

# **Meeting of the Iron Range Resources and Rehabilitation Board**

**Wednesday, March 29, 2023 – 7:30 p.m.**

**A special meeting of the Iron Range Resources & Rehabilitation Board will be held in the Governors Boardroom (lower level) at the Intercontinental Saint Paul Riverfront at 11 East Kellogg Blvd., St. Paul, MN 55101. 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 via interactive technology along with the written materials provided to Board members will also be made available on the Department of Iron Range Resources and Rehabilitation's website: MN.GOV/IRRRB.***

**Meeting of the Iron Range Resources and Rehabilitation Board  
Intercontinental Saint Paul Riverfront, Governors Boardroom  
11 East Kellogg Blvd., St. Paul, MN 55101  
Wednesday, March 29, 2023 – 7:30 p.m.**

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**MEETING OF THE IRON RANGE RESOURCES  
AND REHABILITATION BOARD**  
**Intercontinental Saint Paul Riverfront, Governors Boardroom**  
**11 East Kellogg Blvd., St. Paul, MN**  
**Wednesday, March 29, 2023 – 7:30 p.m.**

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

**AGENDA**

- 1) Call to Order
- 2) Roll Call
- 3) Reorganization of the Board
- 4) Approval of December 21, 2022, Meeting Minutes  
*See Addendum A*
- 5) Commissioner's Comments
- 6) Virginia Plastics, LLC
- 7) Fraboni's Wholesale Distributors, Inc.
- 8) FY23 Development and Community Infrastructure Projects
- 9) FY23 Regional Trail Projects
- 10) Other
- 11) Adjournment

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

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

<b>Applicant:</b>	Virginia Plastics, LLC	
<b>Project Location:</b>	8325 Jasmine Street, Mt Iron, MN 55768	
<b>Principal(s):</b>	Jim Zerban and William Telken	
<b>Project Description:</b>	This project will consist of the purchase of a new bag machine.	
<b>Market Opportunity:</b>	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.	
<b>Project Investment:</b>	IRRR – 5-year amortization	\$31,700.00
	Park State Bank – 5-year amortization	\$31,700.00
	Virginia Plastics plus partners – Cash	\$27,223.00
	<b>TOTAL</b>	<b><u>\$90,623.00</u></b>
<b>Jobs:</b>	<u>2</u> Planned New <u>17</u> Retained Wages <u>\$16 /hr</u> - \$ <u>34,000</u> per year plus benefits	
<b>Collateral:</b>	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	
<b>Business History:</b>	<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>	

<b>Applicant:</b>	Virginia Plastics, LLC		
	<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’ 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 \$400M 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 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.</p> <p>The company currently has seventeen employees.</p>		
<b>Past Agency History:</b>	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
<b>Contingencies:</b>	None		
<b>Technical Advisory Committee Recommendation:</b>	The TAC recommended approval at its March 22 <sup>nd</sup> , 2023 meeting.		

<b>Applicant:</b>	Virginia Plastics, LLC
<b>Funding Authorization:</b>	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.

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

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

<b>Applicant:</b>	Fraboni's Wholesale Distributors, Inc.	
<b>Project Location:</b>	315 East 13 <sup>th</sup> Street, Hibbing, MN 55746	
<b>Principal(s):</b>	Christopher Bergum and Michael Mouton	
<b>Project Description:</b>	This is a New 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.	
<b>Market Opportunity:</b>	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 for new anchor businesses outside their current sales territory to grow in surrounding communities.	
<b>Project Investment:</b>	IRRR – 20-year amortization	\$1,500,000.00
	Grand Rapids State Bank – 20-year amortization	\$2,000,000.00
	Owner's Equity / Cash	\$2,700,000.00
	<b>TOTAL</b>	<b>\$6,200,000.00</b>
<b>Jobs:</b>	<u>0</u> Planned New <u>30</u> Retained Wages <u>\$30,000</u> to - <u>\$ 68,000</u> per year plus benefits	
<b>Collateral:</b>	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 guaranty's from Christopher Bergum and Michael Mouton.	
<b>Business History:</b>	The Fraboni Entities 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	

<b>Applicant:</b>	Fraboni's Wholesale Distributors, Inc.
	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.
<b>Past Agency History:</b>	None
<b>Contingencies:</b>	The final loan amount will be contingent upon the completion of an updated appraisal as the Fraboni's building was last appraised in 2015.
<b>Technical Advisory Committee Recommendation:</b>	The TAC recommended approval at its March 22 <sup>nd</sup> , 2023 meeting.
<b>Funding Authorization:</b>	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.



## FY23 Development and Community Infrastructure Projects



PO Box 441  
4261 Hwy 53 South  
Eveleth, MN 55734-0441  
218-735-3000  
[mn.gov/irrb](http://mn.gov/irrb)

Date: March 29, 2023

To: Iron Range Resources & Rehabilitation Board

From: Ida Rukavina  
Commissioner

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

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### PURPOSE

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

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

### ECONOMIC IMPACT

FY23 infrastructure projects	10
Iron Range Resources & Rehabilitation investment	\$2,370,000
Total investment	\$32,538,568
Leverage	12.7:1

### 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
<b>TOTAL</b>	<b>\$2,087,840</b>	<b>TOTAL</b>	<b>\$2,087,840</b>

### City of Ely

#### Grant Amount: \$400,000

The project consists of watermain replacement, sanitary sewer upgrades and road reconstruction. 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
<b>TOTAL</b>	<b>\$2,168,860</b>	<b>TOTAL</b>	<b>\$2,168,860</b>

### 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
<b>TOTAL</b>	<b>\$1,988,800</b>	<b>TOTAL</b>	<b>\$1,988,800</b>

### 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. 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		
<b>TOTAL</b>	<b>\$789,118</b>	<b>TOTAL</b>	<b>\$789,118</b>

## 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
<b>TOTAL</b>	<b>\$2,112,905</b>	<b>TOTAL</b>	<b>\$2,112,905</b>

**City of Grand Rapids****Grant Amount: \$500,000**

The project consists of rehabilitation and upgrades to the Itasca Recreation Association (IRA) Civic Center. 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.

<b>USES</b>		<b>SOURCES</b>	
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
<b>TOTAL</b>	<b>\$15,616,000</b>	<b>TOTAL</b>	<b>\$15,616,000</b>

**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.

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

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

The project consists of storm water drainage improvements on several streets. 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.

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

### **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.

<b>USES</b>		<b>SOURCES</b>	
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
<b>TOTAL</b>	<b>\$305,970</b>	<b>TOTAL</b>	<b>\$305,970</b>

### **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.

<b>USES</b>		<b>SOURCES</b>	
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
<b>TOTAL</b>	<b>\$6,871,650</b>	<b>TOTAL</b>	<b>\$6,871,650</b>

## FY23 Regional Trails Projects



PO Box 441  
4261 Hwy 53 South  
Eveleth, MN 55734-0441  
218-735-3000  
[mn.gov/irrrb](http://mn.gov/irrrb)

Date: March 29, 2023

To: Iron Range Resources & Rehabilitation Board

From: Ida Rukavina  
Commissioner

### RE: FY23 REGIONAL TRAILS PROJECTS

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The Regional Trails grant program provides funding to assist with design, engineering and construction of various types of trails.

#### ECONOMIC IMPACT

FY23 Regional Trail Grants	5
Iron Range Resources & Rehabilitation Investment	\$190,700
Total Investment	\$402,600
Leverage:	1.1:1

#### 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
<b>TOTAL</b>	<b>\$80,000</b>	<b>TOTAL</b>	<b>\$80,000</b>

**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
<b>TOTAL</b>	<b>\$86,400</b>	<b>TOTAL</b>	<b>\$86,400</b>

**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 of 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
<b>TOTAL</b>	<b>\$90,000</b>	<b>TOTAL</b>	<b>\$90,000</b>

**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.

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

#### **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.

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



**Addendum A**  
**IRRRB Meeting Minutes**  
**Wednesday, December 21, 2022 – 11:00 a.m.**  
**IRRR Administration Building, Eveleth, MN**

*(Pursuant to Minnesota Statutes Section 13D.015, some Board members participated by interactive technology.)*

**1) Roll Call**

Senator Tom Bakk, chair, called the meeting to order at approximately 11:04 a.m. Laureen Hall took roll call. Also present: Representative Rob Ecklund, Representative Dave Lislegard, Representative Spencer Igo, Representative Dale Lueck, Senator Justine Eichorn, Senator Carrie Ruud, Representative Julie Sandstede. Excused: None. Minute Taker: Laureen Hall, Executive Aide. Also present: Mark Phillips, Commissioner; Linda Johnson, Director of Mining & Reclamation; Al Becicka, Legal Counsel; Matt Sjoberg, Executive Director of Development, Scott Sundvall, Loan Officer, Ryan Malich, Loan Officer; Chris Ismil, Community Development Representative, Whitney Ridlon, Community Development Representative, Jim Plummer, Trails Coordinator, Bob Scuffy, Accounting Director; Sheryl Kochevar, Communications Director; Janette Godec, Executive Assistant, Janelle Greschner, Business Recruitment Director; Roy Smith, Director of Talent Development; Michael Peterson, Range Tool; Jason Wobbema, Advanced Machine Guarding Solutions; Travis Kolari and Michael Bakk, U.S. Steel.

**2) October 20, 2022, Meeting Minutes**

Representative Rob Ecklund moved approval of the October 20, 2022, meeting minutes. Motion carried.

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**3) Central Iron Range Sewer Sanitary District (CIRSSD) Board Appointment – Resolution No. 23-005**

Representative Julie Sandstede moved that the Board appoint Larry Folstad to the CIRSSD for a three-year term as presented in Resolution No. 23-005. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
CENTRAL IRON RANGE SANITARY SEWER DISTRICT  
BOARD APPOINTMENT**

**Resolution No.: 23-005**

**WHEREAS**, Laws of Minnesota for 2009, Chapter 122, Sections 2-21, as amended by Laws of Minnesota for 2019, 1<sup>st</sup> Special Session, Chapter 6, Article 11, Section 16, reconstituted the Central Iron Range Sanitary Sewer District ("CIRSSD"); and

**WHEREAS**, the CIRSSD is governed by a board comprised of eight board members chosen in accordance with the provisions in the above-cited law; and

**WHEREAS**, Section 3, Subdivision 2 of the law, as amended, provides that one CIRSSD board member must be selected by the Iron Range Resources and Rehabilitation (IRRR) Board on behalf of the Minnesota Discovery Center; and

**WHEREAS**, the IRRR Board's selection of a CIRSSD board member is for a three-year term beginning on January 1, 2023, and expiring the day after December 31, 2025; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, at the agency's Administrative 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 IRRR Board's CIRSSD board member selection and determined that it would be prudent and in the best interest of both the IRRR Board and the CIRSSD to appoint Larry Folstad to the CIRSSD board.

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that the IRRRB Board appoints Larry Folstad to the CIRSSD board for a three-year term.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_

Senator Tom Bakk, Chair

Date: December 21, 2022

To: Iron Range Resources and Rehabilitation Board

From: Mark Phillips, Commissioner

**RE: Central Iron Range Sanitary Sewer District Board Appointment**

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The Central Iron Range Sanitary Sewer District (CIRSSD) was established in its current form pursuant to Laws of Minnesota, Chapter 122, Sections 2-21, and is governed by a board comprised of three members appointed by the City of Chisholm, two members appointed by the City of Buhl, one member appointed by the City of Kinney, one member appointed by Great Scott Township and one member appointed by the Iron Range Resources and Rehabilitation Board on behalf of the Minnesota Discovery Center (MDC) development area. CIRSSD board members serve three-year terms. Scott Allison is currently serving as the IRRR Board's appointee; his term expires on December 31, 2022. Based on input I have received from people who work with the CIRSSD, I am recommending that the board appoint Larry Folstad to the CIRSSD board for a three-year term commencing on January 1, 2023. Larry is the Director of Public Works for the City of Chisholm and has worked extensively with the agency and MDC during the time the Redhead Mountain Bike Park and the Bruce Mine park were developed on lands leased by the agency to the City of Chisholm. Based on our work with Larry, I believe he will be a very diligent and active CIRSSD board member and will have a positive impact on the mission of the CIRSSD.

**4) FY23 Budget Amendment – Resolution No. 23-006**

Senator Justine Eichorn moved that the Board approve an amendment to the FY23 Budget to add \$500,000 from the Taconite Area Environment Protection Fund carryforward balance to the line item for Community Development Programs-Commercial Redevelopment, which would increase the FY23 Budget line item for Commercial Redevelopment from \$1,000,000 to \$1,500,000, as described in Resolution No. 23-006. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
FISCAL YEAR 2023 AGENCY BUDGET AMENDMENT APPROVAL**

**Resolution No.: 23-006**

**WHEREAS**, the Board and Governor have previously approved a Fiscal Year 2023 Department of Iron Range Resources and Rehabilitation agency budget (“**FY23 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, 2022 through June 30, 2023; and

**WHEREAS**, the Commissioner has requested the Board to approve an amendment to the FY23 Budget to add \$500,000 from the Taconite Area Environment Protection Fund carryforward balance to the line item for Community Development Programs-Commercial Redevelopment, which would increase the FY23 Budget line item for Commercial Redevelopment from \$1,000,000 to \$1,500,000 (the “**Proposed Budget Amendment**”); and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 amending the FY23 Budget as proposed would benefit 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 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

**5) Range Tool Company, LLC – Resolution No. 23-007**

Representative Julie Sandstede moved that the Board recommend an expenditure of up to \$200,000 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to Range Tool, that, in combination with funds provided from other sources, will provide financing for the purchase of previously leased equipment and loan consolidation, as presented in Resolution No. 23-007. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**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 RANGE TOOL COMPANY, LLC PROJECT**

**Resolution No.: 23-007**

**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 Business Development Projects (“**DJJ Business Development Project Funds**”); and

**WHEREAS**, the Commissioner has received a proposal for financial assistance from Range Tool Company, LLC (“**Range Tool**”) that, in combination with funds provided from other sources, will provide financing for the purchase of previously leased equipment and loan consolidation (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 \$200,000 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to Range Tool, which is being made as part of a \$400,000 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 December 14, 2022, and recommended approval of the requested financial assistance for the Project; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, at the agency’s Administration Building located near Eveleth, Minnesota, to consider, among other matters, Range Tool’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 Business 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 \$200,000 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to Range Tool 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, including the provisions customarily contained therein that require borrowers to pay at least prevailing wages to workers performing work on construction projects.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
 Senator Tom Bakk, Chair

**EXHIBIT A**  
**Range Tool Company, LLC**  
**202 North Broadway**  
**Gilbert, MN 55741**

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

<b>Applicant:</b>	Range Tool Company, LLC
<b>Project Location:</b>	202 North Broadway, Gilbert, MN 55741
<b>Principal(s):</b>	Michael Peterson
<b>Project Description:</b>	Purchase of four currently leased Haas VF-2SS CNC Machines, and consolidate other smaller notes to reduce monthly expenses and improve cashflow. The new structure will free up around \$13,000 per month.
<b>Market Opportunity:</b>	Machine shops that actually manufacture the firearm components are very few in relation to the actual <i>estimated</i> 16 million firearm sales in a year. Range Tool is one of the less than 50 actual machine shops producing components nationwide for the firearm business. Current monthly sales are projected to climb from \$77,000 to \$134,000 due to new agreements and bringing back outsourced work.

<b>Applicant:</b>	Range Tool Company, LLC	
<b>Project Investment:</b>	<b>Equipment Loan – IRRR 7-year amortization formula</b>	<b>\$200,000.00</b>
	Equipment Loan – Park State Bank – 7-year amortization negotiated rate.	\$200,000.00
	<b>TOTAL</b>	<b><u>\$400,000.00</u></b>
<b>Jobs:</b>	<u>2</u> Planned New <u>9</u> Retained Wages <u>\$12 to \$20/hr - \$25,000 to \$42,000</u> per year.	
<b>Collateral:</b>	Shared first position lien on equipment, Inventory, Accounts Receivable and General Intangibles.	
<b>Business History:</b>	The Range Tool company was formed in 2010 as a small contract precision machine shop in Gilbert, MN. The business went through a significant expansion in 2013 with the additional of production equipment that was financed in part with an IRRRB participation. The Range Tool Company LLC customer base is spread out throughout all of the United States including Alaska and Hawaii. The Range Tool Company LLC primarily focuses on commercial customers throughout the country.	
<b>Past Agency History:</b>	Equipment Loan 7/30/2013 - \$125,938. Paid in Full Equipment Loan 9/23/2015 - \$200,000. Balance \$60,600 - Current – To be PIF with new loan.	
<b>Contingencies:</b>	None	
<b>Technical Advisory Committee Recommendation:</b>	The TAC recommended approval at its December 14, 2022 meeting.	
<b>Funding Authorization:</b>	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) Advanced Machine Guarding Solutions Project – Resolution No. 23-008

Representative Julie Sandstede moved that the Board recommend an expenditure of up to \$100,000 of DJJ Business Development Project funds to Advanced Machine Guarding Solutions to provide financing to purchase materials to build and modify manufacturing equipment and processes, as presented in Resolution No. 23-008. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**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 ADVANCED MACHINE GUARDING SOLUTIONS PROJECT**

**Resolution No.: 23-008**

**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 Business Development Projects (“**DJJ Business Development Project Funds**”); and

**WHEREAS**, the Commissioner has received a proposal for financial assistance from Advanced Machine Guarding Solutions (“**AMGS**”) that, in combination with funds provided from other sources, will provide financing to purchase materials to build and modify manufacturing equipment and processes (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 \$100,000 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to AMGS, which is being made as part of a \$241,000 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 December 14, 2022, and recommended approval of the requested financial assistance for the Project; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, at the agency’s Administration Building located near Eveleth, Minnesota, to consider, among other matters, AMGS’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 Business 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 \$100,000 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to AMGS 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, including the provisions customarily contained therein that require borrowers to pay at least prevailing wages to workers performing work on construction projects.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
 Senator Tom Bakk, Chair

**EXHIBIT A**  
**Advanced Machine Guarding Solutions**  
**1111 7<sup>th</sup> Ave E**  
**Hibbing, Minnesota 55746**

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

<b>Applicant:</b>	Advanced Machine Guarding Solutions
<b>Project Location:</b>	1111 7 <sup>th</sup> Ave E Hibbing, Minnesota 55746
<b>Principal(s):</b>	Jason Wobbema, President
<b>Project Description:</b>	This \$241,000 project will allow Advanced Machine Guarding Solutions (AMGS) to purchase the materials necessary to build a Drill & Tapping Machine, Hydraulic Wire Cutting System, Powder Coat Collection & Conveyor Systems and Wire Mesh Weld Machine. Some of the funds will also be used to modify the existing weld machine to make it more automated.

<b>Applicant:</b>	Advanced Machine Guarding Solutions			
<b>Market Opportunity:</b>	The Drill & Tapping Machine will improve product quality and increase efficiency. Currently, drilling is a manual process. The new machine will allow for clean, smooth holes to be drilled in a fraction of the time it takes to drill by hand. The Wire Mesh Weld Machine will allow the company to produce five times more mesh than their current capacity. The Powder Coat System will allow them to more than double their throughput. The need for this equipment was expected from the start and, now that orders have reached current capacity, will enable the company to improve operations and continue to grow.			
<b>Project Investment:</b>	Park State Bank 60-month amortization		\$100,000	
	IRRRB Formula rate 60-month amortization		\$100,000	
	Entrepreneur Fund		\$24,000	
	Owner's Equity		\$17,000	
	<b>TOTAL</b>		<b>\$ 241,000</b>	
<b>Jobs:</b>	1 Planned New 4 Retained Wages \$15 - \$30 per hour or \$32,000 to \$63,000 per year plus benefits			
<b>Collateral:</b>	Blanket UCC all accounts receivable, inventory and equipment, shared first position			
<b>Business History:</b>	Advanced Machine Guarding Solutions, AMGS, is a new manufacturing company located in Hibbing which designs and produces safety steel wire mesh guarding for the automation industry. They also supply other manufacturing companies' safety products to ensure their operating equipment meets OSHA standards in the United States and Canada. What makes AMGS different in the marketplace is they merge two different technologies, mechanical guarding and electronic safety devices into one pre-designed package for the customer. With their experience in the safety industry they have found an opportunity in the market that is not being fulfilled by other competitors in the industry.			
<b>Past IRRRB History:</b>	Date Originated	Initial Balance	Current Balance	Status
	12/11/2020	\$91,000	\$81,558.62	Current
<b>Contingencies:</b>	None			
<b>Technical Advisory Committee Recommendation:</b>	The TAC recommended approval at its December 14, 2022 meeting.			
<b>Funding Authorization:</b>	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			

<b>Applicant:</b>	Advanced Machine Guarding Solutions
	Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

**7) Smoke on the Water LLC – Resolution No. 23-009**

Representative Spencer Igo moved that the Board recommend an expenditure of up to \$380,121 to Smoke on the Water LLC that, in combination with funds provided from other sources, will provide financing for construction costs and the purchase of production equipment necessary to begin production of wines and ciders, as presented in Resolution No. 23-009. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**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 SMOKE ON THE WATER LLC PROJECT**

**Resolution No.: 23-009**

**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 Business Development Projects (“**DJJ Business Development Project Funds**”); and

**WHEREAS**, the Commissioner has received a proposal for financial assistance from Smoke on the Water LLC (“**SOTW**”) that, in combination with funds provided from other sources, will provide financing for construction costs and the purchase of production equipment necessary to begin production of wines and ciders (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 \$380,121 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to SOTW, which is being made as part of a \$1,468,017 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 December 14, 2022, and recommended approval of the requested financial assistance for the Project; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, at the agency's Administration Building located near Eveleth, Minnesota, to consider, among other matters, SOTW'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 Business 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 \$380,121 of DJJ Business Development Project Funds to purchase a participation interest in a bank loan to SOTW 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, including the provisions customarily contained therein that require borrowers to pay at least prevailing wages to workers performing work on construction projects.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

**EXHIBIT A**  
**Smoke on the Water LLC**  
**10 Roosevelt Ave.**  
**Coleraine, Minnesota 55722**

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

<b>Applicant:</b>	Smoke on the Water LLC

<b>Applicant:</b>	Smoke on the Water LLC	
<b>Project Location:</b>	10 Roosevelt Ave., Coleraine, Minnesota 55746	
<b>Principal(s):</b>	Tia Starks	
<b>Project Description:</b>	Located on the shores of Trout Lake, the former Coleraine firehall has sat vacant for over seven years and is rapidly falling into disrepair. This past summer, Tia Starks purchased the building, and with the assistance of this \$1.5 million project, will turn it into a production winery and cidery, a venue to host groups of up to 125 people, and the only bar/restaurant option on the lake for those choosing to recreate.	
<b>Market Opportunity:</b>	Tia currently owns and operates Grand Rapids based UnWined Up North, the winner of Star Tribune's Best Wine Bar in Minnesota Award for 2021 and 2022. Through UnWined, Tia has cultivated many relationships with local businesses and wineries/cideries statewide, and has gained an intimate knowledge of the industry. Minnesota and the Midwest are becoming one of the fastest growing wine making regions in the world, with the average Minnesota winery hosting 13,600 guests per year in the tasting room.	
<b>Project Investment:</b>	Grand Rapids State Bank	\$430,121
	<ul style="list-style-type: none"> <li>• 20-year amortization on Commercial Real Estate</li> <li>• 7-year amortization on equipment</li> </ul>	<ul style="list-style-type: none"> <li>• \$300,000 (construction costs)</li> <li>• \$80,121 (wine production equipment)</li> <li>• \$50,000 (line of credit)</li> </ul>
	IRRRB Formula rate	\$380,121
	<ul style="list-style-type: none"> <li>• 20-year amortization on Commercial Real Estate</li> <li>• 7-year amortization on equipment</li> </ul>	<ul style="list-style-type: none"> <li>• \$300,000 (construction costs)</li> <li>• \$80,121 (wine production equipment)</li> </ul>
	Entrepreneur Fund	\$150,000
	IRRRB Grants	\$70,000
		<ul style="list-style-type: none"> <li>• \$50,000 Commercial Demo</li> <li>• \$20,000 Business Energy Retrofit</li> </ul>
	Owner's Equity	\$437,775
	<b>TOTAL</b>	<b><u>\$ 1,468,017</u></b>
<b>Jobs:</b>	10 Planned Full Time Wages \$15 - \$30 per hour or \$32,000 to \$63,000 per year plus benefits	
<b>Collateral:</b>	Blanket UCC all accounts receivable, inventory and equipment, shared first position on real estate mortgage.	
<b>Business History:</b>	Smoke on the Water, is a new production winery/cidery soon to be located on the shores of Trout Lake in Coleraine. Smoke on the Water will produce its own ciders and wines and host small groups, as well as being the only option on the lake for dining with a small kitchen and boutique bar.	
<b>Past IRRRB History:</b>	None	

<b>Applicant:</b>	Smoke on the Water LLC
<b>Contingencies:</b>	None
<b>Technical Advisory Committee Recommendation:</b>	The TAC recommended approval at its December 14, 2022 meeting.
<b>Funding Authorization:</b>	Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291-298.298) pertaining to expenditures of Douglas J. Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purposes of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

**8) FY23 Development and Community Development Infrastructure Projects – Resolution No. 23-010**

Representative Rob Ecklund moved that the Board recommend an expenditure of up to \$5,739,000 for 14 development and community infrastructure projects; \$4,496,000 would be expended from Public Works – TEPF Funds and \$1,243,000 would be expended from Public Works – DJJ Corpus Funds, as presented in Resolution No. 23-010. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**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.: 23-010**

**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 \$1,379,688 has already been obligated for projects by prior Board actions, leaving \$5,120,312 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 \$478,500 has already been obligated for projects by prior Board actions, leaving \$3,021,500 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 \$5,739,000 for 14 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**, \$4,496,000 for the Proposed Projects would be expended from Public Works- TEPF Funds and \$1,243,000 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 11:00 a.m. on December 21, 2022, at the agency’s Administration Building located near Eveleth, 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 \$4,496,000 of FY23 Public Works-TEPF Funds and \$1,243,000 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 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_

Senator Tom Bakk, Chair

**EXHIBIT A****DEVELOPMENT INFRASTRUCTURE****Cook County/Grand Marais Joint EDA (TEPF)****Grant Amount: \$450,000**

The project consists of infrastructure and site work for the expansion of a transfer station in Grand Marais. North Shore Waste is building a 22,000-square-foot facility on 11 acres adjacent to their current operations. Moving operations inside allows all waste to be transferred to semitrucks resulting in significant efficiencies in both operations and transportation costs. The Cook County Solid Waste Management Improvement Program is a five-year initiative spearheaded by North Shore Waste, a locally owned LLP. The multi-phase program will dramatically improve the efficiency and environmental impact of Cook County's waste management facilities and operations. It will also help mitigate the rising costs associated with transferring waste to landfills outside of the county. The project is expected to create three permanent jobs and 37 construction jobs.

<b>USES</b>		<b>SOURCES</b>	
Infrastructure and site work	\$1,251,351	Iron Range Resources & Rehabilitation	\$500,000
Facility construction	3,800,000	Private	5,313,351
A&E	287,000		
Contingency	475,000		
<b>TOTAL</b>	<b>\$5,813,351</b>	<b>TOTAL</b>	<b>\$5,813,351</b>

**Cook County/Grand Marais Joint EDA (TEPF)****Grant Amount: \$500,000**

The project consists of infrastructure and site work for a new housing development in Grand Marais. A recent housing needs analysis projects that between 520 and 615 additional units of housing could be needed by 2026. Sawtooth Flats is a proposed 51-unit, mixed-income multi-family apartment building in Grand Marais. The proposed project will include 51 long-term apartment units, 11 of which will be available to residents earning 50% of the area median income, or \$29,200 for 2022. This will be the largest long-term multi-family rental building in the history of Cook County and will provide 10% of the projected housing need. The hospital and clinic and other local employers have expressed interest in renting units in the building to house traveling physicians and recruit medical staff, especially as the project is located one block away from their campus. The project is expected to create two permanent jobs and 64 construction jobs.

<b>USES</b>		<b>SOURCES</b>	
Infrastructure and site work	\$1,256,000	Iron Range Resources & Rehabilitation	\$500,000
Building construction	8,644,000	Private	9,400,000
Property acquisition	600,000	TIF	600,000
<b>TOTAL</b>	<b>\$10,500,000</b>	<b>TOTAL</b>	<b>\$10,500,000</b>

**City of Grand Rapids (TEPF)****Grant Amount: \$264,000**

The project includes site grading and utility extensions for a private hangar development site at the Grand Rapids/Itasca County Airport. Water and sanitary sewer will be installed to serve 10 private hangar sites on airport property. Phase I would include the construction of an 11,880-square-foot, three bay hangar. Phase II would involve the construction of up to seven additional hangars. The airport is located on the southeast end of Grand Rapids and is used for recreational, business and commercial purposes. There are currently 16 private hangars on airport property that have 74 based aircraft. The project will allow the airport to continue to expand and grow while providing new business opportunities. The project is expected to create nine construction jobs.



USES		SOURCES	
Infrastructure and site work	\$264,978	Iron Range Resources & Rehabilitation	\$264,000
Hangar construction	950,400	Airport	1,194,451
A&E	121,537		
Contingency	121,537		
<b>TOTAL</b>	<b>\$1,458,452</b>	<b>TOTAL</b>	<b>\$1,458,452</b>

#### Great Scott Township (TEPF)

##### Grant Amount: \$500,000

The project consists of infrastructure and site work for the expansion of a new meat processing facility located in Great Scott Township. Northern Minnesota Meat Company (NMMC) will construct a new 11,700 square foot processing facility and a 4500 square foot warehouse to provide service to farmers within a 100-mile radius of the facility. NMMC will process beef, pork and lamb at the new facility with on-site U.S. Department of Agriculture (USDA) federal inspection. With the USDA inspection, meat processed at the facility can be sold nationally and internationally. This will help increase the agricultural interest and broaden the markets of farms in our area. The project is expected to create 23 permanent jobs and 26 construction jobs.

USES		SOURCES	
Infrastructure and site work	\$657,885	Iron Range Resources & Rehabilitation	\$500,000
Facility construction	3,115,618	Private	4,803,302
Warehouse construction	200,000		
Equipment	1,242,669		
A&E	52,430		
Contingency	34,700		
<b>TOTAL</b>	<b>\$5,303,302</b>	<b>TOTAL</b>	<b>\$5,303,302</b>

#### City of Virginia (TEPF)

##### Grant Amount: \$400,000

The project consists of infrastructure upgrades and relocation for the continued redevelopment of Uptown Virginia, formerly known as Thunderbird Mall. RockStep Capital is moving forward with a multi-million-dollar redevelopment of the interior small shop space and will perform full demolition of the interior stores and commons area. RockStep will reconfigure build-out space for a new anchor store, a new junior anchor store, additional new smaller retail operators, expansion of an existing retailer, and relocation of existing smaller tenants to north facing storefronts with exterior entrances. New loading docks will be constructed, and outdated and failing infrastructure will be updated. The project is expected to create 100 permanent jobs and 76 construction jobs.

USES		SOURCES	
Infrastructure and site work	\$1,186,432	Iron Range Resources & Rehabilitation	\$400,000
Facility construction	9,127,689	Private (RockStep)	6,635,374
FF&E	1,425,000	Private (Tenants)	5,375,000
Demolition	1,171,253	Iron Range Resources & Rehabilitation (Demo)	600,000
A&E	195,000	City	95,000
<b>TOTAL</b>	<b>\$13,105,374</b>	<b>TOTAL</b>	<b>\$13,105,374</b>

#### Virginia Community Foundation (DJJ)

##### Grant Amount: \$1,000,000

The project consists of acquisition, upgrades and operational startup of the former YMCA facility in Mountain Iron. The YMCA facility was constructed in 1992 with the aid of a grant from the agency that covered 50% of construction costs. The Mesabi Family YMCA ceased operations on July 30, 2022. The Virginia Community Foundation, acting as fiscal sponsor for Mesabi Fit Coalition, is requesting IRRR funding for the purchase, repair and refurbishment of the facility so that it can

IRON RANGE RESOURCES AND REHABILITATION BOARD

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reopen for a broad range of recreation and fitness services accessible to the entire community. Prior to its closing the YMCA served thousands of residents in the region. The revitalization of the 30-year-old facility will allow the original investment to continue to provide the same and/or similar services to the community. The renovation will make the facility functional and attractive once again to a membership base sufficient to sustain its ongoing operations. The project is expected to create 20 permanent jobs and three construction jobs.

USES		SOURCES	
Property acquisition	\$700,000	Iron Range Resources & Rehabilitation	\$1,000,000
Facility upgrades	500,000	Mesabi Fit Coalition	1,100,000
Operational startup costs	900,000		
<b>TOTAL</b>	<b>\$2,100,000</b>	<b>TOTAL</b>	<b>\$2,100,000</b>

## COMMUNITY INFRASTRUCTURE

### City of Aurora (TEPF)

**Grant Amount: \$1,000,000**

The project is Phase I of the construction of the new East Range water system. Phase I consists of constructing a new watermain to serve the Scenic Acres residential area, constructing a new watermain to serve Pineville, a new water intake facility located on the north shore of Embarrass Lake Pit (existing water source and intake facilities are located on St. James Pit in Aurora), and a new raw water transmission line from the new intake facility to the city of Aurora. The existing water treatment plant, intake facilities and water sources are outdated, not suitable for continued use and not economically viable to be renovated. The project is expected to create 71 construction jobs.

USES		SOURCES	
Infrastructure and treatment facility construction	\$9,200,000	Iron Range Resources & Rehabilitation	\$1,000,000
A&E	800,000	City	800,000
Contingency	1,000,000	Public Facilities Authority	3,000,000
		State Bonding Bill	3,700,000
		Environmental Protection Agency	2,500,000
<b>TOTAL</b>	<b>\$11,000,000</b>	<b>TOTAL</b>	<b>\$11,000,000</b>

### City of Cook (TEPF)

**Grant Amount: \$238,000**

The project consists of infrastructure upgrades and road reconstruction on North River Street and Vermilion Drive. The county is proposing reconstruction of CSAH 25 (Vermilion Drive) during the 2023 summer. The city is also planning storm sewer improvements to the areas of 1st Street SW and 1st Avenue SE. In addition, the city will be addressing drainage issues with the construction of storm sewers and curb and gutter on the residential portion of North River Street that extends from south of 2nd Avenue NW north to CSAH 115. The project is expected to create 13 construction jobs.

USES		SOURCES	
Infrastructure and road reconstruction	\$1,987,000	Iron Range Resources & Rehabilitation	\$238,000
A&E	65,000	City	212,000
Contingency	48,000	CDBG	150,000
		County	1,500,000
<b>TOTAL</b>	<b>\$2,100,000</b>	<b>TOTAL</b>	<b>\$2,100,000</b>

**Ellsburg Township (TEPF)****Grant Amount: \$79,000**

The project consists of construction of a new fire hall building in addition to the existing emergency services facilities in Ellsburg Township. The new facility will house a new medical response truck and equipment. Ellsburg Township has a population of 186 and serves 93 households. The township has multiple lakes with recreational cabins and hunting shacks that increase the population and fire department calls. The project is expected to create one construction job.

USES		SOURCES	
Firehall construction	\$179,000	Iron Range Resources & Rehabilitation	\$79,000
		Township	100,000
<b>TOTAL</b>	<b>\$179,000</b>	<b>TOTAL</b>	<b>\$179,000</b>

**City of Eveleth (TEPF)****Grant Amount: \$350,000**

The project consists of sanitary sewer force main replacement and SCADA communication system upgrades at the water treatment plant and wastewater treatment plant. The project will result in improved communications and reliability at five lift stations, a water booster station and a water tank. The project includes construction of a slip ramp on the south end of Hattrick Ave. The project is expected to create eight construction jobs.

USES		SOURCES	
Infrastructure improvements	\$1,075,633	Iron Range Resources & Rehabilitation	\$350,000
A&E	106,157	City	508,000
Contingency	176,210	Public Facilities Authority	500,000
<b>TOTAL</b>	<b>\$1,358,000</b>	<b>TOTAL</b>	<b>\$1,358,000</b>

**Leech Lake Band of Ojibwe (DJJ)****Grant Amount: \$243,000**

The project consists of construction of a Cultural & Tourism Center in the S-Lake community. The proposed 16-acre site is currently occupied by a former school that is scheduled for demolition in 2023. It is located directly on MN State Highway 46, which is designated as part of the Avenue of The Pines Scenic Byway. The project includes upgrades to the Inger RV Park and Roundhouse facility located in the park. The project is expected to create 12 construction jobs.

USES		SOURCES	
Infrastructure and facility construction	\$1,785,403	Iron Range Resources & Rehabilitation	\$243,000
A&E	80,607	Federal Transportation Administration	1,406,801
		Leech Lake Band of Ojibwe	126,209
		Iron Range Resources & Rehabilitation (Demo)	90,000
<b>TOTAL</b>	<b>\$1,866,010</b>	<b>TOTAL</b>	<b>\$1,866,010</b>

**City of Silver Bay (TEPF)****Grant Amount: \$250,000**

The project consists of upgrades to accommodate expansion of Silver Bay Public Library. The expansion will create new programming and public meeting space. The expansion includes relocation of the entrance to improve accessibility, roof replacement and interior improvements. The project is expected to create six construction jobs.

USES		SOURCES	
Site Work	\$86,000	Iron Range Resources & Rehabilitation	\$250,000
Building construction	796,300	Department of Education	497,545
FF&E	30,000	Blandin Foundation	100,000
A&E	87,700	City	152,455
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>TOTAL</b>	<b>\$1,000,000</b>

**City of Taconite (TEPF)****Grant Amount: \$400,000**

The project is to construct a new water tower and pump house to replace existing infrastructure. The existing 50,000-gallon tower and 55,000-gallon ground reservoir/pump house will be decommissioned and demolished. The proposed new 50,000-gallon tower will be constructed in a new location south of town, and the new pump house will be constructed in the current pump house location. The city intends to install city-wide metering as a USDA requirement and obtain more accurate water usage. The project is expected to create 21 construction jobs.

USES		SOURCES	
Site work and water tower demolition	\$201,300	Iron Range Resources & Rehabilitation	\$400,000
Water tower construction	950,000	USDA	2,265,680
New metering	115,600	DEED	600,000
Pump house construction	982,000		
A&E	567,000		
Contingency	449,780		
<b>TOTAL</b>	<b>\$3,265,680</b>	<b>TOTAL</b>	<b>\$3,265,680</b>

**City of Winton (TEPF)****Grant Amount: \$65,000**

The project consists of improvements to its water storage tower that will help the city address some of its water system issues. The project would include the construction of a new underground vault structure, construction of an operations building, upgrades to the water tower control system and installation of a backup generator connection. The project is expected to create one construction job.

USES		SOURCES	
Water tower and control system upgrades	\$122,000	Iron Range Resources & Rehabilitation	\$65,000
A&E	22,000	CDBG	50,000
Contingency	12,000	City	41,000
<b>TOTAL</b>	<b>\$156,000</b>	<b>TOTAL</b>	<b>\$156,000</b>

**9) FY23 Trails Projects – Resolution No. 23-011**

Senator Carrie Ruud moved that the Board recommend an expenditure of up to \$2,563,745 from the Regional Trails Program Funds for seven regional trails projects, as presented in Resolution No. 23-011. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**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.: 23-011**

**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 \$176,900 has already been obligated for projects by prior Board actions, leaving \$3,323,100 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 \$2,563,745 for seven 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 11:00 a.m. on December 21, 2022, at the agency's Administration Building near Eveleth, 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 \$2,563,745 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 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_

Senator Tom Bakk, Chair

**EXHIBIT A  
REGIONAL TRAILS PROJECTS**

**City of Aitkin**

**Grant Request: \$105,000**

The project is for construction of a new trailhead and 1.3-mile paved trail extension, which will connect to an existing 1.5-mile trail, and to Aitkin City Park. The trail expansion will contribute to the city of Aitkin both economically and through positive impacts to overall community health and wellness. It will provide people in Aitkin and adjacent townships access to a more wide-ranging community trail system. The project is planned for construction in 2023.

<b>USES</b>		<b>SOURCES</b>	
Engineering, site work, trail construction and related expenses	\$524,854	Federal Transportation Alternatives Grant	\$419,854
		IRRR	\$105,000
<b>TOTAL</b>	<b>\$524,854</b>	<b>TOTAL</b>	<b>\$524,854</b>

**City of Crosby**

**Grant Request: \$18,780**

The project is a collaboration between the city of Crosby and the Cuyuna Lakes Mountain Bike Crew, to support the Mountain Bike Club's volunteer maintenance of the trails at Cuyuna Country State Recreation Area. The grant will provide funding to purchase a snowmobile and drag groomer to increase and enhance the grooming of winter fat bike trails across the Cuyuna system. It will also pay for a tool trailer and trail maintenance tools so volunteers can be more effective and efficient in providing maintenance across the geographically separated segments of the trail system.

<b>USES</b>		<b>SOURCES</b>	
Winter trail groomer, maintenance trailer and equipment	\$37,566	Cuyuna Lakes Mountain Bike Crew	\$18,786
		IRRR	\$18,780
<b>TOTAL</b>	<b>\$37,566</b>	<b>TOTAL</b>	<b>\$37,566</b>

**Itasca County**

**Grant Request: \$95,000**

The project is for two separate trail projects within Itasca County. The first is for Phase II of the Balsam Creek Bridge replacement and trail improvement project, which is a critical component in connecting snowmobiles and ATVs from the Balsam Trail to the Taconite Trail system and other Grant in Aid systems located in Itasca County. The second project is for improvements to Wabana Ski Trail. Two 200-foot boardwalk sections will be installed and provide safe crossings to higher ground areas for Nordic skiers and hikers. Both projects are key improvements to highly utilized trails within the county.

USES		SOURCES	
Balsam Creek bridge and ATV and snowmobile trail improvements	\$170,000	Federal Recreational Trails Program	\$85,000
Wabana Nordic ski trail boardwalk construction	\$20,000	Federal RAC	\$7,000
		Itasca County	\$3,000
		IRRR	\$95,000
<b>TOTAL</b>	<b>\$190,000</b>	<b>TOTAL</b>	<b>\$190,000</b>

### Lake County

#### Grant Request: \$100,000

The project will build two new intermediate trails, upgrade an existing trail to an all-weather standard and construct a bridge that crosses a river. The project will build a unique set of trails to help bridge the gap between the beginner trails around the new State of Minnesota Split Rock Campground and the advanced trails that make up most of the Split Rock Wilds trail system. The project has received financial support from numerous partners, including the Greater Minnesota Parks and Trails, One Track Mind Foundation and many area businesses. The project is planned for construction in 2023.

USES		SOURCES	
Mountain bike trail and bridge construction	\$200,000	One Track Mind Foundation	\$100,000
		IRRR	\$100,000
<b>TOTAL</b>	<b>\$200,000</b>	<b>TOTAL</b>	<b>\$200,000</b>

### Northeast Regional ATV Trail Joint Powers Board

#### Grant Request: \$1,960,000

The project is for upgrades and connector trail construction on the following trails: Ranger ATV, Northern Traxx, Prospector ATV, Quad Cities ATV and Voyageur Country ATV. The regional project will extend trails, fill gaps and connect ATV trails in northern Minnesota. The connected trail system will eventually run from International Falls to the Iron Range, and from Ely to Grand Marais on the North Shore. Over 1,500 miles of connected trails will be available and allow users to recreate in the region and never access the same trail twice. The goal of the Northeastern Regional ATV Joint Powers Board is to support ATV trail connection projects in Northeast Minnesota and turn the region into a world-class ATV destination. When the project is complete, the extensive trail system is predicted to be one of the top ATV trail experiences in the United States. The project will also assist in funding an Economic Impact Study, to be conducted by the University of Minnesota Extension Service.

USES		SOURCES	
ATV trail engineering, environmental, construction	\$3,880,000	State Bonding	\$990,000
Economic Impact Study	\$40,000	ATV Dedicated Account	\$970,000
		IRRR	\$1,960,000
<b>TOTAL</b>	<b>\$3,920,000</b>	<b>TOTAL</b>	<b>\$3,920,000</b>

**St. Louis & Lake Counties Regional Railroad Authority****Grant Request: \$250,000**

Mesabi Trail is a planned 162-mile long paved trail from Grand Rapids to Ely, and 150 miles of trail have been completed since the trail's inception in 1996. Mesabi Trail is owned and maintained by the St. Louis and Lake Counties Regional Railroad Authority. The trail serves as an alternative transportation and recreational corridor primarily for non-motorized pedestrian, bike, ski, horse, rollerblade and motorized snowmobile use where designated. The project is for the construction of up to 2.4 miles of trail that connects West Two River in Kugler Township to the existing Mesabi Trail in the city of Tower. The project includes the environmental, engineering and construction of the trail segment. Once the segment is complete, there will be full connection from Grand Rapids to Ely. More than 220,000 individuals used the trail in 2021, and 280,000 users have used it to date in 2022 marking the largest total in the trail's history. Upon Mesabi Trail's final completion, it will be one of the longest paved bike trails in Minnesota and the United States.

USES		SOURCES	
Paved trail engineering, environmental and construction	\$1,070,000	MN Legacy Grant	\$750,000
		Mesabi Trail	\$70,000
		IRRR	\$250,000
<b>TOTAL</b>	<b>\$1,070,000</b>	<b>TOTAL</b>	<b>\$1,070,000</b>

**Superior Hiking Trail Association****Grant Request: \$34,965**

The project includes the development of the Superior Hiking Trail Master Plan for the 310-mile trail. The plan will create a vision for the system's future and enable the Superior Hiking Trail Association to identify and prioritize development directions, make strategic long-term investment decisions, and be positioned to apply for or access available funding. The project will also fund immediate equipment needs to aid in the trail's ongoing maintenance and management. The largest need is an ATV to mobilize materials in the trail's remote sections. Additional equipment needed includes seven trail counters that will be installed at key locations along the trail to better understand recreational use volume and patterns.

USES		SOURCES	
Master Planning	\$53,000	Superior Hiking Trail	\$34,965
Trail equipment and counters	\$16,930	IRRR	\$34,965
<b>TOTAL</b>	<b>\$69,930</b>	<b>TOTAL</b>	<b>\$69,930</b>

**10) Hibbing Taconite Company TEDF Project – Resolution No. 23-012**

Representative Dave Lislegard moved that the Board recommend an expenditure of up to \$1,654,353 of Taconite Economic Development Funds (TEDF) to Hibbing Taconite Company for Eligible Purposes based upon its 2021 production, as presented in Resolution No. 23-012. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede



**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE RECOMMENDATION:  
HIBBING TACONITE – PAY 2022 TEDF FUNDS**

**Resolution No.: 23-012**

**WHEREAS**, taconite economic development funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to Minnesota taconite pellet producers who provide required matching expenditures for projects that involve workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (“**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341; and

**WHEREAS**, Minnesota taconite pellet producer Hibbing Taconite (“**Applicant Producer**”) is eligible to receive up to \$1,654,353 of TEDF Funds for Eligible Purposes based upon its 2021 production (“**Pay 2022 TEDF Funds**”); and

**WHEREAS**, Applicant Producer made application to the Commissioner to receive TEDF Funds for the projects described in the attached Exhibit A (“**Proposed Project**”), and has committed to pay at least the required matching share of \$1,654,353 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and

**WHEREAS**, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (“**Committee**”) has reviewed the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) has been consulted about the proposed project; and

**WHEREAS**, the Committee of the Applicant Producer on November 28, 2022, indicated to the Commissioner that it has approved the Proposed Project identified in Exhibit A; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 Project and has determined that the expenditure of TEDF Funds for the purposes and in the amounts specified in Exhibit A are for eligible purposes and would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends approval of the Proposed Project specified in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

#### **Exhibit A**

#### **Project – Tailings Basin Buttressing – Total Project Cost: \$3,400,000**

Hibbing Taconite's tailings basin receives and stores tailings after extracting the iron units during the pellet production process. The basin is an engineered impoundment that is designed, monitored, and operated to safely contain tailings under all anticipated conditions.

The project is part of Cleveland-Cliffs' commitment to ensure its tailings basins meet or exceed current best practices in the industry for tailings facilities. Hibbing Taconite's investment, in the construction of a downstream buttress, essentially widened the dam and added downstream support at the toe of the existing dams. This is an ongoing project and this request covers a portion of the work that was completed in 2021.

#### **11) Minorca Mine TEDF Project – Resolution No. 23-013**

Representative Dave Lislegard moved that the Board recommend an expenditure of up to \$772,801 of Taconite Economic Development Funds (TEDF) to Minorca Mine for Eligible Purposes based upon its 2021 production, as presented in Resolution No. 23-013. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE RECOMMENDATION:  
MINORCA MINE – PAY 2022 TEDF FUNDS**

**Resolution No.: 23-013**

**WHEREAS**, taconite economic development funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to Minnesota taconite pellet producers who provide required matching expenditures for projects that involve workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (“**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341; and

**WHEREAS**, Minnesota taconite pellet producer Minorca Mine (“**Applicant Producer**”) is eligible to receive up to \$772,801 of TEDF Funds for Eligible Purposes based upon its 2021 production (“**Pay 2022 TEDF Funds**”); and

**WHEREAS**, Applicant Producer made application to the Commissioner to receive TEDF Funds for the project described in the attached Exhibit A (“**Proposed Project**”), and has committed to pay at least the required matching share of \$772,801 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and

**WHEREAS**, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (“**Committee**”) has reviewed the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) has been consulted about the proposed project; and

**WHEREAS**, the Committee of the Applicant Producer on November 30, 2022, indicated to the Commissioner that it has approved the Proposed Projects identified in Exhibit A; and,

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 Project and has determined that the expenditure of TEDF Funds for the purposes and in the amounts specified in Exhibit A are for eligible purposes and would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends approval of the Proposed Project specified in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

#### **Exhibit A**

#### **Project – Splitter Bin Structural Repairs – Total Project Cost: \$2,000,000**

The Splitter Bin is a structure that has pellets pass through from the indurating furnace and splits off pellets to three areas; to the pellet stockpile, to a temporary location if the primary pellet stockpile is unavailable, and recirculated to the hearth layer bin. Due to the age and operating conditions of the structure, the structural steel has deteriorated to the point that replacement of the Splitter Bin is necessary.

#### **12) Northshore Mining Company TEDF Projects – Resolution No. 23-014**

Representative Rob Ecklund moved that the Board recommend an expenditure of up to \$1,447,676 of Taconite Economic Development Funds (TEDF) to Northshore Mining Company for Eligible Purposes based upon its 2021 production, as presented in Resolution No. 23-014. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE RECOMMENDATION:  
NORTHSHORE MINING – PAY 2022 TEDF FUNDS**

**Resolution No.: 23-014**

**WHEREAS**, taconite economic development funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to Minnesota taconite pellet producers who provide required matching expenditures for projects that involve workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (“**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341; and

**WHEREAS**, Minnesota taconite pellet producer Northshore Mining (“**Applicant Producer**”) is eligible to receive up to \$1,447,676 of TEDF Funds for Eligible Purposes based upon its 2021 production (“**Pay 2022 TEDF Funds**”); and

**WHEREAS**, Applicant Producer made application to the Commissioner to receive TEDF Funds for the projects described in the attached Exhibit A (“**Proposed Projects**”), and has committed to pay at least the required matching share of \$1,447,676 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and

**WHEREAS**, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (“**Committee**”) has reviewed the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) has been consulted about the proposed project; and

**WHEREAS**, the Committee of the Applicant Producer on November 30, 2022, indicated to the Commissioner that it has approved the Proposed Projects identified in Exhibit A; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 TEDF Funds for the purposes and in the amounts specified in Exhibit A are for eligible purposes and would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends approval of the Proposed Projects specified in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

**Exhibit A**

**Total Projects Cost: \$3,100,000**

**Project 1 – Mine Course Crusher Air Quality Improvements - \$1,100,000**

Installation of a clean air, makeup air system that introduces air optimally into the various levels of the coarse crusher at the mine. A dust collector system outside of the crusher building will provide the needed clean recirculating air that will be re-introduced back into the building. Fresh air circulation and exhaust systems ensure clean air movement in the crusher building.

**Project 2 – Mine Water Tower Replacement - \$1,000,000**

This investment replaces one of two water towers that provide potable water to the mine shops and offices. The water tower would be dismantled and replaced with a new 50,000-gallon hydro cone design tower, foundation, piping, and related accessories to connect into the existing water main.

**Project 3 – Railroad Fiber Optic Upgrade - \$1,000,000**

The railroad's centralized traffic control (CTC) system helps ensure the safety of personnel, detects broken rails, misalignment of switches, and rails that pull apart during winter operations. The Electracode field interface and H&L fiber modems used to control and convey all functions of the CTC system needs to be replaced. This project would upgrade this equipment to fiber optic wiring and install updated components associated with the dispatch control and communication network.

**13) U.S. Steel – Keetac TEDF Project – Resolution No. 23-015**

Representative Julie Sandstede moved that the Board recommend an expenditure up to \$1,039,570 of Taconite Economic Development Funds (TEDF) to U.S. Steel – Keetac for Eligible Purposes based upon its 2021 production, as presented in Resolution No. 23-015. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE RECOMMENDATION:  
U.S. STEEL CORPORATION - KEETAC – PAY 2022 TEDF FUNDS**

**Resolution No.: 23-015**

**WHEREAS**, taconite economic development funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to Minnesota taconite pellet producers who provide required matching expenditures for projects

that involve workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (“**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341; and

**WHEREAS**, Minnesota taconite pellet producer U.S. Steel Corporation-KeeTac (“**Applicant Producer**”) is eligible to receive up to \$1,039,570 of TEDF Funds for Eligible Purposes based upon its 2021 production (“**Pay 2022 TEDF Funds**”); and

**WHEREAS**, Applicant Producer made application to the Commissioner to receive TEDF Funds for the project described in the attached Exhibit A (“**Proposed Project**”), and has committed to pay at least the required matching share of \$1,039,570 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and

**WHEREAS**, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (“**Committee**”) has reviewed the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) has been consulted about the proposed project; and

**WHEREAS**, the Committee of the Applicant Producer on November 17, 2022, indicated to the Commissioner that it has approved the Proposed Projects identified in Exhibit A; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 TEDF Funds for the purposes and in the amounts specified in Exhibit A are for eligible purposes and would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends approval of the Proposed Project specified in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

#### **Exhibit A**

#### **Project – Keetac DR Grade Pellets – Total Project Cost: \$2,500,000**

Design and install additional beneficiation process to the existing concentrator enabling Keetac to reduce silica concentration meeting DR pellet specification of <2% silica. New processing can be utilized year-round or bypassed to produce the current blast furnace grade pellets. New processing equipment includes additional grinding, separation, and flotation to remove additional silica from the ore prior to pelletizing.

#### **14) U.S. Steel – Minntac TEDF Project – Resolution No. 23-016**

Representative Dave Lislegard moved that the Board recommend an expenditure of up to \$3,129,915 of Taconite Economic Development Funds (TEDF) to U.S. Steel – Minntac for Eligible Purposes based upon its 2021 production, as presented in Resolution No. 23-016. Motion carried.

Laureen Hall took a roll call vote:



**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE RECOMMENDATION:  
U.S. STEEL CORPORATION - MINNTAC – PAY 2022 TEDF FUNDS**

**Resolution No.: 23-016**

**WHEREAS**, taconite economic development funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to Minnesota taconite pellet producers who provide required matching expenditures for projects that involve workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (“**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341; and

**WHEREAS**, Minnesota taconite pellet producer U.S. Steel Corporation-Minntac (“**Applicant Producer**”) is eligible to receive up to \$3,129,915 of TEDF Funds for Eligible Purposes based upon its 2021 production (“**Pay 2022 TEDF Funds**”); and

**WHEREAS**, Applicant Producer made application to the Commissioner to receive TEDF Funds for the project described in the attached Exhibit A (the “**Proposed Project**”), and has committed to pay at least the required matching share of \$3,129,915 of the costs of the Proposed Project which the Commissioner has determined are for Eligible Purposes; and

**WHEREAS**, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (“**Committee**”) has reviewed the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) has been consulted about the proposed project; and

**WHEREAS**, the Committee of the Applicant Producer on November 17, 2022, indicated to the Commissioner that it has approved the Proposed Projects identified in Exhibit A; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 Project and has determined that the expenditure of TEDF Funds for the purposes and in the amounts specified in Exhibit A are for eligible purposes and would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends approval of the Proposed Project specified in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

#### **Exhibit A**

#### **Project – Minntac Step 1 & 2 Pellet Conveyor Replacement – Total Project Cost: \$6,500,000**

Design and install a new Step 1 and 2 pellet conveyor system feeding the existing pellet loadout facility. The new conveyor system will be a more modern design replacing the conveyors that collapsed in 2022.

#### **15) United Taconite TEDF Projects – Resolution No. 23-017**

Representative Rob Ecklund moved that the Board recommend an expenditure up to \$1,321,267 of Taconite Economic Development Funds (TEDF) to United Taconite for Eligible Purposes based upon its 2021 production, as presented in Resolution No. 23-017. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
TACONITE ECONOMIC DEVELOPMENT FUND EXPENDITURE RECOMMENDATION:  
UNITED TACONITE – PAY 2022 TEDF FUNDS**

**Resolution No.: 23-017**

**WHEREAS**, taconite economic development funds (“**TEDF Funds**”) are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a to provide grants to Minnesota taconite pellet producers who provide required matching expenditures for projects that involve workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or research and development in Minnesota on new mining, taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (“**TEDF Statute**”) and for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341; and

**WHEREAS**, Minnesota taconite pellet producer United Taconite (“**Applicant Producer**”) is eligible to receive up to \$1,321,267 of TEDF Funds for Eligible Purposes based upon its 2021 production (“**Pay 2022 TEDF Funds**”); and

**WHEREAS**, Applicant Producer made application to the Commissioner to receive TEDF Funds for the projects described in the attached Exhibit A (“**Proposed Projects**”), and has committed to pay at least the required matching share of \$1,321,267 of the costs of the Proposed Projects which the Commissioner has determined are for Eligible Purposes; and

**WHEREAS**, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (“**Committee**”) has reviewed the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Iron Range Resources and Rehabilitation Advisory Board (“**Board**”) has been consulted about the proposed project; and

**WHEREAS**, the Committee of the Applicant Producer on November 30, 2022, indicated to the Commissioner that it has approved the Proposed Projects identified in Exhibit A; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 TEDF Funds for the purposes and in the amounts specified in Exhibit A are for eligible purposes and would be in the public interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends approval of the Proposed Projects specified in Exhibit A.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

**Exhibit A**

**Total Projects Cost: \$2,700,000**

**Project 1 – Mill Lines 1 and 2 Screen Replacements - \$2,100,000**

United Taconite's (UTAC) milling process involves a series of mills, screening, and magnetic separation to separate valuable iron bearing units from waste. This project was completed to improve the process for two of UTAC's milling lines

Specifically, original screening equipment was replaced with new stacksize screens which increase efficiency, productivity, and decreases maintenance intervals. All of this improves concentrate production, and in turn, increases pellet production.

**Project 2 – Furnace Line 2 Roll Feeder - \$600,000**

UTAC's furnaces lines are fed green balls which are fired into pellets as part of the final stages of pellet production. Proper sizing of green balls is critical for promoting efficiency within the furnace and minimizing unplanned maintenance within the furnace lines. Oversized material that reaches the furnace grates does not fire properly with normal size green feed; rather, it deteriorates within the furnace and results in "fines" rather than properly sized pellets. These fines wreak havoc within the furnace; undesirable consequences include increased fuel usage, unplanned maintenance, and recovery losses.

The new system carries feed to the furnace via an upper and lower deck of rollers. These rollers efficiently segregate oversized material which is returned for additional processing prior to reaching the furnace grate.

**16) Giants Ridge Recreation Center – Resolution No. 23-018**

Representative Dave Lislegard moved that the Board recommend and expenditure of up to \$8,254,581 of DJJ Corpus Fund monies for the design and construction of a recreation center at the agency's Giants Ridge Recreation Area, as presented in Resolution No. 23-018. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**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  
GIANTS RIDGE RECREATION CENTER PROJECT**

**Resolution No.: 23-018**

**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**"), after consultation with the advisory board, the corpus of the Douglas J. Johnson Economic Protection Trust Fund, ("**DJJ Fund Corpus**"), for projects and programs described in Minnesota Statutes Section 298.292, subdivision 1 that either (1) are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses; or (2) encourage diversification of the economy and promote the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism; or (3) for which technological and economic feasibility have been demonstrated; and

**WHEREAS**, the Commissioner has proposed the expenditure of up to \$8,254,581 of DJJ Corpus Fund monies for the design and construction of a recreation center at the agency's Giants Ridge Recreation Area ("**Giants Ridge Recreation Center Project**") that is more specifically described in Exhibit A, which is attached hereto and incorporated by reference; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, at the agency's Administrative 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 Giants Ridge Recreation Center Project and determined that the proposed expenditure of those funds for that purpose and would be an expenditure that supports tourism and creates and maintains productive and permanent employment within the TAA.

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that the Board recommends the expenditure of up to

\$8,254,581 of DJJ Corpus Fund monies for the Giants Ridge Recreation Center Project.

**BE IT FURTHER RESOLVED** that the Board's recommendation of this expenditure is subject to the payment of prevailing wages for the Giants Ridge Recreation Center Project as required by law and by the Board's Resolution 96-005.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_

Senator Tom Bakk, Chair

#### **GIANTS RIDGE RECREATION CENTER**

Project:

Construct an indoor recreational center that will help support the overall recreational experiences at Giants Ridge. Benefits of the new proposed center include:

- Adds indoor spaces and healthy indoor activities for local residents, tourists, children and families.
- Provides an indoor recreational experience that is currently missing at the facility. Existing recreation at Giants Ridge is entirely outdoors.
- Offers indoor facilities and recreation to guests during inclement weather conditions such as rain, below freezing temperatures and storms.
- Creates additional programming, packaging and revenue opportunities for Giants Ridge.
- Retains existing and attracts new customers.
- Strengthens the potential for additional private sector real estate investments at Giants Ridge.
- Supports the regional economic impact of Giants Ridge which is currently estimated to be \$55 million annually.

Proposal:

The proposal is for IRRR funding to design and construct an approximately 12,000 square feet indoor recreational space located across from the main ski entrance at Giants Ridge. The space will include a swimming pool, sports court, functional space, locker and change rooms, indoor spa and outdoor spaces. The funding request includes the site work and construction for a parking lot, landscaping and

walking paths to the facility. Guest Services will manage the daily operations of the additional space.

Cost Breakdown:

Estimated expenses include design, construction, contingency and inflation: \$8,254,581.

Total Request: \$8,254,581

The construction project will be managed by the Department of Administration's Real Estate Construction Services in conjunction with the IRRR and a general contractor. The project is estimated to go out for bid fall of 2023.

**17) Iron Range School Consolidation and Cooperatively Operated School Account – Resolution No. 23-019**

Representative Julie Sandstede moved that the Board recommend an expenditure of up to \$6,700,000 of School Account Funds for the Rock Ridge Project and the Ely Project, as presented in Resolution No. 23-019. Motion carried.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

**IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD  
OF THE STATE OF MINNESOTA  
IRON RANGE SCHOOL CONSOLIDATION AND COOPERATIVELY OPERATED  
SCHOOL ACCOUNT EXPENDITURE**

**Resolution No.: 23-019**

**WHEREAS**, Minnesota Statutes Section 298.28, subdivision 7a created the Iron Range school consolidation and cooperatively operated school account ("**School Account**") for the purpose of authorizing the Commissioner, after consultation with the Iron Range Resources and Rehabilitation Advisory Board ("**Board**"), to provide disbursements to assist certain statutorily identified school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement to school districts that are located within the taconite assistance area as defined in Minnesota Statutes Section 273.1341 ("**TAA**"); and

**WHEREAS**, the agency previously approved the ongoing annual expenditure of up to \$4,900,000 for 20 years for the payment of bonds in support of a collaboration between the Eveleth-Gilbert and Virginia school districts, now consolidated as Independent School District No. 2909, as more specifically described in Board Resolution 19-024 (the "Rock Ridge Project"); and

**WHEREAS**, the agency previously approved the expenditure of up to \$7,000,000 for a project for Independent School District No. 696, as more specifically described in Board Resolution No. 20-020 (the “Ely Project”); and

**WHEREAS**, both Independent School Districts No. 2909 and No. 696 are requesting short-term cash infusions from the agency for their projects to avoid incurring additional costs associated with the premature shutdown and subsequent restart of construction activities due to unanticipated construction inflation caused by economic forces driven by the COVID-19 pandemic; and

**WHEREAS**, the Commissioner has received proposals for the expenditure of up to \$6,700,000 of such School Account funds for the Rock Ridge Project and the Ely Project as more specifically set forth in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Disbursements**”); and

**WHEREAS**, the school districts are aware that such Proposed Disbursements would only be granted with the understanding that they will cooperate and work with legislators to replenish the agency’s School Account fund for the amount of the Proposed Disbursements during the upcoming 2023 Minnesota legislative session; and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, at the agency's Administrative 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 Disbursements and determined that such expenditure would be in the public interest and promote the advancement of schools within the TAA.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Board hereby recommends that the Commissioner approve the expenditure of up to \$6,700,000 of School Account funds for the Proposed Disbursements.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Justin Eichorn	<b>X</b>			
Senator Carrie Ruud	<b>X</b>			
Representative Rob Ecklund	<b>X</b>			
Representative Spencer Igo	<b>X</b>			
Representative Dave Lislegard	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Julie Sandstede	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair



## EXHIBIT A

The Rock Ridge & Ely School Districts are requesting up to \$6,700,000 for short term cash infusions for their construction projects. The purpose of this investment is to aid the school districts in avoiding additional costs associated with the premature shutdown and subsequent restart of construction activities due to unanticipated construction inflation caused by economic forces driven by the COVID-19 pandemic.

Prior to the pandemic, the agency approved an ongoing annual expenditure of up to \$4,900,000 for 20 years for the payment of bonds for Rock Ridge school districts and a one-time expenditure of \$7,000,000 for capital improvement costs to support the Ely school district.

Under this proposal, the commitment will be up to \$4,700,000 to Rock Ridge School District and up to \$2,000,000 to the Ely School District.

It is the expectation of the agency that the school districts will work collaboratively with legislators to enact legislation to reimburse the agency's school account in the amount of the short-term cash infusion. Currently, both districts are seeking legislative solutions regarding construction sales tax exemptions and funding to offset construction cost increases caused by economic forces driven by the COVID-19 pandemic.

### **18) Iron Range Higher Education Account – Resolution No. 23-020**

Representative Julie Sandstede moved that the Board recommend an expenditure of up to \$985,000 of Iron Range Higher Education Account funds for proposed expenditures, as presented in Resolution No. 23-020.

Laureen Hall took a roll call vote:

**Voting in Favor of the Motion:** Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Representative Julie Sandstede

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** None

## **IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD OF THE STATE OF MINNESOTA IRON RANGE HIGHER EDUCATION ACCOUNT EXPENDITURE RECOMMENDATION**

### **Resolution No.: 23-020**

**WHEREAS**, Minnesota Statutes Section 298.28, subd. 9d allocates five cents per taxable ton of taconite taxes to the agency to be deposited in an Iron Range higher education account ("**Higher Education**

**Account**") to be used for higher education programs conducted at educational institutions in the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 ("**TAA**"); and

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

**WHEREAS**, pursuant to 298.28, subd. 9d, the Commissioner, after approval by the Committee and consultation with the Iron Range Resources and Rehabilitation Advisory Board ("**Board**"), approves expenditures from the Higher Education Account; and

**WHEREAS**, on December 13, 2022, the Committee met and approved the expenditure of up to \$985,000 for the purposes listed in Exhibit A, which is attached hereto and incorporated by reference ("**Proposed Expenditures**"); and

**WHEREAS**, the Board met in open session at 11:00 a.m. on December 21, 2022, 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 Expenditures, and has determined that the Proposed Expenditures, as presented to the Board at its meeting, would be in the public interest and promote economic development within the TAA.

**NOW, THEREFORE, IT IS RESOLVED** that the Board hereby recommends that the Commissioner approve up to \$985,000 of Higher Education Account funds for the Proposed Expenditures.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 21<sup>ST</sup> DAY OF DECEMBER 2022.**

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Justin Eichorn	X			
Senator Carrie Ruud	X			
Representative Rob Ecklund	X			
Representative Spencer Igo	X			
Representative Dave Lislegard	X			
Representative Dale Lueck	X			
Representative Julie Sandstede	X			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

Signed: \_\_\_\_\_  
Senator Tom Bakk, Chair

**EXHIBIT A**  
**Proposed Iron Range Higher Education Account Expenditures**

1. Up to \$333,000 for the Early Childhood Program Redesign and Targeted Access Project.

2. Up to \$305,000 for the Electrical Construction and Controls Program Redesign.
3. Up to \$347,000 for University Center Development.

## **Minnesota North College Program Redesign and Expansion of Four-year Opportunities on the Iron Range– IRRR Higher Education Committee Proposal**

Minnesota North College  
December 2022

### **The Vision**

Leveraging momentum from the recent merger, Minnesota North College faculty and administration propose to redesign and expand program opportunities to better align curriculum in three key areas. Three programs and a university system center will be redesigned and created to better serve the industry needs on the Iron Range, as well as meet the demand of student interest. This work will align with Minnesota North College's merged identity and ethos, serving the region more effectively as one cohesive unit leveraging multiple sources of talent and expertise across programs.

This proposal contains a three-part request: 1) funding to increase engagement with **early childhood** training at all levels of care and redesign on-ramps to the programs offered at Minnesota North; 2) redesign of a) **electrical maintenance and construction** and b) **electrical controls programming** to meet both industry needs and robust student demand in the construction and industrial employment areas, and; 3) the creation and establishment of a Minnesota North College **four-year university center** to better streamline access to our four-year partner institutions for our students and other residents from the Iron Range area.

A fourth project—a program creation project—is on the horizon, which will include a focus on **manufacturing**. This will be discussed in a later section of this proposal, as the funds for this work are not part of this present request.

### **I. Early Childhood Program Redesign and Targeted Access Project**

#### **The Need**

The demand for employees in the childcare sector is not novel; however, the on-ramps for childcare provider training are varied and not always the easiest to navigate for prospective students seeking to enter the field, nor for incumbent workers desiring to upskill. Minnesota North College has supported the early childhood employment pathway through programming on multiple campuses and through outreach in local communities, including special projects around CDA and credit-bearing certification with cohorts at Boise Fort in 2019-2020, Fon du Lac Head Start in 2017-2019, Red Lake Head Start 2017-2018, and more. During the merger to Minnesota North College, separate programs in early childhood and special education were rolled forward into the new college, with some slightly redundant programs even shelved for the time being, such as the Mesabi Range Virginia campus's Teacher Assistant program. In essence, these previously disparate programs do not neatly interlace for a student who may wish to navigate between them.

At present, the Itasca campus offers both an on-ground 18 credit Early Childhood certificate and a transfer associate's degree, meant to encourage movement to bachelor's degree programs. The Mesabi Range Virginia campus offers an online-only associated of applied science degree. The difference

between these programs is that the certificate focuses on short-term training that could culminate in students achieving their state child development associate (CDA), a professional credential that requires the following:

1. High School Education – Candidates must show proof of high school education with a valid high school diploma, a GED or through enrollment as a junior or senior in a high school career/technical program in early childhood education.
2. Professional Education – Applicants must complete 120 clock hours of professional early childhood education, including 10 hours in each of the following eight CDA Subject Areas.
3. Obtain 480 hours of work experience working with children in the age group matching a specific type of CDA application.
4. Complete Family Questionnaires and Professional Portfolio (sourced from Council for Professional Recognition, November 2022).

In addition, the associate of applied science degree is meant for those looking to enter directly into the workforce after training, and the associate of science degree maintains components of transfer education that ladders into bachelor's degree studies.

In recent work with advisory committees, local employers, and school-district partners, it has become apparent that a few clear outcomes will support employer need and create a more equitable and smooth navigation of this educational ladder. First, there is a strong desire to work with local high school academies and the IASC Next Career Pathways to guide students through the beginning stages of the CDA prior to high school graduation. Some of these hours can then roll into Credit for Prior Learning, assessed at the start of a post-secondary academic program. Secondly, depending on the career pathway a student wishes to pursue, students can ladder into incremental credentials that allow them to gradually or immediately move toward a degree that supports the level of responsibility and leadership that their career in childcare/child development will build upon. Third, there is also an identified need to establish micro-credentials that would target individuals that simply wish to gain their 120 clock hours toward their CDA without progress toward a post-secondary degree via a private company. At present, these companies do not support the following portfolio development, and subsequently, many do not complete their CDA or struggle to navigate through the process.

### **The Evidence**

According to DEED Occupations in Demand (<https://mn.gov/deed/data/data-tools/oid/>, retrieved November 2022), teaching assistants were ranked #16 in demand for occupations, and childcare workers were noted as a five-star occupation (out of five stars, indicating favorable current demand), with 34,894 projected openings over the next 10 years. Bachelor's level positions in Special Education and Childcare were noted as four-star occupations, with 3,155 openings in the next 10 years and a 6.5% growth rate over the same time period. Students often begin in two-year programs and matriculate to four-year options as they progress in their education.

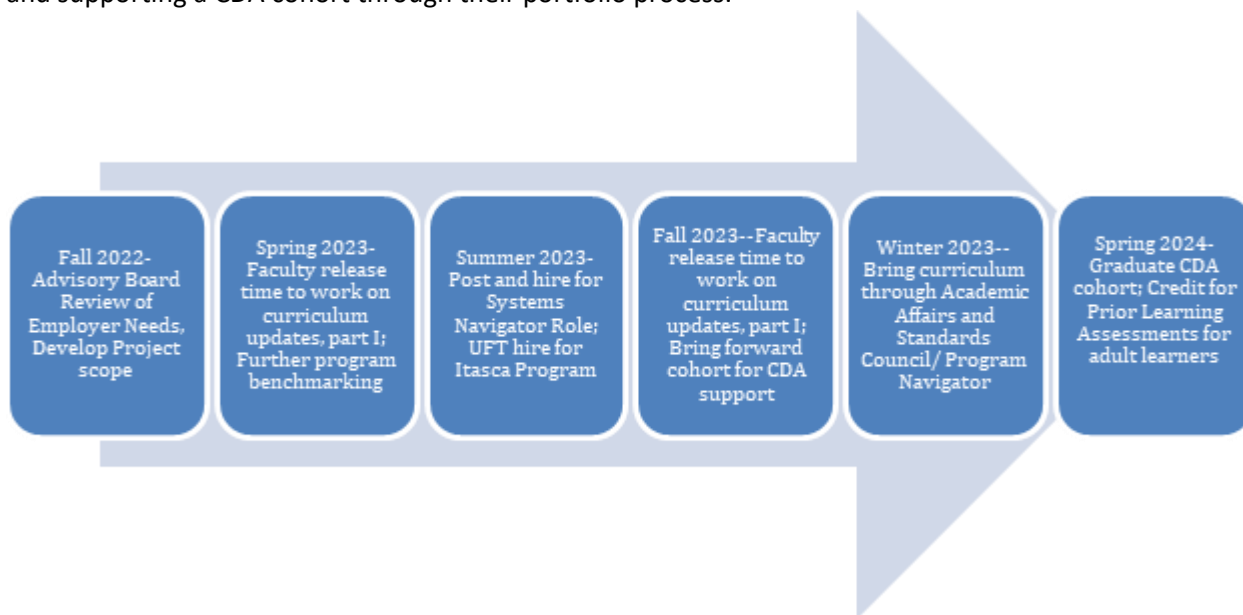
In researching other programs within the state, such as Southwest State, many have a distinct career lattice, with easy navigation from one credential to the next. This project would streamline the process for individuals to choose a pathway that works for their current goals, while positioning them well for future career growth.

## The Project Outcomes

There are four project outcomes. 1) This funding will support a systems navigator role, whose main objective is to coach and support high school students through their CDA process, as well as perform field assessments for credit for prior learning with adult learners and those seeking to enter the career from various lived, applicable experiences. 2) Minnesota North College will host a career event that will include CPR training in partnership with Customized Training Solutions. Students will learn about the redesigned career lattice, as well as obtaining CPR certification at the event, a key milestone in the childcare education process. 3) Faculty release time will be dedicated to reworking old programs to better scaffold learning internally, as well as open up new opportunities for needed career training. This will include exploration of a Special Education Certification, as well as retooling both the shelved Mesabi Range teaching assistant curriculum and an entry micro-credential that allows the 120 clock hours of the CDA work to be geared toward degree-attainment. This was heavily supported by feedback from the Head Start and Invest Early group that college faculty met with to consult on this project. Currently, if employees do not have a credit-bearing CDA role, they need to renew training every three years, which does not need to be done if they have a for-credit credential. Finally, 4) a cohort of students will be supported through their CDA progress, with stipends to cover their work in classrooms—immediately serving an employment need—and funding to support their portfolio development, textbook, and CDA application fee.

## Timeline

This work will take place over two fiscal years. The groundwork and initial conversations have already begun with local stakeholders on both ends of the college's service area, and faculty within this program have mapped out targets for programming updates. Key milestones will include hiring the Systems Navigator role; creating and deploying micro-credentials and new program certificates; and selecting and supporting a CDA cohort through their portfolio process.



### The Ask

Project	FY23	FY24	Total
Hire staff to run needs assessments for incumbent workers to upskills from credit for prior learning to certification; serve as high school CDA liaison and coach	\$75,000	\$75,000	\$150,000
Micro-credential development	\$15,000	\$15,000	\$30,000
Early childhood conference; local training	--	\$35,000	\$35,000
Stipends for students to learn and earn	\$50,000	\$50,000	\$100,000
Application fees, portfolio support, and books for cohort	\$9,000	\$9,000	\$18,000
<b>Project total</b>	<b>\$149,000</b>	<b>\$184,000</b>	<b>\$333,000</b>

## II. Electrical Construction and Controls Program Redesign

### The Need

At present, Minnesota North College hosts two programs that focus on separate sectors of electrical programming: Electrical Controls and Maintenance (Eveleth campus) and Electrical Construction and Maintenance (Hibbing campus). While both programs serve high-demand, high-wage sectors, the Electrical Controls program—dealing in instrumentation and programmable logic controllers—is on the lower end of our typical program enrollment. One issue is likely around branding and understanding of employment options and opportunities. Most jobs in this sector are found in plants and mills, and these roles are likely less familiar to incoming students.

Conversely, the Electrical Construction program has had historically steady enrollment with waitlists to enter the program each year. Much of this has to do with the reputation of this industry as being desirable in the trades, as well as the general public's familiarity with the body of work this career encompasses. This year in early November, the college has an applicant list of 57 students for a cohort class that is already fully capped at 30 students for the following fall semester in 2023. 19 of the 57 students were on the waitlist for this past year. We aim, with this proposal, to explore ways to support students in both programs by offering a bridge option to navigate between the programs, redesigning a common first year between the overlapping concepts in year one of each program, or to explore other outlets for this area of study, such as robotics/controlled systems and further work around solar energy.

### The Evidence

Echoing what we hear from our local industry advisory board members, the Minnesota Department of Employment and Economic Development (DEED) identifies a strong current demand for these professions regionally and state-wide. According to DEED Occupations in Demand (<https://mn.gov/deed/data/data-tools/oid/>, retrieved November 2022), 11,760 openings for electricians are projected over the next 10 years in Minnesota, with a growth rate of 8.1%. Controls professions will see a growth in jobs of roughly 9.5 % over ten years, with median wages at \$75,459 yearly.

Interestingly, in completing some internal data analysis around adult learner success, the Electrical Construction and Maintenance program boasts some of the best student retention rates and completion

for adult learners as compared to other career and technical programs, with a second fall semester success rate of 78.8%, and a 93.94% first spring retention rate. In spending some key curriculum assessment time, we seek to better understand the supports and structure that enable this success, as to replicate this approach for other programs and their support of adult learners, who often experience unique challenges of time constraints and other responsibilities when compared to traditional-age learner counterparts.

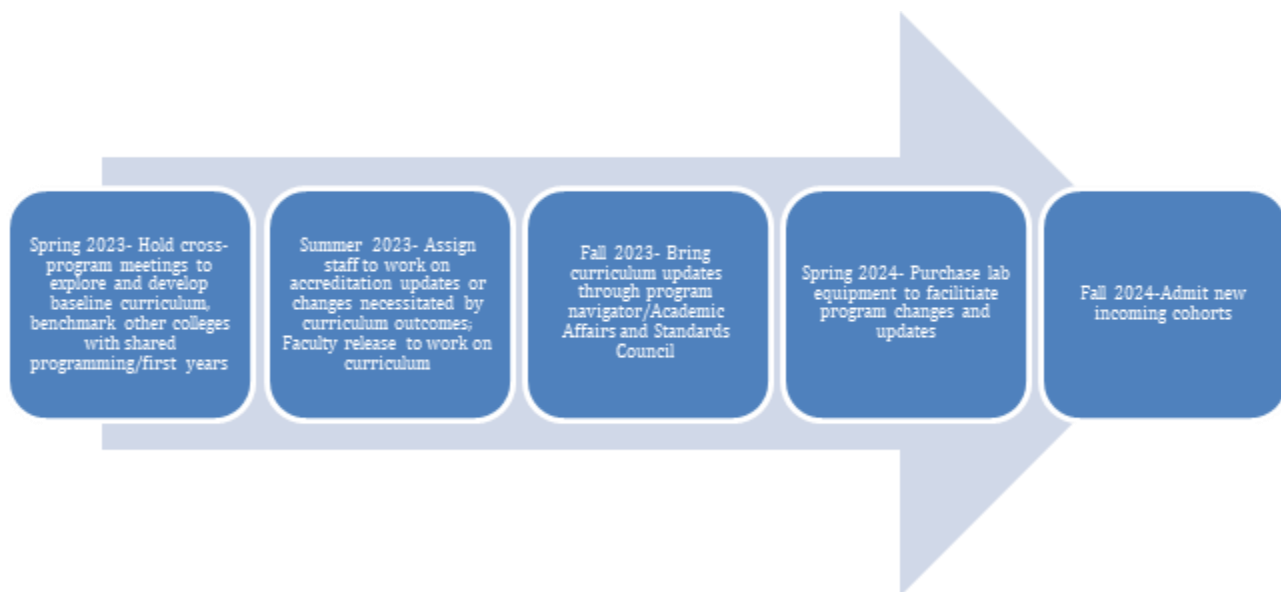
### **The Project Outcomes**

This project proposes 1) the exploration and development of aligned curriculum between the two programs, or potentially a bridge to navigate from one program to the other. Faculty will also explore new curriculum around solar and connected systems (which aligns with other grant work projects in transportation programs around autonomous and controlled vehicles), seeking ways to develop programming that is relevant for the high interest in the construction area, yet match the employment need within controls and processes. Faculty will also benchmark possible shared first years and bridge programming at other colleges. This will be intensive in the curriculum design and possibly in accreditation work via the Minnesota Department of Labor, thus staff and faculty time will be supported through this project.

The college also aims to 2) better engage prospective students with the electrical controls program aspects, via key strategic investments in robotics and programming opportunities that turn the instrumentation into relevant, captivating projects that better illustrate the application of the skills developed in the program. Finally, 3) this project will facilitate the purchase of equipment to begin to outfit the needs of each program to better bridge the skills between programs, and possibly into novel areas. This will include equipment such as: servo-controlled technology (robotics), motor controls stations, and more.

### **Timeline**

This work will take place over two fiscal years. The groundwork and initial benchmarking will take place in 2023. Key milestones will include staffing support for accreditation and curriculum exploration/change, including faculty release; identifying and purchasing recruitment tools and equipment; and funding baseline lab equipment purchases identified as needs in the curriculum process.



#### The Ask

Project	FY23	FY24	Total
Benchmarking activities	\$15,000	\$--	\$15,000
Stipend for faculty redesign work	\$25,000	\$--	\$25,000
Lab Equipment	\$--	\$200,000	\$ 200,000
Staff time for accreditation and curriculum work	\$25,000	\$25,000	\$ 50,000
Recruitment lab materials	\$10,000	\$5,000	\$15,000
<b>Project total</b>	<b>\$75,000</b>	<b>\$230,000</b>	<b>\$305,000</b>

### III. Four-year University Center Development

#### The Need

Partnerships have been an ongoing effort between the Minnesota State Colleges and Universities 2-year and 4-year programs along with private and out of state institutions. Minnesota North College has historically enjoyed its strongest partnerships with Bemidji State University (BSU) partners in programs such as Education, as well as Minnesota State University, Mankato (MSUM) in programs such as Nursing and Engineering, and St. Scholastica, with 4-year programming in the areas such as Business and Education. Building clear paths for students to interact with advanced career options is key to growing our own talent within the region. Leveraging these partnerships, including recent innovative work with BSU and the Aspen Institute with a one-year transfer intensive study to further transfer opportunity and success between our two institutions, allows us to deliver world-class quality in the first two-years of the college paradigm, then build new bridges to an educational network to serve as a regional catalyst of opportunity.



With the merger, the college, along with our community partners, has identified the transformative power of consolidating our once-separate university relationships into a larger regional movement to raise awareness for our current and prospective students to see what opportunities exist within these networks of higher education. To leverage this current momentum, we need to re-construct our internal systems to move past the isolated examples of success within four-year partnerships and into an effective and sustainable regional network of opportunity. This is not the first attempt at university partnership, but with Minnesota North the region has never been in a better position to deliver on the university center model. This will come not so much through physical spaces, it is much more about dedicated staff that build a regional mindset and effort with a focus on partnering with faculty and our communities to identify targeted program partnerships for high need areas. This will build on the state-wide transfer pathway network, as well as building awareness and a mindset for the regional-grounded program opportunities, building new innovative models of education, and-- most importantly-- building a learning-community experience that moves past the current paradigm of “leave the region or go-online only” for individuals to advance themselves through education. Initial areas of focus are building a model for social work that will carry from two-year all the way to master's degree, looking at new K-12 education model through BSU (including industrial arts), IT and computer science-based programs, and mental health and addiction studies-based programming that is missing in our region to support both workforce development and individual life success.

### **The Evidence**

The previously individual campuses of Minnesota North College evidenced high transfer rates: Hibbing Community College at 21%, Itasca Community College at 34%, Mesabi Range College at 24%, Vermilion Community College at 35%, and Rainy River Community College at 31%. These data strictly illuminate those that transferred to a four-year institution after graduation; this does not include programs that end in a career path, common in technical education (date from Minnesota North College Factbook, [https://minnesotanorth.edu/wp-content/uploads/2022/10/2022-MNC-Fact-Book\\_9.20.22-1.pdf](https://minnesotanorth.edu/wp-content/uploads/2022/10/2022-MNC-Fact-Book_9.20.22-1.pdf)).

Furthermore, increased proportions of citizens holding bachelor's degrees contributes to overall regional prosperity. It is an area of both need and opportunity; Itasca County, as an example, has less than 25% of its population, 25 and older, with a bachelor's degree or higher. This is in compliment with high-demand, high wage two-year degrees that are offered at Minnesota North College. With educational programming becoming increasingly flexible in post-COVID, world, the region is position for more equitable access with specific focus for and with strong regional partners such as BSU, MSU – Mankato, St. Scholastica, and the University of Minnesota, Duluth.

### **The Project Outcomes**

With work that leverages social capital and career advancement, investments in the people and staffing within our college will be key to the success of this project. A coordinator position will help navigate and guide students holistically through progressively more educational opportunities. To that end, the bulk of the work in this project will reside in supporting this coordinator role that is specific to transfer, to engage in articulation agreements, support campus visits, and serve as a resource for growing the transfer network.

This project will begin with a benchmarking processes to model how effective two-year and four-year partnerships can best serve the region. To accomplish this, community focus groups with regional employers in areas of critical demand will meet to design the pilot focus areas. Faculty within these areas will then be supported through release time or stipends to carry out innovative curriculum alignment processes, including planning for investments in lab equipment that may be needed for some areas of study.

Targeted programs in areas of high need, such as mental health, social work, information technology, education, engineering, healthcare, and criminal justice will be prioritized, with particular focus on mental health and social work likely in the pilot group, based on community feedback regarding need. Finally, the college recognizes that some student activities, such as campus tours/visits and coaching activities, will support their planning for transfer.

### Timeline

This work will take place over three fiscal years. The groundwork and initial conversations with local stakeholders, as well as benchmarking, will take place in late FY 2023. Key milestones will include hiring the University Coordinator role; creating and deploying curriculum changes; and developing website resources and student activities in the pilot years of 2024-2025.



### The Ask

Project	FY23	FY24 -25	Total
Faculty release to build partnerships and corresponding curriculum changes	\$15,000	\$45,000	\$60,000
Community needs survey/conversation to benchmark areas of need	\$9,000	\$14,000	\$23,000
University Center Coordinator	\$38,000	\$118,000	\$156,000
Equipment needs to alignment with 4-year programming	\$--	\$75,000	\$75,000
Marketing and web materials	\$5,000	\$12,000	\$17,000

Student experience activities	\$--	\$16,000	\$16,000
<b>Project total</b>	<b>\$67,000</b>	<b>\$280,000</b>	<b>\$347,000</b>

#### **IV. Manufacturing Program Development**

Utilizing funds already allocated for program creation during the merger process, Minnesota North College will benchmark other manufacturing programs within the State of Minnesota, using data from the Advanced Manufacturing Center of Excellence. The college will also explore best practices and models for manufacturing training throughout the United States. Currently, the college is reaching out to local stakeholders in industry to develop an ad hoc advisory group, which will inform the initial learning outcomes necessary for successful employment upon completion of the diploma and/or certificate. Once benchmarking and data collection is complete, the college will develop a proposal for the next round of funding through this committee, likely in fiscal year 2024.

The program structure will likely align with a 'learn and earn' model, where students are able to Using feedback from related career-field advisory committees, such as welding, this will enable students to work at a scale in industry that is difficult to replicate within a lab, yet will allow for scaffolded skill development that will lead to employee retention, possible incumbent worker training, and better interaction with existing high school programming, such as the IASC Next Career Pathway for Manufacturing.

#### **Overall Project Budget**

<b>Project</b>	<b>FY23</b>	<b>FY24-25</b>	<b>Total</b>
Early Childhood Program Redesign and Targeted Access Project	\$149,000	\$184,000	\$333,000
Electrical Construction and Controls Program Redesign	\$75,000	\$230,000	\$ 305,000
University Center Development	\$67,000	\$280,000	\$ 347,000
<b>Project total</b>	<b>\$291,000</b>	<b>\$694,000</b>	<b>\$985,000</b>

#### **19) Adjournment**

The meeting adjourned at 1:45 p.m.