

IRRRB Meeting Minutes
Thursday, November 7, 2013
10:00 a.m.
IRRRB, Eveleth, Minnesota

1) Roll Call

Senator David Tomassoni called the meeting to order at approximately 10:03 a.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe. Excused: Representative Joe Radinovich. 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; Chris Ismil, Community Development Representative; Dan Jordan, Mining & Reclamation Supervisor; Bob Scuffy, Accounting Director; Sheryl Kochevar, Communications and Marketing Coordinator; Janette Paul, Executive Assistant; Michael Cooper, Susan Judson, Delta Air Lines; Shaun Germolous, Chisholm-Hibbing Airport Authority; Dave Rhode, DMR; Sandy Bryant, Hibbing Fabricators; Dick Fenda, U.S. Steel.

2) Approval of the August 8, 2013, Minutes

Action required: Approval requires a simple majority of the quorum

Representative David Dill moved approval of the August 8, 2013, minutes. Seconded by Representative Jason Metsa. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

3) Fiscal Year 2014 Budget Amendment – Resolution No. 14-038

Action required: Approval requires a simple majority of the quorum

Representative Tom Anzelc moved to approve the request to amend the FY 2014 budget, as presented in Resolution No. 14-038. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2014 AGENCY BUDGET AMENDMENT**

Resolution No.: 14-038

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2014 Budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency during the State’s fiscal year 2014, which covers the period of time from July 1, 2013, through June 30, 2014 (the “**FY14 Budget**”); and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY14 Budget to add \$3,447,000 of available Board Account carryforward funds to be used for business development projects (the “**Proposed Budget Amendment**”); and

WHEREAS, the Board met in open session at 10:00 a.m. on November 7, 2013, in the agency’s Administration Building located near Eveleth, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY14 Budget as proposed would help promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY14 Budget to add \$3,447,000 of available Board Account carryforward funds for use in business development projects in the FY14 Budget.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 7th DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
Senator David Tomassoni, Chair

4) Delta Air Lines, Inc. – Resolution No. 14-039

TEPF & Board – Action required: Project approval requires a simple majority of the quorum

Representative Carly Melin moved to approve the Delta Air Lines, Inc. request for financial assistance in the form of a direct loan in an amount not to exceed \$5,900,000, for the renovation and modernization of the customer engagement center located in Chisholm, MN, as presented in Resolution No. 14-039. Seconded by Senator Tom Bakk. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**Delta Air Lines, Inc.
P.O. Box 20706
Atlanta, Georgia 30320**

IRRRB Direct Loan Program

Applicant:	Delta Air Lines, Inc. (“Delta”)	
Project Location:	601 Iron Drive Chisholm, Minnesota 55719	
Principal(s):	Richard H. Anderson, CEO	
Project Description:	Renovation and modernization of the approximately 40,000 square foot customer engagement center located in Chisholm, MN (the “Chisholm Center”). The funding under consideration would transform the facility into a modern state-of-the art customer engagement center and to refurbish the infrastructure of the facility.	
Market Opportunity:	Delta is one of the largest North American based passenger airline. The Chisholm Center is one of ten customer engagement centers, and one of three emergency response centers, throughout the Delta system.	
Project Investment:		
	IRRRB Twelve year amortization	\$5,900,000
	TOTAL	\$5,900,000
Jobs:	107 Planned Current Employment 418 Wages \$22,000 - \$48,000 per year plus benefits	
Collateral:	First position mortgage lien on the Chisholm Center.	
Business History:	Delta, headquartered in Atlanta, Georgia, was founded in 1929. Today it provides scheduled air transportation for passengers and freight internationally through its system with hubs in Amsterdam, Atlanta, Cincinnati, Detroit, Memphis, Minneapolis-St. Paul, New York, Paris, Salt Lake City, Seattle and Tokyo. Delta	

	acquired the former Northwest Airlines in 2008 forming, at the time, the largest airline in the world.
Past IRRRB History:	In December 1994, Northwest Airlines entered into the NAI Iron Range Reservation Center Facilities Agreement with the IRRRB, whereby the IRRRB provided a \$9.7 million forgivable loan to the establishment of the Chisholm Center. \$8.7 million of the loan has been forgiven and the remaining \$1 million was repaid as agreed. Delta (as survivor to Northwest Airlines) remains in full compliance with the agreement, as amended, which was scheduled to terminate in January 2015 (the agreement would terminate with the execution of the loan agreement for this project under consideration).
Contingencies:	None.
Technical Advisory Committee Recommendation:	Approval at its November 1, 2013 meeting.
Funding Authorization:	This project is authorized under the provisions of the Taconite Area Environmental Protection Fund, as codified under Minnesota Statutes, Section 298.223, by supporting local economic development and public works projects located within the Taconite Assistance Area defined in Section 273.1341, and is further authorized under the provisions of the Iron Range Resources and Rehabilitation Board account, as codified under Minnesota Statutes, Sections 298.22 and 298.28, subdivision 7, as an expenditure within or for the benefit of the Taconite Assistance Area.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
BUSINESS DEVELOPMENT FUNDING APPROVAL FOR
DELTA AIR LINES, INC. CUSTOMER ENGAGEMENT CENTER PROJECT**

Resolution No.: 14-039

WHEREAS, the Commissioner is authorized to expend, upon approval of the Iron Range Resources and Rehabilitation Board (“**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 Commissioner is further authorized to expend, upon approval of the Board, Board Account Funds made available under Minnesota Statutes Sections 298.22 and 298.28, subdivision 7, as an expenditure within or for the benefit of the TAA; and

WHEREAS, the agency’s FY 2014 Budget includes provision for the use of certain TEPF Funds and Board Account Funds for business development projects (collectively “**FY14 Business Development Funds**”); and

WHEREAS, Delta Air Lines, Inc., a corporation headquartered in Atlanta, Georgia (“**Delta**”), is currently operating a 40,000 square foot customer engagement center in Chisholm that employs over 400 workers (the “**Chisholm Center**”); and

WHEREAS, Delta has requested the agency to assist with financing a complete renovation and modernization of the Chisholm Center that would refurbish the infrastructure and transform it into a state-of-the-art customer engagement center to enable it to maintain and expand its status as an economically viable asset of Delta and lead to the employment of a minimum of 525 workers at the Chisholm Center (collectively, the “**Delta Facility Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$2,453,000 of FY14 TEPF Funds and up to \$3,447,000 of FY14 Board Account Funds, for a total of up to \$5,900,000 of FY14 Business Development Funds, to finance the cost of the Delta Facility 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 Delta Facility Project, met on November 1, 2013, and recommended approval of the requested funding for the Project; and

WHEREAS, the Board met at the agency’s Administrative Building near Eveleth on Thursday, November 7, 2013, at 10:00 a.m. to consider, among other matters, the Commissioner’s request for funding for the Delta Facility Project; and

WHEREAS, the Board has determined that it would be in the public interest to approve the expenditure of FY14 Business Development Funds as requested by the Commissioner for construction of the improvements for the Delta Facility Project, and that the granting of the requested financial assistance would promote economic development and provide benefit within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$5,900,000 of FY14 Business Development Funds to finance the improvements for the Chisholm Center, with such building improvements to be substantially as set forth in the Board meeting packet materials and otherwise presented at the meeting.

BE IT FURTHER RESOLVED, that the approval of funding for this project is subject to the further condition that Delta 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 7th DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			

Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

4) Detroit Diesel Remanufacturing (DMR) – Resolution No. 14-040

DJJ corpus – Action required: Approval requires 6 votes

Representative Carly Melin moved to approve the request for a direct loan to the Chisholm-Hibbing Airport Authority to be used to increase the size of the airport speculative building for growth by Detroit Diesel Remanufacturing DMR in an amount not to exceed \$5,035,000, as presented in Resolution No. 14-040. Seconded by Representative Jason Metsa. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**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 increase the size of the airport speculative building by 30,000 square foot for growth of Detroit Diesel Remanufacturing DMR. This project will provide the company 60,000 square foot of space at the airport site. The company and the airport have signed an eleven-year renewable lease with purchase options.
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 and employee headcount has more than doubled. Their current facility footprint has limitations and has

	<p>resulted in some manufacturing being shifted from Hibbing to other Detroit Diesel Remanufacturing centers in Utah and Mexico. DMR is aggressively pursuing several key growth initiatives and has recently received approval from Daimler to begin marketing key electronic control modules to the world market. Their current facility footprint has reached max capacity and they are in need of additional manufacturing space. DMR has an immediate need for 60,000 square-feet of manufacturing space and anticipates the potential need for an additional 30,000 square-feet by 2017. The airport site affords the unrestricted ability to support future facility growth needs for business expansion on the Iron Range.</p>	
Project Investment:	<p>IRRRB: increase to our existing non-recourse direct loan to the Airport Authority at our formula rate. Repayment will be from lease revenues generated by the building.</p>	<p>\$5,035,000</p>
	TOTAL	\$ 5,035,000
Jobs:	<p>Current employment is 97 full-time. In addition to the 10 new full-time employees planned related to DMR’s relocation approved last year, 40 new full-time employees are planned with this expansion. Wages \$28,392 - \$52,520 per year plus benefits.</p>	
Collateral:	<p>The loan is secured with a first-position mortgage and an assignment of lease revenues on the building.</p>	
Business History:	<p>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 and is preparing to move into the airport building by April, 2014.</p>	
Past IRRRB History:	<p>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. At the October 11, 2012 Board meeting, an additional \$2,500,000 was approved for build-out of the original 30,000 square foot building. The loan requires payment from lease revenues generated by the building.</p>	

	DMR: IRRRB participated in the funding for construction of the 15,000 square-foot building DMR currently leases in the Hibbing industrial park.
Contingencies:	None. A development agreement and long-term lease between Detroit Diesel and the Chisholm-Hibbing Airport Authority have been executed.
Technical Advisory Committee Recommendation:	Approval at its November 1, 2013, meeting.
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize loans for projects that are designed to create and maintain productive, permanent and skilled employment within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341. Funding is sought from the DJJ corpus under the authority of 298.296, subd. 2(c).

**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.: 14-040

WHEREAS, the Commissioner is authorized to expend, upon approval by two-thirds of all the members of the Board, portions of the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.296, Subdivision 2(c) (“**DJJ Corpus Funds**”), 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, clause (1) or (2); 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 has executed a development and lease agreement with Detroit Diesel Remanufacturing DMR (“**DMR**”), a manufacturer of electrical and electronic assemblies for truck, bus, heavy-duty equipment and light rail industries, so it may operate its business in 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 expanded 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 \$5,035,000 of DJJ Corpus Funds to provide a direct loan to CHAA to finance building modifications at the Spec Building (the “**Project**”) to enable CHAA to meet DMR’s business needs 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 November 1, 2013, 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, November 7, 2013, 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 Corpus Funds for the Project, and that the granting of the requested financial assistance would create and maintain productive, permanent and skilled employment and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$5,035,000 of DJJ Corpus 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 7th DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

5) Hibbing Fabricators – Resolution No. 14-041
Action required: Approval requires a simple majority of the quorum

Representative Carly Melin moved the endorsement of a bank participation loan to Hibbing Fabricators for manufacturing and precision inspection equipment in an amount not to exceed \$250,000, as presented in Resolution No. 14-041. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**Hibbing Fabricators
525 West 41st Street
Hibbing, Minnesota 55746**

Bank Participation Loan Program

Applicant:	Hibbing Fabricators	
Project Location:	525 West 41 st Street Hibbing, Minnesota 55746	
Principal(s):	Sandy Bryant, President	
Project Description:	Add manufacturing and precision inspection equipment.	
Market Opportunity:	The equipment additions will allow Hibbing Fabricators to increase their production, remain competitive with other manufacturers and add to their current customer base.	
Project Investment:		
	Bank 7- year amortization	250,000.00
	IRRRB Formula rate 7- year amortization	250,000.00
	TOTAL	\$ 500,000.00
Jobs:	Current employment is 28 full-time. 1 Planned New Wages \$21,000 - \$33,000 per year plus benefits	
Collateral:	First-position security interest, shared with the bank, in the equipment to be purchased.	
Business History:	Hibbing Fabricators, a Subchapter S Corporation, began operations in 1985 as a sheet metal job shop. Today, the company produces thin	

	metal products requiring exact tolerances for manufacturers in the medical, aviation, aerospace, non-fossil fuel energy and recreational industries.
Past IRRRB History:	Bank Participation Loan funded in FY 2006 for \$300,000, current balance is \$4,006. Bank Participation Loan funded in FY 2002 for \$150,000, paid in full. Bank Participation Loan funded in FY 2000 for \$250,000, paid in full. Bank Participation Loan funded in FY 1998 for \$150,000, paid in full. Bank Participation Loan funded in FY 1989 for \$200,000, paid in full. Bank Participation Loan funded in FY 1985 for \$208,000, paid in full. All Iron Range Resources Loan history has been satisfactory.
Contingencies:	None.
Technical Advisory Committee Recommendation:	Approval at its November 1, 2013, meeting.
Funding Authorization:	This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
FUNDS FOR PURCHASE OF A PARTICIPATION INTEREST IN A
LOAN FOR THE HIBBING FABRICATORS, INC. PROJECT**

Resolution No.: 14-041

WHEREAS, the Commissioner is authorized to expend 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 FY14 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 (“**FY14 DJJ Business Development Funds**”); and

WHEREAS, as part of the agency’s FY14 Budget, the Board authorized an expedited process for approving business development projects up to \$500,000; and

WHEREAS, the Commissioner has received a proposal from Hibbing Fabricators, Inc., a Minnesota business corporation with operations in Hibbing (“**Hibbing Fabricators**”), to purchase manufacturing and precision inspection equipment to increase production and add to its current customer base, and has made application to the Commissioner for financial assistance that, in combination with funds provided from other sources, will finance its expansion project, which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A (the “**Hibbing Fabricators Project**”); and

WHEREAS, the Commissioner supports the expenditure of up to \$250,000 of FY14 DJJ Business Development Funds to purchase a participation interest in a bank loan, which is being made as part of a \$500,000 total investment, to enable Hibbing Fabricators to finance the costs of the Hibbing Fabricators Project, with the participation interest to be acquired on the terms and subject to the conditions set forth in 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 projects like the one proposed herein met on November 1, 2013, and recommended approval of the requested financial assistance for the Hibbing Fabricators Project; and

WHEREAS, the Board met at the agency’s Administrative Building near Eveleth on Thursday, November 7, 2013, at 10:00 a.m. to consider, among other matters, the requested financial assistance for the Hibbing Fabricators Project; and

WHEREAS, the Board has determined that it would be in the public interest to expend DJJ Funds for the Hibbing Fabricators 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 endorses the expenditure of up to \$250,000 of FY14 DJJ Business Development Funds to purchase a participation interest in a bank loan which is being made to enable Hibbing Fabricators to finance a portion of the costs of the Hibbing Fabricators Project, with such participation interest to be purchased on the terms and subject to the conditions set forth in the Board packet materials and in the agency’s standard participation loan form, including the provisions customarily contained therein that require the borrower to pay at least prevailing wages to workers performing work on construction projects.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 7th DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			

Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

**BOARD CHAIR'S APPROVAL OF EXPENDITURE OF
 IRON RANGE RESOURCES AND REHABILITATION BOARD
 FY14 DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUNDS
 FOR PARTICIPATION LOAN
 FOR HIBBING FABRICATORS PROJECT**

I, David Tomassoni, Chairman of the Iron Range Resources and Rehabilitation Board, hereby approve and affirm, pursuant to the provisions of IRRRB Board Resolution No. 13-028, the Commissioner's proposed expenditure of \$250,000 for the Hibbing Fabricators Project as presented on the attached Exhibit A.

Dated at Eveleth, Minnesota, this 7th day of November 2013.

 David Tomassoni
 Chairman of the Board

**COMMISSIONER'S APPROVAL OF EXPENDITURE OF
 IRON RANGE RESOURCES AND REHABILITATION BOARD
 FY14 DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUNDS FOR
 PARTICIPATION LOAN FOR HIBBING FABRICATORS, INC. PROJECT**

I, Anthony Sertich, Commissioner of the Iron Range Resources and Rehabilitation Board, hereby approve and affirm, pursuant to the provisions of Minnesota Statutes §§ 298.291-298.298, IRRRB Board Resolution No. 13-028, IRRRB financing guidelines, approval by the Technical Advisory Committee (TAC) as authorized under Minnesota Statutes § 298.297, and approval by the IRRRB's Board Chair, the proposed expenditure of \$250,000 for the Hibbing Fabricators, Inc. project as presented on the attached Exhibit A.

Dated at Eveleth, Minnesota, this 7th day of November 2013.

 Anthony Sertich
 Commissioner

6) United States Steel - Keetac – Resolution No. 14-042

TEDF – Action required: Project approval requires a simple majority of the quorum
Senator Rod Skoe moved to approve the expenditure of up to \$1,538,730 of TEDF Funds for United States Steel – Keetac TEDF projects, as presented in Resolution No. 14-042.
Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich



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: November 07, 2013

**Re: UNITED STATES STEEL – KEETAC TACONITE ECONOMIC
DEVELOPMENT FUND PROJECTS (Pay 2013, Production 2012) - \$1,538,730**

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 the board, 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 2013, based on 2012 production, Taconite Economic Development Fund rebate of \$1,538,730, subject to the company providing a match of \$367,433, for a total project cost of \$1,906,163.

The US Steel Keetac Mining Company TEDF Review Committee completed its review on September 6, 2013, and unanimously approved submitting the following projects.

Project 1 - Carlz Pit Pump House - \$2,600,000

At Keetac, the Reservoir 5 pit dewatering basin provides make-up process water to the plant. The Keetac Mine Plan forecasts mining through the Reservoir 5 area starting in 2013, which will eliminate this reservoir. The nearby Carlz Pit has been identified as an optimal location to create a new water reservoir because of its close proximity to the plant and its volume will accommodate seasonal fluctuations. Additionally, the Wolf Hill water reservoir has reached the end of its useful life and is beyond repair. This project proposes a new pump transfer station to transfer water from the Carlz Pit to a new Wolf Hill storage tank for plant process water, as well as infrastructure and piping to redirect the existing mine dewatering sumps to the Carlz Pit.

TEDF Grant	\$1,538,730
Company	<u>\$1,061,270</u>
Estimated Project Total Cost	\$2,600,000

Project 2 – Burning Machine - \$250,000

The existing Keetac burning machine is difficult to use, has numerous safety concerns, and uses outdated technology. Consequently, the existing machine has become unreliable, creates undesirable quantities of scrap, and creates additional machining work. This machine also creates noxious fumes, extreme noise, and bright light. Old burning machines, like Keetac’s, cannot carry out their tasks while submerged. The newer burning machines can carry out submerged cutting.

The new machine will use Computer Numerical Control technology. This upgraded, superior control software provides more reliable and precise cutting, reduces scrap, and additional machining. The new machines also generate less noxious gas, noise, and light. This results in a cleaner and safer work environment.

TEDF Grant	\$0
Company	<u>\$250,000</u>
Estimated Project Total Cost	\$250,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
UNITED STATES STEEL - KEETAC – PAY 2013 TEDF FUNDS**

Resolution No.: 14-042

WHEREAS, certain taconite production tax funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to taconite producers who provide certain required matching expenditures for

projects that involve workforce development and associated public facility improvements, or the acquisition of plant and stationary mining equipment and facilities, or the funding of research and development in Minnesota on new mining or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer United States Steel-Keetac (“**Applicant Producer**”) is eligible to receive up to \$1,538,730 of TEDF Funds for Eligible Purposes based upon its 2012 pellet production (“**Pay 2013 TEDF Funds**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive TEDF Funds for projects described in the attached Addendum A (the “**Proposed Projects**”), and has committed to pay at least the required matching share of \$367,433 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and,

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

WHEREAS, the TEDF Committee of the Applicant Producer on September 6, 2013, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on November 7, 2013, at the agency’s Administrative Building located near Eveleth, Minnesota, to consider the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the Proposed Projects specified in Addendum A.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 7TH DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

Addendum A

Project 1 - Carlz Pit Pump House - \$2,600,000

At Keetac, the Reservoir 5 pit dewatering basin provides make-up process water to the plant. The Keetac Mine Plan forecasts mining through the Reservoir 5 area starting in 2013, which will eliminate this reservoir. The nearby Carlz Pit has been identified as an optimal location to create a new water reservoir because of its close proximity to the plant and its volume will accommodate seasonal fluctuations. Additionally, the Wolf Hill water reservoir has reached the end of its useful life and is beyond repair. This project proposes a new pump transfer station to transfer water from the Carlz Pit to a new Wolf Hill storage tank for plant process water, as well as infrastructure and piping to redirect the existing mine dewatering sumps to the Carlz Pit.

TEDF Grant	\$1,538,730
Company	<u>\$1,061,270</u>
Estimated Project Total Cost	\$2,600,000

Project 2 – Burning Machine - \$250,000

The existing Keetac burning machine is difficult to use, has numerous safety concerns, and uses outdated technology. Consequently, the existing machine has become unreliable, creates undesirable quantities of scrap, and creates additional machining work. This machine also creates noxious fumes, extreme noise, and bright light. Old burning machines, like Keetac's, cannot carry out their tasks while submerged. The newer burning machines can carry out submerged cutting.

The new machine will use Computer Numerical Control technology. This upgraded, superior control software provides more reliable and precise cutting, reduces scrap, and additional machining. The new machines also generate less noxious gas, noise, and light. This results in a cleaner and safer work environment.

TEDF Grant	\$0
Company	<u>\$250,000</u>
Estimated Project Total Cost	\$250,000

7) United States Steel - Minntac – Resolution No. 14-043

TEDF – Action required: Approval requires a simple majority of the quorum
Representative Jason Metsa moved to approve the expenditure of up to \$3,860,006 of TEDF Funds for United States Steel – Minntac TEDF projects, as presented in Resolution No. 14-043. Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich



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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: November 07, 2013

**Re: UNITED STATES STEEL – MINNTAC TACONITE ECONOMIC
DEVELOPMENT FUND PROJECTS (Pay 2013, Production 2012) - \$3,860,006**

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 the board, 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 2013, based on 2012 production, Taconite Economic Development Fund rebate of \$3,860,006, subject to the company providing a match of \$939,276, for a total project cost of \$4,799,282.

The US Steel - Minntac TEDF Review Committee completed its review on September 6, 2013, and unanimously approved submitting the following projects.

Project 1 - Fine Tails Pumping - \$4,900,000

Since the inception of operations at Minntac, approximately 3,000 tons per day of fine tailings have flowed by gravity to the north from the Concentrator through ditches to the individual tailings basin cells to allow fines to settle. Course tailings are deposited first, near the concentrator and are trucked from the Concentrator to build the outer perimeter dikes of the tailings basin. The elevation of the tailings basin (course tails perimeter and fines tails interior cells) has been rising at a rate of approximately two feet per year. This has reduced the elevation difference between the concentrator and the basin. Now a pumping station is needed to lift the fine slurry to an elevation where gravity flow is still possible.

This project will install a fine tailings capture and pumping facility to lift tailings slurry to a higher elevation. This will permit continued gravity flow operation of the basin for the next 20 years.

TEDF Grant	\$3,860,006
Company	<u>\$1,039,994</u>
Estimated Project Total Cost	\$4,900,000

Project 2 – Concentrator Finisher Upgrades - \$2,500,000

Magnetic separation is a critical component of the taconite pellet process. Magnetic separation separates crude ore from the waste materials such as silica and other undesirable mineral wastes. The existing Minntac separators are 3 feet by 10 feet in size, were installed in the late 1960's and use outdated technology. State of the art separators are now 4 feet by 10 feet in size, are equipped with stronger magnets and have a different flow pattern optimizing flushing water use and ore extraction. New 4 x 10 separators were installed as test units on Concentrating Line 5 in 2004 and 2007. Trials and operational use have proven that the separators increase iron ore extraction and reduce downstream silica.

The scope of this project is to purchase and install 36 state-of-the-art 4 x 10 finisher magnetic separators for the fifteen remaining operating lines at Minntac. The new 4 x 10 separators feature a double drum design that reduces the overall number of magnetic drums from 210 to 76, thus reducing power consumption and maintenance costs. The resulting reduced silica concentration in the product will also require less chemical usage in the remaining processing steps.

TEDF Grant	\$0
Company	\$2,500,000
Estimated Project Total Cost	\$2,500,000

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
UNITED STATES STEEL - MINNTAC – PAY 2013 TEDF FUNDS**

Resolution No.: 14-043

WHEREAS, certain taconite production tax funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to taconite producers who provide certain required matching expenditures for projects that involve workforce development and associated public facility improvements, or the acquisition of plant and stationary mining equipment and facilities, or the funding of research and development in Minnesota on new mining or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer United States Steel-Minntac (“**Applicant Producer**”) is eligible to receive up to \$3,860,006 of TEDF Funds for Eligible Purposes based upon its 2012 pellet production (“**Pay 2013 TEDF Funds**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive TEDF Funds for projects described in the attached Addendum A (the “**Proposed Projects**”), and has committed to pay at least the required matching share of \$939,276 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and,

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

WHEREAS, the TEDF Committee of the Applicant Producer on September 6, 2013, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on November 7, 2013, at the agency’s Administrative Building located near Eveleth, Minnesota, to consider the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the Proposed Projects specified in Addendum A.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 7TH DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

8) Central Iron Range Sanitary Sewer District (CIRSSD) – Resolution No. 14-044
 Representative Carly Melin moved to delegate to Chair David Tomassoni the authority to unilaterally select the individual who shall serve as the Board-appointed member of the CIRSSD board, as presented in Resolution No. 14-044. Seconded by Representative Jason Metsa. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
CENTRAL IRON RANGE SANITARY SEWER DISTRICT
BOARD APPOINTMENT**

Resolution No.: 14-044

WHEREAS, Laws of Minnesota for 2009, Chapter 122, Sections 2-21 establish the Central Iron Range Sanitary Sewer District (**CIRSSD**); and

WHEREAS, the CIRSSD is governed by a board comprised of nine board members chosen in accordance with the provisions in the above cited law; and

WHEREAS, Section 3, subdivision 2 of the law provides that one CIRSSD board member, “must be selected by the Iron Range Resources and Rehabilitation Board on behalf of Ironworld.”

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board delegates to Chair David Tomassoni the authority to unilaterally select the individual who shall serve as the Board-appointed member of the CIRSSD board, subject to the understanding that the Board retains the right and authority at any time thereafter to remove the Chair’s appointee and appoint another individual to serve in his/her place as the Board-appointed member of the CIRSSD board. Promptly following the appointment of the CIRSSD board member, the Chair shall report his appointment to the Board and to the CIRSSD.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 7th DAY OF NOVEMBER 2013.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
Senator David Tomassoni, Chair

11) Adjournment

The meeting adjourned at 11:04 a.m.