Meeting
of the
Iron Range Resources
and
Rehabilitation Board

IRRRB
Eveleth, Minnesota

Thursday, December 13, 2012

Meeting of the Iron Range Resources and Rehabilitation Board
IRRRB, Eveleth, Minnesota
Thursday, December 13, 2012
10:00 a.m.

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EXHIBIT A – OCTOBER 11, 2012, IRRRB MEETING MINUTES i

MEETING OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD
IRRRB
Eveleth, Minnesota
Thursday, December 13, 2012 – 10:00 a.m.

AGENDA

1) Roll Call

2) Approval of October 11, 2012, Minutes
   See Exhibit A

3) Commissioner's Comments

4) Public Works Projects
   TEPF – Action required: Project approval requires 7 votes

5) Film Production Incentive Program
   TEPF – Action required: Project approval requires 7 votes

6) Airmark, Inc. DBA Nelson Wood Shims
   DJJ – Action required: Project approval requires 8 votes

7) Aqua Power, Inc.
   DJJ – Action required: Project approval requires 8 votes

8) Taconite Area Development Fund (TEDF) Projects
   TEDF – Action required: Project approval requires 7 votes
   a) US Steel – Minntac
   b) Hibbing Taconite
   c) Northshore Mining
   d) United Taconite
   e) Arcelor Mittal – Minorca
   f) Magnetation, LLC
   g) Magnetation, Inc.

9) Other

10) Adjournment

FY13 Public Works Grants

Iron Range Resources & Rehabilitation Board

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 13, 2012

RE: FY13 PUBLIC WORKS GRANTS TOTALING $7,825,000

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

36 projects (proposed at 12/13/12 meeting) - $7,825,000
Total project investments – $66,247,711
Permanent jobs initially created - 131
Construction jobs created – 418
Leverage – 7.5 to 1

Grand Total of FY13 Public Works (including 5 projects funded at previous meetings)

Total grants amount - $8,850,000
Total project investments – $76,738,511
Total permanent jobs initially created - 174
Total construction jobs created – 464
Leverage – 7.7 to 1

City of Aurora
Grant Amount: $250,000
The project is comprised of replacement of water, sewer, roads, sidewalks, curbs and gutters on North 1st Street and East Central Avenue. Infrastructure in the area is over 80 years old and there are 26 homes in the area.

USES		SOURCES	
Water, sewer, roads etc.	$480,750	IRRRB	$250,000
A & E	48,250	City	144,000
Contingency	25,000	St. Louis County CDBG	150,000
TOTAL	$554,000	**TOTAL**	$554,000

City of Babbitt
Grant Amount: $300,000
The project is comprised of water, sewer, roads and site work for a 20-unit hotel and conference center. The conference center will accommodate 80 people. Land is available for another 40 units and other future development. The project is projected to create 15 permanent jobs.

USES		SOURCES	
Development	$1,400,000	IRRRB	$300,000
Water, sewer, roads and site work	503,100	City Bonding	345,200
A & E	125,800	Private	1,430,600
Contingency	46,900		
TOTAL	$2,075,800	**TOTAL**	$2,075,800

Bigfork Valley Hospital
Grant Amount: $250,000
The project is comprised of water, sewer, roads and site work for a 20-unit memory care expansion attached to the hospital. The hospital has a 30-unit assisted living and a 40-unit nursing home attached to the hospital. The project is projected to create 15 permanent jobs.

USES		SOURCES	
Building	$3,448,250	IRRRB	$250,000
Water, sewer, roads and site work	508,140	Hospital/loan	3,762,850
A & E	56,460		
TOTAL	$4,012,850	**TOTAL**	$4,012,850

City of Biwabik
Grant Amount: $250,000
The project is comprised of the replacement of water, sewer and roads on 2nd Street. The infrastructure is over 60 years old.

USES		SOURCES	
Water, sewer and roads	$472,785	IRRRB	$250,000
A & E	118,585	City	165,000
Contingency	23,630	St. Louis County CDBG	200,000
TOTAL	$615,000	**TOTAL**	$615,000

Bois Forte Band of Chippewa
Grant Amount: $300,000
The project is comprised of water, sewer, roads, and site work for the construction of a new medical/dental clinic on Lake Vermilion. The old clinic was built in 1999 and is inadequate. They anticipate 300-to-400 new residents in the area in the next 10 years. The project is projected to create 19 permanent jobs.

USES		SOURCES	
New clinic	$3,165,000	IRRRB	$300,000
Equipment	1,263,500	USDA	2,475,000
Water, sewer, roads and site work	316,500	Shakopee Mdewakanton Sioux Community (SMSC)	2,000,000
A & E and contingency	230,000	Bois Forte	200,000
TOTAL	$4,975,000	**TOTAL**	$4,975,000

City of Bovey
Grant Amount: $100,000
The project is comprised of water, sewer, roads and site work for the KMDA expansion. KMDA has acquired a company from California and will build a 5,000 square-foot addition to their existing building. The project is projected to create 5 permanent jobs.

USES		SOURCES	
Building	$300,000	IRRRB	$100,000
Water, sewer, roads and site work	141,900	KMDA	341,900
TOTAL	$441,900	**TOTAL**	$441,900

City of Buhl
Grant Amount: $250,000
The project is comprised of replacing water, sewer and roads on Jones Avenue and State Street and the replacement of infrastructure in the alley.

USES		SOURCES	
Water, sewer and roads	$280,890	IRRRB	$250,000
A & E	80,244	City	5,900
Contingency	44,766	St. Louis County CDBG	150,000
TOTAL	$405,900	**TOTAL**	$405,900

City of Calumet
Grant Amount: $150,000
The project is comprised of replacing three blocks of water main and street reconstruction on 3rd and 4th Avenue in the city. There are 16 homes in the area.

USES		SOURCES	
Water main and road reconstruction	$221,330	IRRRB	$150,000
A & E	45,815	City	150,345
Contingency	33,200		
TOTAL	$300,345	**TOTAL**	$300,345

City of Chisholm
Grant Amount: $250,000
The project is comprised of replacement of water, sewer and roads on 7th to 9th Street on Central Drive. There is a large amount of inflow and infiltration (I & I) in the area. There are three homes for the mentally and physically challenged in the area.

USES		SOURCES	
Water, sewer and roads	$548,475	IRRRB	$250,000
A & E	146,678	City	350,000
Contingency	54,847	St. Louis County CDBG	150,000
TOTAL	$750,000	**TOTAL**	$750,000

City of Cohasset
Grant Amount: $200,000
The project is comprised of improvement to the lift station on Highway #2 and a water main extension on Highway #2. The IRRRB money will be spent for the water main extension. There are eight businesses that employee 33 people that will be served by the new water main.

USES		SOURCES	
Lift station	$92,070	IRRRB	$200,000
Water main extension	311,700	City	304,700
A & E	60,566		
Contingency	40,364		
TOTAL	$504,700	**TOTAL**	$504,700

City of Coleraine
Grant Amount: $70,000
The project is comprised of reconstruction of Powell Avenue to include water, sewer and road reconstruction. This is the main route to Main Street and the road severely narrows towards Main Street.

USES		SOURCES	
Water, sewer and road reconstruction	$355,666	IRRRB	$70,000
A & E	58,685	City	253,185
Contingency	35,649	IRRRB FY11 grant	126,815
TOTAL	$450,000	**TOTAL**	$450,000

City of Cook
Grant Amount: $150,000
The project is comprised of replacement valves, slide gates, rails, sludge removal, fences and boat ramp for their waste treatment pond system. The city is in violation of MPCA regulations for unauthorized discharge.

USES		SOURCES	
Valves, slide gates, rails etc.	$200,000	IRRRB	$150,000
A & E	48,000	City	38,000
Contingency	40,000	St. Louis County CDBG	100,000
TOTAL	$288,000	**TOTAL**	$288,000

City of Crosby
Grant Amount: $150,000
The project is comprised of a new retaining pond and an overflow area to prevent flooding at Graphics Packaging. The company has 99 employees.

USES		SOURCES	
Retaining pond and overflow area	$208,344	IRRRB	$150,000
A & E	50,000	City/County/School District	150,013
Contingency	41,669		
TOTAL	$300,013	**TOTAL**	$300,013

City of Ely
Grant Amount: $200,000
The project is comprised of replacement of water and sewer lines on 1st and 8th Avenue and Harvey Street. The infrastructure must be replaced before MNDOT reconstructs Highway #169 in the summer of 2013.

USES		SOURCES	
Highway #169 reconstruction	$1,000,000	IRRRB	$200,000
Water and sewer lines	396,965	City	158,500
A & E	71,445	St. Louis County CDBG	150,000
Contingency	40,090	MNDOT	1,000,000
TOTAL	$1,508,500	**TOTAL**	$1,508,500

City of Eveleth
Grant Amount: $250,000
The project is comprised of water, sewer, roads and site work for the Aqua Power expansion project. The project details and leverage is in the December 2012 loan Board package.

USES		SOURCES	
Water, sewer, roads	289,137	IRRRB	$250,000
A & E	17,500	Private	56,637
TOTAL	$306,637	**TOTAL**	$306,637

City of Eveleth
Grant Amount: $250,000
The project is comprised of replacement of water, sewer and roads for the Jones Street County State-aid Highway (CSAH) project.

USES		SOURCES	
Water, sewer and roads	$500,696	IRRRB	$250,000
Road reconstruction	2,300,000	City	105,773
A & E	55,077	St. Louis County CDBG	200,000
		St. Louis County CSAH	2,300,000
TOTAL	$2,855,773	**TOTAL**	$2,855,773

City of Gilbert
Grant Amount: $250,000
The project is comprised of replacement of water, sewer and roads on Minnesota and Michigan Street and waste water treatment improvements. The infrastructure is over 60 years old. Both streets are connected to the main street.

USES		SOURCES	
Waste water treatment improvements	$121,000	IRRRB	$250,000
Water, sewer and roads	299,220	City	254,000
A & E	53,860		
Contingency	29,920		
TOTAL	$504,000	**TOTAL**	$504,000

City of Gilbert
Grant Amount: $180,000
The project is comprised of replacement of culverts, a new site drainage system and street reconstruction on Circle Drive and the completion of the Alaskan Avenue project. Circle Drive is just north of the DeCare project. The project will provide a better drainage system for that facility.

USES		SOURCES	
Alaskan Avenue	$80,000	IRRRB	$180,000
Circle Drive	156,130	City	100,000
A & E	28,103		
Contingency	15,767		
TOTAL	$280,000	**TOTAL**	$280,000

City of Grand Rapids
Grant Amount: $250,000
The project is comprised of new signal lights, new turning lanes and a new entrance to Itasca Community College (ICC). ICC received $4.5 million for the construction of a new class room to replace Donovan Hall.

USES		SOURCES	
New class room	$4,699,000	IRRRB	$250,000
Signal lights, turning lanes and new entrance	649,410	City	292,939
A & E	178,588	MNDOT	350,000
Contingency	64,941	State bonding/Blandin	4,699,000
TOTAL	$5,591,939	**TOTAL**	$5,591,939

City of Hibbing
Grant Amount: $350,000
The project is comprised of water, sewer and gas extension along Highway #169 West for a proposed retail development. This project will also replace wells and septic systems for businesses and residents in the area.

USES		SOURCES	
Water, sewer and gas extension	$580,570	IRRRB	$350,000
A & E	116,114	City/bonding	405,000
Contingency	58,316		
TOTAL	$755,000	**TOTAL**	$755,000

City of Hibbing
Grant Amount: $250,000
The project is comprised of Phase 2 of the Brooklyn area replacement of sanitary sewer and water lines. Phase 1 was done with state bonding and IRRRB funds.

USES		SOURCES	
Sanitary sewer and water lines	$635,000	IRRRB	$250,000
A & E	127,000	City/bonding	607,000
Contingency	95,000		
TOTAL	$857,000	**TOTAL**	$857,000

City of Hoyt Lakes
Grant Amount: $350,000
The project is comprised of construction of an addition to an existing building and remodeling of that building for an emergency service facility to serve the East Range. Ambulance services are shared by Hoyt Lakes, Aurora and White Township. Fire departments on the East Range, through a mutual aid agreement, provide services to the East Range.

USES		SOURCES	
Building renovation and addition	$1,021,000	IRRRB	$350,000
Site work	212,200	City/bonding	1,300,800
Land Acquisition	146,000		
A & E	135,800		
Contingency	135,800		
TOTAL	$1,650,800	**TOTAL**	$1,650,800

Lake Superior - Poplar River Water District
Grant Amount: $250,000
The project is comprised of construction of a 2.2 mile water line from Lake Superior to Lutsen Mountain. It will provide a long-term water source for 150-to-200 home owners and businesses.

USES		SOURCES	
Water line	$3,815,529	IRRRB	$250,000
Acquisitions and wet land issues	430,723	State bonding	3,600,000
A & E	266,989	Cook County	250,000
Contingency	361,130	Lutsen Mountain	774,371
TOTAL	$4,874,371	**TOTAL**	$4,874,371

City of LaPrairie
Grant Amount: $250,000
The project is comprised of replacing well and septic systems with a municipal water and sewer system and road reconstruction for 50 residents and 23 businesses along Highway #169.

USES		SOURCES	
Water, sewer, road	$480,685	IRRRB	$250,000
A & E	76,910	City/DEED	355,664
Contingency	48,068		
TOTAL	$605,664	**TOTAL**	$605,664

Lutsen Township
Grant Amount: $300,000
The project is comprised of erosion control and clearing, mass grading, drainage, reconstruction of greens, grassing and a landscaping and irrigation system at the Superior National Golf Course. 80% of business in Cook County is tourism.

USES		SOURCES	
Golf course construction	$3,918,945	IRRRB	$300,000
A & E and other costs	378,316	Cook County sales tax bonding	2,900,000
Contingency	302,739	Cook County bonding	1,100,000
		Other	300,000
TOTAL	$4,600,000	**TOTAL**	$4,600,000

City of Mountain Iron
Grant Amount: $250,000
The project is comprised of water, sewer, roads and site work for the JADCO expansion. The company plans on building a 100 x 100 square foot building. The project is projected to create 20 permanent jobs.

USES		SOURCES	
Building construction	$1,000,000	IRRRB	$250,000
Water, sewer, roads and site work	224,490	City/other	50,000
A & E	33,374	Private	1,000,000
Contingency	42,136		
TOTAL	$1,300,000	**TOTAL**	$1,300,000

City of Mountain Iron
Grant Amount: $80,000
The project is comprised of site work for the mobile MRI unit for the St. Lukes Clinic in Mountain Iron. The clinic addition is currently under construction and the site work will be completed after the clinic is completed. The project is projected to create 10 permanent jobs.

USES		SOURCES	
New clinic	$1,200,000	IRRRB	$80,000
Site work	81,103	Private	1,201,103
TOTAL	$1,281,103	**TOTAL**	$1,281,103

City of Mountain Iron
Grant Amount: $250,000
The project is comprised of water, sewer, roads and site work for the expansion of housing in the Unity addition. The project does not include the construction costs of the new housing.

USES		SOURCES	
Water, sewer, roads, site work	$426,975	IRRRB	$250,000
A & E	81,125	City/private	350,000
Contingency	91,900		
TOTAL	$600,000	**TOTAL**	$600,000

City of Nashwauk
Grant Amount: $150,000
The project is comprised of water, sewer, roads and site work for the expansion of Motter Equipment on the south side of Highway #169. The project is projected to create 20 new permanent jobs.

USES		SOURCES	
Building construction	$4,200,000	IRRRB	$150,000
Water, sewer, roads and site work	385,616	City/DEED	258,500
Turning lanes and rail road crossing	590,165	MNDOT	600,000
A & E	148,962	IRRRB FY12 grant	200,000
Contingency	83,757	Private	4,200,000
TOTAL	$5,408,500	**TOTAL**	$5,408,500

City of Orr
Grant Amount: $50,000
The project is comprised of water, sewer, roads and site work for the construction of a 24-unit assisted living facility. The developer is one of the largest assisted living developers on the Iron Range. The project is projected to create 20 permanent jobs.

USES		SOURCES	
Assisted living facility	$2,013,200	IRRRB	$50,000
Water, sewer, roads, site work	408,120	City	50,000
Land	50,000	Private	2,200,000
A & E	28,680	IRRRB FY11 grant	300,000
Working capital	100,000		
TOTAL	$2,600,000	**TOTAL**	$2,600,000

City of Riverton
Grant Amount: $150,000
The project is comprised of replacement of water, sewer and roads on a city-wide basis. The infrastructure is old and has to be replaced.

USES		SOURCES	
Water, sewer and roads	$235,400	IRRRB	$150,000
A & E	47,090	City/DEED	180,000
Contingency	47,510		
TOTAL	$330,000	**TOTAL**	$330,000

City of Taconite
Grant Amount: $100,000
The project is comprised of replacement of sanitary sewer lines and road reconstruction in the Nelson Street North area. The city is on a mandate from MPCA to eliminate their inflow and infiltration (I & I) issues.

USES		SOURCES	
Sanitary sewer lines and street reconstruction	$160,155	IRRRB	$100,000
A & E	25,625	City	103,396
Contingency	17,616		
TOTAL	$203,396	**TOTAL**	$203,396

City of Tower
Grant Amount: $170,000
The project is comprised of replacement water and sanitary sewer lines and street reconstruction on Main Street, which is Highway #169. The project must be done before MNDOT reconstructs Highway #169 in 2013.

USES		SOURCES	
Water, sanitary sewer lines and street reconstruction	$285,456	IRRRB	$170,000
A & E	59,544	City	175,000
Highway #169 street reconstruction	800,000	MNDOT	800,000
TOTAL	$1,145,000	**TOTAL**	$1,145,000

City of Two Harbors
Grant Amount: $300,000
The project is comprised of construction of an 80 x 100 square-foot, fixed-based operation (FBO) building. The building will serve to provide maintenance and fuel for the airport. The project is projected to create 7 permanent jobs.

USES		SOURCES	
Building	$616,000	IRRRB	$300,000
Water and sewer	24,000	City	75,000
A & E	160,000	MNDOT Aeronautics	400,000
		Lake County	25,000
TOTAL	$800,000	**TOTAL**	$800,000

City of Virginia
Grant Amount: $350,000
The project is comprised of replacement of water, sewer and roads on 4th Street North for three proposed business projects. The IRRRB provided FY 10 Commercial Redevelopment funds to demolish five Seppi buildings on Bailey's Lake to make room for these proposed developments.

USES		SOURCES	
Buildings	$11,500,000	IRRRB	$350,000
Water, sewer and roads	585,435	City	261,000
A & E	117,087	St. Louis County CDBG	150,000
Contingency	58,478	Private	11,500,000
TOTAL	$12,261,000	**TOTAL**	$12,261,000

White Township
Grant Amount: $175,000
The project is comprised of extending water and sewer and road reconstruction from 1st Street to Poplar Street. Almost all of the residents have wells and septic systems on small lots.

USES		SOURCES	
Water, sewer and road reconstruction	$199,625	IRRRB	$175,000
A & E	35,933	Township	80,520
Contingency	19,962		
TOTAL	$255,520	**TOTAL**	$255,520

Film Production Incentive Program

Iron Range Resources & Rehabilitation Board

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 13, 2012

RE: **REQUEST FOR FILM PRODUCTION INCENTIVE PROGRAM**

OPPORTUNITY

The IRRRB has an opportunity to bring two film productions to our service area in 2013. These productions could result in direct economic impact of $8,000,000 to the Iron Range. I propose the implementation of an IRRRB Film Production Incentive Program to attract these productions to our region.

RECOMMENDATION

I recommend a Film Production Incentive Program in which IRRRB will reimburse 20% on eligible expenditures in our service area, with a cap of $500,000 per production. Reimbursement criteria for eligible expenditures will be consistent with the Film Production Jobs Program, codified as Minnesota Statutes Section 116U.26, and with the current reimbursement guidelines followed by the Minnesota Film and TV Board.

In addition, staff will coordinate a Point-of-Sale discount program at local businesses; introduce the film-makers to people and locations as needed; assist with local media and PR, the local premier of the films and other technical assistance as appropriate.

I recommend approval of the program with an initial capitalization of $800,000 out of FY13 TEPF Funds from the Projects portion of the Approved FY13 Agency Budget.

JOB CREATION AND ECONOMIC IMPACT OF FILM PRODUCTIONS IN MINNESOTA

According to the Motion Picture Association of America each $1.00 spent on film production in the U.S. results in $1.99 in economic activity. The spending multiplier calculated by the U.S. Department of Commerce, Bureau of Economic Analysis (Jan 16, 2012) is $1.65.

The economic impact of *North Country* was estimated by the Minnesota Department of Employment and Economic Development at $5 million. More than 70 temporary jobs were created (Minnesota workers employed directly by the production company). As a reminder, only a small portion of the movie was filmed on the Iron Range. The two films that are currently considering shooting on the Iron Range would film the bulk of their movies here.

IRRRB PAST PROJECT INCENTIVE

IRRRB offered an incentive to bring *North Country* to our service area. IRRRB gave a rebate of expenditures--up to $200,000--which were incurred in and for a movie filmed in the IRRRB service area.

We also coordinated a Point-of-Sale discount program through local Chambers of Commerce and their members for purchases made at participating businesses. We made introductions to local people who assisted with special needs such as space for production offices, custom requests for buildings, churches, homes, etc. We assisted with arrangements for the local premier of the film, including viewing the movie at the theater in Mountain Iron.

Airmark, Inc. DBA Nelson Wood Shims
500 NW 3rd Street
Cohasset, Minnesota 55721

IRRRB Bank Participation Loan Program

Applicant:	Airmark, Inc. DBA Nelson Wood Shims	
Project Location:	500 NW 3rd Street Cohasset, MN 55721	
Principal(s):	Fred Bills	
Project Description:	Expansion of business that manufactures wood shims.	
Market Opportunity:	Capture larger percentage of a market in a product that is primarily imported from China.	
Project Investment:		
	BMO Harris Bank 7-year amortization	$305,550
	IRRRB Formula rate 7-year amortization	$305,550
	Equity	$ 67,900
	TOTAL	**$ 679,000**
Jobs:	7 Projected New 29 Retained Wages $25,000 - $35,000 per year plus benefits	
Collateral:	Equipment	
Business History:	Nelson Wood Shims was founded in 1960 by Wilbert Nelson in his garage in Mountain Iron. The company was purchased by Fred Bills, its current owner in 1995 and has grown to become the largest wood shim manufacturer in North America.	
Past IRRRB History:	The IRRR Board approved a bank participation loan in the amount of $250,000 in December of 2010 as part of the last expansion of the company. The loan has a current balance of $164,000 and has been paid as agreed.	
Contingencies:	None	
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval on December 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.

Aqua Power, Inc.
800 Park Avenue
Eveleth, Minnesota 55734

IRRRB Bank Participation Loan Program

Applicant:	Aqua Power, Inc.	
Project Location:	800 Park Avenue Eveleth, Minnesota 55734	
Principal(s):	Tony Bernard, President	
Project Description:	Renovations to recently acquired buildings for expansion.	
Market Opportunity:	Aqua Power primarily serves the mining and ethanol producers in the upper Midwest. Demand for their services continues to increase. In addition, Aqua Power is exploring other markets in our region.	
Project Investment:		
	Bank loan with a 15-year amortization	$485,000
	IRRRB Participation Loan at our formula interest rate with a 15-year amortization	250,000
	Company	42,000
	TOTAL	**$777,000**
Jobs:	10 Projected New 12 Retained Wages $29,000 - $35,000 per year plus benefits	
Collateral:	Shared 1st mortgage on the two commercial facilities being renovated.	
Business History:	Aqua Power was formed in 1981 to serve the mining industry with hydro-blasting cleaning and vacuum truck services. Business focus changed in 2003 when Tony Bernard became an owner and the company began to pursue additional customers in the ethanol industry. Their customer base is currently 45% mining, 30% ethanol and 25% paper plants, power plants and others.	
Past IRRRB History:	None.	
Contingencies:	Bank financing, substantially as noted above, must be committed to.	
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval December 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.

Taconite Economic Development Fund (TEDF) – Pay 2012, Production 2011

Action Required: Approval requires 7 votes

a) US Steel - Minntac
b) Hibbing Taconite Company
c) Northshore Mining Company
d) United Taconite, LLC
e) Arcelor Mittal Minorca
f) Magnetation, LLC
g) Magnetation, Inc.

Iron Range Resources & Rehabilitation Board

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 13, 2012

RE: UNITED STATES STEEL – MINNTAC TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS (PAY 2012, PRODUCTION 2011) - $3,295,389

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.

US Steel - Minntac is eligible for a pay 2012, based on 2011 production, Taconite Economic Development Fund rebate of $3,295,389, subject to the company providing a match of $792,862, for a total project cost of $4,088,251.

The US Steel - Minntac TEDF Review Committee completed its review on October 26, 2012, and unanimously approved submitting the following projects.

Project 1 is the Primary Project and Projects 2 and 3 are Residual Projects. Primary Projects are funded first. If the eligible expenses or the total project cost is less than the estimated project total cost, then to insure that the company would receive their total refund, the Residual Projects will become eligible for funding at the same ratio as the Primary Projects.

Project 1 - Mine Management System Upgrade - $5,043,000

The current Mine Management system at Minntac is comprised of a Wenco mine dispatching system and a Thunderbird drill monitoring system that communicate over an Ultra High Frequency (UHF) wideband radio system. The Federal Communication Commission (FCC) is narrow banding the UHF frequency effective January 1, 2013, requiring wideband communications to migrate to narrowband or an alternative communication system. The current Wenco system interfaces to mobile equipment via low precision Global Positioning System (GPS) for shovels, haul trucks, some loaders, and a few pieces of support equipment. Fleet management is very basic and relies on operators to manage equipment scheduling. The majority of the support equipment is not interfaced to the current Wenco system. The existing Mine Management system software and hardware are at the end of their useful life.

This project will allow Minntac to become compliant with the FCC narrow banding of the UHF frequency. Wideband radio hardware related to the Mine Management System on all mobile equipment will be replaced with a 3D-P communication platform interfacing with the recently installed Mesh wireless network. High precision GPS units will be installed on all loading, dozing, drilling, and foreman equipment enhancing fleet tracking, maintenance monitoring, and drill navigation capabilities. Hardware will be installed on all VIMS enabled mobile equipment to allow for real time wireless transfer of data. A third party Production Reporting and Performance Management system will be implemented to replace the current in-house system and will enhance data collection and reporting capability for operations, maintenance and engineering needs.

TEDF Grant	$3,295,389
Company	$1,747,611
Estimated Project Total Cost	$5,043,000

Project 2 – Agglomerator VFD's - $800,000

Line 5 of the Minntac Agglomerator facility currently uses two 1,500 and two 900 horsepower preheat and cooling fans driven by a 4,160 volt motor. The speed of these fans cannot be adjusted and, as a result they are run at full capacity. The resulting air flow volume exceeds optimum airflow to maintain appropriate process temperature for taconite production. To achieve optimum production conditions, Minntac mechanically restricts airflow output by about 50% with dampers and ducts to redirect excess airflow. This results in wasted energy and shorter lifespan for all the impacted equipment.

A Department of Energy (DOE) audit at Minntac in 2008 recommended changing to variable frequency drive (VFD) motors and fans. VFD's would allow operators to adjust the fans to produce optimum process airflow volume without the mechanical and electrical energy loss caused by running existing fans at full speed and restricting output with dampers.

TEDF Grant	$0
Company	$800,000
Estimated Project Total Cost	$800,000

Project 3 – Transformer Relay Upgrade in Agglomerator - $150,000

Minntac will replace existing agglomerator electric equipment with a new transformer relay. These relays are being installed to provide the ability to reduce arc flash incident energy on the feeder breakers during times of maintenance or normal operation while providing optimal selective coordination for the facility. The relay upgrade will also replace the three overcurrent relays and three transformer differential relays with one microprocessor relay. The new relay will require less maintenance and testing and will provide greater reliability for the system. The existing electromechanical relays are not flexible to meet Minntac's need to provide incident energy reduction.

The new relay will also be equipped with the ability to open and close the breakers with a time delay allowing workers plenty of time to leave the area before the breaker operates. This will improve safety by providing safer working condition for agglomerator employees.

TEDF Grant	$0
Company	$150,000
Estimated Project Total Cost	$150,000

Hibbing Taconite Company TEDF Project

Iron Range Resources & Rehabilitation Board

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To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: December 13, 2012

RE: HIBBING TACONITE COMPANY TACONITE ECONOMIC DEVELOPMENT FUND PROJECT (PAY 2012, PRODUCTION 2011) - $1,504,555

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.

Hibbing Taconite Company is eligible for a pay 2012, based on 2011 production, Taconite Economic Development Fund rebate of $1,504,555, subject to the company providing a match of $367,392, for a total project cost of $1,871,947.

The Hibbing Taconite Company TEDF Review Committee completed its review on October 29, 2012, and unanimously approved submitting the following project.

Project 1 - Stack Sizer Conversion - $1,950,000

All of the taconite operations must control the silica content of concentrator slurry in order to control pellet quality. Hibbing Taconite's silica target for their slurry is 3.9% to 4.3%. When the silica content the slurry exceeds 4.3%, Hibbing Taconite will route the slurry through a sizing screen to remove silica and bring the slurry back into specification range. The process involves screening out the coarse material, which includes silica and reprocessing this material.

Hibbing Taconite needs to replace five of the nine mill line screen decks. Currently, four of the nine are using Derrick Stack Sizers quite successfully. Performance experience on these lines indicates that the screen decks improve silica control allowing the concentrator to handle higher silica content. In addition to greater throughput and silica control, Derrick Stack Sizers provide additional cost benefits. Benefits include increased screen life, fewer motor replacements and the elimination of plugged screens. The Stack Sizer screen decks are also more durable, requiring less maintenance throughout their life. One of the largest benefits observed, also unanticipated, is that Derrick Stack Sizers are much more efficient at screening particles than the existing screens. This significantly reduces the amount of material that is routed back for reprocessing.

Employee safety is also improved with this project. The Derrick Stack Sizers emit less noise than the existing screens decks, and screen panel replacements are easier to execute, which reduces the risk of injury.

TEDF Grant	$1,504,555
Company	$445,445
Estimated Project Total Cost	$1,950,000

Northshore Mining Company TEDF Project

Iron Range Resources & Rehabilitation Board

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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 13, 2012

RE: NORTHSHORE MINING COMPANY TACONITE ECONOMIC DEVELOPMENT FUND PROJECT (PAY 2012, PRODUCTION 2011) - $1,453,194

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.

Northshore Mining Company is eligible for a pay 2012, based on 2011 production, Taconite Economic Development fund rebate of $1,453,194, subject to the company providing a match of $325,184, for a total project cost of $1,788,378.

The Northshore Mining Company TEDF Review Committee completed its review on October 9, 2012, and unanimously approved submitting the following project.

Project 1 - Reactivation of Concentrator Section 5 - $7,015,000

As Northshore Mining continues on their westward progression in the Peter Mitchell pit, they are encountering a harder ore, which takes longer to process. Reactivating Section 5 of the concentrator would meet the demands of Furnace 5 in the pellet plant, increase capacity of the concentrator allowing harder ore to be processed and build capacity for producing concentrate for outside sales.

The future pit expansion increases the presence of harder western ore, which leads to reduced ore recovery in the concentrator and increases the risk of a shortfall in concentrate production. Section 5 can be reactivated under the existing furnace 5 permit. This permit allows for the continuous refurbishment of concentrator sections 2 – 10.

TEDF Grant	$1,453,194
Company	$5,561,806
Estimated Project Total Cost	$7,015,000

United Taconite, LLC TEDF Project

Iron Range Resources & Rehabilitation Board

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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 13, 2012

RE: UNITED TACONITE, LLC TACONITE ECONOMIC DEVELOPMENT FUND PROJECT (PAY 2012, PRODUCTION 2011) - $1,628,692

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.

United Taconite, LLC is eligible for a pay 2012, based on 2011 production, Taconite Economic Development Fund rebate of $1,628,692, subject to the company providing a match of $340,579, for a total project cost of $1,969,271.

The United Taconite, LLC TEDF Review Committee completed its review on November 1, 2012, and unanimously approved submitting the following project.

Project 1 - 2012 Fairlane Plant – Finishers and Roll Screens - $2,200,000

In August 2010, United Taconite received approval of an amendment to its Air Permit from the Minnesota Pollution Control Agency that would allow production increases at the Fairlane Plant in Forbes. As a result, United Taconite is planning a series of projects over the next few years that will increase production from 5.2 million to 5.6 million tons annually.

United Taconite currently has six (6) magnetic separators on each of the five (5) mill lines to upgrade concentrate recovery as a final step of magnetic separation. The project involves replacing the finishers on each of the mill lines over the next three years. This project's improvements will increase rod mill feed production and reduce the number of separators on each line from six to three.

Greenballs (pellets prior to entry into the furnace) travel across a roll screen for sizing. Maintaining uniform pellet size is a critical quality and operating measure at United Taconite. Consistent pellet size improves air flow in the furnace, reduces downtime, energy usage, dust and fines and pellet screening at the dock. This phase of the project will involve conversion of the existing six foot screens to seven foot screens and replacing the existing three inch urethane rollers with two and one-half inch ceramic coated rollers.

This part of the upgrade is expected to be completed in December 2012 at a cost of $2,200,000.

TEDF Grant	$1,628,692
Company	$571,308
Estimated Project Total Cost	$2,200,000

ArcelorMittal-Minorca TEDF Project

Iron Range Resources & Rehabilitation Board

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4261 Highway 53 South
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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 13, 2012

RE: ARCELOR MITTAL-MINORCA TACONITE ECONOMIC DEVELOPMENT FUND PROJECT (PAY 2012, PRODUCTION 2011) - $774,718

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 2012, based on 2011 production, Taconite Economic Development Fund rebate of $774,718, subject to the company providing a match of $161,568, for a total project cost of $936,286.

The ArcelorMittal-Minorca Review Committee completed its review on November 13, 2012, and unanimously approved submitting the following project.

Project 1 - Refurbish Compressed Air System - $2,500,000

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 a 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 three compressors for the low pressure, snap blow system and three 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.

This project is a continuation of the ArcelorMittal-Minorca 2011 TEDF project. The original estimate was $1.2 million but actual cost will be approximately $2.5 million. Therefore, the funds were not available last year to complete this project. This year's TEDF allocation will assist in covering the shortfall.

TEDF Grant	$774,718
Company	$1,725,282
Estimated Project Total Cost	$2,500,000

Magnetation, LLC TEDF Project

Iron Range Resources & Rehabilitation Board

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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 13, 2012

RE: MAGNETATION, LLC TACONITE ECONOMIC DEVELOPMENT FUND PROJECT (PAY 2012, PRODUCTION 2011) - $42,786

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, LLC is eligible for a pay 2012, based on 2011 production, Taconite Economic Development fund rebate of $42,786, subject to the company providing a match of $2,207, for a total project cost of $44,993.

The Magnetation, LLC TEDF Review Committee completed its review on November 29, 2012, and unanimously approved submitting the following project.

Project 1 - Ball Mill Addition to Plant #2 - $2,500,000

Last year, Magnetation, Inc. purchased a used ball mill for their Keewatin facility. The coarse tailing material was processed through the ball mill before entering the Rev 3.1 separator. This significantly increased their concentrate recovery rates. Due to the success at the Keewatin plant, Magnetation, LLC would like to replicate this process improvement at their Plant #2 site near Bovey. This project will involve the purchase and installation of a new ball mill at the Plant #2 location.

TEDF Grant	$42,786
Company	$2,457,214
Estimated Project Total Cost	$2,500,000

Magnetation, Inc. TEDF Project

Iron Range Resources & Rehabilitation Board

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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 13, 2012

RE: MAGNETATION, INC. TACONITE ECONOMIC DEVELOPMENT FUND PROJECT (PAY 2012, PRODUCTION 2011) - $4,800

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 2012, based on 2011 production, Taconite Economic Development fund rebate of $4,800, subject to the company providing a match of $248, for a total project cost of $5,048.

The Magnetation, Inc. TEDF Review Committee completed its review on November 29, 2012, and unanimously approved submitting the following project.

Project 1 - Vacuum Disk Filter Addition to Plant #1 - $234,000

Magnetation, Inc. has identified the need to remove water from the final concentrate it produces. If the moisture content of the final product was lower, it would be easier to handle, cheaper to ship and make it possible to load into rail cars for transportation to one of their customers. Magnetation, Inc. will purchase and install a vacuum disk filter system to dewater and reduce the moisture content of the concentrate.

TEDF Grant	$4,800
Company	$229,200
Estimated Project Total Cost	$234,000

EXHIBIT A – OCTOBER 11, 2012, IRRRB MEETING MINUTES

IRRRB Meeting Minutes
Thursday, October 11, 2012
10:00 a.m.
IRRRB
Eveleth, Minnesota

1) Roll Call

Representative Tom Rukavina, Chair, called the meeting to order at approximately 10:12 a.m. Present: Representative Tom Anzelc, Representative Carly Melin, Representative Carolyn McElfatrick, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. Dave Chura and Mr. Jack Ryan. Excused: Representative David Dill. Minute Taker: Laureen Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Al Becicka, IRRRB Legal Counsel; Steve Peterson, Executive Director of Development; Matt Sjoberg, Director of Development; Dave Hart, Assistant Director Business Development; Richard Walsh, Community Development Representative, Bob Scuffy, Accounting Officer Sr.; Sheryl Kochevar, Communications and Marketing Coordinator; Janette Paul, Executive Assistant; Roy Smith, IRRRB/NHED Workforce Coordinator; Dan Jordan, Mining and Reclamation Supervisor; Steve Twining, Plant Manager, Louisiana Pacific Corp., Shaun Germolus, Executive Director, Chisholm Hibbing Airport Authority; Dave Rhode, Plant Operations Manager, Detroit Diesel Remanufacturing; Bob Menne, President, Premier Plastics, Inc.; Richard Fenda, Department Manager Profit and Construction, Keetac

2) Approval of the August 9, 2012, Minutes

Action required: Approval requires 7 votes

Mr. Dave Chura moved approval of the August 9, 2012, minutes. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative David Dill

3) Commissioner Comments

Commissioner Tony Sertich provided an update on project totals, leverage and job creation over the past two years.

4) Louisiana Pacific Corporation – *Resolution No. 13-005*

Action required: Project approval requires 8 votes

Senator Tom Bakk moved to approve the Louisiana Pacific Corporation request for financial assistance in the form of a direct loan for an expansion of the business that will include a comprehensive rebuild of the existing press at its Two Harbors plant in an amount not to exceed $2,000,000, as presented in Resolution No. 13-005. Seconded by Mr. Dave Chura. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative David Dill

LOUISIANA PACIFIC CORPORATION

414 Union Street, Suite 400
Nashville, TN 37219

IRRRB Direct Loan Program

Applicant:	Louisiana Pacific Corporation ("LP")
Project Location:	711 25th Avenue Two Harbors, MN 55616
Principal(s):	Jeff Potocnik, Project Engineer Steve Twining, Plant Manager Matt Rolfe, Accounting Manager
Project Description:	LP is seeking financing from the IRRRB for a project that will increase efficiencies and the production capacity of its Two Harbors plant. The contemplated project would include a comprehensive rebuild of the existing press at the plant. The project would also increase the capacity of the plant by adding two flights (going from

	eight to ten) to the press. It is expected that this project will decrease production costs at the plant in addition to increasing its capacity. The expansion of the plant will also significantly increase the resource utilization by LP from its current levels of approximately 80,000 cords of wood at its Two Harbors plant to approximately 100,000 cords annually. This will result in increased jobs and activity in the logging and transportation industries. Overall, this expansion will be positive for the continued viability of the Two Harbors plant.	
Market Opportunity:	The products produced at the Two Harbors plant are used both in new construction and the remodeling of existing structures. While demand remained relatively strong through the recent recession in the remodeling sector, the market for new housing construction was weak. The new housing construction market appears to be on the rebound. Combined with the fact that a lot of capacity, particularly in the OSB sector has been removed from the market, this should bode well for the company moving forward.	
Project Investment:	Equity	$4,290,000
	IRRRB 1%*, 10 year amortization	$2,000,000
	IRRRB Infrastructure Grant (to Lake County)	350,000
	DEED Infrastructure Grant (to Lake County)	350,000
	Lake County	60,000
	TOTAL	**$ 7,050,000**
	*This is equal to the participation loan formula rate. Originally, the loan was contemplated to be a participation loan with a lender to be identified. The Commissioner agreed to consider a direct loan at the participation loan formula rate after LP decided to fund the majority of the project internally.	
Jobs:	17 Projected New 112 Retained Wages: $32,000 to $58,000 per year plus benefits	
Collateral:	First position lien on a 10 opening Motala press, comprised of approximately 75% refurbished equipment and 25% new equipment.	

Business History:	LP, headquartered in Nashville, TN, has been a leading manufacturer of building products since its inception in 1973. The company operates 24 manufacturing facilities throughout North America and South America, with its focus on delivering innovative, high-quality commodity and specialty building products to retail, wholesale, home building and industrial consumers. Its products are used primarily in new home construction, repair and remodeling, and manufactured housing. LP has manufactured siding products at its plant in Two Harbors since the plant was constructed in 1985.
Past IRRRB History:	In 1985 the IRRRB participated in financing the Two Harbors plant with the issuance of revenue bonds. The bonds were repaid as agreed by LP.
Contingencies:	1) Documentation of value of collateral, acceptable to IRRRB staff, is obtained prior to disbursement of funds. 2) Alternative project structures 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 October 4, 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
DIRECT LOAN FOR
LOUISIANA PACIFIC CORPORATION PROJECT

Resolution No.: 13-005

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, Louisiana Pacific Corporation ("**LP**"), a business corporation with headquarters in Nashville, Tennessee, is proposing to update and upgrade its press at its Two Harbors siding plant, which is located within the TAA, to improve operating efficiencies and increase production of siding products, and has made application to the Commissioner for financial assistance to enable it, in combination with funds provided from its own corporate resources, to finance the press upgrade project (the "**LP Project**"); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to $2,000,000 of FY13 DJJ Business Development Funds to provide a direct loan which is being made to enable LP to finance a portion of the costs of the LP Project, with such loan to be provided subject to the terms and conditions set forth in the Board packet materials and as otherwise discussed at the meeting (collectively, the "**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 October 4, 2012, and recommended approval of the requested financial assistance for the Proposed Project; and

WHEREAS, the Board met in the Board Room at the agency's Administration Building near Eveleth on Thursday, October 11, 2012, at 10:00 a.m. to consider, among other matters, approval of the requested 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 the 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 $2,000,000 of FY13 DJJ Business Development Funds to provide a direct loan which is being made to enable LP to finance a portion of the costs of the upgrade of its press, with such loan to be provided on the terms and subject to the conditions set forth in the Board packet materials and in the agency's standard loan agreement form, including the provisions customarily contained therein that require the borrower to pay at least prevailing wages to workers performing work on the LP Project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 11th DAY OF OCTOBER 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	**12**	**0**	**0**	**1**

Signed:_____
Tom Rukavina, Chair

4) Detroit Diesel Remanufacturing – *Resolution No. 13-006*
Action required: Approval requires 8 votes

Representative Carly Melin moved to approve the Chisholm-Hibbing Airport Authority request for financial assistance in the form of a non-recourse direct loan to build-out the airport speculative building for occupancy by Detroit Diesel Remanufacturing, in an amount not to exceed $2,500,000, as presented in Resolution No. 13-006. Seconded by Senator David Tomassoni. Motion carried.

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

Voting Against the Motion: None

Abstain: Mr. Jack Ryan

Excused: Senator Tom Bakk, Representative David Dill

DETROIT DIESEL REMANUFACTURING (DMR)

1111 East 7th Avenue
Hibbing, Minnesota 55746

IRRRB Direct Loan Program

Applicant:	Chisholm-Hibbing Airport Authority	
Project Location:	3895 South Hughes Road, Hibbing, Minnesota 55746	
Principal(s):	Shaun Germolus, Executive Director, Airport Authority	
	David Rhode, Operations Manager, Detroit Diesel Remanufacturing DMR	
Project Description:	This project is to build-out the airport speculative building for occupancy by Detroit Diesel Remanufacturing DMR. With consolidation of their Iron Range facilities, this project will give the company 62,000 square foot of space within two facilities and will allow for efficiencies and growth. DMR's existing lease commitments expire by February 2015. The company and the airport have signed a Letter-of-Intent to negotiate an eleven-year renewable lease with purchase options. This project will ensure their continued presence and growth on the Iron Range.	
Market Opportunity:	Through its affiliation with Daimler AG and Daimler Trucks North America, DMR has access to a large market for their products and services. Prior to its acquisition by Detroit Diesel, DMR annual revenues were approximately $4 million. Since 2007, revenues have increased to over $20 million. DMR continues to add international customers. This growth has resulted in some manufacturing being shifted from Hibbing to other Detroit diesel Remanufacturing centers in Utah and Mexico. The company is currently pursuing a $6 million manufacturing opportunity that will not fit in their existing Hibbing facilities and anticipates the need for 40,000 square-foot of additional manufacturing space within three years. The airport site will allow for that anticipated expansion on the Iron Range.	
Project Investment:	IRRRB non-recourse direct loan to the Airport Authority at our formula rate. Repayment will be from lease revenues generated by the building.	$2,500,000
	DMR will fund all costs associated with relocation and installation of their equipment at the new site, as well as any costs exceeding $2,500,000 on the build-out.	235,000
	TOTAL	**$ 2,735,000**
Jobs:	50 Projected New* 97 Retained Wages $28,392 - $52,520 per year plus benefits. **(10 immediate and 40 when the anticipated future expansion is*	

	complete).
Collateral:	The loan will be secured with a first-position mortgage on the building and with an assignment of lease revenues.
Business History:	DMR was founded in Hibbing in 1987 to serve the truck, bus, heavy-duty equipment and light rail industries with electrical and electronic assemblies. In 2001, DMR relocated to a 15,000 square-foot building in the Hibbing industrial park. DMR was acquired by Detroit Diesel Remanufacturing Corporation in 2007. Detroit Diesel's history goes back to 1938 with the GM Diesel Division. Detroit Diesel is a "Daimler" company and is affiliated with Daimler Trucks North America, which manufactures Freightliner and Western Star trucks, Thomas Built Busses and custom chassis for motor-homes and busses. The company continues to grow and currently occupies 51,000 square-foot of space in four separate locations in Hibbing.
Past IRRRB History:	**Airport:** The 30,000 square-foot airport speculative building project direct loan of $790,000 was approved by the IRRRB at the August 18, 2005 Board meeting. At the September 11, 2006 Board meeting, an additional $835,000 was approved by the IRRRB as an increase to the direct loan to cover the increased cost of building materials and for the change from a steel building to a concrete building. The loan requires payment only from revenues generated by the speculative building. **DMR:** IRRRB participated in the funding for construction of the 15,000 square-foot building DMR currently leases in the Hibbing industrial park.
Contingencies:	A fully-executed development agreement and lease between Detroit Diesel and the Chisholm-Hibbing Airport Authority is required.
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on October 4, 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
DIRECT LOAN TO CHISHOLM-HIBBING AIRPORT AUTHORITY FOR
DETROIT DIESEL REMANUFACTURING PROJECT

Resolution No.: 13-006

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 2013 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, the Chisholm-Hibbing Airport Authority ("**CHAA**"), a governmental entity duly authorized to manage and operate the airport facility and lands, owns a building near the airport within the TAA ("**Spec Building**") that is suited for occupancy by a manufacturing company; and

WHEREAS, Detroit Diesel Remanufacturing DMR ("**DMR**"), a manufacturer of electrical and electronic assemblies for truck, bus, heavy-duty equipment and light rail industries, desires to expand its operations into the Spec Building; and

WHEREAS, CHAA desires to have DMR as a long-term tenant in the Spec Building; and

WHEREAS, in order for DMR to become a long-term tenant in the Spec Building, the Spec Building must be built out to accommodate its business needs; and

WHEREAS, pursuant to a request from CHAA, the Commissioner has requested the Board to approve the expenditure of up to $2,500,000 of FY 2013 DJJ Business Development Project funds to provide a direct loan to CHAA to finance building modifications at the Spec Building (the "**Project**") to enable DMR to locate manufacturing and other business operations at the site, which loan would be subject to the conditions set forth in the Board packet materials and as otherwise discussed at the meeting; 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 October 4, 2012, and recommended approval of the Project and the proposed agency funding for it; and

WHEREAS, the Board met at the agency's Administration Building near Eveleth on Thursday, October 11, 2012, at 10:00 a.m. to consider, among other matters, CHAA's request for financial assistance for the Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for the 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 $2,500,000 of FY 2013 DJJ Business Development Project funds to provide a direct loan to CHAA in support of the Project, with loan terms subject to the conditions set forth in the Board packet materials.

BE IT FURTHER RESOLVED, that the approval of funding for this project is subject to the further condition that CHAA must, before any IRRRB funds are paid or released, first certify that it will pay or require to be paid to all laborers, workers and mechanics performing work on the Project wages at a rate not less than the prevailing wage rates as defined in Minnesota Statutes Section 177.42, subdivision 6, consistent with Board Resolution number 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 11th DAY OF OCTOBER 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	**10**	**0**	**1**	**2**

Signed:_____
Tom Rukavina, Chair

5) Premier Plastics, Inc. – *Resolution No. 13-007*
Action required: Approval requires 8 votes

Senator David Tomassoni moved to approve the Virginia Eveleth Economic Development Authority request for financial assistance in the form of a non-recourse direct loan for building

modifications on the Progress Park speculative building for occupancy by Premier Plastics' new windshield division, in an amount not to exceed $60,000, as presented in Resolution No. 13-007. 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 Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. Dave Chura and Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Representative David Dill

PREMIER PLASTICS, INC.

5520 Colby Lake Road
Hoyt Lakes, Minnesota 55750

IRRRB Direct Loan Program

Applicant:	Virginia/Eveleth Economic Development Authority (VEEDA)
Project Location:	1404 Progress Park Parkway Eveleth, Minnesota 55734
Principal(s):	Laura Rusich, Executive Director, VEEDA Bob Menne III, President, Premier Plastics, Inc.
Project Description:	The project will support the expansion of Premier Plastics into the windshield market for motorcycles, boats, UTV's and ATV's. The total project includes equipment, as well as costs to build-out a portion of the #1404 building in Progress Park. IRRRB is considering the costs related to the building modifications. The IRRRB loan will be in the form of a non-recourse loan to VEEDA and will be repaid from revenues generated through rents and leases on the building.
Market Opportunity:	Existing customers have encouraged Premier Plastics to expand into the windshield business. These customers are requesting better quality and quicker delivery of the products. Premier Plastics believes this is a natural expansion for their existing product line.

Project Investment:	Northland Foundation	$80,000
	Arrowhead Regional Development Commission	80,000
	Bank	80,000
	Company	10,000
	IRRRB, loan amortized over 5-years at formula rate	60,000
	TOTAL	**$310,000**
Jobs:	3 to 5 Projected New 29 Retained Wages $18,700 to $22,880 per year plus benefits	
Collateral:	IRRRB will be secured with a mortgage and assignment of rents & leases on the building.	
Business History:	Premier Plastics was formed in 1997 and relocated to Hoyt Lakes in 2002. Using roto-molding and vacuum-forming, Premier produces various products for the marine, ATV, heavy-equipment and transportation markets. Their customer list includes: ASV, Bombardier, Cirrus, Polaris, Kawasaki, Suzuki, Bass Pro Shops, Cabela's and many more.	
Past IRRRB History:	In 2001, IRRRB funded the construction of the speculative building currently occupied by Premier Plastics in the Laskin Energy Park. Since 2002, IRRRB has assisted Premier plastics with expansion and equipment financing as well. The company is in compliance with all financing requirements.	
Contingencies:	A lease between VEEDA and Premier Plastics, Inc. and funding, substantially as indicated above, must be committed to.	
Technical Advisory Committee Recommendation:	The Technical Advisory Committee recommended approval of the project on October 4, 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
DIRECT LOAN TO VIRGINIA-EVELETH ECONOMIC DEVELOPMENT AUTHORITY FOR PREMIER PLASTICS EXPANSION

Resolution No.: 13-007

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 2013 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, the Virginia-Eveleth Economic Development Authority ("**VEEDA**"), a joint powers entity created by the Cities of Virginia and Eveleth and dedicated to economic development projects benefitting the two respective cities, owns a building in Progress Park within the TAA that is suited for an expansion project contemplated by Premier Plastics, Inc. ("**Premier**"), a Minnesota business corporation with current manufacturing operations in Hoyt Lakes, which is also located within the TAA; and

WHEREAS, the expansion by Premier into the Progress Park facility would enable the company to manufacture windshields for motorcycles, boats and other vehicles; and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to $60,000 of FY 2013 DJJ Business Development Project funds to provide a direct loan to VEEDA to finance building modifications in Progress Park (the "**Project**") to enable Premier to manufacture products at the site, which loan would be on the terms and subject to the conditions set forth in the Board packet materials and as otherwise discussed at the meeting; 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 October 4, 2012, and recommended approval of the Project and the proposed agency funding for it; and

WHEREAS, the Board met at the agency's Administration Building near Eveleth on Thursday, October 11, 2012, at 10:00 a.m. to consider, among other matters, VEEDA's request for financial assistance for the Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of DJJ Funds for the 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 $60,000 of FY 2013 DJJ Business Development Project funds to provide a direct loan to VEEDA in support of the Project, subject to the conditions set forth in the Board packet materials.

BE IT FURTHER RESOLVED, that the approval of funding for this project is subject to the further condition that VEEDA must, before any IRRRB funds are paid or released, first certify that it will pay or require to be paid to all laborers, workers and mechanics performing work on the Project wages at a rate not less than the prevailing wage rates as defined in Minnesota Statutes Section 177.42, subdivision 6, consistent with Board Resolution number 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 11th DAY OF OCTOBER 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	**11**	**0**	**0**	**2**

Signed:_____
Tom Rukavina, Chair

6) City of Keewatin Public Works Projects – *Resolution No. 13-008*
Action required: Approval requires 7 votes

Representative Tom Anzelc moved to approve the City of Keewatin's request for financial assistant in the form of a public works grant for a project comprised of infrastructure and site work for the expansion of Pro Blast Technology Inc., in an amount not to exceed $285,000, as presented in Resolution No. 13-008. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Representative David Dill

CITY OF KEEWATIN PUBLIC WORKS GRANT

Iron Range Resources & Rehabilitation Board

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 Members

From: Tony Sertich
Commissioner

Date: October 11, 2012

RE: KEEWATIN FY13 PUBLIC WORKS GRANT OF $285,000

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 project listed below is being brought before the Board today due to the timeliness of the project. This project is shovel ready and is tied to development and private job creation. Construction has started on this project in order to get the building foundation in the ground before frost.

City of Keewatin
Grant Amount: $285,000
The project is comprised of infrastructure and site work for the expansion of Pro Blast Technology Inc. The project is expected to create 8 projected new permanent jobs, and transfer 5 existing jobs from the old facility. The project is also expected to create 13 FTE construction jobs. Eligible expenses are those incurred since October 01, 2012. The company expects to double their revenues by 2014.

USES		SOURCES	
Building & furniture	$2,035,000	IRRRB	$285,000
Equipment	420,000	City	175,000
Land	175,000	Private	2,477,550
Infrastructure &site work	307,550		
TOTAL	$2,937,550	**TOTAL**	$2,937,550

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

Resolution No.: 13-008

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**"), of which $5,260,000 remains available for expenditure; and

WHEREAS, the Commissioner has received a proposal for the expenditure of up to $285,000 of TEPF Public Works Funds from the City of Keewatin for an economic development project that is more specifically described in Exhibit A, which is attached hereto and incorporated by reference ("**Proposed Project**"); and

WHEREAS, the Board met in open session at 10:00 a.m. on October 11, 2012, in the Board Room at the agency's administrative offices located near Eveleth, Minnesota, to consider, among other matters, the Proposed Project and has determined that the expenditure of the following amount of TEPF Funds for the purpose and in the amount specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to $285,000 of FY13 TEPF Public Works Funds to provide a grant for the Proposed Project 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 Proposed Project, which is anticipated to have associated private development work, is contingent upon the agency, in its grant contract, requiring the 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 FY13 TEPF Public Works Funds for the Proposed Project 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 11th DAY OF OCTOBER 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	**11**	**0**	**0**	**2**

Signed:_____
Tom Rukavina, Chair

7) United States Steel – Keetac Taconite Economic Development Fund (TEDF) Project – Resolution No. 13-009

Motion by Representative Tom Anzelc to approve the expenditure of TEDF funds for the United States Steel – Keetac project, in an amount not to exceed $1,141,598, as presented in Resolution No. 13-009. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk, Representative David Dill

UNITED STATES STEEL – KEETAC TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS

Iron Range Resources & Rehabilitation Board

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 Members

From: Tony Sertich
Commissioner

Date: October 11, 2012

RE: **UNITED STATES STEEL – KEETAC TACONITE ECONOMIC DEVELOPMENT FUND PROJECTS (Pay 2012, Production 2011) - $1,141,598**

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.

US Steel – Keetac Mining Company is eligible for a pay 2012, based on 2011 production, Taconite Economic Development fund rebate of $1,141,598, subject to the company providing a match of $243,223, for a total project cost of $1,384,821.

The US Steel Keetac Mining Company TEDF Review Committee completed its review on July 11, 2012, and unanimously approved submitting the following projects.

Projects 1 and 2 are Primary Projects and Projects 3, 4 and 5 are Residual Projects. Primary Projects are funded first. If the eligible expenses or the total cost of the project is less than the estimated project total cost then to insure that the company would receive their total refund, the Residual Projects will become eligible for funding at the same ratio as the Primary Projects.

Project 1 – Mine Management System Upgrade – $2,700,000

The current Mine Management system at Keetac is comprised of a Modular Mining mine dispatching system and a Thunderbird drill monitoring system that communicate over an Ultra High Frequency (UHF) wideband radio system. The Federal Communication Commission (FCC) is narrow banding the UHF frequency effective 01/01/2013 requiring wideband communications to migrate to narrowband or an alternate communication system. The current Modular Mining system interfaces to mobile equipment via low precision Global Positioning System (GPS) for shovels, haul trucks, some loaders, and a few pieces of support equipment. Fleet management is very basic and relies on operators to manage equipment scheduling. The majority of the support equipment is not interfaced to the current Modular Mining system. The existing Mine Management System software and hardware are at the end of their useful life. Users are required to manually download data collected from Caterpillar's Vital Information Management System (VIMS) for Caterpillar equipment. Data collection and reporting is handled by a combination of an in-house legacy system written in Microsoft Access and Microsoft SQL.

This project will allow Keetac to become compliant with the FCC narrow banding of the UHF frequency. The Mine Management System's wideband radio hardware on all mobile equipment will be replaced with a 3D-P communication platform interfacing with the recently installed Mesh wireless network. High precision GPS units will be installed on all loading, dozing, drilling, and foreman equipment enhancing fleet tracking, maintenance monitoring, and drill navigation capabilities. Hardware will be installed on all VIMS enabled mobile equipment to allow for real time wireless transfer of data. A third party Production Reporting and Performance Management system will be implemented to replace the current in-house legacy system and will enhance data collection and reporting capability for operations, maintenance, and engineering needs.

TEDF Grant	$761,566
Company	$1,938,434
Estimated Project Total Cost	$2,700,000

Project 2 – Crusher Canopy Doors - $550,000

The Keetac Crusher buildings each have two doors separating the crusher cavity from the maintenance bay. One door is a bi-fold; the other is a swinging canopy door. They are configured in a T-shape with the tall bi-fold door below the swinging canopy door providing a dust seal between the crusher cavity and the crusher building. The doors need to be opened periodically to perform maintenance on the crusher. The doors are past

their useful life and have become very unreliable and unsafe and they no longer open and close properly. The bi-fold door in the #1 crusher is four feet narrower than the door in the #2 crusher. As part of this project the crusher door will be widened. This will allow the spider assembly to be lifted out of the crusher cavity and placed in the maintenance bay when repairs are performed, thus providing more room in the cavity for safer maintenance.

The new doors will provide for safer, more reliable operation, and provide a better dust seal between the cavity and building thus providing a more hygienic workplace.

TEDF Grant	$380,000
Company	$170,000
Estimated Project Total Cost	$550,000

Project 3 – Concentrator Secondary Mill Area Air Handling – $100,000

Air handling within the plant is critical to maintain an air balance for combustion units, equipment cooling, and create an environment suitable for employees to work safely. This project includes installing new equipment that provides improved air flow and improves the operation and reduces the maintenance of the existing equipment. This project will provide additional air handling roof fans and new platforms will be installed to provide safe access to service these units.

TEDF Grant	$0
Company	$100,000
Estimated Project Total Cost	$100,000

Project 4 – Overhead Door Operators - $75,000

There are 25 electric operated overhead doors that are used daily in the Keetac Maintenance Shop. The doors are currently operated only by a push button located inside the building. In order to eliminate a hazardous condition for employees working in the shop, walking under an open garage door, they are proposing and planning to install a pushbutton door control on the exterior of each door.

TEDF Grant	$0
Company	$75,000
Estimated Project Total Cost	$75,000

Project 5 – Concrete Approach Aprons for the Truck Shop - $50,000

At the entrance of each of the overhead doors for the Truck Shop there are concrete aprons that aid in keeping mud, rock, and other road material outside the building. These aprons are important for maintaining a clean safe work environment inside the shop. They will also allow mechanics to work outside on a smooth level surface while servicing equipment that is not inside the shop. This project includes enlarging the existing steel reinforced concrete apron at the entrance of doors to a size that mining production equipment can completely park on the apron.

TEDF Grant	$0
Company	$50,000
Estimated Project Total Cost	$50,000

8) Adjournment

The meeting adjourned at 10:58 a.m.