

IRRRB Meeting Minutes
Thursday, August 9, 2012
10:00 a.m.
IRRRB
Eveleth, Minnesota

1) Roll Call

Representative Tom Rukavina, Chair, called the meeting to order at approximately 10:02 a.m. Present: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElfatrick, Senator John Carlson, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich and Mr. Jack Ryan. Excused: Senator Tom Bakk, Representative David Dill, Senator Paul Gazelka and Mr. Dave Chura. Minute Taker: Lauren 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; Sheryl Kochevar, Communications and Marketing Coordinator; Janette Paul, Executive Assistant; David Furin, Principal, Furin & Shea Welding and Fabricating; Dave Cutsforth, Principal, Cutsforth, Inc., Jim Carlstrom, General Manager, DC Manufacturing

2) Approval of the June 14, 2012, Minutes

Action required: Approval requires 7 votes

Senator John Carlson moved approval of the June 14, 2012, minutes. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

3) Commissioner Comments

a. Commissioner Update

Commissioner Tony Sertich gave a presentation and an update regarding the agency's new website.

4) Furin & Shea Welding & Fabricating – Resolution No. 13-001

Action required: Project approval requires 8 votes

Representative Carly Melin moved to approve the Furin & Shea Welding & Fabricating request for financial assistance in the form of a bank participation loan for the addition of a large plate-roll machine to increase its abilities to serve existing and new customers in an amount not to exceed \$113,000, as presented in Resolution No. 13-001. Seconded by Senator David Tomassoni. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

**FURIN & SHEA WELDING & FABRICATING, INC.
1432 East 34th Street
Hibbing, Minnesota 55746**

Bank Participation Loan

Applicant:	Furin & Shea Welding & Fabricating, Inc.	
Project Location:	1432 East 34 th Street Hibbing, Minnesota 55746	
Principal(s):	David Furin and Daniel Shea	
Business History:	The company was formed in 1979 and serves the mining, paper, power generation and construction industries around the world with complete steel fabrication, from design to delivery. They also manufacture products for OEM equipment companies and provide engineering and detailing services to their customers.	
Project Description:	This project consists of the addition of a large plate-roll machine to increase their abilities to serve existing and new customers.	
Jobs:	1 to 2 new jobs planned 32 retained Base wages of \$35,000 per year plus benefits	
Project Cost:	Bank loan 5- year amortization	\$ 113,000
	IRRRB Bank Participation Loan Formula rate	\$ 113,000

	5- year amortization	
	TOTAL	\$ 226,000
Collateral:	Davi MCB 3034 CNC ¾” x 10’ Plate Roll. Personal guarantees of David Furin and Daniel Shea.	
Market Opportunity:	Currently, customers for products produced with this type of machine are served primarily by companies located in the Twin Cities area.	
Past IRRRB History:	Existing participation loan being paid in compliance with terms.	
Contingencies:	Bank financing, as indicated above, must be approved.	
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on August 6, 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.	

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
FUNDS FOR PURCHASE OF A PARTICIPATION INTEREST IN
LOAN FOR FURIN & SHEA WELDING & FABRICATING PROJECT**

Resolution No.: 13-001

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 FY13 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 (“**FY13 DJJ Business Development Funds**”); and

WHEREAS, Furin & Shea Welding & Fabrication, Inc., a Minnesota business corporation (“**Furin & Shea**”) which has its principal office and production facilities in Hibbing, Minnesota, which is a location within the TAA, has made application to the Commissioner for financial assistance to enable it, in combination with funds provided from other sources, to purchase and install a large plate-roll machine to facilitate the on-going growth of its business at the Hibbing location (the “**Furin & Shea’s Equipment Purchase Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$113,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$226,000 bank loan which is being made to enable Furin & Shea to finance a portion of the costs of the Furin & Shea Equipment Purchase 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 (collectively, the “**Commissioner’s Proposed Project**”); 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 August 6, 2012, and recommended approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board met in the Board Room at the agency’s Administration Building near Eveleth on Thursday, August 9, 2012, at 10:00 a.m. to consider, among other matters, approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for the Commissioner’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 \$113,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$226,000 bank loan which is being made to enable Furin & Shea to finance a portion of the costs of its Equipment Purchase Project, with such participation interests to be purchased on the terms and subject to the conditions set forth in the Board packet materials and in the agency’s standard participation loan form, including the provisions customarily contained therein that require the borrower to pay at least prevailing wages to workers performing work on the equipment installation project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 9th DAY OF AUGUST 2012.

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	9	0	0	4

Signed: _____
Tom Rukavina, Chair

4) Cutsforth, Inc. – Resolution No. 13-002
Action required: Approval requires 8 votes

Motion by Senator John Carlson and Senator Tom Saxhaug to approve the Cutsforth, Inc. request for financial assistance in the form of a bank participation loan for construction of a new approximately 13,480 square foot building on the former Ainsworth site in Grand Rapids, in an amount not to exceed \$450,000, as presented in Resolution No. 13-002. Seconded by Representative Tom Anzelc and Representative Carolyn McElfatrick. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

CUTSFORTH, INC.
37837 Rock Haven Road
Cohasset, Minnesota 55721

Bank Participation Loan

Applicant:	Cutsforth, Inc.
Project Location:	30 County Road 63 Grand Rapids, Minnesota 55744
Principal(s):	David Cutsforth Marlyce Cutsforth

	Rob Cutsforth Dustin Cutsforth	
Business History:	Cutsforth, Inc. (Cutsforth) started in 1990 as a small company focused primarily on manufacturing replacement brush holders for generators and exciters in the power industry. ROX Speed FX (ROX), which serves customers in the motorsports industries by producing promotional vehicles, apparel and high end accessories, was a venture started as a division of Cutsforth in 1999 and was spun off in June of 2005. DC Manufacturing was created in 2010 as a division of Cutsforth and currently operates with a focus on manufacturing top quality products for Cutsforth, ROX and other customers. Currently, the sales, marketing and engineering functions of Cutsforth are located in Bellingham, WA, while distribution and field services are headquartered in Bloomington, MN, and the manufacturing and administrative offices are in Cohasset.	
Project Description:	Construction of a new approximately 13,480 square foot building on the former Ainsworth site in Grand Rapids that will house the operations of DC Manufacturing and the administration for Cutsforth. Along with the move of DC Manufacturing to the new site, ROX will be expanding into the space in Cohasset currently occupied by DC Manufacturing.	
Jobs:	6 new jobs planned 9 retained Production wages range from \$10-28/hour plus benefits.	
Project Cost:	Northview Bank 20 year amortization	\$450,000
	IRRRB Formula rate 20 year amortization	\$450,000
	SBA 504 20 year amortization	\$720,000
	IRRRB Public Works Grant	\$150,000
	Equity	\$280,000
	TOTAL	\$2,050,000
Collateral:	First priority security interest, shared with Northview Bank, on the land a facility to be constructed. Personal guaranties of David Cutsforth, Marlyce Cutsforth, Rob Cutsforth, and Dustin Cutsforth.	
Market Opportunity:	The additional space provided by the project will assist DC Manufacturing in being able to meet the growing needs of the business in the power generation, heavy industrial motors, and motorsports industries.	

Past IRRRB History:	None
Contingencies:	<ol style="list-style-type: none"> 1) An appraisal of the collateral acceptable to the IRRRB is obtained prior to disbursement of funds. 2) Alternative project structures, including that of the ownership of the collateral, may be considered as long as the IRRRB position is not compromised.
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on August 6, 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.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
FUNDS FOR PURCHASE OF A PARTICIPATION INTEREST IN
LOAN FOR CUTSFORTH BUILDING CONSTRUCTION PROJECT**

Resolution No.: 13-002

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 FY13 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 (“**FY13 DJJ Business Development Funds**”); and

WHEREAS, Cutsforth, Inc., a Minnesota business corporation (“Cutsforth”) is proposing to construct a new approximately 13,480 square foot building on the former Ainsworth site in Grand Rapids, which is a location within the TAA, that will house the operations of Cutsforth’s

DC Manufacturing Division and the administrative offices of Cutsforth, and has made application to the Commissioner for financial assistance to enable it, in combination with funds provided from other sources, to finance that construction project (the “**Cutsforth Building Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$450,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$900,000 bank loan which is being made to enable Cutsforth to finance a portion of the costs of the Cutsforth Building 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 (collectively, the “**Commissioner’s Proposed Project**”); 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 August 6, 2012, and recommended approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board met in the Board Room at the agency’s Administration Building near Eveleth on Thursday, August 9, 2012, at 10:00 a.m. to consider, among other matters, approval of the requested financial assistance for the Commissioner’s Proposed Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for the Commissioner’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 \$450,000 of FY13 DJJ Business Development Funds to purchase a participation interest in a \$900,000 bank loan which is being made to enable Cutsforth to finance a portion of the costs of the construction of its Building Project, with such participation interests to be purchased on the terms and subject to the conditions set forth in the Board packet materials and in the agency’s standard participation loan form, including the provisions customarily contained therein that require the borrower to pay at least prevailing wages to workers performing work on the construction project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 9th DAY OF AUGUST 2012.

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 McElfrick	X			

Representative Carly Melin	X			
Representative Tom Rukavina	X			
Mr. Joe Begich	X			
Mr. David Chura				X
Mr. Jack Ryan	X			
TOTAL	9	0	0	4

Signed: _____
Tom Rukavina, Chair

5) Public Works Projects – Resolution No. 13-003

Action required: Approval requires 7 votes

- a. City of Grand Rapids
- b. City of Big Fork
- c. City of Chisholm
- d. City of Virginia

Motion by Mr. Jack Ryan to approve the Public Works projects for the City of Grand Rapids for infrastructure and site work for the expansion of Cutsforth, Inc., the City of Big Fork for improvements to the water treatment and distribution system, the City of Chisholm for new water, sewer and road on 6th St. SE between Central Ave and 2nd Ave SE and the City of Virginia for infrastructure for two large new development projects, for a total amount not to exceed \$740,000, as presented in Resolution No. 13-003. Seconded by Mr. Joe Begich. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

PUBLIC WORKS 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: August 9, 2012

Re: FY13 Public Works Grant Totaling \$740,000

PURPOSE

The Public Works Grants program provides 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

FY13 Public Works grant projects will be brought before the Board at its December meeting; however, the public works grant projects listed below are being brought before the Board today due to the timeliness of the projects they are connected with. All of these projects are shovel ready and are tied to development and private job creation.

City of Grand Rapids

Grant Amount: \$150,000

The project is comprised of infrastructure and site work for the expansion of Cutsforth, Inc. Details about the project can be found on Pages 6 & 7 of this Board packet under the Cutsforth, Inc. bank participation loan write-up.

<u>USES</u>		<u>SOURCES</u>	
Infrastructure and site work	\$326,765	IRRRB	\$150,000
A & E	18,235	Private/City	195,000
TOTAL	\$345,000	TOTAL	\$345,000

City of Bigfork

Grant Amount: \$250,000

The project is comprised of improvements to the water treatment and distribution system. Improvements include: demolition of well house and sludge tank, new electrical and mechanical, repairing building, new equipment and several new water main loops in the city. The MPCA has determined the City of Bigfork is in violation of municipal water standards and for further development in the community to continue, corrections must be made. The project has been bid

and is awaiting approval from IRRRB to proceed. The City has obtained DEED funds which must be spent by December 31, 2012. This project is shovel ready and will commence immediately. These upgrades will also be needed for an expected expansion of Rajala Lumber. The project is expected to create 7 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water treatment improvements	\$841,800	IRRRB	\$250,000
A & E	51,000	DEED	250,000
		City	392,800
TOTAL	\$892,800	TOTAL	\$892,800

City of Chisholm

Grant Amount: \$190,000

The project is comprised of new water, sewer and road on 6th Street SE between Central Avenue and 2nd Avenue SE. The infrastructure project is ready to proceed immediately. The completion of this project will provide a new 10 ton route/road to their business park. The following companies are looking to add jobs in their business park: Anderson Lubricants – 22 FTE jobs; MN Twist Drill – 20 FTE jobs and Duluth Redi Mix will add several jobs. The project is expected to create 25 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Building	\$3,000,000	IRRRB	\$190,000
Infrastructure & roads	871,062	City/State Grant Funds	772,500
A&E	91,438	Private	3,000,000
TOTAL	\$3,962,500	TOTAL	\$3,962,500

City of Virginia

Grant Amount: \$150,000

FY 2012 Public Works funding was provided for water, sewer, roads and site work for the expansion of Sundell Eye Associates on Baileys Lake.

The FY2012 funding was for preliminary site development and basic infrastructure requirements. The new cost estimates now include utility hookups to 4th Street North, which will provide infrastructure for two additional large new development projects being planned. It makes sense to provide a FY 2013 grant at this time to build off and leverage the other work being done at the same time and in the same location. This project has been bid and will commence immediately upon IRRRB approval. The project is expected to create 12 FTE jobs and 11 FTE construction jobs in the first phase.

<u>USES</u>		<u>SOURCES</u>	
Building	\$1,750,000	IRRRB	\$150,000
Infrastructure and site work	604,000	Private Building	1,750,000
		IRRRB FY12 Grant	150,000
		Private/City	304,000

TOTAL \$2,354,000

TOTAL \$2,354,000

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

Resolution No.: 13-003

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 2013 Budget includes the allocation of \$6,000,000 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”); and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$740,000 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 10:00 a.m. on August 9, 2012, in the Board Room at the agency’s administrative offices 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 \$740,000 of FY13 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 13 TEPF Public Works Funds for the Grand Rapids, Chisholm and Virginia Projects, which are anticipated to 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 and associated concurrent private development 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 \$740,000 of FY13 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 9th DAY OF AUGUST 2012.

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	9	0	0	4

Signed: _____
Tom Rukavina, Chair

**EXHIBIT A
PUBLIC WORKS GRANTS FY13**

**City of Grand Rapids
Grant Amount: \$150,000**

The project is comprised of infrastructure and site work for the expansion of Cutsforth, Inc. Details about the project can be found on Pages 6 & 7 of this Board packet under the Cutsforth, Inc. bank participation loan write-up.

<u>USES</u>		<u>SOURCES</u>	
Infrastructure and site work	\$326,765	IRRRB	\$150,000
A & E	18,235	Private/City	195,000
TOTAL	\$345,000	TOTAL	\$345,000

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

The project is comprised of improvements to the water treatment and distribution system. Improvements include: demolition of well house and sludge tank, new electrical and mechanical, repairing building, new equipment and several new water main loops in the city. The MPCA has determined the City of Bigfork is in violation of municipal water standards and for further development in the community to continue, corrections must be made. The project has been bid and is awaiting approval from IRRRB to proceed. The City has obtained DEED funds which must be spent by December 31, 2012. This project is shovel ready and will commence

immediately. These upgrades will also be needed for an expected expansion of Rajala Lumber. The project is expected to create 7 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water treatment improvements	\$841,800	IRRRB	\$250,000
A & E	51,000	DEED	250,000
		City	392,800
TOTAL	\$892,800	TOTAL	\$892,800

City of Chisholm

Grant Amount: \$190,000

The project is comprised of new water, sewer and road on 6th Street SE between Central Avenue and 2nd Avenue SE. The infrastructure project is ready to proceed immediately. The completion of this project will provide a new 10 ton route/road to their business park. The following companies are looking to add jobs in their business park: Anderson Lubricants – 22 FTE jobs; MN Twist Drill – 20 FTE jobs and Duluth Redi Mix will add several jobs. The project is expected to create 25 FTE construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Building	\$3,000,000	IRRRB	\$190,000
Infrastructure & roads	871,062	City/State Grant Funds	772,500
A&E	91,438	Private	3,000,000
TOTAL	\$3,962,500	TOTAL	\$3,962,500

City of Virginia

Grant Amount: \$150,000

FY 2012 Public Works funding was provided for water, sewer, roads and site work for the expansion of Sundell Eye Associates on Baileys Lake.

The FY2012 funding was for preliminary site development and basic infrastructure requirements. The new cost estimates now include utility hookups to 4th Street North, which will provide infrastructure for two additional large new development projects being planned. It makes sense to provide a FY 2013 grant at this time to build off and leverage the other work being done at the same time and in the same location. This project has been bid and will commence immediately upon IRRRB approval. The project is expected to create 12 FTE jobs and 11 FTE construction jobs in the first phase.

<u>USES</u>		<u>SOURCES</u>	
Building	\$1,750,000	IRRRB	\$150,000
Infrastructure and site work	604,000	Private Building	1,750,000
		IRRRB FY12 Grant	150,000
		Private/City	304,000
TOTAL	\$2,354,000	TOTAL	\$2,354,000

6) Public Works Projects – House File 3149 – Resolution No. 13-004

Action required: Approval requires 7 votes

Motion by Representative Tom Anzelc to approve the Public Works Projects (House File 3149) in an amount not to exceed \$679,299 for certain community and economic development projects as more specifically described in Exhibit A of Resolution No. 13-004. Seconded by Representative Carly Melin. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Senator Paul Gazelka, Representative David Dill, Mr. Dave Chura

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
10 CPT MONEY PROJECT APPROVALS**

Resolution No.: 13-004

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, Minnesota Statutes Section 298.227 contains provisions related to the Taconite Economic Development Fund program (the “**TEDF Law**”). Paragraph (b) of that TEDF Law, which was originally enacted during the 2008 Legislative session, appropriated an amount equal to ten cents per taxable ton of production in 2007 (the “**10 CPT Money**”) to provide funds with which the Commissioner, with Board and Governor approval, could make loan or grants for costs associated with constructing value-added wood products facilities that would be located within the taconite assistance area designated in Minnesota Statutes Section 273.1341 (“**TAA**”); and

WHEREAS, Paragraph (b) (ii) of the TEDF Law provides that, if the authorized loan or grant for the value-added wood products facility was not made prior to July 1, 2012, the 10 CPT Money thereafter would be transferred into the Taconite Area Environmental Protection Fund account to be available for expenditure as TEPF Funds, without Governor approval, for public works projects in various proportions in the house legislative districts within the TAA; and

WHEREAS, the Commissioner prior to July 1, 2012, did not make any loan or grant of any portion of the 10 CPT Money for any such value-added wood products facility and the 10 CPT Money is therefore now available for expenditure as TEPF Funds for public works projects allocated in accordance with the provisions of Paragraph (c) of the TEDF Law; and

WHEREAS, the Board at its June 2012 meeting previously approved the expenditure of up to \$3,036,497 of such TEPF 10 CPT Money for certain public works projects and the Commissioner now has received proposals for the expenditure of up to \$679,299 of the remainder of such TEPF 10 CPT Money 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 August 9, 2012, 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 10 CPT Money TEPF Funds for the purposes and in the amounts specified below would be in the public interest, would promote economic development within the TAA, and would provide for the allocation of such 10 CPT Money in the manner required by Paragraph (c) of the TEDF Law; and

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$679,299 of the 10 CPT Money to provide TEPF Fund 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 the 10 CPT Money for those Proposed Projects listed in the attached Exhibit A 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 and associated private development construction work 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 9th DAY OF AUGUST 2012.

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	9	0	0	4

Signed: _____
Tom Rukavina, Chair

**EXHIBIT A
PROPOSED PROJECTS**

Grantee	Description	Amount
5B		
Meadowlands	Improvements to the fairgrounds	\$500
Chisholm	Improvements to Chisholm Memorial Sports Complex	\$353,799
TOTAL		\$354,299
6A		
Ely	Improvement to the Ely Veterans Memorial Baseball Field	\$50,000
St. Louis County School District #2142	Baseball/Softball field dugouts, playground equipment, athletic equipment, storage building and bus garage at the new North Woods school in Cook.	\$275,000
TOTAL		\$325,000

7) Other

The Board requested that the Commissioner arrange for a Board tour of the Essar Minnesota and Magnetation Inc. projects.

11) Adjournment

The meeting adjourned at 10:40 a.m.