

Thursday, August 19, 2010
9:00 a.m.
Iron Range Resources
Eveleth, Minnesota

1) Roll Call

Senator David Tomassoni, Chair, called the meeting to order at approximately 9:12 a.m.
Present: Representative Tom Anzelc, Representative David Dill, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Citizen Joe Begich, Citizen Shelley Robinson, Citizen Jack Ryan. Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe. Minute Taker: Laureen Hall, Executive Assistant.
Also present: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Al Becicka, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Jean Dolensek, Chief Financial Officer; Roy Smith, Workforce Development Coordinator; Dave Hart, Loan Officer Sr., Supervisor; Richard Walsh, Community Development Representative; Mary Somnis, Tourism Coordinator; Jim Plummer; Laurentian Vision/Land Coordinator; Janette Paul, Executive Assistant; Linda Johnson, Giants Ridge® Director; Sheryl Kochevar, Marketing & Communications Coordinator; Dan Jordan, Mining Program Coordinator; Tom Micheletti, Co-President, Excelsior Energy, Inc.

2) Approval of the June 17, 2010, Minutes

Citizen Shelley Robinson moved approval of the June 17, 2010, minutes. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

3) Taconite Area Environmental Protection Fund

Action required: Approval requires 7 votes

a) Public Works Grants

i) Grant Amendments – Resolution No. 11-008

Representative Tony Sertich moved approval of Public Works grant amendments for the cities of Virginia, Calumet and Hibbing, as presented in Resolution No. 11-008, not to exceed \$650,000. Seconded by Representative Tom Anzelc. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom

Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson, Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

ii) Grant Amendments/FY11 Public Works Projects – Amend Resolution Nos. 11-008 & 11-009

Representative Tom Anzelc moved to amend both Resolution No. 11-008 and 11-009 by adding the prevailing wage language from Board Resolution No. 96-005 to both resolutions. Seconded by Representative Loren Solberg. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

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

Resolution No.: 11-008

WHEREAS, the Commissioner is authorized to expend, upon approval of seven 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, on December 31, 2007, the Board approved a \$300,000 grant of TEPF Funds to the City of Virginia for infrastructure for a housing development project in the Fairview area of the city, of which \$150,000 is no longer needed for such project; and

WHEREAS, on September 23, 2008, the Board approved a \$200,000 grant of TEPF Funds to the City of Calumet for infrastructure for a 20-unit housing development project, of which the entire \$200,000 is no longer needed for such project; and

WHEREAS, on September 8, 2009, the Board approved a \$350,000 grant of TEPF Funds to the City of Hibbing for infrastructure for commercial development on Newberg Road, of which \$300,000 is no longer needed for such project; and

WHEREAS, the Commissioner has received proposals from each of the cities referenced above for the expenditure of the remaining amounts of the previously approved and unspent TEPF Funds for those certain business infrastructure and economic development projects that are more specifically described in the Board packet materials provided to the Board, which materials are hereby incorporated by reference into this resolution (“**Proposed Projects**”); and

WHEREAS, approval of the Proposed Projects requires amending the above-referenced grant approvals and any grant contracts subsequently executed; and

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the amounts of TEPF Funds for the purposes and in the amounts specified for the Proposed Projects would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves amending the above-referenced grant approvals and any subsequent grant agreements executed and the expenditure of up to \$650,000 of previously approved TEPF Funds as grants for the Proposed Projects in the amounts and for the purposes set forth in the Board packet materials.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of such TEPF Funds for the Proposed Projects remains contingent upon the agency, in its amended grant contracts, requiring the grantees to commit to the payment of prevailing wages for the funded projects 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 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	10	0	0	3

Signed: _____
Senator David Tomassoni, Chair

Citizen Joe Begich moved approval of the FY11 Public Works projects, as presented then amended, in Resolution No. 11-009, not to exceed \$4,000,000. Seconded by Representative Loren Solberg. Citizen Jack Ryan abstained from the vote due to his involvement with the Chisholm Hibbing Airport Authority, which was included in the request for FY11 Public Works grant funds. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson

Voting Against the Motion: None

Abstain: Citizen Jack Ryan

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

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

Resolution No.: 11-009

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

WHEREAS, the agency’s approved FY 2011 Budget includes the allocation of \$4,000,000 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”); and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$4,000,000 of such TEPF Public Works Funds for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, 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 TAA; and

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$4,000,000 of TEPF Public Works Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of TEPF Funds for the Bigfork Valley Hospital, Bois Forte, Chisholm, Hibbing, Orr and Virginia Proposed Projects is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board’s Resolution 96-005.

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

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	9	0	1	3

Signed: _____
 Senator David Tomassoni, Chair

**EXHIBIT A
 FY11 PUBLIC WORKS INFRASTRUCTURE GRANTS**

City of Aurora

Grant amount: \$100,000

The project is comprised of replacing water, sewer and sanitary sewer lines and asphalt removal/restoration in two alleys on the North side of town, which will correct a serious health/safety issue caused by the deterioration of the water and sewer lines in the area. The project is expected to create 3 FTE construction jobs.

USES

SOURCES

3 rd Ave NW Infrastructure	\$131,700	Iron Range Resources	\$100,000
3 rd Ave NE Infrastructure	151,000	Applicant	127,510
Engineering, Contingency	84,810	St. Louis Cty CDBG Grant	140,000

TOTAL	\$367,510	TOTAL	\$367,510
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City of Babbitt

Grant Amount: \$100,000

The project is comprised of Phase 1 of replacing and relining sanitary sewer lines and replacing the water main on Dogwood Street. The project is expected to create 8.3 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Sewer, Water Lines	\$160,000	Iron Range Resources	\$100,000
Engineering, Contingency	40,000	Applicant	100,000
TOTAL	\$200,000	TOTAL	\$200,000

Bigfork Valley Hospital

Grant Amount: \$220,000

The project is comprised of relocation of the sewer main, new access road, water, sewer and site work for: the construction of a new chemotherapy treatment space, conference room and wellness area; expansion of the pharmacy, dining, kitchen and gift shop areas, and restrooms. The project is designed to accommodate the future expansion of an assisted living complex and senior townhomes at the hospital, and is expected to create 33 FTE construction jobs and 4 new permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Renovation, Expansion	\$4,156,353	Iron Range Resources	\$220,000
Infrastructure, Site Work	726,587	Applicant/USDA Loan	3,922,940
		USDA-REDLG Loan	740,000
TOTAL	\$4,882,940	TOTAL	\$4,882,940

City of Biwabik

Grant Amount: \$100,000

The project is comprised of Phase 1 of rehabilitating and replacing the sanitary sewer lines in the southeast section of the city along 6th Avenue South, which leads to the city's business park. The city has recently located one tenant which employs 12 people in their industrial park. Completion of this project will help open up additional lots. The project also will help to reduce inflow and infiltration problems and is expected to create 3 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Sanitary Sewer Lines	\$290,000	Iron Range Resources	\$100,000
Engineering, Contingency	60,000	Applicant	49,912
		Taconite Tax	200,088
TOTAL	\$350,000	TOTAL	\$350,000

Bois Forte Reservation

Grant Amount: \$250,000

The project is comprised of water, sewer, road and site work for the construction of 20 units of housing for the homeless, and is expected to create 28 FTE construction jobs and 2 new permanent jobs. The Bois Forte Band has extensive experience in housing development, having built over 93 new homes.

<u>USES</u>		<u>SOURCES</u>	
Housing	\$2,940,615	Iron Range Resources	\$250,000
Water, Sewer, Roads	498,070	Applicant	206,766
Engineering, Contingency	557,081	MN Housing Finance Loan	3,500,000
		Greater MN Housing Fund	14,000
		Grant	
		Center for Support	25,000
		Housing Grant	
TOTAL	\$3,995,766	TOTAL	\$3,995,766

City of Buhl

Grant Amount: \$200,000

The project is comprised of water main replacement and road reconstruction on Sharon and Jones Streets. The city has invested over \$1.8 million in infrastructure improvements in 2008 and 2009. The project is expected to create 1.5 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water Main Replacement	\$528,000	Iron Range Resources	\$200,000
Road Reconstruction		Applicant	328,000
Engineering			
TOTAL	\$528,000	TOTAL	\$528,000

City of Chisholm

Grant Amount: \$250,000

The project is comprised of replacing water, sewer and roads on 6th Street SW from 4th Avenue to the industrial/business park to aid in the construction of a new \$3 million dollar commercial building. The project is expected to create 31 FTE construction jobs and 15 new permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Commercial Building	\$3,000,000	Iron Range Resources	\$250,000
Infrastructure	672,057	Applicant	250,050
Engineering, Contingency	252,022	Private	3,000,000
		US Army Corp 569 Grant	224,029
		St. Louis Cty CDBG Grant	200,000
TOTAL	\$3,924,079	TOTAL	\$3,924,079

Chisholm-Hibbing Airport Authority

Grant Amount: \$300,000

The project is comprised of remodeling and restoring the 12,000 sq. ft. Arrowhead Hanger building, as well as a road access/apron for a new business, including: replacement of the hanger floor, in-floor heating, sprinkler system, new wiring and outlets, air handling equipment, floor drain, water piping, insulation of exterior walls, new windows and doors, and installation of a new ceiling. The project is expected to create 7 FTE construction jobs and 10 new permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Building Renovation	\$582,000	Iron Range Resources	\$300,000

Infrastructure	116,000	Applicant	200,000
A & E	147,000	Private	2,000,000
Equipment	2,000,000	DEED Grant	250,000
		MNDOT Aeronautic Grant	95,000
TOTAL	\$2,845,000	TOTAL	\$2,845,000

City of Coleraine

Grant Amount: \$150,000

The project is comprised of construction of a sludge storage building and the installation of Bioset processing equipment at the Coleraine/Bovey/Taconite waste treatment plant. Upon completion, the improvements will increase capacity for future development in the three cities. The project is expected to create 6 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Bioset Processing Equip	\$730,500	Iron Range Resources	\$150,000
Sludge Storage Building	347,000	Applicant/Cities	125,800
Engineering	25,800	Army Corp 569 Grant	827,500
TOTAL	\$1,103,300	TOTAL	\$1,103,300

City of Crosby

Grant Amount: \$140,000

The project is comprised of the purchase and installation of an automatic-read radio transmission and receiver system for the city's water system and major upgrades to the system. The upgrades include: two new wells, one rehabilitated well, a new treatment plant, a new 200,000 gallon storage tower and a new 4000 ft. water line from well to treatment plant. The project is expected to create 20-35 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water Plant Upgrades	\$4,700,000	Iron Range Resources	\$140,000
Equipment	143,107	Applicant	3,107
		Public Facility Authority	4,700,000
		Loan	
TOTAL	\$4,843,107	TOTAL	\$4,843,107

City of Eveleth

Grant Amount: \$250,000

The project is comprised of replacement of water, sewer and roads on Grant/Park Avenue and an infrastructure extension to the northeast part of the city; thereby reducing inflow and infiltration problems, which increase the operating cost of the waste treatment plant and cause sewage backups into home. The project is expected to create 25 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Street Reconstruction	\$2,141,496	Iron Range Resources	\$250,000
Storm Sewer Replacement	417,859	Applicant	189,044
Water System Replacement	243,018	Minnesota Street Aid Grant	2,371,318
Sewer Replacement	209,027	St. Louis Cty CDBG Grant	275,000
N.E. Infrastructure Extension	314,937	Taconite Tax	329,917

Engineering	88,942		
TOTAL	\$3,415,279	TOTAL	\$3,415,279

City of Gilbert

Grant Amount: \$200,000

The project is comprised of water treatment facility improvements to include: aerator, electrical controls, valves, doors and windows, as well as the replacement of sanitary sewer lines on Wisconsin, Indiana and Iowa avenues. The project is expected to create 8 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water Plant Improvements	\$200,000	Iron Range Resources	\$200,000
Sanitary Sewer Lines	110,000	Applicant	200,000
Iowa Ave Reconstruction	90,000		
TOTAL	\$400,000	TOTAL	\$400,000

City of Grand Rapids

Grant Amount: \$300,000

The project is comprised of water, sewer and roads to the Forest Hills housing project and an adjunct area for the construction of a new \$4 million dollar elementary school. The project will serve 38 lots and 18 existing single-family homes. The project also will address water delivery issues, providing a looping system that will improve water flow, fire safety/suppression and allow the school to be built. It is estimated that the development of the residential area will add \$5.7 million in new tax base. The project is expected to create 10 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
School Development	\$4,000,000	Iron Range Resources	\$300,000
Infrastructure	723,477	Applicant	423,477
		Private	4,000,000
TOTAL	\$4,723,477	TOTAL	\$4,723,477

City of Hibbing

Grant Amount: \$200,000

The project is comprised of water, sewer, road and site work for the Phase 1 construction of a 30-unit, affordable multi-family apartment complex. Phase 1 also includes infrastructure for eight single-family homes for which IRR monies will not be used. Phase 2 will include the construction of two additional 30-unit complexes and other single-family homes for a total of 150 new housing units on the 39 acre site. The developer is very experienced and has previously worked with the agency. Phase 1 will add \$3.85 million dollars in new tax base and create 15 FTE and 20 part-time construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Housing	\$3,850,000	Iron Range Resources	\$200,000
Infrastructure, Site Work	721,000	Applicant	200,000
Land	175,000	IRR FY10 Grant Amended	300,000
		Private Housing	4,046,000
TOTAL	\$4,746,000	TOTAL	\$4,746,000

City of Hoyt Lakes

Grant Amount: \$91,500

This project is comprised of storm sewer replacement and reconstruction of the road at the intersection of Westover Road and Kensington Drive. The proposed project serves two businesses and the public works facility and is expected to create 1 FTE construction job.

<u>USES</u>		<u>SOURCES</u>	
Storm Sewer, Street	\$94,366	Iron Range Resources	\$91,500
Engineering, Contingency	23,591	Applicant	26,457
TOTAL	\$117,957	TOTAL	\$117,957

City of Ironton

Grant Amount: \$50,000

The project is comprised of replacement of sewer lines that serve three businesses on Highway 210 and west of city hall along Third Street, and a water line replacement along Irene Avenue and 6th Street. The project is expected to create 2.3 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Sewer Line Replacement	\$93,000	Iron Range Resources	\$50,000
Engineering, Contingency	28,300	Applicant	71,300
TOTAL	\$121,300	TOTAL	\$121,300

City of McKinley

Grant Amount: \$28,500

The project is comprised of short-term improvements to the city's water plant to address a violation notice from the MPCA and a long-term feasibility study to connect to adjacent city. Short-term equipment includes: a turbidity meter and chart recorder, laptop computer for recording data, media filter installation and existing media removal and installation. Eligible expenses include those incurred since October 1, 2009.

<u>USES</u>		<u>SOURCES</u>	
Equipment	16,500	Iron Range Resources	\$28,500
Engineering, Tech Support	21,000	St. Louis Cty CDBG Grant	16,500
Feasibility Study	7,500		
TOTAL	\$45,000	TOTAL	\$45,000

City of Meadowlands

Grant Amount: \$10,000

The project is comprised of sanitary sewer replacements on Spruce Street, which would relieve health and safety concerns regarding sewage backups into local businesses, homes and the community center.

<u>USES</u>		<u>SOURCES</u>	
Sewer Replacement	\$24,000	Iron Range Resources	\$10,000
		Applicant	14,000
TOTAL	\$24,000	TOTAL	\$24,000

City of Mountain Iron**Grant Amount: \$150,000**

This project is comprised of replacing and upgrading the aeration system at the waste water treatment plant, which will address MPCA sewer violations and allow the city to move forward with future expansions. The project is expected to create 5 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Wastewater Treatment	\$300,000	Iron Range Resources	\$150,000
Plant Improvements		Applicant	150,000
TOTAL	\$300,000	TOTAL	\$300,000

City of Orr**Grant Amount: \$300,000**

The project is comprised of water, sewer, road and site work for the construction of 20 units of assisted living on a 17.5 acre site. The developer has built 21 similar facilities in the state. The project is expected to create 37 FTE construction jobs, 12 FTE permanent and 10 part-time jobs.

<u>USES</u>		<u>SOURCES</u>	
Construction, Start-up	\$1,770,493	Iron Range Resources	\$300,000
Infrastructure	436,800	Applicant/Developer	320,800
Land, Site Work	376,000	Private Loan	1,962,493
TOTAL	\$2,583,293	TOTAL	\$2,583,293

City of Riverton**Grant Amount: \$60,000**

The project is comprised of water system improvements including: new water lines, hydro pneumatic tank and building, portable generator, demolition of water tower and well rehabilitation and is expected to create one FTE construction job.

<u>USES</u>		<u>SOURCES</u>	
Water System	622,500	Iron Range Resources	\$60,000
Improvements		Applicant	75,000
		Army Corp 569 Grant	360,000
		DEED Grant	127,500
TOTAL	\$622,500	TOTAL	\$622,500

Riverwood Healthcare Center**Grant Amount: \$250,000**

The project is comprised of expansion to the radiology department, patient rooms, expansion and renovation of the emergency department, remodeling of the surgical service department and consolidation of administration/clinical activities into one campus. The project will add 70,115 new sq. ft. to the hospital and is expected to create 130 FTE construction jobs and 18 FTE permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Remodeling, Expansion	\$9,151,801	Iron Range Resources	\$250,000

Infrastructure	2,970,572	Applicant/AgStar Loan	4,100,000
Site Work	1,078,040	USDA Loan	16,000,000
Furniture, Equipment	5,520,446	Electric Co-op Loan	740,000
Architect, Engineering	2,369,141		
Debt Service			
TOTAL	\$21,090,000	TOTAL	\$21,090,000

City of Virginia

Grant Amount: \$300,000

The project is comprised of upgrading, replacing and extending water, sewer, road and site work for two new developments and the expansion of an existing business near Highway 53. The project is expected to create 70 FTE construction jobs and a number of permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Private Development	\$7,500,000	Iron Range Resources	\$300,000
Infrastructure	764,000	Applicant	225,000
Engineering, Site Work	588,200	IRR FY08 Grant Amended	150,000
		Army Corp 569 Grant	377,200
		Private	7,800,000
TOTAL	\$8,852,200	TOTAL	\$8,852,200

b) Renewable Energy Grants – Resolution No. 11-010

Senator Tom Bakk moved to amend the Renewable Energy Grants Resolution No. 11-010 by adding (*italicized & bold*) language to the BE IT FURTHER RESOLVED paragraph as follows:

BE IT FURTHER RESOLVED that, as part of the terms of each grant for a funded Project which involves the purchase of photovoltaic panel or rechargeable electric vehicle products, the Commissioner *shall, to the extent feasible*, require grantees to accord in their bid solicitation and award procedures for such equipment a preference to bidding vendors who propose to supply photovoltaic panel or rechargeable electric vehicle products that are manufactured in substantial part in Minnesota.

Seconded by Representative Loren Solberg. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

Representative Tony Sertich moved the Renewable Energy Grant projects, as presented then amended in Resolution No. 11-010, in an amount not to exceed \$1,398,597. Seconded by Representative David Dill. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
RENEWABLE ENERGY GRANT PROGRAM
PROJECT APPROVALS**

Resolution No.: 11-010

WHEREAS, the Commissioner is authorized to expend, upon approval of at least seven members of the Board, the renewable energy program funds made available under Minnesota Statutes Section 298.2961, Subdivision 6 (“**Renewable Energy Funds**”) for cooperative projects between the agency and local governments for renewable energy initiatives that promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”); and

WHEREAS, the Commissioner has approved carry-forward of \$1,398,597 of Renewable Energy Funds under the “Projects: Renewable Energy” portion of the agency’s approved FY2010 Budget; and

WHEREAS, the Commissioner has received proposals and is recommending the expenditure of up to \$1,398,597 of the said available Renewable Energy Funds for renewable energy projects in the eight TAA cities and one TAA township, the nature and amount of which are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, at the agency administrative building near Eveleth to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of Renewable Energy Funds for the purposes, in the amounts, and subject to the condition specified below, would be in the public interest and promote economic development within the Taconite Assistance Area; and

WHEREAS, the Board has concluded that it would best promote the economic development of the TAA and of other parts of the State of Minnesota if the proposed grantees accord a preference to vendors who furnish Minnesota made products in their bids for certain elements of the Proposed Projects.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$1,398,597 of Renewable Energy Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that, as part of the terms of each grant for a funded Project which involves the purchase of photovoltaic panel or rechargeable electric vehicle products, the Commissioner shall, to the extent feasible, require grantees to accord in their bid solicitation and award procedures for such equipment a preference to bidding vendors who propose to supply photovoltaic panel or rechargeable electric vehicle products that are manufactured in substantial part in Minnesota.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	10	0	0	3

Signed: _____
 Senator David Tomassoni, Chair

**EXHIBIT A
 RENEWABLE ENERGY GRANTS FY11**

**Crystal Bay Township
 Grant Amount: \$56,000**

The Township of Crystal Bay will install pole-mounted solar photovoltaic (PV) panels at the \$1.5 million Clair Nelson Intermodal Center and the Finland Fire Hall. Several components of sustainable design have been incorporated into the Clair Nelson Intermodal Center, including a high performance building envelope and a geothermal heating system. The Township Comprehensive Community Land Use plan calls on the community government to "...explore ways to reduce their energy consumption and to promote alternative energy production..." This project is the latest step in that process.

Both solar PV arrays will be in locations that will maximize exposure to the public and provide an educational benefit to the community.

<u>USES</u>		<u>SOURCES</u>	
Solar PV Equipment	\$97,000	Iron Range Resources	\$56,000
Installation	10,000	Applicant	46,000
Site Preparation	5,000	Contractor Contribution	10,000
TOTAL	\$112,000	TOTAL	\$112,000

City of Ely

Grant Amount: \$30,200

The City of Ely will install solar air heating panels on the south walls of the Hidden Valley Ski Chalet and the Ely Senior Center, which will reduce their operating costs and dependence on fossil fuels. Significant energy efficiency improvements have been made to the chalet, including new windows and insulation, which have reduced heating requirements by over 40%.

The Ski Chalet and the Senior Center facilities are used for a wide variety of public purposes. Interpretive signage will be installed at both project sites to educate the public about the benefits of these renewable energy projects.

<u>USES</u>		<u>SOURCES</u>	
Solar Air Heating Panels	\$45,800	Iron Range Resources	\$30,200
Energy Efficiency	97,100	Applicant	70,000
		DNR Legacy Grant	39,700
		Lake Country Power	1,000
		Volunteer Labor	2,000
TOTAL	\$142,900	TOTAL	142,900

City of Grand Marais

Grant Amount: \$57,636

The City of Grand Marais is collaborating with the Cook County Local Energy Project (CCLEP) to install a 10.56 kilowatt, pole-mounted, grid-tied solar photovoltaic electrical system at the municipal golf course just outside of Grand Marais. This location was chosen for this solar energy project, at a higher elevation up the Gunflint Trail, to avoid the Lake Superior fog which often settles into the downtown area where other public buildings are located.

The installation will be visible to the public and will have informational signage for educational purposes. The project will be planned and installed with volunteer labor.

<u>USES</u>		<u>SOURCES</u>	
Equipment	\$78,636	Iron Range Resources	\$57,636
Site Preparation	5,000	Applicant	13,000
Educational Signage	1,000	Plan, Engineer, Install	36,050

Engineering, Installation	22,050		
TOTAL	\$106,686	TOTAL	\$106,686

City of Grand Rapids
Grant Amount: \$200,000

The City of Grand Rapids is working with the Blandin Foundation and UPM-Kymmene to develop an innovative renewable energy project which will divert hot effluent that is discharged by the Blandin paper mill to provide heat to the Public Library. The City of Grand Rapids has been working to increase the energy efficiency of the library and reduce associated utility costs. A heat transfer building will be constructed to house the heat exchange system for the Library and will be sized to allow for future connection to the Blandin Foundation.

The Itasca Community College Engineering Program is a partner interested in the project as an educational tool and will explore further renewable energy technologies at the library, foundation and/or other nearby buildings. Independent School District #318 has stated interest in using the potential “energy district” for educational opportunities about energy efficiency and renewable energy technologies.

<u>USES</u>		<u>SOURCES</u>	
Heat Transfer Building	\$150,000	Iron Range Resources	\$200,000
Heat Exchanger/Electric	97,635	Applicant	118,835
Piping/Line Connections	57,200	Blandin Foundation	50,000
Engineering	54,000		
Landscaping/Walks	10,000		
TOTAL	\$368,835	TOTAL	\$368,835

City of Hibbing
Grant Amount: \$250,000

The City of Hibbing will install roof-mounted, grid-tied solar photovoltaic panels at the Hibbing Public Library, and a ground-mounted system at the Hibbing Recycling Center. The Library windows will be replaced and improvements made to the HVAC system with funds received from the Office of Energy Security.

Hibbing Community College Solar Technology program will be a partner in the project involved in all aspects of planning, design, installation and monitoring, and there will be future onsite workforce training opportunities. Plans include an interpretive display to educate the public on the benefits of the project.

<u>USES</u>		<u>SOURCES</u>	
Solar PV Equipment	\$160,000	Iron Range Resources	\$250,000
Plan, Engineer, Install	115,000	Applicant	89,000
Library Energy Efficiency	179,000	Office of Energy Security	100,000
Monitoring, Interpretation	5,000	In-Kind	20,000

TOTAL	\$459,000	TOTAL	\$459,000
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City of Orr

Grant Amount: \$184,761

The City of Orr will install biomass boilers at seven city-owned properties (city hall/visitor center, old city hall/wellness center, airport administration building/hangar, municipal liquor store, new fire station and wastewater treatment plant), and two roof-mounted, grid-tied solar photovoltaic systems, at the airport and the municipal liquor store. This renewable energy project is one component of an overall city-owned facility reorganization.

The project will provide a market demand for locally produced renewable energy biomass products, and increase public awareness about the new generation of high efficiency biomass burners.

<u>USES</u>		<u>SOURCES</u>	
Biomass Boilers	\$132,615	Iron Range Resources	\$184,761
Solar PV Systems	67,920	Applicant	\$9,274
		Applicant In-Kind	\$6,500
TOTAL	\$200,535	TOTAL	\$200,535

City of Silver Bay

Grant Amount: \$250,000

The City of Silver Bay will develop and operate a bio-energy facility in its Eco-Industrial Park. Otherwise known as the Wind, Algae, Rain and Food (WARF) Greenhouse Project, the facility will produce energy from wind, biodiesel from algae, and fish and produce while using multiple renewable and sustainable energy sources.

This project will use greenhouse building design and site orientation to funnel winds through turbines. The interior greenhouse space will be used to grow biofuel, agricultural produce and aquacultural produce. Wind, solar and biodiesel will provide renewable energy to the facility and a zero waste/zero emissions operation. Biodiesel, produce and fish will provide revenue streams to support a viable business model for the project.

UMD has been involved with this project since its inception, participating on the Design Team, and will remain a principal partner as operations begin. UMD departments involved in the project include Environmental Studies, the Center for Sustainable Community Development, Biology, Chemistry and Engineering. The Natural Resources Research Institute also will participate.

<u>USES</u>		<u>SOURCES</u>	
Bio-energy Greenhouse	\$1,156,329	Iron Range Resources	\$250,000
		Applicant	298,870
		USDA (pending)	450,000

		Silver Bay Bonding	101,329
		In-Kind	56,130
TOTAL	\$1,156,329	TOTAL	\$1,156,329

City of Tower

Grant Amount: \$120,000

The City of Tower will partner with the Tower-Soudan Historical Society to install 8-10 kilowatt grid-tied, solar photovoltaic (PV) panels on the roof of the canopy over the historic train at the city-owned Depot Museum, which is adjacent to the \$7 million city harbor. The primary purpose of the system will be to power a fleet of small electric vehicles including a small utility truck that will be utilized by city maintenance staff for work at the harbor and around the city. The vehicles will provide transportation for visitors to access shopping and dining and then return to their boats in the harbor. The Army Corps of Engineers estimates the renovated harbor will attract approximately 50,000 boats per year from Lake Vermilion into the city of Tower. The PV panels also will be utilized as the source of power at the Depot Museum.

With increased visitation to Tower as a result of development of the harbor and the new Lake Vermilion State Park, this project will be highly visible to the public and will demonstrate the region’s commitment to innovative renewable energy projects. Minnesota Power has expressed interest in partnering with the City of Tower on this project.

<u>USES</u>		<u>SOURCES</u>	
Two Electric Vehicles	\$40,000	Iron Range Resources	\$120,000
Solar PV System	85,000	Applicant	20,500
Charging Station	15,500		
TOTAL	\$140,500	TOTAL	\$140,500

City of Virginia

Grant Amount: \$250,000

The City of Virginia will implement energy conservation, efficiency and renewable energy improvements as well as structural improvements to the Virginia Greenhouse at Olcott Park. The City Council has unanimously passed a resolution in support of operating the Greenhouse for the long term.

The planned improvements to the existing facility include completing the installation of double wall glazing, sealing drafts and cracks, insulating the foundation, and installation of solar photovoltaic (PV) panels and a geothermal heating system. Hibbing Community College students will assist with the solar PV installation; their instructor’s time is included as an in-kind contribution. The committee also is exploring options to create gathering space in the greenhouse for small meetings or events, staffing with volunteer hosts to increase the hours of operation, and the production of locally-grown foods as a source of revenue.

Upon further discussion, the committee will explore additional possibilities for the Greenhouse facility:

- New, expanded structure, to create more space for the plantings
- Heating with an in-floor system with energy provided by LEA and/or solar
- Construct the north wing (not of glass), for meetings and gatherings
- The south wing could be used by staff to do their work and for community garden space
- Natural Harvest Food Coop and the schools may be interested in locally-grown produce
- Reduce the proposed large geothermal system and incorporate additional solar options

The Renewable Energy Grant will be funded when plans are finalized, contingent upon the creation of a sustainable operating plan.

<u>USES</u>		<u>SOURCES</u>	
New Construction/Repairs and Geothermal/Solar	\$635,000	Iron Range Resources Applicant	\$250,000
		Hibbing CC In-Kind	365,000
		Friends of Greenhouse	10,000
		Lake Country Power	5,000
		Virginia Foundation	3,000
			2,000
TOTAL	\$635,000	TOTAL	\$635,000

4) Iron Range Higher Education Fund – Resolution No. 11-001

a) Arrowhead Institute of Technology Higher Education Programs

Representative Loren Solberg moved approval the Arrowhead Institute of Technology Higher Education Programs as presented in Resolution No. 11-001, in an amount not to exceed \$1,828,000, contingent upon the Programs submitting FY11 budgets and a FY10 breakdown of expenditures to the Iron Range Higher Education Committee prior to the release of funds. Seconded by Senator Tom Bakk. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
IRON RANGE HIGHER EDUCATION ACCOUNT EXPENDITURE APPROVAL**

Resolution No.: 11-001

WHEREAS, Minnesota Statutes Section 298.28, subd. 9d allocates 5 cents per taxable ton of taconite taxes to the agency to be deposited in an Iron Range higher education account (“**Higher Education Account**”) to be used for higher education programs conducted at educational institutions in the Taconite Assistance Area designated in Minnesota Statutes Section 297.1341 (“**TAA**”); and,

WHEREAS, Minnesota Statutes Section 298.2214 created the Iron Range Higher Education Committee (“**Committee**”) to advise the commissioner of Iron Range Resources on providing higher education programs within the TAA; and,

WHEREAS, pursuant to 298.28, subd. 9d, both the Iron Range Resources and Rehabilitation Board (“Board”) and the Committee must approve all expenditures from the Higher Education Account; and,

WHEREAS, the Committee has approved an expenditure of up to \$1,828,000 of the Higher Education Account funds to provide a grant to the Northeast Higher Education District (“NHED”) for use by the Arrowhead University Consortium (“AUC”) to develop and provide, in collaboration with private industry, higher education programs in industrial technology, process automation, industrial lab technician, industrial construction and information management (hereafter referred to as the “Higher Education Programs”); and,

WHEREAS, the Committee approved expenditure will cover the second year of costs for the Higher Education Programs; and,

WHEREAS, in order to provide the aforementioned grant to the NHED, it is necessary for the Board to approve an expenditure of funds from the Higher Education Account; and

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed expenditure of up to \$1,828,000 of Higher Education Account funds for the purpose of providing a grant to the NHED for use by the AUC to develop and provide the Higher Education Programs and determined that the proposed expenditure would be in the public interest.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of up to \$1,828,000 of Higher Education Account funds for a grant to the NHED to be used by the AUC to develop and provide, in collaboration with private industry, Higher Education Programs.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	10	0	0	3

Signed: _____
 Senator David Tomassoni, Chair

5) Douglas J. Johnson Economic Protection Trust Fund

a) Giants Ridge® Bonds – Resolution No. 11-002

Motion by Representative Tony Sertich to approve the expenditure of up to \$8,808,269 to redeem Giants Ridge® Bonds, as presented in Resolution No. 11-002, incorporating additional language in a BE IT FURTHER RESOLVED clause as follows:

***BE IT FURTHER RESOLVED**, that the next agency budget and subsequent budgets presented to the Board shall contain provisions to replenish the DJJ funds to the extent of the debt service on the bonds had they not been redeemed through the Board’s action until such time as the DJJ Fund is repaid.*

Seconded by Representative Loren Solberg. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
 OF THE STATE OF MINNESOTA
 DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND PROJECT
 REDEMPTION OF GIANTS RIDGE SERIES 2000 BONDS**

Resolution No.: 11-002

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (c) entitles the Commissioner to expend, within or for the benefit of the Taconite Assistance Area as defined in Minnesota Statutes Section 273.1341 (“**TAA**”) and upon prior approval by the affirmative vote of at least ten members of the Board, up to 20% of the corpus of the Douglas J Johnson Economic Protection Trust Fund, valued as of the date of May 18, 2002, plus certain additional accrual sums (the “**DJJ Fund 20% Portion**”), for projects and programs described in Minnesota Statutes Section 298.292, subdivision 1 that either (a) are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses; or (b) encourage diversification of the economy and promote the development of certain sectors of the TAA economy, specifically including tourism; and

WHEREAS, in November 2000, the agency issued \$16,000,000 of 25-year, serialized gross revenue bonds (Giants Ridge Recreation Area Series 2000) (the “**Bonds**”) to finance the construction of the second golf course, The Quarry, and to retire \$4,250,000 of the 15-year revenue bonds that had been issued in 1996 to finance a portion of the costs of the first golf course, The Legend; all to promote the diversification and development of the economy of the TAA; and,

WHEREAS, the Commissioner has requested the Board to authorize the expenditure of up to \$8,808,269 of the DJJ Fund 20% Portion monies to redeem on November 1, 2010, in full all of the outstanding series of the Bonds, as well as to pay potential interest costs that might accrue during the Bond redemption process; and,

WHEREAS, the Commissioner has indicated that the redemption of the Bonds on November 1, 2010, the earliest possible call date, could save the agency approximately \$6,569,238 that it otherwise would have to pay in interest charges over the remaining course of the Bonds that bear interest rates ranging from 7.25% to 7.50%, which agency funds the Commissioner noted could be better used to otherwise advance the economic development of the TAA;

WHEREAS, the Board met in open session starting at 9:00 a.m. on August 19, 2010, in the Board Room located near Eveleth, Minnesota to consider, among other matters, the proposed expenditure of DJJ Fund 20% Portion monies to redeem the Bonds on November 1, 2010, and determined that the proposed expenditure of those funds for that purpose would be an expenditure that supports the economic development of tourism and other sectors of the economy of the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$8,808,269 of the DJJ Fund 20% Portion monies to redeem in full all of the outstanding series of the Bonds, as well as to pay potential interest costs that might accrue during the Bond redemption process.

BE IT FURTHER RESOLVED, that the next agency budget and subsequent budgets presented to the Board shall contain provisions to replenish the DJJ funds to the extent of the debt service on the bonds had they not been redeemed through the Board’s action until such time as the DJJ Fund is repaid.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	10	0	0	3

Signed: _____
 Senator David Tomassoni, Chair

6) Taconite Economic Development Fund

Action required: Approval requires 7 votes

- a) Northshore Mining (Production 2008, Pay 2009) – Resolution No. 11-003
- b) Northshore Mining (Production 2009, Pay 2010) – Resolution No. 11-004
- c) US Steel – Minntac (Production 2009, Pay 2010) – Resolution No. 11-005
- d) US Steel – Keetac (Production 2009, Pay 2010) – Resolution No. 11-006
- e) United Taconite (Production 2009, Pay 2010) – Resolution No. 11-007

Motion by Tom Anzelc to approve the TEDF projects as presented in Resolution Nos. 11-003, 11-004, 11-005, 11-006 and 11-007, in an amount not to exceed \$90,251 for Pay 2009 projects and \$254,341 for Pay 2010 projects. Seconded by Representative Loren Solberg. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson, Citizen Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Representative Tom Rukavina, Representative Tony Sertich, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
NORTHSHORE MINING COMPANY – PAY 2009 FUND YEAR**

Resolution No.: 11-003

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 taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or 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 Northshore Mining Company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the project described in the attached Addendum A, which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Project**”); 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 Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on July 21, 2010, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; and,

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive TEDF Funds for such project.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Project specified in Addendum A is for Eligible Purposes and otherwise appears eligible to receive Pay 2009 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	9	0	0	4

Signed: _____
 Senator David Tomassoni, Chair

Addendum A
NORTHSHORE MINING COMPANY

Project 1 – Furnace 5 & 6 Feed End Dust Collector

Furnace lines 5 & 6 at Northshore Mining do not have dust collection installed at their feed ends. The equipment that feeds the unfired pellets into the furnace produces a significant amount of dust. The dust contributes to housekeeping costs, is a factor in machine component contamination, and is detrimental to the air quality around the furnaces and in the pellet plant building.

While installation of this dust collection equipment is not driven by a direct legal, environmental or compliance-related issue, Northshore’s environmental and safety departments support this additional pellet plant dust collection system as the project directly aligns with Northshore’s environmental goals of further reducing fugitive dust emissions. It also improves operating conditions from an industrial health perspective by reducing ambient dust within the pellet plant.

The recommendation is to install a new common dust collector system that services both furnace lines 5 & 6. The system is composed of a filter-media style collector, fan, safety filter, air handling ducts, dust collector hood and other minor components. The system will discharge filtered air inside the building. Adequate space inside the existing building has been identified where components will be located.

Reducing indoor ambient dust will decrease pellet plant housekeeping requirements, improve the pellet plant’s indoor air quality and work environment (potential industrial hygiene issue), reduce plant exterior fugitive emissions, and contribute to the maintenance goal of reducing equipment contamination.

TEDF Rebate	\$90,251
Estimated Project Total Budget	\$380,000*

- * \$111,200 will be allocated for their Production 2008, Pay 2009 rebate and the balance of \$268,800 will be allocated for their Production 2009, Pay 2010 rebate

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
NORTHSHORE MINING COMPANY – PAY 2010 FUND YEAR**

Resolution No.: 11-004

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 taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or 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 Northshore Mining Company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the project described in the attached Addendum A, which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Project**”); 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 Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on July 21, 2010, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; and,

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive TEDF Funds for such project.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Project specified in Addendum A is for Eligible Purposes and otherwise appears eligible to receive Pay 2010 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	9	0	0	4

Signed: _____
 Senator David Tomassoni, Chair

**Addendum A
 NORTSHORE MINING COMPANY**

Project 1 – Furnace 5 & 6 Feed End Dust Collector

Furnace lines 5 & 6 at Northshore Mining do not have dust collection installed at their feed ends. The equipment that feeds the unfired pellets into the furnace produces a significant amount of dust. The dust contributes to housekeeping costs, is a factor in machine component contamination, and is detrimental to the air quality around the furnaces and in the pellet plant building.

While installation of this dust collection equipment is not driven by a direct legal, environmental or compliance-related issue, Northshore’s environmental and safety departments support this additional pellet plant dust collection system as the project directly aligns with Northshore’s environmental goals of further reducing fugitive dust emissions. It also improves operating conditions from an industrial health perspective by reducing ambient dust within the pellet plant.

The recommendation is to install a new common dust collector system that services both furnace lines 5 & 6. The system is composed of a filter-media style collector, fan, safety filter, air handling ducts, dust collector hood and other minor components. The system will discharge filtered air inside the building. Adequate space inside the existing building has been identified where components will be located.

Reducing indoor ambient dust will decrease pellet plant housekeeping requirements, improve the pellet plant's indoor air quality and work environment (potential industrial hygiene issue), reduce plant exterior fugitive emissions, and contribute to the maintenance goal of reducing equipment contamination.

TEDF Rebate	\$82,872
Estimated Project Total Budget	\$380,000*

- * \$111,200 will be allocated for their Production 2008, Pay 2009 rebate and the balance of \$268,800 will be allocated for their Production 2009, Pay 2010 rebate

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED STATES STEEL MINNTAC COMPANY – PAY 2010 FUND YEAR**

Resolution No.: 11-005

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 taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or 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 States Steel Minntac company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for projects described in the attached Addendum A, which the Commissioner has determined are for Eligible Purposes (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 Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on March 31, 2010, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, at the Eveleth Administrative Building to consider the Proposed Projects and the Applicant Producer's request to receive TEDF Funds for such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects specified in Addendum A are for Eligible Purposes and otherwise appear eligible to receive Pay 2010 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	9	0	0	4

Signed: _____
 Senator David Tomassoni, Chair

Addendum A
UNITED STATES STEEL MINNTAC COMPANY

Project 1 – Line 4 Grate Cleaner

During the first stages of induration, soft pellets are conveyed with a steel horizontal grate through the drying and pre-heating processes. Hot air flows vertically from the underside of the traveling grate and through the pellet bed. Slots in the traveling grate frequently are plugged by the soft pellets which in turn negatively affect the heat flow transfer to the pellets. The current remedy to correct this is to have operators direct a hose with high water pressure to the underside of the grate to blast the slots clear. This technique for cleaning the grate causes stress and breakage to the traveling grate.

The grate cleaner will clean the grate air slots mechanically rather than with water. The benefits are increased life of the grates and improved efficiency of operating the horizontal grates.

TEDF Rebate	\$9,360
Estimated Project Total Budget	\$90,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED STATES STEEL KEETAC COMPANY – PAY 2010 FUND YEAR**

Resolution No.: 11-006

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, upon approval of at least seven members of the Iron Range Resources and Rehabilitation Board (“**Board**”), to taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or 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 States Steel Keetac company (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for projects described in the attached Addendum A, which the Commissioner has determined are for Eligible Purposes (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 Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on April 12, 2010, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, at the Eveleth Administrative Building to consider the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects specified in Addendum A are for Eligible Purposes and otherwise appear eligible to receive Pay 2010 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	9	0	0	4

Signed: _____
 Senator David Tomassoni, Chair

Addendum A
UNITED STATES STEEL KEETAC COMPANY

Project 1 - Tailings Basin Reclamation & Dust Control

Keetac's active tailings pond is 2,500 acres in size and has a perimeter of 44,000 feet. Each year, 12,000 linear feet of this perimeter is increased by 6 feet in height through the use of tailing deposition and dozer manipulation. The newly formed tailing beaches in these new cells can vary in width from 600 to 2,000 feet. Tailing deposition forms large, variable tailing basin beaches that consist of a gradient from coarse (deposited first) to fine material (deposited last). The water carries the medium and fine tailings flow towards the interior of the basin, where they finally settle out in the interior water reservoir.

Keetac is required to establish and execute an annual reclamation activity plan by the MDNR and control dust to levels established by the MPCA. The annual vegetation and tree planting activity on the tailing basin is used to satisfy the requirements of both these agencies.

Seed and fertilizer are applied to bare areas of tailing on inactive areas of the basin by using specialized low ground pressure equipment. Various seed mixtures are matched to a specific site's needs. Temporary vegetated areas are seeded during March and April, while the ground is still frozen. Permanent seeding activities on the outer slopes are generally completed in May. The tailing's nutrient levels are very low so significant amount of fertilizer is required to sustain plant growth. In lieu of chemical fertilizer, bio solids have been a successful alternative.

Hay mulch is also an effective method of controlling dust on the tailings basin. Mulch is spread by either bale busters which are pulled by low ground pressure tractors, when the

ground is frozen, or, as research has shown, effectively by helicopter. Helicopters are used to mulch in areas where the ground is wet and equipment would become stuck.

Native trees are used to secure and enhance the perimeter of the tailings basin. The trees provide an effective windbreak that decreases windblown dust as well as a buffer for the operation. More than 15,000 trees are planted annually.

TEDF Rebate	\$56,923
Estimated Project Total Budget	\$70,625

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED TACONITE LLC – PAY 2010 FUND YEAR**

Resolution No.: 11-007

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 taconite producers who provide formulated matching expenditures for projects that involve workforce development and associated public facility improvement, or the acquisition of plant and stationary mining equipment and facilities, or 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 project described in the attached Addendum A, which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Project**”); 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 Project; and,

WHEREAS, the TEDF Committee of the Applicant Producer on August 9, 2010, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; and,

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive TEDF Funds for such project.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Project specified in Addendum A is for Eligible Purposes and otherwise appears eligible to receive Pay 2010 TEDF Funds from the Commissioner.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	9	0	0	4

Signed: _____
 Senator David Tomassoni, Chair

**Addendum A
 UNITED TACONITE LLC**

Project 1 – Waste Water Treatment Plant

The Fairlane Plant owns and operates its own Waste Water Treatment Plant for handling wastewater and sewage. The existing plant is more than 40 years old and is in need of replacement. The current structure consists of underground tanks which house the settling basin, floatation chambers, pumps, aerators and weirs. Structural evaluations have identified deterioration of grating and support beams that have made the area unsafe to enter. The treatment system is functioning properly but staff no longer has safe access and routine maintenance cannot be performed. The current system will be replaced with a pre-engineered system that is designed for cold-weather climates and meets all environmental permitting requirements.

TEDF Rebate	\$105,186
Estimated Project Total Budget	\$550,000

7) Board Account/Taconite Area Environmental Protection Fund

a) Excelsior Energy, Inc. – Resolution No. 11-011

Motion by Senator Tom Saxhaug to approve the Excelsior Energy, Inc. modification of loan terms as presented in Resolution No. 11-011.

Motion by Representative Tom Anzelc to table the Excelsior Energy, Inc. request for modification of loan terms in order for the Commissioner to negotiate a better deal with the developer. Motion did not prevail.

Voting in Favor of the Motion: Representative Tom Anzelc

Voting Against the Motion: Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson, Citizen Jack Ryan

Abstain: None

Excused: Representative David Dill, Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

Representative Loren Solberg renewed his motion to approve the Excelsior Energy, Inc. modification of loan terms as presented in Resolution No. 11-011. Seconded by Representative David Dill. Motion carried. Representative Tom Anzelc voted no.

Voting in Favor of the Motion: Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Citizen Joe Begich, Citizen Shelley Robinson, Citizen Jack Ryan

Voting Against the Motion: Representative Tom Anzelc

Abstain: None

Excused: Representative David Dill, Representative Tom Rukavina, Senator Yvonne Prettner Solon, Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
EXCELSIOR ENERGY, INC. MODIFICATION OF TERMS**

Resolution No.: 11-011

WHEREAS, the Board has previously approved the expenditure of up to \$1.5 million of Board Account funds and the expenditure of up to \$8 million in a combination of Taconite Area Environmental Protection Fund and Board Account funds, for loans to Excelsior Energy, Inc. (“Excelsior”) for a proposed coal-gasification and electrical energy generating facility project within the Taconite Assistance Area (“TAA”); and

WHEREAS, consistent with such actions, the agency entered into loan agreements with Excelsior for \$1.5 million on April 24, 2002, and for \$8 million on December 8, 2004; and,

WHEREAS, at its meeting on November 24, 2008, the Board approved extending the first interest payments on the loans until December 31, 2010; and,

WHEREAS, due to delays in the project’s permitting, approval and construction timetables, Excelsior has approached the Commissioner and has requested that the terms of the loans be modified consistent with the Board packet materials provided by the Commissioner, which are attached hereto and incorporated by reference as Exhibit A; and,

WHEREAS, the Board met in open session at 9:00 a.m. on August 19, 2010, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, Excelsior’s request.

NOW, THEREFORE, IT IS RESOLVED, that Excelsior’s requested modification of the loan terms as provided in Exhibit A appears to be in the best interests of the TAA and of the agency.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19th DAY OF AUGUST 2010.

Member	Aye	Nay	Abstain	Excused
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	8	1	0	4

Signed: _____
 Senator David Tomassoni, Chair

EXHIBIT A

Excelsior Energy, Inc.



Iron Range Resources
 P.O. Box 441
 4261 Highway 53 South
 Eveleth, Minnesota 55734-0441
 (218) 735-3000 • 800-765-5043
 Fax: (218)735-3047

To: Iron Range Resources Board Members

From: Sandy Layman
Commissioner

Date: August 16, 2010

Re: Proposed Excelsior Energy, Inc. Extension/Repayment Modification

The principal balance owed by Excelsior Energy, Inc. to Iron Range Resources under the existing loan documents is \$9,454,962. Development plans originally contemplated that the project would have been under construction prior to 2010 and repayment would have begun. The project is progressing; however, sufficient funds are not available to meet repayment requirements under the existing loan terms at this time. To provide some repayment to this agency now, and to allow the project to proceed and attract additional funding, the following repayment modification is recommended.

ANNUAL PAYMENTS / INTEREST RATE REDUCTION:

The debenture agreements will be amended to require annual principal payments of \$100,000, with the first such payment due December 31, 2010, and continuing on each December 31st thereafter until December 31, 2017, at which time all remaining sums due under the debentures will be due and payable. If such payments are made when due, interest on the debentures will be calculated at the reduced rate of 5% for the twelve month period preceding each such timely installment payment.

At any time prior to December 31, 2017, Iron Range Resources agrees to accept payment of all principal outstanding plus interest re-calculated over the entire term of the debenture loans at 3% per annum in satisfaction of the debt.

In consideration of the above, Excelsior shall pay to Iron Range Resources 5% of the proceeds it receives from the sale of equity in the Mesaba Energy project in excess of the total book liabilities of Excelsior related to the project and the costs incurred in connection with such sale.

To allow this project the additional time necessary to achieve success and to create employment opportunities in the Taconite Assistance Area, and to ultimately provide for repayment to Iron Range Resources, I recommend approval of the above modification.

8) Other

Senator David Tomassoni encouraged the Commissioner to offer agency employees the IRRR Early Separation Incentive, which was first passed in 2009 (Ch 78, Article 7, Sec 2) and then amended during the 2010 legislative session (Ch 215, H.F. No. 1671, Article 9, Sec 2).

9) Adjournment

The meeting adjourned at 11:06 a.m.