

Meeting of the Iron Range Resources and Rehabilitation Board

Wednesday, June 21, 2023 – 10:30 a.m.

A special meeting of the Iron Range Resources & Rehabilitation Board will be held at the Department of Iron Range Resources & Rehabilitation's Administration Building at 4261 Highway 53 South in Eveleth on Wednesday, June 21, 2023 at 10:30 a.m.

Pursuant to Minnesota Statutes Section 13D.015, some board members may participate by interactive technology.

Members of the public may attend the meeting onsite. Access to view the meeting along with the written materials provided to board members will be made available on the Department of Iron Range Resources & Rehabilitation's website: MN.GOV/IRRRB

**Meeting of the Iron Range Resources and Rehabilitation Board
IRRR Headquarters, Eveleth, MN
Wednesday, June 21, 2023 – 10:30 a.m.**

TABLE OF CONTENTS

AGENDA	- 3 -
Reynolds Manufacturing, Inc. dba Northland Machine, Inc.	- 4 -
Rapid Technologies, LLC.....	- 6 -
RSF Industries, Inc. dba Range Steel Fabricators	- 8 -
Lamppa Manufacturing, Inc.	- 10 -
Activ8ed, LLC, dba East Dhu River Sawmill	- 12 -
FY23 Budget Amendment and Development and Community Infrastructure Projects	- 14 -
FY23 Regional Trails Projects	- 17 -
FY24 Budget	- 21 -
Addendum A – FY24 Budget	A
Addendum B – IRRRB March 29, 2023, Meeting Minutes	i

**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD**
Wednesday, June 21, 2023 – 10:30 a.m.
IRRR Headquarters, Eveleth, Minnesota

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

AGENDA

- 1) Call to Order
- 2) Roll Call
- 3) Approval of March 29, 2023, Minutes
See Addendum B
- 4) Commissioner's Comments
- 5) Reynolds Manufacturing, Inc. dba Northland Machine, Inc.
- 6) Rapid Technologies, LLC
- 7) RSF Industries, Inc., dba Range Steel Fabricators
- 8) Lamppa Manufacturing, Inc.
- 9) Activ8ed, LLC, dba East Dhu River Sawmill
- 10) FY23 Budget Amendment
- 11) FY23 Development and Community Infrastructure Projects
- 12) FY23 Regional Trails Projects
- 13) FY24 Budget
See Addendum A
- 14) Other
- 15) Adjournment

Reynolds Manufacturing, Inc. dba Northland Machine, Inc.
35234 US Highway 2,
Grand Rapids, MN 55744

Participation Loan

Applicant:	Reynolds Manufacturing, Inc.	
Project Location:	35234 US Highway 2, Grand Rapids, MN 55744	
Principal(s):	John Reynolds	
Project Description:	The purchase of a 2022 Keyence XM-5000+H5C, 2012 Mazak Integrex i630v-6, 2013 Mazak Integrex e420II-HS and a 2022 variable speed air compressor to replace aging and outdated equipment. The new equipment will be implemented in two phases due to equipment availability.	
Market Opportunity:	The industry demand for precision machined parts remained strong through 2022, and the outlook for the remainder of 2023 also appears strong. Seasoned staff continues to be an issue for the machining industry. The newer machines will help increase productivity and efficiencies. Newer equipment will hold higher tolerances to attract new business.	
Project Investment:	IRRR – 120-month amortization – Negotiated rate	\$215,000.00
	Security State Bank – 120-month amortization – Negotiated rate	\$215,000.00
	IRRR – 120-month amortization – Negotiated rate	\$205,000.00
	Security State Bank – 120-month amortization – Negotiated rate	\$205,000.00
	TOTAL	<u>\$840,000.00</u>
Jobs:	Positions Available Planned New <u>23.5</u> Retained Wages <u>\$18 to \$38/hr - \$38,000 to \$80,000</u> per year plus benefits	
Collateral:	The loans will be secured by all accounts, inventory and equipment including but not limited to the equipment purchased from the proceeds of the loans. The loans have the personal guarantee of John Reynolds.	
Business History:	In 1980 on the edge of Grand Rapids, the first machine for the shop was purchased, and machined parts started their journey from raw steel to usable product. The next nine years saw steady growth and steady demand for machining services. The business venture was a success and	

Applicant:	Reynolds Manufacturing, Inc.				
	Northland Machine was incorporated in 1989. As word spread and sales continued to increase, Northland Machine quickly outgrew its space. A perfect piece of land on the bluffs of the Mississippi was purchased by Northland Machine, Inc. in 1994 and is their current home today. John Reynolds purchased the business in December 2021. Reynolds Manufacturing, Inc. was incorporated that same month.				
Past Agency History:					
	Loan Amount	Issue Date	Date	Balance	Status
	\$560,000	4/12/2022	6/9/2023	\$528,236	Current
	\$450,000	4/12/2022	6/9/2023	\$396,220	Current
Contingencies:	None				
Technical Advisory Committee Recommendation:	The TAC recommended approval at its June 13, 2023 meeting.				
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: 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 monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.				

Rapid Technologies, LLC
21425 County Rd. 17
Cohasset, MN 55721

Participation Loan

Applicant:	Rapid Technologies	
Project Location:	21425 County Rd 17, Cohasset, MN 55721	
Principal(s):	Ben Daigle and Jim Carlstrom	
Project Description:	Purchase new machining equipment and consolidate existing loans into one payment. Mr. Daigle brought Mr. Carlstrom in as a 50% owner which will tie together all equipment under a new ownership structure.	
Market Opportunity:	Rapid Technologies has new equipment, the latest programming software and extensive experience in fixture development. With over 45 years of combined experience in customer service and delivering quality parts on time, they are experiencing excellent results.	
Project Investment:	IRRR – Equipment Loan – 7-year amortization	\$154,000.00
	Woodland Bank – Equipment Loan – 7-year amortization	\$154,000.00
	TOTAL	\$308,000.00
Jobs:	<u>1</u> Planned New <u>2</u> Retained Wages-Each owner to draw \$50,000/year	
Collateral:	The loan will be secured with the existing blanket UCC including the equipment purchased and the proceeds of this loan. The loan will have the personal guarantees of Ben Daigle and Jim Carlstrom.	
Business History:	Ben Daigle founded Rapid Technologies in 2020 with funding from a participation loan between Woodland Bank and the agency. Mr. Daigle previously owned and operated a similar machining shop that he sold to Swan Machine. Mr Daigle has extensive knowledge and was a silver medalist in the CNC Turning Skills USA Nationals in 2006. He was awarded in 2016 the "Most Outstanding Student" by Machine Tool Technology. Rapid Technologies continues to build connections and contracts. Swan Machine remains a strong customer. Jim Carlstrom has joined the business as a co-owner and will bring further expertise to the company.	

Applicant:	Rapid Technologies
Past Agency History:	\$137,500 – 11/9/2020 Balance as of 6/6/23 - \$89,547.42 (Balance to be paid in full with proceeds from this loan.)
Contingencies:	None
Technical Advisory Committee Recommendation:	The TAC recommended approval at its June 13, 2023 meeting.
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: 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 monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

RSF Industries, Inc. dba Range Steel Fabricators
2212 5th Avenue West
Hibbing, MN 55746

Participation Loan

Applicant:	RSF Industries, Inc.	
Project Location:	2212 5 th Avenue West, Hibbing, MN 55746	
Principal(s):	Gina Halter and Jeffrey Halter	
Project Description:	Purchase new Genos M560-V Vertical machine to replace an older inefficient machine.	
Market Opportunity:	The piece of equipment is the main producer of parts for a major customer. Upgrading the older equipment will decrease production time and increase the quality of the finished product.	
Project Investment:	IRRR – Equipment Loan – 10-year amortization	\$78,000.00
	Security State Bank – Equipment Loan – 10-year amortization	\$78,000.00
	Equity	\$7,500.00
	TOTAL	<u>\$163,500.00</u>
Jobs:	___ Planned New <u>25.5</u> Retained Wages <u>16 to 30/hr</u> - <u>\$35 to 65,000</u> per year plus benefits	
Collateral:	The collateral will be all accounts, inventory and equipment including but not limited to a PMSI in the new equipment. The loan will carry the personal guarantee of Jeffrey and Gina Halter.	
Business History:	RSF was founded over 100 years ago in Hibbing as an automotive shop owned and operated by the Lee family. Over the years the family expanded the business to include roofing and fabrication services. Eventually the company split into three entities: Range Cornice and Roofing, Range Heating and Sheet Metal, and Range Steel Fabricators. One of the first projects RSF completed was fabricating the steel that is supporting the iconic Iron Man statue in Chisholm. RFS was purchased by Gina and Jeff Halter in 2016. The Halter's believe that the flexible capabilities and products offered by RSF provide ideal ability for client and segment diversification and	

Applicant:	RSF Industries, Inc.			
	unlimited expansion opportunities. The ability to pivot across industrial segments (mining, machinery, medical components, consumer goods, forestry products, aviation, utilities) was a key component in their decision to acquire RSF. Since 2016 the Halter's have tripled their workforce to over 25 fulltime employees.			
Past Agency History:	Loan Amount	Issue Date	Date	Balance
	\$37,000.00	11/11/2018	4/30/2022	PIF
	\$760,000.00	1/22/2020	6/6/2023	\$ 670,405.84
	\$100,000.00	11/5/2021	6/6/2023	\$ 86,439.11
Contingencies:	None			
Technical Advisory Committee Recommendation:	The TAC recommended approval at its June 13, 2023 meeting.			
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: 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 monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.			

Lamppa Manufacturing, Inc.
9501 MN-135
Tower, Minnesota 55790

Participation Loan

Applicant:	Lamppa Manufacturing, Inc.	
Project Location:	9501 MN-135 Tower, MN 55790	
Principal(s):	Daryl Lamppa	
Project Description:	<p>Lamppa is working to bring a new furnace, the VF200, to market. The VF200 is a wood furnace that is smaller than the model that they currently offer (the VF100). It is designed to heat a 2,500 to 3,000-square-foot home.</p> <p>Proceeds of this loan will be used as working capital to assist with testing, marketing, initial inventory and staff training on the VF200.</p>	
Market Opportunity:	<p>Lamppa is a leading provider of wood-burning furnaces and has the world's only EPA-certified furnace. The loan request will help Lamppa expand its product line by adding a smaller version of its existing furnace. The new V200 costs less to produce and will result in a more affordable product to customers. The new model has been UL-approved and passed within the Inflation Reduction Act to allow for a 30% tax credit to buyers for the next 10 years.</p>	
Project Investment:		
	Entrepreneur Fund - 10-year term, 10-year amortization	\$150,000
	IRR formula rate - 10-year term, 10-year amortization	\$150,000
	TOTAL	\$300,000
Jobs:	<u>17</u> Planned New <u>15</u> Retained Wages <u>\$18 - \$25 per hour</u>	
Collateral:	Blanket UCC all accounts receivable, inventory and equipment.	
Business History:	When people murmur the words, "American Made," or see the "Made In America" tag, they inevitably are thinking of companies	

	<p>exactly like Lamppa Manufacturing. Steeped in their local community of Tower, they have spent over 90 years prototyping, building, tweaking, sourcing locally made materials, and providing customer support for their wood furnace and sauna stove products. They have a strong drive to create the cleanest burning wood furnace, not because the EPA says they have to, but because it's the right thing to do. It results in less wood burned and cleaner emissions. In the 1930s, Richard Lamppa worked as a blacksmith in Embarrass, Minnesota, and began making sauna stoves for the Finnish settlers who lived nearby. He based his design on the traditional stoves seen in Finland and crafted the stoves out of 30-gallon oil drums and modified the blueprints over time. His son, Herbert Lamppa, helped Richard build the stoves and eventually took over the business with his son, Daryl, in the 1970s. They adopted the Kuuma product name in the 90s as it's the Finnish word for "hot."</p>
Past IRRRB History:	None
Contingencies:	None
Technical Advisory Committee Recommendation:	The TAC recommended approval at its June 13, 2023 meeting.
Funding Authorization:	<p>Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.</p>

Activ8ed, LLC, dba East Dhu River Sawmill
8825 Co Hwy 101
Iron Junction, Minnesota 55751

Participation Loan

Applicant:	Activ8ed, LLC (dba East Dhu River Sawmill)
Project Location:	8825 County Highway 101 Iron Junction, Minnesota 55751
Principal(s):	Brody & Kim Koebensky
Project Description:	<p>Brody and Kim Koebensky, owners and operators of Activ8ed, LLC, intend to buy the assets of East Dhu River Sawmill, Inc., a small business owned and operated by Conrad and Mary Jacobsen.</p> <p>East Dhu is a custom sawmill that utilizes local logger-supplied raw lumber and saws it into a variety of wood products including wood timbers, pallet wood and custom blocking for industrial customers. It also supplies wood products to custom builders, contractors and homeowners. Its services include custom sawing, kiln drying, planing, milling, sanding and other customer-specific requests. The products are made from locally-sourced wood and milled into a variety of tongue and groove paneling, molding, custom mantels and bar tops.</p>
Market Opportunity:	<p>The residential real estate construction industry is the largest consumer of lumber and panels, followed by manufacturers of furniture and wood pallets. Many small companies sell their products to lumber wholesalers, which specialize in either dimension lumber or panels. In small markets, sawmills may sell directly to lumberyards or homebuilders. Large producers sell to wholesalers, but may sell directly to retail chains, like Home Depot, or to large homebuilders. Demand is closely tied to the level of home construction. The profitability of individual mills depends on efficient operations because most products are commodities. Large companies enjoy economies of scale in purchasing. Small companies can often compete successfully by focusing on a local market. East Dhu River Sawmill will remain committed to serving local clients.</p>

	<p>East Dhu River's proximity to timber will be beneficial in managing transportation costs.</p> <p>Leveraging the relationships gained through previous successful experience in industrial sales management will assist in continuing and expanding the industrial side of the business. Existing contacts with custom builders and contractors in the region will be beneficial.</p>	
Project Investment:		
	First National Bank of Gilbert - 10-year amortization	\$120,000
	IRRRB - Formula rate - 10-year amortization	\$120,000
	TOTAL	\$ 240,000
Jobs:	<u>2</u> Planned New <u>4</u> Retained Wages <u>\$15 - \$25 per hour</u>	
Collateral:	Blanket UCC all accounts receivable, inventory and equipment. Personal guarantees of Brody & Kim Koebensky	
Business History:	East Dhu River Sawmill, Inc. is a custom sawmill founded by Conrad and Mary Jacobsen. It utilizes local logger-supplied raw lumber and saws it into a variety of wood products including wood timbers, pallet wood and custom blocking for industrial customers.	
Past IRRRB History:	None	
Contingencies:	None	
Technical Advisory Committee Recommendation:	The TAC recommended approval at its June 13, 2023 meeting.	
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.	

FY23 Budget Amendment and Development and Community Infrastructure Projects



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

Date: 6/21/2023

To: Iron Range Resources and Rehabilitation Board

From: Ida Rukavina
Commissioner

RE: **FY23 DEVELOPMENT AND COMMUNITY INFRASTRUCTURE PROJECTS**

PURPOSE

Development Infrastructure grants assist communities with projects that support economic development.

Community Infrastructure grants assist communities with projects that support residential infrastructure and public facility development.

ECONOMIC IMPACT

FY23 infrastructure projects	4
Iron Range Resources & Rehabilitation investment	\$2,355,595
Total investment	\$23,226,163

DEVELOPMENT INFRASTRUCTURE

Crane Lake Township

Grant Amount: \$950,000

The project consists of infrastructure, site work and construction of a new 5,150-square-foot visitor center and campground. Crane Lake Township (in partnership with the Legislative-Citizen Commission on Minnesota Resources (LCCMR), Voyageurs National Park and Voyageurs Conservancy) is prepared to begin construction of the visitor center at Crane Lake's entrance to Voyageurs National Park, the Boundary Waters Canoe Area Wilderness and Quetico Provincial Park. The township will construct an adjacent public campground and rebuild the access road and public landing on Bayside Drive. The project is expected to create three permanent jobs and 60 construction jobs.

USES		SOURCES	
Infrastructure and site work	\$2,350,000	Iron Range Resources & Rehabilitation	\$950,000
Facility construction	3,000,000	LCCMR	6,750,000
FF&E	1,550,000	DEED	100,000
Land acquisition	950,000	Voyageurs National Park	1,500,000
A&E	1,065,000		
Contingency	385,000		
TOTAL	\$9,300,000	TOTAL	\$9,300,000

COMMUNITY INFRASTRUCTURE

City of Chisholm

Grant Amount: \$600,000

The project consists of phase II infrastructure, site work and construction of a new public safety building. The current police and fire facility was built in 1908 and is not equipped to contain the existing vehicles, equipment and personnel. The new 23,000-square-foot public safety building will house fire, police and ambulance services. The facility will serve 63 emergency personnel staff and provide services to the city and surrounding townships. The project is expected to create 48 construction jobs.

USES		SOURCES	
Facility construction	\$7,129,588	Iron Range Resources & Rehabilitation	\$600,000
A&E	223,060	City	1,042,648
		State Bond Funds	960,000
		State General Funds	3,000,000
		USDA	1,750,000
TOTAL	\$7,352,648	TOTAL	\$7,352,648

City of Hibbing

Grant Amount: \$400,000

The project consists of renovation and upgrades to two buildings that will serve as homeless shelters with a combined 54 units. There currently are no homeless shelter options in Hibbing. The closest location is Bill's House in Virginia which is limited to 12 beds. The project will serve those that are homeless, families fleeing domestic abuse and veterans. Staff will provide programs and resources that offer new opportunities to shelter residents. The project is expected to create 28 construction jobs.

USES		SOURCES	
Building renovations	\$2,335,187	Iron Range Resources & Rehabilitation	\$400,000
Property acquisition	1,710,000	Saint Louis County	1,660,000
A&E	128,435	AEOA	178,435
Contingency	233,519	Other	2,168,706
TOTAL	\$4,407,141	TOTAL	\$4,407,141

City of Virginia**Grant Amount: \$400,000**

The project consists of infrastructure and site work for construction of a 4,700-square-foot emergency housing fourplex. Each house will have one three-bedroom apartment and one two-bedroom apartment. Range Transitional Housing will own and operate the shelter complex. The emergency housing will be open to families in need. The project is expected to create 14 construction jobs.

USES		SOURCES	
Infrastructure and sitework	\$449,878	Iron Range Resources & Rehabilitation	\$400,000
Demolition	12,842	Range Transitional Housing	110,779
New construction	1,350,122	Saint Louis County	1,650,000
Land acquisition	13,532	Iron Range Resources & Rehabilitation (Residential Redevelopment)	5,595
FF&E	100,000		
A&E	140,000		
Contingency	100,000		
TOTAL	\$2,166,374	TOTAL	\$2,166,374

FY23 Regional Trails Projects



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

Date: 6/21/2023

To: Iron Range Resources and Rehabilitation Board

From: Ida Rukavina
Commissioner

RE: FY23 REGIONAL TRAILS PROJECTS

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

ECONOMIC IMPACT

FY23 trail projects	6
Iron Range Resources & Rehabilitation investment	\$568,655
Total investment	\$4,866,935

Crow Wing County

Grant Amount: \$50,000

The grant will assist in developing a new multi-use park and Off-Highway Vehicle (OHV) trailhead in the city of Emily on the east side of Little Emily Lake. The trailhead and parking lot will serve over 400 miles of OHV trails, including the Emily-Outing, Emily Blind Lake, Moose River Soo Line and Blind Lake. The trailhead will be designed to accommodate large trailers and multiple vehicles. Construction includes three miles of hiking trails throughout the park.

USES		SOURCES	
ATV trailhead, parking lot and three miles of walking trails	\$365,000	Applicant	\$305,000
Park amenities	\$325,000	MNDNR Grant-In-Aid Trail Improvement	\$305,000
		Iron Range Resources & Rehabilitation Culture & Tourism grant	\$30,000
		Iron Range Resources & Rehabilitation	\$50,000
TOTAL	\$690,000	TOTAL	\$690,000

Iron Range Resources and Rehabilitation Board Meeting

June 21, 2023

Page - 17 -

City of Ely**Grant Amount: \$280,000**

The grant will assist with the new Ely Regional Trailhead facility, connection trails and amenities. The facility will serve as the trailhead for the David Dill Taconite Snowmobile Trail, Prospector's Loop ATV Trail and the Mesabi Trail. It will also function as a rest stop and tourist information center for visitors. The trailhead facility will provide safe, easily accessible parking, adequate trail mapping for visitors to access all area trails, restrooms, vending machines, visitor information and a common area for trail users to rest and socialize. There will be outdoor seating, picnic tables, bike racks and a convenient area for visitors to walk their pets.

USES		SOURCES	
Site work	\$29,000	Applicant	\$199,800
Trailhead facility construction, site work, trail construction and related items	\$3,280,000	U.S. EDA	\$1,500,000
Contingency	\$150,000	MN General Obligation Bonds Proceeds	\$1,500,000
Legal, fiscal	\$20,800	Iron Range Resources & Rehabilitation	\$280,000
TOTAL	\$3,479,800	TOTAL	\$3,479,800

Friends of Sax Zim Bog**Grant Amount: \$55,000**

Sax-Zim Bog is one of the premier birding and photography destinations in America and is visited each year by over 10,000 people and birding enthusiasts. The grant will assist with creating over one mile of six-foot-wide gravel walking trails near and along the Whiteface River. It will also complete the Gray Jay Way loop on a year-round bog boardwalk at the facility's welcome center. Both sites will gain needed off-road parking and interpretive signage.

USES		SOURCES	
Boardwalk, trails, parking, signage, labor, people-counter and related expenses		Applicant	\$55,100
		Iron Range Resources & Rehabilitation	\$55,000
TOTAL	\$110,100	TOTAL	\$110,100

City of Eveleth**Grant Amount: \$43,775**

The grant will assist with phase II of the Fayal Pond paved community trail which includes reconstructing and rerouting trails on the north and west sides of Fayal Pond. The existing Fayal Pond trail has deteriorated to the point of being unsafe due to cracks and protruding rocks and roots. The pond is located on the south entrance to the city and is an attraction for local residents and tourists traveling to the area, as it is directly adjacent to Highway 53. The trail is also tied to the paved Mesabi Trail.

USES		SOURCES	
Trail engineering, construction and related expenses	\$87,550	Applicant	\$43,775
		Iron Range Resources & Rehabilitation	\$43,775
TOTAL	\$87,550	TOTAL	\$87,550

Iron Range Tourism Bureau**Grant Amount: \$64,880**

The grant will fund Iron Range Tourism Bureau's (IRTB) small grants trail fund. IRTB works in cooperation with a grants committee from the Northern St. Louis County Trails Task Force (TTF) to manage grants for trail and trail amenity projects located within the TTF service area. The funding cap for a project is \$10,000, and projects require a 1:1 match. Projects may include trail maintenance and construction, equipment purchases, trail amenities, trail planning and development, and projects that connect people to the outdoors. In the past four years, 38 small grants have been awarded.

USES		SOURCES	
Small trail/trail amenities projects	\$129,760	Applicant	\$64,880
		Iron Range Resources & Rehabilitation	\$64,880
TOTAL	\$129,760	TOTAL	\$129,760

Voyageurs Trail Society, Inc**Grant Amount: \$75,000**

The grant will assist two projects. The first project is the purchase of a new 2023 Tucker Sno-Cat Grooming Tractor that Voyageurs Trail Society will use to groom snowmobile trails that stimulate winter tourism and spending in the region. The second project is trail reconstruction, repair of two existing bridges, building nine new bridges and installing two gates. Voyageurs Trail Society maintains one of the largest snowmobile trail networks in Northeastern Minnesota, located between Voyageurs National Park and the David Dill/Arrowhead State Trail.

USES		SOURCES	
2023 Tucker sno-cat	\$269,725	Applicant	\$144,725
Trail reconstruction	\$100,000	Federal Recreational Trail Grant	\$75,000
		MNDNR Grant-In-Aid Trail Improvement	\$75,000
		Iron Range Resources & Rehabilitation	\$75,000
TOTAL	\$369,725	TOTAL	\$369,725



m1 IRON RANGE RESOURCES & REHABILITATION

FY 2024 Budget

*Investing resources to foster vibrant growth and
economic prosperity in northeastern Minnesota.*

FY 2024 Budget Table of Contents

INTRODUCTION	3
STRATEGIC PRIORITIES & FUNDING.....	3
FY24 BUDGET	4
PROJECTS.....	5
<i>Projects Budget</i>	<i>5</i>
<i>Development Projects</i>	<i>5</i>
<i>Development Projects – DJJ Corpus Trust</i>	<i>5</i>
<i>Public Works</i>	<i>5</i>
<i>Public Works – DJJ Corpus Trust</i>	<i>5</i>
<i>Regional Trails Program</i>	<i>5</i>
PROGRAMS.....	6
<i>Programs Budget</i>	<i>6</i>
<i>Community Development.....</i>	<i>6</i>
<i>Workforce Development</i>	<i>7</i>
<i>Mineland Reclamation</i>	<i>7</i>
<i>Culture and Tourism</i>	<i>8</i>
<i>Commissioner Program</i>	<i>8</i>
<i>Grant Writing Assistance.....</i>	<i>8</i>
REGION 3	9
<i>Region 3 Budget</i>	<i>9</i>
GIANTS RIDGE.....	10
<i>Giants Ridge Budget.....</i>	<i>10</i>
OPERATIONAL COSTS.....	11
<i>Operational Costs Budget.....</i>	<i>11</i>

Introduction

I am pleased to present this budget for FY24, Iron Range Resources & Rehabilitation's 82nd year of serving the region. This \$68 million investment plan reflects the agency's commitment to making our service area a better place to live and work. As Commissioner, my vision is to work toward a future that includes jobs that support families, a strong educational system and thriving cities and towns. Through our grant and loan programs, I want to ensure that our local businesses, communities and schools have the resources they need now to grow and prosper.

This annual budget positions the agency to respond to new and emerging investment opportunities. The agency funds projects in business, community and workforce development that:

- Retain and create jobs.
- Address customer priorities and leverage investment.
- Improve the quality of life for all residents.

Working in collaboration with our public and private partners, Tribal Nations and stakeholders, Iron Range Resources & Rehabilitation is dedicated to supporting long-term economic growth and the well-being of all people in northeastern Minnesota.



Commissioner Ida Rukavina

Strategic Priorities & Funding

- Improve conditions for economic growth with \$34 million of resources in community and workforce development. Funds include a new \$5 million pilot program to promote the preservation, rehabilitation and investment in regional housing stock and neighborhoods.
- Support public works infrastructure and business and industry with spending of \$23 million, 34% of the budget. Infrastructure funding assists communities in modernizing, redeveloping and replacing foundational assets in order to attract business investment and expansion.
- Invest funds in natural and recreational assets, Giants Ridge and regional trails to generate diversification and economic impact while contributing to the quality of life in the region.
- Produce a fiscally sound spending plan that includes reserve funds for unforeseen future needs.

FY24 Budget

Iron Range Resources & Rehabilitation Board			
	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget
Resources			
Carryforward In	\$21,929,378	\$13,154,977	\$20,143,506
Current Resources			
Taconite Production Taxes	\$24,634,699	\$24,634,699	\$26,113,139
Investment Earnings	409,197	3,704,592	3,705,000
Loan Revenues	2,711,782	3,759,541	3,012,074
Facilities Revenues	6,522,442	7,877,592	7,525,279
Occupation Tax Region 3	529,972	529,972	503,704
** DJJ Corpus Trust	19,167,581	19,167,581	17,769,000
Subtotal Current Resources	\$53,975,673	\$59,673,977	\$58,628,196
Total Resources	\$75,905,051	\$72,828,954	\$78,771,702
Estimated Expenditures			
Projects			
Development Projects	5,300,000	5,300,000	7,500,000
** Development Projects - DJJ Corpus Trust	2,500,000	2,500,000	1,500,000
Public Works	6,500,000	6,495,688	8,500,000
** Public Works - DJJ Corpus Trust	3,500,000	3,471,500	3,500,000
** Regional Trails Program - DJJ Corpus Trust	3,500,000	3,500,000	2,000,000
Total Projects	\$21,300,000	\$21,267,188	\$23,000,000
Programs			
** Program Grants	10,935,000	10,405,000	15,105,000
Occupation Tax Region 3	529,972	529,972	503,704
Total Programs	\$11,464,972	\$10,934,972	\$15,608,704
Giants Ridge	10,850,800	10,850,800	13,053,215
** Giants Ridge Capital - DJJ Corpus Trust	9,667,581	3,284,766	5,769,000
Total Giants Ridge	\$20,518,381	\$14,135,566	\$18,822,215
Operations & Development Fixed Costs	\$8,220,570	\$6,347,722	\$10,462,160
Total Budget	\$61,503,923	\$52,685,448	\$67,893,079
Estimated Carryforward Out	\$14,401,128	\$20,143,506	\$10,878,623

** DJJ Corpus Trust funds to cover Development Projects, Public Works, Regional Trails Program, Housing Development and Giants Ridge capital.

Projects

Projects Budget

Development Projects	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget
Development Projects	\$5,300,000	\$5,300,000	\$7,500,000
Development Projects - DJJ Corpus Trust	2,500,000	2,500,000	1,500,000
Public Works	6,500,000	6,495,688	8,500,000
Public Works – DJJ Corpus Trust	3,500,000	3,471,500	3,500,000
Regional Trails Program	3,500,000	3,500,000	2,000,000
Total Development Projects	\$21,300,000	\$21,267,188	\$23,000,000

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 - \$8,500,000

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.

Public Works – DJJ Corpus Trust - \$3,500,000

These funds cover \$2,000,000 for broadband infrastructure and \$1,500,000 for additional Public Works projects.

Regional Trails Program - \$2,000,000

The Regional Trails Grant Program provides funding to assist cities and townships with trail planning, design and construction of various types of trails within the region. Trail types may include: bike, hiking, ATV and snowmobile.

Programs

Programs Budget

Program Grants	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget
Community Development			
Commercial Redevelopment	\$1,500,000	\$1,500,000	\$1,000,000
Residential Redevelopment	775,000	775,000	275,000
Development Partnerships	1,650,000	1,650,000	1,500,000
Business Energy Retrofit	1,500,000	1,500,000	1,500,000
Downtown Building Rehabilitation	500,000	500,000	500,000
Minnesota Dental Foundation	120,000	120,000	0
Housing Development	0	0	5,000,000
Total Community Development	\$6,045,000	\$6,045,000	\$9,775,000
Workforce Development	\$450,000	\$450,000	\$450,000
Mineland Reclamation	\$1,610,000	\$1,080,000	\$1,100,000
Culture & Tourism			
Culture & Tourism	\$600,000	\$600,000	\$600,000
Minnesota Discovery Center	1,900,000	1,900,000	2,850,000
Total Culture & Tourism	\$2,500,000	\$2,500,000	\$3,450,000
Commissioner Program	\$300,000	\$300,000	\$300,000
Grant Writing Assistance	\$30,000	\$30,000	\$30,000
Total Program Grants	\$10,935,000	\$10,405,000	\$15,105,000

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 - \$275,000

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

Development Partnerships - \$1,500,000

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.

Housing Development - \$5,000,000

The pilot 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.

Workforce Development - \$450,000

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 - \$1,100,000

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 - \$2,850,000

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.

Through FY 2023 the Sublease/Management Agreement provides an annual \$1,700,000 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 \$1,000,000 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 - \$30,000

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.

Region 3

Region 3 Budget

Region 3 Grant – Carlton/Koochiching	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget
Region 3	\$529,972	\$529,972	\$503,704

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 Budget

Giants Ridge	FY 2023 Budget	FY 2023 Projected	FY 2024 Budget
Revenue			
Operating Revenues	\$6,375,000	\$7,770,731	\$7,335,482
Investment by Type			
Operations	\$3,000,000	\$3,726,035	\$4,167,098
*New Capital / Projects	10,643,381	2,188,800	6,819,635
Deferred Maintenance Account	500,000	450,000	500,000
Total Investment	\$14,143,381	\$6,364,835	\$11,486,733
Total Expense Budget	\$20,518,381	\$14,135,566	\$18,822,215

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 2023 Budget	FY 2023 Projected	FY 2024 Budget
Payroll			
Wages and Benefits	\$4,868,861	\$4,491,783	\$5,355,111
Retirement Insurance	153,430	150,835	117,011
Unemployment Compensation	10,000	0	0
Workers Compensation	53,738	53,738	52,034
Other Payroll Costs	234,225	49,770	1,627,600
Total Payroll	\$5,320,254	\$4,746,125	\$7,151,756
Purchased Services			
Rentals and Utilities	\$80,400	\$77,333	\$89,900
Printing and Advertising	80,500	46,160	87,500
Professional/Technical Services	496,000	285,185	594,500
Computer and Computer Services	286,000	252,161	341,000
Communications	155,000	152,738	137,000
Travel	176,000	83,521	185,000
Employee Development	49,500	31,654	49,000
Total Purchased Services	\$1,323,400	\$928,751	\$1,483,900
Supplies and Equipment	\$327,550	\$142,238	\$790,250
Repairs and Maintenance	\$690,000	\$37,092	\$458,000
Indirect Costs			
Statewide Indirect Costs	\$283,066	\$283,066	\$293,254
Attorney General Costs	19,000	9,664	25,000
Total Indirect Costs	\$302,066	\$292,730	\$318,254
Other Operating Costs	\$257,300	\$200,783	\$260,000
Total Operational Costs	\$8,220,570	\$6,347,720	\$10,462,160

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.

Addendum B
IRRRB Meeting Minutes
Intercontinental Saint Paul Riverfront, Governors Boardroom
Wednesday, March 29, 2023 – 7:30 p.m.
(Pursuant to Minnesota Statutes Section 13D.015, some Board members may participate by
interactive technology. The meeting was live-streamed through YouTube as authorized by
Minnesota Statute Section 13D.021)

1) Roll Call

To start the meeting, Senator Justin Eichorn assumed the role of chair as the most senior Senate Board member since Senator Tom Bakk (former chair) was no longer a member of the Board. Senator Eichorn called the meeting to order at approximately 7:32 p.m. Laureen Hall took roll call. All members were in-person at the meeting: Senator Bobby Joe Champion, Representative Ben Davis, Senator Justin Eichorn, Senator Robert Farnsworth, Senator Grant Hauschild, Representative Spencer Igo, Representative Dave Lislegard, Representative Roger Skraba. Excused: None. Minute Taker: Laureen Hall, Executive Aide. Also present: Ida Rukavina, Commissioner; Al Becicka, Legal Counsel; Matt Sjoberg, Executive Director of Development; Linda Johnson, Director of Mining & Reclamation; Scott Sundvall, Loan Officer; Roy Smith, Director of Talent Development; Bob Scuffy, Accounting Director; Chris Ismil, Community Development Representative; Jim Plummer, Trails Coordinator; Billie Isham, Tribal Liaison; Janette Godec, Executive Assistant (via ZOOM); Jim Zerban, Virginia Plastics, LLC; Chris Bergum, Fraboni's Wholesale Distributors, Inc.

2) Election of Board Chair

Senator Eichorn made a motion to elect Representative Spencer Igo as chair of the Iron Range Resources and Rehabilitation Board. Senator Grant Hauschild made a motion to elect Representative Dave Lislegard as chair of the Iron Range Resources and Rehabilitation Board. Laureen took a roll call vote. Each member voted for either Representative Igo or Representative Lislegard as chair of the Board. There were five ayes for Representative Igo and three ayes for Representative Lislegard. The motion carried for Representative Igo as the new chair of the Iron Range Resources and Rehabilitation Board.

Voting in Favor of the Motion for Representative Spencer Igo as Chair of the Board: Representative Ben Davis, Senator Justin Eichorn, Senator Robert Farnsworth, Representative Spencer Igo, Representative Roger Skraba

Voting in Favor of the Motion for Representative Dave Lislegard as Chair of the Board: Senator Bobby Joe Champion, Senator Grant Hauschild, Representative Dave Lislegard

Abstain: None

Excused: None

3) Election of Board Vice Chair

Senator Grant Hauschild made a motion to elect Representative Dave Lislegard as vice chair of the Iron Range Resources and Rehabilitation Board. Representative Spencer Igo made a motion to elect Senator Justin Eichorn as vice chair of the Iron Range Resources and Rehabilitation Board. Laureen took a roll call vote. Each member voted for either Representative Dave Lislegard or Senator Justin Eichorn as vice

chair of the Board. There were three ayes for Representative Lislegard and five ayes for Senator Eichorn. The motion carried for Senator Eichorn as the new vice chair of the Iron Range Resources and Rehabilitation Board.

Voting in Favor of the Motion for Representative Dave Lislegard as Vice Chair of the Board: Senator Bobby Joe Champion, Senator Grant Hauschild, Representative Dave Lislegard

Voting in Favor of the Motion for Senator Justin Eichorn as Vice Chair of the Board: Representative Ben Davis, Senator Justin Eichorn, Senator Robert Farnsworth, Representative Spencer Igo, Representative Roger Skraba

Abstain: None

Excused: None

Senator Eichorn handed the meeting gavel to new Board chair Representative Spencer Igo.

4) Approval of the December 21, 2022, Minutes

Senator Justin Eichorn moved approval of the December 21, 2022, meeting minutes. Motion carried.

Laureen Hall took a roll call vote.

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

Voting Against the Motion: None

Abstain: None

Excused: None

4) Virginia Plastics, LLC – Resolution No. 23-021

Representative Roger Skraba moved that the Board recommend an expenditure of up to \$31,700 of FY23 DJJ Business Development Project Funds to Virginia Plastics, LLC, to provide financing to purchase new equipment, as presented in Resolution No. 23-021. Seconded by Senator Grant Hauschild. Motion carried.

Laureen Hall took a roll call vote.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**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 VIRGINIA PLASTICS, LLC PROJECT**

Resolution No.: 23-021

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 2023 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 Commissioner has received a proposal for financial assistance from Virginia Plastics, LLC ("**Virginia Plastics**") that, in combination with funds provided from other sources, will provide financing to purchase new equipment which will enable Virginia Plastics to accept orders with greater capacity and obtain larger accounts for expansion (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 \$31,700 of DJJ Development Project Funds to purchase a participation interest in a bank loan to Virginia Plastics, which is being made as part of a \$90,623 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 March 22, 2023, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 7:30 p.m. on March 29, 2023, in the Governors Boardroom at the InterContinental Saint Paul Riverfront Hotel in St. Paul, Minnesota, to consider, among other matters, Virginia Plastics' 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 \$31,700 of DJJ Development Project Funds to purchase a participation interest in a bank loan to Virginia Plastics 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.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 29TH DAY OF MARCH 2023.

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	8	0	0	0

Signed: _____
Representative Spencer Igo, Chair

**Virginia Plastics, LLC
8325 Jasmine Street
Mountain Iron, MN 55792**

**Department of Iron Range Resources and Rehabilitation
Participation Loan**

Applicant:	Virginia Plastics, LLC	
Project Location:	8325 Jasmine Street, Mt Iron, MN 55768	
Principal(s):	Jim Zerban and William Telken	
Project Description:	This project will consist of the purchase of a new bag machine.	
Market Opportunity:	The new bag machine will enable Virginia Plastics to accept orders they normally reject due to capacity constraints. This will also position them for obtaining larger accounts which will make them ripe for expansion.	
Project Investment:	IRRR – 5-year amortization	\$31,700
	Park State Bank – 5-year amortization	\$31,700
	Virginia Plastics plus partners – Cash	\$27,223

Applicant:	Virginia Plastics, LLC	
	TOTAL	\$90,623
Jobs:	<u>2</u> Planned New <u>17</u> Retained Wages <u>\$16 /hr</u> - \$ <u>34,000</u> per year plus benefits	
Collateral:	Collateral will be a purchase money security interest on the equipment purchased from the proceeds from this loan, plus a blanket UCC on all equipment, inventory and accounts receivable. The loan will also be personally guaranteed by Jim Zerban and William Telken	
Business History:	<p>Virginia Plastics, Inc. is a polyethylene film manufacturer that makes plastic bags, tubing and sheeting that are used in many industries including mining, chemical, automotive, industrial and consumer. The products are used in packaging applications for high value parts and applications where standard plastic products will not meet the customers' requirements. The prior owner passed away in early 2017. Business performance over the most recent years showed net losses and declining revenues as the owner was often absent from day-to-day operations.</p> <p>Jim Zerban purchased the company on November 13, 2017.</p> <p>Over this last three+ years of Jim's ownership, he continues to develop relationships with customers and potential customers of Virginia Plastics. Jim recognized that the company's niche lies in making smaller bags in smaller batches; however, as the company gets additional extruders operational, they will be able to produce larger bags in larger quantities with competitive pricing and turnaround time.</p> <p>In March 2019, the company purchased a new piece of equipment called a Bag-on-Roll machine and rewinder. This machine takes the film coming off the existing extruders and puts a seal every 22 feet and adds a perforation. The rewinder then re-rolls the film back into a roll. The company secured a contract with Midland Packaging to purchase the plastic bags produced using this piece of equipment. The one-year contract was for \$400,000 over 12 months at a 15% margin. This company has now become one of Virginia Plastics' largest customers. This equipment was also used to secure other business with new and existing customers.</p> <p>In January 2021, the company purchased an additional inline perforating machine because one of their largest customers, as well as other new customers, were requesting this product more frequently.</p> <p>In April 2022, William Telken purchased 35% of the company from Jim and was added guarantor on all loans. Will has many years of experience</p>	

Applicant:	Virginia Plastics, LLC
	working in the industry and brings knowledge about extruder maintenance and production efficiencies that Jim felt was necessary in order for the business to grow beyond the point he had grown it to since he purchased it in late 2017. The company currently has 17 employees.
Past Agency History:	11/21/2017 - Loan \$100,000 Balance \$68,566 Current 01/07/2019 - Loan guaranty \$13,500 Balance \$4,921 Current 11/10/2021 - Loan \$43,000 Balance \$32,454 Current
Contingencies:	None
Technical Advisory Committee Recommendation:	The TAC recommended approval at its March 22, 2023 meeting.
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: 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 monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

5) Fraboni's Wholesale Distributors, Inc. – Resolution No. 23-022

Senator Robert Farnsworth moved that the Board recommend an expenditure of up to \$1,500,000 of FY23 DJJ Business Development Project Funds to Fraboni's Wholesale Distributors, Inc. to provide financing to new ownership to purchase all of the issued and outstanding stock and enable the new owners to expand Fraboni's sales territories to increase its market share, as presented in Resolution No. 23-022. Seconded by Representative Roger Skraba. Motion carried.

Laureen Hall took a roll call vote.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**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 FRABONI'S WHOLESALE DISTRIBUTERS, INC. PROJECT**

Resolution No.: 23-022

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 2023 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 Commissioner has received a proposal for financial assistance from Fraboni's Wholesale Distributers, Inc. ("**Fraboni's**") that, in combination with funds provided from other sources, will provide financing to new ownership to purchase all of the issued and outstanding stock and enable the new owners to expand Fraboni's sales territories to increase its market share (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 \$1,500,000 of DJJ Development Project Funds to purchase a participation interest in a bank loan to Fraboni's, which is being made as part of a \$6,200,000 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 March 22, 2023, and recommended approval of the requested financial assistance for the Project; and

WHEREAS, the Board met in open session at 7:30 p.m. on March 29, 2023, in the Governors Boardroom at the InterContinental Saint Paul Riverfront Hotel in St. Paul, Minnesota, to consider, among other matters, Fraboni'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 \$1,500,000 of DJJ Development Project Funds to purchase a participation interest in a bank loan to Fraboni's 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.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 29TH DAY OF MARCH 2023.

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	8	0	0	0

Signed: _____
Representative Spence Igo, Chair

**Fraboni's Wholesale Distributors, Inc.
315 East 13th Street
Hibbing, MN 55746**

**Department of Iron Range Resources and Rehabilitation
Participation Loan**

Applicant:	Fraboni's Wholesale Distributors, Inc.
Project Location:	315 East 13 th Street, Hibbing, MN 55746
Principal(s):	Christopher Bergum and Michael Mouton
Project Description:	This is a request to finance the stock purchase of Fraboni's Wholesale Distributors, Inc. and the related entities, L.M.W., Inc. and L.G. Fraboni, Inc. Christopher Bergum and Michael (Chad) Mouton have entered into an agreement with Wayne Thune and Mark Thune to purchase all of the issued and outstanding stock of the collective entities for \$6,200,000.
Market Opportunity:	New ownership will look to expand sales territories to increase market share while maintaining its headquarters in Hibbing. Currently Fraboni's services a 100-mile radius surrounding Hibbing, but they will be looking

Applicant:	Fraboni's Wholesale Distributors, Inc.	
	for new anchor businesses outside their current sales territory to grow in surrounding communities.	
Project Investment:	IRR – 20-year amortization	\$1,500,000
	Grand Rapids State Bank – 20-year amortization	\$2,000,000
	Owner's Equity / Cash	\$2,700,000
	TOTAL	<u>\$6,200,000</u>
Jobs:	<u>0</u> Planned New <u>30</u> Retained Wages <u>\$30,000</u> to - \$ <u>68,000</u> per year plus benefits	
Collateral:	The stock purchase will be secured by all business assets which includes the related real estate, accounts receivable, inventory and equipment. The loans will also have personal guaranties from Christopher Bergum and Michael Mouton.	
Business History:	The Fraboni Entities were started as a single company, LG Fraboni, in 1968 by Leo and Irene Fraboni. The original company that still exists today started as a sausage company that has since began manufacturing various meat products well beyond their original sausage. Mark and Wayne Thune both began working for Leo at the same time and eventually worked their way up the company. After Leo's death Mark and Wayne became partners with Irene who they eventually bought out to become equal partners. In 1995, the brothers started Fraboni Wholesale Distributors, Inc. They have since become a full-line food service distributor serving northeastern Minnesota. LMW Inc. is the real estate holding company that owns all of the associated real estate used in the Fraboni operation. LG Fraboni remains an entity which supplies the wholesale company with various meat-based products made in house.	
Past Agency History:	None	
Contingencies:	The final loan amount will be contingent upon the completion of an updated appraisal as the Fraboni's building was last appraised in 2015.	
Technical Advisory Committee Recommendation:	The TAC recommended approval at its March 22, 2023 meeting.	

Applicant:	Fraboni's Wholesale Distributors, Inc.
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: 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 monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

6) FY23 Development & Community Infrastructure Projects – Resolution No. 23-023

Senator Justin Eichorn moved that the Board recommend an expenditure of up to \$2,370,000 for 10 development and community infrastructure projects; \$620,000 for the proposed projects would be expended from Public Works- TEPF Funds and \$1,750,000 would be expended from Public Works- DJJ Corpus Funds, as presented in Resolution #23-023. Seconded by Senator Grant Hauschild. Motion carried.

Laureen Hall took a roll call vote.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
FY23 PUBLIC WORKS PROJECT RECOMMENDATIONS**

Resolution No.: 23-023

WHEREAS, pursuant to the agency's approved fiscal year 2023 ("FY23") budget, the Commissioner is authorized to expend up to \$6,500,000 for 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 \$5,875,688 has already been obligated for projects by prior Board actions, leaving \$624,312 that has not yet been recommended by the Board for expenditure during FY23; and

WHEREAS, pursuant to the agency's approved fiscal year 2023 ("FY23") budget, the Commissioner is authorized to expend up to \$3,500,000 for the benefit of the TAA for 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 \$1,721,500 has already been obligated for projects by prior Board actions, leaving \$1,778,500 that has not yet been recommended by the Board for expenditure during FY23; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$2,370,000 for 10 development and community infrastructure projects, which are more fully described in Exhibit A, which is attached hereto and incorporated by reference (collectively the "**Proposed Projects**"); and

WHEREAS, \$620,000 for the Proposed Projects would be expended from Public Works- TEPF Funds and \$1,750,000 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 7:30 p.m. on March 29, 2023, in the Governors Boardroom at the InterContinental Saint Paul Riverfront Hotel in St. Paul, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of Public Works-TEPF Funds and Public Works-DJJ Corpus Trust Funds for the purposes and in the amounts specified in Exhibit A 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 \$620,000 of FY23 Public Works-TEPF Funds and \$1,750,000 of FY23 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 all of 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 29TH DAY OF MARCH 2023.

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	8	0	0	0

Signed: _____
Representative Spencer Igo, Chair

DEVELOPMENT INFRASTRUCTURE

City of Cook

Grant Amount: \$20,000

The project consists of power service upgrades and taxi-lane extension for new hangar development. The Cook Municipal Airport is currently at capacity with hangars and private hangar construction. The FAA approved a taxi-lane extension to accommodate the construction of 11 new private hangars at the airport. The project is expected to create 13 construction jobs.

USES		SOURCES	
Taxi-lane construction	\$404,090	Iron Range Resources & Rehabilitation (TEPF)	\$20,000
Power service upgrades	20,000	FAA	363,679
Hangar construction	1,663,750	MNDOT	20,205
		Airport	20,206
		Private	1,663,750
TOTAL	\$2,087,840	TOTAL	\$2,087,840

City of Ely

Grant Amount: \$400,000

The project consists of watermain replacement, sanitary sewer upgrades and road reconstruction in Ely. The city will replace the watermain along Trunk Highway 169 from 21st Avenue East to the International Wolf Center to improve capacity for planned business development in the corridor. The existing waterline is currently off due to deterioration and an unrepairable leak under the highway culvert. This watermain loop is necessary to provide the required capacity for customer use and fire protection. As a part of this project additional water, sewer and storm water upgrades will service businesses and expansions at:

- Spirit of the Wilderness Canoe Outfitter (expanded bunk house for guest and employee housing).
- Hammer Heart Brewery (a new business relocating from Lino Lakes to Ely).
- Trembath Machine and Welding.
- Voyageur North Outfitters (rental cabin development at the new resort)
- Zup's Food Market (entrance access improvements for the newly expanded grocery store to create additional parking and improve store access)
- Potential future planned housing.

The project is expected to create eight permanent jobs and 13 construction jobs.

USES		SOURCES	
Infrastructure	\$522,860	Iron Range Resources & Rehabilitation (DJJ)	\$400,000
Private development	1,520,000	CDBG	75,000
A&E	56,000	City	173,860
Contingency	70,000	Private	1,520,000
TOTAL	\$2,168,860	TOTAL	\$2,168,860

City of Grand Rapids

Grant Amount: \$300,000

The project consists of sitework for the conversion of the former Murphy Elementary School into an early childhood and child care facility in Grand Rapids. The development will create a 38,000-square-foot early childhood hub with 221 child care slots, including 10 new slots. The year-round facility will have 66 full-time staff, which includes the retention of 63 existing employees and three new employees. The centralized space will be utilized by the Invest Early Program, KOOTASCA Head Start and Teenage Parent Programs. The project is expected to create three permanent jobs and 13 construction jobs.

USES		SOURCES	
Sitework	529,700	Iron Range Resources & Rehabilitation (TEPF)	\$300,000
Building construction	1,115,000	DEED	1,373,800
A&E	110,900	Blandin Foundation	200,000
Contingency	173,200	First Children's Finance	20,000
Property acquisition	60,000	City	65,000
		Iron Range Resources & Rehabilitation (Culture & Tourism grant)	30,000
TOTAL	\$1,988,800	TOTAL	\$1,988,800

City of Grand Rapids

Grant Amount: \$300,000

The project consists of water, sanitary sewer and road construction for the development of 23 new residential home lots at the former Forest Lake Elementary School in Grand Rapids. The project provides opportunity for increased tax base, workforce housing and increased school enrollment. The project is expected to create four construction jobs.

USES		SOURCES	
Intersection reconstruction	\$607,015	Iron Range Resources & Rehabilitation (TEPF)	\$300,000
A&E	121,403	City	489,118
Contingency	60,700		
TOTAL	\$789,118	TOTAL	\$789,118

COMMUNITY INFRASTRUCTURE

City of Crosby

Grant Amount: \$150,000

The project consists of the construction of a new roundabout and lane reconfiguration. The intersection reconstruction location is on the city limit line of the city of Crosby, and its neighbor, Deerwood Township. There was a MNDOT traffic study in the area that corresponds to the new business development at the Super One Grocery Store located on the Northeast corner of the intersection reconstruction zone. The challenges that the study identified are the skewed intersection, detrimental access to local businesses, pedestrian movements and drainage. The project goals are to increase the safety of the intersection, its access and pedestrians while maintaining traffic flow. The project is expected to create 14 construction jobs.

USES		SOURCES	
Roundabout construction	\$1,647,134	Iron Range Resources & Rehabilitation (DJJ)	\$150,000
A&E	299,426	MNDOT	1,073,202
Contingency	166,345	County	509,218
		Private	380,485
TOTAL	\$2,112,905	TOTAL	\$2,112,905

City of Grand Rapids

Grant Amount: \$500,000

The project consists of rehabilitation and upgrades to the Itasca Recreation Association (IRA) Civic Center in Grand Rapids. The project involves ADA improvements, including the addition of an elevator and parking lot upgrades, the creation of two flexible public meeting rooms, replacement of the failing roof/truss system, replacement of the ice making equipment, and the upgrade/replacement of the electrical, heating, venting and air conditioning system. The project will refurbish and sustain a public facility that, according to a University of Minnesota study, has an annual positive economic impact of \$3.3 million and indirectly employs 48 full-time equivalent positions in the Grand Rapids area. The project is expected to create 101 construction jobs.

USES		SOURCES	
Sitework	\$1,528,500	Iron Range Resources & Rehabilitation (DJJ)	\$500,000
Facility construction	10,403,800	City	8,343,800
FF&E	525,000	Blandin Foundation	1,500,000
A&E	2,098,700	State bonding	5,000,000
Contingency	1,060,000	Donations	272,200
TOTAL	\$15,616,000	TOTAL	\$15,616,000

City of McKinley**Grant Amount: \$250,000**

The project consists of water filtration for the residents of McKinley. The water supply quality has been compromised because of scaling in the city's municipal water distribution lines. This project is a short-term solution but will provide immediate water quality improvements. The next phase will include the replacement of city water lines. The project is expected to create one construction job.

USES		SOURCES	
Water filtration systems	270,000	Iron Range Resources & Rehabilitation (DJJ)	\$250,000
Contingency	13,500	City	47,000
A&E	13,500		
TOTAL	\$297,000	TOTAL	\$297,000

City of Mountain Iron**Grant Amount: \$150,000**

The project consists of storm water drainage improvements on several streets in Mountain Iron. The drainage improvements will alleviate flooding and inflow and infiltration issues. The project also includes electrical upgrades and a new docking system at the West Two Rivers Campground. The project is expected to create three construction jobs.

USES		SOURCES	
Storm water drainage improvements	\$325,000	Iron Range Resources & Rehabilitation (DJJ)	\$150,000
Electric upgrades	75,000	City	25,000
Docking system	45,000	CDBG	350,000
A&E	50,000		
Contingency	30,000		
TOTAL	\$525,000	TOTAL	\$525,000

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

The project consists of lift station rehabilitation to improve service to residents and replacement of a force main to reduce inflow and infiltration issues. Replacement of the lift station and force main will provide a more stable flow to the wastewater treatment plant. Failure of the lift station will contaminate ground water and cause a sewage backup in the homes it services. The project will replace the pumps and convert the dry well to a wet well. The project is expected to create two construction jobs.

USES		SOURCES	
Lift station and force main construction	\$271,420	Iron Range Resources & Rehabilitation (DJJ)	\$50,000
A&E	34,550	Iron Range Resources & Rehabilitation (TEPF 2022)	74,859
		CDBG	90,000
		City of Orr	91,111
TOTAL	\$305,970	TOTAL	\$305,970

City of Virginia**Grant Amount: \$250,000**

The project consists of city-wide street reconstruction and infrastructure replacement, sidewalks, storm sewer and water and sewer service lines. In November 2019 the city updated its capital improvement plan (CIP) to evaluate city-wide infrastructure and to identify short- and long-term capital improvement projects. The project is expected to create 45 construction jobs.

USES		SOURCES	
Infrastructure and sitework	\$5,960,200	Iron Range Resources & Rehabilitation (DJJ)	\$250,000
A&E	375,350	City	5,695,650
Contingency	536,100	Army Corps of Engineers	926,000
TOTAL	\$6,871,650	TOTAL	\$6,871,650

7) FY23 Regional Trails Projects – Resolution #23-024

Senator Robert Farnsworth moved that the Board recommend an expenditure of up to \$190,700 of FY23 Regional Trails Program funds for five regional trails projects, as presented in Resolution #23-024.

Seconded by Representative Ben Davis. Motion carried.

Laureen Hall took a roll call vote.

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

Voting Against the Motion: None

Abstain: None

Excused: None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND
FY23 REGIONAL TRAILS PROJECT RECOMMENDATIONS**

Resolution No.: 23-024

WHEREAS, pursuant to the agency's approved fiscal year 2023 ("FY23") budget, the Commissioner is authorized to expend up to \$3,500,000 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 \$2,740,645 has already been obligated for projects by prior Board actions, leaving \$759,355 that has not yet been recommended by the Board for expenditure during FY23; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$190,700 for five 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 7:30 p.m. on March 29, 2023, in the Governors Boardroom at the InterContinental Saint Paul Riverfront Hotel in St. Paul, Minnesota, 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 \$190,700 of 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 29TH DAY OF MARCH 2023.

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	8	0	0	0

Signed: _____
Representative Spencer Igo, Chair

Regional Trails Projects

Breitung Township**Grant Request: \$40,000**

The McKinley Park Trail project is to reconstruct and improve the 35-year-old 1.4-mile paved trail that runs from Soudan Underground State Park to the McKinley Park Campground on Lake Vermilion. The proposed new trail connects to the Mesabi Trail, which leads west to the City of Tower and east toward Ely. The trail also extends the entrance to the newly developed Lake Vermilion State Park, which is Minnesota's newest state park. The \$40,000 grant will assist in funding the completion of the project, which was over budget compared the original engineering estimate.

USES		SOURCES	
Engineering, construction and environmental expenses	\$80,000	Breitung Township	\$40,000
		IRRR	\$40,000
TOTAL	\$80,000	TOTAL	\$80,000

City of Crosby**Grant Request: \$43,200**

The project is to create a mountain bike trail and instruction area on the grounds of the Cuyuna Range Elementary School. The multi-purpose trail will be used to teach students mountain bike riding skills and safety through a physical education class. The trail will benefit the entire student body of over 500 students, from preschool to 6th grade. The trail will also be open to the entire community for biking, hiking and snowshoeing. Students will also learn trail stewardship skills by learning trail design and maintenance best practices. The school has already raised money to purchase 40 mountain bikes and a trailer, enabling the school to provide access to bikes free of charge to students.

USES		SOURCES	
Trail materials and labor	\$86,400	Cuyuna Regional Medical Center	\$10,000
		Deerwood Fire Department	\$1,000
		Various Donors	\$32,200
		IRRR	\$43,200
TOTAL	\$86,400	TOTAL	\$86,400

PathBlazers Snowmobile Club**Grant Request: \$45,000**

The request is to purchase a quality and well-maintained used groomer from a nearby club in Grand Rapids. The groomer will be used by the PathBlazers Snowmobile Club to maintain the 68 miles of DNR grant-in-aid trails in the Chisholm, Hibbing and Side Lake areas to support both local and tourist destination riders. This purchase will allow the club to assure trails are properly and regularly maintained and groomed, and that riders have a positive experience and want to return to the trails. The groomer is ready for purchase upon approval of the grant.

USES		SOURCES	
Equipment Purchase	\$90,000	PathBlazers Snowmobile Club	\$45,000
		IRRR	\$45,000
TOTAL	\$90,000	TOTAL	\$90,000

Northern Traxx ATV Club**Grant Request: \$50,000**

The Northern Traxx ATV Club maintains numerous miles of off-highway trails in the Chisholm, Hibbing and Side Lake areas. The club is responsible for ensuring rider safety, comfort and trail sustainability. This important work is done by volunteers, and it is important for the club to have the proper equipment to do the work themselves. Proposed is to purchase a new dozer, the upgraded model would include an enclosed, climate-controlled cab with a safety windshield, and provide more reliability, safety and efficiency.

USES		SOURCES	
Equipment Purchase	\$120,000	Northern Traxx ATV Club	\$70,000
		IRRR	\$50,000
TOTAL	\$120,000	TOTAL	\$120,000

North Superior Ski and Run Club**Grant Request: \$12,500**

North Superior Ski and Run Club was established in 1979. They created, operate and maintain the Pincushion trail system which is located in Cook County and is a popular Nordic ski, trail running and hiking area. The club is responsible for maintaining and grooming 25 kilometers of trails, including 2 kilometers of lighted trails. In addition to attracting destination tourists that support the local economy, the trails are utilized by the Youth Ski League, Cook County High Nordic Ski Team, Cross County and Track teams, as well as hosting numerous events. The proposed project is to repair and rebuild several segments of the trail system, including replacing culverts, and to purchase a new flail mower for summer use.

USES		SOURCES	
Trail Construction	\$21,200	North Superior Ski and Run Club	\$3,700
Equipment Purchase	\$5,000	Legacy Trails Grant	\$10,000
		IRRR	\$12,500
TOTAL	\$26,200	TOTAL	\$26,200

8) Adjournment

The meeting adjourned at 8:21 p.m.