

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

**IRRRB
Eveleth, Minnesota**

Friday, December 20, 2013

**Meeting of the Iron Range Resources and Rehabilitation Board
IRRRB, Eveleth, Minnesota
Friday, December 20, 2013
10:00 a.m.**

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**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD
IRRRB
Eveleth, Minnesota
Friday, December 20, 2013 – 10:00 a.m.**

AGENDA

- 1) Roll Call

- 2) Approval of November 7, 2013, Minutes
See Exhibit A

- 3) Commissioner's Comments

- 4) Laurentian Monument, Granite & Stone (City of Biwabik)

- 5) FY 2014 Infrastructure Projects

- 6) Mine Reinvestment Program – Taconite Economic Development Fund (TEDF)
 - a. ArcelorMittal-Minorca
 - b. Hibbing Taconite Company
 - c. Magnetation, LLC
 - d. Mesabi Nugget
 - e. Northshore Mining Company
 - f. United Taconite, LLC

- 7) Other

- 8) Adjournment

**Laurentian Monument, Granite & Stone (City of Biwabik)
Biwabik, Minnesota 55705**

Non-recourse Loan Program

Applicant:	City of Biwabik	
Project Location:	Biwabik Industrial Park and former Austin Powder site Biwabik, Minnesota 55705	
Principal(s):	Biwabik Mayor Jim Weikum and Biwabik City Administrator Jeff Jacobson.	
	Laurentian Monument, Granite & Stone (LMGS) principals are: Mark and Kandi Sutich.	
Project Description:	Construction of an 11,000 square foot industrial building for occupancy by LMGS and the purchase of the former Austin Powder site to provide stone inventory to LMGS. These would be financed with a non-recourse loan to the city of Biwabik.	
	Equipment will be financed with company cash and bank loans.	
Market Opportunity:	LMGS currently produces granite countertops and monuments. They are expanding into other areas of natural stone use such as: structural, architectural, decorative and landscaping. The stone they offer is found on former mining sites on the Iron Range and includes: amethyst, animikian, erie banded taconite, jasper, precambrian rose, slate and others. The quality and colors in these stones are quite unique and LMGS has experienced great demand for their products. The stone on the land to be purchased will be used for these new products. The building will house the stone processing equipment.	
Project Investment:	Bank and owner cash	\$ 900,000
	IRRRB Formula rate 20-year amortization	\$ 1,940,000
	TOTAL	\$ 2,840,000
Jobs:	15 planned new full-time jobs in 2014. Wages \$13 - \$22 per hour plus benefits.	
Collateral:	First position mortgage, assignment of rents and security agreement.	
Business History:	Originally from Biwabik, the Sutich's started their first business in	

	1976 and have successfully operated businesses in Indiana, Chicago and Minnesota. They returned to the Iron Range in 2005 and in 2011 they formed LMGS and purchased the former Range Monument operation in Virginia, MN.
Past IRRRB History:	None.
Contingencies:	None.
Technical Advisory Committee Recommendation:	Approval recommended December 16, 2013.
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.

FY 2014 Infrastructure Projects



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(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: December 20, 2013

Re: FY14 INFRASTRUCTURE PROJECTS

PURPOSE

The Infrastructure Grant 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. State law requires half of the agency's economic development fund to be invested in infrastructure projects in local communities.

ECONOMIC IMPACT*

FY 14 infrastructure grants	35
IRRRB investment	\$7,025,000
Total public/private investment	\$48,766,460
New jobs to region	377
• <i>Permanent jobs</i>	69
• <i>Construction jobs</i>	308
Leverage	6 to 1

*Includes two infrastructure grants approved by the Board at its November 7, 2013, meeting.

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

Infrastructure and site work for a business development expansion in Aitkin. The project is projected to create 10 permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, roads etc.	\$607,000	IRRRB	\$300,000
A & E	120,000	Private	2,927,200
Building	2,500,000		
TOTAL	\$3,227,200	TOTAL	\$3,232,200

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

Water, sewer, and site work for the construction of a 46-unit assisted living facility. The developer is one of the largest assisted living developers on the Iron Range. The project is projected to create 33 permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Assisted living facility	\$4,527,000	IRRRB	\$350,000
Water, sewer, roads, site work	400,700	Private	\$5,238,547
Equipment	200,000		
Land	160,000		
A & E	300,847		
TOTAL	\$5,588,547	TOTAL	\$5,588,547

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

Water, sewer, roads and site work for phase II of 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.

<u>USES</u>		<u>SOURCES</u>	
Development	\$1,400,000	IRRRB	\$150,000
Water, sewer, roads and site work	713,014	City	375,000
A & E	142,542	Private	1,477,456
Contingency	46,900	IRRRB FY13	\$300,000
TOTAL	\$2,302,456	TOTAL	\$2,302,456

Balsam Township**Grant Amount: \$200,000**

Infrastructure and site work for a new emergency services facility to serve a 158-square mile region.

<u>USES</u>		<u>SOURCES</u>	
Building	\$516,000	IRRRB	\$200,000
Infrastructure and site work	150,000	Township	\$500,000
A & E	34,000		
TOTAL	\$700,000	TOTAL	\$700,000

Iron Range Resources and Rehabilitation Board Meeting

December 20, 2013

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City of Bigfork**Grant Amount: \$50,000**

New well for upgrade to the city water treatment system, which is near operating capacity and is failing.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$1,208,000	IRRRB	\$50,000
A & E	200,000	City	858,000
		DEED BDPI	250,000
		IRRRB FY13	250,000
TOTAL	\$1,408,000	TOTAL	\$1,408,000

City of Biwabik**Grant Amount: \$150,000**Phase II replacement of water, sewer, and roads on 2nd Street North. The infrastructure is over 60-years old.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$348,000	IRRRB	\$150,000
A & E	66,250	City	147,250
Contingency	33,000	St. Louis Cty. CDBG	150,000
TOTAL	\$447,250	TOTAL	\$447,250

Bois Forte Band of Chippewa**Grant Amount: \$100,000**

Water, sewer, roads, and site work for the construction of a five new duplex housing units. There will be six 2-bedroom units and four 3-bedroom units.

<u>USES</u>		<u>SOURCES</u>	
Buildings	\$1,773,000	IRRRB	\$100,000
Land	50,000	Bois Forte	2,258,000
Water, sewer and site work	134,000		
A & E and contingency	155,000		
Contingency	246,000		
TOTAL	\$2,358,000	TOTAL	\$2,358,000

Breitung Township**Grant Amount: \$115,000**Replacing sanitary sewer lines on Main Street and 5th Avenue. These deteriorated sewer lines are 64-years old.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$355,300	IRRRB	\$115,000
A & E	9,700	Township	100,000
		St. Louis Cty. CDBG	150,000
TOTAL	\$365,000	TOTAL	\$365,000

City of Buhl**Grant Amount: \$190,000**

Replacing water, sewer lines on Frantz Avenue South.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer	\$359,794	IRRRB	\$190,000
A & E	64,763	City	120,537
Contingency	35,980	St. Louis Cty. CDBG	150,000
TOTAL	\$460,537	TOTAL	\$460,537

City of Calumet and City of Marble**Grant Amount: \$350,000**

Infrastructure and site work for a new emergency services facility. This is a joint facility between Calumet, Marble and Greenway Township.

<u>USES</u>		<u>SOURCES</u>	
Building	\$472,000	IRRRB	\$350,000
Infrastructure	210,000	Cities	\$448,000
Land	67,000		
A&E	49,000		
TOTAL	\$798,000	TOTAL	\$798,000

City of Chisholm**Grant Amount: \$225,000**Replacement of water, sewer, storm sewer and roads, on 3rd Avenue Northeast. There is a large amount of inflow and infiltration (I & I) in the area.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$744,410	IRRRB	\$225,000
A & E	148,882	City	542,733
Contingency	74,441	St. Louis Cty. CDBG	200,000
TOTAL	\$967,733	TOTAL	\$967,733

City of Chisholm**Grant Amount: \$200,000**Replacement of water, sewer, storm sewer and roads, on 5th Avenue Northwest. There is a large amount of inflow and infiltration (I & I) in the area.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$464,000	IRRRB	\$200,000
A & E	116,000	City	227,000
Contingency	47,000	St. Louis Cty. CDBG	200,000
TOTAL	\$627,000	TOTAL	\$627,000

City of Cohasset**Grant Amount: \$31,000**

Water, sewer and natural gas utility extension to a new commercial development site on Hwy 2 corridor.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and gas	\$62,000	IRRRB	\$31,000
Land and building demo	500,000	City	531,000
TOTAL	\$562,000	TOTAL	\$562,000

City of Coleraine and City of Bovey**Grant Amount: \$450,000**

Infrastructure and site work for a new emergency services facility. This is a joint facility between the city of Coleraine and the city of Bovey.

<u>USES</u>		<u>SOURCES</u>	
Building	\$862,500	IRRRB	\$450,000
Infrastructure	175,000	Cities	\$705,500
A&E	118,000		
TOTAL	\$1,155,500	TOTAL	\$1,155,500

City of Deerwood**Grant Amount: \$175,000**

3500-lineal feet of water main reconstruction on Cross Drive to address waterline breaks.

<u>USES</u>		<u>SOURCES</u>	
Water main reconstruction	\$535,366	IRRRB	\$175,000
A & E	64,634	City	425,000
TOTAL	\$600,000	TOTAL	\$600,000

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

Sanitary sewer extension on First Avenue East and sewer and water line reconstruction on the Conan/White Street Alley.

<u>USES</u>		<u>SOURCES</u>	
Water and sewer	\$600,000	IRRRB	\$150,000
A & E	67,000	City	517,000
TOTAL	\$667,000	TOTAL	\$667,000

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

Water, sewer, and site work for the construction of a 20-unit assisted living facility. The new assisted living facility will be located on the Eveleth Health Services Park Campus, which is owned by the city. The project is projected to create 7 permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer, roads and site work	366,800	IRRRB	\$350,000
A & E	229,869	Private	4,121,040
Building construction	2,911,430		
Contingency	156,890		
Land	100,000		
Equipment	185,000		
Working capital	521,051		
TOTAL	\$4,471,040	TOTAL	\$4,471,040

Fayal Township**Grant Amount: \$35,000**

Replacement of 64-inch culvert on Pleasant Drive. This culvert is a major outlet control culvert for Pleasant Lake.

<u>USES</u>		<u>SOURCES</u>	
Culvert Construction	\$25,340	IRRRB	\$35,000
Engineering	8500	Township	4,424
Contingency	5,584		
TOTAL	\$39,424	TOTAL	\$39,424

City of Gilbert**Grant Amount: \$175,000**

Water plant electrical upgrades and also replacement of water and sewer mains between Minnesota Avenue and Michigan Avenue, and water and sewer upgrades on Lower Louisiana Avenue and on Lower Florida Avenue.

<u>USES</u>		<u>SOURCES</u>	
Louisiana/Florida Avenues	\$337,892	IRRRB	\$175,000
Nebraska/Michigan Avenues	392,480	City	854,400
Energy Upgrades	180,000		
A&E	119,528		
TOTAL	\$1,029,400	TOTAL	\$1,029,400

City of Grand Rapids**Grant Amount: \$400,000**

Infrastructure and site work for a new Grand Itasca Clinic located on the Itasca YMCA site. The project is projected to create 7 permanent jobs

<u>USES</u>		<u>SOURCES</u>	
Infrastructure and site work	\$877,422	IRRRB	\$400,000
Building construction	4,167,380	City	843,600
A & E	193,032	MN Dept. on Aging	250,000
Contingency	87,742	Private	3,581,976
		Itasca County	250,000
TOTAL	\$5,325,576	TOTAL	\$5,325,576

City of Hibbing**Grant Amount: \$600,000**

Phase II project 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.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and gas extension	\$2,322,000	IRRRB	\$600,000
		DEED	500,000
A & E	350,000	City/bonding	1,500,000
Contingency	278,000	IRRRB FY13	350,000
TOTAL	\$2,950,000	TOTAL	\$2,950,000

City of Hoyt Lakes**Grant Amount: \$150,000**

Replacement of four city street intersections and upgrades to Dorchester Drive Lift Station.

<u>USES</u>		<u>SOURCES</u>	
Storm sewer intersections	\$278,734	IRRRB	\$150,000
Lift Station	157,855	City	407,887
A & E	76,743		
Contingency	44,555		
TOTAL	\$557,887	TOTAL	\$557,887

City of Keewatin**Grant Amount: \$70,000**

New water line on 2nd Avenue East to 3rd Avenue East. The new waterline will alleviate water issues to an apartment building.

<u>USES</u>		<u>SOURCES</u>	
New water line 2 nd Avenue to 3 rd Avenue	\$90,275	IRRRB	\$70,000
		City	20,275
TOTAL	\$90,275	TOTAL	\$90,275

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

Upgrade to the city electric substation. The current substation is not at a capacity to service any additional customers, which has impacted economic growth.

USES**SOURCES**

New electric sub station	\$250,000	IRRRB	\$200,000
		City	50,000
TOTAL	\$250,000	TOTAL	\$250,000

City of Kinney**Grant Amount: \$25,000**

Upgrades to the city water reservoir tank.

USES**SOURCES**

Water Reservoir Tank	\$27,500	IRRRB	\$25,000
Restoration		City	2,500
TOTAL	\$27,500	TOTAL	\$27,500

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

Municipal sewer extension on LaPrairie Avenue, Glenwood Avenue and Northland Street to include the reconstruction of LaPrairie Avenue.

USES**SOURCES**

LaPrairie Avenue Road	\$2,982,000	IRRRB	\$150,000
Reconstruction		City	650,500
Sewer line extension	635,000		
A & E	102,000	Itasca County	2,982,000
Contingency	63,500		
TOTAL	\$3,782,500	TOTAL	\$3,782,500

City of Nashwauk**Grant Amount: \$175,000**

Sanitary sewer and water main replacement, drainage improvements and street restoration on Fourth Street and Platt Avenue.

USES**SOURCES**

4 th Street	\$332,640	IRRRB	\$175,000
Platt Avenue	114,400	City	333,000
A&E	60,960		
TOTAL	\$508,000	TOTAL	\$508,000

City of Silver Bay**Grant Amount: \$150,000**

Replacement of a portion of high pressure water main located under MN State Highway 61 and an upgrade of the water booster station.

USES**SOURCES**

Water main replacement	\$264,000	IRRRB	\$150,000
Booster station upgrades	259,000	City	225,000
Water plant equipment upgrades	157,000	State Bonding	375,000
SCADA Communication System upgrade	70,000		
TOTAL	\$750,000	TOTAL	\$508,000

City of Taconite**Grant Amount: \$90,000**

Sewer line upgrades on Stephen Street South and alleys.

USES**SOURCES**

Sanitary sewer lines and street reconstruction	\$225,680	IRRRB	\$90,000
A & E	42,879	City	201,127
Contingency	22,568		
TOTAL	\$291,127	TOTAL	\$291,127

Tofte Township**Grant Amount: \$230,000**

Water, sewer, roads, and site work for the construction of ten new market-rate housing units. Tofte Township has identified senior housing needs as a top priority due to lack of housing in the region.

USES**SOURCES**

Building Construction	\$1,200,000	IRRRB	\$230,000
Land	170,000	Township	327,500
Water, sewer and site work	350,000	Bond	1,200,000
Market Study	7,500		
A & E	30,000		
TOTAL	\$1,757,500	TOTAL	\$1,757,500

City of Two Harbors**Grant Amount: \$276,500**

Water, sewer and site work for a new 3,200 sq. ft. retail/manufacturing facility. The project is projected to create 2 permanent jobs.

USES**SOURCES**

Building construction	\$200,000	IRRRB	\$276,500
Water and sewer	451,880	City	54,160
Land	64,000	Private	1,030,890
Equipment	170,000		
Trail Relocation	275,670		
Working capital	200,000		
TOTAL	\$1,361,550	TOTAL	\$1,361,550

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

Extending water, sewer, and site work for the expansion of an existing business. The project is projected to create 5 permanent jobs.

USES**SOURCES**

Building construction	\$389,000	IRRRB	\$250,000
Water, sewer and site work	380,000		
A & E	38,000		
Contingency	38,000	Private	595,000
TOTAL	\$845,000	TOTAL	\$845,000

White Township**Grant Amount: \$150,000**

Water and sewer line replacement in the Gardendale area. This is Phase III water and sewer upgrades of the Gardendale area.

USES**SOURCES**

Water, sewer and site work	\$259,000	IRRRB	\$150,000
A & E	45,600	Township	180,400
Contingency	25,800		
TOTAL	\$330,400	TOTAL	\$330,400

**Mine Reinvestment Program – Taconite Economic Development Fund
(TEDF)**

- a. ArcelorMittal-Minorca
- b. Hibbing Taconite Company
- c. Magnetation, LLC
- d. Mesabi Nugget
- e. Northshore Mining Company
- f. United Taconite, LLC

ArcelorMittal-Minorca



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To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 20, 2013

**Re: ARCELOR MITTAL-MINORCA TACONITE ECONOMIC DEVELOPMENT
FUND PROJECT**

ArcelorMittal-Minorca is eligible for a 2013 grant of up to \$831,403, subject to the company providing a minimum match of \$193,252, for a total project cost of \$1,024,655.

The ArcelorMittal-Minorca Review Committee completed its review on December 2, 2013, and unanimously approved submitting the following projects:

Project 1 - Machine Shop Upgrades - \$400,000

Minorca Mine maintains a machine shop for use in the production and repair of parts used in the production process. The shop was built as part of the original construction of Minorca Mine in the late 1970's. The majority of the machining equipment was purchased used and is of 1940's to 1960's vintage. The size, age, condition, and lack of enhanced technology of these machines warrant their replacement. Further, the work flow and type of parts being worked on require the shop floor layout and machines utilized to be improved for safety, efficiency, and volume of work. The machine shop is staffed by three machinists and in order to accomplish all of the required work in a more efficient manner, the machinists have taken it upon themselves to initiate a workplace redesign. The TEDF funds will support this effort. A scope and layout is under development and review in cooperation with management and engineering staff. This project is expected to be completed by the end of 2014 at an estimated cost of \$400,000.

TEDF Grant	\$324,559
Company	<u>75,441</u>
Estimated Project Total Cost	\$400,000

Project 2 - Vacuum Disc Filter Refurbishments - \$365,000

Minorca Mine maintains 7 Scanmec/Northstar external tube vacuum disc filters to dewater concentrate slurry. These units were installed as replacements of original vacuum disc filter equipment in the early 1990's and have reached the end of their useful life. These units will be replaced with similar units over time. New units will be energy efficient and will be compatible with a new, low pressure snap blow air system which is being installed as part of another TEDF project. This project allows for the replacement of disc filters E and F.

E filter replacement was completed in 2013 and F filter will be done in 2014. The cost of the project which is based on actual costs to date for E filter and estimated cost for future work on F filter is anticipated to be \$365,000.

TEDF Grant	\$296,160
Company	<u>68,840</u>
Estimated Project Total Cost	\$365,000

Project 3 - Tailings Pump Upgrades - \$450,000

Minorca Mine maintains two 4-stage pumping systems (one running and one standby) for pumping fine tailings slurry out to the Upland Tailings basin. The progression of the basin has required a discharge point that is farther away from the plant and at a higher elevation. With the higher total dynamic head created by longer tailings lines, the pumping capacity and motors are at their limits. A trial with the addition of 2 higher efficiency pumps on one of the two pumping system has demonstrated a reduction in horsepower to accomplish the same pumping task which is saving electrical energy and lowering the demand on the current installed horsepower which should increase motor life. Further the trial has shown that the pump liners are lasting longer than the comparable pumps in the opposite system due to lower pump speed and possibly superior liner materials. This project will convert the remaining six pumps over to the same pump with a larger frame size for durability of bearings and safer access to the gland seal. The trial pumps (#7 and #9) will also be converted to the same frame size.

The #7 (3rd stage) and #9 (4th stage) pumps have already been converted on the odd system pumps as part of the trial in 2013. It is anticipated that #4 (1st stage), #6 (2nd stage) on the even system pumps and #3 (1st stage) and #5 (2nd stage) on the odd system pumps will be converted during the concentrator shutdown in April of 2014 under an accelerated approach. The remainder of the pumps (#8, 3rd stage, #10, 4th stage on the even system and the frame size upgrade on #7 and #9 pumps) will be completed while the concentrator is running with the intent of completing it by the end of the 3rd quarter of 2014. The project also includes an upgrade to the seal water system which was necessary to provide higher pressure gland seal water to the final pumps in the odd and even pump systems. The existing gland seal system was marginal for the higher outlet pressures and was the source cause of premature packing failure. It is anticipated that the total cost for

the past and future upgrade work will be \$450,000 based actual charges to date as well as estimated costs of future work in 2014.

TEDF Grant	\$210,684
Company	<u>239,316</u>
Estimated Project Total Cost	\$450,000

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.

Hibbing Taconite Company



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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: December 20, 2012

Re: HIBBING TACONITE COMPANY TACONITE ECONOMIC DEVELOPMENT
FUND PROJECT

Hibbing Taconite Company is eligible for a 2013 grant of up to \$2,112,607, subject to the company providing a match of \$515,869, for a total projects cost of \$2,628,476.

The Hibbing Taconite Company TEDF Review Committee completed its review on December 5, 2013, and unanimously approved submitting the following projects.

Project 1 – Additional Surge Pile Fugitive Dust Control - \$700,000

Hibtac will upgrade the crude ore surge pile fugitive dust system to provide compliant levels of dust control. This will be accomplished with a higher number of water nozzles, increased volume capacity, and proper water dispense points. The additional fugitive dust control improves the work environment and is required under the air permit and associated regulations.

Table with 2 columns: Item, Amount. Rows: TEDF Grant (\$562,617), Company (\$137,383), Estimated Project Total Cost (\$700,000)

Project 2 – Rebuild Damaged Plant Infrastructure - \$1,000,000

Over the years the structural steel in the crusher, concentrator, and pellet plant becomes worn or damaged due to vibration and humidity. The worn and damaged components have been identified, prioritized, and scheduled for replacement. This project will begin the process to rebuild and replace these integral building components and provide a safer work environment.

TEDF Grant	\$803,738
Company	<u>\$196,262</u>
Estimated Project Total Cost	\$1,000,000

Project 3 – Guarding of Potential Hazards - \$750,000

Design, prototype, fabricate, and install guards over or around machinery in motion to protect employees from potential hazards due to inadvertent contact. Guarding of grinding mills and filters will meet the MSHA interpretation of their current guarding standards.

TEDF Grant	\$602,804
Company	<u>\$147,196</u>
Estimated Project Total Cost	\$750,000

Project 4 – Group V Dewatering System Pumps - \$300,000

Hibtac currently discharges the Group V pit water to the west towards Keetac. This project will divert Group V pit water through a new 3 mile pumping system to the Hibtac tailing basin. This will allow Keetac’s pit expansion to occur without having to remove the Hibtac water. Hibtac will utilize the water to provide a proper water balance in their tailing basin.

TEDF Grant	\$143,448
Company	<u>\$156,552</u>
Estimated Project Total Cost	\$300,000

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.

Magnetation, LLC



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: December 20, 2013

**Re: MAGNETATION, LLC TACONITE ECONOMIC DEVELOPMENT FUND
PROJECT**

Magnetation, LLC is eligible for a 2013 grant of up to \$562,023, subject to the company providing a minimum match of \$38,551, for a total project cost of \$600,574.

The Magnetation, LLC TEDF Review Committee completed its review on November 22, 2013, and unanimously approved submitting the following project:

Project 1 - Vertimill Installation - \$3,650,000

Magnetation has discovered that by regrinding Rev residual material prior to further processing, iron recovery increases enough to justify the additional capital and operational time and funding. After researching available options for the new Bovey plant, Magnetation selected a Vertimill to perform the additional step.

Vertimills are globally recognized as energy efficient grinding machines and have been proven to grind more efficiently than ball mills with feeds as coarse as 6 mm to products finer than 20 microns. In addition to grind efficiency, reduced media consumption, lower installation cost, minimal maintenance, and minimal liner wear make the Vertimill the lowest total cost of ownership in many applications, substantially improving the profitability of concentrators.

The Vertimill is a unique product offered exclusively by Metso that has a long history in the metallic mining industry. The technology was originally developed in the 1950's for industrial applications. Metso successfully developed and implemented the technology in the first large scale metallic operations in 1980. In the thirty years since, the Vertimill has built the largest installed base of any stirred milling technology.

Mechanically, the Vertimill is a very simple machine with an agitating screw suspended into the grinding chamber, supported by spherical roller bearings, and driven by a fixed speed motor through a planetary gearbox.

TEDF Grant	\$562,023
Company	<u>3,087,977</u>
Estimated Project Total Cost	\$3,650,000

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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.

Mesabi Nugget



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: December 20, 2013

**Re: MESABI NUGGET TACONITE ECONOMIC DEVELOPMENT FUND
PROJECT**

Mesabi Nugget is eligible for a 2013 grant of up to \$40,339, subject to the company providing a minimum match of \$9,850, for a total project cost of \$50,189.

The Mesabi Nugget TEDF Review Committee completed its review on December 2, 2013, and unanimously approved submitting the following project:

Project 1 - Pan Pushing System for Rotary Hearth Furnace - \$52,397.51

The rotary hearth furnace is the backbone of Mesabi Nugget's production process, putting it at the forefront of its unique iron making technology. The furnace size and unique design presents distinct challenges requiring innovative solutions.

The Pan Pushing System was engineered to maintain the circular structure of the hearth, which is necessary for proper rotation and availability of equipment. Due to the extreme heat within the furnace which is required for production of iron nuggets, the structure and associated refractory lining systems experience significant thermal expansion and contraction over the course of an operating campaign. The Pan Pushing System allows rams and fixed brackets to move the hearth structure to its original dimensions by sliding the sections inward. This project improved and strengthened the existing system, resulting in improved plant uptime and safety practices. Without the upgraded design, the smooth and circular motion of the hearth would be difficult, if not impossible, to maintain without incurring a major production outage.

This project is a prime example of Mesabi Nugget's continued development of its unique iron making process.

TEDF Grant	\$40,339.00
Company	<u>12,058.51</u>
Estimated Project Total Cost	\$52,397.51

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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.

Northshore Mining Company



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: December 20, 2013

**Re: NORTHSHORE MINING COMPANY TACONITE ECONOMIC
DEVELOPMENT FUND PROJECT**

Northshore Mining Company is eligible for a 2013 grant of up to \$1,666,834, subject to the company providing a minimum match of \$375,647, for a total project cost of \$2,042,481.

The Northshore Mining Company TEDF Review Committee completed its review on November 20, 2013, and unanimously approved submitting the following project:

Project 1 – Fine Crusher Maintenance Building - \$3,430,100

MSHA cited Northshore for exceeding the threshold noise exposure for employees working in the fine crusher during the April-May 2011 on-site MSHA inspection. The outstanding MSHA citation must be addressed and the noise level abated. Northshore employees are subject to excessive noise exposure when performing required maintenance activities on the fine crusher. Northshore first identified the noise sources and followed this by efforts to identify possible engineering and administrative controls to solve the problem. It was determined that the only engineering control that would achieve noise exposure compliance is the relocation of the fine crusher maintenance repair facility.

Cliffs NR Industrial Hygiene Program Manager determined an effective barrier, or enclosure, could not be constructed at Northshore's facility given the proximity of the repair bay to the crushers and the open area needed for crane travel. An outside engineering firm has evaluated the feasibility and created a construction cost estimate to relocate the fine crusher maintenance repair bay operation. Other Cliffs NR mines perform this maintenance work outside of their crushing facilities.

A new 220 foot by 52 foot building will be constructed adjacent to the existing fine crusher building. The new building will be connected to the existing building by means of a new overhead door. The crusher parts to be repaired will be transported from the fine crusher building through the overhead door on an electric cart. The new building will contain two overhead cranes, dedicated workstations with new dust/fume collection devices, and noise control systems. A new higher capacity zinc furnace will also be included. The new building will also be able to unload and store new crusher components. This request is the next step to ensure continued progress toward successful abatement of the MSHA citation by building a new fine crusher maintenance repair building.

TEDF Grant	\$1,666,834
Company	<u>1,763,266</u>
Estimated Project Total Cost	\$3,430,100

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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.

United Taconite, LLC



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: December 20, 2013

Re: UNITED TACONITE, LLC TACONITE ECONOMIC DEVELOPMENT FUND PROJECT

United Taconite, LLC is eligible for a 2013 grant of up to \$1,619,470, subject to the company providing a minimum match of \$375,933, for a total project cost of \$1,995,403.

The United Taconite, LLC TEDF Review Committee completed its review on November 8, 2013, and unanimously approved submitting the following projects:

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. As a result, United Taconite is planning a series of projects over the next few years that will increase production from 5.2 M to 5.6 M tons annually.

Project 1 – Vacuum System Pump Upgrade - \$1,100,000

United Taconite uses disk filters to remove water from the concentrate slurry to create a product called filter cake. The disk filters rely on a remote vacuum system to dry the concentrate on the filter bags. United Taconite currently has (nine) 9 pumps to fully supply the vacuum required. Four (4) of these pumps are original plant equipment, installed in 1965. United Taconite needs to replace these pumps as parts are no longer available to repair them. Technological advances in pump design will reduce the existing four (4) pumps to two (2), lower energy consumption and maintenance costs, and increase filtering efficiency.

Table with 2 columns: Description and Amount. Rows include TEDF Grant (\$892,761), Company (207,239), and Estimated Project Total Cost (\$1,100,000).

Project 2 – Dust Collector Replacement - \$700,000

United Taconite complies with Federal and State air quality regulations to reduce impacts to the environment. Dust collectors are one tool to accomplish this objective. Operating efficient dust collectors not only improves overall air quality but also aids in the mitigation of indoor air quality issues. United Taconite operates 50 dust collectors at the Fairlane Plant. The Plant has begun implementing its long range plan to phase in the replacement of the aging and deteriorating collectors. To date, six (6) units have been replaced and this project will involve three (3) additional units.

TEDF Grant	\$568,120
Company	<u>131,880</u>
Estimated Project Total Cost	\$700,000

Project 3 – 9F Air Filtration - \$300,000

United Taconite has been cited by MSHA for air-borne dust where the 9F conveyor deposits its product onto the 10 Conveyor in the fine ore surge building. The air filtration in this area was not operational when Cliffs NR acquired EvTac in 2003. To date, United Taconite has used respirators and dust suppressant to address the dust hazard but those solutions have now been deemed unacceptable by MSHA and United Taconite's environmental permit.

A new, more efficient air filtration system will be installed in the fine ore surge building where 9F conveyor deposits material onto 10 Conveyor. This includes a new dust collector, piping, and a modified transfer chute.

TEDF Grant	\$158,589
Company	<u>141,411</u>
Estimated Project Total Cost	\$300,000

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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.

Exhibit A – 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, Minnesota, 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 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.	
Project Investment:	IRRRB: increase to our existing non-recourse	\$5,035,000

Iron Range Resources and Rehabilitation Board

August 8, 2013, Meeting Minutes

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	direct loan to the Airport Authority at our formula rate. Repayment will be from lease revenues generated by the building.	
	TOTAL	\$ 5,035,000
Jobs:	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.	
Collateral:	The loan is secured with a first-position mortgage and an assignment of lease revenues on the building.	
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 and is preparing to move into the airport building by April, 2014.	
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> <p>DMR: IRRRB participated in the funding for construction of the 15,000 square-foot building DMR currently leases in the Hibbing industrial park.</p>	
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

DJJ – 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



**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: 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

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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



**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: 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

Iron Range Resources and Rehabilitation Board

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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

Iron Range Resources and Rehabilitation Board

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(“**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

Action required: Project approval requires a simple majority of the quorum
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

8) Adjournment

The meeting adjourned at 11:04 a.m.