NEWS RELEASE

For immediate release: February 6, 2015
For more information, please contact:
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IRRR Board to hold reorganizational meeting on February 10 in St. Paul

EVELETH, Minn.— The Iron Range Resources and Rehabilitation Board (IRRRB) will hold its reorganizational meeting on Tuesday, February 10, 2015 in St. Paul. Agenda items include a major broadband investment and an increase to the Giants Ridge Event Center budget.

Clinton Township on behalf of Northeast Service Cooperative (NESC) and Frontier Communications is requesting $1.5 million for a $4.34 million broadband expansion project. The project entails providing direct broadband connections to 30 townhalls/firehalls and 877 households in 20 townships across the IRRRB service area. The project will provide connection speeds above the state broadband goal to areas that are currently unserved and underserved by broadband infrastructure. It is projected that 28 construction jobs will be created.

Remaining project funding has been secured by NESC, Frontier, and the Minnesota Department of Employment and Economic Development (DEED). Earlier this week, DEED awarded the project a $1.96 million grant from the Border-to-Border Broadband Development Grant Program.

An increase of $1.6 million to the Giants Ridge Event Center budget also will be considered. The IRRR Board approved an original expenditure of $6.1 million for a new event center, in combination with $3.8 million from the 2014 Minnesota State Bonding Bill. Construction bids were opened in January with the lowest bid being $1.6 million over the projected construction budget estimate.

IRRRB Commissioner Mark Phillips said, “While we wish the construction would have come in under the budget estimate, the bid results reflect the strong economy in Minnesota and are within the boundaries according to construction experts.”

IRRRB is a state economic development agency headquartered in northeastern Minnesota whose mission is to promote and invest in business, community and workforce development for the betterment of northeastern Minnesota. To learn more about the agency and its services, visit www.irrrb.org. Follow us on Twitter at https://twitter.com/IRRRB.

-END-

Meeting
of the
Iron Range Resources
and
Rehabilitation Board

State Office Building – Room 300 South
St. Paul, Minnesota

Tuesday, February 10, 2015 – 5:00 p.m.

Meeting of the Iron Range Resources and Rehabilitation Board
State Office Building – Room 300 South
St. Paul, Minnesota
Tuesday, February 10, 2015
5:00 p.m.

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MEETING OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD
300 South, State Office Building
St. Paul, Minnesota
Tuesday, February 10, 2015 – 5:00 p.m.

AGENDA

1) Roll Call

2) Approval of December 18, 2014, Minutes
   See Exhibit A

3) Commissioner's Comments

4) Reorganization of the Board

5) 2015 Broadband Infrastructure Project

6) Giants Ridge Event Center

7) Other

8) Adjournment

2015 Broadband Infrastructure Project

Iron Range Resources & Rehabilitation Board

P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board Members

From: Mark Phillips, Commissioner

Date: February 4, 2015

Re: **FY15 BROADBAND INFRASTRUCTURE PROJECT**

PURPOSE

The Infrastructure Grant program provides funds for cities and townships for projects that support community and economic development. The opportunity exists to leverage IRRRB infrastructure funding with private investment and state funding through the Border to Border Broadband Grant Program to fund broadband projects in townships throughout the service area that are currently unserved and underserved by the state broadband goal.

PROJECT SUMMARY

Clinton Township on behalf of Northeast Service Cooperative (NESC) and Frontier Communications requests $1,500,000 for a broadband expansion project to provide direct broadband connections to 30 townhall/firehalls and to 877 households in 20 townships across the service area. The project will provide connection speeds above the state broadband goal to areas that are currently unserved and underserved by broadband infrastructure.

The request of $1,500,000 would fund 35% of the project costs. The remaining 65% of the project funding has been secured by NESC, Frontier, and DEED. DEED awarded the project a $1.96 million grant from the Border-to-Border Broadband Development Grant Program. Clinton Township has agreed to serve as the fiscal agent for the project. The project is projected to create 28 construction jobs.

At the IRRR Board Meeting on December 18, 2014, this project was discussed and struck from the infrastructure projects approved by the board because it overlapped portions of the Lake County Connections project. In response, all overlaps with the Lake County Connections project were removed and new areas were added.

USES		**SOURCES**	
		Northeast Service Cooperative	$135,206
Household Connections	$3,494,455	Frontier	$750,000
Townhall/Firehall Connections	$535,408	IRRRB	$1,500,000
Engineering/Planning	$315,344	DEED Grant	$1,960,000
TOTAL	$4,345,206	**TOTAL**	$4,345,206

Townships Impacted by Broadband Project

Township	Townhall/Firehall Connections	Household Connections
Alborn	2	61
Arrowhead	1	0
Beatty	1	0
Biwabik	1	0
Breitung	1	33
Cherry	2	0
Clinton	2	0
Crane Lake	2	33
Culver	1	23
Eagles Nest	1	84
Elmer	1	17
Fayal	1	0
Greenwood	1	233
Industrial	1	33
Kabetogama	1	36
Kelsey	1	34
Kugler	1	0
Lavell	0	3
Leiding	1	0
McDavitt	1	7
Meadowlands	1	2
New Independence	1	100
Northland	0	33
Pike	1	0
Portage	1	27
Stoney Brook	0	36
Toivola	2	27
Vermilion Lake	1	41
Whiteface Reservoir	0	14
TOTALS	**30**	**877**

Giants Ridge Event Center

Iron Range Resources & Rehabilitation Board

P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: **Iron Range Resources and Rehabilitation Board**

From: **Mark Phillips**
Commissioner

Date: **February 4, 2015**

Re: **GIANTS RIDGE EVENT CENTER REQUEST**

The chalet building at Giants Ridge was constructed in 1984, and has been in need of replacement for years due to structural deterioration and energy deficiencies that were becoming increasingly costly to remediate. The Board expressed its support for the construction of a new Event Center to replace the chalet in June of 2012 when it passed a resolution committing up to $4,995,000 in agency funds for the project, which at that time was expected to cost approximately $10 million.

At its meeting on June 23, 2014, the Board approved the expenditure of $6,190,000 for the construction of a new Event Center at Giants Ridge. In combination with the $3,800,000 grant approved by the legislature during the 2014 session, the total Event Center project budget was set at $9,990,000.

The project commenced in July with engineering work. Demolition work was completed in October. The Minnesota Department of Administration's Real Estate and Construction Service's Division took the lead on preparing specifications and bidding out the project construction. The agency contracted with LHB, Inc. to ensure proper architectural bid specifications were developed. Design plans were intended to keep project costs at a minimum, including incorporating part of the current structure into the new Event Center.

Despite the diligent efforts of everyone involved with the project, bids were opened on January 22nd and the total cost of all necessary elements for the Event Center construction from the low bidder (Donlar Construction Company) came in $1,612,015 over the available construction project budget. Two other bids were received; both were approximately $300,000 higher than Donlar's bid.

While it was hoped the Event Center project budget could be made to work, construction inflation of nearly 11% in Minnesota since the Board's initial support appears to have been the primary reason the construction budget was not adequate.

In order to move the project forward, the agency must increase the project budget by $1,612,015 and enter into a contract with Donlar on or before February 20th to make the bid pricing firm. I am recommending the Board approve the expenditure of such amount from available TEPF carryforward monies to complete the Event Center project.

Exhibit A – IRRRB December 18, 2014, Meeting Minutes

IRRRB Meeting Minutes
Thursday, December 18, 2014 – 10:00 a.m.
IRRRB
Eveleth, Minnesota

1) Roll Call

Senator David Tomassoni, Board chair, called the meeting to order at approximately 10:10 a.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe. Minute Taker: Laureen Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Al Becicka, IRRRB Legal Counsel; Steve Peterson, Executive Director of Development; Matt Sjoberg, Director of Development, Dave Hart, Assistant Director of Development, Dan Jordan, Mineland Reclamation Director, Chris Ismil, Community Development Representative; Whitney Ridlon, Community Development Representative, Bob Scuffy, Accounting Director; Sheryl Kochevar, Media Coordinator; Janette Paul, Executive Assistant; Roy Smith, IRRRB/NHED Workforce Director; Larry Lehtinen, CEO, Magnetation, Joe Silko, Director of Education Innovation Partners.

2) Approval of the June 23, 2014, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Joe Radinovich moved approval of the June 23, 2014, minutes. Seconded by Senator Rod Skoe. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

3) FY15 Budget – Resolution #15-001

Action required: Approval requires a simple majority of the quorum

Representative Carly Melin moved to approve an amendment to the FY15 Budget to add $2,674,505 of available TEPF carryforward funds to the Infrastructure line item in the FY15 Budget as presented in Resolution #15-001. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2015 AGENCY BUDGET AMENDMENT APPROVAL

Resolution No.: 15-001

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2015 ("**FY15**") 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, 2014, through June 30, 2015 (the "**FY15 Budget**"); and

WHEREAS, the FY15 Budget made a total of $3,000,000 available for Infrastructure projects from the Taconite Area Environmental Protection Fund ("**TEPF**") account; and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY15 Budget to add $2,674,505 of available TEPF carryforward funds to the Infrastructure line item in the FY15 Budget, which action would have the effect of increasing the authorized balance in the FY15 Budget's Infrastructure Budget line item by $2,674,505 (the "**Proposed Budget Amendment**") to the total sum of $5,674,505 for FY15; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, in the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY15 Budget as proposed would help promote economic development within the Taconite Assistance Area, as defined in Minnesota Statutes Section 273.1341.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY15 Budget to add $2,674,505 of available TEPF carryforward funds to the Infrastructure line item in the FY15 Budget, thereby increasing the authorized amount of the FY15 Budget line item for Infrastructure projects to $5,674,505.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

4) FY 2015 Infrastructure Projects – Resolution #15-005
Action required: Approval requires a simple majority of the quorum

Senator Tom Bakk moved to approve up to $6,269,010 of TEPF funds to provide infrastructure grants as presented in Resolution #15-005, with the exception of removing the Town of White project on the last page of Exhibit A of Resolution #15-005 as presented below. The Town of White served as a fiscal agent for the Northeast Service Coop. The project overlapped portions of the Lake Connections project and therefore was struck for consideration at a future Board meeting. Seconded by Representative Jason Metsa. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

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

Resolution No.: 15-005

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 FY15 Budget, as amended earlier this date, includes the allocation of $2,574,505 of special funds for township grants authorized under 2014 Laws of Minnesota, Chapter 308, Article 5, Section 11 ("**Township Funds**"), plus the allocation of $5,674,505 of TEPF Funds for Public Works Projects ("**TEPF Infrastructure Funds**"), of which $480,000 has already been obligated for projects by prior Board actions, leaving $7,769,010 that has not yet been approved by the Board for expenditure during FY15; and

WHEREAS, the Commissioner has received proposals for the expenditure of all such Township Funds and such TEPF Infrastructure Funds for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference ("**Proposed Projects**"); and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 Township Funds and 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 ~~$7,769,010~~ $6,269,010 of FY15 Township Funds and TEPF Infrastructure 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 of these expenditures 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 of these expenditures 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 18th DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

EXHIBIT A
*Indicates aid to business or immediate job growth

***City of Aitkin**
Grant Amount: $130,000
Infrastructure and site work for a new 35 unit assisted living facility in Aitkin. The proposed development includes the renovation of a 35,362 sq. ft. facility, which used to be the old armory building. The project is projected to create 26 construction jobs and 10 permanent jobs.

USES		SOURCES	
Water, sewer and site work	$139,975	IRRRB	$130,000

Assisted living facility	3,723,189	Private	3,912,000
A&E	32,000		
Contingency	146,836		
TOTAL	$4,042,000	**TOTAL**	$4,042,000

City of Aurora
Grant Amount: $250,000
Replacement of water, sewer, storm sewer and roads, on various streets to include 1st Street East, 4th Avenue North, 5th Avenue North and several alleys.

USES		**SOURCES**	
Water, sewer and roads	431,595	IRRRB	$250,000
A&E	43,414	City	302,700
Contingency	77,691		
TOTAL	$552,700	**TOTAL**	$552,700

City of Babbitt
Grant Amount: $150,000
Water, sewer and street reconstruction for Elm Boulevard. This will begin to address a large amount of inflow and infiltration (I & I) in the area.

USES		**SOURCES**	
Water, sewer and roads	$626,542	IRRRB	$150,000
A & E	106,512	City	427,036
Contingency	93,981	CDBG	250,000
TOTAL	$827,036	**TOTAL**	$827,036

***Balkan Township**
Grant Amount: $230,211
A project in Balkan and French Townships to construct 15.5 miles of new fiber to improve service to 450 unserved subscribers including 10 businesses, Balkan Town Hall, Town of French Community Center, and French Fire. The new fiber will support higher broadband speeds.

USES		**SOURCES**	
Fiber Infrastructure	$664,374	IRRRB	$230,211
A & E	26558	DEED	230,211
Contingency		Century Link	230,510
TOTAL	$690,932	**TOTAL**	$690,932

***City of Biwabik**
Grant Amount: $150,000
Replacement of water, sewer, storm water and roads on 4th Ave North and adjacent alley and parking lot. Road reconstruction for 2nd Avenue South, 2nd Avenue North, 3rd Avenue North and 1st Street South.

USES		**SOURCES**	
Water, sewer and roads	$592,000	IRRRB	$150,000
A & E	131,000	City	433,000
Contingency	60,000	CDBG	200,000
TOTAL	$783,000	**TOTAL**	$783,000

***City of Bovey**
Grant Amount: $120,000

The replacement of water, sewer lines and alley reconstruction on South Second alley, North Second Street alley and South Second Avenue East alley. The alley drainage improvements will correct storm water issues impacting a local business.

USES		SOURCES	
Water, sewer and roads	$192,345	IRRRB	$120,000
A & E	39,000	City	129,000
Contingency	17,655		
TOTAL	$249,000	**TOTAL**	$249,000

Breitung Township
Grant Amount: $150,000
Tower-Breitung wastewater board project consists of water plant, tower and water main replacements and upgrades.

USES		SOURCES	
Water plant and water main	$446,650	IRRRB	$150,000
A&E	31,257	City	210,272
Contingency	17,365	CDBG	135,000
TOTAL	$495,272	**TOTAL**	$495,272

City of Buhl
Grant Amount: $225,000
The replacement of water, sewer lines and street reconstruction on Frantz Avenue, Southern Memorial Drive and Whiteside Avenue.

USES		SOURCES	
Water, sewer	$383,605	IRRRB	$225,000
A & E	45,130	City	76,300
Contingency	22,565	CDBG	150,000
TOTAL	$451,300	**TOTAL**	$451,300

***City of Calumet**
Grant Amount: $40,000
New waterline to create a water main loop approximately one block long to accommodate a 16-unit apartment complex. The new larger water main to loop the system will increase flow substantially to the complex, as well as to the nearby hydrant for firefighting.

USES		SOURCES	
Water line	$51,000	IRRRB	$40,000
A&E	6,000	City	20,000
Contingency	3,000		
TOTAL	$60,000	**TOTAL**	$60,000

***City of Chisholm**
Grant Amount: $245,000
The project is a collaboration between the City of Chisholm and Chisholm Independent School District 695. The project consists of improvements to 4th Street SW that include city replacement of water mains, sanitary sewer lines, storm sewers and street reconstruction, abandoning sections of streets, additional school parking and traffic safety controls.

USES		SOURCES	
Water, sewer and roads	$459,666	IRRRB	$245,000

A & E	122,565	City	105,750
Contingency	30,644	School District	262,125
TOTAL	$612,875	**TOTAL**	$612,875

***City of Cohasset**
Grant Amount: $250,000
Phase II Cohasset Industrial Park Development consisting of road construction and the extension of new infrastructure to include water, sewer, electric, fiber optics and natural gas. The city will be developing 15 new commercial/industrial lots and plans to have the lots ready new businesses by September 1, 2015. The city's Phase I Industrial Park is at capacity with seven companies that provide 47 FTE positions and have a total building investment of $3,473,000. The project is projected to create 21 construction jobs.

USES		**SOURCES**	
Water, sewer and gas	$1,772,000	IRRRB	$250,000
Land	1,235,000	City	2,937,000
A&E	120,000		
Contingency	60,000		
TOTAL	$3,187,000	**TOTAL**	$3,187,000

City of Coleraine
Grant Amount: $169,700
Infrastructure upgrades to include sanitary sewer, storm sewer, water and street reconstruction on Hawkins Avenue. The infrastructure being replaced is extremely deteriorated and has had six breaks in the last four years.

USES		**SOURCES**	
Infrastructure	$287,632	IRRRB	$169,700
A&E	47,459	Cities	$194,154
Contingency	28,763		
TOTAL	$363,854	**TOTAL**	$363,854

***Cook County**
Grant Amount: $100,000
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 14 construction jobs.

USES		**SOURCES**	
Runway reconstruction and		IRRRB	$100,000
extension	$4,140,000	FAA	4,500,000
A & E	860,000	County	400,000
TOTAL	$5,000,000	**TOTAL**	$5,000,000

***City of Crosby**
Grant Amount: $150,000
The project consists of water, sewer, roads and site work for a lodging development in the city Crosby. The development includes seven year round cabins and a 20-site campground. The project is projected to create 8 construction jobs and 2 permanent jobs.

USES		**SOURCES**	
Infrastructure and site work	$704,500	IRRRB	$150,000

Development	493,555	Developer	1,065,170
A & E	17,115		
TOTAL	$1,215,170	**TOTAL**	$1,215,170

***City of Ely**
Grant Amount: $350,000
The Vermilion Community College Student Housing Project consists of infrastructure, utility extension and site work for a new 120-bed housing complex. This development will replace the current 84 modular housing beds that have surpassed their life expectancy and afford Vermilion an additional 36 beds to alleviate their current new student housing pressures. The project is projected to create 38 construction jobs and 3.5 permanent jobs.

USES		**SOURCES**	
Infrastructure, roads and utilities	$436,000	IRRRB	$350,000
		Vermilion C.C.	4,350,000
Housing complex	4,544,150	MHFA	1,100,000
A & E	600,610		
Contingency	219,240		
TOTAL	$5,800,000	**TOTAL**	$5,800,000

***City of Ely**
Grant Amount: $150,000
The Ely Airport Runway Reconstruction and Lighting Project is comprised of total runway reconstruction and lighting replacement. The current runway is 5,600 feet and it needs to be completely rebuilt. Required to complete the project are 41,000 cubic yards of new subgrade, and 22,000 tons of black top. The airport services commercial and private sector businesses, mining and tourism market and also provides for the multi-state wildfire and forest fighting capabilities of the U.S. Forest Service. The project is projected to create 27 construction jobs.

USES		**SOURCES**	
Site work and runway		IRRRB	$150,000
reconstruction	3,822,739	FAA	3,701,465
A&E	290,000	City	261,274
TOTAL	$4,112,739	**TOTAL**	$4,112,739

City of Eveleth
Grant Amount: $150,000
Replacement of the sanitary sewer lines and storm sewers on Jackson, Monroe, and Garfield Streets. The sewer lines being replaced have been a major contributor to the cities inflow and infiltration.

USES		**SOURCES**	
Sewer, storm sewer and		IRRRB	$150,000
road	$353,220	CDBG	150,000
Engineering	67,112	City	155,654
Contingency	35,322		
TOTAL	$455,654	**TOTAL**	$455,654

***City of Eveleth**
Grant Amount: $200,000

The water tower project consists of interior and exterior structural repairs and coating replacement. The water tower serves approximately 500 residents in West Eveleth and the city of Leonidas and the city's largest water consumer, United Taconite.

USES		SOURCES	
Water tower renovation	508,300	IRRRB	$200,000
A&E	55,500	City	414,630
Contingency	50,830		
TOTAL	$614,630	**TOTAL**	$614,630

Fayal Township
Grant Amount: $110,000
Upgrade to existing SCADA (Supervisory Control and Data System) in the Town of Fayal's lift station system. This system sends an alarm when a lift station fails. Town of Fayal has 30 lift stations spread throughout the township. The upgrading of the system will ensure rapid response time.

USES		SOURCES	
SCADA System	$294,570	IRRRB	$110,000
Engineering	25,000	Township	239,027
Contingency	29,457		
TOTAL	$349,027	**TOTAL**	$349,027

City of Gilbert
Grant Amount: $223,000
Collaborative project to extend new waterline from Gilbert to McKinley. Gilbert will extend new waterline from Indiana Avenue to Broadway Street. McKinley will extend new waterline from Broadway Street to McKinley. The project is projected to create 13 construction jobs.

USES		SOURCES	
Water line	$1,505,222	IRRRB	$223,000
A&E	305,165	McKinley	350,000
Contingency	150,613	CDBG	200,000
		State	1,188,000
TOTAL	$1,961,000	**TOTAL**	$1,961,000

***Greenway Township**
Grant Amount: $100,000
Phase II infrastructure and site work for a new emergency services facility. This is a collaborative facility with Coleraine, Bovey and Greenway Township.

USES		SOURCES	
Infrastructure and site work	$310,000	IRRRB	$100,000
Building	472,000	Township/Cities	198,000
Land	67,000	IRRRB(FY14)	350,000
A&E	49,000	State	250,000
TOTAL	$898,000	**TOTAL**	$898,000

***City of Hibbing**
Grant Amount: $150,000
Phase II infrastructure and site work for a new Hampton Inn Hotel Development. The project is projected to create 69 construction jobs.

USES	SOURCES

Infrastructure and site work	$730,000	IRRRB	$150,000
Building construction	9,000,000	City	900,000
A & E	660,000	IRRRB(FY12)	530,000
Contingency	190,000	Developer	9,000,000
TOTAL	$10,580,000	**TOTAL**	$10,580,000

City of Hibbing
Grant Amount: $250,000
Infrastructure improvements include sanitary sewer line replacement, storm sewer upgrades and water main looping in the Brooklyn area from East 16th Street to Highway 169. This infrastructure serves a large residential section of the city and the Highway 169 Business District Corridor.

USES		**SOURCES**	
Water, sewer and gas extension	$1,062,913	IRRRB	$250,000
		City	1,248,707
A & E	276,357		
Contingency	159,437		
TOTAL	$1,498,707	**TOTAL**	$1,498,707

City of Hoyt Lakes
Grant Amount: $100,000
Replacement of storm sewer water collection systems at five intersections throughout the city. The upgrades and replacements will help minimize the current rate of infiltration and inflow.

USES		**SOURCES**	
Storm sewer intersections	$460,825	IRRRB	$100,000
Engineering	78,342	City	485,250
Contingency	46,083		
TOTAL	$585,250	**TOTAL**	$585,250

***City of Keewatin**
Grant Amount: $20,000
Phase II new water line to create water loop on 2nd Avenue East to 3rd Avenue East. The new waterline will alleviate water issues to an apartment building.

USES		**SOURCES**	
New water line 2nd Avenue to 3rd Avenue	$34,000	IRRRB	$20,000
		City	14,000
TOTAL	$34,000	**TOTAL**	$34,000

City of Keewatin
Grant Amount: $200,000
Storm sewer and road reconstruction for 3rd Street South and two adjacent alleys. Completion of the project will alleviate flooding and safety issues.

USES		**SOURCES**	
Storm Sewer and road reconstruction	$198,108	IRRRB	$200,000
		City	56,000
A&E	38,082		
Contingency	19,810		
TOTAL	$256,000	**TOTAL**	$256,000

***City of LaPrairie**
Grant Amount: $150,000
The project consists of new municipal sewer line along LaPrairie Avenue, Glenwood Drive and Northland Street, as well as the total road reconstruction of LaPrairie Avenue and Glenwood Drive, to support new business expansion in their existing business park. The project is projected to create 18 permanent jobs and 61 construction jobs.

USES		SOURCES	
LaPrairie Avenue and Glenwood Drive road reconstruction	$3,523,325	IRRRB	$150,000
Building and equipment	5,000,000	DEED	175,000
Sewer line extension	635,000	City	416,055
A & E	178,726	Itasca County	3,300,000
Contingency	111,455	Schwartz Excavating	4,800,000
		Northern Erectors	200,000
		IRRRB(FY14)	150,000
		State	257,451
TOTAL	$9,448,506	**TOTAL**	$9,448,506

***Town of Lutsen**
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. 80% of business in Cook County is tourism. The project is projected to create 29 construction jobs.

USES		SOURCES	
Golf course construction	$4,456,401	IRRRB	$300,000
A&E	378,316	Cook County	4,537,456
Contingency	302,739	IRRRB(FY13)	300,000
TOTAL	$5,137,456	**TOTAL**	$5,137,456

City of Marble
Grant Amount: $250,000
The project consists of replacement of waterline at five locations throughout the city. The existing infrastructure is deteriorated and has numerous breaks, which is limiting the capacity for the city to provide households with quality drinking water.

USES		SOURCES	
Water and road	$415,000	IRRRB	$250,000
A&E	84,000	City	92,000
Contingency	41,000	State	198,000
TOTAL	$540,000	**TOTAL**	$540,000

***City of Mt. Iron**
Grant Amount: $60,000
The project consists of the replacement of 500 feet of storm sewer interceptor. The collapse of sewer interceptor would impact 34 homes and eight businesses.

USES		SOURCES	
Storm sewer	$140,000	IRRRB	$60,000
A&E	30,000	CDBG	50,000

		City	60,000
TOTAL	$170,000	**TOTAL**	$170,000

***City of Mt. Iron**
Grant Amount: $90,000
The project consists of the replacement of force main, which will eliminate the need to upgrade an existing lift station that is vital to the city's wastewater system. Currently, 65% of the city's wastewater flows through this main, which impacts major employers and numerous households.

USES		**SOURCES**	
Storm sewer	$160,000	IRRRB	$90,000
A&E	40,000	City	110,000
TOTAL	$200,000	**TOTAL**	$200,000

City of Nashwauk
Grant Amount: $83,000
Sewer, water, storm sewer and street reconstruction on Platt Avenue from 4th Street to the East.

USES		**SOURCES**	
Water, sewer, storm sewer		IRRRB	$83,000
and street restoration	$130,000	City	83,000
A&E	23,000		
Contingency	13,000		
TOTAL	$166,000	**TOTAL**	$166,000

City of Orr
Grant Amount: $53,099
Sewer line replacement and road reconstruction on Highway 23. Approximately two-thirds of the residents in Orr will benefit from the improved sewer line.

USES		**SOURCES**	
Sanitary sewer lines	$81,860	IRRRB	$53,099
Road reconstruction	475,000	CDBG	53,209
A & E	16,372	County	475,000
Contingency	8,186	City	110
TOTAL	$581,418	**TOTAL**	$581,418

***Range Regional Airport**
Grant Amount: $250,000
The project includes three phases. Phase I is the expansion of the taxiway to meet FAA requirements. Phase II is comprised of the construction of a new 20,912 sq. ft. terminal building for the Range Regional Airport. Phase III reconstructs the aircraft parking apron. The project is expected to create 124 construction jobs.

USES		**SOURCES**	
Terminal Ramp		IRRRB	$250,000
reconstruction	$5,000,000	FAA	12,159,222
Terminal construction	10,132,985	MNDOT	1,056,578
Taxiway expansion	2,205,380	Bond	5,000,000
A & E	1,800,000	IRRRB(FY12)	150,000
		Airport	522,565

TOTAL	$19,138,365	**TOTAL**	$19,138,365

City of Silver Bay
Grant Amount: $150,000
Replacement and rehabilitation of tertiary clarifiers at the Silver Bay wastewater treatment facility.

USES		**SOURCES**	
Tertiary rehab and replace	$294,150	IRRRB	$150,000
A&E	47,050	City	201,200
Contingency	10,000		
TOTAL	$351,200	**TOTAL**	$351,200

City of Taconite
Grant Amount: $100,000
Replacement and rerouting of substandard water main lines and installation of additional fire hydrants to increase fire protection and improve water quality in the Holman Addition area.

USES		**SOURCES**	
Water and hydrants	$251,755	IRRRB	$100,000
A&E	47,833	City	224,763
Contingency	25,175		
TOTAL	$324,763	**TOTAL**	$324,763

***Tofte Township**
Grant Amount: $120,000
Phase II water, sewer, roads, and site work for the construction of ten new market-rate housing units. Tofte Township has identified senior housing needs as a top priority due to lack of housing in the region. The project is projected to create 14 construction jobs.

USES		**SOURCES**	
Building Construction	$1,451,983	IRRRB	$120,000
Land	170,000	Township	220,983
Water, sewer and site work	475,000	Bond	1,654,000
A & E	128,000	IRRRB(FY14)	230,000
TOTAL	$2,224,983	**TOTAL**	$2,224,983

***City of Two Harbors**
Grant Amount: $150,000
Phase II water, sewer and site work for a new 3,200 sq. ft. retail/manufacturing facility and trail relocation. The project is projected to create 2 permanent jobs and 14 construction jobs.

USES		**SOURCES**	
Building construction	$470,000	IRRRB	$150,000
Water and sewer	462,375	City	143,850
Land	64,000	Developer	1,015,744
Equipment	200,000	IRRRB(FY14)	276,500
Trail Relocation	479,726	Federal Grant	343,319
Working capital	200,000	DNR Grant	100,000
Wetland	105,077	TH Area Fund	50,000
A&E	98,235		
TOTAL	$2,079,413	**TOTAL**	$2,079,413

Town of White
Grant Amount: $150,000
Phase III Gardendale area and Phase IV Spruce Street water and sewer line replacement.

USES		SOURCES	
Water, sewer and site work	$560,230	IRRRB	$150,000
A & E	81,114	Township	417,200
Contingency	75,856	IRRRB(FY14)	150,000
TOTAL	$717,200	**TOTAL**	$717,200

~~***Town of White**~~
~~**Grant Amount: $1,500,000**~~
~~The project is collaboration between Northeast Service Cooperative and Frontier Communications to provide 97 miles of new fiber and equipment upgrades. The project provides direct fiber connections for 23 town hall/fire halls and extends fiber to improve service for 2,262 underserved Frontier subscribers in 13 townships at speeds exceeding the state broadband goal. The project will pass 9,400 underserved households that will have the opportunity to connect at speeds exceeding the state goal. The project is projected to create 31 construction jobs.~~

~~USES~~		~~SOURCES~~	
~~Fiber Infrastructure~~	~~$4,560,000~~	~~IRRRB~~	~~$1,500,000~~
~~A & E~~	~~240,000~~	~~DEED~~	~~2,400,000~~
		~~Frontier~~	~~750,000~~
		~~NESC~~	~~150,000~~
~~**TOTAL**~~	~~$4,800,000~~	~~**TOTAL**~~	~~$4,800,000~~

Iron Range Resources & Rehabilitation Board

P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: December 18, 2014

Re: **FY15 INFRASTRUCTURE PROJECTS**

PURPOSE

The Infrastructure Grant program provides funds for cities and townships that can be used for infrastructure, site work, or healthcare capital projects that support community and economic development. State law requires half of the agency's economic development fund to be invested in infrastructure projects in local communities.

ECONOMIC IMPACT

FY 15 infrastructure grants	**42***
• *Development projects*	***17***
• *Water/Sewer projects*	***25***

**Includes two infrastructure grants approved by the Board at its June 23, 2014, meeting.*

IRRRB investment	**$8,149,010**
Total public/private investment	**$101,956,006**
Leverage	**11.5 to 1**

Businesses directly impacted	**59**
New jobs to region	**527**
• *Permanent jobs*	***49***
• *Construction jobs*	***478***

5) Magnetation Inc. – Resolution #15-002

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

Representative Tom Anzelc moved to approve an expenditure of up to $6,500,000 of DJJ Corpus funds for the Magnetation, Inc. project as presented in Resolution #15-002 and attached Board packet materials. Seconded by Senator Tom Saxhaug. Motion carried.

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

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
MAGNETATION, INC. PROJECT

Resolution No.: 15-002

WHEREAS, the Commissioner is authorized to expend, pursuant to Minnesota Statutes Section 298.296, Subdivision 2(d), and upon approval by an affirmative vote of all members of the

Board, the corpus of the Douglas J. Johnson Economic Protection Trust Fund ("DJJ Corpus") within and for the benefit of the Taconite Assistance Area ("TAA"), as that term is defined in Minnesota Statutes Section 273.1341, 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, Magnetation, Inc. ("**Magnetation**") has successfully utilized magnetic separation technology to capture iron ore particles from tailings and stockpiles and has developed a beneficiation process that has led to commercial production of iron ore concentrate; and

WHEREAS, Magnetation has ownership interests in four (4) iron recovery and concentrate producing plants located within the TAA, which has led to the creation of over 200 permanent, full-time jobs; and

WHEREAS, the agency and the State of Minnesota's Department of Employment and Economic Development ("DEED") previously provided start-up loans to Magnetation under the terms of which Magnetation paid off the loans in full plus continues to provide royalty payments to both entities; and

WHEREAS, pursuant to a request from Magnetation, the Commissioner has requested the Board to approve the expenditure of up to $6,500,000 of DJJ Corpus funds to provide, in conjunction with $6,500,000 in financing from DEED, a $13,000,000 loan to Magnetation to mitigate unexpected subsidence issues due to construction at Plant 4 on the Canisteo Complex in the TAA, part of a $28,000,000 total plant investment ("Project") as more fully set forth in the Board packet materials and as otherwise discussed at the meeting; and

WHEREAS, the technical advisory committee, appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed Project, met on December 12, 2014, and recommended approval of the Project and the proposed agency funding for it; and

WHEREAS, the Board met at the agency's Administration Building near Eveleth on Thursday, December 18, 2014, at 10:00 a.m. to consider, among other matters, Magnetation's request for financial assistance for the Project; and

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

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board hereby approves the expenditure of up to $6,500,000 of DJJ Corpus funds for the Project, on the terms and subject to the conditions set forth in the project proposal materials submitted to the Board for its consideration at this meeting.

BE IT FURTHER RESOLVED that the approval of funding for this Project is subject to the condition that, to the extent any part of the funds for the Project are for construction,

Magnetation must pay or require to be paid to all laborers, workers and mechanics performing construction work wages at a rate not less than the prevailing wage rates as defined in Minnesota Statutes Section 177.42, subdivision 6, consistent with Board Resolution number 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Magnetation, Inc.
102 NE Third Street, Suite 120
Grand Rapids, Minnesota 55744

IRRRB Direct Loan Program

Applicant:	Magnetation, Inc.
Project Location:	Bovey, Minnesota
Principal(s):	Larry Lehtinen, CEO Matt Lehtinen, President Joe Broking, CFO
Project Description:	The agency is considering an investment in a loan to Magnetation, Inc. ("Mag, INC") that would allow it to provide cash to Magnetation, LLC, ("Mag, LLC"), which is a joint venture between Mag, INC and a wholly-owned subsidiary of AK Steel. The funds provided by the project will be used to pay for unexpected expenses incurred during the construction of Plant4 at the Canisteo Complex, on the western part of the Mesabi Range. Mag, LLC experienced some unexpected issues with subsidence in the construction of Plant4 and incurred $13 million in costs to remedy the situation. The total project is estimated to be $28 million, with the agency considering a loan of $13 million (the amount of the cost overrun on Plant4) with the remaining funds coming from an

	increase in the Senior Secured Credit Facility originated by JP Morgan Chase Bank. DEED is considering funding half of the requested $13 million through the 21st Century Minerals Fund. The latest version of technology being developed and implemented by Mag, INC at Plant4 will not only benefit Mag, INC. but has the potential to be applicable and adaptable to other hematite resources across the Mesabi Range to increase iron recovery, reduce costs, and extend the life span of the conventional taconite operations. Prior to the construction of Plant4, Mag, INC and Mag, LLC had a combined 240 employees all with excellent wages and benefits.	
Market Opportunity:	With the addition production of Plant4 coming on line, Mag, LLC has the capacity to produce 3.8 million tons of concentrate. Approximately 3 million tons of concentrate will be used to produce pellets at the newly constructed pellet plant in Reynolds, IN with those pellets being sold to AK Steel under the terms of a pellet supply agreement with an effective term of 30 years. The majority of the remainder of the product is sold to AHMSA, a Mexican steelmaker, under a concentrate supply agreement. In addition, Mag, INC receives 20% of the production of Mining Resources, LLC ("Mining Resources"), a joint venture between Ferrous Resources, LLC ("Ferrous", a wholly owned subsidiary of Steel Dynamics, Inc.) and Mag, INC. Mining Resources currently has the capacity to produce 1 million tons of concentrate annually. The concentrate received by Mag, INC is sold to Mag, LLC under an offtake agreement.	
Project Investment:		
	JP Morgan Chase Bank, Senior Secured Debt Extension, Negotiated Terms	$15,000,000
	IRRRB*	$ 6,500,000
	DEED, 21st Century Minerals Fund*	$ 6,500,000
	TOTAL	**$28,000,000**
	*Under the proposed terms, the IRRRB will originate a $13,000,000 loan, of which $6,500,000 will be sold to DEED under the terms of a participation agreement. The loan will be for a term of up to two years and carry an interest rate of 10%. The loan will have an effective rate of 5% if repaid within the first year and will have an effective rate of 6.5% if repaid prior to the due date.	
Jobs:	160 Planned New (Plant4) Wages $50,000 - $150,000 per year plus benefits	
Collateral:	The loan will be collateralized by an Assignment of Royalties due under a technology license agreement between Mining Resources and Mag, INC. This Assignment of Royalties would result in the	

	payment of $3.00 per ton (inflation adjusted) of production at Mining Resources.
Business History:	Mag, INC was established in 2006 and has further developed and refine a proprietary process to recover iron units from existing natural ore and taconite tailings basins. Production began at Plant1 near Keewatin in early 2009. The introduction of the patented Rev3 Separator into an expansion of Plant1 in early 2011 greatly increased efficiencies and brought Mag, INC. to a new level. The company had two major developments in late 2011. First, Mag, INC was formed resulting in the construction of Plant2 in Taconite that came on line in 2012, Plant4 in Bovey that will begin operations yet in 2014 and for which the proceeds of this loan are being sought, and a pellet plant in Reynolds, IN, to supply AK Steel, that began operations late in this year. Also, Mining Resources was formed resulting in Plant3 near Chisholm coming on line in late 2012.
Past IRRRB History:	The IRRRB closed on a total of four loans consisting of an aggregate principal amount of $5,485,000 ($1,000,000 of a loan was participated to DEED) between October 2008 and July 2009. All of the loans were paid as agreed and paid in full in 2011. As a part of the loan transactions the IRRRB and DEED continue to collect a royalty on concentrate produced with the Magnetation technology that currently amounts to $2.50 per ton. To date, Magnetation has paid the State nearly $6.6 million (with $3.9 million being paid to the IRRRB) on 2.6 million tons of production through this royalty agreement. Mag, INC is obligated to pay the royalty on its first 10 million tons of production under the current agreement.
Contingencies:	1) Alternate financing structure will be considered as long as the IRRRB position is not materially compromised. 2) Borrower will enter into a loan agreement that pledges to repay the debt should it liquidate or otherwise dispose of its ownership interest in Mining Resources and limits dividend payments to shareholders during the term of the loan. 3) All proceeds of the loan must be injected into Mag, LLC.
Technical Advisory Committee Recommendation:	Recommended on December 12, 2014.
Funding Authorization:	Funding for this project is authorized under Minnesota Statutes Section 298.296, Subdivision 2 (d), which allows the Commissioner to expend, within or for the benefit of the Taconite Assistance Area 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 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.

6) Silicon Energy MN, LLC – Resolution #15-003

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

Representative Jason Metsa moved to approve the expenditure of up to $1,950,000 of FY15 DJJ Business Development Projects funds for the Silicon Energy MN, LLC project as presented in Resolution #15-003 and attached Board packet materials. Seconded by Representative Carly Melin. Motion carried.

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

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
SILICON ENERGY MN, LLC PROJECT LOAN APPROVAL

Resolution No.: 15-003

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

WHEREAS, the agency's FY 2015 Budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line item category of DJJ Business Development Projects; and

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to $1,950,000 of the DJJ Business Development Project Funds to provide a loan to Silicon Energy MN, LLC ("**Silicon**") for the purchase of materials and supplies to enable Silicon to manufacture more cost effective photovoltaic solar panels at its facility located in Mt. Iron ("**Silicon Project**"), under the terms and conditions more fully set forth in the Board packet materials and as otherwise discussed at the meeting; and,

WHEREAS, the technical advisory committee, appointed by the Commissioner under the provisions of Minnesota Statutes Section 298.297 to review the terms and conditions of the proposed Silicon Project, met on December 12, 2014, and recommended approval of the Silicon Project and the proposed agency funding for it; and

WHEREAS, the Board met at the agency's Administration Building near Eveleth on December 18, 2014, at 10:00 a.m. to consider, among other matters, the proposed expenditure of DJJ Business Development Project funds for the Silicon Project; and

WHEREAS, the Board determined that the expenditure of such funds are for the purposes authorized by law and will promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to $1,950,000 of FY 2015 DJJ Business Development Project funds for the proposed Silicon Project, on the terms and subject to the conditions set forth in the project proposal materials submitted to the Board for its consideration at this meeting.

BE IT FURTHER RESOLVED, that the approval of funding for this project is subject to the condition that, to the extent any part of the funds for the Silicon Project are for construction, Silicon must pay or require to be paid to all laborers, workers and mechanics performing construction work wages at a rate not less than the prevailing wage rates as defined in Minnesota Statutes Section 177.42, subdivision 6, consistent with Board Resolution number 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18th DAY OF DECEMBER 2014.

Member	**Aye**	**Nay**	**Abstain**	**Excused**
Senator Tom Bakk	**X**			
Senator Tom Saxhaug	**X**			
Senator Rod Skoe	**X**			
Senator David Tomassoni	**X**			
Representative Tom Anzelc	**X**			
Representative David Dill	**X**			
Representative Carly Melin	**X**			
Representative Jason Metsa	**X**			
Representative Joe Radinovich	**X**			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Silicon Energy MN, LLC
8787 Silicon Way
Mt. Iron, Minnesota 55768

IRRRB Direct Loan Program

Applicant:	Silicon Energy MN, LLC	
Project Location:	8787 Silicon Way Mt. Iron, Minnesota 55768	
Principal(s):	Newport Partners	
Project Description:	Operating funds for calendar year 2015, including raw materials, inventory and manufacturing expenses.	
Market Opportunity:	Silicon Energy MN has developed a new, more competitive product for the Minnesota market. This product is eligible for the Minnesota Department of Commerce "Made in Minnesota Solar Incentive Program" at a higher incentive than competitor's products. Silicon Energy MN believes this will allow them to gain a large share of the market.	
Project Investment:		
	Company	$2,702,357
	IRRRB The loan will be for a term of up to 18 months and carry an interest rate of 10% and will have an effective rate of 3% if repaid prior to the due date.	1,950,000
	TOTAL	**$4,652,357**
Jobs:	4 Planned New Wages $12.75 - $26.44 per hour plus benefits	
Collateral:	Inventory and Accounts Receivable, Guaranty of majority owner.	
Business History:	The company was formed in 2010 to manufacture solar panels in Mt. Iron, MN.	
Past IRRRB History:	In 2006, IRRRB approved a loan of $1,500,000 to Silicon Energy MN for manufacturing equipment. The loans is current.	

Contingencies:	None.
Technical Advisory Committee Recommendation:	Recommended on December 12, 2014.
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.

7) Loan Guarantee Program – Resolution #15-004

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve the expenditure of up to $350,000 of TEPF Business Development funds to further capitalize the proposed Local Business Loan Guaranty Program as presented in Resolution #15-004 and attached Board packet materials. Seconded by Senator Tom Saxhaug. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Bakk

IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL PROTECTION FUND
LOCAL BUSINESS LOAN GUARANTY PROGRAM FUNDING APPROVAL

Resolution No.: 15-004

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 FY 2015 Budget includes the allocation of $3,500,000 of TEPF Funds for Business Development Projects ("**TEPF Business Development Funds**"); and

WHEREAS, the Commissioner proposed, and the Board and Governor previously approved, the expenditure of $1,000,000 of the TEPF Business Development Funds to capitalize an IRRRB local business loan guaranty program, under the guidelines of which program the IRRRB guaranteed up to $75,000 of a new $100,000 bank loan to an eligible business on the terms and subject to the conditions as more specifically presented to the Board at its April 15, 2011, meeting (the "**Local Business Loan Guaranty Program**"); and

WHEREAS, the initial capitalization has been fully encumbered, and the Commissioner is proposing an additional capitalization of $350,000 to make the Local Business Loan Guaranty Program available for additional loan guarantees; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, at the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the additional capitalization of the Local Business Loan Guaranty Program, and has determined that the expenditure of up to $350,000 of TEPF Business Development Funds to further capitalize the proposed Local Business Loan Guaranty Program 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 $350,000 of TEPF Business Development Funds to further capitalize the Local Business Loan Guaranty Program, subject to the understanding that the Commissioner may provide loan guaranties to eligible businesses under and consistent with the Local Business Loan Guaranty Program guidelines presented to the Board at the April 15, 2011 meeting, up to a maximum of $75,000 per eligible business and without further Board or Governor approval of each loan guaranty made thereunder.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18TH DAY OF DECEMBER 2014.

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

Signed:_____
Senator David Tomassoni, Chair

Iron Range Resources & Rehabilitation Board

P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
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To: Iron Range Resources and Rehabilitation Board Members
Commissioner

From: Tony Sertich
Commissioner

Date: December 18, 2014

Re: **LOCAL BUSINESS LOAN GUARANTY PROGRAM**

Initially capitalized in 2011 with $1 million, the Local Business Loan Guaranty Program has spurred bank loans totaling over $2 million to 25 local businesses. Working with local banks and other lending institutions, this program has achieved great success in working with local businesses, including those that currently are not eligible for funding under established agency guidelines.

This program provides loan guarantees of up to $75,000 to local businesses under the guidelines.

As of December 12, 2014, there are 19 guarantees in place on loans totaling $1,531,489. We continue to receive inquiries; however, only $40,887 remains uncommitted and available. I recommend re-capitalizing this program with an additional $350,000 from our current Business Development Project funds budget.

8) Mining Reinvestment Fund
Action required: Approval requires a simple majority of the quorum

a) ArcelorMittal Minorca Mine – Resolution #15-006
Representative Jason Metsa moved to approve the expenditure of up to $812,240 of Mining Reinvestment Funds to ArcelorMittal Minorca Mine for projects as presented in Resolution #15-006. Seconded by Senator Tom Bakk. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Saxhaug, Senator Rod Skoe

IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
ARCELOR MITTAL-MINORCA – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-006

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 ArcelorMittal-Minorca **("Applicant Producer")** is eligible to receive up to $818,240 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $818,240 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 17, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug				X
Senator Rod Skoe				X
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**7**	**0**	**0**	**2**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Cobber Magnetic Separator Improvements - $780,000

Minorca operates 3 cobber magnetic separators on each of its three concentration lines. Two of the three cobbers on each line are newer single drum units that were installed in 2005-2007. The remaining cobbers on each line are old drum units that are less efficient and only allow lower throughput. It's proposed to upgrade the separators on Lines 2 and 3 to single drum units and improve the cobber fed distribution system, thereby improving iron recovery and reducing spillage.

Project 2 – Process Gas Scrubber Stack Replacement - $1,100,000

The Minorca Mine has four process gas scrubber stacks that exhaust gases from the pelletizing process. "C" and "D" stacks are original equipment and have deteriorated with age (37 years). The new stacks will be fabricated locally.

b) Hibbing Taconite Company – Resolution #15-007

Representative Carly Melin moved to approve the expenditure of up to $2,274,624 of Mining Reinvestment Funds to Hibbing Taconite Company for projects as presented in Resolution #15-007. Seconded by Representative David Dill. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Saxhuag

IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
HIBBING TACONITE COMPANY – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-007

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 Hibbing Taconite Company **("Applicant Producer")** is eligible to receive up to $2,274,624 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $2,274,624 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 3, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused

Senator Tom Bakk	**X**			
Senator Tom Saxhaug				**X**
Senator Rod Skoe	**X**			
Senator David Tomassoni	**X**			
Representative Tom Anzelc	**X**			
Representative David Dill	**X**			
Representative Carly Melin	**X**			
Representative Jason Metsa	**X**			
Representative Joe Radinovich	**X**			
TOTAL	**8**	**0**	**0**	**1**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Guarding of Potential Hazards - $500,000

Design, fabricate, and install guards over or around machinery in motion to protect employees from potential hazards due to inadvertent contact. Guarding will improve safety and bring machine guards into MSHA compliance.

Project 2 – Filtercake Reclaim Upgrade - $2,400,000

The existing filtercake reclaim hopper and apron feeder will be replaced with an upgraded system which is necessary to return stockpiled filtercake back into the pelletizing process. During the cold winter months the stockpile freezes which requires the large chunks of filter cake to be rigorously moved around to break them down to size. Also, the current system needs more capacity to accommodate the large chunks which cannot be easily returned to processing lines when the material is frozen.

Project 3 – Rebuild Plant Infrastructure - $500,000

Inspection and replacement of structural steel in the crusher, concentrator, and pellet plant is conducted by trained infrastructure crews. Worn or damaged support beams and floor beams that need repair or replacement will be identified, prioritized, and scheduled to be replaced and/or rebuilt to provide a safe work environment and extend the life of the plant.

Project 4 – Albany Pumps and Pipeline Replacement - $1,600,000

In what is known as the Webb area, HTC has begun mining in the proximity of the Albany and Longyear mine pits between Chisholm and Hibbing. As mining progresses deeper in elevation, it is necessary to dewater these previously mined and water filled pits. This water will be piped to the plant to provide make up water for processing.

c) Northshore Mining Company – Resolution #15-008

Representative David Dill moved to approve the expenditure of up to $1,600,862 of Mining Reinvestment Funds to Northshore Mining Company for projects as presented in Resolution #15-008. Seconded by Senator Tom Bakk. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: Senator Tom Saxhaug

IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE APPROVAL:
NORTHSHORE MINING COMPANY – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-008

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 Northshore Mining Company **("Applicant Producer")** is eligible to receive up to $1,600,862 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $1,600,862 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 12, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

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

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Direct Reduction (DR) Grade Pellets – Primary - $2,237,535

Cliff Natural Resources conducted a feasibility study to evaluate the economic potential of producing DR pellets at the Northshore Mining operation in Silver Bay, Minnesota, and the ability to sell this product to one or more customers in the Great Lakes Basin. The potential for Cliffs to supply DR grade pellets in the US is based on the assumption that Northshore production of DR grade pellets is both technically and economically feasible and that the product will be competitively priced and of acceptable DR grade quality for potential customers. DR grade pellets are chemically and physically superior to standard blast furnace grade pellets.

Northshore conducted test work using two (2) full scale concentrating circuits for 1.5 years to determine if reasonable iron recovery was possible making a DR grade concentrate. One circuit operated at lowered silica levels (DR grade) and the other circuit continued making standard blast furnace grade concentrate. Tests results showed that a DR grade concentrate could technically be produced with good iron recovery.

The next step in the development was to determine if the existing pellet lines could produce the required pellet quality. A two week continuous plant test was conducted feeding one small pellet

machine with DR grade concentrate producing DR grade pellets. Many samples of concentrate and pellets were collected, analyzed and tested to define overall iron recovery and pellet quality. Pellets were sent to outside companies, laboratories, and technology providers that sell or operate gas based DRI plants for in-situ testing. Northshore pellet quality was acceptable as a DR grade product.

The feasibility study conclusion is that DR grade pellet production at Northshore is technically achievable and can be economically viable if a customer base can be secured. It has been demonstrated through testing that the final pellet product quality can meet the stringent DR grade requirements for chemistry, physical sizing, and metallurgical performance.

Project 2 – Fine Crusher Assemblies - $2,469,000

Northshore Mining Company uses a Fine Crusher stage at its Silver Bay plant facility. The Fine Crusher currently has 6 of 10 lines activated and in operation to support a 6 million ton pellet production level. Northshore installed 3 replacement crusher assemblies outfitted with hydraulic clamping and clearing capability on their 7' XHD crusher adjustment rings. The function of the adjustment ring on the 7'XHD crusher is to ensure the two crushing wear liners are set to the proper gap for quality and throughput control.

The existing clamping units are controlled by 16 spring packs that apply clamping capability to the crusher. After investigating the condition of the existing springs in 2011, it was determined that they have exhausted their life cycle and cannot hold the proper clamping pressure needed for proper sizing and throughput control. As crusher assemblies reach predicted failure hours, they are sent offsite for rebuilding. Hydraulic clamping and clearing capability will be added to the assembly in place of spring packs.

There is a significant safety issue with the existing spring clamps when tramp steel gets lodged in the crusher. The current procedure is very unsafe as an individual is required to burn the tramp metal from in between the liners with a tremendous amount of force held from the compressed springs on the tramp steel. Over the years there have been many efforts to come up with a safe procedure with no success. The hydraulic adjustment ring offers the advantage of mechanically releasing the crusher when a crusher plugs.

The three hydraulic clamping and clearing adjustment rings that were installed is an addition to one that has been in use at Northshore. Testing completed during 2011 comparing the hydraulics-equipped line and a traditional spring clamp-equipped crusher line showed significant performance improvement in crusher throughput rates (45 TPH per line).

This improvement makes removing tramp metals from the crusher much safer and easier as the crusher will hydraulically clear with the push of a button. Down time for a plugged crusher decreases from days to minutes resulting in more reliability, greater production, a safer environment, and decreased operational costs.

d) United Taconite LLC – Resolution #15-009

Representative Jason Metsa moved to approve the expenditure of up to $1,595,023 of Mining Reinvestment Funds to United Taconite LLC for projects as presented in Resolution #15-009. Seconded by Representative Carly Melin. Motion carried.

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

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:
UNITED TACONITE, LLC – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-009

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 $1,595,023 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $1,595,023 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 7, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Furnace Line 2 Cooler, Fairlane Plant - $3,800,000

United Taconite's indurating machine is a Grate-Kiln-Cooler System. The cooler in the Grate-Kiln-Cooler system has two basic functions. First, to cool the pellets which have been heat hardened in the traveling grate and kiln so they can be handled conveniently, and second, to furnish preheated secondary air to the preheat section of the grate.

The current cooler was purchased used from the Redcar Mine in England in 1990. Due to corrosion and many years of service, the cooler frame is experiencing fatigue. Corrosion and wear to the main girder and support columns are contributing to the operational issues caused by this machine. Utac is also observing that the cooler frame is cracking causing an unlevel condition throughout the machine. When the machine goes out of level it is operationally difficult to make a quality product cost effectively. The cooler has become the main source of unscheduled downtime in the past few years and will continue to escalate downtime until the frame is replaced.

This project will take 18 months to complete with an estimated total cost of $9.5 million. United Taconite will spend $3.8 million on this project in 2014 and the remaining expenditures to complete the project will occur in 2015.

e) US Steel – Keetac – Resolution #15-010

Representative Carly Melin moved to approve the expenditure of up to $1,512,049 of Mining Reinvestment Funds to US Steel - Keetac for projects as presented in Resolution #15-010. Seconded by Representative Tom Anzelc. Motion carried.

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

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:
US STEEL-KEETAC – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-010

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 US Steel-Keetac **("Applicant Producer")** is eligible to receive up to $1,512,049 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $1,512,049 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, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Fine Screening Upgrade - $2,400,000

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 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 when operating at today's higher production rates, resulting in a large amount of fine material being sent back to the grinding mill. These fines are called "misplaced fines" as they have been incorrectly placed in the oversize when they should have continued on to the pellet plant.

In order to reduce the amount of misplaced fines and to increase production, 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 a 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 has shown a significant line production improvement.

Project 2 – Tails Basin Reclamation and Dust Control - $550,000

The Keetac active tailings pond is 2,500 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 the coarse tails to build the dike. The tailing 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. The tailing beaches starting at the perimeter dike consist of medium tailings; second, the medium and the fine tailings; and third, the fine tailings. The water carries the medium and fine tailings flow into the interior of the pond, finally settling out in the interior water reservoir.

Keetac is required to develop and execute an annual reclamation activity plan by the MDNR and control dust to levels 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 bare areas of soil on inactive areas of the basin by using special 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, significant amounts of fertilizer is 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 benefits of trees include acting as a buffer for the operation, and they have proved effective as a means of windbreak reducing fugitive dust. The trees that are used are purchased from local nurseries or grown from seed and cuttings collected from the Keetac property. An excess of 15,000 trees are planted annually.

Project 3 – Carlz Pit Water Supply - $400,000

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

Project 4 – Tailings Pipe Replacement - $400,000

Keetac pumps its waste material (tailings) through a series of 40' long, 22" diameter, rubber lined pipe to the tailings basin. This span of pipe is approximately 6 miles in length and crosses

U.S. Highway 169. The piping over this span of the highway has a thicker rubber lining than the remainder of the pipe to add additional safety factors. In April 2014, 46 lengths of pipe stretching over the highway were replaced. The job entailed the procurement of 46 lengths of pipe with ½" rubber lining, road closure permits from MDOT for the four lane highway during replacement, highway traffic diversion during replacement, and manpower and equipment for the replacement. This pipeline is essential to the operation of the Keetac facility as 2/3 of the material brought into the plant for processing is waste and is deposited through this pipeline system.

Project 5 – Potable Water Storage Tank - $150,000

The existing 35,000 gallon water tank was installed in 1965 and has supplied the facility with potable water for nearly 50 years. The condition of the tank has deteriorated to the point of requiring replacement. This project will erect a new potable water storage tank of similar size to replace the deteriorating one.

f) US Steel – Minntac – Resolution #15-011

Representative Jason Metsa moved to approve the expenditure of up to $3,969,214 of Mining Reinvestment Funds to US Steel - Minntac for projects as presented in Resolution #15-011. Seconded by Senator Rod Skoe. Motion carried.

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

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:
US STEEL-MINNTAC – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-011

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 US Steel-Minntac **("Applicant Producer")** is eligible to receive up to $3,969,214 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $3,969,214 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 August 6, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Sulfate Compliance #6 Sump - $8,000,000

The Mt. Iron Pit reservoir is the single source of potable and process makeup water for daily operations at Minntac. Water inflow to the reservoir occurs from natural runoff, is pumped from either the #3 or #2 mine dewatering sumps, or pumped from the West Two Rivers Reservoir (W2RR). Water currently pumped from the W2RR to the Mt. Iron pit impacts potable water quality. W2RR levels have dropped in recent years due to dry weather condition, which limits the volume of water available for process water makeup operations and could limit future pellet production.

Additionally, U.S. Steel is operating under a Minnesota Pollution Control Agency (MPCA) Schedule of Compliance agreement to address a number of environmental issues, including noncompliance related to sulfate in the process water supply from the tailings basin. Currently, the #6 pump discharges offsite, approximately one billion gallons every year of high quality water from the West Pits. This water would be an excellent source of water to mitigate the sulfate issue.

Therefore, Minntac will redirect the #6 Sump water to a newly created sump adjacent to the Mt. Iron Pit that will serve as the source of the process makeup water. This additional makeup water will reduce the sulfate level in the process water loop, isolate the pit dewatering and the W2RR volumes from the potable water source, and reduce off-site water discharges from the #6 sump. The project includes the installation of a new process water sump, larger dewatering pumps in the #6 sump and approximately 6 miles of discharge pipe.

Project 2 – Concentrator Finisher Upgrades - $5,000,000

Magnetic separation is key to the Minntac iron concentrating process. Crude ore is separated into iron ore and waste materials such as silica using finisher magnetic separators. The existing Minntac separators are 3 feet by 10 feet in size, were installed in the 1960's, and use outdated technology. State of the art separators are now 4 feet by 10 feet in size, are equipped with stronger magnets and have a different flow pattern optimizing flushing water use and ore extraction. New 4 x 10 separators were installed as test units on Concentrating Line 5 in 2004 and 2007. The Line 5 separator trials were a success and proved the separators increase iron ore extraction and reduce downstream silica.

The scope of this project is to purchase and install (36) state-of-the art 4 x 10 finisher magnetic separators for the fifteen remaining operating lines at Minntac. The new 4 x 10 separators feature a double drum design that reduces the number of magnetic drums from 210 to 76, thus reducing operating electricity and maintenance costs. Silica content in the concentrate is significantly reduced and this results in less chemical usage downstream.

Project 3 – Agglomerator Step II Concentrate Reclaim Upgrade - $1,900,000

The Agglomerator Step II reclaims concentrate from an outdoor storage pile to supplement the feed from the Concentrator to maintain pellet production levels. The current method of reclaiming concentrate utilizes a front end loader to scoop the material from the pile and dump the load over a coarse stationary screen positioned over a hopper. The material is fed from the hopper onto a series of conveyor belts to introduce the material back into the process. This method is unreliable especially during the winter months. Frozen material often passes through the screen deck causing plugging in the conveyor feed chute, housekeeping issues near the conveyor belts in the Agglomerator, and mixer damage in the balling circuit. A contractor is

periodically used during the winter to screen and crush material before entering the reclaim feed hopper.

This project will involve installation of a concentrate reclaim system. The system will consist of a vibratory screen and crusher to reduce the frozen oversize concentrate material into a feedstock suitable for use in the Step II indurating lines.

Project 4 – Fine Screening Upgrade Line 16 - $1,800,000

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 when operating at today's higher production rates.

In October 2013, Keetac installed a new multi-deck screen that replaced three of the six single deck screens on the Secondary Line 4 fine screening circuit. This configuration allowed for a direct comparison of the performance of the new and existing technologies under the same line operating parameters.

The increased efficiency associated with the new multi-deck vibrating screens at Keetac resulted in a 0.28 percent silica reduction in the final concentrate going to agglomeration. Additionally, laboratory testing with Minntac concentrate has shown a potential 1.0 percent reduction in silica while maintaining the same screen feed rates.

Minntac will purchase and install four multi-deck vibrating screens on Secondary Line 16. The conversion of the fine screens on an entire secondary line will enable the plant to further quantify benefits and screen size associated with the conversion of the fine screens on the remaining fifteen lines. Utilizing results from the Keetac trial and laboratory testing using Minntac concentrate, a 0.45 percent silica reduction in flotation feed is expected at the same feed rates. The silica reduction will result in iron recovery yield improvements in the flotation process.

g) Mesabi Nugget, LLC – Resolution #15-012

Senator Tom Bakk moved to approve the expenditure of up to $54,060 of Mining Reinvestment Funds to Mesabi Nugget, LLC for projects as presented in Resolution #15-012. Seconded by Representative Joe Radinovich. Motion carried.

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

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:
MESABI NUGGET, LLC – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-012

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 Mesabi Nugget, LLC **("Applicant Producer")** is eligible to receive up to $54,060 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $54,060 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 12, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

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

Representative Carly Melin	**X**			
Representative Jason Metsa	**X**			
Representative Joe Radinovich	**X**			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 - Lime and Soda Ash Make-up System - $139,000

Compared to the other Iron Range taconite facilities, the water treatment process for the Mesabi Nugget operation is more complex which has resulted in numerous start-up and optimization challenges. For this project, the current volumetric lime and soda ash feeders will be changed to a gravimetric design. In addition, the necessary make-down tank and systems will be moved into one of our water treatment buildings, which will eliminate some of the current winter and stability challenges. The system will consist of gravimetric feeders, screw conveyors, and new electrical systems along with the upgrades associated with the relocation of the tanks and pumps. The end result of these changes will be improved stability of the water treatment system and ultimately, improved quality of the water discharged from the system.

This project is another example of the continued investment into the Mesabi Nugget process and the ideas being generated by the engineers and workforce in an effort to improve not only the cost structure of the operation, but the impact on the environment as well. This project will be completed during 2015.

h) Mining Resources, LLC – Resolution #15-013

Representative Carly Melin moved to approve the expenditure of up to $88,460 of Mining Reinvestment Funds to Mining Resources, LLC for projects as presented in Resolution #15-013. Seconded by Senator Tom Saxhaug. Motion carried.

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

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:
MINING RESOURCES, LLC – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-013

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 Mining Resources, LLC **("Applicant Producer")** is eligible to receive up to $88,460 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $88,460 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 12, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

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

TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Development of the Sherman Fine Tailings Basins - $13,000,000

Over the last several years, Mining Resources has successfully mined and concentrated fine iron ore tailings from the Duncan-Douglas-Dunwoody basins and the Niles basin southeast of Chisholm, MN. As they deplete the mineral bodies at these sites, their focus is now concentrated upon developing the Sherman basin complex in order to continue producing concentrate for their customers.

Developing future basins is an integral part of the Mining Resources project to insure that the plant remains operational. A new facility will be built containing a truck dump hopper, pan feeder, conveyors, screens, and slurry pumping systems at the Sherman tailings basin site. This new building will pump plant feed material to the processing facility through new HPDE slurry lines. The new building will include necessary foundations and structural steel to support the processing equipment.

This project is another example of the many ways Mining Resources is investing in its future while continuing to utilize previously processed iron ore resources. This project will commence in the fourth quarter of 2014 and continue through 2015 in preparation for this area becoming Mining Resources' next series of mining basins to feed its concentrator.

i) Magnetation, LLC – Resolution #15-014

Representative Tom Anzelc moved to approve the expenditure of up to $709,404 of Mining Reinvestment Funds to Magnetation, LLC for projects as presented in Resolution #15-014. Seconded by Senator Tom Saxhaug. Motion carried.

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

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:
MAGNETATION, LLC – PAY 2014 MINING REINVESTMENT FUNDS

Resolution No.: 15-014

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 Magnetation, LLC **("Applicant Producer")** is eligible to receive up to $709,404 of Mining Reinvestment Funds for Eligible Purposes based upon its 2013 production ("**Pay 2014 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 $709,404 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 12, 2014, indicated to the Commissioner that it has approved the Proposed Projects identified in Addendum A; and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, 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 18TH DAY OF DECEMBER 2014.

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

Representative Joe Radinovich	**X**			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Addendum A

Project 1 – Plant 4, 17' x 32' Gear Driven Ball Mill (Primary Mill) - $4,011,500

Plant 4's construction includes two ball mills. The primary mill, which is being submitted as this year's project, assists in the liberation of iron particles from feed material. The primary ball mill significantly increases the plant's ability to recover iron from feed material, both in terms of weight and iron recovery. This equipment is critical to the overall production capabilities of the plant.

9) Education Innovation Partners (EIP) – Resolution #15-015
Action required: Approval requires a simple majority of the quorum

Representative Carly Melin moved to approve the expenditure of up to $2,000,000 of TEPF Development Funds as an initial investment for EIP to enable it to begin implementing programs to carry out its mission as presented in Resolution #15-015. Seconded by Representative Tom Anzelc. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL PROTECTION FUND
EDUCATION INNOVATION PARTNERS
INNOVATIVE COOPERATIVE CENTER FUNDING APPROVAL

Resolution No.: 15-015

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 FY 2015 Budget includes the allocation of $3,500,000 of TEPF Funds for Business Development Projects ("**TEPF Development Funds**"); and

WHEREAS, Minnesota Statutes Section 123A.215 authorizes two or more independent school districts and Minnesota state colleges or universities to enter into an agreement to establish an innovative cooperative center as a public corporation to provide for technology and other educational services for the betterment of all its members and the students whom they serve; and

WHEREAS, all of the independent school districts and Minnesota state colleges located within the TAA have agreed to be members of an innovative cooperative center established pursuant to the statute referenced above that is known as Education Innovation Partners Innovative Cooperative Center No. 1 ("**EIP**"); and

WHEREAS, the mission of EIP, which is to provide technology, training, and other educational services to its members and partners and to their patrons and other persons they serve, supports the agency's mission to promote and invest in workforce development, which will lead to more businesses and stronger communities for the betterment of northeastern Minnesota; and

WHEREAS, the Commissioner has requested that the Board approve the expenditure of up to $2,000,000 of TEPF Development Funds as an initial investment for EIP to enable it to begin implementing programs to carry out its mission; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, at the agency's Administrative Building located near Eveleth, Minnesota, to consider, among other matters, the initial investment for EIP, and has determined that the expenditure of up to $2,000,000 of TEPF Development Funds to enable EIP to begin implementing programs to carry out its mission 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 $2,000,000 of TEPF Development Funds to enable EIP to begin implementing programs to carry out its mission.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	**X**			
Senator Tom Saxhaug	**X**			
Senator Rod Skoe	**X**			
Senator David Tomassoni	**X**			
Representative Tom Anzelc	**X**			
Representative David Dill	**X**			
Representative Carly Melin	**X**			
Representative Jason Metsa	**X**			
Representative Joe Radinovich	**X**			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

Iron Range Resources & Rehabilitation Board

P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board Members

From: Tony Sertich
Commissioner

Date: December 18, 2014

Re: EDUCATION INNOVATION PARTNERS

Northeastern Minnesota has a proud tradition of investing in education that prepares students for a successful future. The IRRRB has embraced the strategy of Education Based Economic Development by making historic investments that support the agency's mission to promote and invest in education and workforce development that will both allow our existing businesses to grow and attract new business. In addition, these investments retain our region's youth and strengthen our rural communities.

Educational leaders in the region remain committed to upholding this proud legacy of educational excellence. However students, teachers, parents and communities face daunting challenges in doing so. Issues such as declining enrollment, constricting budgets, cultural changes and growing expectations threaten the ability of our rural school districts to provide students with equal access and opportunities for world class educational experiences regardless of their geographic location.

In the midst of these and other challenges, regional educational leaders have developed a successful history and process for joining together as a region to create innovative and collaborative solutions. In 2006 regional school districts and the five colleges of the Northeast Higher Education District (NHED) developed the Applied Learning Institute (ALI) to renew technical education. Since inception over 8,000 students have participated in ALI by taking college level, project based courses available at their high school and ladder into programs at one of the NHED member colleges. As a result enrollment in the technical programs at NHED campuses has increased over 75%.

Building on the success of ALI and the strategic regional collaboration that created it, educational leaders asked themselves the following question. What now can we do together to address education as a whole? In 2011 a Call to Action was issued and Education Innovation Partners (EIP) was created for the purpose of providing students equal access to world class educational experiences regardless of their zip code. During the 2014 legislative session the Iron Range Legislative Delegation championed legislation that provides for the formation of an "innovative cooperative center" known as Education Innovation Partners. A strategic plan has been developed and a governance structure adopted. The three initial areas of focus identified for immediate action are Teaching and Learning Academies, Personalized Academic and Career

Plans and an Integrated Regional Technology Platform. Education Innovation Partners is requesting an investment of $2,000,000 to continue their regional work. The funding source of this request is the Taconite Environmental Protection Fund (TEPF.)

10) DJJ Fund Protection – Resolution #15-016

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

Representative Jason Metsa moved to amend Resolution #15-016 to change the word *majority* to *at least seven of its members* under (6) of the NOW, THEREFORE, IT IS RESOLVED clause of the Resolution as shown below. Motion carried.

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

Voting Against the Motion: None

Abstain: None

Excused: None

NOW, THEREFORE, IT IS RESOLVED, *that the Board hereby approves the expenditure of up to $100,000,000 of the DJJ Corpus for the Range Trust Project, subject to the occurrence of the following conditions precedent:*

(1) An open process is established to select the first slate of Trustees, and the Board has representation in such process;

(2) Range Trust conducts its organizational meeting;

(3) The first slate of permanent trustees are elected based on recommendations provided through the process abided by in (1) above;

(4) Bylaws are adopted that are satisfactory to the IRRRB and ensure representation by the Board on the nonprofit's Board of Trustees;

(5) The IRRRB executes a contract with Range Trust that allows the IRRRB to clawback the funds transferred in the event Range Trust commits a material breach of any of the conditions contained in such contract; and

(6) The Board affirms its support of such contract by a ~~majority~~ seven of its members.

Senator Tom Bakk moved to approve the expenditure of up to $100,000,000 of the DJJ Corpus as a project and for the benefit of Range Trust to carry out its mission as amended by Representative Metsa and approved by the Board and presented in Resolution #15-016 below. Seconded by Representative Tom Anzelc. Motion carried.

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

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
APPROVAL OF RANGE TRUST ECONOMIC DEVELOPMENT PROJECT

Resolution No.: 15-016

WHEREAS, in 1977 the Minnesota legislature, "cognizant of the severe economic dislocations and widespread unemployment that result when a single industry on which an area is largely dependent, experiences a drastic reduction in activity", enacted the Northeast Economic Protection Fund of 1977 ("NEPF"), which was created for the benefit of the Taconite Assistance Area as defined under Minnesota Statutes Section 273.1341 ("TAA") "to be devoted to economic rehabilitation and diversification of industrial enterprises where [economic dislocations and widespread unemployment] ensue as a result of the decline of such a single industry"; and

WHEREAS, the NEPF was converted into a trust fund in 1982 and renamed the Douglas J. Johnson Economic Protection Trust Fund Act ("**DJJ Fund**") in 2000; and

WHEREAS, the value of the unencumbered corpus of the DJJ Fund is One Hundred Thirty-Nine Million Three Hundred Eighty-Six Thousand Two Hundred Sixty-Six Dollars ($139,386,266) as of November 30, 2014; and

WHEREAS, in 2011, the Minnesota Legislature, through legislation introduced as House File 42, Article 9, and passed as part of an Omnibus Tax Bill, attempted to balance the state's budget in part by proposing a transfer of $60 million from the DJJ Fund to the general fund, which attempt was unsuccessful only because of the veto of such bill by Governor Mark Dayton; and

WHEREAS, in June 2013 the Commissioner appointed a citizen task force charged with protecting IRRRB resources, improving the agency and helping it evolve with the times; and

WHEREAS, in its December 2013 report entitled *Toward a Better IRRRB, Recommendations of the Better IRRRB Task Force (Protecting. Improving. Evolving)*, one of the task force's recommendations was that the DJJ Fund should be administered by a separate, non-governmental entity focused on economic development and governed by a board from within the TAA ; and

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (d) authorizes the Commissioner to expend, within or for the benefit of the TAA and upon prior approval by an affirmative vote of all members of the Board, the corpus of the DJJ Fund, (the "**DJJ 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, Range Trust, a nonprofit corporation under the Minnesota Nonprofit Corporation Act, Chapter 317A of Minnesota Statutes, and laws amendatory thereof and supplemental thereto, has been incorporated by the Commissioner pursuant to the authority provided under Minnesota Statutes Section 298.22, Subdivision 6, and is organized for charitable, scientific, literary, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the purposes of Range Trust include, but are not limited to:

(a) seeking to foster economic development and prosperity for all residents of the TAA;
(b) creating jobs, strengthening employment and attracting new business investment in the TAA;
(c) enhancing and supplementing concurrent efforts of governmental and private sector entities in the area of economic development and seeking to generate increased investment tax revenue and new jobs in the TAA;
(d) doing any and all other acts and things and exercising any and all other rights and powers which may be reasonably necessary, incidental, desirable or expedient in the accomplishment of such purposes; and

WHEREAS, the Commissioner has requested that the Board approve the expenditure of up to $100,000,000 of the DJJ Corpus as a project and for the benefit of Range Trust to carry out its mission ("**Range Trust Project**"); and

WHEREAS, it is intended by this Board that Range Trust shall continue to invest all monies transferred from the agency in the most prudent manner possible that is consistent with the manner in which such funds were invested by the agency; and

WHEREAS, the Board met in open session at 10:00 a.m. on December 18, 2014, at the agency's administration building near Eveleth, Minnesota, to consider, among other matters, approving the expenditure of up to $100,000,000 of the DJJ Corpus for the Range Trust Project.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to $100,000,000 of the DJJ Corpus for the Range Trust Project, subject to the occurrence of the following conditions precedent:

(1) An open process is established to select the first slate of Trustees, and the Board has representation in such process;

(2) Range Trust conducts its organizational meeting;

(3) The first slate of permanent trustees are elected based on recommendations provided through the process abided by in (1) above;

(4) Bylaws are adopted that are satisfactory to the IRRRB and ensure representation by the Board on the nonprofit's Board of Trustees;

(5) The IRRRB executes a contract with Range Trust that allows the IRRRB to clawback the funds transferred in the event Range Trust commits a material breach of any of the conditions contained in such contract; and

(6) The Board affirms its support of such contract by at least seven of its members.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 18TH DAY OF DECEMBER 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	**X**			
Senator Tom Saxhaug	**X**			
Senator Rod Skoe	**X**			
Senator David Tomassoni	**X**			
Representative Tom Anzelc	**X**			
Representative David Dill	**X**			
Representative Carly Melin	**X**			
Representative Jason Metsa	**X**			
Representative Joe Radinovich	**X**			
TOTAL	**9**	**0**	**0**	**0**

Signed:_____
Senator David Tomassoni, Chair

11) Adjournment

The meeting adjourned at 1:37 p.m.