

Meeting of the Iron Range Resources Board

Wednesday, May 21, 2008

5:00 p.m.

**Iron Range Resources Mining & Reclamation
Building
Chisholm, MN**

MEETING OF THE IRON RANGE RESOURCES BOARD
Wednesday, May 21, 2008
5:00 p.m.

TABLE OF CONTENTS

AGENDA.....	3
APPROVAL OF THE DECEMBER 13, 2007, MINUTES.....	4
TACONITE AREA ENVIRONMENTAL PROTECTION FUND.....	22
PUBLIC WORKS INFRASTRUCTURE GRANT	23
TACONITE AREA ENVIRONMENTAL PROTECTION FUND.....	24
WORKFORCE DEVELOPMENT GRANTS.....	25
COMMUNITY BUSINESS INFRASTRUCTURE GRANTS	27
SPECIAL PROJECTS	29
AGENCY CAPITAL REQUESTS	31
TACONITE AREA ENVIRONMENTAL PROTECTION FUND.....	35
PIKE RIVER ROAD AND ST. LOUIS COUNTY MAINTENANCE GARAGE PROJECTS	36
TACONITE ECONOMIC DEVELOPMENT FUND.....	38
NORTHSHORE MINING COMPANY.....	39
HIBBING TACONITE COMPANY	40

MEETING OF THE IRON RANGE RESOURCES BOARD
Iron Range Resources Mining & Reclamation Building
Chisholm, Minnesota
Wednesday, May 21, 2008 – 5:00 p.m.

Agenda

- 1) Roll Call
- 2) Approval of the December 13, 2007, Minutes
- 3) Commissioner's Comments
- 4) Taconite Area Environmental Protection Fund
Information only: Board approved on November 1, 2007
 - a) Public Works Infrastructure Grant
- 5) Taconite Area Environmental Protection Fund
Action required: Project approval requires 7 votes
 - a) Workforce Development Grants
 - b) Community Business Infrastructure Grants
 - c) Special Projects
 - d) Agency Capital Requests
- 6) Taconite Area Environmental Protection Fund
Nickel/Escalator Funds as referenced in Minnesota Statute 298.2961, Subd. 4, (e)
Action required: Project approval requires 7 votes
 - a) Pike River Road & St. Louis County Maintenance Garage Projects
- 7) Taconite Economic Development Fund
Action required: Project approval requires a majority vote of the quorum present
 - a) Northshore Mining Company
 - b) Hibbing Taconite Company
- 8) Adjournment

Approval of the December 13, 2007, Minutes

Meeting of the Iron Range Resources Board

**Thursday, December 13, 2007
10:00 a.m.**

**Iron Range Resources Board Room
Eveleth, Minnesota**

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 10:00 a.m. Present: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan. Absent: Senator Rod Skoe. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Gunnar Johnson, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Roy Smith, Workforce Development Coordinator; Dan Jordan, Mining Program Supervisor; Sheryl Kochevar, Communications & Media Coordinator; Laureen Hall, Executive Assistant; Joe Sertich, President, Northeast Higher Education District; and John Grahek, Financial Secretary, Iron Range Building and Construction Trades Council.

II. Approval of the November 1, 2007, Minutes

Citizen Shelley Robinson moved approval of the November 1, 2007, minutes. Seconded by Citizen Jack Ryan. Motion carried.

III. Commissioner Comments

Commissioner Sandy Layman updated the Board on the Community Redevelopment Program (residential demolition program) regarding the number of structures razed since the program was restarted this fall and discussed plans for the program to resume in the spring of 2008.

Mike Larson, a 23-year employee of the agency, was recognized for his years of state service. Mike will be leaving the agency and going to work for Short Elliot Hendrickson. Commissioner Layman welcomed the agency's newest employee, Jim Plummer, who was recently hired as a Laurentian Vision and Real Property Coordinator.

In response to a question by Representative Tom Anzelc as to whether Board members would have input regarding possible renegotiation of the terms of a loan to Excelsior Energy, which call for payment of accrued interest on December 31, 2007, Commissioner Layman replied that there has been staff and Board Liaison Group discussion; however, she said she would welcome and encourage additional Board input.

IV. Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

- a. Workforce Development Grants- Resolution No. 08-009

Motion by Senator Tom Bakk to approve the Workforce Development Grants as presented in Resolution No. 08-009. Seconded by Representative Tom Anzelc.

Motion by Citizen Joe Begich to amend the NOW, THEREFORE, IT IS RESOLVED clause of Resolution No. 08-009 by deleting the following from the resolution:

- 4. ***Eligible Individuals***
Yellow Ribbon Grant Program
Grant Amount: up to \$100,000
To provide grants of up to \$2,000 per person to assist returning veterans of the Global War on Terrorism in their pursuit of post secondary education programs that will help them to more effectively integrate into the Taconite Assistance Area workforce.

Motion carried to amend the original Bakk motion.

Senator Tom Bakk’s motion was restated to approve the Workforce Development Grants as presented in Resolution No. 08-009 and amended by Citizen Joe Begich. Seconded by Representative Tom Anzelc. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
WORKFORCE DEVELOPMENT PROJECT APPROVALS**

Resolution No.: 08-009

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 \$500,000 of TEPF Funds for Workforce Development Grants (“**Workforce Development Funds**”);

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such Workforce Development Funds for three local economic development projects as more specifically described below and in the Board packet materials presented to the Board which projects would be undertaken and implemented in the TAA (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, 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.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Workforce Development Funds to provide grants in the following amounts for the following Proposed Projects, each of which is more fully described in the Board packet materials presented to the Board:

- 1. Northeast Higher Education District
Hibbing Taconite/Mesabi Range Community and Technical College Industrial Mechanical Technology Program
Grant Amount: up to \$50,000**
For a “millwright” training program to be provided, at request of Hibbing Taconite (a Cliffs Mining Company operation), through specially scheduled evening classes at Mt. Iron for incumbent and new Hibbing Taconite workers who would be permitted by the company to maintain their work schedule and still take advantage of this educational opportunity.
- 2. Northeast Higher Education District
Applied Learning Initiative: A Renewal of Career and Technical Education
Grant Amount: up to \$100,000**
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 through a curriculum that will promote seamless transition of students from high school, into post-secondary institutions of the District, and then into the TAA workforce.
- 3. Northeast Higher Education District
Northeast Minnesota Workforce E-folio Project
Grant Amount: up to \$200,000**

To support the development of the “Northeast Minnesota Workforce E-folio” project that is intended to leverage the existing electronic resources of Minnesota State Colleges and Universities to better serve incumbent workers, high school and college students who are seeking employment opportunities within the TAA.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13th DAY OF DECEMBER 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

- b. Community Business Infrastructure Grants – Resolution No. 08-010

Motion by Representative Tom Rukavina to approve the Community Business Infrastructure Grants as presented in Resolution No. 08-010. Seconded by Senator Tom Saxhaug.

Motion by Senator Tom Bakk to amend the BE IT FURTHER RESOLVED clause of Resolution No. 08-010 to include the underlined phrase: 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 in the construction of the funded project and associated development, as indicated in, and to the extent required in, the Board’s Resolution 96-005.

Motion carried to amend the motion.

Representative Tom Rukavina’s motion was restated to approve the Community Business Infrastructure Grants as presented in Resolution No. 08-010 and amended by Senator Tom Bakk. 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 David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

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

Resolution No.: 08-010

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**”);

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such Business Infrastructure Funds for two 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 10:00 a.m. on December 13, 2007, 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 Business Infrastructure Funds to provide grants in the following amounts for the following Proposed Projects:

1. City of Mountain Iron

Grant Amount: up to \$300,000

For a project to provide water, sewer and roadway 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.

2. City of Nashwauk

Grant amount: up to \$160,000

For a project to provide 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.

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 in the construction of the funded project and associated development, as indicated in, and to the extent required in, the Board’s Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13th DAY OF DECEMBER 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

- c. Public Works Infrastructure Grants – Resolution No. 08-011

Motion by Senator David Tomassoni to approve the Public Works Infrastructure Grants as presented in Resolution No. 08-011. Seconded by Representative Loren Solberg. 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 David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

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

Resolution No.: 08-011

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Board Account monies made available under Minnesota Statutes Section 298.22 (“Board Funds”) and 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 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 Board Account and TEPF Funds for twenty-five local economic development projects as more specifically described in the packet materials as presented to the Board which would be undertaken and implemented in the TAA (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, 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 Board Account and TEPF Public Works Funds to provide grants to the applicants, in the amounts and for the purposes specified in the packet materials as presented to the Board at the said meeting.

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.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13th DAY OF DECEMBER 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

V. Taconite Economic Development Fund (TEDF)

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

- a. United Taconite

Motion by Representative Tom Rukavina to approve the United Taconite TEDF Grant Projects as presented in Resolution No. 08-012. Seconded by Citizen Joe Begich. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED TACONITE, LLC – PAY 2006 AND PAY 2007 FUND YEARS**

Resolution No.: 08-012

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to producers for projects that involve the acquisition of plant and stationary mining equipment and facilities or that involve the funding of research and development in Minnesota on new mining, or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer United Taconite, LLC (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the six (6) project (s) described in the attached Addendum A, each of which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on December 5, 2007, indicated to the Commissioner that it has approved all of the Proposed Projects identified in Addendum A;

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, to consider all of the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for all such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects are for Eligible Purposes and otherwise appear eligible to receive Pay 2006 and Pay 2007 TEDF Funds from the Commissioner for the Proposed Projects specified in Addendum A.

**Addendum A
UNITED TACONITE, LLC**

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

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13TH DAY OF DECEMBER 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

b. U.S. Steel - Minntac

Motion by Representative Tom Rukavina to approve the U.S. Steel - Minntac TEDF Grant Projects – Numbers 1, 2, 3, 4, and 5 as listed in Addendum A of Resolution No. 08-013. Seconded by Senator David Tomassoni. 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 David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
U.S. STEEL CORPORATION, MINNESOTA ORE OPERATIONS – MINNTAC
PAY 2007 FUND YEAR**

Resolution No.: 08-013

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to producers for projects that involve the acquisition of plant and stationary mining equipment and facilities or that involve the funding of research and development in Minnesota on new mining, or taconite, iron, or steel production technology (“**Eligible**

Purposes”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer U.S. Steel Corporation, Minnesota Ore Operations - Minntac (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the ten (10) project (s) described in the attached Addendum A, each of which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on November 21, 2007, indicated to the Commissioner that it has approved Proposed Project Numbers 1, 2, 3, 4, and 5 as listed in Addendum A;

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, to consider all of the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for all such Proposed Projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects are for Eligible Purposes and approves the release by the Commissioner of Pay 2007 TEDF Funds to the Applicant Producer in the amounts and for the purposes stated in Proposed Projects Numbers: 1 – Concentrator 4 x 10 Roughers; 2 – Centac Air Compressor; 3 – Agglomerator Line 3 Scrubber; 4 – Concentrator 170-06-3 Variable Frequency Drive; and 5 – Step I & II Bentonite Unloading as listed in Addendum A.

Addendum A
U.S. STEEL - MINNTAC

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 1	\$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

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13TH DAY OF DECEMBER 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

c. U.S. Steel - Keetac

Motion by Representative Tom Anzelc to approve the U.S. Steel - Keetac TEDF Grant Projects – Numbers 1, 3 and 5 as listed in Addendum A of Resolution No. 08-014. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
 OF THE STATE OF MINNESOTA
 TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
 U.S. STEEL CORPORATION, MINNESOTA ORE OPERATIONS – KEETAC
 PAY 2007 FUND YEAR**

Resolution No.: 08-014

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to producers for projects that involve the acquisition of plant and stationary mining equipment and facilities or that involve the funding of research and development in Minnesota on new mining, or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer U.S. Steel Corporation, Minnesota Ore Operations - Keetac (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the five (5) project (s) described in the attached Addendum A, each of which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee

consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on December 10, 2007, indicated to the Commissioner that it has approved Proposed Project Numbers 1, 3, 5 as listed in Addendum A;

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, to consider all of the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for all such Proposed Projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects are for Eligible Purposes and approves the release by the Commissioner of Pay 2007 TEDF Funds to the Applicant Producer in the amounts and for the purposes stated in Proposed Projects Numbers: 1 – Concentrator Mill Gear; 3 – Mine Extension; 5 – Tails Pumping System Upgrade as listed in Addendum A.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13TH DAY OF DECEMBER 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

**Addendum A
 U.S. STEEL – KEETAC**

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

VI. Adjournment

Meeting adjourned at 11:12 a.m.

Taconite Area Environmental Protection Fund

Information only: Board approved on November 1, 2007

- a) Public Works Infrastructure Grant

Public Works Infrastructure Grant



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: May 21, 2008

Re: PUBLIC WORKS INFRASTRUCTURE GRANT PROJECT - \$80,000

FOR INFORMATION ONLY – NO IRON RANGE RESOURCES BOARD APPROVAL REQUIRED
The Board approved \$480,000 for this project on November 1, 2007; however, the Commissioner initially recommended and the Governor approved only \$400,000 for the project.

City of Ely

Grant amount: \$80,000

The project is comprised of infrastructure and site improvements for the construction of a 48-unit assisted living facility next to the Ely Hospital. The project is expected to create 17 FTE at an average wage of \$11-\$12 per hour, plus benefits. The project has incurred cost overruns, the most significant of which is due to the discovery and removal of the foundation of the former Lincoln School from the site. Eligible expenses are those incurred since March 17, 2008.

<u>USES</u>		<u>SOURCES</u>	
Site work & utility location	\$546,650	Iron Range Resources	\$80,000
Water & sewer/City	234,000	Applicant	234,000
Building	3,591,878	Private	3,658,528
		Iron Range Resources FY08	400,000
TOTAL	\$4,372,528	TOTAL	\$4,372,528

Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

- a) Workforce Development Grants
- b) Community Business Infrastructure Grants
- c) Special Projects
- d) Agency Capital Requests

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: \$150,000 IN WORKFORCE DEVELOPMENT GRANTS

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
Industrial Technology: Power Generation
Grant Amount: \$100,000

The Northeast Higher Education District is requesting \$100,000 to design a new, 60 credit power generation program, academic certificates in renewable energy sources (biofuels, biomass, wind, solar, etc.) and customized training modules in traditional power generation and renewable energy programming. Minnesota's leadership and interest in renewable power generation, energy conservation and carbon reduction provides the foundation for the development of new programming in these venues for the colleges of the District.

<u>USES</u>		<u>SOURCES</u>	
Equipment	\$135,000	Iron Range Resources	\$100,000
Custom Training Modules	\$30,000	Applicant	\$62,000
Curriculum Development	\$82,000	Legislative Allocation	\$267,000
Project Consultant	\$15,000		
Pilot Project Site Preparation	\$167,000		
TOTAL	\$429,000	TOTAL	\$429,000

**Itasca Community College
Lean Healthcare
Grant Amount: \$50,000**

Itasca Community College, a member of the Northeast Higher Education District, has been collaborating with multiple rural medical facilities in Northeastern Minnesota to deliver Lean Healthcare training. This training is vital to healthcare facilities throughout rural Northeastern Minnesota and the college realizes the need to progressively develop skills to meet the continuous workforce challenges of this industry sector. Itasca Community College requests \$50,000 from the Workforce Development Grants Program to defray the costs of implementation and training in Lean Healthcare. Trainers certified through this process will have the capacity to deliver training at other rural healthcare facilities in the region at rates that are affordable to rural hospitals, clinics and long term care facilities.

<u>USES</u>		<u>SOURCES</u>	
Lean Assessment and Plan Development	\$35,000	Iron Range Resources	\$50,000
Implementation and Training	\$202,900	Grand Itasca Clinic and Hospital	\$120,500
		Minnesota Job Skills Partnership	\$35,000
		Itasca Community College	\$32,400
TOTAL	\$237,900	TOTAL	\$237,900

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: May 21, 2008

Re: COMMUNITY BUSINESS INFRASTRUCTURE GRANT PROJECTS - \$320,000

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: \$90,000. *The additional \$80,000 to pay for infrastructural over-run costs for the Ely assisted living project also will be deducted from the FY08 Community Business Infrastructure allocation.*

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 Silver Bay

Grant Amount: \$120,000

The project is comprised of water, sewer and road extensions to the Mary MacDonald School to allow for business expansion. This project is expected to retain 26 FTE and create 15-20 FTE.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, road & site improvements	\$120,000	Iron Range Resources	\$120,000
Roof	300,000	Applicant/Other	630,000
Windows	200,000	Lake County	250,000

Iron Range Resources Board Meeting

Wednesday, May 21, 2008

Sprinkler System	180,000		
ADA Improvements	160,000		
A & E	40,000		
	TOTAL	\$1,000,000	TOTAL \$1,000,000

City of Virginia

Grant Amount: \$200,000

The project is comprised of water, sewer, utilities and road extension for the relocation and expansion of Idea Drilling to the northern industrial park. This project is expected to retain 20 FTE and create 20 FTE.

<u>USES</u>		<u>SOURCES</u>	
Building & land purchase	\$650,000	Iron Range Resources	200,000
Building addition	250,000	Applicant	722,000
Road	725,000	Private	933,182
Water, sewer, & site improvements	230,182		
	TOTAL	TOTAL	\$1,855,182

Special 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: Sandy Layman
 Commissioner

From: Mathew Sjoberg
 Director of Development Strategies

Date: May 21, 2008

Re: SPECIAL PROJECTS - \$730,000

Staff has determined that the following projects are ready for Board action to avoid potential delays in their commencement.

City of Nashwauk
Grant Amount: \$200,000

This project is comprised of infrastructure and site improvements for the expanded 42-unit assisted living facility, which is expected to create 40-45 jobs. The agency provided a grant of \$250,000 under its public works program in 2008 for the originally planned 28 units of assisted living.

	<u>USES</u>		<u>SOURCES</u>
Infrastructure & site improvements	\$462,200	Iron Range Resources	\$ 200,000
Assisted living building	4,200,000	Applicant	12,200
		Private	4,200,000
		Iron Range Resources FY08	250,000
TOTAL	\$4,662,200	TOTAL	\$4,662,200

Minnesota Humanities Center
Grant Amount: \$130,000

Iron Range Resources will support a documentary of the Minnesota Humanities Center's *Building America: Minnesota's Iron Range, U.S. Industrialization and the Creation of a World Power* program that will be offered to educators in June and July, 2008. The Minnesota Humanities Center received a \$140,000 grant from the National Endowment of the Humanities to provide educators from around the nation with two, week-long workshops focusing on the history and activities of the Vermilion and the Mesabi Iron Ranges.

In addition to these workshops, the program will include the creation of a *Building America—Minnesota's Iron Range* documentary DVD focused on the themes central to these workshops. This legacy piece is an educational resource designed to capture the nature of the workshops in a more public format. It will support practical classroom application of the workshop themes and will provide content for broadcast on Twin Cities Public Television's Minnesota Channel and on public television stations nationwide. The total production expense for this documentary DVD is estimated to be \$228,706. Iron Range Resources funding of \$130,000 is contingent upon the grantee securing adequate funds from other sources to complete the project.

<u>USES</u>		<u>SOURCES</u>	
Documentary Production Budget	\$228,706	Iron Range Resources	\$ 130,000
		Other	98,706
TOTAL	\$228,706	TOTAL	\$228,706

City of Chisholm
Grant Amount: \$400,000

This project consists of water and sewer for the St. Louis County Fairgrounds located in Chisholm, Minnesota. Agency money would be restricted to construction of water and sewer infrastructure. Additional sources of funding would need to be secured to cover the cost of the bathroom buildings and any infrastructural shortfall.

<u>USES</u>		<u>SOURCES</u>	
Phase 1 water and sewer	\$1,029,000	Iron Range Resources	\$ 400,000
Phase 2: East parking lot extension	342,000	CIRSSD (tentative)	400,000
Ironworld loop	<u>62,000</u>	HF3149 (Tax Bill)	<u>569,000</u>
Subtotal	\$1,433,000	Subtotal	\$1,369,000
Bathroom buildings	720,000	Other	784,000
TOTAL	\$2,153,000	TOTAL	\$2,153,000

Agency Capital Requests



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: Marianne Bouska
Strategic Results

Date: October 11, 2012

Re: \$800,000 FOR IRONWORLD CAPITAL IMPROVEMENTS

PURPOSE

The nonprofit Ironworld Development Corporation (IDC) has managed Iron Range Resources facilities at Ironworld under a Sublease/Management Agreement since January 2007. The agreement provides for annual agency capital improvement funding to address emergency, health and safety, or facility infrastructure and building integrity issues.

IDC Capital Improvements Grant Amount: \$800,000

IDC requests funds for eight priority capital improvements that include heating and cooling, humidification, roof repairs and window replacement.

<u>USES</u>		<u>SOURCES</u>	
HVAC units for the kitchen and overlook gallery	\$145,000	Iron Range Resources	\$800,000
Archives humidifiers	\$20,500		
Boiler repairs	\$57,500		
Trolley truck replacement	\$20,000		
Kitchen and restaurant roof replacement	\$340,000		
Overlook gallery window replacement	\$217,000		
TOTAL	\$800,000	TOTAL	\$800,000

1. Kitchen and overlook gallery Heating, Ventilation, Air Conditioning (HVAC) units – \$145,000

Kitchen HVAC – There is a single unit providing A/C to the kitchen and dining hall area up to the Hall of Geology. Without A/C this area becomes unusable during the summer. Cost is for complete unit replacement, crane rental, electrical and line testing.

Overlook gallery HVAC – There are 4 units on the roof of the Overlook gallery; 2 have failed and 2 work only intermittently. Replacement units are \$15,000 each. The additional costs include rental of a crane to remove old units and install the new, plus electrical and line testing.

2. Archives humidifiers – \$20,500

Two units failed years ago and were never repaired. These units ensure humidity control for collections. Cost is \$19,000 for two units, and \$750 per unit for electrical work.

3. Heating plant re-tube (gas and fuel oil boilers) – \$57,500

The gas boiler failed in February 2008. The fuel oil boiler, which is the backup heat source, is the same age, uses the same water and hence is in similar condition. Therefore, the oil unit also must be repaired in order to be available should there be a problem with the primary heat source.

4. Glen trolley truck repair – \$20,000

Previous brake work has caused excessive wear on brakes and trucks, creating a safety hazard. This is a backup to the main trolley and must be repaired in case of equipment failure on the primary.

5. Kitchen and restaurant roof replacement – \$340,000

Leaking due to a failed membrane necessitates complete roof replacement. If a leak should spring over the kitchen or dining hall, the health department would shut the food and beverage operation down until a complete repair is made. This roof is covered with earth so it includes excavation, assessment and replacement.

6. Overlook gallery window replacement – \$217,000

The windows in the gallery have a 20-year life span and are over 30 years old. As a result, more than $\frac{3}{4}$ of the seals have failed, and create an environmental, as well as safety hazard for the museum. Complete failure of a window could occur at any time and create a need for emergency action and repair, which could result in the closure of the gallery space until repairs were completed.

Giants Ridge Golf & Ski Resort

6325 Wynne Creek Drive
Biwabik, MN 55708
1-800-688-7669
FAX: 218-865-3027



To: Sandy Layman
Commissioner

From: Linda Johnson
Managing Director

Date: May 16, 2008

Re: **SNOWMAKING SYSTEM UPGRADE – \$1,100,000**

PURPOSE

The snowmaking system at Giants Ridge is used to produce man-made snow that helps ensure our mountain opens earlier than it would if we relied only on natural snowfall. The current system is 24 years old. When it was installed in 1984, the mountain operations were substantially smaller than they are today. In 1984, Giants Ridge had 14 guns and 20 runs. Since that time, 15 additional runs have been added, doubling the area we must cover with snow. Also, 18 guns were added to operations, totaling 32 guns, more than doubling the number of guns feeding off the system. The current system is outdated and was designed to support a maximum of 22 guns.

A new snowmaking system would:

- 1) Provide the water and pressure necessary to produce a quality product in a more cost effective manner
- 2) Reduce the time required to make snow
- 3) Allow snow to be made in temperatures above 15 degrees
- 4) Provide enough pressure at the top of hill to produce smaller droplets which freeze easier at warmer temps
- 5) Provide a larger line that is needed to supply all of our snowmaking guns with ample water and pressure

ADDITIONAL INFORMATION

Preliminary work to date includes inspection, analysis and engineering design in the form of bidding documents. The work was completed by Barr Engineering and Torrent Engineering in cooperation with Landecker & Associates. The following conclusions and recommendations were made:

- 1) The existing pumping system does not have the capacity to meet the target flowrate of 3,000 gpm.

- 2) While the existing pumps appear to be in adequate condition, an additional four pumps are needed.
- 3) Replacement equipment should include new isolation valves, check valves and flowmeters that are consistent with the state of the industry at this time.
- 4) The need for additional pumps will require a larger pumphouse and second wet well.
- 5) The existing lake intake does not have the capacity required for the proposed upgrade; a second larger intake should be added.
- 6) The existing supply line consists of an 8-inch pipe, no longer sufficient in size to provide adequate water to all guns. Guns placed on the top of the hill are starving from lack of water and pressure. As a result, most spray nozzles are cut back dropping snow production to a minimum at those guns. Lower pressure also creates a larger water drop and wet snow. A new 12-inch line should be installed.
- 7) The existing electrical service is not adequate for the anticipated additional pump loads and a new electrical service to the building will be required.

Pumphouse Expansion and Upgrade	\$840,000
Piping System Expansion	230,000
Existing Upper Valve House	36,000
Construction Supervision	<u>64,000</u>
TOTAL	\$1,170,000

Taconite Area Environmental Protection Fund

Nickel/Escalator Funds as referenced in Minnesota Statute 298.2961, Subd. 4, (e)

Action required: Project approval requires 7 votes

Pike River Road and St. Louis County Maintenance Garage Projects

Pike River Road and St. Louis County Maintenance Garage Projects

IRON RANGE RESOURCES AND REHABILITATION BOARD OF THE STATE OF MINNESOTA PIKE RIVER ROAD AND ST. LOUIS COUNTY MAINTENANCE GARAGE PROJECT APPROVALS

Resolution No.: 08-015

WHEREAS, Minnesota Statutes 2006, Section 298.28, Subd. 9b, provides that five cents per ton of the taconite production tax revenues available for distribution under Minnesota Statutes Section 298.28 (the “**Nickel Funds**”), shall be paid into the taconite environmental fund for use under Minnesota Statutes Section 298.2961, Subd. 4 (“**Subdivision 4**”); and,

WHEREAS, Minnesota Statutes 2006, Section 298.28, Subd. 10(b), provides that an amount equal to the amount of taconite production taxes generated by the so-called implicit price deflator as therein referenced for taconite production taxes for taxes paid in 2005 (the “**Escalator Funds**”) shall be distributed in calendar year 2005 and in the years thereafter into the grant and loan fund established in Subdivision 4; and,

WHEREAS, Laws of Minnesota for 2008, Chapter 154, Article 8, Section 13 (the “**Act**”), specifies that funds available for distribution in 2008 under the said Subdivision 4, (e) are to be allocated as follows:

- The first \$2,000,000 of the 2008 distribution must be paid to St. Louis County for deposit in the county road and bridge fund to be used for the relocation of St. Louis County Road 715, commonly known as the Pike River Road (“**Pike River Road Project**”); and,
- The remainder of the 2008 distribution must be paid to St. Louis County for a grant to the City of Virginia for connecting sewer and water lines to the St. Louis County maintenance garage on Highway 135, further extending the lines to interconnect with the city of Gilbert’s sewer and water lines (the “**St. Louis County Maintenance Garage Project**”).

WHEREAS, the combined amount of the Nickel Funds and the Escalator Funds available for distribution in 2008 from the grant and loan fund established in Subdivision 4, (e) is \$3,157,554;

WHEREAS, the Act provides that any grant or loan made pursuant to the provisions of Subdivision 4, (e) must be approved by a majority of the members of the Board;

WHEREAS the Board met in open session in Chisholm, Minnesota, on May 21, 2008, to consider, among other matters, whether, and if so in what form, the funds made available by law under the provisions of Subdivision 4, (e) should be allocated for the Pike River Road Project and the St. Louis County Maintenance Garage Project.

NOW, THEREFORE, BE IT RESOLVED THAT the Board hereby approves the distribution of the Nickel Funds and the Escalator Funds made available in 2008 under Minnesota Statutes

Section 298.2961, Subdivision 4, (e) as grants to St. Louis County in the amount of \$2,000,000 for the Pike River Road Project and to St. Louis County in the amount of \$1,157,554 for the St. Louis County Maintenance Garage Project, subject to the conditions that the grants are to be:

- Funded and made available to the respective grantees when and as the specified taconite production tax amounts are received and distributed into the Subdivision 4, (e) fund in 2008, and,
- Made by the Commissioner in a form of grant and subject to such grant conditions as are customarily contained in other agency grants of similar amounts and purposes.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21st DAY OF MAY 2008.

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

Signed: _____
 Representative David Dill, Chair

Taconite Economic Development Fund

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

- a) Northshore Mining Company
- b) Hibbing Taconite Company

Northshore Mining Company



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: NORTHSHORE MINING TACONITE ECONOMIC DEVELOPMENT FUND PROJECT
(PROD 2006, PAY 2007) \$1,547,563**

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 – Reactivation of Concentrator Section 9

With the reactivation of Furnace 5 providing additional pellet production capacity, additional concentrate sections will be required, since the eleven existing concentrate sections do not have the capacity to supply Furnace 5 feed. This requires the refurbishment of two idle concentrator sections – sections 9 and 10. These sections, along with Furnace 5, have been idle since the early 80's.

Furnace 5 provides an additional 800,000 of annual pellet capacity; each concentrator section provides 400,000 tons of concentrate supply capacity.

TEDF Grant	\$1,547,563
Company	<u>997,729</u>
Estimated Project Total Cost	\$2,545,292

Hibbing Taconite Company



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: HIBBING TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS
(PROD 2006, PAY 2007) \$2,445,674**

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 #4 Discharge End Shell and Trunnion

An excessive amount of erosion wear to the interior of the mill shell has occurred due to fine material finding its way under the mill liners and “racing” around the shell. Replacing this shell along with a new design trunnion cast will eliminate the interior step design which is the original cause of the wear. This will restore the mill to full utility for the life of the mine, which will enable maximum production scenarios with all mills properly operating. Since there is a long lead time of 50 weeks for replacement, a potential loss of at least 900,000 tons would occur on an annual basis if this mill were to break down.

TEDF Grant	\$1,754,823
Company	<u>428,608</u>
Project Total Cost	\$2,183,431

Project 2 – Mill #2 Gear Replacement

The main gear on mill #2 was installed in 1981 and gear inspections have revealed problems with tooth wear, porosity issues and, recently, indications of spalling are increasing. This recent spalling and cracking have increased the vulnerability of complete failure and the need for replacement. Failure to replace this gear combined with a failure of the gear would result in a loss of at least 870,000 tons on an annual basis.

TEDF Grant	\$690,851
Company	<u>854,802</u>
Estimated Project Total Cost	\$1,545,653