

ADDENDUM A
IRRRB Meeting Minutes
Tuesday, May 28, 2024 – 9:00 a.m.

(Pursuant to Minnesota Statutes Section 13D.015, Board members may participate by interactive technology.)

1. Roll Call

Representative Spencer Igo, Chair, called the meeting to order at 9:02 a.m. Sara Ferkul took roll call. Present: Representative Spencer Igo, Representative Ben Davis, Representative Roger Skraba, Senator Justin Eichorn, Senator Robert Farnsworth and Senator Grant Hauschild. Senator Bobby Joe Champion arrived at the meeting during the presentation of Resolution No. 24-030 via ZOOM. Excused: Representative Dave Lislegard. Minute Taker: Sara Ferkul, Executive Assistant. Ida Rukavina, Commissioner; Al Becicka, Deputy Commissioner; Linda Johnson, Mining and Reclamation Director; Stacey Scholz, Legal Counsel; Matt Sjoberg, Executive Director of Development; Scott Sundvall, Loan Officer; Ryan Malich, Loan Officer; Janelle Greschner, Director of Business Recruitment; Whitney Ridlon, Community Development Director; Chris Ismil, Community Development Representative; Bob Scuffy, Accounting Director; Jordan Metsa, Communications Director; Jim Plummer, Trails Coordinator; Billie Isham, Tribal Liaison; Janette Godec, Executive Assistant; Roy Smith, Director of Talent Development; Jason Janisch, Energy & Climate Policy Advisor; Keke Stephenson, Research Analyst; Jason Wobbema, Advanced Machine Guarding Solutions; Laura Rusich, Cast 7 LLC; Patrick Finnegan, Finnegan's Farm; Roger Smith Jr., Fond du Lac Cannabis Corporation and Robert Abramowski, Fond du Lac Cannabis Corporation.

2. Approval of March 26, 2024 Minutes

Senator Robert Farnsworth moved approval of the March 26, 2024 meeting minutes. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Senator Bobby Joe Champion and Representative Dave Lislegard.

3. Hibbing Economic Development Authority – Resolution No. 24-027

Senator Robert Farnsworth moved that the Board recommend an expenditure of up to \$4,500,000 of DJJ Corpus Funds for the Hibbing Economic Development Authority to construct an industrial building that will be leased out to Advanced Machine Guarding Solutions, as presented in Exhibit A of Resolution No. 24-027. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Senator Bobby Joe Champion and Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
NON-RECOURSE LOAN
FOR HIBBING ECONOMIC DEVELOPMENT AUTHORITY IN SUPPORT OF
ADVANCE MACHINE GUARDING SOLUTIONS PROJECT**

Resolution No.: 24-027

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

WHEREAS, the Commissioner has received a proposal to provide \$9,000,000 in financial assistance to the Hibbing Economic Development Authority ("**HEDA**") that will allow HEDA to construct an industrial building that will be leased out to Advance Machine Guarding Solutions ("**AMGS**") to accommodate its future growth plans (the "**AMGS Project**"), which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A; and

WHEREAS, the Minnesota Department of Employment and Economic Development ("**DEED**") has also committed to provide \$4,500,000 from the Minnesota 21st Century Fund, as authorized under Minnesota Statutes Section 116J.423-116J.424, in support of the AMGS Project; and

WHEREAS, the Commissioner has requested the Board to recommend the expenditure of up to \$4,500,000 of DJJ Corpus Funds to provide a non-recourse loan to HEDA, which, in partnership with DEED, is being made as part of a \$9,000,000 total investment to finance the cost of the AMGS Project, with a non-recourse loan provided subject to terms and conditions set forth in Exhibit A and as otherwise discussed at the board 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 AMGS Project, met on May 20, 2024, and recommended approval of the requested financial assistance for the AMGS Project; and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency's Administration Building located near Eveleth, Minnesota to consider, among other matters, HEDA's request for financial assistance for the AMGS Project and has determined that it would be in the public interest to recommend the expenditure of DJJ Corpus Funds for the AMGS Project, and that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby recommends the expenditure of up to \$4,500,000 of DJJ Corpus Funds in support of the AMGS Project.

BE IT FURTHER RESOLVED that, to the extent Board recommendation is necessary, the Board hereby recommends the proposed expenditure of up to \$4,500,000 of DEED's Minnesota 21st Century Fund monies in support of the AMGS Project.

BE IT FURTHER RESOLVED that the approval of funding for the AMGS Project is subject to the condition that, to the extent any part of the funds are used for construction, HEDA 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 ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion				X
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	6			2

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Non-Recourse Loan

Hibbing Economic Development Authority (HEDA)

Applicant: Hibbing Economic Development Authority (HEDA)

Project Location: Intersection of 12th Avenue East and 13th Street, Hibbing, Minnesota 55746

Project Description: Construct a 34,000-square-foot manufacturing facility on an existing city-owned lot. The entire building will be leased to Advanced Machine Guarding Solutions (AMGS) to accommodate its future growth plans. AMGS will enter into a 10-year lease with HEDA with two five-years options.

AMGS currently leases industrial space from the city that is located a couple of blocks from the future new site. The current lease space is outdated and cost prohibitive to update. AMGS is currently unable to bid on orders that exceed \$15 million due to lack of space and equipment.

AMGS was founded in 2021 and is located in Hibbing. It designs and produces safety steel wire mesh guarding for the automation industry. AMGS also supplies other manufacturing companies' safety products to ensure the operating equipment meets OSHA standards in the United States and Canada. AMGS is unique in the marketplace because it merges two different technologies, mechanical guarding and electronic safety devices into one pre-designed package for the customer.

Market Opportunity: With their experience in the safety industry, AMGS has found an opportunity in the market that is not being fulfilled by other competitors in the industry.

Project Investment:

Agency/Partner Investor	Investment Terms	Amount
Minnesota Department of Employment & Economic Development 21 st Century Fund	20-year term at 0% with repayment from the “net rents” collected on the facility	\$4,500,000
Iron Range Resources & Rehabilitation	20-year term at 0% with repayment from the “net rents” collected on the facility	4,500,000
Total Project Investment		\$9,000,000

Jobs: 12 Planned New by 2025 8 Retained

Wages: \$20 to \$31 per hour

Collateral: First position mortgage on the new facility.

Past Agency History:

Hibbing Economic Development Authority (HEDA)			
Date	Amount	Balance	Current
4/01/2019	\$600,000	\$547,134	Yes

Contingencies: None.

Technical Advisory Committee (TAC) Recommendation: The TAC recommended approval at its May 20, 2024 meeting.

Funding Authorization: Douglas J. Johnson Economic Protection Trust Fund Corpus: This project is authorized under the provision of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund Corpus monies for economic development projects in that these statutes authorize the expenditure of corpus funds for projects and programs that are designed to create and maintain productive, permanent and skilled employment and that encourage diversification of the economy within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

4. Cast 7, LLC – Resolution No. 24-028

Senator Robert Farnsworth moved that the Board recommend an expenditure up to \$275,000 for a loan to Cast 7, LLC of DJJ Corpus Funds to replace an outdated waterjet machine and install pneumatic manipulators, as presented in Exhibit A of Resolution No. 24-028. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Senator Bobby Joe Champion and Representative Dave Lislegard.

**PURCHASE OF A PARTICIPATION INTEREST IN A LOAN
FOR CAST 7, LLC PROJECT**

Resolution No.: 24-028

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

WHEREAS, the Commissioner has received a proposal to provide \$275,000 for financial assistance from Cast 7, LLC ("**Cast 7**") that, in combination with funds provided from other sources, will allow Cast 7 to replace an outdated waterjet machine and install pneumatic manipulators (the "**Project**"), which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A; and

WHEREAS, the Commissioner has requested the Board to recommend the expenditure of up to \$275,000 of DJJ Corpus Funds to purchase a participation interest in a bank loan to Cast 7, which is being made as part of a \$550,000 total investment to finance the cost of the Project, with the participation interest to be acquired on the terms and subject to the conditions set forth in Exhibit A and as otherwise discussed at the board 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 May 20, 2024, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency's Administration Building located near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, Cast 7's request for financial assistance for the Project and has determined that it would be in the public interest to recommend 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 RESOLVED that the Board hereby recommends the expenditure of up to \$275,000 of DJJ Corpus Funds to purchase a participation interest in a bank loan to Cast 7 to finance a portion of the cost of the Project, with such participation interest to be purchased on the terms and subject to the conditions set forth in Exhibit A and in the agency's standard participation loan forms.

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, Cast 7 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 ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion				X
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	6			2

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Participation Loan Cast 7 LLC

Applicant: Cast 7 LLC

Project Location: 11364 Highway 37, Hibbing, Minnesota 55746

Principal(s): Tim Bungarden

Project Description: Purchase and install a new waterjet machine and new pneumatic manipulators. The waterjet machine is key to finishing freshly cast stainless steel products. The manipulators will alleviate the strenuous burden of operators handling hot and heavy parts.

Market Opportunity: The new equipment will streamline the casting process to help meet the projected demand for casting.

Project Investment:

Agency/Partner Investor	Investment Terms	Amount
Security State Bank	84-month amortization	\$275,000
Iron Range Resources & Rehabilitation	84-month amortization	275,000
Total Project Investment		\$550,000

Jobs: 0 Planned New 49 Retained

Wages: \$30 to \$55 per hour / \$63,000 to \$115,000 per year

Collateral: Secured by a blanket lien on all equipment, and the corporate guaranty of Metal 7 LLC.

Business History: Cast Corporation was incorporated in 1995 as a manufacturing and sales company that was involved in tooling, castings, machining and truncated domes. The company sold and continues to sell to a variety of industries including mining, industrial, recreation and automotive. Cast Corporation built its foundry operations as a new start up

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in 2014 and operated it as a separate division within the existing S corporation of Cast Corporation. After years of running tests, the Cast foundry gained market share in local mining operations selling stainless steel and Ni-Hard wear resistant parts.

In 2021, Cast Corporation sought to identify a strategic investor to help expand sales opportunities and leverage additional markets. Metal 7 was identified as that investor. It is a Canadian company with an international presence and more than 40 years' experience in designing and manufacturing high-performance products and equipment. Metal 7 helps their clients increase the efficiency of their processes, specifically those used by iron ore pelletizing plants. Cast Corporation began discussions in early 2021 with Metal 7 regarding a carve-out of Cast Corporation's foundry operations. To facilitate the transaction, Cast Corporation incorporated a new LLC named Cast 7 LLC in November 2021. Cast Corporation contributed all of the existing foundry equipment assets to the new LLC. On December 31, 2021, Metal 7 (through M7 US, Inc.) purchased 70% of the shares of the newly created LLC. The foundry building continues to be owned by Cast Corporation and is leased to Cast 7 LLC on a five-year renewal lease.

Past Agency History:

Cast 7 LLC			
Date	Amount	Balance	Current
October 26, 2022	\$1,300,000	\$1,187,343	Yes

Cast Corporation			
Date	Amount	Balance	Current
12/17/2012	\$358,500	\$245,673	Yes
4/3/2013	\$31,500	\$21,705	Yes
10/7/2014	\$945,000	\$737,589	Yes
3/31/2015	\$500,000	\$0	PIF
7/2/2019	\$305,000	\$0	PIF
3/24/2020	\$125,000	\$78,754	Yes
4/30/2021	\$131,000	\$89,900	Yes
8/9/2023	\$600,000	\$584,959	Yes

Contingencies: None.

Technical Advisory Committee (TAC) Recommendation: The TAC recommended approval at its May 20, 2024 meeting.

Funding Authorization: Douglas J. Johnson Economic Protection Trust Fund Corpus: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund Corpus monies for economic development projects in that these statutes authorize the expenditure of funds for projects and programs that are designed to create and maintain productive, permanent and skilled employment and that encourage diversification of the economy within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

5. L&M Supply Inc. – Resolution No. 24-029

Senator Justin Eichorn moved that the Board recommend an expenditure of up to \$3,500,000 of DJJ Development Project Funds to restructure a previously approved loan to build a new 200,000 square foot distribution center in Grand Rapids, as presented in Exhibit A of Resolution No. 24-029. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

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Voting Against the Motion: None.

Abstain: None.

Excused: Senator Bobby Joe Champion and Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
DIRECT LOAN
L&M SUPPLY PROJECT**

Resolution No.: 24-029

WHEREAS, the Commissioner is authorized to expend, after consultation with the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”), the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.291-298.297 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 (“**TAA**”) as that term is defined in Minnesota Statutes Section 273.1341, which satisfy the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1; and

WHEREAS, the agency’s fiscal year 2024 budget includes provision for the use of certain DJJ Funds for economic development projects under a budget line-item category for DJJ Development Projects (“**DJJ Development Project Funds**”); and

WHEREAS, the Board has previously recommended, through its Resolution No. 24-002, approval of up to \$2,500,000 of DJJ Development Project Funds in support of a project that would allow L&M Supply, Inc. (“**L&M**”), in combination with funds provided from other sources, to build a new 200,000 square foot distribution center in Grand Rapids (the “**Project**”), which is more specifically described in Resolution No. 24-002; and

WHEREAS, financing for the Project as previously approved has to be restructured due to a technical issue caused by an appraisal of the real property and its perceived valuation in a rural community; and

WHEREAS, the Minnesota Department of Employment and Economic Development (“**DEED**”) has also committed to provide financing from the Minnesota 21st Century Fund, as authorized under Minnesota Statutes Section 116J.423-116J.424, in support of the Project; and

WHEREAS, the Commissioner has requested the Board to recommend the expenditure of up to \$3,500,000 of DJJ Development Project Funds to provide, in partnership with DEED, a loan of up to \$6,500,000 to L&M for construction costs, which is being made as part of a \$54,323,992 total investment to finance the cost of the Project, with the loan being subject to the conditions set forth in Exhibit A and as otherwise discussed at the board 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 May 20, 2024, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency’s Administration Building located near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, L&M’s request for financial assistance for the Project and

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

NOW, THEREFORE, IT IS RESOLVED that the Board hereby recommends the expenditure of up to \$3,500,000 of DJJ Development Project Funds in support of the Project.

BE IT FURTHER RESOLVED that, to the extent Board recommendation is necessary, the Board hereby recommends the proposed expenditure of up to \$3,000,000 of DEED's Minnesota 21st Century Fund monies in support of the Project.

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, L&M 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 ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion				X
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	6			2

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Direct Loan
L&M Supply Inc.

Applicant: L&M Supply Inc.

Project Location: 1200 East Highway 169, Grand Rapids, Minnesota 55744

Principal(s): Erik Andersen, Del Matteson and Shawn Matteson

Project Description: The existing L&M Supply Inc. distribution center is located in La Prairie, Minnesota. Due to the continued company growth, the facility is no longer capable of processing, storing and distributing the volume of goods needed to support the stores. A comprehensive study of available options was completed, and the decision was made to construct a greenfield, state-of-the-art distribution center.

At the August 9, 2023 Iron Range Resources & Rehabilitation Board meeting, a \$2,500,000 direct loan to L&M Supply Inc. was reviewed and recommended. The loan's purpose was to purchase state-of-the-art forklifts, conveyor systems for moving product within the distribution center, a sortation system to increase efficiency and a new warehouse management system for L&M's new 200,000-square-foot distribution center in Grand Rapids.

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Due to an economic obsolescence adjustment to the appraised value of the property, a gap has been created in the project financing. The project now involves reallocating the previously approved \$2,500,000 to go towards construction costs and an additional \$1,000,000 for construction.

Market Opportunity: L&M Supply Inc. has strong roots in the Grand Rapids area. It was important to the ownership team that locations in and around the Grand Rapids area were strongly considered for the new facility's location. (Other areas were considered due to the continued spread of L&M store locations. The other areas were not being penalized in appraised value for the project location.)

Project Investment:

Agency/Partner Investor	Investment Terms	Amount
Equity		\$8,733,524
Bank mortgage		20,000,000
Bank loan and equipment		15,090,468
TIF loan		4,000,000
Minnesota Department of Employment & Economic Development 21 st Century Fund		3,000,000
Iron Range Resources & Rehabilitation	Direct loan, formula rate*	2,500,000
Iron Range Resources & Rehabilitation	Direct loan, formula rate (new)	1,000,000
Total Project Investment		\$54,323,992

*Up to 50% of principal and accrued interest therein may be forgiven subject to borrower satisfying criteria to be determined. Loan will go into repayment upon completion of the project, with repayment scheduled for a maximum of eight years thereafter.

Jobs: 35 to 50 Planned New 83 Retained

Wages: \$62,000 to \$100,000 per year

Collateral: Second position real estate mortgage on the new distribution center.

Business History: James Luthen and Delbert Matteson opened the first L&M Fleet Supply store in Grand Rapids, Minnesota in 1959. The first store was a 30-foot by 60-foot wooden building that barely had room for all the signage on the front. L&M Supply started with a small markup philosophy which continues today. Their vision and mission were to be one of the first merchants to buy direct from factories and sell directly to the consumer. Out of that vision, the company philosophy and logo were established as "Quality at a Discount." L&M Supply now includes one corporate office/distribution center and 12 retail store locations in northern Minnesota, Wisconsin and Michigan. The goal and philosophy of the company remain unchanged, which is to provide quality products at discount prices with excellent customer service. Adhering to this philosophy will continue to drive the future growth of L&M Supply.

Past Agency History: A \$2,500,000 direct loan (up to 50% forgivable subject to borrower satisfying forgiveness goals) was approved on August 9, 2023. That loan, while approved, has not been funded, and loan documents have not been executed.

Contingencies: None

Technical Advisory Committee (TAC) Recommendation: The TAC recommended approval at its May 20, 2024 meeting.

Funding Authorization: Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize the expenditure of funds for projects and programs that are designed to create and maintain productive, permanent and skilled employment and that encourage diversification of the economy within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

6. Finnegan’s Farm LLC – Resolution No. 24-030

Senator Grant Hauschild moved that the Board recommend an expenditure of up to \$950,000 of DJJ Corpus Funds to purchase a participation interest in a bank loan to Finnegan’s Farm, LLC to purchase equipment to process hemp plants in-house, as presented in Exhibit A of Resolution No. 24-030. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Bobby Joe Champion, Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
PURCHASE OF A PARTICIPATION INTEREST IN A LOAN
FOR FINNEGAN FARMS, LLC PROJECT**

Resolution No.: 24-030

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

WHEREAS, the Commissioner has received a proposal to provide \$950,000 for financial assistance to Finnegan Farms, LLC ("**Finnegan Farms**") that, in combination with funds provided from other sources, will allow Finnegan Farms to purchase equipment to process hemp plants in-house instead of outside of the TAA (the "**Project**"), which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A; and

WHEREAS, the Commissioner has requested the Board to recommend the expenditure of up to \$950,000 of DJJ Corpus Funds to purchase a participation interest in a bank loan to Finnegan Farms, which is being made as part of a \$1,900,000

total investment to finance the cost of the Project, with the participation interest to be acquired on the terms and subject to the conditions set forth in Exhibit A and as otherwise discussed at the board 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 May 20, 2024, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency's Administration Building located near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, Finnegan Farm's request for financial assistance for the Project and has determined that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby recommends the expenditure of up to \$950,000 of DJJ Corpus Funds to purchase a participation interest in a bank loan to Finnegan Farms to finance a portion of the cost of the Project, with such participation interest to be purchased on the terms and subject to the conditions set forth in Exhibit A and in the agency's standard participation loan forms.

BE IT FURTHER RESOLVED that the approval of funding for the Project is subject to the condition that, to the extent any part of the funds are used for construction, Finnegan Farms 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 ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion	X			
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	7			1

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Participation Loan Finnegan's Farm LLC

Applicant: Finnegan's Farm LLC

Project Location: 941 Eliason Rd, Two Harbors, Minnesota 55616

Principal(s): Kelly Finnegan and Mary Finnegan

Project Description: Purchase equipment that will extract oils from hemp plants. Finnegan's must currently send their hemp material to the metro area for processing, which is time consuming and cost prohibitive. Processing in-house will expand operations at the Two Harbors location and lead to cost savings.

Market Opportunity: At least 70 countries cultivate hemp for commercial or research purposes. The largest hemp producers are Canada, Chile, China, France and United States. In June 2018 the U.S. Senate passed the 2018 Farm Bill. In December 2018 President Trump signed the bill into law to make hemp legal for the first time since the 1930s. The bill removed hemp from the Controlled Substances Act, effectively legalizing the plant federally and allowing it to be grown, processed and sold as an agricultural commodity. Individual states were authorized to draft their own regulations governing hemp cultivation.

Since the 2018 Farm Bill was signed into law, CBD producers have much greater incentive to use hemp as their main source for CBD. The U.S. market for CBD products hit \$900 million in 2020, including both hemp- and marijuana-derived sources. The hemp/CBD market grew over 37% and has reached an estimated retail value of \$530 million compared to \$390 million in 2018. The hemp/CBD market showed stability in 2021 with primary companies reporting relatively small consecutive shifts in gross revenue. The market value decreased by 21% in 2022.

Hemp legalization, new methods of CBD oil extraction, and a growing number of various CBD infused products available in mainstream markets will lead to an increase in consumer spending on CBD products. Grand View Research projects that total sales of hemp-derived CBD consumer products will grow at a compound annual growth rate (CAGR) of 20%. Hemp-derived CBD is expected to grow at a CAGR of 23.4% post-pandemic due to the increasing demand from the pharmaceutical sector.

Project Investment:

Agency/Partner Investor	Investment Terms	Amount
Park State Bank		\$950,000
Iron Range Resources & Rehabilitation	Participation loan, formula rate	950,000
Total Project Investment		\$1,900,000

Jobs: 8 Planned New 2 Retained

Wages: \$25 to 30 per hour

Collateral: First position lien on equipment purchased with agency funds. Personal guaranty of Kelly Finnegan and Mary Finnegan.

Business History: Finnegan's Farm is an established vertically integrated hemp grower, cultivator, CBD products supplier and retailer located in Lake County, Minnesota with statewide distribution. It has been in production for almost five years. The company grows and cultivates hemp, and it dries and cures flower to produce a wide range of products including extract biomass that is used for resale and wholesale of many products. Finnegan's Farm is dedicated to producing and selling premium hemp flower, oils, CBD beverages, vape cartridges and pens, tinctures and capsules, distillate, edibles and topicals to service the ever expanding and exploding hemp/CBD industry.

Past Agency History: None.

Contingencies: None.

Technical Advisory Committee (TAC) Recommendation: The TAC recommended approval at its May 20, 2024 meeting.

Funding Authorization: Douglas J. Johnson Economic Protection Trust Fund Corpus: This project is authorized under the provision of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund Corpus monies for economic development projects in that these statutes authorize the expenditure of corpus funds for projects and programs that are designed to create and maintain productive, permanent and skilled employment and that encourage diversification of the economy within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

7. Fond du Lac Cannabis Corporation – Resolution No. 24-031

Senator Grant Hauschild moved that the Board recommend an expenditure of up to \$2,750,000 for a loan to Fond du Lac Cannabis Corporation of DJJ Development Corpus Fund to purchase furniture, fixtures and equipment as part of a cannabis cultivation and manufacturing start-up business, as presented in Exhibit A of Resolution No. 24-031. Motion did not prevail.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Bobby Joe Champion and Senator Grant Hauschild.

Voting Against the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Abstain: None.

Excused: Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
DIRECT LOAN AND BUSINESS DEVELOPMENT GRANT
FOR FOND Du LAC CANNABIS CORPORATION PROJECT**

Resolution No.: 24-031

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

WHEREAS, the Commissioner has received a proposal to provide \$5,250,000 for financial assistance from the Fond du Lac Cannabis Corporation ("**FDLCC**") that, in combination with funds provided from other sources, will allow FDLCC to purchase furniture, fixtures and equipment as part of a cannabis cultivation and manufacturing start-up business to produce medical and adult use cannabis products, which will be located in Brookston within the TAA (the "**FDLCC Project**"), which is more specifically described in the Board packet materials which are attached hereto and incorporated by reference as Exhibit A; and

WHEREAS, the Minnesota Department of Employment and Economic Development ("**DEED**") has also committed to provide \$2,500,000 from the Minnesota 21st Century Fund, as authorized under Minnesota Statutes Section 116J.423-116J.424, in support of the FDLCC Project; and

WHEREAS, the Commissioner has presented to the Board for recommendation the expenditure of up to \$2,750,000 of DJJ Development Corpus Funds to provide, in partnership with DEED, a \$5,000,000 direct loan to FDLCC, along with a \$250,000 business development grant, which is being made as part of a \$14,700,000 total investment to finance the cost of the FDLCC Project, with the direct loan to be financed on the terms and subject to the conditions set forth in Exhibit A and as otherwise discussed at the board 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 FDLCC Project, met on May 20, 2024, and recommended approval of the requested financial assistance for the FDLCC Project; and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency's Administration Building near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, FDLCC's request for financial assistance for the FDLCC Project and has determined that it would be in the public interest to recommend the expenditure of DJJ Development Corpus Funds for the FDLCC Project, and that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby recommends the expenditure of up to \$2,750,000 of DJJ Corpus Funds in support of the FDLCC Project.

BE IT FURTHER RESOLVED that, to the extent Board recommendation is necessary, the Board hereby recommends the proposed expenditure of up to \$2,500,000 of DEED's Minnesota 21st Century Fund monies in support of the FDLCC Project.

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, FDLCC 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 ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion	X			
Senator Justin Eichorn		X		
Senator Robert Farnsworth		X		
Senator Grant Hauschild	X			
Representative Ben Davis		X		
Representative Spencer Igo		X		
Representative Dave Lislegard				X
Representative Roger Skraba		X		
TOTAL	2	5		1

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Direct Loan

Fond du Lac Cannabis Corporation

Applicant: Fond du Lac Cannabis Corporation

Project Location: TBD Duff Road, Brookston, Minnesota 55711

Principal(s): Terry Savage

Project Description: Fond du Lac Cannabis Corporation is a subsidiary business of the Fond du Lac Band of Lake Superior Chippewa (FDLB). The corporation is a start-up business that will supply medical and adult use cannabis products to the community. The business will consist of three components: cultivation, manufacturing and retail. Cultivation and manufacturing will take place in the town of Brookston, Minnesota in an 18,000-square-foot building. Retail operations will occur in a separate building along the Highway 210 Corridor in Carlton County, Minnesota.

The project aims to capitalize on the newly established cannabis industry by acquiring the equipment and infrastructure needed to cultivate premium cannabis strains, extract oils, and manufacture a diverse range of high-quality cannabis products in a secure and controlled environment. The agency loan will be used towards the purchase of furniture, fixtures and equipment for the operations in Brookston. The facilities were designed by a consulting team with 10 years of cannabis experience in multiple states. The Brookston cultivation and manufacturing facility will produce 120 to 240 pounds of cannabis flower per month based on an intricate crop rotation schedule. Approximately 15,000 edibles and concentrate products will be produced per month.

By entering the cannabis space in numerous areas, FDLB will be able to diversify its enterprise and offer employment opportunities in southern St. Louis County, specifically the Township of Brookston where job opportunities often require a 20 to 30-minute commute.

FDLB has contracted with Whitebird Logistics LLC as a subject matter expert. Whitebird will assist with ensuring top quality, the highest standards and upmost professionalism as FDLB enters the new business endeavor.

Market Opportunity: Under the new Minnesota law, tribal cannabis operations are not required to wait for state licensing and may begin functioning prior to non-tribal operations. Two tribal entities have established themselves in this space, White Earth Nation and Red Lake Nation. Mille Lacs Corporate Ventures recently announced the Mille Lacs Band of Ojibwe's intent to enter the market.

The largest customer for the new Fond du Lac cultivation and manufacturing business will be direct sales to the Fond du Lac Band's cannabis retail outlet. There will also be opportunity to supply products to retail outlets that wish to diversify their offerings. Because of the facility's proximity to major travel corridors (Interstate 35, Highway 210, Highway 33 and Highway 2), distribution to all of northeastern Minnesota is possible.

The primary goal is to first serve Fond du Lac Cannabis Corporation's own retail outlet. However, there is intent to cultivate more product than can be sold at their own retail operations due to production being sometimes unpredictable. When supply allows, products will be sold wholesale to other retail facilities or manufacturers.

Project Investment:

Agency/Partner Investor	Investment Terms	Amount
Equity		\$9,450,000
Minnesota Department of Employment & Economic Development 21 st Century Fund	Direct loan	2,500,000
Iron Range Resources & Rehabilitation	Business Development grant	250,000
Iron Range Resources & Rehabilitation	Direct loan, formula rate	2,500,000
Total Project Investment		\$14,700,000

Jobs: 55 Planned New**Wages:** \$16 to \$18 per hour / \$45,000 to \$55,000 per year**Collateral:** All assets purchased with agency funding, and the corporate guaranty of Fond du Lac Reservation Business Committee.

Business History: The Fond du Lac Band is the largest employer in the Cloquet area. It employs approximately 1,500 people in its service programs and various enterprises with a payroll of approximately \$103 million including salaries and fringe benefits. Fond du Lac operates several tribal enterprises including multiple hotels and casinos, a propane company, a broadband/fiber internet company, sand and gravel supplier and a gas station/convenience store.

Past Agency History: None.**Contingencies:** None.**Technical Advisory Committee (TAC) Recommendation:** The TAC recommended approval at its May 20, 2024 meeting.

Funding Authorization for Direct Loan: Douglas J. Johnson Economic Protection Trust Fund Corpus: The loan portion of this project is authorized under the provision of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund Corpus monies for economic development projects in that these statutes authorize the expenditure of corpus funds for projects and programs that are designed to create and maintain productive, permanent and skilled employment and that encourage diversification of the economy within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

Funding Authorization for Business Development Grant: Douglas J. Johnson Economic Protection Trust Fund Corpus: The grant portion of this project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund Corpus monies for economic development projects in that these statutes authorize the expenditure of funds for projects and programs that are designed to create and maintain productive, permanent and skilled employment and that encourage diversification of the economy within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

8. FY24 Housing Budget Amendment – Resolution No. 24-032

Representative Roger Skraba moved that the Board recommend an increase to the FY24 Housing budget to add \$1,500,000 from the corpus of the Douglas J. Johnson Economic Protection Trust Fund, which would increase the line item for Housing Development from \$5,000,000 to \$6,500,000, as presented in Exhibit A of Resolution No. 24-032. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Senator Bobby Joe Champion and Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2024 AGENCY HOUSING BUDGET AMENDMENT APPROVAL**

Resolution No.: 24-032

WHEREAS, the Iron Range Resources and Rehabilitation Board (The “**Board**”) and Governor have previously approved a Fiscal Year 2024 (“**FY24**”) Department of Iron Range Resources and Rehabilitation agency budget pursuant to the provisions of Minnesota Statutes Section 298.22, subdivision 11, for the funding of the operational expenditures, programs and projects of the agency, which covered the period of time from July 1, 2023 through June 30, 2024 (the “**FY24 Budget**”); and

WHEREAS, the Commissioner has requested the Board to approve an increase to the FY24 Budget to add \$1,500,000 from the corpus of the Douglas J. Johnson Economic Protection Trust Fund to the line item for Housing Development, which would increase the line item for Housing Development from \$5,000,000 to \$6,500,000 (the “**Proposed Budget Amendment**”); and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency’s Administration Building located near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, the Proposed Budget Amendment and determined that increasing the FY24 Budget as proposed would be promote the mission of the agency.

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

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 7TH DAY OF JUNE 2022.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion				X
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	x			
TOTAL	6			2

Signed: _____

Representative Spencer Igo, Chair

IRON RANGE RESOURCES & REHABILITATION BOARD

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Exhibit A

Program: FY24 Budget Amendment & Housing Projects

Purpose: Housing grants assist projects or programs that result in the creation of new housing units or the rehabilitation of existing housing units. The program supports housing solutions that align with local priorities and regional employer's needs.

Economic Impact:

of Projects: 5
Budget Amendment Amount: **\$1,500,000***
Agency Investment: **\$2,924,750**
Total Project Investment: **\$34,587,561**
New Housing Units: **79**
Rehabilitated Housing Units: **58**
New Lots for Future Housing Units: **0**

*The request of \$1,500,000 to amend the fiscal year 2024 Housing Grant budget is due to the large number of applications submitted for area housing projects and programs that meet eligibility criteria.

Housing Projects

Bois Forte Band of Chippewa

Bois Forte Housing Rehabilitation

Grant Amount: \$356,579

The project consists of rehabilitating up to three vacant units on the Vermilion Sector of the Bois Forte reservation. The project is part of an overall housing plan to rehabilitate seven vacant units across the Bois Forte reservation and provide much needed housing options for workers.

Uses		Sources	
Architecture and engineering	\$10,549	Iron Range Resources & Rehabilitation	\$356,579
Housing Rehabilitation Program	843,959	Bois Forte Band of Chippewa	497,929
Total	\$854,508	Total	\$854,508

Center City Housing Corp.

Cobb Cook Place

Grant Amount: \$1,900,000

The project consists of constructing 52 new workforce housing rental units including a three-story apartment building (one- and two-bedroom units) and town homes (three- and four-bedroom units) to replace the blighted housing units located at Haven Court Apartments (commonly known as Greenhaven Apartments). The new development, Cobb Cook Place will be located about 10 blocks from Haven Court Apartments. The project intends to apply for funding from Minnesota Housing's Multifamily Consolidated Request for Proposals/Housing Tax Credit Funding in July 2024. Securing the local match, including an agency grant, is critical to submitting a competitive application/RFP to Minnesota Housing.

Uses		Sources	
Land acquisition	\$97,000	Iron Range Resources & Rehabilitation	\$1,900,000
Construction	20,475,000	Minnesota Housing's Multifamily Consolidated Request for Proposals/Housing Tax Credit Funding	22,853,362
Professional services, financing, Housing Tax Credit syndication fee, developer fee and contingency	4,988,125	City of Hibbing and Hibbing Housing & Redevelopment Authority	781,763
		Other	25,000
Total	\$25,560,125	Total	\$25,560,125

Center for Energy and Environment (CEE)

Owner-Occupied Rehabilitation Loan Program

Grant Amount: \$298,171

The project consists of piloting an owner-occupied rehabilitation loan program that targets five communities across the Iron Range with the oldest housing stock: Hibbing, Chisholm, Eveleth, Ely and Aurora. A minimum of 45 low interest housing rehabilitation loans will be provided to existing homeowners in the targeted communities. CEE will apply to Minnesota Housing for the principal loan funding offered through the Community Fix Up Loan Program. CEE is a Minnesota-based nonprofit that administers this program on behalf of communities across the state. Homeowners will apply directly to CEE for financing. The agency will provide program administration costs and interest rate buy down for each loan. The pilot program is designed to be scalable and replicable across the Taconite Assistance Area.

Uses		Sources	
Program administration	\$17,500	Iron Range Resources & Rehabilitation	\$298,171
Interest rate buy down	280,671	Minnesota Housing Finance Agency - Community Fix Up Loan Program	1,125,000
Principal loan funding	1,125,000		
Total	\$1,423,171	Total	\$1,423,171

East Range Joint Powers Board

Seller Readiness Rehabilitation Program

Grant Amount: \$20,000

The project consists of funding for the East Range Seller Readiness Rehabilitation program. The program's purpose is to create a fund to help a minimum of 10 home sellers make repairs using a short-term loan that will be repaid at closing. The newly refurbished homes will meet inspection requirements for purchase through traditional financing, which increases the homes resell ability.

Uses		Sources	
Marketing, outreach and community events	\$5,000	Iron Range Resources & Rehabilitation	\$20,000
Seller Readiness Rehabilitation Program (loans)	35,000	East Range Joint Powers Board	10,000
		Minnesota Housing Partnership	10,000
Total	\$40,000	Total	\$40,000

Lake County Housing & Redevelopment Authority*Silverpointe II***Grant Amount: \$350,000**

The project consists of constructing a new two-story, 27-unit market rate workforce apartment building.

Uses		Sources	
Land acquisition	\$89,500	Iron Range Resources & Rehabilitation	\$350,000
Construction	5,249,321	Minnesota Housing Finance Agency - Workforce Housing Development Program	3,313,113
Developer fees and contingency	1,370,936	Lake County	1,395,144
		Lake County Housing and Redevelopment Authority	1,200,000
		City of Silver Bay	451,500
Total	\$6,709,757	Total	\$6,709,757

9. FY24 Housing Projects – Resolution No. 24-033

Representative Roger Skraba moved that the Board recommend an expenditure of up to \$2,924,750 from the corpus of the Douglas J. Johnson Economic Protection Trust Fund for five housing projects, as presented in Exhibit A of Resolution No. 24-033. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Bobby Joe Champion, Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND
FY24 HOUSING DEVELOPMENT RECOMMENDATIONS**

Resolution No.: 24-033

WHEREAS, pursuant to the agency’s approved fiscal year 2024 (“FY24”) budget, as amended by Resolution No. 24-032, the Commissioner is authorized to expend up to \$6,500,000 for housing projects from the corpus of the Douglas J. Johnson Economic Protection Trust Fund as authorized by Minnesota Statutes Sections 298.292, subdivision 1, and 298.296, subdivision 2(c) (“**Housing Development Program Funds**”) for the benefit of the Taconite Assistance Area as defined in Minnesota Statutes Section 273.1341 (“**TAA**”), of which \$3,575,250 has already been obligated for projects, leaving \$2,924,750 that has not yet been recommended by the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) for expenditure during FY24; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$2,924,750 for five housing projects, which are more fully described in Exhibit A, which is attached hereto and incorporated by reference (collectively the “**Proposed Projects**”); and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency’s Administration Building located near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, the Proposed Projects and has determined that the expenditure of Housing Development Program Funds for the purposes and in the amounts specified would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby recommends the expenditure of up to \$2,924,750 of FY24 Housing Development Program 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 recommendation for the expenditure of all funds for the 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 recommendation for the expenditure of all funds for the Proposed Projects is further contingent upon all such project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion	X			
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	7			1

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Program: FY24 Budget Amendment & Housing Projects

Purpose: Housing grants assist projects or programs that result in the creation of new housing units or the rehabilitation of existing housing units. The program supports housing solutions that align with local priorities and regional employer’s needs.

Economic Impact:

of Projects: 5

Budget Amendment Amount: **\$1,500,000***

Agency Investment: **\$2,924,750**

IRON RANGE RESOURCES & REHABILITATION BOARD

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Total Project Investment: **\$34,587,561**

New Housing Units: **79**

Rehabilitated Housing Units: **58**

New Lots for Future Housing Units: **0**

*The request of \$1,500,000 to amend the fiscal year 2024 Housing Grant budget is due to the large number of applications submitted for area housing projects and programs that meet eligibility criteria.

Housing Projects

Bois Forte Band of Chippewa

Bois Forte Housing Rehabilitation

Grant Amount: \$356,579

The project consists of rehabilitating up to three vacant units on the Vermilion Sector of the Bois Forte reservation. The project is part of an overall housing plan to rehabilitate seven vacant units across the Bois Forte reservation and provide much needed housing options for workers.

Uses		Sources	
Architecture and engineering	\$10,549	Iron Range Resources & Rehabilitation	\$356,579
Housing Rehabilitation Program	843,959	Bois Forte Band of Chippewa	497,929
Total	\$854,508	Total	\$854,508

Center City Housing Corp.

Cobb Cook Place

Grant Amount: \$1,900,000

The project consists of constructing 52 new workforce housing rental units including a three-story apartment building (one- and two-bedroom units) and town homes (three- and four-bedroom units) to replace the blighted housing units located at Haven Court Apartments (commonly known as Greenhaven Apartments). The new development, Cobb Cook Place will be located about 10 blocks from Haven Court Apartments. The project intends to apply for funding from Minnesota Housing's Multifamily Consolidated Request for Proposals/Housing Tax Credit Funding in July 2024. Securing the local match, including an agency grant, is critical to submitting a competitive application/RFP to Minnesota Housing.

Uses		Sources	
Land acquisition	\$97,000	Iron Range Resources & Rehabilitation	\$1,900,000
Construction	20,475,000	Minnesota Housing's Multifamily Consolidated Request for Proposals/Housing Tax Credit Funding	22,853,362
Professional services, financing, Housing Tax Credit syndication fee, developer fee and contingency	4,988,125	City of Hibbing and Hibbing Housing & Redevelopment Authority	781,763
		Other	25,000
Total	\$25,560,125	Total	\$25,560,125

Center for Energy and Environment (CEE)

Owner-Occupied Rehabilitation Loan Program

Grant Amount: \$298,171

The project consists of piloting an owner-occupied rehabilitation loan program that targets five communities across the Iron Range with the oldest housing stock: Hibbing, Chisholm, Eveleth, Ely and Aurora. A minimum of 45 low interest housing rehabilitation loans will be provided to existing homeowners in the targeted communities. CEE will apply to Minnesota Housing for the principal loan funding offered through the Community Fix Up Loan Program. CEE is a Minnesota-based nonprofit that administers this program on behalf of communities across the state. Homeowners will apply directly to CEE for financing. The agency will provide program administration costs and interest rate buy down for each loan. The pilot program is designed to be scalable and replicable across the Taconite Assistance Area.

Uses		Sources	
Program administration	\$17,500	Iron Range Resources & Rehabilitation	\$298,171
Interest rate buy down	280,671	Minnesota Housing Finance Agency - Community Fix Up Loan Program	1,125,000
Principal loan funding	1,125,000		
Total	\$1,423,171	Total	\$1,423,171

East Range Joint Powers Board

Seller Readiness Rehabilitation Program

Grant Amount: \$20,000

The project consists of funding for the East Range Seller Readiness Rehabilitation program. The program's purpose is to create a fund to help a minimum of 10 home sellers make repairs using a short-term loan that will be repaid at closing. The newly refurbished homes will meet inspection requirements for purchase through traditional financing, which increases the homes resell ability.

Uses		Sources	
Marketing, outreach and community events	\$5,000	Iron Range Resources & Rehabilitation	\$20,000
Seller Readiness Rehabilitation Program (loans)	35,000	East Range Joint Powers Board	10,000
		Minnesota Housing Partnership	10,000
Total	\$40,000	Total	\$40,000

Lake County Housing & Redevelopment Authority

Silverpointe II

Grant Amount: \$350,000

The project consists of constructing a new two-story, 27-unit market rate workforce apartment building.

Uses		Sources	
Land acquisition	\$89,500	Iron Range Resources & Rehabilitation	\$350,000
Construction	5,249,321	Minnesota Housing Finance Agency - Workforce Housing Development Program	3,313,113
Developer fees and contingency	1,370,936	Lake County	1,395,144
		Lake County Housing and Redevelopment Authority	1,200,000
		City of Silver Bay	451,500
Total	\$6,709,757	Total	\$6,709,757

10. FY24 Development and Community Infrastructure Projects – Resolution No. 24-034

Representative Ben Davis moved that the Board recommend an expenditure of up to \$316,929 of the FY24 Public Works – TEPF Funds and up to \$476,726 of Public Works – DJJ Corpus Funds for six development and community infrastructure projects, as presented in Exhibit A of Resolution No. 24-034. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Bobby Joe Champion, Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Representative Dave Lislegard.

IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD OF THE STATE OF MINNESOTA TACONITE AREA ENVIRONMENTAL PROTECTION FUND FY24 PUBLIC WORKS PROJECT RECOMMENDATIONS

Resolution No.: 24-034

WHEREAS, pursuant to the agency’s approved fiscal year 2024 (“FY24”) budget, the Commissioner is authorized to expend up to \$8,500,000 for broadband, development and community infrastructure projects, for the benefit of the Taconite Assistance Area as defined in Minnesota Statutes Section 273.1341 (“**TAA**”), from the line item for Public Works funded through the Taconite Area Environmental Protection Fund as authorized by Minnesota Statutes Section 298.223 (“**Public Works-TEPF Funds**”), of which \$6,212,726 has already been obligated for projects, leaving \$2,287,274 that has not yet been recommended by the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) for expenditure during FY24; and

WHEREAS, pursuant to the agency’s approved fiscal year 2024 (“FY24”) budget, the Commissioner is authorized to expend up to \$3,500,000 for the benefit of the TAA for broadband, development and community infrastructure projects from the corpus of the Douglas J. Johnson Economic Protection Trust Fund as authorized by Minnesota Statutes Sections 298.292, subdivision 1, and 298.296, subdivision 2(c) (“**Public Works-DJJ Corpus Trust Funds**”), of which \$1,312,093 has already been obligated for projects by prior Board actions, leaving \$2,187,907 that has not yet been recommended by the Board for expenditure during FY24; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$793,652 for six community and development infrastructure projects, which are more fully described in Exhibit A, which is attached hereto and incorporated by reference (collectively the “**Proposed Projects**”); and

WHEREAS, \$316,929 for the Proposed Projects would be expended from Public Works- TEPF Funds and \$476,726 for the Proposed Projects would be expended from Public Works-DJJ Corpus Funds as provided in Exhibit A; and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency’s Administration Building located near Eveleth, Minnesota to consider, among other matters, the Proposed Projects and has determined that it would be in the public interest to recommend the expenditure of DJJ Corpus Funds for the Proposed Projects, and that the granting of the requested financial assistance would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby recommends the expenditure of up to \$316,929 of FY24 Public Works-TEPF Funds and up to \$476,723 FY24 Public Works-DJJ Corpus Trust 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 recommendation for the expenditure of funds for the 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 recommendation for the expenditure of all funds for the Proposed Projects is further contingent upon all such project financing being in place before the agency's funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion	X			
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	7			1

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

Program: Development & Community Infrastructure

Purpose: Development Infrastructure grants assist with infrastructure projects that support business development.

Community Infrastructure grants assist projects that support residential infrastructure and public facility improvements.

Economic Impact:

of Projects: **4**

Agency Investment: **\$670,000**

Total Project Investment: **\$5,157,785**

of Project Increases: **2**

Agency Investment: **\$123,652**

Development Infrastructure

City of Coleraine

Grant Amount: \$140,000

The project consists of infrastructure and site work for development of a 6,000-square-foot addition to Home and Comfort Assisted Living. The business was established in 2001 and has 18 residents and 29 employees. Home and Comfort is currently in a 5,000-square-foot facility which will be completely renovated along with the 6,000-square-foot expansion. When completed, the newly expanded facility will provide 22 private rooms and two shared rooms and serve up to 26 residents. The project is expected to create 10 permanent jobs and 11 construction jobs.

Uses		Sources	
Infrastructure and site work	\$211,000	Iron Range Resources & Rehabilitation (DJJ)	\$140,000
New building construction	1,115,000	Private	1,586,000
Demolition	252,000		
Architecture and engineering	148,000		
Total	\$1,726,000	Total	\$1,726,000

Community Infrastructure

City of Beaver Bay

Grant Amount: \$200,000

The project consists of a new water intake for the city's municipal water system. The water intake pipe is currently in a shallow depth and as a result is impacted by the constant motion of the water. The motion causes sediment and particles to be carried into the water treatment facility which poses a risk to the system and the community's water supply and distribution. The project is expected to create seven construction jobs.

Uses		Sources	
Water intake line	\$682,000	Iron Range Resources & Rehabilitation (DJJ and TEPF)	\$200,000
Architecture and engineering	172,000	City	386,000
Contingency	164,000	Environmental Protection Agency (Federal earmark)	432,000
Total	\$1,018,000	Total	\$1,018,000

City of Biwabik

Grant Amount: \$150,000

The project consists of infrastructure and facility upgrades to the Vermillion Trail Campground. Campground improvements include a new lift station, trail and road reconstruction and bathroom facility upgrades. The new sanitary sewer lift station will replace a 40-year-old unit that pumps all of the sewage from Giants Ridge Recreation Area as well as the campground. The project is expected to create 10 construction jobs.

Uses		Sources	
Infrastructure and site work	\$845,170	Iron Range Resources & Rehabilitation (DJJ)	\$150,000
Facilities	422,000	City	100,000
Architecture and engineering	139,460	Legislative Citizen Commission on Minnesota Resources	1,306,000
Contingency	149,370		
Total	\$1,556,000	Total	\$1,556,000

City of Eveleth**Grant Amount: \$180,000**

The project consists of new water meters throughout the city. The city will be implementing advanced metering infrastructure (AMI) to all residential and commercial properties. The AMI system is a form of water metering technology that allows for the direct transmission of water use data between the point of consumption and the utility. AMI makes it possible for meter data to be read in real time and will improve accuracy and reliability of the meter reading process and make it more convenient for the home and business owners. It will help to reduce unaccounted water and streamline city staff operation. The project is expected to create five construction jobs.

Uses		Sources	
Water meters	\$857,785	Iron Range Resources & Rehabilitation (DJJ)	\$180,000
		Public Facilities Authority	677,785
Total	\$857,785	Total	\$857,785

Grant Increases**Breitung Township****Grant Increase: \$33,652 (TEPF)**

The grant increase is due to construction bids being \$90,000 higher than originally anticipated by Breitung Township.

Iron Range Resources & Rehabilitation previously approved \$75,000 for the project in December 2023. The \$33,652 grant increase will bring the agency's investment to \$108,652 and the total project investment to \$334,000.

Original project description: The project consists of new sewer line, storm sewer and road reconstruction. This will improve the sanitary and storm sewer system on First Avenue and Church Street. These areas are targeted through cleaning and camera inspections and road surface runoff issues during spring melt and rainy weather conditions. The upgrades will also help reduce high inflow and infiltration issues. The project is expected to create two construction jobs.

City of Keewatin**Grant Increase: \$90,000 (TEPF)**

The grant increase is due to construction bids being \$90,000 higher than originally anticipated by the city of Keewatin.

Iron Range Resources & Rehabilitation previously approved \$350,578 for the project in August 2023 and \$150,000 in 2022. The \$90,000 grant increase will bring the agency's investment to \$590,578 and total project investment to \$1,175,378.

Original project description: The project includes improvements to the O'Brien Reservoir Recreation Area and partial reconstruction of North First Street. The O'Brien Reservoir project involves the demolition of an existing dilapidated restroom facility, construction of a 24-foot by 30-foot four-stall handicap accessible restroom facility, septic system installation and minor parking lot improvements. The North First Street project includes complete curb and sidewalk replacement and overhead street light replacement from East Third Avenue to the North First Street alley. North First Street improvements will coincide with the ongoing Spire Credit Union development and Keetac's access road improvements. The Keetac access road work includes a full mill and overlay. The project is expected to create eight construction jobs.

11. FY24 Regional Trails Projects – Resolution No. 24-035

Representative Roger Skraba moved that the Board recommend an expenditure of up to \$52,600 of FY24 Regional Trails Program Funds for two Regional Trails Projects, as presented in Exhibit A of Resolution No. 24-035. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Senator Bobby Joe Champion and Representative Dave Lislegard.

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND
FY24 REGIONAL TRAILS PROJECT RECOMMENDATIONS**

Resolution No.: 24-035

WHEREAS, pursuant to the agency’s approved fiscal year 2024 (“FY24”) budget, the Commissioner is authorized to expend up to \$2,000,000 for regional trails projects from the corpus of the Douglas J. Johnson Economic Protection Trust Fund as authorized by Minnesota Statutes Sections 298.292, subdivision 1, and 298.296, subdivision 2(c) (“**Regional Trails Program Funds**”) for the benefit of the Taconite Assistance Area as defined in Minnesota Statutes Section 273.1341 (“**TAA**”), of which \$1,932,725 has already been obligated for projects, leaving \$67,275 that has not yet been recommended by the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) for expenditure during FY24; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$52,600 for two regional trails projects, which are more fully described in Exhibit A, which is attached hereto and incorporated by reference (collectively the “**Proposed Projects**”); and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency’s Administration Building located near Eveleth, Minnesota, with some members participating via interactive technology as authorized by Minnesota Statutes Section 13D.015, to consider, among other matters, the Proposed Projects and has determined that the expenditure of Regional Trails Program Funds for the purposes and in the amounts specified would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby recommends the expenditure of up to \$52,600 of FY24 Regional Trails Program 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 recommendation for the expenditure of all funds for the 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 recommendation for the expenditure of all funds for the Proposed Projects is further contingent upon all such project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 28TH DAY OF MAY 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion				X
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	6			2

Signed: _____

Representative Spencer Igo, Chair

Exhibit A

Program: Regional Trails

Purpose: Regional Trails grants assist with the design, engineering and construction of various types of trails.

Economic Impact:

of Projects: **2**

Agency Investment: **\$52,600**

Total Project Investment: **\$105,200**

Gunflint Trail Society

Grant Amount: \$15,000

The project consists of building a new accessible boardwalk trail, updating other trails, adding a kiosk and developing interpretive signage at the Chik-Wauk Museum and Nature Center located at the end of the Gunflint Trail in Cook County. The interpretive signage will focus on the Anishinaabe history and lifestyle, native plant life and the importance of the area to the indigenous people dating back 10,000 years. The existing campus includes five exhibit buildings and over five miles of hiking trails. It attracts more than 9,000 paid museum visitors per year and many others who utilize the free hiking trails. Chik-Wauk is a popular destination for those visiting the Boundary Waters and area resorts. Chik-Wauk operates on United States Forest Service land under a special use agreement.

Uses		Sources	
Construction costs, signs, benches, replacement boards, kiosk and disposal	\$30,000	Iron Range Resources & Rehabilitation	\$15,000
		Applicant	15,000
Total	\$30,000	Total	\$30,000

City of Hoyt Lakes

Grant Amount: \$37,600

The project consists of repaving biking and walking trails and resurfacing the parking lot at the Midway Recreation Area. The city is also adding picnic tables at the newly built Midway Shelter building and improving the park's tennis courts, pickleball court, skate park and disc golf course. The Recreation Area is the city's most popular park and is home to the annual Hoyt Lakes Water Carnival. The trails connect to Fisherman's Point Campground, downtown businesses, amenities and the municipal golf course. The city owns and maintains all of the paved multi-use trails located within the city.

Uses		Sources	
Midway Recreation Area trails	\$52,600	Iron Range Resources & Rehabilitation	\$37,600
Trailhead parking lot	22,600	Applicant	12,600
		Hoyt Lakes Chamber of Commerce	25,000
Total	\$75,200	Total	\$75,200

12. FY25 Budget Approval – Resolution No. 24-036

Representative Ben Davis moved that the Board approve the FY25 Budget, as presented in Exhibit A of Resolution No. 24-036. Motion carried.

Sara Ferkul took a roll call vote.

Voting in Favor of the Motion: Senator Bobby Joe Champion, Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Ben Davis, Representative Spencer Igo and Representative Roger Skraba.

Voting Against the Motion: None.

Abstain: None.

Excused: Representative Dave Lislegard.

IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD OF THE STATE OF MINNESOTA FISCAL YEAR 2025 AGENCY BUDGET APPROVAL

Resolution No.: 24-036

WHEREAS, the Commissioner, pursuant to the provisions of Minnesota Statutes Section 298.22, subdivision 11, has submitted to the Iron Range Resources and Rehabilitation Advisory Board ("**Board**") for its consideration and approval a proposed fiscal year 2025 ("**FY25**") budget for the funding of operational expenditures, programs and projects of the agency during the State's FY25 which covers the period of time from July 1, 2024, through June 30, 2025 (the "**Proposed FY25 Budget**"); and

WHEREAS, the Board met in open session at 9:00 a.m. on May 28, 2024, at the agency's Administration Building located near Eveleth, Minnesota, to consider, among other matters, the Proposed FY25 Budget; and

WHEREAS, the Board, after careful deliberation of the current and future resources anticipated to be available to the agency, has concluded that it would be in the best interests of the agency and the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 to approve the Proposed FY25 Budget and to approve the requested expenditures of funds made available to the Commissioner under the provisions of Minnesota Statutes Section 298.22 ("**Board Account**"), Section 298.223 ("**Taconite Area Environmental Protection Fund**"), Sections 298.291 through 298.296 ("**Douglas J Johnson Economic Protection Trust Fund**") and Section 298.17 ("**Occupation Tax Funds**") for the projects and purposes, in the amounts, and to the extent requested for final approval authorization in the Proposed FY25 Budget.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board approves the Proposed FY25 Budget and the expenditure authorizations therein requested from the Board Account, Taconite Area Environmental Protection Fund, Douglas J. Johnson Economic Protection Trust Fund and Occupation Tax Funds to fund the operational expenditures, programs and projects contained in the FY25 Budget, subject to the understanding that the Board at subsequent meetings during FY25 will provide advice, on a project-by-project basis, regarding the expenditure of funding designated in the projects section of the Budget except as otherwise provided in the Budget, and subject to the understanding that the Commissioner's authority to approve loans up to \$500,000 as described in the Project section of the Budget does not extend beyond June 30, 2025, without further Board approval.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 28th DAY OF MAY, 2024.

Member	Aye	Nay	Abstain	Excused
Senator Bobby Joe Champion	X			
Senator Justin Eichorn	X			
Senator Robert Farnsworth	X			
Senator Grant Hauschild	X			
Representative Ben Davis	X			
Representative Spencer Igo	X			
Representative Dave Lislegard				X
Representative Roger Skraba	X			
TOTAL	7			1

Signed: _____
Representative Spencer Igo, Chair

Exhibit A

FY25 Budget

Iron Range Resources & Rehabilitation Board			
	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Resources			
Carryforward In	\$20,143,506	\$22,232,727	\$19,124,692
Current Resources			
Taconite Production Taxes	\$26,113,139	\$26,113,139	\$31,533,494
Investment Earnings	3,705,000	7,950,013	7,797,064
Loan Revenues	3,012,074	3,480,142	2,321,844
Facilities Revenues	7,525,279	7,492,004	7,229,300
Occupation Tax Region 3	503,704	503,704	528,756
** DJJ Corpus Trust	17,769,000	17,769,000	10,630,000
Subtotal Current Resources	\$58,628,196	\$63,308,002	\$60,040,458
Total Resources	\$78,771,702	\$85,540,729	\$79,165,150
Estimated Expenditures			
Projects			
Development Projects	7,500,000	7,500,000	7,500,000
** Development Projects - DJJ Corpus Trust	1,500,000	1,500,000	1,500,000
Public Works	8,500,000	8,500,000	6,000,000
** Public Works - DJJ Corpus Trust	3,500,000	3,500,000	0
Broadband	0	0	1,000,000
** Regional Trails Program - DJJ Corpus Trust	2,000,000	2,000,000	0
Total Projects	\$23,000,000	\$23,000,000	\$16,000,000
Programs			
** Program Grants	15,105,000	14,967,500	17,270,000
Occupation Tax Region 3	503,704	503,704	528,756
Total Programs	\$15,608,704	\$15,471,204	\$17,798,756
Giants Ridge	13,053,215	13,049,217	15,499,586
** Giants Ridge Capital - DJJ Corpus Trust	5,769,000	5,769,000	3,130,000
Total Giants Ridge	\$18,822,215	\$18,818,217	\$18,629,586
Operations & Development Fixed Costs	\$10,462,160	\$9,126,616	\$10,001,309
Total Budget	\$67,893,079	\$66,416,037	\$62,429,651
Estimated Carryforward Out	\$10,878,623	\$19,124,692	\$16,735,499

** DJJ Corpus Trust funds to cover Development Projects, Housing Development and Giants Ridge capital.

Projects

Projects Budget

Development Projects	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Development Projects	\$7,500,000	\$7,500,000	\$7,500,000
Development Projects - DJJ Corpus Trust	1,500,000	1,500,000	1,500,000
Public Works	8,500,000	8,500,000	6,000,000
Public Works – DJJ Corpus Trust	3,500,000	3,500,000	0
Broadband	0	0	1,000,000
Regional Trails Program	2,000,000	2,000,000	0
Total Development Projects	\$23,000,000	\$23,000,000	\$16,000,000

Development Projects - \$7,500,000

These funds are designated for economic development projects to promote business development opportunities and attract new investments to the region. To streamline approvals, improve timeliness, and better serve businesses, the Commissioner, with approval of the IRRR Board Chair, is authorized to approve development projects of \$500,000 and less for projects that meet the following conditions:

- Qualify for Iron Range Resources & Rehabilitation financing under established guidelines.
- Approved by the Technical Advisory Committee (TAC).

Development Projects – DJJ Corpus Trust - \$1,500,000

These funds cover additional Development projects.

Public Works - \$6,000,000

Public works grants help cities, townships, airport authorities, public safety facilities, hospital boards, utility commissions and collaborative organizations complete projects that support community and economic development. Eligible projects include, but are not limited to, publicly owned infrastructure such as wastewater, drinking water, storm water and utility systems, health care and airport facility improvements and renewable energy and energy efficiency initiatives.

Broadband - \$1,000,000

Broadband infrastructure grants help households and businesses unserved and underserved within their service area reach the State of Minnesota broadband speed goals.

Programs
Programs Budget

Program Grants	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Community Development			
Commercial Redevelopment	\$1,000,000	\$1,000,000	\$1,000,000
Residential Redevelopment	275,000	275,000	225,000
Development Partnerships	1,500,000	1,500,000	1,875,000
Business Energy Retrofit	1,500,000	1,500,000	1,500,000
Downtown Building Rehabilitation	500,000	500,000	500,000
Minnesota Dental Foundation	0	0	120,000
Housing Development	5,000,000	5,000,000	6,000,000
Downtown Redevelopment	0	0	1,000,000
Total Community Development	\$9,775,000	\$9,775,000	\$12,220,000
Workforce Development	\$450,000	\$450,000	\$400,000
Mineland Reclamation	\$1,100,000	\$962,500	\$1,150,000
Culture & Tourism			
Culture & Tourism	\$600,000	\$600,000	\$600,000
Minnesota Discovery Center	2,850,000	2,850,000	2,050,000
Total Culture & Tourism	\$3,450,000	\$3,450,000	\$2,650,000
Commissioner Program	\$300,000	\$300,000	\$300,000
Grant Writing Assistance	\$30,000	\$30,000	\$50,000
Regional Trails	\$0	\$0	\$500,000
Total Program Grants	\$15,105,000	\$14,967,500	\$17,270,000

Community Development

Commercial Redevelopment - \$1,000,000

Commercial Redevelopment grants fund partial and full demolition of commercial or publicly-owned structures or the clean-up of brownfield sites, making way for new development.

Residential Redevelopment - \$225,000

Residential Redevelopment grants help create cleaner and safer communities and encourage new construction by assisting in the demolition of residential structures.

Development Partnerships - \$1,875,000

The program funds partnerships for planning, research, education and development-based initiatives which support long term economic growth within the region and are consistent with the Iron Range Resources & Rehabilitation mission, vision and goals.

Business Energy Retrofit - \$1,500,000

The program is funded by Iron Range Resources & Rehabilitation and administered through a partnership with Arrowhead Economic Opportunity Agency (AEOA) to assist business owners with energy efficient improvements to their buildings.

Downtown Building Rehabilitation - \$500,000

The program is funded by Iron Range Resources & Rehabilitation and administered through a partnership with Arrowhead Economic Opportunity Agency (AEOA) to assist business owners with code compliance improvements to buildings located in downtown areas.

Minnesota Dental Foundation - \$120,000

The Dentist Recruitment program funds forgiveness grants within our service area. Funding will be used to administer the Martha Mordini Rukavina Loan Forgiveness Program. The purpose of this competitive program is to provide an incentive to attract dentists to practice general dentistry in the service area, which has a documented need for dentists to provide services to its communities and underserved populations.

Housing Development - \$6,000,000

The grant program will provide funding to support housing projects or programs that result in the creation of new housing units or the rehabilitation of existing housing units. The program will support housing solutions that align with local priorities and regional employers' needs.

Downtown Redevelopment - \$1,000,000

The pilot program will provide gap funding to support building construction projects serving locally owned businesses on main streets in downtown areas.

Workforce Development - \$400,000

Grants assist in workforce development by funding sector specific customized training and career awareness initiatives that emerge from industry, industry clusters, schools or collaborative partnerships that build capacity, responsiveness or innovation to address workforce needs. Funding is also available for post-secondary educational institutions and other regional workforce development partners to develop and deliver curriculum that prepares students for a seamless transition from high school or post-secondary education to the workforce.

Mineland Reclamation - \$1,150,000

The Mineland Reclamation grant programs assist communities and townships with reclaiming and reuse of mine impacted lands, identify and plan new development opportunities and provide the tools to achieve these goals. This program provides funding for highly visible reclamation. The Drilling Incentive Program helps to stimulate additional mineral exploration within the region.

Culture and Tourism**Culture and Tourism - \$600,000**

Culture and Tourism grants assist projects that support arts, culture, history and recreational activities, enhance the quality of life in the region and attract visitors.

Minnesota Discovery Center - \$2,050,000

Minnesota Discovery Center's mission is to "collect, preserve, interpret and promote the history and cultural heritage of northeastern Minnesota; and to manage, promote, sustain and develop the assets of the Discovery Center for the long-term benefit of area residents and visitors." The opening of the Redhead Mt. Park in Chisholm has provided MDC with additional opportunities for future growth.

The Sublease/Management Agreement provides an annual \$1,500,000 operating subsidy, the interest on an endowment fund and a \$150,000 challenge grant for operating or endowment fund raising. In addition to these financial terms, the budget includes \$400,000 for building capital improvements.

Commissioner Program - \$300,000

Grants under the Commissioner Program allow the agency to respond quickly to emergency situations or to support development opportunities that may not meet other program requirements.

Grant Writing Assistance - \$50,000

The grant program reimburses communities, non-profits and educational organizations for up to one-half of the cost of preparing and applying for funding from other state, federal or private grant programs.

Regional Trails Program - \$500,000

The grant program provides funding to assist cities, townships and non-government organizations with trail planning, design, equipment and construction of various types of trails within the region. Trail types may include: bike, hiking, ATV and snowmobile.

Region 3

Region 3 Budget

Region 3 Grant – Carlton/Koochiching	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Region 3	\$503,704	\$503,704	\$528,756

State law directs Iron Range Resources & Rehabilitation to serve as the fiscal agent for Carlton and Koochiching County (Region 3) grants from occupation taxes for economic and environmental development projects. Iron Range Resources & Rehabilitation does not make any funding decisions, but funds pass through under the following provisions:

- The Region 3 allocation is equal to the amount that would have been generated by a 1.5-cent tax imposed on each taxable ton for the preceding production year.
- By law, one-third of the portion allocated for Koochiching County must be used to fund the Koochiching County Economic Development Commission.
-

Giants Ridge

Giants Ridge	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Revenue			
Operating Revenues	\$7,335,482	\$7,381,875	\$7,068,955
Investment by Type			
Operations	\$4,167,098	\$4,116,707	\$5,785,031
*New Capital / Projects	6,819,635	6,819,635	5,275,600
Deferred Maintenance Account	500,000	500,000	500,000
Total Investment	\$11,486,733	\$11,436,342	\$11,560,631
Total Expense Budget	\$18,822,215	\$18,818,217	\$18,629,586

Giants Ridge Budget

Giants Ridge Recreation Area promotes destination tourism and offers a variety of recreational opportunities that enhance the quality of life for visitors and area residents. It also supports the agency's mission to enhance and diversify the economy of the Iron Range Resources & Rehabilitation service area. Multiplier economic impacts from Giants Ridge on the local economy are estimated to be over \$55 million. Continued investments in the facility help meet customer expectations and keep Giants Ridge competitive.

Giants Ridge is a destination for amateur and high school sports and is currently the host site for the Minnesota State High School League alpine and cross country state championship races. Private sector lodging partners help fulfill hospitality needs in the recreation area and it is also home to a growing residential development population.

The facility has a single operator management contract for all recreational amenities. The model provides for expanded revenue opportunities and provides more flexibility. This budget supports reinvestment at Giants Ridge to build a better future.

Operational Costs

Operational Costs Budget

Operational Costs	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Payroll			
Wages and Benefits	\$5,355,111	\$5,031,760	\$5,982,502
Retirement Insurance	117,011	134,088	245,114
Workers Compensation	52,034	52,034	70,119
Other Payroll Costs	1,627,600	1,603,327	86,000
Total Payroll	\$7,151,756	\$6,821,209	\$6,383,735
Purchased Services			
Rentals and Utilities	\$89,900	\$81,026	\$94,900
Printing and Advertising	87,500	68,448	137,000
Professional/Technical Services	594,500	349,802	760,000
Computer and Computer Services	341,000	310,365	334,000
Communications	137,000	130,175	150,500
Travel	185,000	111,876	226,000
Employee Development	49,000	33,392	62,500
Total Purchased Services	\$1,483,900	\$1,085,084	\$1,764,900
Supplies and Equipment	\$790,250	\$357,840	\$558,500
Repairs and Maintenance	\$458,000	\$311,418	\$683,000
Indirect Costs			
Statewide Indirect Costs	\$293,254	\$293,253	\$315,474
Attorney General Costs	25,000	5,895	25,000
Total Indirect Costs	\$318,254	\$299,148	\$340,474
Other Operating Costs	\$260,000	\$251,917	\$270,700
Total Operational Costs	\$10,462,160	\$9,126,616	\$10,001,309

Operational costs include day-to-day general and administrative expenses for running the agency: payroll, purchased services, supplies and equipment, repairs and maintenance, indirect costs and other operating costs.

13. Adjournment

The meeting adjourned at 11:41 a.m.