of Public Works Funds to provide funds to pay for a portion of the costs associated with the City's pending street improvement project.
9. **City of Hibbing.** A grant of up to \$300,000 of Public Works Funds to provide funds to pay for a portion of the costs associated with the City's pending housing development project.

BE IT FURTHER RESOLVED that the Board's approval for the expenditure of the said funds for the said Proposed Projects is further contingent upon the agency, in its grant contracts, requiring each grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board's Resolution 96-005.

BE IT FURTHER RESOLVED that the provisions of this Resolution No. 08-008 are intended by the Board to rescind and supersede the provisions of Resolution No. 08-006 in all respects and for all purposes.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 1ST DAY OF NOVEMBER 2007.

| Member | Aye | Nay | Abstain | Absent |
|-------------------------------|------------|------------|----------------|---------------|
| Senator Tom Bakk | X | | | |
| Senator Tom Saxhaug | X | | | |
| Senator Rod Skoe | X | | | |
| Senator Yvonne Prettner Solon | | | | X |
| Senator Dave Tomassoni | X | | | |
| Representative Tom Anzelc | X | | | |
| Representative Dave Dill | X | | | |
| Representative Tom Rukavina | X | | | |
| Representative Tony Sertich | X | | | |
| Representative Loren Solberg | X | | | |
| Citizen Joe Begich | X | | | |
| Citizen Shelley Robinson | X | | | |
| Citizen Jack Ryan | X | | | |
| TOTAL | 12 | 0 | 0 | 1 |

Signed: _____
 Representative David Dill, Chair

IV. Adjournment

Meeting adjourned at 10:04 p.m.

Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

- a) Workforce Development Grants
- b) Community Business Infrastructure Grants
- c) Public Works Infrastructure Grants

Workforce Development Grants



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: Sandy Layman
Commissioner

From: Roy Smith
Regional Workforce Development Coordinator

Date: October 11, 2012

Re: \$450,000 in Workforce Development Grants Projects

PURPOSE

Workforce Development Grants support workforce initiatives by funding programs that emerge from industry, industry clusters, schools or collaborative partnerships that build capacity, responsiveness or innovation to address workforce needs; and for secondary and post secondary education institutions to develop and deliver curriculum that prepares students for a seamless transition from high school or post secondary education to the workforce. These grants will be funded under Minnesota Statutes 298.223 (c) as local economic projects in that a trained workforce is required to support economic growth.

Northeast Higher Education District

Hibbing Taconite/Mesabi Range Community and Technical College Industrial Mechanical Technology Program

Grant Amount: \$50,000

Mesabi Range Community and Technical College, a member college of the Northeast Minnesota Higher Education District, has offered an Industrial Mechanical Technology program in their academic inventory for many years. Also known as “millwright” training, graduates of the program are well prepared to enter industrial settings in a variety of employment sectors, including mining, manufacturing, pulp and paper, etc.

Recently, the College fielded a request from Hibbing Taconite (a Cliffs Mining Company operation) to offer an additional cohort of the program, one that would begin in Spring semester, 2008 and which would be scheduled in the evening for incumbent and new workers who could

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maintain their work schedule and still take advantage of the educational opportunity. This cohort offering would include redesigned curriculum based upon the identified needs of industry partners.

This request was honored by the Mesabi Range Community and Technical College and an additional cohort is scheduled to be offered at the Mountain Iron training facility leased by the College. Funds are requested from the Workforce Development Grant program of Iron Range Resources to defray costs incurred with this new program offering.

| <u>USES</u> | | <u>SOURCES</u> | |
|---------------------------|------------------|----------------------|------------------|
| Portable Training Modules | \$30,000 | Iron Range Resources | \$50,000 |
| Equipment | \$80,000 | Applicant | \$150,000 |
| Curriculum Redesign | \$10,000 | | |
| Supplies | \$20,000 | | |
| Staffing | \$60,000 | | |
| TOTAL | \$200,000 | TOTAL | \$200,000 |

**Northeast Higher Education District
Applied Learning Initiative: A Renewal of Career and Technical Education
Grant Amount: \$100,000**

The District, on behalf of its member colleges, has applied for a Workforce Development Grant to purchase state-of-the-art equipment needed to deliver career and technical education curriculum for the seventeen participating school districts of the Applied Learning Initiative. This curriculum will promote seamless transition for students from high school to post-secondary institutions of the District into the workforce. The equipment purchased through this application will enable students to enjoy hands-on experience with advanced technology equipment used in today's industrial settings.

Leveraged funds will include the annual appropriation of \$1,000,000 provided by the 2007 Legislature, the membership fees paid by the participating schools and colleges (approximately \$85,000 annually depending upon the number of schools participating) and contributions from industry. These financial sources represent the minimum 3:1 match required in the grant program.

| <u>USES</u> | | <u>SOURCES</u> | |
|------------------------------|--------------------|------------------------------------|--------------------|
| Development & Implementation | \$1,085,000 | Iron Range Resources | \$100,000 |
| Equipment | \$100,000 | Applicant (Legislative Allocation) | \$1,000,000 |
| | | Membership Fees | \$85,000 |
| TOTAL | \$1,185,000 | TOTAL | \$1,185,000 |

**Northeast Higher Education District
 Northeast Minnesota Workforce E-folio Project
 Grant Amount: \$200,000**

The District, on behalf of Mesabi Range Community and Technical College, has applied for a Workforce Development Grant, to support the development of the “Northeast Minnesota Workforce E-folio” project underway in partnership with Minnesota State Colleges and Universities and Avenet, L.L.C. The project leverages electronic resources of Minnesota State Colleges and Universities (an online portfolio system called E-folioMinnesota) to create a region-wide database of talent resources designed for use by business and industries seeking employees. The system would serve incumbent workers, high school and college students who are seeking employment opportunities on the Range. This system would be invaluable to the region given the impending demand for workforce to backfill retirements and provide necessary workers for the large-scale projects that are underway (Minnesota Steel, PolyMet, Mesabi Nugget, Mesaba Energy, etc.).

| <u>USES</u> | | <u>SOURCES</u> | |
|-------------------------------|------------------|-------------------------|------------------|
| Scholarships for participants | \$50,000 | Iron Range Resources | \$200,000 |
| Software Upgrades | \$775,000 | Applicant | \$45,000 |
| Infrastructure | \$20,000 | Legislative Allocation | \$450,000 |
| Staffing | \$45,000 | Leveraged Funds (MNSCU) | \$200,000 |
| Marketing & Promotion | \$5,000 | | |
| TOTAL | \$895,000 | TOTAL | \$895,000 |

**Eligible Individuals
 Yellow Ribbon Grant Program
 Grant Amount: \$100,000**

To assist in the development of the local workforce and to assist Veterans of the Global War on Terrorism as they return to that workforce, Iron Range Resources has committed \$100,000 to assist eligible veterans in their pursuit of post-secondary education under Minnesota Statutes 298.223.

Veterans of the Global War on Terrorism may apply for a grant of up to \$2,000 from Iron Range Resources for reimbursement of expenses related to enrollment in a program of study designed to lead to a degree, diploma or certificate at an accredited post-secondary institution.

| <u>USES</u> | | <u>SOURCES</u> | |
|----------------------|------------------|----------------------|------------------|
| Educational Expenses | \$100,000 | Iron Range Resources | \$100,000 |
| TOTAL | \$100,000 | TOTAL | \$100,000 |

Community Business Infrastructure Grants



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: Sandy Layman
Commissioner

From: Mathew Sjoberg
Director of Development Strategies

Date: December 13, 2007

Re: \$460,000 in Community Business Infrastructure Grant Projects

PURPOSE

Community Business Infrastructure grants fund capital expenses for public infrastructure that supports the expansion or creation of new development, impacts the creation or retention of jobs and increases the tax base.

CRITERIA

- A. Job Creation or Retention – Priority #1
- B. Impact – Priority #2
- C. Leverage – Priority #3
- D. Project Readiness – Priority #4

Balance remaining in the FY08 Budget should the following two grants be approved: \$190,000

Both projects are subject to prevailing wage Board Resolution No. 96-005. For projects in which a developer or benefiting business is involved, Iron Range Resources monies will not be released until the agency receives a copy of the development agreement.

City of Mountain Iron

Grant Amount: \$300,000

The project is comprised of water, sewer and road extension on Enterprise Drive for Idea Drilling, a contract drilling company, which will create 5 jobs and retain 30 jobs. In addition, the project will assist a potential commercial development that serves the heavy duty trucking industry and proposes to create 20 jobs. The project also will bring infrastructure to 15 acres for new development.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------------|-----------|--------------------------|-----------|
| Water, sewer, road | \$334,752 | Iron Range Resources | \$300,000 |
| Commercial Development | 1,000,000 | Applicant | 34,752 |
| | | Private | 1,000,000 |
| TOTAL \$1,334,752 | | TOTAL \$1,334,752 | |

City of Nashwauk

Grant amount: \$160,000

The project is comprised of water, sewer, road, electrical, gas and site improvements for a 15,615 square foot manufacturing facility in the city's industrial park. The company, Midwest Manufacturing and Mechanical Inc., will manufacture industrial screens primarily used in Venezuela, Australia and Bahrain. The company will start with 18 jobs paying \$18 per hour plus benefits and is anticipated to add jobs in the future.

| <u>USES</u> | | <u>SOURCES</u> | |
|-----------------------------|-----------|--------------------------|-----------|
| Building | \$445,000 | Iron Range Resources | \$160,000 |
| Equipment | 440,000 | Applicant | 40,000 |
| Inventory & working capital | 330,000 | Private/Bank | 968,000 |
| Road & storm pond | 255,800 | Private/equity | 370,000 |
| Water/sewer, electric etc | 67,200 | | |
| TOTAL \$1,538,000 | | TOTAL \$1,538,000 | |

Public Works Infrastructure Grants



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: Sandy Layman
Commissioner

From: Mathew Sjoberg
Director of Development Strategies

Date: December 13, 2007

Re: \$4,150,000 in Public Works Infrastructure Grant Projects

PURPOSE

Public Works Infrastructure grants provide funds for cities and townships that can be used for infrastructure needs that support community and economic development.

CRITERIA

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

Balance remaining in the FY08 Budget should the following 25 grants be approved: \$0

All projects are subject to prevailing wage Board Resolution No. 96-005. For projects in which a developer or benefiting business is involved, Iron Range Resources monies will not be released until the agency receives a copy of the development agreement.

PUBLIC WORKS INFRASTRUCTURE GRANTS FY08

City of Aurora

Grant amount: \$175,000

The project is comprised of replacement of the city's in-ground water tank. Contamination is occurring because the current tank is failing, resulting in corrosion along the structural components of the roof plates.

| <u>USES</u> | | <u>SOURCES</u> | |
|-------------------------|------------------|----------------------|------------------|
| Tank Replacement | \$250,000 | Iron Range Resources | \$175,000 |
| Foundation Replacement | 40,000 | Applicant | 175,000 |
| Distribution and Wiring | 35,000 | | |
| A & E | 25,000 | | |
| TOTAL | \$350,000 | TOTAL | \$350,000 |

City of Biwabik

Grant Amount: \$150,000

The project is comprised of water, sewer, and road improvements on 4th Street that indirectly support the development at Giants Ridge. The project also includes sewer improvements on 3rd Street and 1st Street.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------|------------------|------------------------|------------------|
| Water Main | \$504,300 | Iron Range Resources | \$150,000 |
| Sewer | 193,215 | Applicant | 424,336 |
| A & E | 126,821 | Army Corp of Engineers | 250,000 |
| TOTAL | \$824,336 | TOTAL | \$824,336 |

City of Buhl

Grant Amount: \$300,000

The project is comprised of water, sewer, road extensions and site work for the construction of a 20-unit assisted living facility next to the Cornerstone Villa nursing home. 9 jobs will be created at the assisted living facility, ranging from \$9 to \$20 per hour plus benefits. In addition, the project will enhance the Cornerstone nursing home operations. Iron Range Resources monies will not be used for Sharon Street.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------------|--------------------|----------------------|--------------------|
| Land | \$30,000 | Iron Range Resources | \$300,000 |
| Site Work & Utilities | 220,250 | Applicant | 126,250 |
| Road | 176,000 | Private | 1,274,415 |
| Assisted Living Facility | 1,274,415 | | |
| TOTAL | \$1,700,665 | TOTAL | \$1,700,665 |

City of Coleraine**Grant Amount: \$250,000**

The project is comprised of water, sewer, road extensions and site work for the construction of a hospital clinic. 20 jobs will be created at the clinic, at an average wage of \$29 per hour plus benefits. A future development also is planned for the site.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------|--------------------|----------------------|--------------------|
| Site Work | \$90,000 | Iron Range Resources | \$250,000 |
| Road | 200,000 | Applicant | 69,000 |
| Water Main | 65,000 | Private | 675,000 |
| Sewer | 75,000 | Private or City | 50,000 |
| A & E | 64,000 | | |
| Clinic | 550,000 | | |
| TOTAL | \$1,044,000 | TOTAL | \$1,044,000 |

City of Effie**Grant Amount: \$150,000**

The project is comprised of installation of a cluster waste treatment system that will serve 4 businesses and 62 homes. Iron Range Resources monies will be used for pumping and abandoning the old septic system, capping existing wells and sewer connections.

| <u>USES</u> | | <u>SOURCES</u> | |
|-------------------------------|--------------------|----------------------|--------------------|
| Collection & Treatment System | \$1,665,300 | Iron Range Resources | \$150,000 |
| Removal of old tanks | 32,000 | Applicant | 332,000 |
| Sewer connecting lines | 135,000 | USDA | 450,000 |
| Capping existing wells | 12,000 | PFA | 445,800 |
| | | DEED/WIF | 466,500 |
| TOTAL | \$1,844,300 | TOTAL | \$1,844,300 |

Embarrass Township**Grant Amount: \$20,000**

The project is comprised of site work and the construction of a shower house building and septic system at the Heritage Park and Campgrounds, which have attracted heritage tourism visitors from all over the United States.

| <u>USES</u> | | <u>SOURCES</u> | |
|-----------------|-----------------|----------------------|-----------------|
| Site work/slab | \$3,640 | Iron Range Resources | \$20,000 |
| Shower building | 32,390 | Applicant | 18,700 |
| Septic tank | 2,670 | | |
| TOTAL | \$38,700 | TOTAL | \$38,700 |

City of Eveleth

Grant Amount: \$300,000

The project is comprised of water, sewer and road extensions for 16 residential lots and 5 large commercial lots in the Station 44 area. The city is working with an established residential developer and a couple of commercial developers who have expressed interest in this property.

| <u>USES</u> | | <u>SOURCES</u> | |
|-------------------------|--------------------|-------------------------|--------------------|
| Road | \$390,982 | Iron Range Resources | \$300,000 |
| Utilities | 350,000 | Applicant | 250,000 |
| Commercial Development | 2,500,000 | Commercial Development | 2,590,982 |
| Residential Development | 4,000,000 | Residential Development | 4,100,000 |
| TOTAL | \$7,240,982 | TOTAL | \$7,240,982 |

Fayal Township

Grant Amount: \$100,000

The project is comprised of the replacement of a 30-year-old water main that was constructed with 4 inch asbestos cement pipe which is no longer acceptable for residential service. The project also includes the expansion of the water and sewer system in several areas of the township, although the Iron Range Resources funds will be directed to the pipe replacement portion.

| <u>USES</u> | | <u>SOURCES</u> | |
|---------------|------------------|----------------------|------------------|
| Water & Sewer | \$399,500 | Iron Range Resources | \$100,000 |
| A & E | 70,500 | Applicant | 370,000 |
| TOTAL | \$470,000 | TOTAL | \$470,000 |

City of Grand Marais

Grant Amount: \$130,000

The project is comprised of water, sewer, and road extensions to 37 housing lots north of the city's industrial park. The city has a development agreement for the first 10 lots for affordable housing.

| <u>USES</u> | | <u>SOURCES</u> | |
|---------------------|--------------------|----------------------|--------------------|
| Water, Sewer & Road | \$1,021,481 | Iron Range Resources | \$130,000 |
| Housing | 4,810,000 | Applicant | 891,481 |
| | | Private | 4,810,000 |
| TOTAL | \$5,831,481 | TOTAL | \$5,831,481 |

City of Grand Rapids**Grant Amount: \$300,000**

The project is comprised of water, sewer, road extensions and property/easement acquisitions for a number of commercial developments near the airport. The city has identified over \$48 million dollars in commercial development for this area in which two major projects are currently under construction. Iron Range Resources funds will be used for property/easement acquisitions for future developments.

| <u>USES</u> | | <u>SOURCES</u> | |
|-------------------------------|--------------------|-----------------------|--------------------|
| Roads/lighting/storm sewer | \$2,453,084 | Iron Range Resources | \$300,000 |
| Sanity sewer main | 42,400 | Applicant | 1,408,700 |
| Water main | 381,726 | Federal Highway Funds | 1,867,728 |
| Easement/property acquisition | 534,166 | Assessments | 728,883 |
| A & E | 893,935 | | |
| TOTAL | \$4,305,311 | TOTAL | \$4,305,311 |

City of Hoyt Lakes**Grant Amount: \$125,000**

The project is comprised of the restoration of the secondary digester and the settling basin water tank as well as replacement of the lift pump at the waste treatment plant. Recent and projected development requires the city to increase its waste treatment capacity.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------------------|------------------|----------------------|------------------|
| Secondary digester restoration | \$85,000 | Iron Range Resources | \$125,000 |
| Waste water lift pump | 69,385 | Applicant | 121,137 |
| Water settling basin tank | 31,275 | | |
| Tank restoration | 11,250 | | |
| A & E & Contingency | 49,227 | | |
| TOTAL | \$246,137 | TOTAL | \$246,137 |

City of Iron Junction**Grant Amount: \$50,000**

The project is comprised of improvements to the waste water treatment plant and extension of sewer lines to 17 households.

| <u>USES</u> | | <u>SOURCES</u> | |
|-------------------------|--------------------|-------------------------|--------------------|
| Sewer collection system | \$643,000 | Iron Range Resources | \$50,000 |
| Sewer line improvements | 200,000 | Applicant/other sources | 287,000 |
| A & E | 157,000 | USDA | 663,000 |
| TOTAL | \$1,000,000 | TOTAL | \$1,000,000 |

City of Ironton**Grant Amount: \$30,000**

The project is comprised of a water main extension to enhance water flow and fire protection to the city's existing industrial park. The project also will allow for future expansion into Ironton's new industrial park. The city has several parties interested in the new park.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------|-----------------|----------------------|-----------------|
| Water main | \$56,658 | Iron Range Resources | \$30,000 |
| A & E | 10,300 | Applicant | 36,958 |
| TOTAL | \$66,958 | TOTAL | \$66,958 |

City of Keewatin**Grant Amount: \$100,000**

The project is comprised of replacement of water, sewer and road along Depot Street which connects to the north side of Hwy 169 where the city owns several large parcels that could accommodate future commercial and residential development. The project also includes replacement of water, sewer, and roads in other areas of the city; however, the Iron Range Resources monies will be directed to the Depot Street portion of the project.

| <u>USES</u> | | <u>SOURCES</u> | |
|---------------------|------------------|-------------------------|------------------|
| Water, sewer, roads | \$714,025 | Iron Range Resources | \$100,000 |
| A & E | 152,450 | Applicant/other sources | 766,475 |
| TOTAL | \$866,475 | TOTAL | \$866,475 |

City of LaPrairie**Grant Amount: \$30,000**

The project is comprised of water and sewer extension into the city's 5.8 acre industrial park on the south side of Hwy 2. The city has 5 businesses interested in the site.

| <u>USES</u> | | <u>SOURCES</u> | |
|------------------------|------------------|----------------------|------------------|
| Water, sewer | \$52,200 | Iron Range Resources | \$30,000 |
| Commercial Development | 500,000 | Applicant | 30,000 |
| A & E | 7,800 | Private | 500,000 |
| TOTAL | \$560,000 | TOTAL | \$560,000 |

Lutsen Township

Grant Amount: \$350,000

This project is comprised of retaining walls, pedestrian sidewalks, water and sewer, storm water, road and electrical improvements to the Lutsen Mountain area where a large commercial development is being undertaken that includes 13 new buildings as well as a future vacation home development. Iron Range Resources monies will be used for retaining walls, pedestrian sidewalks and lighting. 190 jobs are projected to be created, at an average wage of \$13 per hour.

| <u>USES</u> | | <u>SOURCES</u> | |
|--|-------------|---------------------------|-------------------------|
| Bridge, road and storm water | \$2,009,586 | Iron Range Resources | \$350,000 |
| Retaining walls, pedestrian sidewalks, water and sewer | 965,970 | Applicant | |
| Commercial Development | 9,500,000 | Cook County Private | 1,106,650 11,018,906 |
| TOTAL \$12,475,556 | | TOTAL \$12,475,556 | |

City of Marble

Grant Amount: \$130,000

The project is comprised of water, sewer, road extensions and street lights for 16 units of housing. The city is working with an established housing developer.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------------|-----------|--------------------------|-----------|
| Water, sewer | \$110,142 | Iron Range Resources | \$130,000 |
| Street lights | 24,000 | Applicant | 24,142 |
| A & E | 20,000 | Private | 1,820,000 |
| Town home Construction | 1,820,000 | | |
| TOTAL \$1,974,142 | | TOTAL \$1,974,142 | |

City of Meadowlands

Grant Amount: \$75,000

The project is comprised of water and sewer extensions to an 18 acre parcel for commercial and residential development. The city is working with a housing developer and an assisted living developer.

| <u>USES</u> | | <u>SOURCES</u> | |
|------------------------|-----------|------------------------|----------|
| Water, sewer | \$129,000 | Iron Range Resources | \$75,000 |
| A & E | 21,000 | Applicant | 75,000 |
| TOTAL \$150,000 | | TOTAL \$150,000 | |

City of Mountain Iron**Grant Amount: \$200,000**

The project is comprised of water, sewer, roads, curbs and gutters for a proposed 19 unit housing development on County Road 102 in the South Grove neighborhood including 13 single family homes and 6 town homes.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------------|-----------|--------------------------|-----------|
| Water, sewer, roads etc | \$450,000 | Iron Range Resources | \$200,000 |
| Housing | 4,500,000 | Applicant/private | 250,000 |
| | | Private housing | 4,500,000 |
| TOTAL \$4,950,000 | | TOTAL \$4,950,000 | |

City of Nashwauk**Grant Amount: \$250,000**

The project is comprised of water, sewer, electrical extensions, wetlands and site work for a 40 unit assisted living facility that will employ 30 to 40 employees at an average of \$10.50 per hour plus benefits. The developer has successfully built over 250 assisted living/Alzheimer units in the Taconite Assistance Area.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------------|-----------|--------------------------|-----------|
| Water, sewer | \$42,150 | Iron Range Resources | \$250,000 |
| Soil corrections | 146,500 | Applicant | 9,350 |
| Site improvements | 47,700 | Private | 2,747,500 |
| Wetland Remediation | 4,500 | | |
| Electrical | 18,500 | | |
| Building pad | 47,500 | | |
| Assisted living | 2,700,000 | | |
| TOTAL \$3,006,850 | | TOTAL \$3,006,850 | |

Tofte Township**Grant Amount: \$45,000**

The project is comprised of replacement of a septic system at the Birch Grove Center, which includes a school, clinic, senior center and recreational facilities.

| <u>USES</u> | | <u>SOURCES</u> | |
|-----------------------|----------|-----------------------|----------|
| Septic System | \$90,000 | Iron Range Resources | \$45,000 |
| | | Applicant | 45,000 |
| TOTAL \$90,000 | | TOTAL \$90,000 | |

City of Tower

Grant Amount: \$130,000

The project is comprised of water, sewer and road extensions to 20 lots in the North Star area for a housing development, following two phases of successful development at that location.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------------|--------------------|-------------------------|--------------------|
| Water, sewer, road | \$693,000 | Iron Range Resources | \$130,000 |
| A & E | 126,000 | Applicant/other sources | 689,000 |
| Housing | 3,000,000 | Private | 3,000,000 |
| TOTAL | \$3,819,000 | TOTAL | \$3,819,000 |

City of Two Harbors

Grant Amount: \$250,000

The project is comprised of storm sewer run off improvements and water and sewer extensions into 7 acres of the city's 36 acre industrial park. The city is working with a commercial developer who will create 7 jobs at \$25 an hour plus benefits and retain 7 jobs at \$30 per hour plus benefits.

| <u>USES</u> | | <u>SOURCES</u> | |
|------------------------|------------------|----------------------|------------------|
| Water, sewer | \$179,885 | Iron Range Resources | \$250,000 |
| Storm sewer system | 119,585 | Applicant/THDC | 64,860 |
| Permits | 15,390 | Private | 550,000 |
| Commercial Development | 550,000 | | |
| TOTAL | \$864,860 | TOTAL | \$864,860 |

City of Virginia

Grant Amount: \$300,000

This project is comprised of water, sewer, road, electrical and gas extensions to 21 new lots in the Fairview housing area, following two successful phases of development at that location.

| <u>USES</u> | | <u>SOURCES</u> | |
|--------------|--------------------|-------------------------|--------------------|
| Water, sewer | \$285,000 | Iron Range Resources | \$300,000 |
| Road | 625,000 | Applicant/other sources | 770,000 |
| Electrical | 80,000 | Private | 4,150,000 |
| Housing | 4,150,000 | | |
| Gas | 80,000 | | |
| TOTAL | \$5,220,000 | TOTAL | \$5,220,000 |

The Town of White

Grant Amount: \$210,000

This project is comprised of construction and re-alignment of the main entrance road to the Voyageur's retreat development between County Road 138 and Hwy 135, which will eliminate many safety concerns and improve emergency response time.

| <u>USES</u> | | <u>SOURCES</u> | |
|---------------------------------|------------------|----------------------|------------------|
| Road construction & realignment | \$720,900 | Iron Range Resources | \$210,000 |
| Wetland delineation | 57,000 | Applicant | 679,142 |
| A & E | 111,242 | | |
| TOTAL | \$889,142 | TOTAL | \$889,142 |

TOTAL GRANT AMOUNT: \$4,150,000
TOTAL PROJECT COST: \$59,828,895
LEVERAGE: 13.4:1

Taconite Economic Development Fund

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

- a) United Taconite
- b) U.S. Steel – Minntac
- c) U.S. Steel - Keetac

United Taconite



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: Sandy Layman
Commissioner

From: Dan Jordan
Mining Programs Supervisor

Date: October 11, 2012

Re: UNITED TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS
Pay 2006 - \$1,042,043
Pay 2007 - \$1,451,016

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

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

Project 1 – Mill Line #2 Cobber Replacement

This is a pay 2006 TEDF Request to install new cobbbers. This will increase iron recovery from 93% to 97% for a net production increase of 35,700 tons per year.

| | |
|--------------------|----------------|
| TEDF Grant | \$634,193 |
| Company | <u>154,861</u> |
| Project Total Cost | \$789,054 |

Project 2 – Ball Mill Gear-Critical Spare

This is a pay 2006 TEDF request to acquire a gear to have ready to install. Existing gears have been in service since 1976. Delivery time on a new gear is 41-43 weeks. This down time would decrease production by approximately 925,000 tons.

| | |
|------------------------------|----------------|
| TEDF Grant | \$407,850 |
| Company | <u>125,978</u> |
| Estimated Project Total Cost | \$533,828 |

Project 3 – Mill Line #1 Cobber Upgrade supplement

This is a pay 2007 TEDF request to upgrade mill line #1 to attain a 5.2 million ton target for the concentrator.

| | |
|------------------------------|----------------|
| TEDF Grant | \$571,845 |
| Company | <u>139,636</u> |
| Estimated Project Total Cost | \$711,481 |

Project 4 – Mill Line 1 Finisher Separator Upgrade

This is a pay 2007 TEDF Request to repair and replace the finishers that had become worn, corroded and in poor physical condition.

| | |
|--------------------|----------------|
| TEDF Grant | \$453,553 |
| Company | <u>110,751</u> |
| Project Total Cost | \$564,304 |

Project 5 – Green Ball Transfer System

This is a pay 2007 TEDF request to install a transfer system to move green balls from the old less efficient balling drums to the new balling drums.

| | |
|--------------------|---------------|
| TEDF Grant | \$356,218 |
| Company | <u>86,983</u> |
| Project Total Cost | \$443,201 |

Project 6 – Tailings Basin Pipe Extension

This is a pay 2007 TEDF request to add an additional 3,000 feet of tailings pipe. This will allow better distribution of the fine tails.

| | |
|--------------------|----------------|
| TEDF Grant | \$69,401 |
| Company | <u>332,801</u> |
| Project Total Cost | \$402,202 |

U.S. Steel - Minntac



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: Sandy Layman
Commissioner

From: Dan Jordan
Mining Programs Supervisor

Date: October 11, 2012

**Re: U.S. STEEL - MINNTAC TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS
\$4,216,693**

Minnesota Statutes 298.227, authorize grants to Minnesota's taconite producers *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.

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Project 1 – Concentrator 4 x 10 Roughers

The Concentrator has 16 grinding lines used for magnetic separation of iron particles from the waste material. The existing 62 roughers, which are smaller in diameter, have been replaced with 31 larger roughers with double the magnetic strength. The installation of the new roughers increased the magnetic iron recovery by an estimated 1.64%.

| | |
|------------------------------|----------------|
| TEDF Grant | \$1,527,103 |
| Company | <u>372,897</u> |
| Estimated Project Total Cost | \$1,900,000 |

Project 2 – Centac Air Compressor

The Utilities Department at Minntac operates seven permanently installed air compressors. Two of the Centac mode compressors have reached the end of their useful life and require costly rebuilds every three to four years. These compressors were replaced with two more efficient compressors that require 450 less horsepower to produce the same rated volume of compressed air.

| | |
|------------------------------|---------------|
| TEDF Grant | \$290,582 |
| Company | <u>70,956</u> |
| Estimated Project Total Cost | \$361,538 |

Project 3 – Agglomerator Line 3 Scrubber

Minntac’s Agglomerator line 3 produces pellets with the kiln using natural gas and biomass fuels. The emissions control system for the grate-kiln waste gas stack was not capable of meeting the new Maximum Achievable Control Technology (MACT) standard of 0.01 gr/dscf. Non-compliance of the line 3 grate kiln system waste gas stack would have resulted in discontinued operations of the line and Minntac’s pellet production would have been reduced substantially.

| | |
|------------------------------|---------------|
| TEDF Grant | \$200,935 |
| Company | <u>49,065</u> |
| Estimated Project Total Cost | \$250,000 |

Project 4 – Concentrator 170-06-3 Variable Frequency Drive (VFD)

The existing VFD for the 170-06-3 pump in the Concentrator was old and obsolete. It was replaced with a new unit to avoid future production delays because spare parts for the unit were no longer available.

| | |
|------------------------------|---------------|
| TEDF Grant | \$110,906 |
| Company | <u>27,082</u> |
| Estimated Project Total Cost | \$137,988 |

Project 5 – Step I & II Bentonite Unloading

The Step I & II Agglomerator Bentonite Unloading Project involves automating the unloading of the bentonite from rail cars to the storage bins or to the individual day bins within the Step I & II Agglomerator.

| | |
|------------------------------|--------------|
| TEDF Grant | \$33,370 |
| Company | <u>8,148</u> |
| Estimated Project Total Cost | \$41,518 |

Project 6 – Materials Management Building

Maintenance materials are presently stored outside near the buildings in which they are to be used. The new addition would adequately provide storage space for maintenance materials that are now subject to damage from weather conditions.

| | |
|------------------------------|----------------|
| TEDF Grant | \$1,285,981 |
| Company | <u>314,019</u> |
| Estimated Project Total Cost | \$1,600,000 |

Project 7 – Centralized Fire Protection Monitoring/Protection

Eight areas at Minntac vital to sustained operations had inadequate fire protection systems as identified by Marsh USA. The new fire detection, fire suppression and radio-based fire alarm reporting systems were in the six-control/computer rooms and centralized monitoring equipment for the eight new alarm-reporting systems were installed at the Main gate.

| | |
|------------------------------|----------------|
| TEDF Grant | \$598,785 |
| Company | <u>146,215</u> |
| Estimated Project Total Cost | \$745,000 |

Project 8 – Agglomerator Line 5 Optimizing Control System (OCS)

The Agglomerator line 5 project is a research project aimed at applying advanced control technology never previously applied to a grate-kiln iron ore processing system. The OCS technology is a control platform with advanced tools designed specifically to aid in control and optimization of a mineral processing facility.

| | |
|------------------------------|---------------|
| TEDF Grant | \$119,426 |
| Company | <u>29,162</u> |
| Estimated Project Total Cost | \$148,588 |

Project 9 – Mobile Equipment Shop Boiler Room Corridor

The new steel framed corridor replaced a temporary inadequate structure erected from the steam room to the boiler room, which was hazardous to travel during the evening hours.

| | |
|------------------------------|---------------|
| TEDF Grant | \$49,606 |
| Company | <u>36,894</u> |
| Estimated Project Total Cost | \$86,500 |

Project 10 – Ore Movement Computer Software

The current Minntac Ore Movement software involves multiple automated systems and Keetac's system is essentially a manual system. The new system will bring both systems up-to date and will provide mechanical reports needed at both at the plants and the docks. The cost will be divided between Minntac and Keetac based on the percentage of billable shipment from each plant (Minntac 72% and Keetac 28%).

The total cost for each project is estimated. This project is being submitted for approval in the event that one or more of the prior project's final cost is significantly lower and an additional TEDF expenditure is necessary.

| | |
|------------------------------|----------------|
| TEDF Grant | \$0 |
| Company | <u>250,000</u> |
| Estimated Project Total Cost | \$250,000 |

U.S. Steel – Keetac



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

To: Sandy Layman
Commissioner

From: Dan Jordan
Mining Programs Supervisor

Date: October 11, 2012

**Re: U.S. STEEL - KEETAC TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS
\$1,724,273**

Minnesota Statutes 298.227, authorize grants to Minnesota’s taconite producers *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.

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Project 1 – Concentrator Mill Gear

Keetac has 10 Allis Chalmers Semi-Autogenous grinding mills which have reached the end of their serviceable life and need to be replaced.

| | |
|------------------------------|----------------|
| TEDF Grant | \$1,081,504 |
| Company | <u>264,088</u> |
| Estimated Project Total Cost | \$1,345,592 |

Project 2 – Materials Management Building

Maintenance materials are presently stored outside near the buildings in which they are to be used. The new addition would adequately provide storage space for maintenance materials that are now subject to damage from weather conditions.

| | |
|------------------------------|----------------|
| TEDF Grant | \$562,617 |
| Company | <u>137,383</u> |
| Estimated Project Total Cost | \$700,000 |

Project 3 – Mine Extension

The South Stevenson is an undeveloped mining area of approximately 160 acres near the Keetac crushers. Initial analysis of this area indicates an ore reserve U.S. Steel intends to mine. An intense effort of stripping and development was needed to expose this ore by 2008 when the mine plan calls for South Stevenson ore.

| | |
|------------------------------|----------------|
| TEDF Grant | \$80,152 |
| Company | <u>160,381</u> |
| Estimated Project Total Cost | \$240,533 |

Project 4 – Tailings Basin Fiber

The project involves installing fiber optic cabling from the plant computer to the Wolf Hill Substation, tailings basin entrances and building and the Reservoir 6 station where, prior to this project, no reliable communication line existed.

The total cost for each project is estimated. This project is being submitted for approval in the event that one or more of the prior projects’ final cost is significantly lower and an additional TEDF expenditure is necessary.

| | |
|------------------------------|----------------|
| TEDF Grant | \$0 |
| Company | <u>166,166</u> |
| Estimated Project Total Cost | \$166,166 |

Project 5 – Tails Pumping System Upgrade

The existing pumping system is operating at its maximum output and can no longer pump tailings to the farthest portions of the basin. Upgrading the pumping system will allow Keetac to continue to meet the production needs for the next 15 years.

The total cost for each project is estimated. This project is being submitted for approval in the event that one or more of the prior project’s final cost is significantly lower and an additional TEDF expenditure is necessary.

| | |
|------------------------------|----------------|
| TEDG Grant | \$0 |
| Company | <u>143,360</u> |
| Estimated Project Total Cost | \$143,360 |