

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

**IRRRB
Eveleth, Minnesota**

Thursday, January 30, 2014

**Meeting of the Iron Range Resources and Rehabilitation Board
IRRRB, Eveleth, Minnesota
Thursday, January 30, 2014
1:00 p.m.**

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**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD
IRRRB
Eveleth, Minnesota
Thursday, January 30, 2014 – 1:00 p.m.**

AGENDA

- 1) Roll Call

- 2) Approval of December 20, 2013, Minutes
See Exhibit A

- 3) Commissioner's Comments

- 4) Toward a Better IRRRB – Recommendations of the Better IRRRB Task Force
 - a. Executive Summary

- 5) Other

- 6) Adjournment

Toward a Better IRRRB – Recommendations of the Better IRRRB Task Force



**Iron Range Resources &
Rehabilitation Board**

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To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: January 24, 2014

Re: **Better IRRRB Task Force Report**

Almost 40 years ago, Iron Range legislators along with Governor Rudy Perpich established a “rainy day” fund at the IRRRB. They knew of the volatility and limits of our mining economy. Those leaders looked to the future and set aside a portion of the local production tax that would be wisely invested and made it into a trust fund for future generations. Years later this fund—now named the Douglas J Johnson Trust Fund—has a value of approximately \$150 million.

Previous Iron Range leaders left for us a nest egg which has been used as emergency resources in tough times but also a catalyst to leverage new technologies to create jobs all across the Iron Range.

Iron Range legislators were not satisfied with the status quo. They knew that we needed to evolve with the times. They looked decades into the future and made decisions not just for themselves, but for their children and grandchildren.

We owe each of them a debt of gratitude.

We also owe them our best efforts at this time.

Over the past decade, the Iron Range has seen attempts to raid our local trust fund by some elected officials from other parts of the state. Thankfully we have been able to thwart off every attempt thus far. I am convinced there will come a time when we will not be successful and the money that has been set aside for the people of the Iron Range for the past 40 years will be gone without anything to show for it. If we do nothing, we will continue to play a high stakes game of Russian roulette with \$150 million—and we will lose it all.

Some have asked that Iron Range legislators just pass a law to prevent the taking of our funds. This idea does not go far enough. The problem is future legislators could change such a law at any time to access our Range monies.

We need to make a more dramatic change to ensure that these resources stay where they came from and stay where they were originally intended to be invested--on the Iron Range.

This is why I put together a task force of local citizens to research solutions to this issue and present them to our board. Their main goal was to present us with options to preserve the DJJ Trust Fund into the future and protect it from potential political raids.

The Better IRRRB Task Force spent the past months gathering input from a wide variety of stakeholders--including businesses, employees, past commissioners, board members and the general public.

What you have today is the executive summary of their report. Essentially in order to protect our investments, we must move the fund away from state government. The task force has presented us with at least two options. One is to move our agency further away from state government. The second is to move the trust fund to a separate entity. Each option has its advantages and disadvantages. Each option fulfills the charge of protecting our resources for the future. The task force also made some suggestions on improvements to the agency's operations regardless of which choice we make. I have yet to make up my own mind on which is the best option.

I am not expecting us to make any decisions at today's meeting. This meeting is a time to listen to those who took the time to do the research, ask questions, and be thoughtful. Over the next couple of months, it is my hope to work with you to find consensus on the direction we should go. My goal is to have our work finalized by the time we adopt our annual budget in June.

Here at the IRRRB, we will continue to knock on doors, work hard to create jobs, invest in our communities and our people. But from time to time, we must look up at the horizon, dream of where we should go and plan for the future. Now is one of those times. I ask for your best thoughts and best work in the coming months for the future of the Iron Range.

Thank you.

TOWARD A BETTER IRRRB

Recommendations of the Better IRRRB Task Force

Protecting. Improving. Evolving.

Glumac Executive Enterprise and Zabinski Consulting LLC
December 2013

Executive Summary

TOWARD A BETTER IRRRB

Recommendations of the Better IRRRB Task Force

EXECUTIVE SUMMARY

Background

Created in 1941, the Iron Range Resources and Rehabilitation Board (IRRRB) is an anomaly among state agencies.

On one hand, IRRRB looks much like any other state agency: the Commissioner is appointed by the Governor, confirmed by the Minnesota Senate, and is a member of the Governor's Cabinet. The IRRRB's budget is reviewed by – though not controlled by – budget committees within the Minnesota Legislature.

On the other hand, it operates as a local entity: IRRRB revenues come from taxes levied on taconite mining operations in lieu of local property taxes, and the agency spends revenues in Northeastern Minnesota in a region defined as the Taconite Assistance Area.

The IRRRB's governing board is comprised of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area. And while the board approves the budget and expenditures for specific economic development projects, no money can be spent until the Commissioner decides to transmit the expenditures to the Governor, who must sign off on most expenditures.

While the operations of the IRRRB have seen numerous refinements over its more than seven decades, the mission of diversifying and expanding the economy of the region has remained constant – as has the funding of the agency through taxes levied on local mining operations. Instead of paying local property taxes to surrounding communities, mining companies pay a tax levied on each ton of taconite pellets, iron ore concentrate or iron nuggets produced, and proceeds are distributed to local units of government, property taxpayers and the IRRRB. Iron mining companies also pay occupation taxes – similar to corporate income taxes – to the State of Minnesota.

A portion of the tax also is set aside in a trust fund established in 1977 to help the Iron Range rebuild its economy after the then-anticipated decline of the taconite mining industry around 2002. Initially known as the 2002 Trust Fund, the fund subsequently was named the Douglas J. Johnson Economic Protection Fund, or DJJ Fund, and extended to 2028. Withdrawals of nearly \$73 million have been made over the years for 11 projects and programs to stimulate and encourage diversification of Northeastern Minnesota's economy.

The Iron Range Resources and Rehabilitation Board is an anomaly among state agencies.

Better IRRRB Task Force Report: December 2013

Despite the concerns of the mid-1970s, mining remains a thriving industry that continues to pay tens of millions of dollars in production taxes annually. The DJJ Fund currently sits at about \$150 million, tempting state lawmakers searching for money to help balance the state budget, even though the trust fund essentially is local property tax dollars.

After several unsuccessful attempts to raid the fund over the last decade, IRRRB Commissioner Tony Sertich decided to explore how to protect the agency's resources, including the DJJ Fund. In June 2013, Sertich appointed a citizen task force and gave it a major assignment:

The Better IRRRB Task Force is charged with protecting IRRRB resources, improving the agency and helping it evolve with the times.

THE BETTER IRRRB PROCESS

From July through December the 17-member Better IRRRB Task Force researched and debated the history, issues and opportunities facing the agency through a robust process that gave them access to experts and to the opinions and ideas of others as they considered their ultimate recommendations.

Task Force Meetings

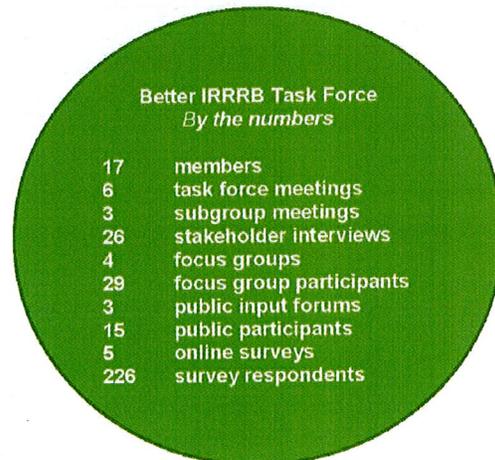
The Task Force held in-depth meetings monthly from July through December 2013; three subgroups charged with more detailed discussion and research also met to study IRRRB governance, the agency's structure and the DJJ Fund.

Stakeholder Interviews

Task Force facilitators conducted interviews with 26 former IRRRB commissioners, board members and regional partners to gather perspectives on what the agency does well and what it might do differently.

Focus Groups

Four focus groups comprised of specific stakeholders in the fields of education, economic development, labor and mining were convened to gather insights in an informal research mode.



Better IRRRB Task Force Report: December 2013

Public Surveys

On-line public surveys were developed to gather citizen input. Surveys were targeted at key stakeholder groups: education leaders, mining industry leaders, IRRRB staff, business and economic development leaders and local elected officials. Additionally, links to the survey were posted on the IRRRB website and disseminated through social media channels so that anyone could participate.

Public Input Forums

Once preliminary Task Force insights regarding recommendations came together in November, three public input forums allowed citizens to provide their observations, comments and ideas on the options identified:

- Monday, November 18 (Mountain Iron)
- Tuesday, November 19 (Grand Rapids)
- Tuesday, November 26 (Babbitt)

RECOMMENDATIONS

After the processes described above, the Better IRRRB Task Force faced perhaps its largest and most difficult challenge – developing recommendations to be shared with the Commissioner and members of the IRRRB.

Ultimately, Task Force members decided to provide the Commissioner and Board with two options, each of which included a number of possible action steps.

Guiding Principles

The Task Force asked that certain principles guide the discussion and choices for the best set of options going forward.

Regarding the DJJ Fund, Task Force members suggested the following concepts:

- **The fund should be protected and focused on economic development and diversification.**
- **Task Force members prefer local governance.**
- **The Task Force supports the concept that a unanimous vote be required of the local governing body before withdrawals from the corpus of the trust are made.**
- **Finally, Task Force members want to ensure that ongoing contributions are made to the fund.**

Better IRRRB Task Force Report: December 2013

The Task Force agreed on the following guiding principles for reshaping IRRRB as an agency:

- **The Task Force believes the IRRRB should have a more direct role in the selection of its chief executive to ensure greater accountability.**
- **Task Force members want the region to play a more direct role in the collection of taconite production taxes – i.e. utilize existing county systems for production tax collection.**
- **The Task Force wants to ensure that IRRRB staff members' salaries, benefits and pensions are protected through any changes in the agency.**

With these principles as a guide, the Task Force offered two options for the structure and governance of the Douglas J. Johnson Trust Fund and the IRRRB.

The central difference between the two is the structure of the IRRRB: the agency could be re-formed as a regional, public governmental entity (Option A) or remain a State agency (Option B). The options and their key features are explained in more detail below.

Option A:

IRRRB would be re-formed as a regional, public governmental entity governed by a board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area.

The board's roles would include several functions for which it is *not* responsible today:

- hiring and evaluating the chief executive of the agency,
- setting the taconite production tax rate, and
- providing final approval for the agency's budgets.

The board would retain some of its current responsibilities:

- approving projects, and
- managing the DJJ Fund for economic development and diversification.

The board would be accountable to the electorate in each legislative district, while the chief executive would report to the board itself.

This option would keep the DJJ Fund part of the IRRRB, so decisions about investment and other economic development activities would be made by the IRRR Board.

Option B:

IRRRB would remain a state agency governed by a board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area.

While the board would approve the agency's budget, it would delegate economic development project decisions to a new board overseeing the DJJ Fund. The IRRRB would approve a contract with the DJJ Fund board and determine when and to what extent to allocate additional contributions to the DJJ Fund.

The IRRR Board members would remain accountable to the electorate in each legislative district and the commissioner would remain accountable to the Governor.

The DJJ Fund would be a separate, non-governmental entity, such as a 501(c) 3 nonprofit or an economic development authority, or similar entity focused on economic development. The Fund would be governed by a board from within the Taconite Assistance Area and would have an IRRRB liaison.

The DJJ Fund board would hire and evaluate the Fund's chief executive, set policy and direction and approve projects. The Fund board would be accountable to the IRRRB via a contract and be subject to the IRRRB's approval of continued replenishment of its corpus from the proceeds of the mining production taxes.

The options presented, combined with the guiding principles Task Force members developed, ensured that they met the charge originally provided by the Commissioner – to protect the agency's resources, to improve its operations and to help it evolve with the times.

Exhibit A – IRRRB Meeting Minutes

**IRRRB Meeting Minutes
Friday, December 20, 2013
10:00 a.m.
IRRRB, Eveleth, Minnesota**

1) Roll Call

Senator David Tomassoni called the meeting to order at approximately 10:09 a.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug. Excused: Senator Rod Skoe. Minute Taker: Laureen Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Al Becicka, IRRRB Legal Counsel; Steve Peterson, Executive Director of Development; Dave Hart, Assistant Director of Business 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; Mark Sutich, Laurentian Monument, Granite & Stone; Mayor Jim Weikum, City of Biwabik; Jon Holmes, ArcelorMittal-Minorca; Dave Bombich, USWA Local 6115; Tim Tomsich and Rally Hess, Hibbing Taconite Company; Larry and Matt Lehtinen, Magnetation, LLC; Bruce Kinsley and Larry Young, Mesabi Nugget; Sandy Karnowski, Cliffs Natural Resources; Todd Nelson and Santi Romani, United Taconite, LLC.

2) Approval of the November 7, 2013, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved approval of the November 7, 2013, minutes. 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, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

3) Laurentian Monument, Granite and Stone (LMGS) – City of Biwabik – Resolution No. 14-045

DJJ – Action required: Approval requires 5 votes

Representative Jason Metsa moved to approve the request for financial assistance in the form of a non-recourse loan to the city of Biwabik, in an amount not to exceed \$1,940,000, for 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, as presented in Resolution No. 14-045. Seconded by Representative Joe Radinovich. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
DIRECT LOAN TO CITY OF BIWABIK FOR THE
LAURENTIAN MONUMENT, GRANITE & STONE PROJECT**

Resolution No.: 14-045

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

WHEREAS, the agency’s FY 2014 Budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line item category of DJJ Business Development Projects; and

WHEREAS, the City of Biwabik (“**Biwabik**”), owns land in the Biwabik Industrial Park within the TAA that is suited for construction of an industrial building (“**Biwabik Industrial Park site**”); and

WHEREAS, the location of the former Austin Powder site in Biwabik contains various types of natural stones that could be processed and used for architectural and landscaping purposes (“**Austin Powder lands**”); and

WHEREAS, Laurentian Monument, Granite & Stone (“**LMGS**”), a producer of granite countertops and monuments, desires to expand its operations and house its stone processing equipment in an industrial building constructed on the Biwabik Industrial Park site; and

WHEREAS, Biwabik desires to have LMGS as a long-term tenant at the Biwabik Industrial Park site; and

WHEREAS, in order for LMGS to become a long-term tenant at the Biwabik Industrial Park site, an industrial building must be constructed to accommodate its business needs, and the Austin Powder lands must be available for harvesting natural stones to be used as inventory for LMGS for its stone processing business; and

WHEREAS, pursuant to a request from Biwabik, the Commissioner has requested the Board to approve the expenditure of up to \$1,940,000 of FY 2014 DJJ Business Development Project funds to provide a direct loan to Biwabik to finance construction of an 11,000 square foot industrial building for occupancy by LMGS and to purchase the Austin Powder lands to provide stone inventory to LMGS (collectively, the “**Project**”) to enable LMGS to locate production and other business operations at the site, which loan would be subject to the conditions set forth in the Board packet materials and as otherwise discussed at the meeting; and

WHEREAS, the technical advisory committee, appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed Project, met on December 16, 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 Friday, December 20, 2013, at 10:00 a.m. to consider, among other matters, Biwabik’s request for financial assistance for the Project; and

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

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$1,940,000 of FY 2014 DJJ Business Development Project funds to provide a direct loan to Biwabik in support of the Project as 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 Biwabik 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 construction 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 20th DAY OF DECEMBER 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

**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

Iron Range Resources & Rehabilitation Board
 December 20, 2013, Meeting Minutes

	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.	

4) Fiscal Year 2014 Budget Amendment – Resolution No. 14-046

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. 14-046. 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, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 14-46

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 covered the period of time from July 1, 2013, through June 30, 2014 (the "**FY14 Budget**"); and

WHEREAS, the FY14 Budget made a total of \$7,000,000 available for Public Works Projects from the Taconite Area Environmental Protection Fund ("**TEPF**") account; and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY14 Budget to add \$25,000 of available TEPF carryforward funds to the Public Works Projects line item in the FY14 Budget, which action would have the effect of increasing the authorized balance in the FY14 Budget's Public Works Projects Budget line item by \$25,000 (the "**Proposed Budget Amendment**") to the total sum of \$7,025,000 for FY14; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 20, 2013, in the agency's Administrative 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 \$25,000 of available TEPF carryforward funds to the Public Works Projects line item in the FY14 Budget, thereby increasing the authorized amount of the FY14 Budget line item for Public Works Projects to \$7,025,000.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 20th DAY OF DECEMBER 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) FY 2014 Infrastructure Projects – Resolution No. 14-047

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

Representative Carly Melin moved to approve the expenditure of up to \$6,662,500 of FY14 TEPF Public Works Funds to provide grants for the proposed projects and for the purposes presented in Exhibit A, as presented in Resolution No. 14-047. 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, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 14-047

WHEREAS, the Commissioner is authorized to expend, upon approval of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY14 Budget, as amended earlier this date, includes the allocation of \$7,025,000 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”), of which \$362,500 has already been obligated for projects by prior Board actions, leaving \$6,662,500 that has not yet been approved by the Board for expenditure during FY14; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$6,662,500 of such TEPF Public Works Funds for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Board met in open session at 10:00 a.m. on December 20, 2013, in the agency’s Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$6,662,500 of FY14 TEPF Public Works Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY 14 TEPF Public Works Funds for all Proposed Projects, including those Proposed Projects which have associated private development work, is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages for the funded project as required by law, or to the extent required in the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY14 TEPF Public Works Funds for the Proposed Projects is further contingent upon all such project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 20th DAY OF DECEMBER 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

**EXHIBIT A
 PUBLIC WORKS GRANTS FY14**

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

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

A 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**

The 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 the Highway 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	8,500	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 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	\$2,322,00	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**

An upgrade to the city electric sub station. The current sub station is not at a capacity to service any additional customers, which has impacted economic growth.

<u>USES</u>		<u>SOURCES</u>	
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.

<u>USES</u>		<u>SOURCES</u>	
Water Reservoir Tank Restoration	\$27,500	IRRRB	\$25,000
		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.

<u>USES</u>		<u>SOURCES</u>	
LaPrairie Avenue Road Reconstruction	\$2,982,000	IRRRB	\$150,000
Sewer line extension A & E	635,000	City	650,500
Contingency	102,000	Itasca County	2,982,000
	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 4th Street and Platt Avenue.

<u>USES</u>		<u>SOURCES</u>	
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.

<u>USES</u>		<u>SOURCES</u>	
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.

<u>USES</u>		<u>SOURCES</u>	
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.

<u>USES</u>		<u>SOURCES</u>	
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.

<u>USES</u>		<u>SOURCES</u>	
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**

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

<u>USES</u>		<u>SOURCES</u>	
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.

<u>USES</u>		<u>SOURCES</u>	
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

6) Mine Reinvestment Program – Taconite Economic Development Fund (TEDF)**a) ArcelorMittal - Minorca – Resolution No. 14-048**

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

Representative Jason Metsa moved to approve the expenditure of up to \$831,403 of TEDF Funds for ArcelorMittal - Minorca TEDF projects, as presented in Resolution No. 14-048. Representative Tom Anzenc. Motion carried.

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Voting in Favor of the Motion: Representative Tom Anzels, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
ARCELOR MITTAL-MINORCA – PAY 2013 TEDF FUNDS**

Resolution No.: 14-048

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 ArcelorMittal-Minorca (“**Applicant Producer**”) is eligible to receive up to \$831,403 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 \$193,252 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 December 2, 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 December 20, 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 20TH DAY OF DECEMBER 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 - 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

b) Hibbing Taconite Company – Resolution No. 14-053

TEDF – Action required: Approval requires a simple majority of the quorum

Senator Tom Bakk moved to approve the expenditure of up to \$2,112,607 of TEDF Funds for Hibbing Taconite Company TEDF projects, as presented in Resolution No. 14-053. Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzenc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
HIBBING TACONITE COMPANY – PAY 2013 TEDF FUNDS**

Resolution No.: 14-053

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

Iron Range Resources & Rehabilitation Board
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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 Hibbing Taconite Company (“Applicant Producer”) is eligible to receive up to \$2,112,607 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 \$515,869 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 December 5, 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 December 20, 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 20TH DAY OF DECEMBER 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 – 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.

TEDF Grant	\$562,617
Company	<u>\$137,383</u>
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

c) Magnetation, LLC – Resolution No. 14-049

TEDF – Action required: Approval requires a simple majority of the quorum

Senator Tom Saxhaug moved to approve the expenditure of up to \$562,023 of TEDF Funds for Magnetation, LLC TEDF projects, as presented in Resolution No. 14-049. Representative Tom Anzelc. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
MAGNETATION, LLC – PAY 2013 TEDF FUNDS**

Resolution No.: 14-049

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 Magnetation, LLC (“**Applicant Producer**”) is eligible to receive up to \$562,023 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 \$38,551 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 November 22, 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 December 20, 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 20TH DAY OF DECEMBER 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
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Signed: _____
 Senator David Tomassoni, Chair

Addendum A

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

d) Mesabi Nugget – Resolution No. 14-050

TEDF – Action required: Approval requires a simple majority of the quorum

Representative David Dill moved to approve the expenditure of up to \$40,339 of TEDF Funds for Mesabi Nugget TEDF projects, as presented in Resolution No. 14-050. Representative Joe Radinovich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzenc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
 OF THE STATE OF MINNESOTA
 TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
 MESABI NUGGET – PAY 2013 TEDF FUNDS**

Resolution No.: 14-050

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 Mesabi Nugget (“**Applicant Producer**”) is eligible to receive up to \$40,339 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 \$9,850 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 December 2, 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 December 20, 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 20TH DAY OF DECEMBER 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 - 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

e) Northshore Mining Company – Resolution No. 14-051

TEDF – Action required: Approval requires a simple majority of the quorum

Senator Tom Bakk moved to approve the expenditure of up to \$1,666,834 of TEDF Funds for Northshore Mining Company TEDF projects, as presented in Resolution No. 14-051. Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzels, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
NORTHSHORE MINING COMPANY – PAY 2013 TEDF FUNDS**

Resolution No.: 14-051

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 Northshore Mining Company (“**Applicant Producer**”) is eligible to receive up to \$1,666,834 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 \$375,647 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 November 20, 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 December 20, 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 20TH DAY OF DECEMBER 2013.

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

f) United Taconite, LLC – Resolution No. 14-052

TEDF – Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve the expenditure of up to \$1,619,470 of TEDF Funds for United Taconite, LLC TEDF projects, as presented in Resolution No. 14-052. Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzenc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 14-052

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 Taconite, LLC (“**Applicant Producer**”) is eligible to receive up to \$1,619,470 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 \$375,933 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 November 8, 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 December 20, 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 20TH DAY OF DECEMBER 2013.

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

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.

TEDF Grant	\$ 892,761
Company	<u>\$ 207,239</u>
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

8) Adjournment

The meeting adjourned at 11:35 a.m.