

IRRRB Meeting Minutes
Monday, December 21, 2015 – 11:00 a.m.
IRRRB Administration Building
Eveleth, Minnesota

1) Roll Call

Representative Tom Anzelc, chair, called the meeting to order at approximately 11:00 a.m. Present: Representative Rob Ecklund, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni. Excused: 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; Chris Ismil, Community Development Representative, Whitney Ridlon, Community Development Representative, Dan Jordan, Mineland Reclamation Supervisor, Roy Smith, Director of Workforce Development; Bob Scuffy, Accounting Director; Sheryl Kochevar, Media Coordinator; Jonathan Holmes and John Dickinson, ArcelorMittal Minorca; Sandy Karnowski, Cliffs Natural Resources; Todd Nelson, Hibbing Taconite Company & United Taconite; Jack Crosswell, Hibbing Taconite Company, Scott Deming, Northshore Mining Company; Santi Romani, United Taconite LLC; Rob Bigelow and Luke Francisco, Magnetation LLC; Steve Howard, Paul Bunyan Communications.

2) Approval of the October 30, 2015, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved approval of the October 30, 2015, minutes. Seconded by Representative Dale Lueck. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

3) Mining Reinvestment Fund

Action required: Approval requires a simple majority of the quorum

a) ArcelorMittal Minorca – Resolution #16-012

Senator David Tomassoni moved to approve the expenditure of up to \$685,970 of Mining Reinvestment Funds to ArcelorMittal Minorca for projects as presented in Resolution #16-012. Seconded by Senator Tom Bakk. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-012

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 ArcelorMittal Minorca (“**Applicant Producer**”) is eligible to receive up to \$685,970 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 \$685,970 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 December 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 11:00 a.m. on December 21, 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 21ST DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Enterprise Electrical System Improvements - \$400,000

Minorca Mine maintains a pumping barge with 3 pumps in the former Enterprise/Sauntry Mine pit lakes. This pumping installation is the only source of fresh water (supplemented by water from the Mesabi Mountain pit lake) for the production process and is also the source water for the ultra-filtration system that provides the mine’s potable water needs. Several water appropriation permits from the MNDNR govern these sources of fresh water.

The current electrical feed to the pumping station comes from a 13.8 kV underground cable fed by a 115 kV to 13.8 kV transformer in the Minorca main sub-station. This cable follows a circuitous path of close to 2 miles to reach the barge. It is original equipment and beyond its projected life. Several failures have occurred resulting in a loss of fresh and potable water for extended periods putting the plant at risk. This project takes advantage of the proximity of a 46 kV source of power from Minnesota Power on the Northside of Virginia recently expanded to support Joy Global. This above ground source will be extended by a new 10-year power contract with Minnesota Power to provide 46 kV power to a new 46 kV to 4.16 kV transformer and associated electrical

substation to be built and operated by Minorca mechanical and electrical employees. Besides the improvements to the reliability of this new and more maintainable power feed system the use of modern electrical control equipment will provide a safer installation for our electrical maintenance employees due to considerably reduced arc flash rating. Once completed, the existing underground electrical feed will be abandoned for future reclamation.

The MRF grant will support this important but discretionary project so that it can move forward in 2016 as part of the Minorca operating expenditures which are subject to scrutiny in the current iron and steel market.

Project 2 – Line 1 Ball Mill Major Repair - \$1,725,000

Minorca Mine has three (3) Allis Chalmers 16'6" by 36' ball mills for secondary grinding. The mills are original equipment making them close to 40 years old. Through detailed inspections a program of rehabilitation through major repairs must be done for each mill to ensure continued reliability for the remaining life of mine. Two of the three mills (Lines 2 and 3) have already been completed. This project is for the work to be completed in the annual shutdown in 2016 for Line 1. The line will be down for an extended period estimated at 20-25 days during that outage period which is planned for mid-April. The major work elements that comprise this project will be the replacement of the Line 1 mill bull gear and mill discharge head with trunnion.

The MRF funds will support this effort and allow this discretionary but critical project to proceed in the limited capital funding environment that we are experiencing. The scope of the repairs and bill of materials has been determined. Long lead items are on order. The work will be completed by a combination of Minorca maintenance employees and a local contractor experienced in this type of work. This project is expected to be completed by early May, 2016 at an estimated cost of \$1,725,000.

b) Hibbing Taconite Company – *Resolution #16-013*

Representative Carly Melin moved to approve the expenditure of up to \$1,874,526 of Mining Reinvestment Funds to Hibbing Taconite Company for projects as presented in Resolution #16-013. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-013

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 Hibbing Taconite Company (“**Applicant Producer**”) is eligible to receive up to \$1,874,526 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 \$1,874,526 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 November 30, 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 11:00 a.m. on December 21, 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 21ST DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Continuous Emissions Monitors (CEMS) - \$3,930,000

Environmental Protection Agency (EPA) mandated plan that requires monitoring SO₂ and NO_x emissions on each of Hibbing Taconite Company's (HTC) 12 stacks that support the 3 furnaces. Continuous Emission Monitoring Systems (CEMS) provide continuous measurements of nitrogen oxide (NO_x) and sulfur dioxide (SO₂) concentrations being emitted from HTC's indurating furnaces. NO_x and SO₂ are contributors to haze, which may impact visibility in Class 1 protected national parks and wilderness areas such as Voyageur's National Park and the Boundary Waters Canoe Area. The continuous measurements provide real time data to ensure that HTC is meeting SO₂ and NO_x regulatory requirements.

Project 2 – Control Systems Upgrade – Concentrator and Pellet Plant - \$648,000

The discrete control system includes programmable logic computers (PLC) which are digital computers that automate electromechanical processes such as conveyor belts, mills and furnace lines. Unlike general computers, the PLC is designed for multiple inputs and output arrangements, extended temperature ranges, immunity to electrical noise and resistance to vibration and impact. The new control system will be an upgrade to the latest technology.

c) Northshore Mining Company – Resolution #16-014

Senator Tom Bakk moved to approve the expenditure of up to \$1,221,742 of Mining Reinvestment Funds to Northshore Mining Company for projects as presented in Resolution #16-014. Seconded by Representative Rob Ecklund. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-014

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 Northshore Mining Company (“**Applicant Producer**”) is eligible to receive up to \$1,221,742 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 \$1,221,742 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 November 23, 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 11:00 a.m. on December 21, 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 21ST DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Direct Reduced (DR) Grade Pellets (Low Silica Project Test) – Engineering - \$1,629,467

The initial Feasibility Study, completed in August 2013, concluded that DR Grade pellet production at Northshore could be economically viable if a customer base/partner could be secured. Iron/weight recovery is vastly improved under the scheme of operating the plant with two products simultaneously being produced and operating a scavenger recovery system. The iron recovery improvement significantly reduces the increase of operating costs related to iron losses and overall plant upstream volume impacts. The full scale pellet production test conducted in March 2013 produced pellets that will meet the DR Grade requirements for a product to use in commercial DRI machines. Detail engineering has been completed as of the end of April 2015.

It is recommended partial equipment be installed to allow production of a customer trial up to 200,000 long tons of DR Grade pellets. This includes the installation of conveyor 60C, shuttle conveyor 61, and the reactivation/modification of Section 12 finisher hydro. The work on the finisher hydro is needed to stabilize the filtering operation for the trial

and is not required for the commercial operation. All other portions of the install are part of the overall DR Grade pellet project.

Project 2 – Unit 1 Low NO_x Burners -- \$3,206,000

The project is the installation of the Low NO_x burners and over fired air equipment to reduce the nitrous oxide emissions at the Silver Bay Power Plant. The CFD (computational fluid dynamics) modeling has been completed for the project which has enabled preliminary design of the coal and gas burners plus the sizing and location of the over fired air ports. Performance guarantees have been calculated and submitted for the anticipated emission levels after completing the modifications. The project is mandated by air quality regulatory changes that require reductions in the emissions of NO_x. Since NO_x reduction can potentially increase the carbon monoxide emissions, the addition of over fired air ports is required to maintain the CO emissions at low levels. Programming and wiring changes will also have to be implemented on the boiler combustion and burner management controls to support the installation.

The project is expected to reduce NO_x emission from the combustion process of burning sub-bituminous coal to produce electric energy at the Silver Bay Power Plant. The results from the project installation will be directly measurable on the stack Continuous Emissions Monitoring System (CEMS) that provides real time NO_x emission data. Boiler operation procedures will be modified to assure compliance with the NO_x operating limits.

Background:

- National Ambient Air Quality (NAAQS) – Northshore has conducted air dispersion models around the emission rates the Low NO_x burners are guaranteed to perform
- Best Available Retrofit Technology (BART) – while agency is forced to reevaluate the assessment of BART for the power plant in light of federal court issues, the performance of these burners surpasses what the agency assessed as a BART limit in its prior determination.
- Cross State Air Pollution (CSAPR) – no limits, but rather pay for emission credits

d) United Taconite LLC – *Resolution #16-015*

Senator David Tomassoni moved to approve the expenditure of up to \$1,304,747 of Mining Reinvestment Funds to United Taconite LLC for projects as presented in Resolution #16-015. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-015

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 United Taconite, LLC (“**Applicant Producer**”) is eligible to receive up to \$1,304,747 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 \$1,304,747 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 December 7, 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 11:00 a.m. on December 21, 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 21ST DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Dust Collectors - \$1,500,000

United Taconite operates 50 dust collectors at the Fairlane Plant. To maintain compliance with Federal and State air quality regulations, United Taconite has developed a multi-year replacement plan starting with 5C and 4C in the crusher, 4 and 5 Rod Mill Feed and the South Transfer House. The existing 5C, 4C and South Transfer House collectors utilize wet collection and will be replaced with dry filtration collectors to optimize indoor air quality. Dry filtration uses filter media to capture dust. The dust builds on the exterior of the filter and is periodically blown/discharged out the bottom of the collector. The 4 & 5 Rod Mill Feed collectors will continue to utilize wet collection which uses water to capture dust.

Project 2 – Pre-Mix Binder Addition - \$575,000

United Taconite uses an organic binder to form green balls prior to the grate/kiln/cooler machine. The binder is then mixed with soda ash at a set ratio that is critical to green ball quality and overall pellet quality. The existing system requires the unloading of trucks of soda ash and binder into separate bins. United Taconite will change to a pre-mixed binder product which will convert the current binder addition system from two separate products and loading points to a pre-mix product with one addition point.

Project 3 – Plant Equipment Guarding - \$900,000

Update guarding on processing equipment to exceed MSHA regulations. United Taconite has developed a phased plan over three years that started in late 2013. Phase 1 covers the Concentrator with upgrades to the grinding mills, magnetic separators and rod mill feed conveyors. Phase 2 covers the Pellet Plant with upgrades to the balling circuits, grate, kilns, cooler and conveyors in the Concentrator. Phase 3 covers the Coarse and Fine Crushers, conveyors and support equipment.

e) Magnetation LLC – **Resolution #16-016**

Representative Jason Metsa moved to *Table* Resolution #16-016 regarding the expenditure of Mining Reinvestment Funds to Magnetation LLC for projects presented in Resolution #16-016 in an amount not to exceed \$736,349. Senator Tom Bakk moved to amend the Metsa motion to add Table “until the next IRRR Board meeting,” allowing the company to come back to the IRRR Board with more information at its next meeting. Representative Metsa accepted the Bakk amendment. Board Chair Anzelc asked for a roll call of the vote, as indicated below. Seven yes votes, one no vote, one absent. Motion carried.

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

Voting Against the Motion: Representative Tom Anzelc

Abstain: None

Excused: Senator Rod Skoe

***RESOLUTION 16-016 WAS TABLED AT THE DECEMBER 21, 2015, IRRRB MEETING,
UNTIL THE NEXT MEETING OF THE IRRR BOARD***

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

Resolution No.: 16-016

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 Magnetation LLC (“**Applicant Producer**”) is eligible to receive up to \$736,349 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 the project described in the attached Addendum A (the “**Proposed Project**”), and has committed to pay at least the required matching share of \$736,349 of the costs of the Proposed Project which the Commissioner has determined is 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 December 9, 2015, indicated to the Commissioner that it has approved the Proposed Project identified in Addendum A; and,

WHEREAS, the Board met in open session at 11:00 a.m. on December 21, 2015, at the agency’s Administrative Building located near Eveleth, Minnesota, to consider the Proposed Project and the Applicant Producer’s request to receive Mining Reinvestment Funds for such project.

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 21ST DAY OF DECEMBER 2015.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk				
Senator Tom Saxhaug				
Senator Rod Skoe				
Senator David Tomassoni				
Representative Tom Anzelc				
Representative Rob Ecklund				
Representative Dale Lueck				
Representative Carly Melin				
Representative Jason Metsa				
TOTAL				

Signed: _____
 Representative Tom Anzelc, Chair

Addendum A

Project 1 – Plant 4 Flotation Circuit (Bank 1) - \$1,540,966

This project will involve the purchase and installation of flotation bank #1 in Plant 4. This flotation bank will process WHIMS (Wet High Intensity Magnetic Separator) concentrate. The flotation is performed at a neutral pH of 7, which makes the process environmentally friendly and safe. The flotation cells allow for higher magnetic circuit recoveries – to produce iron ore concentrate and simultaneously reduce the silica percentage. This factor enhances the product’s marketability and enables the plant to effectively process feed from a variety of diverse resources.

4) FY16 Development Infrastructure Projects – Resolution #16-017

Action required: Approval requires a simple majority of the quorum

Senator Tom Saxhaug moved to approve the expenditure of TEPF Public Works Funds for certain community and economic development projects not to exceed \$1,650,000 as presented in Resolution #16-017. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-017

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 \$3,939,000 has already been obligated for projects by prior Board actions, leaving \$2,061,000 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 \$1,650,000 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 Board met in open session at 11:00 a.m. on December 21, 2015, in the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$1,650,000 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’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 21st DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

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

Construction of a new access road, storm sewer, and landing lot. The city is working with the DNR to redevelop the Babbitt recreation and boat landing area on Birch Lake. The lot and landing area have experienced deterioration and the area is experiencing environmental issues due to erosion of the roadside ditches. The run-off pollution entering the lake will now be captured by a new storm sewer system and rain garden. The improvements will also include new docks and boat landing aprons. The project is projected to create 4 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Site Development	\$444,487	IRRRB	\$200,000
A&E	93,342	City of Babbitt	216,726
Contingency	88,897	SLC	50,000
		SPRA	150,000
		DNR	10,000
TOTAL	\$626,726	TOTAL	\$626,726

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

Facility modifications and health and safety upgrades. The project facilitates the expansion of MDI through the purchase of the Technimar Building and property in Cohasset. MDI will use 60,000 sq. feet in the new facility for expansion of existing and new lines of business. MDI will use 10,000 sq. feet in the new facility to develop an occupational skills training center for the region. The business expansion is projected to create 20 permanent jobs and 22 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Land /Facility	\$2,500,000	IRRRB	\$300,000
Building modifications	300,000	MDI	1,500,000
DRHH relocation	200,000	Terex	500,000
DRHH equipment	300,000	Blandin	1,000,000
TOTAL	\$3,300,000	TOTAL	\$3,300,000

Cook County**Grant Amount: \$100,000**

Phase II Cook County Airport runway extension and widening project consists of the extension and the expansion of the current runway from 4,200 feet to 5,000 feet. The extension and widening will enable large wild fire fighting aircraft, all weather medical evacuation aircraft, and larger multi-function commercial and private aircraft. The project is projected to create 19 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Runway reconstruction	\$2,311,926	IRRRB	\$100,00
A&E	590,000	Cook County Airport	45,096
		MNDOT	145,096
		FAA	2,611,734
TOTAL	\$2,901,926	TOTAL	\$2,901,926

Fairview Range

Grant Amount: \$250,000

Construction and remodel of the Fairview Range Behavioral Health Unit. Fairview Range is expanding their Behavioral Health Unit from 19 beds to a 34-bed unit. Lack of available beds has put a substantial health, safety, and financial burden on the hospital and local law enforcement. Currently, there is a shortage for these services statewide with an emphasis on inpatient acute psychiatric beds. The project is projected to create 20 permanent jobs and 3 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Construction remodel	538,710	IRRRB	\$250,000
A&E	35,000	Fairview Range	414,485
Contingency	90,775		
TOTAL	\$664,485	TOTAL	\$664,485

City of Grand Rapids

Grant Amount: \$300,000

Water, sewer, utilities extension, and site work for construction of a new 16,200 sq. ft. Kiesler Health and Wellness Center. The center and its staff will help provide essential mental health/rehabilitative services. These services go beyond improving mental health to include increased employment for persons with disabilities, decreased reliance on social services, and reduced poverty. The project is projected to create 16 permanent jobs and 28 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	521,400	IRRRB	\$300,000
A&E	318,850	Blandin	1,000,000
Land	544,000	City of Grand Rapids	300,000
Facility Renovation/Addition	2,858,000	Kiesler House	2,642,250
TOTAL	\$4,242,250	TOTAL	\$4,242,250

Lutsen Township

Grant Amount: \$300,000

The Phase II portion of the project is comprised of erosion control and clearing, mass grading, drainage, reconstruction of greens, grassing, and a landscaping and irrigation system at the Superior National Golf Course. Eighty percent of business in Cook County is tourism. The project is expected to create 33 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Golf course construction	\$4,456,401	IRRRB	\$300,000
A & E	378,316	Cook County	4,537,456
Contingency	302,739	IRRRB (FY14)	300,000
TOTAL	\$5,137,456	TOTAL	\$5,137,456

Morse Township

Grant Amount: \$100,000

Phase II road and site development for a new emergency services facility. This is a collaborative facility between Town of Fall Lake and Town of Morse. The project is expected to create 2 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Road & site development	\$120,000	IRRRB	\$100,000
Building	770,000	Morse Township	400,000
A&E	10,000	Fall Lake Township	400,000
TOTAL	\$900,000	TOTAL	\$900,000

***Grant Amendment**

City of Biwabik

Grant Amount: \$150,000

Grant Amendment: + \$100,000

Replacement of water, sewer, storm sewer, and roads on 4th Avenue North, and adjacent alley and parking lot. Road reconstruction for 2nd Avenue South, 2nd Avenue North, 3rd Avenue North, and 1st Street South. The City is requesting the FY15 \$150,000 IRRRB grant award be increased to \$250,000, which is the original application request. The project was funded at a reduced grant of \$150,000, due to lack of available IRRRB funds. In addition, the city has expanded their project from a \$783,000 project to a \$5.5 million project to be completed in 2016. The project is expected to create 36 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Street Reconstruction	5,000,000	IRRRB	\$250,000
A&E	500,000	City of Biwabik	5,250,000
TOTAL	\$5,500,000	TOTAL	\$5,500,000

5) FY16 Broadband Infrastructure Project – Resolution #16-018

Action required: Approval requires an affirmative vote by 6 members

Senator Tom Saxhaug moved to approve the expenditure of up to \$1,265,232 of DJJ 20% Corpus Funds as part of a \$5,550,360 project to provide broadband service for large portions of the townships of Balsam, Lawrence, Nashwauk and the former Iron Range as presented in Resolution #16-018. Seconded by Representative Carly Melin. Motion carried.

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

Voting Against the Motion: Senator Tom Bakk

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-018

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (c) entitles the Commissioner to expend, within or for the benefit of the Taconite Assistance Area as defined in Minnesota Statutes Section 273.1341 (“TAA”) and upon prior approval by the affirmative vote of at least six members of the Board, up to 20% of the corpus of the Douglas J Johnson Economic Protection Trust Fund, valued as of the date of May 18, 2002, plus certain additional accrual sums (the “**DJJ 20% Corpus Funds**”), 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, specifically including tourism; and

WHEREAS, the amount of DJJ 20% Corpus Funds available for expenditure as of December 21, 2015, is the sum of \$4,441,577; and

WHEREAS, the Commissioner has proposed for Board approval the expenditure of up to \$1,265,232 of DJJ 20% Corpus Funds as part of a \$5,550,360 project to provide broadband service for large portions of the townships of Balsam, Lawrence, Nashwauk and the former Iron Range, which are all located within the TAA ("Broadband Project"), as more fully described in the board packet materials, which are attached as Exhibit A; and

WHEREAS, the Board met in open session starting at 11:00 a.m. on December 21, 2015, at the agency’s Administration Building near Eveleth, Minnesota, to consider, among other matters, the proposed expenditure of up to \$1,265,232 of DJJ 20% Corpus Fund monies for the Broadband Project, and has determined that such expenditure would be in the public interest and promote economic development and long-term employment within the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of up to \$1,265,232 of the DJJ 20% Corpus Fund monies for the Broadband Project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21ST DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	7	1	0	1

Signed: _____
 Representative Tom Anzelc, Chair

6) Other

a) Lonza, Inc. – Resolution #16-019

Action required: Approval requires an affirmative vote by a simple majority of the quorum

Senator Tom Saxhaug moved to approve that the agency negotiate a new lease with Lonza, Inc. with terms that provide Lonza with incentives to make ongoing capital investments in the building to enable Lonza to maintain the AG manufacturing facility as well as an option to purchase the building and assume the ground lease as presented in Resolution #16-019. Seconded by Representative Rob Ecklund. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Rod Skoe

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

Resolution No.: 16-019

WHEREAS, in 1995 the agency acquired, pursuant to Board approval, a 20,000 square foot building and a ninety-nine year ground lease located in Cohasset, within the Taconite Assistance Area as defined under Minnesota Statutes Section 273.1341 (TAA), for \$1,200,000 from a subsidiary of Minnesota Power which was leased to Larex, Inc., (Larex) for the purpose of

developing a manufacturing facility that processes tamarack trees to extract arabinogalactan (AG), an additive product used in human and nutrition products, personal care and industrial products; and

WHEREAS, in 2006 Larex was purchased by Lonza, Inc., a U.S. subsidiary of the Lonza Group (Lonza), which has headquarters in Basel, Switzerland, and the agency subsequently agreed to the assignment of the lease from Larex to Lonza, which has continued operating the AG manufacturing facility and currently has 16 full-time employees working at the facility; and

WHEREAS, total lease payments for the building received by the agency to date equal \$1,183,800; and

WHEREAS, the lease to Lonza will expire on September 30, 2016, and Lonza has indicated that it is interested in leasing the building for up to an additional ten year term with an option to purchase the building for its appraised value at the time the new lease is commenced; and

WHEREAS, the Commissioner is proposing that the agency negotiate a new lease with Lonza with terms that provide Lonza with incentives to make ongoing capital investments in the building to enable Lonza to maintain the AG manufacturing facility as well as an option to purchase the building and assume the ground lease (Lonza Project); and

WHEREAS, the agency, pursuant to Minnesota Statutes Section 298.22, subdivision 5, and in conjunction with the Minnesota Department of Administration, has the authority, upon the Board's consideration and approval of projects as provided under Minnesota Statutes Section 298.22, subdivision 1a, to enter into a new long-term lease with Lonza that may include a conveyance of the building and assignment of the ground lease to Lonza consistent with such statutory provisions; and

WHEREAS, the Board met in open session starting at 11:00 a.m. on December 21, 2015, at the agency's Administration Building near Eveleth, Minnesota, to consider, among other matters, the proposed Lonza Project, and has determined approval of such project would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the Lonza Project pursuant to the information and discussion presented at the Board meeting and encourages the agency to negotiate creative lease terms to ensure the long-term viability of Lonza's AG manufacturing operation in Cohasset.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21ST DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
TOTAL	8	0	0	1

Signed: _____
 Representative Tom Anzelc, Chair

b) FY16 Budget Amendment (BER Program) – Resolution #16-020

Action required: Approval requires an affirmative vote by a simple majority of the quorum

Senator Tom Bakk moved to approve an amendment to the FY16 Budget to allow the agency to operate the Business Energy Retrofit (BER) Program with more flexibility than provided in the FY16 Budget as presented in Resolution #16-020. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Rob Ecklund, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug

Voting Against the Motion: Senator David Tomassoni, Representative Carly Melin

Abstain: None

Excused: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
 OF THE STATE OF MINNESOTA
 FISCAL YEAR 2016 AGENCY BUDGET AMENDMENT APPROVAL**

Resolution No.: 16-020

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2016 ("FY16") agency budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency, which covered the period of time from July 1, 2015, through June 30, 2016 (the "**FY16 Budget**"); and

WHEREAS, the Commissioner has requested the Board approve an amendment to the FY16 Budget to allow the agency to operate the Business Energy Retrofit (BER) Program with more flexibility than provided in the FY16 Budget, specifically that the BER Program narrative on page seven of the FY16 Budget be deleted in its entirety and replaced with the following:

Business Energy Retrofit - \$750,000

The Business Energy Retrofit (BER) Program assists business owners with clean energy improvements to their buildings by delivering technical expertise, project management, and grants for 1/3 of project costs up to \$20,000.

(the “**Proposed Budget Amendment**”); and

WHEREAS, the Board met in open session starting at 11:00 a.m. on December 21, 2015, at the agency's Administration Building near Eveleth, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY16 Budget as proposed would be in the best interest of the agency.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves the Proposed Budget Amendment as provided herein.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 21st DAY OF DECEMBER 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 Rob Ecklund	X			
Representative Dale Lueck	X			
Representative Carly Melin		X		
Representative Jason Metsa	X			
TOTAL	6	2	0	1

Signed: _____
 Representative Tom Anzelc, Chair

7) Adjournment

The meeting adjourned at 12:47 p.m.