

IRRRB Meeting Minutes
Friday, October 30, 2015 – 2:30 p.m.
IRRRB Administration Building
Eveleth, Minnesota

1) Roll Call

Senator David Tomassoni, vice chair, called the meeting to order at approximately 2:32 p.m. Present: Representative Tom Anzelc, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe. Minute Taker: Laureen Hall, Executive Aide. Also present: Mark Phillips, Commissioner; Mary Finnegan, Deputy Commissioner, Joe Radinovich, Assistant Commissioner, Al Becicka, IRRRB Legal Counsel; Steve Peterson, Executive Director of Development; Matt Sjoberg, Director of Development, Dave Hart, Loan Officer Supervisor, Chris Ismil, Community Development Representative, Dan Jordan, Mineland Reclamation Supervisor, Roy Smith, Director of Workforce Development; Bob Scuffy, Accounting Director; Sheryl Kochevar, Media Coordinator; Lisa Hughes, DEED; Arunis Chesonis and Jack Baron, Sweetwater Energy, Inc.; Kevin Petz, Mesabi Nugget; Mark Lorenz, Mining Resources; Larry Sutherland, US Steel Minntac/Keetac.

Senator Tomassoni suggested a moment of silence in remembrance of Board Chairman Representative David Dill, who passed away on August 8, 2015.

Senator Tomassoni noted for the record that all members were present at the meeting.

2) Election of Chair

Action required: Approval requires a simple majority of the quorum

Representative Dale Lueck nominated Representative Tom Anzelc as chair of the Iron Range Resources and Rehabilitation Board. Seconded by Representative Carly Melin. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

3) Approval of the May 19, 2015, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved approval of the May 19, 2015, minutes. Seconded by Senator Tom Bakk. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

3) Commissioner Comments

- a) Representative David Dill Memorial
The following Board members indicated they wanted to meet to find an appropriate way to pay tribute to Representative David Dill, including Senator Tom Bakk, Representative Tom Anzelc and Commissioner Phillips or designated staff.
- b) School Collaboration Fund
The following Board members indicated they wanted to provide input into the process of creating guidelines for the School Collaboration Fund including: Senator David Tomassoni, Representative Dale Lueck, Senator Tom Saxhaug and Representative Jason Metsa.
- c) Range Trust
In December 2014, the IRRR Board approved the establishment of the Range Trust. A very preliminary Board was established for the sole purpose of forming the non-profit, which has been done. The process has been very cautious and deliberate. No funds will be moved without bringing it back to the Board. Additional updates will be forthcoming at future IRRR Board meetings.

4) FY16 Development Infrastructure Grants – *Resolution #16-001*

Action required: Approval requires a simple majority of the quorum

Senator David Tomassoni moved to approve the expenditure of up to \$2.314 million in TEPF Public Works funds for FY16 Development Infrastructure Grants as presented in Resolution #16-001. Seconded by Representative Dale Lueck. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

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

Resolution No.: 16-001

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 fiscal year 2016 ("FY16") Budget includes the allocation of up to \$6,000,000 for public works projects from TEPF Funds (“**TEPF Public Works Funds**”) of which \$1,625,000 has already been obligated for projects by prior Board actions, leaving \$4,375,000 that has not yet been approved by the Board for expenditure during FY16; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$2,314,000 of such TEPF Public Works Funds for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Commissioner has further received requests from three communities to reallocate grants or portions of grants previously approved by the Board for different community and economic development projects, which are also more specifically described in Exhibit A (“**Reallocated Projects**”) and

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, in the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and Reallocated 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 \$2,314,000 of FY16 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 approves the Reallocated 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 FY16 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 FY16 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 30th DAY OF OCTOBER 2015.

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 Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

City of Aitkin

Grant Amount: \$250,000

New water and sewer on 2nd Avenue and Black Rock Road and a new lift station at the city park to service a 20-unit housing development in the proposed Ryan’s Knoll subdivision in Southwest Aitkin. The project is expected to create 8 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, Sewer & Lift Station	\$867,860	IRRRB	\$250,000
Contingency	130,179	City	947,647
A&E	199,608		
TOTAL	\$1,197,647	TOTAL	\$1,197,647

Alborn Township

Grant Amount: \$200,000

Site development and construction of a new 3,400 sq. ft. Emergency Services Facility and a 1,000 sq. ft renovation of the existing fire hall. This is a collaborative Emergency Services Facility for Alborn Township and New Independence Township also provides emergency response to Culver, Ness, and Northland Townships. The project is expected to create 3 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Site Work	\$81,000	IRRRB	\$200,000
Building	374,000	Alborn Township	180,000
A&E	25,000	New Independence Township	100,000
TOTAL	\$480,000	TOTAL	\$480,000

City of Bovey

Grant Amount: \$230,000

Infrastructure, roads, and site work for a new 9,500 sq. ft. collaborative Emergency Services Facility. This is a joint facility between the cities of Coleraine and Bovey. The new emergency services facility will include police and fire and rescue, with the plan to add on to the facility in the future for a shared public works facility.

The project is projected to create 7 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$250,000	IRRRB	\$230,000
Building	840,000	Coleraine	150,000
A&E	50,000	Bovey	150,000
		Legislative	160,000
		IRRRB FY14 (Building)	450,000
TOTAL	\$1,140,000	TOTAL	\$1,140,000

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

Water, sewer, utilities extension, and site work for renovation and expansion of the Cook Hospital & Nursing Home, which is a 14-bed critical access hospital and 28-bed Skilled Nursing Facility located in the city of Cook. The Cook-Orr Healthcare District was formed by special legislation in 1990, serving a rural regional population of over 10,000(permanent & seasonal). The next closest hospital and skilled nursing facility is 73 miles North to I-Falls and 27 miles South to Virginia. The Cook Hospital and Nursing Home is the largest employer in the Cook-Orr Healthcare District with 138 jobs. The construction of additional space will be 18,000 square feet and the renovation of 6,500 square feet will include the full nursing home. The project is projected to create 5 permanent jobs and 42 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Infrastructure & site work	\$311,000	IRRRB	\$200,000
Facility	6,000,000	DEED	198,108
Contingency	31,110	Hospital	6,000,000
A&E	55,998		
TOTAL	\$6,398,108	TOTAL	\$6,398,108

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

Water, sewer, utilities, roads, and site work for a new 11,000 sq. ft. Chicagami Day Care Facility. The current Chicagami Day Care Center is located in the old Eveleth Junior High School building, which the Eveleth-Gilbert school district has plans to close and demolish. Chicagami is a key community asset with 67 children currently enrolled at the daycare facility. The new modern facility will have classrooms for infants, toddlers, preschool, and school age children. The project is expected to create 15 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$307,066	IRRRB	\$300,000
Building	1,615,034	City	1,934,077
A & E	164,167		
Contingency	147,810		
TOTAL	\$2,234,077	TOTAL	\$2,234,077

City of Gilbert**Grant Amount: \$249,000**

Road reconstruction and site development for the Gilbert Industrial Park. The city of Gilbert is proposing development of the site for heavy industrial uses to support business activities required by the mining companies as well to open further economic potential for new business opportunities for their community. The city currently owns 115 acres on the sight, which is located on the East side of Lake Ore-Be-Gone. A new building development was recently completed. This grant takes the place of an expired FY14 infrastructure grant to the city of Gilbert for the same project, which was not shovel ready in FY14. The project is expected to create 4 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Roads, utilities and site work	\$259,879	IRRRB	\$249,000
Building	350,406	City	101,752

Contingency	7,373	Private	287,906
A & E	21,000		
TOTAL	\$638,658	TOTAL	\$638,658

City of Keewatin

Grant Amount: \$250,000

Road development and site work for the expansion of Pro Blast Inc. in Keewatin. The Pro Blast expansion will include construction of a new 15,000 sq. ft. addition to their current facility. The proposed 15,000 sq. ft. new addition to the West side of their current facility would house a fully automated sand blasting and painting booth. The current facility site development began in October 2012 and brought 5 existing permanent jobs when Pro Blast moved to the city of Keewatin. Pro Blast currently has 13 permanent employees. The expansion is expected to create 4 permanent jobs and 15 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Roads and site work	\$233,687	IRRRB	\$250,000
Land	187,000	City	167,000
Equipment	670,000	Private	960,162
Building	1,126,000	IRRRB (Loan)	898,000
Contingency	17,475		
A & E	41,000		
TOTAL	\$2,275,162	TOTAL	\$2,275,162

City of Marble

Grant Amount: \$45,000

Utility and infrastructure upgrades for a local market in Marble. The Market was built in 1988, and currently has 10 employees. The proposed upgrades would allow for an additional business to occupy the current building, which has 3 registered businesses. The cities of Marble, Calumet, Taconite and Greenway Township are some of the municipalities that utilize this business for their fueling and grocery needs; others include the mining industries, tourism and local residents. The project is expected to create 1 construction job.

<u>USES</u>		<u>SOURCES</u>	
Utilities and site work	\$92,125	IRRRB	\$45,000
		Private	47,125
TOTAL	\$92,125	TOTAL	\$92,125

City of Mt. Iron

Grant Amount: \$300,000

Water, sewer, utilities, roads, and site work for a new 15-unit housing development project. The development includes single-family patio style homes. The homes will be one and two bedrooms with an attached garage. The cost per home to include the lot will range between \$160,000 and \$200,000. The city of Mt. Iron and the Mt. Iron EDA have successfully developed three housing sites over the last two decades to include Unity Addition, Unity Addition II, and the South Forest Grove. The project is expected to create 5 construction jobs.

<u>USES</u>	<u>SOURCES</u>
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Site work	\$622,493	IRRRB	\$300,000
Wetlands	65,000	City	495,014
A & E	107,521		
TOTAL	\$795,014	TOTAL	\$795,014

City of Nashwauk

Grant Amount: \$200,000

Water, sewer, utilities, roads, and site work for a new 11-unit Bozich Addition housing development project. The project concept is to develop 103 acres of property into 82 residential lots in North Nashwauk. The Bozich Addition is the first phase of the full housing development plan. The homes will be one, two and three bedrooms with an attached garage. The cost per home will range between \$150,000 and \$250,000. The project is expected to create 5 construction jobs.

USES

SOURCES

Site work	\$426,411	IRRRB	\$200,000
Land/Environmental	280,000	Legislative	257,000
Contingency	42,641	City	371,013
A & E	78,961		
TOTAL	\$828,013	TOTAL	\$828,013

City of Orr

Grant Amount: \$90,000

Infrastructure and boilers for a new heating system for the former Orr school building. It is the number one priority of the City of Orr to redevelop the former school building for reuse. A key piece of the reuse and redevelopment of the building is the purchase and installation of four Garn biomass gasification boilers. The building will utilize 200 cords of wood annually. The project is expected to create 1 construction job.

USES

SOURCES

Infrastructure & boilers	\$105,000	IRRRB	\$90,000
Building	75,000	City	90,000
TOTAL	\$180,000	TOTAL	\$180,000

*** Grant Reallocations**

City of Chisholm

Grant Amount: \$225,000

Reallocation Amount: \$30,000

Replacement of water, sewer, storm sewer, and roads on 3rd Avenue Northeast. The city of Chisholm 3rd Avenue grant (FY2014) has \$30,000 remaining as the scope of the project was reduced by the city of Chisholm. The city has requested that the remaining \$30,000 in grant funds be reallocated to the city of Chisholm 5th Avenue Northwest (FY2014) project, which has over \$100,000 in unanticipated costs.

City of Cook

Grant Amount: \$200,000

Reallocation Amount: \$99,500

Infrastructure and site work for a new Emergency Services Facility for the Lake Vermilion Fire Brigade. This grant is a reallocation from the City of Cook (FY2016) to the Lake Vermilion Fire Brigade and a reduced grant amount of \$99,500. The Lake Vermilion Fire brigade had to down size the new facility after bids came in much higher than anticipated. The brigade is requesting \$99,500 to cover the cost of infrastructure and site development.

<u>USES</u>		<u>SOURCES</u>	
Infrastructure & site development	\$99,500	IRRRB (FY2016)	\$99,500
Building	350,000	LV Brigade	370,000
A&E	20,000		
TOTAL	\$469,500	TOTAL	\$469,500

City of Eveleth

Grant Amount: \$350,000

Reallocation Amount: \$350,000

Health, safety, and utility upgrades for the Eveleth Auditorium. This grant is a reallocation of a city of Eveleth FY2014 Development Infrastructure grant for infrastructure and site development for an assisted living facility. The assisted living project is not moving forward and the city of Eveleth has requested that the grant be used for upgrades to the Eveleth Community Auditorium.

<u>USES</u>		<u>SOURCES</u>	
Interior & Exterior	\$278,000	IRRRB (FY2014)	\$350,000
Completed Improvements	923,863	City	996,363
FFE & AV	125,000	IRRRB (FY2012)	50,000
Contingency	27,800		
A&E	41,700		
TOTAL	\$1,396,363	TOTAL	\$1,396,363

5) Sweetwater Energy, Inc. – Resolution #16-002

Action required: Approval requires an affirmative vote by all members of the Board

Representative Jason Metsa moved to approve the expenditure of up to \$18 million from the Douglas J Johnson Economic Protection Trust Fund (corpus) to provide financial assistance to Sweetwater Energy, Inc. for the development of a full-scale biochemical manufacturing facility near the city of Mountain Iron as presented in Board Packet materials and Resolution #16-002. Seconded by Senator David Tomassoni. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
SWEETWATER ENERGY PROJECT APPROVAL**

Resolution No.: 16-002

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (d) authorizes the Commissioner to expend, within or for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 ("TAA") and upon prior approval by an affirmative vote of all members of the Board, the corpus of the Douglas J Johnson Economic Protection Trust Fund, (the "**DJJ Fund Corpus**"), for projects and programs described in Minnesota Statutes Section 298.292, subdivision 1 that either (a) are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses; or (b) encourage diversification of the economy and promote the development of certain sectors of the TAA economy; or (c) for which technological and economic feasibility have been demonstrated; and

WHEREAS, Sweetwater Energy, Inc. ("**Sweetwater**"), a Delaware business corporation with its principal headquarters in New York, is a green biotech company that will produce cellulosic sugars, industrial alcohol and clean lignin from wood biomass for use in the production of biochemical, biofuel and bioplastic commercial applications; and

WHEREAS, the agency, in partnership with the Minnesota Department of Employment and Economic Development ("**DEED**"), has been in negotiations with Sweetwater to provide financial incentives to entice Sweetwater to locate a manufacturing facility within the TAA; and

WHEREAS, the parties have reached an agreement whereby the agency will provide Sweetwater with up to \$18 million in funding which, in conjunction with an \$8 million investment by DEED and a \$26,860,563 investment from Sweetwater, will result in the development of a full-scale biochemical manufacturing facility near the City of Mountain Iron, within the TAA, an economic development project that will, when complete, employ 35 full-time workers as more fully described in the board packet materials and as presented by staff, which materials are hereby incorporated into this resolution (collectively the "**Sweetwater Project**"); and

WHEREAS, the technical advisory committee appointed pursuant to Minnesota Statutes Section 298.297 met on October 23, 2015, and recommended that the Board approve the Sweetwater Project as presented in accordance with the information provided in the board packet materials; and

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, in the agency's Administration Building near Eveleth, Minnesota, to consider, among other matters, the Sweetwater Project and has determined that the proposed expenditure of funds for the Sweetwater Project will create and maintain productive, permanent skilled employment and will diversify and promote the development of a new sector of the economy of the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Iron Range Resources and Rehabilitation Board approves the expenditure of up to \$18,000,000 from the DJJ Fund Corpus in support of the Sweetwater Project, as authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act under Minnesota Statutes Sections 298.291-298.298.

BE IT FURTHER RESOLVED that, to the extent Board approval is necessary, the Board hereby authorizes and approves the proposed expenditure of up to \$7 million of DEED's Minnesota 21st Century Minerals Fund monies under Minnesota Statutes Section 116J.423-116J.424.

BE IT FURTHER RESOLVED that the Board's approval of all expenditures for the Sweetwater Project is subject to the conditions set forth in the Board packet materials and the provisions customarily contained in agency financing documents and Board Resolution 96-005 that require the recipient of financial assistance to pay at least prevailing wages to workers performing work on Board approved projects.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 30th DAY OF OCTOBER 2015.

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 Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

**Sweetwater Energy, Inc.
 300 Trolley Blvd.
 Rochester, NY 14606**

IRRRB Direct Loan Program

Applicant:	Sweetwater Energy, Inc. Rochester, New York
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Project Location:	Mountain Iron, Minnesota
Principal(s):	Arunas A. Chesonis, CEO and Chairman of the Board Jack Baron, President & Chief Operating Officer
Project Description:	<p>Initially developed by oil industry experts over many years and tested extensively the National Renewable Energy Laboratories, Sweetwater Energy has perfected and patented technology for the production of cellulosic sugars utilizing wood biomass as their feedstock to provide an economical replacement for multiple products derived from petroleum and food-based feedstocks.</p> <p>This project is to establish a facility in Minnesota to produce cellulosic sugars using wood as its feedstock. These sugars are known as “platform substances” and serve as key components in the production of a wide range of biochemicals, bioplastics and biofuels. In addition to producing the cellulosic sugars, this facility is intended to further process them into industrial bio-products.</p> <p>The facility will be located near the Laurentian Energy wood yard in Mountain Iron and will be constructed in two phases. Initial feedstock capacity will be 150 dry tonnes of biomass per day; however, the first module is anticipated to produce at 50% capacity for six months, then ramp up to full production in 2018. Annual production of this first module is projected to be 29,000 tonnes of cellulosic sugar and 22,000 tonnes of clean lignin fiber.</p> <p>Two additional production modules are projected to come on-line in 2019 and a fourth module is planned to come on-line in 2020. Each module will be capable of processing 150 tonnes per day. When all four modules are in production, annual wood consumption will be approximately 200,000 cords.</p>
Market Opportunity:	<p>Cellulosic sugar and clean lignin have well-established markets and Sweetwater will be positioned to supply the growing demand for non-petroleum and non-food-based chemicals. Competitors in the cellulosic sugar industry use corn, wheat, barley, rye and cane as their feedstocks. Those food-based feedstocks have relatively high price volatility, as compared to wood, giving an advantage to Sweetwater.</p> <p>Sweetwater’s sugars can supplement, or replace, the sugars that are used in the production of multiple industrial biochemical and alcohols and other products. These products have strong domestic markets and are used in the manufacture of the following everyday products: fuels, lubricants, hoses, lycra, spandex, upholstery, fibers, fabrics, beverage packaging, preservatives, detergents, insulation, flame</p>

	retardants, plastics, pharmaceuticals, cosmetics, disinfectants and many others.	
	Sweetwater will also convert their lignin to a number of clean fiber products, which meet, or exceed, the performance of currently available products. Domestically sourced lignin is primarily the sulfite and kraft lignin produced by the pulp and paper industry. Sweetwater’s lignin contains no sulfites and, in addition to other uses, is suitable for high-value applications.	
Project Investment:	IRRRB direct loan Formula rate, 15 year term	\$18,000,000
	Commercial debt Terms to be negotiated	16,288,450
	DEED 21 st Century Fund loan	6,000,000
	DEED Ag & Econ Dev Board loan	1,000,000
	DEED MIF loan	1,000,000
	Private equity funding	10,572,113
	TOTAL	\$ 52,860,563
Jobs:	35 Planned New full-time jobs Wages \$50,000 - \$100,000 per year plus benefits.	
Collateral:	Collateral consists of all production equipment. Installed cost is projected to be in excess of \$30,000,000.	
Business History:	<p>Sweetwater Energy was founded in 2006 for the development and production of fermentable cellulosic sugars for use in the production of biochemicals, biofuels and bioplastics. Their core technology was originally developed by oil industry experts and has been tested extensively at the National Renewable Energy Laboratories. The Sweetwater team has perfected that technology so it now provides a compelling alternative to petroleum and food based chemicals. With this technology, Sweetwater has entered into long-term agreements with three companies to provide them with sugars.</p> <p>Much of the Sweetwater management team has worked together for many years in other successful business enterprises.</p> <p>Mr. Chesonis has received the Ernst & Young Entrepreneur of the Year Award, the Herbert W. Vanden Brul Entrepreneurial Award by the College of Business at Rochester Institute of Technology and was elected to the Rochester Business Hall of Fame.</p>	

Past IRRRB History:	None
Contingencies:	Other funding, substantially as indicated above, must be confirmed.
Technical Advisory Committee Recommendation:	Approval recommended October 23, 2015.
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund (corpus): 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 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.

Draft Term Sheet
Project Financing for the Sweetwater Energy, Inc. Specialty Chemicals Plant
Mt. Iron, Minnesota

The terms outlined below in this Term Sheet are for discussion purposes only, and this Term Sheet does not constitute a commitment, agreement in principle or other agreement or obligation by the State of Minnesota (“Lender”) or any of its subsidiaries or other affiliates to provide financing. Any binding commitment by Lender would be subject to due diligence, board approval and negotiation and mutual agreement of satisfactory definitive documentation evidencing the credit facilities described in this Term Sheet (the “Senior Financing Documents”).

Type of Financing: Senior secured first priority financing (the “Senior Financing”) consisting of construction and term loans to fund part of the costs of the Project (as defined below).

Borrower: Sweetwater Energy, Inc. (“Borrower” or “Sweetwater”), Corporation organized under the laws of the State of Delaware.

Lender: State of Minnesota, by and through the office of the Commissioner of iron range resources and rehabilitation (“IRRRB”) and the Department of Employment and Economic Development (“DEED”), collectively referred to as “Lenders”.

Total Amount of Loans: \$26,000,000.

Sources of Funds: \$18,000,000 from the IRRRB DJJ Fund; \$7,000,000 from the DEED 21st Century Fund via the IRRRB, and; \$1,000,000 from the DEED Minnesota Investment Fund via the City of Mountain Iron.

Project: Borrower has developed and perfected an industrial process to extract cellulosic sugars and clean lignin through wood biomass conversion. Borrower proposes developing its first full scale commercial facility in Mountain Iron, Minnesota using 51,000 tons of local wood annually and expecting to employ 35. The current Capital Budget for this plant is \$53,000,000. It is anticipated this first module will be operational in 2017.

Subsequent Modules: It is the stated intent of Sweetwater to develop an additional three modules of a similar size, character, and capacity of the Project at the site of the Project within three years of the completion of the construction of the Project. Financing of additional modules will be the responsibility of Sweetwater. Failure to construct additional modules in a timely fashion will not be a violation of the terms and covenants of this Term Sheet or subsequent agreements thereof.

Capital Budget: The Capital Budget includes the construction, purchase and installation of equipment, and all related costs for the Project that can be capitalized according to generally accepted accounting principles (“GAAP”). Related costs may include facility design costs, consultant costs and fees, land costs,

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and other Project costs mutually agreed to. The Capital Budget is hereto attached to this term sheet as Exhibit A.

Hard Costs:	All costs of construction, the purchase of equipment, the installation of equipment, and costs specific to the Mountain Iron site.
Construction Phase:	The time period of the project when the construction of the facility as well as the delivery and installation of the equipment is taking place. It is expected that the Construction Phase of the Project will take approximately 24 months. The Construction Phase of the Project will end upon the earlier of notification from Borrower to Lender that construction activity has been substantially completed or upon production of any level of product at the facility. In no event will the construction of the Project be for a longer period than 36 months.
Additional Financing:	Prior to Financial Closing, Borrower will be responsible to raise and commit the \$27,000,000 in necessary funds to complete Project through a combination of equity and commercial debt – with a minimum of \$10,000,000 of these funds coming in the form of an equity injection into the Borrower. In addition, Borrower will be responsible to raise \$4,000,000 in working capital that is anticipated to bring the project to a positive cash flow status.
Loan Term:	180 months from Financial Closing.
Due Date:	A date 180 months from Financial Closing.
Amortization Date:	The date which is the earlier of one year after Operational Validation (defined as when for a 30 day period the Project produces 9,000 gallons of alcohol and 13 metric tonnes of activated carbon per day that meet product specifications) of the facility or three years after the completion of the Construction Phase of the Project.
Use of Proceeds:	Lender will make periodic disbursements to Borrower to reimburse it for costs in the Capital Budget. Loan advances will be for 50% of Capital Budget costs, however, at no time will Lender advance more than 100% of the Hard Costs of the Project.
Loan Funds Availability:	During the Construction Phase of the Project, Lender, or a disbursing agent selected by Lender, will disburse Loan funds in increments within 14 days of receiving an approved disbursement request, in a form satisfactory to it at its sole discretion, for eligible costs. Borrower will be required to show evidence satisfactory to the Lender that the Capital Budget is fully funded with each disbursement request. Disbursement requests are not to be made by Borrower on a more frequent than monthly basis.
Closings:	Closing of the Senior Financing shall occur on or prior to September 30, 2016.
Interest Rate:	Interest shall accrue on all advanced Loan funds at 3% per annum. In the event of an uncured default, all advanced Loan funds will accrue interest at 10% per annum.

Draft

Scheduled Amortization: No repayment shall be required during the Construction Phase of the project. All accrued and unpaid interest will be capitalized and added to the principal balance of the Loan upon completion of the Construction Phase of the Project. Interest shall be paid on a quarterly basis after the Construction Phase of the Project until the Amortization Date. Beginning on the Amortization Date, the Loan will require regular quarterly installment payments of interest and principal in an amount to fully amortize the principal balance by the Due Date.

Security: The Senior Financing will have a first priority perfected lien on all Project assets.

Optional Prepayment: Optional prepayments of the Senior Financing, in whole or in part, shall be permitted at the Borrower's option.

Conditions Precedent To Financial Closing The conditions precedent to Financial Closing will be customary for credit facilities of this nature (with customary qualifications), including but not limited to the following:

1. Delivery of legal opinions from counsel to the Borrower.
2. Delivery of base case project projections with assumptions.
3. No event of default or event that would become an event of default with the giving of notice or passage of time or both under the Senior Financing documents (a "Default") shall have occurred or be continuing.
4. Project Equity of \$10,000,000 to be available with evidence satisfactory to Lenders.
5. Additional Debt Capital of \$17,000,000 in form and structure satisfactory to Lenders.
6. Inter-Creditor agreement between Lenders and Additional Debt Capital Providers.
7. Insurance coverage, including without limitation, builder's risk and performance insurance, shall be in full force and effect.
8. Delivery of a construction schedule and budget for the plant.

Representations and Warranties The Senior Financing Documents will include customary representations and warranties (with customary knowledge and materiality qualifications), including but not limited to the following:

1. Corporation existence, power and due authorization, non-contravention of applicable laws, consents and approval.
2. No event of default has occurred or is continuing.
3. Accuracy of information.
4. Compliance with laws.
5. Title to Project assets
6. Perfection and priority on liens and security interests.

Affirmative Covenants	<p>The Borrower will be subject to customary and usual affirmative covenants, including but not limited to:</p> <ol style="list-style-type: none"> 1. Use of Proceeds exclusively for approved Project costs included in the Capital Budget. <p style="text-align: center;">Draft</p> <ol style="list-style-type: none"> 2. The Borrower shall comply with all applicable laws and permits. 3. The Borrower shall maintain insurance of the types and amounts customary for project of this type. 4. Lender shall receive standard inspection and visitation rights.
Negative Covenants:	The Borrower will be subject to customary and usual negative covenants.
Default:	The Loan agreement(s) will provide for conditions of default, cross-default with other State debt, notice of default, reasonable cure opportunity and remedies.
Financial Reporting:	Prior to the execution of definitive agreements, Borrower will provide Lender with audited year-end financial statements for the calendar year 2014 and any subsequent completed year. Borrower will provide Lender with audited year-end financial statements, prepared by an independent third party in accordance with GAAP, within 150 days of the end of the fiscal year throughout the term of the Loan. In addition, Borrower will provide Lender internally prepared financial statements, prepared in accordance with GAAP, within 30 days of the end of each fiscal quarter.
Prevailing Wages:	In accordance with Minnesota statutes, prevailing wages will be paid by Borrower to all workers and laborers for the construction of facilities and installation of equipment during the Construction Phase of the Project.
Business Subsidies:	In accordance with Minnesota statutes, all agreements shall follow the business subsidies statutes as applicable.
Additional Funding:	DEED is willing to consider an application from Borrower for additional funding through the Minnesota Job Creation Fund that it administers.
Development Agreement:	Prior to or to coincide with the Financial Closing, Borrower will enter into a development agreement with the City of Mountain Iron that will address issues related to the Project site, including but not

limited to: size and layout of the site with ingress and egress defined; delineation of wetlands; environmental status; location of public utilities; and utility agreements including the pre-treatment of effluent.

Fees: Each party shall be responsible for its own legal and related fees. Borrower shall be responsible for all fees related to perfecting a lien in the Security, which may be an eligible Project Cost.

Execution of this term sheet is merely meant to show the current intent of all parties to negotiate and enter into definitive agreements as outlined above. It is not to be construed in any way to be an agreement, binding or otherwise.

6) Wilderness Products, Inc. – Resolution #16-003

Action required: Approval requires an affirmative vote by 5 members

Senator Tom Bakk moved to approve the expenditure of up to \$468,150 of Douglas J. Johnson Economic Protection Trust Fund monies to provide assistance to Wilderness Products, Inc. to purchase the assets of a preexisting organic health foods products manufacturer and maintain the business operation in Silver Bay as presented in Board Packet materials and Resolution #16-003. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator David Tomassoni

**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 WILDERNESS PRODUCTS PROJECT**

Resolution No.: 16-003

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

273.1341 (“TAA”) which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1; and

WHEREAS, the agency’s FY16 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 (“**FY16 DJJ Business Development Funds**”); and

WHEREAS, the Commissioner has received a proposal for financial assistance from Wilderness Products, LLC, a Minnesota limited liability company (“**Wilderness Products**”), to purchase the assets of a preexisting organic health foods products manufacturer and maintain the business operations in Silver Bay, that, in combination with funds provided from other sources, will finance its project, which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A (the "**Project**"); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$468,150 of FY16 DJJ Business Development Funds to purchase a participation interest in a bank loan, which is being made as part of a \$5,871,000 total investment, to enable Wilderness Products to finance the costs of the 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 the proposed Project, met on October 23, 2015, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, approval of the requested 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 \$468,150 of FY16 DJJ Business Development Funds to purchase a participation interest in a bank loan which is being made to enable Wilderness Products to finance a portion of the costs of the 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 30th DAY OF OCTOBER 2015.

Member	Aye	Nay	Abstain	Excused
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Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni				X
Representative Tom Anzelc	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	7	0	0	1

Signed: _____
Representative Tom Anzelc, Chair

Wilderness Products, LLC
99 Edison
Silver Bay, Minnesota 55614

IRRRB Bank Participation Loan Program

Applicant:	Wilderness Products, LLC	
Project Location:	99 Edison Silver Bay, MN 55614	
Principal(s):	Chris Toal	
Project Description:	Purchase of the assets of Wilderness Family Naturals, LLC (“WFN”) by Wilderness Products, LLC (“WP”). Chris Toal is the 100% owner of WP, which has entered into an agreement to purchase the assets of WFN from Ken and Annette Fisher, who have decided to sell the business and retire. Mr. Toal is committed to keep the business in the region and has negotiated a five-year lease with a five-year option to keep the business in the Mary MacDonald center in Silver Bay.	
Market Opportunity:	The organic health food industry has seen double figure growth rates for the past decade. This trend is expected to continue for at least the next four or five years. Wilderness Products appears to be well positioned to capitalize on the growth in the industry as well as capturing additional market share.	
Project Investment:	National Bank of Commerce (SBA guaranteed portion), 10 year amortization	\$3,090,750

	National Bank of Commerce, 10 year amortization	\$ 412,100
	IRRRB, Formula rate, 10 year amortization	\$ 468,150
	ARDC, 10 year amortization	\$ 75,000
	Northland Foundation, 10 year amortization	\$ 75,000
	Ken & Annette Fisher, fully subordinated, “stand-by” debt	\$ 700,000
	Equity	\$ 300,000
	National Bank of Commerce, revolving credit line	\$ 750,000
	TOTAL	\$5,871,000
Jobs:	2 Planned New 36 Retained Wages \$20,000 - \$60,000 per year plus benefits	
Collateral:	Shared first position, with National Bank of Commerce on all assets of WP other than current assets. Shared subordinate lien, to credit line of bank, on current assets. Personal guaranty of Chris Toal.	
Business History:	Wilderness Family Naturals, LLC (“WFN”) is a manufacturer of organic health food products that was by Ken and Annette Fisher in 2005. The company purchases ingredients in bulk, processes the products and then distributes the final goods to health food stores, distributors and individuals. Products include cold pressed coconut oil, natural sweeteners, bulk and individual food items, spices, herbs, and skin care products. WFN started operations at the residence of the Fisher’s before moving to its current location in the city-owned facility known as the Mary MacDonald center in Silver Bay.	
Past IRRRB History:	None.	
Contingencies:	<ol style="list-style-type: none"> 1. Alternate financing structures may be considered as long as the IRRRB position is not materially compromised. 2. Borrower and Guarantor agree to covenants articulated in in the credit memorandum from National Bank of Commerce dated October 13, 2015. 	
Technical Advisory Committee Recommendation:	Approval at its October 23, 2015 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 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.
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7) Pro Blast Technology, Inc. and JN Properties – Resolution #16-004

Action required: Approval requires an affirmative vote by 5 members

Representative Carly Melin moved to approve the expenditure of up to \$898,000 of Douglas J. Johnson Economic Protection Trust Fund monies to provide financial assistance to Pro Blast Technology, Inc. (up to \$335,000 in the form of a 10-year Equipment Participation Loan) to purchase equipment and to JN Properties (up to \$563,000 in the form of a Real Estate Participation Loan) to construct a 15,000 square foot addition to Pro Blast Technology’s Keewatin facility to house the new equipment, as presented in Board Packet materials and Resolution #16-004. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**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 PRO BLAST TECHNOLOGY/JN PROPERTIES PROJECT**

Resolution No.: 16-004

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

WHEREAS, the agency’s FY16 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 (“**FY16 DJJ Business Development Funds**”); and

WHEREAS, the Commissioner has received a proposal for financial assistance from Pro Blast Technology, Inc., a Minnesota business corporation (“**Pro Blast Technology**”), to purchase equipment, and from JN Properties LLC, a Minnesota limited liability company (“**JN Properties**”), which is controlled by the majority owners of Pro Blast Technology, to construct a 15,000 square foot addition to Pro Blast Technology's Keewatin facility to house the new equipment that, in combination with funds provided from other sources, will finance the entire project, which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A (the “**Project**”); and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$898,000 of FY16 DJJ Business Development Funds to purchase a participation interest in a bank loan, which is being made as part of a \$1,796,000 total investment, to enable Pro Blast Technology and JN Properties to finance the costs of the 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 the proposed Project, met on October 23, 2015, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, approval of the requested 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 \$898,000 of FY16 DJJ Business Development Funds to purchase a participation interest in two bank loans which are being made to enable Pro Blast Technology and JN Properties to finance a portion of the costs of the 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 borrowers 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 30th DAY OF OCTOBER 2015.

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 Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
Representative Tom Anzelc, Chair

Pro Blast Technology, Inc.
800 Pellet Avenue
Keewatin, Minnesota 55753

IRRRB Bank Participation Loan Program

Applicant:	Pro Blast Technology, Inc. and JN Properties LLC		
Project Location:	800 Pellet Avenue Keewatin, Minnesota 55753		
Principal(s):	Joseph Godwin is the 100% owner of Pro Blast Joseph and Nikki Godwin are the members of JN Properties LLC		
Project Description:	To increase the services Pro Blast offers its customers, they are purchasing another paint booth and paint-mixing room and additional equipment to prepare their steel for painting. They will also construct a 15,000 square foot addition to their facility to house the new equipment. Pro Blast Technology will be the borrower on the equipment loan. JN Properties will be the borrower on the real estate loan.		
Market Opportunity:	In addition to their customers in other states, Pro Blast Technology serves many local and regional customers with structural steel, pipe and other products that they have treated to protect them from the elements. The nearest competition is currently located in Wisconsin and in the Twin Cities metropolitan area.		
Project Investment:			
	Bank:		

	10-year Equipment Loan 20-year Real Estate Loan	\$335,000 <u>563,000</u> 898,000
	IRRRB participation loans at formula rate: 10-year Equipment Participation Loan 20-year Real Estate Participation Loan	335,000 <u>563,000</u> 898,000
	TOTAL	\$1,796,000
Jobs:	3 Planned New 9 Retained Wages \$12 - \$24 per hour plus benefits	
Collateral:	Shared 2 nd mortgage on the project site (the bank holds the 1 st). Shared 1 st security interest in the equipment.	
Business History:	Joe Godwin started providing sandblasting and painting services in his garage in 1996. He incorporated the business in 2007 and expanded to the existing 22,000 square foot facility in 2013.	
Past IRRRB History:	None with the company directly. FY 2013 \$285,000 Public Works grant to the city of Keewatin for infrastructure and site work for Pro Blast. FY 2016 request for \$250,000 grant to city of Keewatin for improvements related to this expansion.	
Contingencies:	Bank financing, substantially as noted above, must be committed.	
Technical Advisory Committee Recommendation:	Recommended on October 26, 2015, subject to covenants related to increasing business equity being included in the loan documents.	
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.	

8) Mining Reinvestment Fund – Resolution #16-005

a) Mesabi Nugget Delaware, LLC

Senator David Tomassoni moved to approve the expenditure of up to \$52,137 of Mining Reinvestment Funds to Mesabi Nugget Delaware, LLC for projects as presented in Resolution #16-005. Seconded by Representative Dale Lueck. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Jason Metsa

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
MESABI NUGGET, LLC – PAY 2015 MINING REINVESTMENT FUNDS**

Resolution No.: 16-005

WHEREAS, taconite economic development funds (“**Mining Reinvestment 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 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 “**Mining Reinvestment 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, LLC (“**Applicant Producer**”) is eligible to receive up to \$52,137 of Mining Reinvestment Funds for Eligible Purposes based upon its 2014 production (“**Pay 2015 Mining Reinvestment Funds**”); and,

WHEREAS, Applicant Producer has made application to the Commissioner to receive Mining Reinvestment Funds for the Lime Softening RO Pilot Project described in the attached Addendum A and has committed to pay at least the required matching share of \$52,137 of the costs of the project which the Commissioner has determined is for Eligible Purposes; and,

WHEREAS, Applicant Producer has requested that \$54,060 of previously approved Pay 2014 Mining Reinvestment Fund monies for a Lime and Soda Ash Make-Up System project, approved by the Board through its Resolution No. 15-012, be repurposed and approved instead for use for the Scrubber Mist Eliminator Project, which the Commissioner has also determined is for Eligible Purposes and is also described in the attached Addendum A, which, together with the Lime Softening RO Pilot Project, shall be collectively referred to as the "Proposed Projects"; and,

WHEREAS, the Mining Reinvestment Statute provides that the Mining Reinvestment Funds available to an applicant producer for any proposed projects 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 "**Committee**") has had up to six months to review the Applicant's proposal for expenditure of the Mining Reinvestment Funds, and (b) the Board has approved the Proposed Projects; and,

WHEREAS, the Committee of the Applicant Producer on October 2, 2015, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency's Administrative Building located near Eveleth, Minnesota, to consider the Proposed Projects and the Applicant Producer's request to receive Mining Reinvestment 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 30TH DAY OF OCTOBER 2015.

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 Carly Melin	X			
Representative Jason Metsa				X
Representative Dale Lueck	X			
TOTAL	7	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 - Lime Softening RO Pilot Project- \$154,596

Mesabi Nugget Delaware, LLC has been limited to only during the winter months when it can discharge pit water to a nearby outfall. This has made it challenging to control pit water levels as needed. In order to discharge the water year round it must be treated to adjust some of the water quality parameters.

This project consists of research, bench testing, and year-long operation of a pilot plant. The goal is to find the best method to be able to discharge water whenever necessary. The estimated cost of the project is \$154,596, with \$52,137 being provided by the 2015 Mining Reinvestment Fund.

Project 2 – Scrubber Mist Eliminator - \$720,883

Last year, Mesabi Nugget Delaware, LLC submitted the Lime and Soda Make-up System project to the IRRR Board and received approval to implement the project. Since that date, the turmoil has continued in the iron industry. Therefore, it was in the best interest of Mesabi Nugget Delaware, LLC to rethink their capital expenditures. Consequently, Mesabi Nugget Delaware, LLC decided that this project is being submitted as a substitute for the previously approved Lime and Soda Ash Make-up System for 2013 Prod 2014 Pay MRF. As their capital investment priorities were modified since the project was submitted and approved by the IRRRB, they are requesting the Scrubber Mist Eliminator Project to be substituted for the MRF support.

When compared to other Iron Range Taconite facilities, the rotary hearth furnace offgas system is more complex, which has resulted in numerous maintenance and optimization challenges. For this project, two new stainless steel mist eliminator vessels will be installed downstream of the main wet scrubbers. Key equipment to the mist eliminators are: SS vessel, internal SS baffles, baffle cleaning spray wash system, and instrumentation to monitor process and operation. Additionally, all associated piping, valves, wiring, access platforms, and winterization of equipment will be completed to maintain the equipment for reliable operation. The end result will be twofold: 1) reduced particulate matter emissions by knocking out droplets laden with dust particles, and 2) reduced moisture carryover to the induced draft fan reducing the potential for corrosion and wear on the fan housing and rotor.

This project is another example of the continued investment into the Mesabi Nugget process and the ideas being generated by the workforce in an effort to improve not only the cost structure of the operation, but the impact on the environment as well. The total cost of the project was \$720,883 and \$54,060 being requested from the Mining Reinvestment Fund.

b) Mining Resources, LLC – Resolution #16-006

Senator David Tomassoni moved to approve the expenditure of up to \$51,159 of Mining Reinvestment Funds to Mining Resources, LLC for a project as presented in Resolution #16-006. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Representative Jason Metsa

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
MINING RESOURCES, LLC – PAY 2015 MINING REINVESTMENT FUNDS**

Resolution No.: 16-006

WHEREAS, taconite economic development funds (“**Mining Reinvestment 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 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 “**Mining Reinvestment Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer Mining Resources, LLC (“**Applicant Producer**”) is eligible to receive up to \$51,159 of Mining Reinvestment Funds for Eligible Purposes based upon its 2014 production (“**Pay 2015 Mining Reinvestment Funds**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive Mining Reinvestment Funds for projects described in the attached Addendum A (the “**Proposed Projects**”), and has committed to pay at least the required matching share of \$51,159 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and,

WHEREAS, the Mining Reinvestment Statute provides that the Mining Reinvestment 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 “**Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the Mining Reinvestment Funds, and (b) the Board has approved the Proposed Projects; and,

WHEREAS, the Committee of the Applicant Producer on October 2, 2015, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency’s Administrative Building located near Eveleth, Minnesota, to consider the Proposed Projects and the Applicant Producer’s request to receive Mining Reinvestment Funds for such projects.

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

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 30TH DAY OF OCTOBER 2015.

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 Carly Melin	X			
Representative Jason Metsa				X
Representative Dale Lueck	X			
TOTAL	7	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

WHIMS (Wet High Intensity Magnetic Separation) Scavenger Circuit- \$9,500,000

During the initial years of operations, Mining Resources' tailings iron content was too high. This was caused by the lower magnetic, finer hematite particles. Research began in 2013-2014 to find a way to capture these iron units and a solution was identified. Mining Resources moved forward with a capital project to install 3 Wet High Intensity Magnetic Separation (WHIMS) units on the tails end of the process. These units operate by using very high intensity electromagnets, in a wet process, to separate the finer, weaker magnetic, hematite particles. Installation of the WHIMS began in 2014 and was completed in April 2015, upon which time the system was commissioned and incorporated into production. An immediate increase in overall iron unit recovery was seen during the initial month of operation. The estimated cost of the project is \$9,500,000 and \$51,159 is being requested from our Mining Reinvestment Fund rebate. Mining Resources appreciates the IRRRB's consideration of the WHIMS capital project for rebate through the Mining Reinvestment Fund.

c) USS Keetac – Resolution #16-007

Representative Carly Melin moved to approve the expenditure of up to \$1,307,128 of Mining Reinvestment Funds to USS Keetac for projects as presented in Resolution #16-007. Seconded by Senator David Tomassoni. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
USS-KEETAC – PAY 2015 MINING REINVESTMENT FUNDS**

Resolution No.: 16-007

WHEREAS, taconite economic development funds (“**Mining Reinvestment 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 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 “**Mining Reinvestment Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer USS-Keetac (“**Applicant Producer**”) is eligible to receive up to \$1,307,128 of Mining Reinvestment Funds for Eligible Purposes based upon its 2014 production (“**Pay 2015 Mining Reinvestment Funds**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive Mining Reinvestment Funds for projects described in the attached Addendum A (the “**Proposed Projects**”), and has committed to pay at least the required matching share of \$1,307,128 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and,

WHEREAS, the Mining Reinvestment Statute provides that the Mining Reinvestment 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 “**Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the Mining Reinvestment Funds, and (b) the Board has approved the Proposed Projects; and,

WHEREAS, the Committee of the Applicant Producer on September 10, 2015, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency’s Administrative Building located near Eveleth, Minnesota, to consider the Proposed Projects and the Applicant Producer’s request to receive Mining Reinvestment 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 30TH DAY OF OCTOBER 2015.

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 Carly Melin	X			
Representative Jason Metsa	X			
Representative Dale Lueck	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Cobber Magnetic Separators - \$4,300,000

Keetac currently operates twenty (20) cobber magnetic separators in their primary grinding mills. The cobbers are the first stage in which the iron is magnetically separated from the waste material in the process of making concentrate for pelletizing. The current magnetic cobbers at Keetac are 3 feet in diameter by 10 feet in length and are not as efficient as the newer and larger cobbers. The newer 4 foot by 10 foot cobbers utilize self-leveling technology and a modified tank design that ensures consistent contact of the material with the magnetic element within the cobber. This allows the separators to maximize iron recovery and iron content. An additional benefit to the redesigned tank is that it will manage process upsets that have historically caused material to spill onto the floor therefore eliminating safety concerns.

This project will proceed with a full plant conversion of twenty (20) 4 foot by 10 foot magnetic separators. The project results in a yield improvement thereby increasing efficiency.

Project 2 – Fine Screening Upgrade - \$1,500,000

The Keetac Concentrator operates five secondary grinding lines. These secondary grinding lines utilize multi-feed single deck vibrating screens to perform primary and fine screening. The fine screens serve as the final checkpoint before the material becomes concentrate, suitable for pelletizing. All material that passes through the screens moves on to the pellet plant, while anything passing over the screen is returned to the grinding mill for further size reduction. The existing single deck fine screens (circa 1980's) are inefficient and result in a large amount of fine material being sent back to the grinding mill. This material is referred to as "misplaced fines" as it has been incorrectly placed in the oversize when they should have reported to the undersize.

In order to reduce the amount of misplaced fines and to increase the circuit efficiency, the existing multi-feed screens are being replaced with Derrick Stack Sizers. These new machines each consist of up to five screen decks stacked vertically so that the screening area can be increased while maintaining small foot print. Additionally, the screen panels are made of urethane, rather than wire cloth, which has improved screen panel life dramatically. Upgrading to Stack Sizer fine screens have demonstrated efficiency improvements.

Project 3 – Tails Basin Reclamation & Dust Control - \$800,000

The Keetac active tailings pond is 2,550 acres in size and has a perimeter of 44,000 feet. Annually, 12,000 linear feet of this perimeter is built up by six feet by discharging tailings and pushing course tails to build the dike. The tailings beaches in the 12,000 lineal feet of new deposition vary in width from the dike to the water from 600 to 2,000 feet. Water carries the finer tailings into the interior of the pond, where they settle out in the interior water reservoir.

Keetac is required to establish and execute an annual reclamation activity by the MNDNR and control dust levels as established by the MPCA. The annual vegetation and tree planting activity on the Tails Basin is used to satisfy the requirements of both of these agencies.

Seed and fertilizer are applied to the inactive areas of the basin by using specialized low ground pressure seeding equipment. Various seed mixtures are used depending upon if the mix is needed for temporary or permanent seeding. Temporary vegetated areas are seeded within the basin during March and April while the ground is still frozen. Permanent seeding activities on the outer slopes are generally completed in May. The soil nutrient levels are very low, so significant amounts of fertilizer are required to sustain plant growth. In lieu of chemical fertilizer, bio solids have been a successful alternative.

The use of hay mulch has been an effective method of controlling dust on the tails basin. Mulch is spread by either bale busters, which are pulled by low ground pressure tractors, or mulch can be spread effectively by a helicopter. Tractors and other ground equipment can only be used when the ground is dry or frozen. The use of helicopters is needed in

areas where the ground is wet, which is normally in areas where tails have been recently deposited.

Native trees are used to enhance the perimeter of the Tails Basin. The trees act as a buffer for the operation, effectively creating a windbreak for the basin. The trees are purchased from local nurseries, or grown from seeds and cuttings collected from the Keetac property. In excess of 15,000 trees are planted annually.

d) USS Minntac – Resolution #16-008

Representative Jason Metsa moved to approve the expenditure of up to \$3,364,920 of Mining Reinvestment Funds to USS Minntac for projects as presented in Resolution #16-008.

Seconded by Senator David Tomassoni. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
USS-MINNTAC – PAY 2015 MINING REINVESTMENT FUNDS**

Resolution No.: 16-008

WHEREAS, taconite economic development funds (“**Mining Reinvestment 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 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 “**Mining Reinvestment Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”); and,

WHEREAS, iron ore producer USS-Minntac (“**Applicant Producer**”) is eligible to receive up to \$3,364,920 of Mining Reinvestment Funds for Eligible Purposes based upon its 2014 production (“**Pay 2015 Mining Reinvestment Funds**”); and,

WHEREAS, Applicant Producer made application to the Commissioner to receive Mining Reinvestment Funds for projects described in the attached Addendum A (the “**Proposed**

Projects”), and has committed to pay at least the required matching share of \$3,364,920 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and,

WHEREAS, the Mining Reinvestment Statute provides that the Mining Reinvestment 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 “**Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the Mining Reinvestment Funds, and (b) the Board has approved the Proposed Projects; and,

WHEREAS, the Committee of the Applicant Producer on September 10, 2015, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency’s Administrative Building located near Eveleth, Minnesota, to consider the Proposed Projects and the Applicant Producer’s request to receive Mining Reinvestment 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 30TH DAY OF OCTOBER 2015.

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 Carly Melin	X			
Representative Jason Metsa	X			
Representative Dale Lueck	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Line 4 & 5 Low NO_x Kiln Burners- \$5,800,000

Minntac currently operates five iron ore pelletizing lines in which “green” pellets are heated in an oxidizing atmosphere to harden them so they can be handled for transportation. The primary heat source for these pelletizing lines is supplied by multi-

fuel kiln burners. In 2008, the Minnesota Pollution Control Agency developed a compliance plan for Minntac requiring significant NO_x (nitrogen oxides) reductions from the pelletizing lines waste gas streams. It has been determined that the installation of low NO_x burner technology is the best solution for meeting this compliance plan. Low NO_x burners have been successfully retrofitted on Minntac's lines 6 and 7.

The modification of lines 4 and 5 kiln burners will include new outer combustion air tubes, larger combustion air fans, gas pilot ignition systems, building modifications for the combustion air fans and burner control modifications. These modifications lower the peak flame temperature within the kiln, which reduces NO_x generation and will satisfy the MPCA permit conditions for lines 4 and 5.

Project 2 – Fine Screening Upgrade Line 16 - \$1,700,000

The Minntac Concentrator utilizes single deck vibrating screens for fine screening size separation prior to flotation on all sixteen secondary grinding circuits. These single deck fine screens are inefficient compared to new technology.

In October 2013, Keetac installed a new multi-deck that replaced three of the six single deck screens on the Secondary Line 4 fine screening circuit. The increased efficiency associated with the new multi-deck vibrating screens at Keetac resulted silica reductions in the final concentrate going to agglomeration. Additionally, laboratory testing with Minntac concentrate has shown a potential reduction in silica while maintaining the same screen feed rates.

Minntac purchased and installed four multi-deck vibrating screens on Secondary Line 16. Based on in-plant testing, an additional three multi-deck vibrating screens are required to achieve the desired silica reductions while maintaining the current screen feed rates. The silica reduction will result in iron recovery yield improvements in the flotation process. The 7 multi-deck vibrating system will be installed as a test to review the benefits for a possible full plant conversion.

Project 3 – Crusher Rock Breaker - \$500,000

Efficiently getting crude ore through the primary crushers is one of the biggest challenges at Minntac. Large chunks of ore can get hung up in the primary crusher rendering the crusher inoperable until the large chunk is dislodged. With a primary crusher down, haul trucks are rerouted to the remaining primary crushers (4 total). The two current methods to dislodge the large chunks of hung up material are: 1) utilizing a large steel hook connected to the overhead crane; or, 2) to summon an equipment operator with a long reach backhoe. Both methods are time consuming and can cause equipment damage – especially to the overhead crane due to side pulling.

Minntac will install one permanently mounted articulating hydraulic rock breaker to be near the primary #1 dump pocket. This is an effective and readily available tool for removing rock hang-ups which is anticipated to reduce downtime in the crusher. The first

hydraulic rock breaker will be tested side-by-side against the current dislodge methods in order to evaluate the benefits for installing this tool in other primary crushers.

Project 4 – Limestone Dust Collector - \$400,000

Minntac purchases limestone in rock form and grinds it in the concentrator for use in making flux pellets. The limestone enters the process through a dump pocket in the crusher and is transferred by belts to the concentrator for grinding. At the transfer point between the belts that carry this limestone between the buildings, there is dust generated from the limestone dropping onto the belts. Minntac currently utilizes a wet dust collector to capture this dust at the limestone transfer point in the fines crusher. The condition of this collector has deteriorated to the point of requiring an extensive rebuild or replacement in order to assure continued operation. The operation of this dust collector is essential for the transfer of limestone from the crusher to the concentrator for processing.

Minntac will purchase and install a more efficient dry cartridge dust collector, fan, ductwork, and secondary HEPA filters that will allow warm, filtered discharge air to be utilized within the building during the winter months. The discharge air could provide potential heating utilities savings for the crusher.

Project 5 – Central Shops Lathe - \$756,000

Minntac's central repair shop is currently utilizing lathes that are 1940's vintage, making it difficult to obtain replacement parts for these machines when they are not operating. Also, due to the age of these lathes, the reliability of these machines has eroded compared to the latest technologies. This leads to the outsourcing of replacement parts to external fabricators versus utilizing Minntac's central shops.

Another disadvantage to the older lathes is that they are manually controlled, so an operator is required to be in close proximity to the lathe while it is in operation. This creates a safety concern due to possible exposure to moving parts while the lathes are in operation.

Minntac is purchasing a new computer numerically controlled (CNC) lathe for the central shops. The new CNC lathe can be pre-programmed which will allow for more parts to be machined in less time than the old lathes. Additionally, the central shops will have the ability to machine more parts in-house instead of buying the parts from vendors or having them repaired by contractors. It will also provide safety benefits as the operators are to control the machine from a safe distance.

9) Iron Range Higher Education Account – Resolution #16-009

Senator Tom Saxhaug moved to approve the expenditure of up to \$1,756,469 of Iron Range Higher Education Account monies for higher education programs conducted at educational institutions in the Taconite Assistance Area, which were recommended by the Iron Range Higher Education Committee on August 17, 2015, as presented in Resolution #16-009. Seconded by Representative Carly Melin. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
IRON RANGE HIGHER EDUCATION ACCOUNT EXPENDITURE APPROVAL**

Resolution No.: 16-009

WHEREAS, Minnesota Statutes Section 298.28, subd. 9d allocates five cents per taxable ton of taconite taxes to the agency to be deposited in an Iron Range higher education account (“**Higher Education Account**”) to be used for higher education programs conducted at educational institutions in the Taconite Assistance Area designated in Minnesota Statutes Section 297.1341 (“**TAA**”); and

WHEREAS, Minnesota Statutes Section 298.2214 created the Iron Range Higher Education Committee (“**Committee**”) to advise the commissioner of Iron Range Resources and Rehabilitation on providing higher education programs within the TAA; and

WHEREAS, pursuant to 298.28, subd. 9d, both the Iron Range Resources and Rehabilitation Board (“**Board**”) and the Committee must approve expenditures from the Higher Education Account; and

WHEREAS, on August 17, 2015, the Committee met and recommended the expenditure of the following amounts for the programs described below (“**Proposed Programs**”):

1. Up to \$1,000,000 to provide a grant to the Northeast Higher Education District (NHED) for the continued development of Iron Range Engineering, a higher education program that, in collaboration with private industry, allows students to earn a Bachelor’s of Science degree in engineering from Minnesota State University Mankato;
2. Up to \$410,000 for the continued development of a Process Operations Program at Itasca Community College; and
3. Up to \$346,469 for the continued development the Health Care Simulation Center of Excellence at Hibbing Community College; and

WHEREAS, in order to provide the Higher Education Account funds to the NHED and to the IRRRB Commissioner for the Proposed Programs, it is necessary for the Board to approve the proposed expenditures of funds from the Higher Education Account; and

WHEREAS, the Board met in open session starting at 2:30 p.m. on October 30, 2015, at the agency’s Administration Building near Eveleth, Minnesota to consider, among other matters, the proposed expenditure of up to \$1,756,469 of Higher Education Account funds in support of the Proposed Programs within the TAA, and has determined that the proposed expenditures would be in the public interest.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of up to \$1,756,469 of Higher Education Account funds for the Proposed Programs.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 30th DAY OF OCTOBER 2015.

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 Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

10) Other

a) Hwy 1 Corridor Account – Resolution #16-010

Senator Tom Bakk moved to approve the expenditure of up to \$52,000 of Highway 1 Corridor Account Funds for an economic development project in the city of Tower to provide financing for acquisition of a building to promote regional history and tourism, as presented in Resolution #16-010. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
 OF THE STATE OF MINNESOTA**

HIGHWAY 1 CORRIDOR ACCOUNT PROJECT APPROVAL

Resolution No.: 16-010

WHEREAS, the Commissioner is authorized to expend, upon approval by the Board, special fund Highway 1 Corridor Account monies made available under Minnesota Statutes Section 298.2961, subd. 5 (19) ("**Highway 1 Corridor Account Funds**") for economic development projects in the cities of Babbitt, Cook, Ely or Tower; and

WHEREAS, the Commissioner has received a proposal for the expenditure of up to \$52,000 of interest accrued on such Highway 1 Corridor Account Funds for an economic development project in the City of Tower to provide financing for acquisition of a building to promote regional history and tourism; and

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, in the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the proposal and has determined that the expenditure of the proposed Highway 1 Corridor Account Funds in the amount specified below would be in the public interest.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$52,000 of the Highway 1 Corridor Account Funds from interest accrued for a grant to the City of Tower for an economic development project, consistent with the proposal presented at the meeting.

BE IT FURTHER RESOLVED that the Board's approval for the project is contingent upon the grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board's Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 30th DAY OF OCTOBER 2015.

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 Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

b) Community Business Partnership Projects – Resolution #16-011

Representative Dale Lueck moved to approve the expansion of previously approved program guidelines to Community Business Partnership Projects as presented in Resolution #16-011. Seconded by Senator Rod Skoe. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND
COMMUNITY BUSINESS PARTNERSHIP PROJECTS**

Resolution No.: 16-011

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority of all members of the Board, the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.291-298.294 and Minnesota Statute Section 298.28, subdivision 11 (“**DJJ Funds**”), to participate with private sources in providing financing for various projects located within the Taconite Assistance Area designated 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 approved FY09 Budget included the allocation of \$450,000 of DJJ Funds for loans and grants to businesses and communities for enhancement projects as authorized under Minnesota Statutes Section 298.292, subdivision 2; and

WHEREAS, on June 18, 2009, the Board passed its Resolution No. 09-031 whereby it approved the expenditure of up to \$450,000 of DJJ Funds for grant project proposals that were submitted by 18 communities located within the TAA that would enable those communities to provide loan funds to businesses located in their communities at a rate of interest no greater than three percent (3%) per annum to enable such for-profit businesses to enhance and improve their facilities (“**Proposed Projects**”); and

WHEREAS, several communities with available funds for Proposed Projects have requested that the previously approved program guidelines be expanded to allow communities to approve Proposed Projects that could include expenditures for start-up funds, equipment purchases and gap financing or for use by nonprofit entities that will operate in a storefront location as more fully described in Exhibit A, which is attached hereto and incorporated by reference (“**Expanded Project Guidelines**”); and

WHEREAS, the Technical Advisory Committee met on September 18, 2015, and recommended approval of the Expanded Project Guidelines for Proposed Projects; and

WHEREAS, the Board met in open session at 2:30 p.m. on October 30, 2015, at the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the Expanded Project Guidelines for Proposed Projects and determined that approval of the Expanded Project Guidelines would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the Expanded Project Guidelines, as set forth in Exhibit A of this resolution, for loans and grants from communities to eligible business entities that previously received funding for Proposed Projects under the Board's approved Resolution No. 09-031.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 30th DAY OF OCTOBER 2015.

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 Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	0

Signed: _____
 Representative Tom Anzelc, Chair

The Community Business Partnership Program was funded in FY09 to provide monies to establish a revolving loan fund (with interest rates not to exceed 3%) to commercial businesses for property capital expenses. At the time, building renovations/expansions that could demonstrate job creation would be eligible; however, in FY15, IRRRB removed this job creation requirement.

For this program, eligible building renovation projects include: exterior improvement, energy improvement, rehabilitation of distressed properties, structural improvements, roof improvements, handicap accessibility, or other general improvements. Only for-profit business tenants of the buildings are eligible for loan funds. Landlords of the buildings are ineligible, unless the landlord operates a for-profit business within the building.

Based upon the budget line item of \$450,000, staff recommended grant amounts to 18 municipalities. As part of the grant agreement, the City was required to match IRRRB funding

by providing \$1 for every \$2 of agency funds. Based upon the budget line item of \$450,000, staff recommended grant amounts to 18 municipalities; however, two cities withdrew applications after approval, bringing the budget line item to \$400,000.

The following communities received funding for the program in FY09:

Community	IRRRB Award	Community Contribution
Aitkin	\$50,000	\$25,000
Biwabik	\$20,000	\$10,000
Chisholm	\$25,000	\$12,500
Cohasset	\$20,000	\$10,000
Crystal Bay Twsp.	\$20,000	\$10,000
Ely	\$25,000	\$12,500
Eveleth	\$20,000	\$10,000
Grand Marais	\$25,000	\$12,500
Hibbing	\$50,000	\$25,000
Keewatin	\$12,000	\$ 6,000
Mt. Iron	\$25,000	\$12,500
Nashwauk	\$25,000	\$12,500
Silver Bay	\$25,000	\$12,500
Squaw Lake	\$ 8,000	\$ 4,000
Tower	\$30,000	\$15,000
Two Harbors	\$20,000	\$10,000
Total	\$400,000	\$200,000

As required by the IRRRB grant agreement, the municipality was required to submit annual reports detailing the projects funded and an accounting breakdown of the revolving loan fund for a period of five years. We've extended this requirement for another three years, until June 1, 2017.

Many communities have exhausted the number of storefronts to complete or willing to complete and continue to have a healthy balance in their revolving loan account. The IRRRB is now receiving inquiries from some cities requesting that they be allowed to expand on the guidelines. Because a number of storefronts are vacant, the communities would like to assist in creating some incentives to reopen these properties.

The IRRRB is seeking approval to allow the above communities to expand on the application criteria for business owners to include: startup funds, gap financing, equipment purchases, non-profit businesses, loan guarantees, or other financing funds.

As part of this expansion of guidelines, the IRRRB would require each community to: Require a 50% private match for each project; Take a subordinate position with another private lender; Submit enhanced guidelines to the IRRRB for approval; Submit a plan on how the new

guidelines will be marketed to businesses; and continue to submit annual accounting reports to the IRRRB.

We believe the changes to these guidelines will help the IRRRB continue to support our retail/service industry and enhance our downtown communities.

The Technical Advisory Committee (TAC) recommended approval on September 18, 2015 to expand the guidelines as stated above.

11) Adjournment

The meeting adjourned at 4:45 p.m.