

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

**Thursday, April 12, 2012
10:00 a.m.
IRRRB
Eveleth, Minnesota**

MEETING OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD
IRRRB, Eveleth, Minnesota
Thursday, April 12, 2012
10:00 a.m.

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**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD
IRRRB**

**Eveleth, Minnesota
Thursday, April 12, 2012 – 10:00 a.m.**

Agenda

- 1) Roll Call

- 2) Approval of the December 14, 2011, Minutes

- 3) Commissioner's Comments

- 4) Taconite Area Environmental Protection Fund
Action required: Project approval requires 7 votes
 - a) IRRRB Residential Redevelopment Program – **Resolution No. 12-020**

FY 2012 Agency Budget Amendment – **Resolution No. 12-021**
 - b) Public Works Infrastructure Grants – **Resolution No. 12-022**
 - i) Range Regional Airport
 - ii) City of Eveleth
 - iii) City of Hibbing
 - iv) City of Kinney

- 5) Douglas J. Johnson Economic Protection Trust Fund
Action required: Project approval requires 8 votes
 - a) American Peat Technology, LLC – **Resolution No. 12-023**
 - b) Furin & Shea Welding & Fabricating, Inc. – **Resolution No. 12-024**
 - c) R.C. Fabricators, Inc. – **Resolution No. 12-025**
 - d) Cast Corporation – **Resolution No. 12-026**

- 6) Other

- 7) Adjournment

Approval of the December 14, 2011, Minutes

Wednesday, December 14, 2011

10:00 a.m.

Iron Range Resources & Rehabilitation Board

Eveleth, Minnesota

I. Roll Call

Representative Tom Rukavina, Chair, called the meeting to order at approximately 10:01 a.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura and Mr. Jack Ryan. Minute Taker: Laureen Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Doug Gregor, Assistant Attorney General; Steve Peterson, Executive Director of Development; Matt Sjoberg, Director of Development; Dave Hart, Assistant Director Business Development; Richard Walsh, Community Development Representative, Jean Dolensek, Chief Financial Officer; Brian Hiti, Mining Coordinator; Dan Jordan, Mining and Reclamation Supervisor; Sheryl Kochevar, Communications and Marketing Coordinator; Janette Paul, Executive Assistant; Roy Smith, Workforce Development Coordinator; Mike Stiglich, Vice President, Midwest Manufacturing

II. Approval of the October 20, 2011, Minutes

Action required: Approval requires 7 votes

Representative David Dill moved approval of the October 20, 2011, minutes. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

IV. Douglas J. Johnson Economic Protection Trust Fund

Action required: Approval requires 8 votes

a. Midwest Manufacturing and Mechanical, Inc. – Resolution No. 12-014

Motion by Representative Tom Anzelc to approve the Midwest Manufacturing and Mechanical, Inc. request for financial assistance in the form of a bank participation loan, which will be used

to expand its building and purchase additional equipment in an amount not to exceed \$273,800, as presented in Resolution No. 12-014. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfattrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura

Voting Against the Motion: Mr. Jack Ryan

Abstain: None

Excused: None

Midwest Manufacturing and Mechanical, Inc.
Bank Participation Loan

APPLICANT:

Midwest Manufacturing and Mechanical, Inc. (“Midwest Manufacturing”), a Minnesota corporation located in Nashwauk.

PRINCIPALS:

Michael Anderson, President, and Michael Stiglich, Vice-President. They are co-owners of the corporation.

BRIEF PROJECT DESCRIPTION:

Midwest Manufacturing began operations in 2009 when Michael Anderson and Michael Stiglich founded the corporation and constructed a manufacturing facility in the Nashwauk industrial park. After a slow start due to the economic recession, the business is operating at capacity with two shifts and employs 37 people full-time.

The proposed financing will allow Midwest Manufacturing to expand its building by 6,000 square feet and purchase some additional equipment. The expansion is necessary to meet the orders for new industrial sizing/classifying roll screens from overseas iron and coal mining operations plus work from L&M Radiator facilities located out-of-state. The expansion will lead to the employment of an additional 17 workers at an average salary of \$15.50 per hour plus benefits.

PROJECT COST: \$547,600

PROJECT BREAKDOWN:

Bank Loan (terms to be negotiated)	\$ 273,800
IRRRB Bank Participation Loan (up to 15 year term, formula rate)	<u>\$ 273,800</u>
Total	\$ 547,600

COLLATERAL:

Building (12,000 square feet) located in Nashwauk industrial park
Equipment (overhead crane and welders)

IRRRB will take a shared first position in all collateral financed through this loan. The loan will be personally guaranteed by both Michael Anderson and Michael Stiglich. Corporate and company guarantees will be obtained from all affiliated businesses.

JOBS:

Midwest Manufacturing currently has 37 non-salaried employees earning between \$13.50 and \$23.80 per hour, with an average blended wage of \$16.80 per hour plus benefits. Completion of the proposed project will result in 17 full-time equivalent new employees with beginning hourly wages ranging from \$14.50 to \$16 per hour, plus benefits.

CONTINGENCIES:

Midwest Manufacturing will secure a financial institution to be the lead lender.

Midwest Manufacturing and its affiliated businesses will agree to provide CPA reviewed balance sheets, income statements and cash flow statements within 120 days of year-end.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

The project was recommended for approval at the December 6, 2011, Technical Advisory Committee meeting.

FUNDING AUTHORIZATION:

Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

The IRRRB helped finance the construction of Midwest Manufacturing's facility and some equipment through a participation interest in a bank loan that closed in 2010 (see below).

Midwest Manufacturing's original business plan called for it to market and sell roll screen products and services primarily to coal and iron mines located outside of the Taconite Assistance Area (TAA). However, its first year in business coincided with an economic recession, and Midwest Manufacturing found itself doing some of its fabricating work for mining companies located within the TAA. The company lost \$435,625 in 2009.

When worldwide demand for mined resources rebounded in 2010, Midwest Manufacturing was able to sell roll screens to iron and coal mines in Russia. In addition, L&M Radiator plants located outside of Minnesota began subcontracting work to Midwest Manufacturing. The

company has also done work for Magnetation on components for its Rev3 Separator machine, and some work for Keetac. With the exception of Magnetation and Keetac, almost all of Midwest Manufacturing's fabrication work in 2011 has been on behalf of companies located outside of the TAA.

Through August of 2011, Midwest Manufacturing is on pace to exceed \$7.6 million in revenues for the year, an increase of 117% over 2010. The company has experienced rapid growth and is running two shifts five days per week. Midwest Manufacturing is operating at full capacity and must expand its manufacturing facility to continue to grow and capture business opportunities that are now available. This will lead to a more profitable operation along with the addition of 17 new full time employees.

MANAGEMENT TEAM:

Michael Anderson and Michael Stiglich founded Midwest Manufacturing and began operations in 2009. Mr. Anderson has a total of 28 years of experience in mining and fabricating businesses. Mr. Stiglich has 22 years of experience in sales, engineering and fabricating. Mr. Anderson and Mr. Stiglich began working together in 2001 when they co-founded Engineered Equipment Services, Inc. (EES), a consulting, engineering and equipment supply company based in Hibbing. Mr. Anderson and Mr. Stiglich also have equal ownership interests in Midwest Manufacturing and Mechanical, LLC, a holding company which owns the physical production facility. Mr. Anderson is a 100% owner of MARC Resources, Inc. (MARC), which provides plant maintenance consulting services.

MARKET OPPORTUNITY:

Demand from existing foreign mining companies for Midwest Manufacturing's products is high due to both antiquated equipment and implementation of new mining technologies. The relatively weak US dollar makes American manufactured products even more attractive. All roll screens produced in 2011 have been for Russian mines; opportunities for sales growth exist in markets in Europe, South America and Australia.

COLLATERAL REVIEW:

Collateral coverage on the proposed loans to Midwest Manufacturing by the IRRRB is as follows:

- \$273,800 Bank Participation Loan will be secured by a shared first position on all collateral purchased under this proposed project. The collateral will secure a total of up to \$547,600 of debt.
- Mr. Anderson and Mr. Stiglich will each provide a personal guaranty. The personal guaranties may be of marginal value, since both have provided personal guaranties on previous term loans from American Bank. Guaranties will also be provided by all affiliated companies.

PAST IRON RANGE RESOURCES HISTORY:

IRRRB has a \$351,482 interest in a participation loan which was approved by the Board at its November 24, 2008 meeting and originated in 2010 through the American Bank. That loan has a current principal balance of \$315,524.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
LOAN FOR MIDWEST MANUFACTURING PROJECT**

Resolution No.: 12-014

WHEREAS, the Commissioner is authorized to expend, upon approval of eight members of the Board, the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.291-298.294 and Minnesota Statute Section 298.28, subdivision 11 (“**DJJ Funds**”), to provide loans and participate with private sources in providing financing for various projects located within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”) which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1; and

WHEREAS, the agency’s FY 2012 Budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line item category of DJJ Business Development Projects; and

WHEREAS, Midwest Manufacturing and Mechanical, Inc., a Minnesota business corporation (“**Midwest Manufacturing**”), has made application to the Commissioner for financial assistance to enable it, in combination with funds provided from other sources, to expand its business facility and purchase some additional equipment for its metal fabrication and manufacturing operations in Nashwauk, which is located within the TAA (the “**Proposed Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$273,800 of FY 2012 DJJ Business Development Project funds to purchase a participation interest in a bank loan in the amount of \$547,600 which is being made to enable Midwest Manufacturing to finance the costs of the Proposed Project, with said participation interest to be acquired on the terms and subject to the conditions set forth in the Board packet materials and as otherwise discussed at the meeting (the “**Board Packet Materials**”); and

WHEREAS, the technical advisory committee appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed Project, met on December 6, 2011, and recommended approval of the requested financial assistance for the Proposed Project; and

WHEREAS, the Board met at the agency’s Administration Building near Eveleth on Wednesday, December 14, 2011, at 10:00 a.m. to consider, among other matters, Midwest Manufacturing’s request for financial assistance for the Proposed Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for Midwest Manufacturing’s Proposed Project, and that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$273,800 of FY 2012 DJJ Business Development Project funds to purchase a participation interest in a bank loan in the amount of \$547,600 which is being made to enable Midwest Manufacturing to finance the costs of the Proposed Project, with such participation interests to be purchased on the terms and subject to the conditions set forth in the Board Packet Materials.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 14th DAY OF DECEMBER 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura	X			
Mr. Jack Ryan		X		
TOTAL	12	1	0	0

Signed: _____
Tom Rukavina, Chair

V. Taconite Area Environmental Protection Fund

Action required: Approval requires 7 votes

a) Amendment to FY12 Budget – Resolution No. 12-015

Motion by Senator David Tomassoni to amend the agency’s FY12 Budget to add transferred TEDF funds (an action taken by the Board at its October 20, 2011, meeting) and cancelled FY09 grant funds to the Public Works projects line item in the FY12 Budget, as presented in Resolution No. 12-015. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2012 AGENCY BUDGET AMENDMENT APPROVAL**

Resolution No.: 12-015

WHEREAS, the Commissioner, pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, submitted to the Board for its consideration and approval a proposed FY12 Budget for the funding of operational expenditures, programs and projects of the agency during the State's fiscal year 2012 ("FY12") which covered the period of time from July 1, 2011, through June 30, 2012 (the "**FY12 Budget**"); and

WHEREAS, the Board by its passage on August 18, 2011, of Resolution No. 12-003, and the Governor by his Order dated October 1, 2011, each approved the FY12 Budget; and

WHEREAS, the Board at its October 20, 2011, meeting took actions that resulted in the transfer into the carry-forward balance of the Taconite Area Environmental Protection Fund ("**TEPF**") account of \$4,152,564 of funds that previously had been available for expenditure under the provisions of the Taconite Economic Development Fund (the "**Transferred TEDF Funds**");

WHEREAS, the Commissioner has cancelled two Fiscal Year 2009 public works grants in the collective amount of \$490,000 and that amount has been added to the carry forward balance of the TEPF account (the "**Cancelled FY09 Grant Funds**");

WHEREAS, the Commissioner has requested the Board to approve an amendment of the FY12 Budget to add the amount of the Transferred TEDF Funds and the Cancelled FY09 Funds to the Public Works Projects line item in the FY12 Budget, which action would have the effect of increasing the available balance in the FY12 Budget's Public Works Projects Budget line item from \$3,820,000 to \$8,462,564 (the "**Proposed Budget Amendment**"); and

WHEREAS, the Board met in open session at 10:00 a.m. on December 14, 2011, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY12 Budget as proposed would help promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY12 Budget to add the full amount of the Transferred TEDF Funds and the Canceled FY09 Grant Funds to the Public Works Projects line item in the FY12 Budget, thereby increasing the available balance in that FY12 Budget line item to the sum of \$8,462,564.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 14th DAY OF DECEMBER 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfpatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura	X			
Mr. Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
Tom Rukavina, Chair

b) Public Works Grants – Resolution No. 12-016

Motion by Representative Tom Anzelc to approve public works grant requests in an amount not to exceed \$8,462,564, as presented in Resolution No. 12-016. Seconded by Mr. Joe Begich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfpatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: Senator Paul Gazelka

Excused: None

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

Resolution No.: 12-016

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 2012 Budget includes the allocation of \$8,462,564 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”); and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$8,462,564 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 10:00 a.m. on December 14, 2011, 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 \$8,462,564 of FY12 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 FY 12 TEPF Public Works Funds for those Proposed Projects listed in the attached Exhibit B which have associated private development work 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 \$ 8,462,564 of FY12 TEPF Public Works 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 14th DAY OF DECEMBER 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka			X	
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzels	X			
Representative Dave Dill	X			
Representative Carolyn McElfpatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura	X			
Mr. Jack Ryan	X			
TOTAL	12	0	1	0

Signed: _____
Tom Rukavina, Chair

**EXHIBIT A
PUBLIC WORKS GRANTS FY12**

City of Aitkin

Grant amount: \$125,000

The project is comprised of water, sewer, roads and site work for the expansion of the Norway Lodge refinishing line at Lake States Lumber. The project is expected to create 6 FTE jobs. Lake States Lumber currently employs 61 FTE.

<u>USES</u>		<u>SOURCES</u>	
Building	\$425,000	IRRRB	\$125,000
Infrastructure & site work	125,000	Private	425,000
TOTAL	\$550,000	TOTAL	\$550,000

City of Aurora

Grant amount: \$200,000

The project is comprised of reconditioning of the city's 500,000 gallon elevated water storage tank and renovation of the water plant for a joint water system. Aurora, Biwabik, White Township and possibly Hoyt Lakes are collaborating on a joint water system.

<u>USES</u>		<u>SOURCES</u>	
Water tower repairs	\$270,000	IRRRB	\$200,000
Water plant upgrades	1,500,000	City/bonding & other sources	1,570,000
TOTAL	\$1,770,000	TOTAL	\$1,770,000

City of Babbitt

Grant Amount: \$350,000

The project is comprised of water, sewer, road and site work for the construction of a 28-bed assisted living facility. Future plans are to build an independent senior living facility adjacent to the assisted living facility. The project is expected to create 26 FTE jobs. The developer owns and operates assisted living facilities in Cook, Ely, and Silver Bay, and several other assisted living facilities in the state. The Cook, Ely and Silver Bay facilities employ more than 80 people.

<u>USES</u>		<u>SOURCES</u>	
Building	\$2,655,090	IRRRB	\$350,000
Infrastructure & site work	410,950	Applicant	150,000
Land	150,000	Private	2,716,040
TOTAL	\$3,216,040	TOTAL	\$3,216,040

City of Biwabik

Grant Amount: \$200,000

The project is comprised of upgrades and new infrastructure installation between 2nd Avenue and 3rd Avenue leading to the NW Biwabik housing project. The city is working with a developer to build single family homes at the site.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer	\$339,371	IRRRB	\$200,000
Engineering, Contingency	61,704	Applicant	76,075
		St. Louis County CDBG	125,000
TOTAL	\$401,075	TOTAL	\$401,075

Breitung Township

Grant Amount: \$200,000

The project is comprised of replacement of 62-year-old water and sewer lines along Superior and Gordon streets, and a main street overlay project. Sewer backups are occurring in the area.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, road	\$515,000	IRRRB	\$200,000
Main street overlay	330,000	Applicant	190,000
		St. Louis County CDBG	125,000
		St. Louis County	330,000
TOTAL	\$845,000	TOTAL	\$845,000

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

The project is comprised of water, sewer, and roads for the north and south business park along Hwy 169. IRRRB funds will be used for the south business park. Several businesses are interested in locating in the south park.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, roads	\$249,200	IRRRB	\$150,000
Engineering	40,800	Applicant	140,000
TOTAL	\$290,000	TOTAL	\$290,000

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

The project is comprised of replacement of water, sewer and utility lines, and the reconstruction of C.S.A.H. #12 between Hwy #169 and 9th Avenue. Eligible expenses are those incurred since October 1, 2011.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, utility	\$124,203	IRRRB	\$100,000
Road reconstruction	1,173,573	Applicant	24,203
		County State Aid	1,173,573
TOTAL	\$1,297,776	TOTAL	\$1,297,776

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

The project is comprised of repairs, new pumps and controls at the lift station located near Longyear Lake. The lift station serves approximately 80% of the city's population and the extra capacity is needed for a \$20 million joint waste treatment project. The joint system will be shared by Chisholm, Buhl, Kinney and Great Scott Township.

<u>USES</u>		<u>SOURCES</u>	
Lift station, pumps/controls	\$396,000	IRRRB	\$200,000
		Applicant	100,000
Engineering	54,000	St. Louis County CDBG	150,000
TOTAL	\$450,000	TOTAL	\$450,000

Central Iron Range Sanitary District**Grant Amount: \$500,000**

The project is comprised of the construction of a new joint waste treatment plant in Chisholm, lift stations, and a sewer line from Buhl to Chisholm. This project is expected to create 5 FTE jobs. The joint system includes Chisholm, Buhl, Kinney and Great Scott Township.

<u>USES</u>		<u>SOURCES</u>	
Waste Treatment plant	\$17,607,000	IRRRB	\$500,000
Lift stations	2,789,000	PFA grants	8,736,133
Sewer line	545,264	Taconite tax relief monies	5,300,000
		PFA loan	6,405,131
TOTAL	\$20,941,264	TOTAL	\$20,941,264

Clinton Township

Grant Amount: \$160,000

The project is comprised of well, septic and site work related to the expansion of Badger Transport along Hwy #37. The project is expected to create 15 FTE jobs. Additional jobs are anticipated in the near future. Eligible expenses are those incurred since October 1, 2011.

<u>USES</u>		<u>SOURCES</u>	
Building and equipment	\$1,935,500	IRRRB	\$160,000
Well, septic and site work	160,000	Private	1,935,500
TOTAL	\$2,095,500	TOTAL	\$2,095,500

City of Coleraine

Grant Amount: \$126,815

The project is comprised of reconstruction of Powell Avenue to include water, sewer and road improvements.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, road	\$391,316	IRRRB	\$126,815
Engineering	58,684	City/other sources	323,185
TOTAL	\$450,000	TOTAL	\$450,000

City of Cook

Grant Amount: \$65,000

The project is comprised of water, sewer, drainage, and roads on First Avenue SW, 3rd Street and 4th Street SE. IRRRB funds will be used on the 4th Street project to correct water drainage problems that are affecting a 34-bed assisted living facility.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, drainage & roads	\$210,440	IRRRB	\$65,000
Engineering	34,560	City	50,000
		St. Louis County CDBG	130,000
TOTAL	\$245,000	TOTAL	\$245,000

Cook Hospital**Grant Amount: \$300,000**

The project is comprised of infrastructure and site work for the addition of space for a new emergency room and remodeling of the existing emergency room for endoscopy procedures. The project is expected to create 6 FTE jobs. The hospital currently employs 130 people.

<u>USES</u>		<u>SOURCES</u>	
Building remodeling and addition	\$3,244,843	IRRRB	\$300,000
Site work	288,671	Hospital/loan	3,439,833
Engineering	256,319		
TOTAL	\$3,789,833	TOTAL	\$3,789,833

City of Effie**Grant Amount: \$20,000**

The project is comprised of site work, storm drainage and other costs associated with the reconstruction of Hwy #1 from Hwy #38 into the City of Effie.

<u>USES</u>		<u>SOURCES</u>	
Hwy reconstruction, site work, storm drainage/other costs	\$1,371,372	IRRRB	\$20,000
		Applicant	4,675
		MN DOT	452,800
		Federal Highway Admin.	893,897
TOTAL	\$1,371,372	TOTAL	\$1,371,372

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

The project is comprised of water and sewer improvements along Patterson Street from 2nd Avenue E. to 4th Avenue E. (Zone D) and from 7th Avenue E. to 6th Avenue E. (Zone C). IRRRB funds will be spent on the Zone C project.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer	\$442,718	IRRRB	\$150,000
Engineering	72,282	City	165,000
		St. Louis County CDBG	200,000
TOTAL	\$515,000	TOTAL	\$515,000

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

The project is comprised of water, sewer, and road improvements along Hat Trick Avenue, from Five Seasons Sports Center to the United States Hockey Hall of Fame.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, road	\$493,039	IRRRB	\$250,000
Engineering	142,981	City/other sources	386,020
TOTAL	\$636,020	TOTAL	\$636,020

City of Eveleth**Grant Amount: \$74,059**

The project is comprised of street reconstruction and storm sewer replacement along Station 44 Road off of Hwy #37 to serve the Mesabi Trailhead building and other businesses. This is a cooperative project between the cities of Eveleth, Gilbert and Virginia.

<u>USES</u>		<u>SOURCES</u>	
Street reconstruction/storm sewer replacement	\$122,544	IRRRB	\$74,059
Engineering	25,574	City/other sources	74,059
TOTAL	\$148,118	TOTAL	\$148,118

City of Gilbert**Grant Amount: \$308,750**

The project is comprised of water, sewer, roads and other costs along Alaska Avenue. The infrastructure in the area is old and there are inflow/infiltration issues.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, roads & other costs	\$595,000	IRRRB	\$308,750
		City/other sources	286,250
TOTAL	\$595,000	TOTAL	\$595,000

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

The project is comprised of replacement of lift station #1 near the Mississippi River. This lift station is 50 years old and replacement is necessary to prevent leakage into the river. The city's waste treatment system also serves Cohasset and LaPrairie.

<u>USES</u>		<u>SOURCES</u>	
Lift station replacement	\$378,500	IRRRB	\$200,000
Engineering	56,800	Applicant	235,300
TOTAL	\$435,300	TOTAL	\$435,300

City of Hibbing**Grant Amount: \$350,000**

The project is comprised of water, sewer, roads and site work for a development project. The project is expected to create 26 FTE jobs.

<u>USES</u>		<u>SOURCES</u>	
Development	\$14,204,360	IRRRB	\$350,000
Infrastructure, site work, roads	350,000	Private	14,204,360
TOTAL		TOTAL	\$14,554,360

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

The project is comprised of replacing a 60" sanitary sewer line in the Brooklyn area that runs from 13th Street to 16th Street. The sanitary sewer line serves a large portion of the residential section of the city and the Hwy #169 business district corridor.

<u>USES</u>		<u>SOURCES</u>	
Sanitary sewer line replacement	\$1,188,000	IRRRB	\$300,000
Engineering	98,450	City/other sources	786,450
		St. Louis County CDBG	200,000
TOTAL		TOTAL	\$1,286,450

City of Hoyt Lakes**Grant Amount: \$350,000**

This project is comprised of water, sewer, road and site work for the Phase 1 construction of two 6-plex market rate apartment complexes, and bringing infrastructure to the edge of Phase 2, which consists of the construction of three 6-plex market rate apartment complexes, for a total of 30 units. The developer is one of the largest housing developers in N.E. MN and the IRRRB has participated in a similar project on the North Shore with the developer.

<u>USES</u>		<u>SOURCES</u>	
Apartment complexes	\$1,200,100	IRRRB	\$350,000
Water, sewer, roads, site work	383,278	Applicant	33,278
		Private	1,200,100
TOTAL		TOTAL	\$1,583,378

Kabetogama Township**Grant Amount: \$250,000**

This project is comprised of the construction of a shared waste treatment system that will serve eight residences and nine businesses. The project is expected to create 1 FTE job.

<u>USES</u>		<u>SOURCES</u>	
Waste treatment system	\$1,281,940	IRRRB	\$250,000
Engineering	218,060	DEED/PFA Grant	500,000
		DEED/PFA Loan	750,000
TOTAL	\$1,500,000	TOTAL	\$1,500,000

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

This project is comprised of the installation of an MPCA approved liner and collection and drainage system for the expansion of General Waste Disposal and Recovery Service. This expansion allows the landfill to accept waste from mining companies and dramatically reduce travel distance for mining companies to dispose of the waste. This project is expected to create 8 FTE jobs.

<u>USES</u>		<u>SOURCES</u>	
Liner & drainage system	\$1,144,500	IRRRB	\$300,000
		Private/DEED	844,500
TOTAL	\$1,144,500	TOTAL	\$1,144,500

Lake County**Grant Amount: \$350,000**

This project is comprised of the extension and upgrade to a rail spur and external electrical service upgrade, allowing for potential expansion at the Louisiana Pacific (L.P.) plant. This project has the potential to increase employment at the plant from 109 to 150 FTE. L.P. purchases 75,000 cords of wood locally each year.

<u>USES</u>		<u>SOURCES</u>	
Building retrofit and equipment	\$9,440,000	IRRRB	\$350,000
Rail spur and electrical	\$700,000	Applicant	60,000
		DEED	350,000
		Private	9,380,000
TOTAL	\$10,140,000	TOTAL	\$10,140,000

City of LaPrairie**Grant Amount: \$180,000**

The project is comprised of Phase 1 Lift station repairs to eventually replace wells and septic systems for 50 residents and 23 businesses close to Hwy #169.

<u>USES</u>		<u>SOURCES</u>	
Lift station repairs	\$333,398	IRRRB	\$180,000
Engineering	45,464	Applicant	198,862
TOTAL	\$378,862	TOTAL	\$378,862

City of Meadowlands**Grant Amount: \$72,940**

The project is comprised of water, sewer, roads and site work for the construction of an additional 10 units of assisted living adjacent to the current assisted living complex. The project is expected to create 15 FTE jobs.

<u>USES</u>		<u>SOURCES</u>	
Assisted Living building	\$1,129,000	IRRRB	\$72,940
Water, sewer, road and site work	72,940	Private	1,129,000
TOTAL	\$1,201,940	TOTAL	\$1,201,940

City of Mountain Iron**Grant Amount: \$250,000**

This project is comprised of connecting a water line to a Virginia water line near County Road #7 before reconstruction of the road in 2013. Connecting the water line will add capacity and fire protection for both cities.

<u>USES</u>		<u>SOURCES</u>	
Water line	\$550,000	IRRRB	\$250,000
		Applicant/other sources	300,000
TOTAL	\$550,000	TOTAL	\$550,000

City of Mountain Iron**Grant Amount: \$250,000**

This project is comprised of installing water and sewer lines along the new proposed County Road #102. The new road and infrastructure will connect to the northern edge of the Rock Ridge business park. Relocation of County Road #102 is scheduled for 2013 to accommodate an expansion of United States Steel's Minntac Mine.

<u>USES</u>		<u>SOURCES</u>	
Water and sewer	\$1,100,000	IRRRB	\$250,000
		Applicant/Minntac	850,000
TOTAL	\$1,100,000	TOTAL	\$1,100,000

City of Nashwauk

Grant Amount: \$200,000

The project is comprised of water, sewer, road and site work for an expansion of Motter Equipment Incorporated in the city's business park. The project is expected to create 10 FTE.

<u>USES</u>		<u>SOURCES</u>	
Building and equipment	\$2,870,917	IRRRB	\$200,000
Water, sewer, road and site work	279,870	DEED	79,870
		Private	2,870,917
TOTAL	\$3,150,787	TOTAL	\$3,150,787

City of Palisade

Grant Amount: \$280,000

The project is comprised of water, sewer and road extensions to Palisade Manufacturing Company and the Palisade business park. The business park is 21 acres. The project will lead to future employment growth. The company currently employs 15 people.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and road	415,000	IRRRB	\$280,000
		Applicant/Aitkin Cty	15,000
		DEED Grant	127,500
TOTAL	\$415,000	TOTAL	\$415,000

Range Mental Health

Grant Amount: \$150,000

The project is comprised of site work and construction costs for an expansion of Range Mental Health (RMHC) Hope House near Bailey Lake. The project is expected to create 1 FTE job. RMHC currently employs 242 people and provides services to over 7,000 people per year.

<u>USES</u>		<u>SOURCES</u>	
Building and site work	361,219	IRRRB	\$150,000
		Applicant	15,000
		St. Louis County CDBG	100,500
TOTAL	\$361,219	TOTAL	\$361,219

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

The project is comprised of replacing a sanitary sewer line and man holes in a number of areas in the city. The city is currently under MPCA mandate to eliminate inflow/infiltration problems within the city.

<u>USES</u>		<u>SOURCES</u>	
Sanitary sewer and manholes	\$205,130	IRRRB	\$100,000
		Applicant	105,130
TOTAL	\$205,130	TOTAL	\$205,130

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

The project is comprised of a small portion of Phase 2 – the dredging of three small areas along the East Two River and dredging of the marina area for 14 docks for boats, a larger dock, and a boardwalk area. Phase 2 is expected to cost \$8 million dollars. Upon completion of the project, it is anticipated there will be \$40 million in development in the marina area.

<u>USES</u>		<u>SOURCES</u>	
Dredging, dock and boardwalk	\$749,500	IRRRB	\$250,000
Engineering	58,500	Applicant	58,000
		St. Louis County	100,000
		DEED	400,000
TOTAL	\$808,000	TOTAL	\$808,000

City of Two Harbors**Grant Amount: \$150,000**

The project is comprised of water, sewer and site work for 34 new camping sites and construction of a shower and commons area building in the Burlington Bay campground. There are currently 102 campsites.

<u>USES</u>		<u>SOURCES</u>	
Building	\$425,000	IRRRB	\$150,000
Water, sewer and site work	1,160,580	Applicant	185,580
		State Bonding	1,250,000
TOTAL	\$1,585,580	TOTAL	\$1,585,580

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

The project is comprised of soil correction and electrical substation work for the P&H MinePro site. P&H currently employs 124 people. Eligible expenses are those incurred since September 15, 2011.

<u>USES</u>		<u>SOURCES</u>	
Soil corrections	\$1,400,000	IRRRB	\$250,000
Electrical substation	750,000	Applicant/DEED	1,000,000
		Federal EDA	400,000
		P&H MinePro	500,000
TOTAL	\$2,150,000	TOTAL	\$2,150,000

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

The project is comprised of water, sewer and site work for an expansion of Sundell Eye Associates near Bailey Lake. The project is expected to create 12 FTE jobs.

<u>USES</u>		<u>SOURCES</u>	
Building & equipment	\$1,751,168	IRRRB	\$150,000
Water, sewer and site work	148,832	Private	1,750,000
TOTAL	\$1,900,000	TOTAL	\$1,900,000

Virginia Regional Medical Center**Grant Amount: \$250,000**

The project is comprised of upgrades of two public elevators as required by Minnesota elevator standards and laws. VRMC is under a state mandate to upgrade the elevators. VRMC currently employs 485 people.

<u>USES</u>		<u>SOURCES</u>	
Elevators upgrades	\$600,000	IRRRB	\$250,000
		Applicant	350,000
TOTAL	\$600,000	TOTAL	\$600,000

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

The project is comprised of replacing approximately 1,900 feet of sanitary sewer. The existing pipe is 50 years old and there is significant inflow/ infiltration (I&I) into the system. The MPCA has mandated that the city reduce I&I.

<u>USES</u>		<u>SOURCES</u>	
Sanitary sewer	\$320,900	IRRRB	\$150,000
Engineering	44,100	City/DEED	215,000
TOTAL	\$365,000	TOTAL	\$365,000

White Township

Grant Amount: \$200,000

The project is comprised of relocating a water main, a new lift station and replacing septic systems with sanitary sewer lines. This is Phase 1 of 4 phases.

<u>USES</u>		<u>SOURCES</u>	
Water main, lift station, sanitary sewer	\$262,142	IRRRB	\$200,000
Engineering	42,858	Township	105,000
TOTAL	\$305,000	TOTAL	\$305,000

TOTAL FY12 GRANT AMOUNT	\$8,462,564
TOTAL PROJECT COST	\$85,327,504
LEVERAGE	9.08to 1
CONSTRUCTION FTE JOBS	515
PERMANENT JOBS	171

ORIGINAL PUBLIC WORKS BUDGET	\$4,000,000
LESS: BABBITT ZUPS WATERLINE	(\$180,000)
SUBTOTAL	\$3,820,000
ADDITIONAL TEDF FUNDS	\$4,152,564
CANCELED GRANTS	\$490,000
TOTAL	\$8,462,564

**EXHIBIT B
GRANT PROJECTS WITH ASSOCIATED PRIVATE DEVELOPMENT**

GRANTEE	GRANT AMOUNT
City of Aitkin	\$125,000
City of Babbitt	\$350,000
Central Iron Range Sanitary District	\$500,000
Clinton Township	\$160,000
Cook Hospital	\$300,000
City of Hibbing	\$350,000
City of Hoyt Lakes	\$350,000
City of Keewatin	\$300,000
Lake County	\$350,000
City of Meadowlands	\$72,940
City of Nashwauk	\$200,000
Range Mental Health	\$150,000
City of Virginia	\$150,000
Virginia Regional Medical Center	\$250,000

VI. Taconite Economic Development Fund (TEDF) – Production 2010, Pay 2011

Action required: Approval requires 7 votes

a) ArcelorMittal Minorca – Resolution No. 12-017

Motion by Senator David Tomassoni to approve the expenditure of TEDF funds for the ArcelorMittal Minorca project, in an amount not to exceed \$456,979, as presented in Resolution No. 12-017. Seconded by Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Mr. Joe Begich

ArcelorMittal Minorca



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

To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 14, 2011

**Re: ARCELORMITTAL MINORCA TACONITE ECONOMIC DEVELOPMENT
FUND PROJECT (PAY 2011, PRODUCTION 2010) – \$456,979**

Minnesota Statutes 298.227, authorize grants to Minnesota's taconite producers *for workforce development and associated public facility improvement, or 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 a proposed expenditure is not approved by at least seven Iron Range Resources and Rehabilitation Board members, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225.

ArcelorMittal Minorca is eligible for a pay 2011, based on 2010 production, Taconite Economic Development Fund rebate of \$456,979, based upon 15.4 cents per ton.

The ArcelorMittal Minorca TEDF Review Committee completed its review on November 29, 2011, and unanimously approved submitting the following project.

Project 1 – Refurbish Compressed Air System \$1,200,000

ArcelorMittal Minorca has proposed a project to completely revise their compressed air system to provide better compressed air quality in terms of pressure, volume, and moisture content. Their current system relies on one single, high pressure rotary screw compressor and two backup reciprocating compressors supplemented by portable air compressors for emergencies. The current system has been in place since 1993 and utilizes portions of the original compressed air system installed when Minorca was constructed in 1976. This project will improve reliability and reduce energy consumption while mitigating total plant shutdown risk from lack of air and the impact of poor quality air on the end users.

The project will include constructing a new building adjoining the existing compressed air equipment in the southwest corner of the pellet plant. The new building with separate motor control center will be designed to house an array of smaller compressors matched to the two primary users of air; the vacuum disc filters (low pressure, high volume) and the house air system (high pressure, lower volume). The current building design will be 3 compressors for the low pressure, snap blow system and 3 compressors for the high pressure, house air system. Each system will have two operating compressors and one standby. Each system will use variable speed drives for the operating compressors to control and match output to only what is needed, which will deliver the proposed energy savings. The standby compressors and the design of the building will insure reliability and improve maintenance access. The associated drying equipment will reduce entrained moisture to insignificant levels eliminating that as a cause of frustration to downstream users.

Estimated Project Total Cost: \$1,200,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
ARCELORMITTAL MINORCA COMPANY – PAY 2011 TEDF FUNDS**

Resolution No.: 12-017

WHEREAS, certain taconite production tax funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to taconite producers who provide certain required 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 for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer ArcelorMittal Minorca Company (“**Applicant Producer**”) is eligible to receive up to \$777,476 of TEDF Funds for Eligible Purposes based upon its 2010 pellet production (“**Pay 2011 TEDF Funds**”), which amount was calculated as provided in the table contained in the Board packet materials that accompanied the various proposed TEDF projects and consists of two portions, a portion that is equivalent to that amount of production tax that is equivalent to 14.7 cents per taxable ton of production (the “**14.7 c.p.t. Portion**”) and a portion that is equivalent to that amount of production tax that is equivalent to 15.4 cents per taxable ton of production (the “**15.4 c.p.t. Portion**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive the 15.4 c.p.t. portion of the Pay 2011 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 Committee of the Applicant Producer on November 29, 2011, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; 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, (b) the Board has had an opportunity to review the Proposed Project, and (c) at least seven Board members have approved the expenditure of TEDF funds for the Proposed Project; and,

WHEREAS, the Legislature in 2007 and 2009 amended the TEDF Statute to authorize the Board to deny funding for a TEDF project and act instead to authorize the expenditure of such TEDF Funds under the provisions of the Taconite Environmental Protection Fund Act; Minnesota Statutes section 298.222 to 298.224 (“**TEPF Statute**”); and,

Iron Range Resources & Rehabilitation Board Meeting

Thursday, April 12, 2012

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WHEREAS, the Board met in open session at 10:00 a.m. on December 14, 2011, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive Pay 2011 TEDF Funds for such project, and,

WHEREAS, the Board has determined that the 14.7 c.p.t. portion of the Pay 2011 TEDF Funds potentially available to the Applicant Producer would better serve the interests of the public and the citizens of the TAA if they were expended under the provisions of and for the purposes in the TEPF Statute.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of the 15.4 c.p.t. Portion of the Pay 2011 TEDF Funds available to the Applicant Producer, in the amount of \$456,979, for the purpose of paying a portion of the Applicant Producer’s costs associated with the Proposed Project, subject to the understanding that the 14.7 c.p.t. Portion of the Pay 2011 TEDF Funds, in the amount of \$320,497, which were available to the Applicant Producer but whose expenditure is hereby denied by the Board, will become available for expenditure under the TEPF Statute.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 14th DAY OF DECEMBER 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich				X
Mr. David Chura	X			
Mr. Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Tom Rukavina, Chair

Addendum A
ARCELORMITTAL MINORCA COMPANY'S PROPOSED PROJECT DESCRIPTION

PROJECT 1 – REFURBISH COMPRESSED AIR SYSTEM \$1,200,000

ArcelorMittal Minorca has proposed a project to completely revise its compressed air system to provide better compressed air quality in terms of pressure, volume, and moisture content. The company's current system relies on one single, high pressure rotary screw compressor and two backup reciprocating compressors supplemented by portable air compressors for emergencies. The current system has been in place since 1993 and utilizes portions of the original compressed air system installed when Minorca was constructed in 1976. This project will improve reliability and reduce energy consumption while mitigating total plant shutdown risk from lack of air and the impact of poor quality air on the end users.

The project will include constructing a new building adjoining the existing compressed air equipment in the southwest corner of the pellet plant. The new building with separate motor control center will be designed to house an array of smaller compressors matched to the two primary users of air; the vacuum disc filters (low pressure, high volume) and the house air system (high pressure, lower volume). The current building design will be 3 compressors for the low pressure, snap blow system and 3 compressors for the high pressure, house air system. Each system will have two operating compressors and one standby. Each system will use variable speed drives for the operating compressors to control and match output to only what is needed, which will deliver the proposed energy savings. The standby compressors and the design of the building will insure reliability and improve maintenance access. The associated drying equipment will reduce entrained moisture to insignificant levels eliminating that as a cause of frustration to downstream users.

Estimated Project Total Cost: \$1,200,000

b) Magnetation, Inc. – Resolution No. 12-018

Motion by Senator Tom Saxhaug to approve the expenditure of TEDF funds for the Magnetation, Inc. project, in an amount not to exceed \$11,700, as presented in Resolution No. 12-018. Seconded by Senator John Carlson. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfattrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Mr. Joe Begich

Magnetation, Inc.



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

To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 14, 2011

**Re: MAGNETATION, INC. TACONITE ECONOMIC DEVELOPMENT FUND
PROJECT (PAY 2011, PRODUCTION 2010) – \$11,700**

Minnesota Statutes 298.227, authorize grants to Minnesota's taconite producers *for workforce development and associated public facility improvement, or 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 a proposed expenditure is not approved by at least seven Iron Range Resources and Rehabilitation Board members, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225.

Magnetation, Inc. is eligible for a pay 2011, based on 2010 production, Taconite Economic Development Fund rebate of \$11,700, based upon 15.4 cents per ton.

The Magnetation, Inc. TEDF Review Committee completed its review on December 2, 2011, and unanimously approved submitting the following project.

Project 1 – Ball Mill Project

\$2,500,000

Magnetation, Inc. has located a used ball mill that they can purchase. They will refurbish it and install it at their Keewatin processing facility. This ball mill will increase the efficiency and capacity of their Keewatin plant. Estimated Project Total Cost: \$2,500,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
MAGNETATION, INC. – PAY 2011 TEDF FUNDS**

Resolution No.: 12-018

WHEREAS, certain taconite production tax funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to taconite producers who provide certain required 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 for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer Magnetation, Inc. (“**Applicant Producer**”) is eligible to receive up to \$12,980 of TEDF Funds for Eligible Purposes based upon its 2010 iron ore production (“**Pay 2011 TEDF Funds**”), which amount was calculated as provided in the table contained in the Board packet materials that accompanied the various proposed TEDF projects and consists of two portions, a portion that is equivalent to that amount of production tax that is equivalent to 14.7 cents per taxable ton of production (the “**14.7 c.p.t. Portion**”) and a portion that is equivalent to that amount of production tax that is equivalent to 15.4 cents per taxable ton of production (the “**15.4 c.p.t. Portion**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive Pay 2011 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 Committee of the Applicant Producer on December 2, 2011, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; 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, (b) the Board has had an opportunity to review the Proposed Project, and (c) at least seven Board members have approved the expenditure of TEDF funds for the Proposed Project; and,

WHEREAS, the Legislature in 2007 and 2009 amended the TEDF Statute to authorize the Board to deny funding for a TEDF project and act instead to authorize the expenditure of such TEDF Funds under the provisions of the Taconite Environmental Protection Fund Act; Minnesota Statutes section 298.222 to 298.224 (“**TEPF Statute**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 14, 2011, at the Eveleth Administrative Building to consider the Proposed Project and the Applicant Producer’s request to receive Pay 2011 TEDF Funds for such project, and,

WHEREAS, the Board has determined that the 14.7 c.p.t. Portion of the Pay 2011 TEDF Funds potentially available to the Applicant Producer would better serve the interests of the public and the citizens of the TAA if they were expended under the provisions of and for the purposes in the TEPF Statute.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of the 15.4 c.p.t. Portion of the Pay 2011 TEDF Funds available to the Applicant Producer, in the amount of \$11,700, for the purpose of paying a portion of the Applicant Producer’s costs associated with the Proposed Project, subject to the understanding that the 14.7 c.p.t. Portion of the Pay 2011 TEDF Funds, in the amount of \$1,280, which were available to the Applicant Producer but whose expenditure is hereby denied by the Board, will become available for expenditure under the TEPF Statute.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 14th DAY OF DECEMBER 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich				X
Mr. David Chura	X			
Mr. Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Tom Rukavina, Chair

Addendum A

MAGNETATION, INC. PROPOSED PROJECT DESCRIPTION

PROJECT 1 – BALL MILL PROJECT \$2,500,000

Magnetation, Inc. has located a used ball mill that it can purchase. The company will refurbish it and install it at the company's Keewatin processing facility. This ball mill will increase the efficiency and capacity of the Keewatin plant.

Estimated Project Total Cost: \$2,500,000

6) Iron Range Higher Education Account – *Resolution No. 12-019*

Motion by Senator Tom Bakk to clarify the authority of both the Commissioner and the Northeast Higher Education District to expend portions of the \$620,000 of Iron Range Higher Education Account funds approved by the Board at its June 16, 2011, meeting for the NHED project, as presented in Resolution No. 12-019. Seconded by Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfattrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Mr. Joe Begich

**Iron Range Higher Education Account – Technical Correction to
Resolution No. 11-039**



IRRRB
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 and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: December 9, 2011

**Re: IRON RANGE HIGHER EDUCATION ACCOUNT – TECHNICAL
CORRECTION TO RESOLUTION NO. 11-039**

At its June 16, 2011, meeting, the Iron Range Resources and Rehabilitation Board (IRRRB) approved Resolution No. 11-039, which provided for Iron Range Higher Education Account expenditure.

A new resolution will be presented at the December 14th IRRRB meeting that offers a technical correction. The first resolution authorized the Northeast Higher Education District (NHED) to appropriate funds and inadvertently excluded the IRRRB from expending these same funds as in previous year’s resolutions. This technical change clarifies the first resolution.

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

Resolution No.: 12-019

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**” by a vote of at least seven members) and the Committee must approve all expenditures from the Higher Education Account; and

WHEREAS, the Board at its June 16, 2011, meeting in its Resolution 11-039 approved the expenditure of up to \$620,000 of the Higher Education Account funds to provide a grant to NHED for the continued development of the Arrowhead Institute of Technology, and higher education programs in Industrial Systems Technology, Process Automation Systems, Chemical Technology, Executive Office Management and Industrial Construction (the “**NHED Project**”); and

WHEREAS, implementation of the NHED Project is anticipated to involve expenditures both by NHED and by the Commissioner and the Board’s approval needs to be clarified to enable each entity, in partnership with the other, to expend portions of the \$620,000 grant to implement the NHED Project

WHEREAS, the Board met in open session starting at 10:00 a.m. on December 14, 2011, in the Board Room at the Joe Begich Building located near Eveleth, Minnesota to consider the Committee’s request to clarify the authority of both the Commissioner and NHED to expend portions of the \$620,000 for the NHED Project.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves making the \$620,000 of the Higher Education Account Funds for the NHED Project available to both the Commissioner and NHED, working in partnership, to implement the NHED Project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 14th DAY OF DECEMBER 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			

Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich				X
Mr. David Chura	X			
Mr. Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Tom Rukavina, Chair

7) Other

a) Commissioner's Program Expenditure Authorization

Motion by Senator John Carlson to approve the expenditure of the remaining \$250,000 of project funds budgeted for the FY12 Commissioner Program (expenditure for the first \$250,000 portion of FY12 Commissioner Program project funds was approved by the Board at its August 18, 2011 meeting). Seconded by Mr. Jack Ryan. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Mr. Joe Begich

5) Adjournment

The meeting adjourned at 11:05 a.m.

Taconite Area Environmental Protection Fund

Action Required: Approval requires 7 votes

- a) IRRRB Residential Redevelopment Program
- b) FY12 Public Works Infrastructure Grants
 - (1) Range Regional Airport
 - (2) City of Eveleth
 - (3) City of Hibbing
 - (4) City of Kinney

IRRRB Residential Redevelopment Program



IRRRB
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 & Rehabilitation Board

From: Tony Sertich
Commissioner

Date: April 12, 2012

Re: IRRRB RESIDENTIAL REDEVELOPMENT PROGRAM

The former residential building demolition program has been in hiatus since 2010. The demand for removing dilapidated structures has grown and reached a level needed to restart the program. With recent staff reductions and the costs of replacing our old equipment, it is no longer practical for the agency to operate the program in its traditional format.

I am proposing a new structure for a Residential Redevelopment Program which addresses how the IRRRB can best serve the needs of our communities. Cities and townships can access the program in one of two options. The first option will best serve our larger communities and their adjacent neighbors. TAA cities and townships that have the staff, equipment and ability to demolish and remove dilapidated residences can apply to perform the demolition in-house, agree to meet and follow guidelines, secure all necessary authorizations and receive cost share reimbursement from the IRRRB upon complete demolition, removal and site cleanup of a structure.

The second option is for cities or townships to hire licensed, insured contractors to perform the demolition work on behalf of the city or township. The contractor retained by the city or township is required under the program to pay its workers prevailing wages. Cities and townships are strongly encouraged to collaborate with neighboring cities and townships to schedule projects geographically to minimize the overhead costs.

Currently, 84 structures are on a "to do" list for 2012 demolition. These structures are located in Babbitt, Buhl, Chisholm, Ely, Eveleth, Gilbert, Grand Rapids, Hibbing, Hoyt Lakes, Keewatin,

Kelly Lake, Mountain Iron, Nashwauk, Palo, Pengilly, Soudan, Two Harbors, and Virginia. Additional structures are expected to be added to the list upon Board approval of the program.

Reconfiguring the Residential Redevelopment Program will allow it to encourage our communities to maintain aesthetically pleasing appearances, keep our communities clean, safe and healthy, remove impediments for new development and tax base and encourage collaboration among communities.

The new Residential Redevelopment Program also provides additional work for licensed, insured contractors and direct employment for their workers. Utilizing contractors to perform the demolition work will allow numerous structures in multiple communities across the TAA to be simultaneously demolished. This will allow for the demolition and removal of a larger number of structures on an annual basis.

I am proposing that the Board repurpose \$350,000 from the FY12 Taconite Area Environmental Protection Fund to the Residential Redevelopment Program in support of TAA communities.

HISTORY

For 36 years, the Iron Range Resources & Rehabilitation Board has improved the region's quality of life by removing dilapidated residential structures within the Taconite Assistance Area. The program, which began in 1972, has demolished more than 6,800 residential structures over that time, paving the way for cleaner, safer and healthier communities and removing impediments for new development. From 2002 to 2007, the program was suspended due to an economic downturn, dwindling inventory and budget constraints. In 2007, at the request of nine cities which demonstrated a need, the program was reinstated for two years with 77 residential structures targeted for demolition. Although scheduled to conclude in 2008, the program was extended for an additional two years, as a result of demand and need. In November 2010, the agency completed its list of structures to be demolished. This, along with staff reductions and aging equipment, resulted in the program being returned to its hiatus status.

Since its inception, more than 600 structures have been razed in the city of Hibbing and more than 500 in the city of Virginia. On average, one structure has been removed for every 1.9 square miles within the 13,000 square-mile Taconite Assistance Area. New construction has occurred at approximately 50 percent of the demolition sites, strengthening the tax base of each community and the region.

The program has been exemplary and award winning. In 1988, the program received the federal "Public Service Excellence Award." In 1996, the program received the Range Association of Municipalities & Schools "Innovative Services Award," named in honor of Rudy Perpich.

FY12 Public Works Infrastructure Grants



IRRRB
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 and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: April 12, 2012

Re: FY12 PUBLIC WORKS THREE GRANT AWARDS TOTALING \$429,700

PURPOSE

The Public Works grants provide funds for cities and townships that can be used for infrastructure, site work, or healthcare capital projects that support community and economic development.

CRITERIA

- A. Economic Impact – Priority #1
- B. Jobs Created – Priority #2
- C. Leverage – Priority #3
- D. Project Readiness – Priority #4
- E. Need – Priority #5

Range Regional Airport

Grant Amount: \$150,000

The project is comprised of design cost for the remodeling of 12,734 sq. ft. and expansion of 5,750 sq. ft. of the Range Regional Airport Passenger Terminal building. The remodeling and expansion will include: restrooms in the boarding lounge area; expansion of security checkpoint, check-in, baggage inspection and updates to HVAC, lighting and wall insulation. Chisholm-Hibbing Airport Authority is seeking \$5 million dollars in 2012 bonding funds for the project. The project is expected to create 35 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Terminal	\$5,000,000	IRRRB	\$150,000
Remodeling /expansion			
A&E	448,000	Applicant/bonding/FAA	5,298,000
TOTAL	\$5,448,000	TOTAL	\$5,448,000

City of Eveleth

Grant Amount: \$35,000

The project is comprised of the replacement of the air conditioning system at the United States Hockey Hall of Fame Museum, which is a city-owned facility. The old system was installed in 1972 and has been repaired many times. The system is no longer repairable. Funding matches will come from the city and other outside sources.

<u>USES</u>		<u>SOURCES</u>	
Air conditioning system	\$65,000	IRRRB	\$35,000
		City/other sources	30,000
TOTAL	\$65,000	TOTAL	\$65,000

City of Hibbing

Grant Amount: \$211,000

The project is comprised of water, sewer, roads and site work for the \$1.269 million dollar expansion of Iracore on 13th Ave East in North Hibbing. The project also includes relocation of a building for the expansion. The project is expected to create 20 FTE jobs over the next five years, and approximately 9 FTE construction jobs, plus the retention of 100 jobs.

<u>USES</u>		<u>SOURCES</u>	
Development & Relocation of building	\$1,269,000	IRRRB	\$211,000
Infrastructure & site work	211,000	Private	1,269,000
TOTAL	\$1,480,000	TOTAL	\$1,480,000

City of Kinney

Grant Amount: \$33,700

The project is comprised of refurbishing the sand filters in their water treatment plant, the last time this was done is 1979. They will remove the sand from existing filters, install new piping for the air wash and drain grid and install filter sand.

<u>USES</u>		<u>SOURCES</u>	
Refurbishing sand filters	\$33,957	IRRRB	\$33,700
		City	257
TOTAL	\$33,957	TOTAL	\$33,957

Douglas J. Johnson Economic Protection Trust Fund

Action required: Project approval requires 8 votes

- a) American Peat Technology, LLC
- b) Furin & Shea Welding & Fabricating, Inc.
- c) R.C. Fabricators, Inc.
- d) Cast Corporation

American Peat Technology, LLC
Direct Loan Program

APPLICANT:

American Peat Technology, LLC

PRINCIPAL(S):

Douglas Green, President

BRIEF PROJECT DESCRIPTION:

American Peat Technology, LLC (APT), was formed in 2003 and began producing powdered and granulated peat for the seed inoculant industry.

APT has continued to explore other uses for peat products. Recently, APT developed a product that effectively removes dissolved heavy metals from both water and soil. This product, APTsorb, is effective in treating stormwater, mine dewatering and process water.

Currently, APT is working with the University of Minnesota, Duluth's Natural Resources Research Institute (NRRI) to develop an APTsorb product that will be effective in removing other specific pollutants, such as, mercury and sulfates.

PROJECT COST:

\$201,273

PROJECT BREAKDOWN:

IRRRB Direct Loan at formula rate, repayment on royalties over 10 years	\$100,000
American Peat Technology	\$ 51,273
NRRI	\$ 50,000

COLLATERAL:

IRRRB will hold a shared first-position lien on the intellectual property developed as a result of this project.

JOBS:

5 full-time jobs created with wages of \$12.50 to \$22/hr. plus benefits.

CONTINGENCIES:

None.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

The Technical Advisory Committee recommended approval of the project on April 3, 2012

FUNDING AUTHORIZATION:

Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

American Peat Technology, LLC (APT) was formed in August 2003. APT purchased all assets and intellectual property of the former Peat Technologies Corp. New equipment was built and the plant started producing BioAPT, a granular or powdered peat product that serves as carrier of the rhizobia bacteria for sale to the seed inoculant industry to enhance the growth and productivity of legume crops, particularly soybeans.

APT is also developing new products and pursuing new markets. A recent product developed is APTsorb, which is used to treat various wastewater streams. APTsorb is used to treat stormwater, mine dewatering and process water to remove various heavy metals.

The current work being done in partnership with UMD's NRRI indicates that the peat can be modified to target specific pollutants. The goal is to modify the APTsorb product to target mercury and sulfate. If successful, this will have significant impact on Northeast Minnesota's mining industry.

MANAGEMENT TEAM:

Douglas Green, President, joined the company in 2003 and is involved in all facets of the business. Mr. Green holds an M.S. in geology from Utah State University and has over 20 years of experience in mining and minerals exploration.

Ryan Menzel, Vice President of Operations and Safety, joined APT in 2006. He holds a B.A. in Management from the College of St. Scholastica and an M.B.A. from Capella University.

Mark Krezowski, Executive Advisor, holds engineering degrees from the University of Minnesota and an M.B.A from St. Thomas University.

William Forder, Executive Advisor, holds a Mechanical Engineering degree from the University of Minnesota and has many years of experience as a successful businessman.

Peggy Jones, Lab Manager and Research Chemist, holds degrees in biology and environmental studies. She has been with APT since 2008 and works closely with NRRI in the development of new APT products.

MARKET OPPORTUNITY:

American Peat Technology's BioAPT products currently provide strong cash flow for the company. The new product line, APTsorb, is an effective, economical solution for wastewater treatment and removal of heavy metals. If successful in removing mercury and sulfates from waste water, APTsorb will not only have a significant impact on Minnesota's mining industry, but will impact many industries located around the world.

COLLATERAL REVIEW:

Collateral for this loan consists of a lien on the intellectual property to be developed with NRRI's assistance. If marketable products are not developed as a result of this project, collateral value will be negligible.

PAST IRON RANGE RESOURCES HISTORY:

IRRRB advanced \$100,000 under a Bank Participation Loan to APT for equipment in 2006. The loan has been repaid in full.

Furin & Shea Welding & Fabricating, Inc.
Bank Participation Loan Program

APPLICANT:

Furin & Shea Welding & Fabricating, Inc.

PRINCIPAL(S):

David Furin & Daniel Shea

BRIEF PROJECT DESCRIPTION:

Purchase additional manufacturing equipment.

PROJECT COST:

\$340,000

PROJECT BREAKDOWN:

Bank loan, 7-year term	\$170,000
IRRRB bank participation loan, 7-year term at formula rate	170,000

COLLATERAL:

New equipment to be purchased, existing equipment and personal guarantees of the principals.

JOBS:

This project will result in the creation of two full-time positions with wages of \$15 to \$20 per hour plus a full benefit package.

CONTINGENCIES:

Bank financing, as indicated above, must be approved.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

The Technical Advisory Committee recommended approval of the project on April 3, 2012.

FUNDING AUTHORIZATION:

Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

Furin & Shea was established by David Furin and Daniel Shea in 1979 and serves the mining, paper, power generation and construction industries around the world with complete steel fabrication from design to delivery. Furin & Shea also manufactures products for OEM equipment companies that service the mining industry locally and abroad. They also provide engineering and detailing services to their customers.

This project will increase their capabilities with the addition of a New Standard Industrial 600 ton press-brake.

MANAGEMENT TEAM:

Daniel Shea, President, owns 40% of the company.

David Furin, Treasurer, owns 40% of the company.

Aaron Tronnes, Mechanical Engineer, owns 10% of the company.

Jim Perry, Sales Manager, owns 10% of the company.

MARKET OPPORTUNITY:

As a well-established company, Furin & Shea will continue to market their products and services around the world. This project will allow them to expand their services and increase sales to existing OEM accounts.

COLLATERAL REVIEW:

The loan will be secured with all business equipment and the personal guarantees of owners David Furin and Daniel Shea. Collateral is considered adequate.

PAST IRON RANGE RESOURCES HISTORY:

No past history with the IRRRB.

R. C. Fabricators, Inc.
Bank Participation Loan Program

APPLICANT:
R.C. Fabricators, Inc.

PRINCIPAL(S):
Rick Christenson, President.

BRIEF PROJECT DESCRIPTION:
Equipment and building expansion.

PROJECT COST:
\$353,156

PROJECT BREAKDOWN:

Bank loan, 7-year term	\$176,578
IRRRB bank participation loan, 7-year term at formula rate	176,578

COLLATERAL:
Existing and new equipment. Personal guaranty of owner.

JOBS:
In addition to retaining 29 full-time positions, this expansion project will create 5 full-time positions at \$13.50 to \$19.00 per hour plus benefits.

CONTINGENCIES:
Bank financing, as indicated above, must be approved.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:
The Technical Advisory Committee recommended approval of the project on April 3, 2012

FUNDING AUTHORIZATION:
Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

R. C. Fabricators, Inc. was formed in 1993 and serves the mining, paper and custom-machine building industries. This project consists of the addition of a machining center and sandblasting unit with related equipment and the construction of a facility to house the sandblasting unit.

MANAGEMENT TEAM:

Rick Christenson, President, is the sole owner of R. C. Fabricators, Inc. Over the past 18 years, he has grown the company to serve customers in the United States, Mexico and Canada.

MARKET OPPORTUNITY:

The outlook for the mining and custom machine building industries is strong and the outlook for fabricators, such as R. C. Fabricators that serve these industries is strong as well.

COLLATERAL REVIEW:

Collateral for the loan will consist of equipment, inventory and accounts receivable. In addition, the loan will have the personal guaranty of owner, Rick Christenson. Collateral coverage is considered sufficient.

PAST IRON RANGE RESOURCES HISTORY:

No history with the IRRRB.

Cast Corporation
Bank Participation Loan Program

APPLICANT:
Cast Corporation

PRINCIPAL(S):
Tim Bungarden

BRIEF PROJECT DESCRIPTION:
Expansion of business to include an addition of 8,200 square foot expansion to existing facility.

PROJECT COST:
\$930,000

PROJECT BREAKDOWN:

IRRRB participation loan (up to 20 years, formula rate)	\$390,000
Security State Bank of Hibbing (up to 20 years, negotiated rate)	\$390,000
Security State Bank of Hibbing (revolving credit line)	<u>\$150,000</u>
	\$930,000

COLLATERAL:
Shared first position real estate mortgage on property.

JOBS:
13 FTE positions retained and 5 new FTE positions created. Wages range from \$13-25 with a benefit package that included company paid health insurance.

CONTINGENCIES:
An appraisal of collateral acceptable to Security State Bank and the IRRRB is obtained. Additional alternative collateral may be considered in the event that an appraisal of the property does not support the contemplated level of debt.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:
Approval on April 3, 2012

FUNDING AUTHORIZATION:
Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in

that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

PROJECT DESCRIPTION:

Cast Corporation, incorporated in 1995, produces tooling, castings and production machining for the automotive, recreational, heavy equipment, and electrical utility industries. Recently the company has added truncated domes to its product line. The truncated domes are Americans with Disabilities Act compliant detectable warning plates installed in sidewalks that are sold to cities, counties, states and private parties.

In 2005 the business relocated from Buhl to its present location, a 13,000 square foot facility on Highway 37 in Hibbing just west of the Range Regional Airport. The contemplated expansion of the business would include an 8,200 square foot addition that will allow the business to meet their growing sales volume.

MANAGEMENT TEAM:

Tim Bungarden, the owner and CEO, founded Cast in 1995. Prior to that time, he was employed at Internet Corporation in Hibbing as a manufacturing manager for four years. He grew up involved in a family owned foundry in western Minnesota and holds a B.S. degree in Metalurgical Engineering.

MARKET OPPORTUNITY:

The contemplated expansion will allow the company to continue to grow and diversify its products to its existing and new customer base.

COLLATERAL REVIEW:

The loan will be secured with a shared first position real estate mortgage. 8,200 square feet will be added to the existing 13,000 square foot facility as part of this expansion. An appraisal acceptable to Security State Bank and the IRRRB, with a maximum loan to value of 80%, will be required to support the loan. In the event that the appraisal does not support the contemplated level of debt, additional alternative collateral may be considered.

PAST IRON RANGE RESOURCES HISTORY:

Cast Corporation currently has an outstanding bank participation loan with the agency. The agency portion of the loan has an original principal balance of \$250,000, has a current balance of \$147,000, and is secured by a real estate mortgage. This loan has been paid as agreed.

The company also had a bank participation loan secured with equipment. The loan had an original balance of \$165,000, was paid as agreed and has been paid in full.