

Meeting of the Iron Range Resources and Rehabilitation Board

Thursday, October 20, 2022 – 1:30 p.m.

A special meeting of the Iron Range Resources & Rehabilitation Board will be held at the Minnesota Department of Iron Range Resources and Rehabilitation's Administration Building at 4261 Hwy 53 South in Eveleth. Pursuant to Minnesota Statutes Section 13D.015, some Board members may participate by interactive technology.

***Access to view the meeting via interactive technology along with the written materials provided to Board members will 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
Iron Range Resources and Rehabilitation – Eveleth, MN
Thursday, October 20, 2022 – 1:30 p.m.**

TABLE OF CONTENTS

AGENDA	3
Cast 7, LLC	4
FY23 Development, Broadband and Community Infrastructure Projects	7
FY23 Regional Trails Projects	14
Addendum A – IRRRB August 15, 2022, Meeting Minutes	i

**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD**
Iron Range Resources and Rehabilitation – Eveleth, MN
Thursday, October 20, 2022 – 1:30 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) Approval of August 15, 2022, Meeting Minutes
See Addendum A
- 4) Commissioner's Comments
- 5) Cast 7, LLC
- 6) FY23 Development, Broadband and Community Infrastructure Projects
- 7) FY23 Regional Trails Projects
- 8) Other
- 9) Adjournment

Cast 7, LLC

**11364 Highway 37
Hibbing, MN 55746**

Department of Iron Range Resources and Rehabilitation Participation Loan

Applicant:	Cast 7, LLC	
Project Location:	11364 Highway 37 Hibbing, MN 55746	
Principal(s):	Tim Bungarden 30% Owner and President	
Project Description:	The new equipment will streamline, automate production, increase capacity and minimize product handling in the casting process. The equipment and improvements consist of a Wet Reclaim Tie In, Waterjet Improvements (Robot), Core Machine, Air Compressors, Horizontal Molding (Robot), In Line Blast, 2 nd Power Supply, Dust Collection and Robotic Finishing.	
Market Opportunity:	With increased production capacity, Cast 7, LLC will be able to meet existing and future demands in the global grate market.	
Project Investment:	Security State Bank - Equipment Loan – 120-month amortization at a negotiated rate	\$1,300,000.00
	IRRR – Equipment Loan – 120-month amortization.	\$1,300,000.00
	TOTAL	<u>\$2,600,000.00</u>
Jobs:	<u>4 to 5</u> Planned New <u>25</u> Retained New job Wages <u>\$30-\$55/hr-</u> <u>\$63,000 - \$115,000</u> per year plus benefits.	
Collateral:	The loan will be secured by All accounts, inventory and the Equipment purchased with the proceeds from this loan, and the loan will also be guaranteed by Hilcar, LLC, Timothy Bungarden and Metal7, LLC.	
Business History:	Incorporated in 1995, Cast Corporation, a manufacturing and sales company, was involved in tooling, castings, machining and truncated domes. Cast Corporation sold and continues to sell to a variety of industries including mining, industrial, recreation and automotive. Cast Corporation built their foundry operations as a new start up in 2014 and operated it as a separate division within the existing S Corporation, Cast Corporation. Over the years, Cast Corporation's foundry has gained	

Applicant:	Cast 7, LLC			
	market share in the local mining operations selling stainless steel and ni-hard wear resistant parts. It took a number of years with running tests, etc. to gain acceptance, etc. In 2021, to expand sales opportunities and leverage additional markets, Cast Corporation sought to identify a strategic investor. Metal 7 was identified. Metal 7 is a Canadian company with over 40 years of history of designing and manufacturing high-performance products and equipment to help their clients increase the efficiency of their processes, specifically those used by iron ore pelletizing plants. Metal 7 has an international presence. Discussions began in early 2021 with Metal 7 about doing a carve out of Cast Corporation's foundry operations. To facilitate the transaction, Cast Corporation incorporated a new LLC called Cast 7, LLC in November 2021. Cast Corporation then contributed all of the existing foundry equipment assets to the new LLC. On December 31, 2021 , Metal 7 (through M7 US, Inc) purchased 70% of the shares of the newly created LLC and Tim Bungarden (through a new holding company, Hilcar Holdings, Inc.) retained 30% of the shares of Cast 7, LLC. Hilcar Holdings, Inc. is an S-Corp that is 100% owned by Tim Bungarden and it owns 100% of the S-Corp, Cast Corporation and 30% of Cast 7, LLC. The foundry building continues to be owned by Cast Corporation and is leased to Cast 7, LLC on a five-year renewal lease.			
Past Agency History:	Date	Cast Corporation		
	Originated	Initial Balance	Current Balance	Status
	12/17/2012	\$358,500.00	\$257,630.78	Current
	4/3/2013	\$31,500.00	\$22,759.66	Current
	10/7/2014	\$945,000.00	\$772,868.03	Current
	3/31/2015	\$500,000.00	\$0.00	PIF
	7/2/2019	\$305,000.00	\$0.00	PIF
	3/24/2020	\$125,000.00	\$91,661.05	Current
	4/30/2021	\$131,000.00	\$105,234.54	Current
Contingencies:	None			
Technical Advisory Committee Recommendation:	The TAC recommended approval at its October 12, 2022 meeting.			
Funding Authorization:	Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provision of the Douglas J Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.298) 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			

Applicant:	Cast 7, LLC
	enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

FY23 Development, Broadband and Community Infrastructure Projects



PO Box 441
4261 Hwy 53 South
Eveleth, MN 55734-0441
218-735-3000
mn.gov/irrrb

Date: October 20, 2022

To: Iron Range Resources & Rehabilitation Board

From: Mark Phillips
Commissioner

RE: FY23 DEVELOPMENT, BROADBAND AND COMMUNITY INFRASTRUCTURE PROJECTS

PURPOSE

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

Broadband Infrastructure grants assist communities with projects that support households and businesses reaching the State of Minnesota Broadband Speed Goal.

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

ECONOMIC IMPACT

FY23 infrastructure projects	13
Iron Range Resources & Rehabilitation investment	\$1,858,188
Total investment	\$11,995,568
Leverage public/private	1:5.5

DEVELOPMENT INFRASTRUCTURE

City of Ely (TEPF)

Grant Amount: \$48,825

The project consists of infrastructure and utility relocation for the Razor Edge Systems expansion. Razor Edge Systems is expanding their manufacturing into an adjacent property they have recently purchased. The property requires the extension of water and sewer to the building as well as the reconfiguration of existing utilities to make the building usable for manufacturing, research and development. The business is expanding their products and have recently added engineering staff that requires expanded production, warehousing and research and development space. Razor Edge Systems is a local family-owned business that has been operating for 60 years and has continually expanded to add innovative products and serve additional markets. These efforts have led to a full-time work force of twenty-one highly skilled staff. Razor Edge Systems is an expert in the knife sharpening business and has customers around the globe that are in the meat processing industry. The project is expected to create six permanent jobs and four construction jobs.

USES		SOURCES	
Infrastructure and site work	\$48,825	Iron Range Resources & Rehabilitation	\$48,825
Facility construction	345,565	City	25,000
Access improvements and power	15,400	Private	531,965
Contingency	25,000		
Property acquisition	171,000		
TOTAL	\$605,790	TOTAL	\$605,790

City of Grand Rapids (TEPF)

Grant Amount: \$47,000

The project consists of bringing the Itasca Family YMCA up to code with an updated fire suppression system and HVAC control system. The current fire alarm infrastructure is 20 years old and is failing. The project includes replacement of the fire alarm system and aging HVAC network controls, programming, software and associated electrical work. In addition to the 5,300 members the Itasca Family YMCA serves, it also provides critical services as a licensed childcare center in the region. These safety upgrades are necessary to keep these services in state compliance. The project is expected to create one construction job.

USES		SOURCES	
Fire alarm system and HVAC system controls	\$95,000	Iron Range Resources & Rehabilitation	\$47,000
		Itasca County	47,000
		Itasca Family YMCA	1,000
TOTAL	\$95,000	TOTAL	\$95,000

City of Hibbing (TEPF)**Grant Amount: \$300,000**

The project consists of infrastructure and site work for the Lees Industrial Building that is located in the Hibbing Industrial Park. The developer relocated the shell of an existing 29,700 square foot building from the Bennett Park area to the Hibbing Industrial Park, which included the steel structure, roof, siding, and reconstruction. Additional improvements were added to include a concrete floor, interior plumbing, a complete HVAC system and 800 amp 3-phase power. The total investment to date by the developer is \$2,400,000. In April of 2022, Daimler Trucks was secured as a long-term tenant to lease the space as a distribution center for their new expansion.

This next phase of site development work includes constructing parking on the west and south sides of the building, a fenced-in storage area to the east, and a truck load-out area with loading docks on the north side. Water, sewer, gas, and 3 phase power would be brought into the building and to the new building located north of 31st Street. A road extension to Diane Lane is also included to allow trucking access. The project is expected to create 15 construction jobs.

USES		SOURCES	
Infrastructure and site work	\$685,500	Iron Range Resources & Rehabilitation	\$300,000
Building construction	1,500,000	Private	2,077,440
A&E	123,390		
Contingency	68,550		
TOTAL	\$2,377,440	TOTAL	\$2,377,440

BROADBAND INFRASTRUCTURE**City of Hibbing – Mediacom (DJJ)****Grant Amount: \$128,500**

The project consists of expanding Mediacom fiber optic to serve up to 573 unserved households in the city of Hibbing and adjacent areas. The project is capable of speeds that will far exceed the State of Minnesota 2026 Speed Goal of 100 megabits per second download and 20 megabits per second upload. Engineering will begin in October 2022 with customer connections complete in Spring of 2024.

USES		SOURCES	
Fiber construction	\$3,930,807	Iron Range Resources & Rehabilitation	\$128,500
Electronics, Customer Installation & Engineering	\$351,462	DEED Border to Border	\$2,141,135
		Saint Louis County	\$128,500
		City of Hibbing	\$43,000
		Mediacom Communications	\$1,841,134
TOTAL	\$4,282,269	TOTAL	\$4,282,269

COMMUNITY INFRASTRUCTURE

City of Babbitt (TEPF)

Grant Amount: \$250,000

The project includes extending the water and sewer lines approximately two miles to the campground and RV park. This project consists of expanding the existing Birch Lake Recreation Area to add a new 22-acre campground that includes 49 new campsites that will accommodate recreation vehicles as well as tent campers. A camp facility, which includes offices, showers and restrooms will be constructed at the campground to serve campers. Construction of the water and sewer lines encountered unforeseen geological conditions that did not allow the contractor to install the utility lines using directional drilling construction methods. A much larger than expected portion of the utilities had to be installed by means of open trench installation to remove the boulders. An excessive amount of boulders, site restoration, and ledge rock were all encountered that resulted in cost overruns, construction delays and a reroute of the utilities on USFS property. The project is expected to create three construction jobs.

USES		SOURCES	
Infrastructure	\$550,000	Iron Range Resources & Rehabilitation	\$250,000
		City	300,000
TOTAL	\$550,000	TOTAL	\$550,000

City of Bigfork (TEPF)

Grant Amount: \$51,877

The project consists of sewer line and lift station upgrades. The outdated and failing sanitary sewer system on Golf Course Lane requires immediate replacement. This issue poses a public health safety risk and disruption of essential services. Repairs for the current system costs the city thousands of dollars annually. The project is expected to create one construction job.

USES		SOURCES	
Sewer line and lift station repair	\$83,970	Iron Range Resources & Rehabilitation	\$51,877
Contingency	8,397	City	61,945
A&E	21,455		
TOTAL	\$113,822	TOTAL	\$113,822

Bois Forte Band of Chippewa (DJJ)

Grant Amount: \$350,000

The project consists of the replacement of a failing concrete dam with a new rock arch dam. The concrete dam currently in place on Nett River was constructed in 1987 and consists of two, 25-foot gate sections and a 40-foot emergency spillway. The existing concrete-span dam has substantial mechanical and structural failure points. This dam is used to support water level control in Nett Lake, the Bois Forte Band's premier wild rice lake. Under correct environmental conditions, Nett Lake produces over one million pounds of wild rice on an annual basis. This rice product is a long-standing cultural and sustenance food resource for tribal members. Nett Lake also supports the local tribal economy by wild rice sales that provide seasonal income for tribal members who serve as guide services for non-native

waterfowl hunting parties and product that the governing Council of Bois Forte sells to local businesses and to individuals. The project is expected to create 16 construction jobs.

USES		SOURCES	
Dam construction	\$1,238,767	Iron Range Resources & Rehabilitation	\$350,000
Contingency	50,000	Bois Forte Band of Chippewa	987,767
A&E	49,000		
TOTAL	\$1,337,767	TOTAL	\$1,337,767

Clinton Township (TEPF)

Grant Amount: \$69,000

The project consists of security, accessibility and energy efficiency upgrades to its emergency services facility and community center. The emergency services facility is 32 years old and the community center is 21 years old and both entry and exit access points to the facility are in need of immediate updates. In addition, the parking lot requires handicap accessibility improvements. The project is expected to create one construction job.

USES		SOURCES	
Facility and site upgrades	\$138,109	Iron Range Resources & Rehabilitation	\$69,000
		Township	69,109
TOTAL	\$138,109	TOTAL	\$138,109

Crane Lake Water and Sanitary District (TEPF)

Grant Amount: \$250,000

The project consists of upgrades to the wastewater treatment plant. A flow equalization step to the existing wastewater treatment plant and other improvements are needed to keep the plant operational. Crane Lake serves as a gateway to several prominent Federal and Provincial (Canada) wilderness areas. It is estimated that there are approximately 125 year-around residents, 200-300 seasonal residents and thousands of visitors who utilize the Crane Lake area as a "Gateway Community" to Voyageurs National Park (VNP), the Boundary Waters Canoe Area Wilderness (BWCAW), and the Canadian Quetico wilderness. The project is expected to create seven construction jobs.

USES		SOURCES	
Infrastructure and road reconstruction	\$831,096	Iron Range Resources & Rehabilitation	\$250,000
Contingency	56,424	Minnesota Clean Water Fund	600,000
A&E	162,480	St. Louis County	200,000
TOTAL	\$1,050,000	TOTAL	\$1,050,000

Eveleth Virginia Airport Authority (TEPF)

Grant Amount: \$60,361

The project consists of upgrading the original lighting to LED lighting at the Airport Terminal in the terminal building, terminal hangar, and the terminal maintenance garage. Exterior LED lights will also be installed near the sidewalk leading to the front door to increase safety. The sidewalks will be replaced and offer a proper access for handicap accessibility. The exterior of the terminal building and attached

Iron Range Resources and Rehabilitation Board Meeting

October 20, 2022

Page 11

hangar will be repainted and the terminal hangar man door will be replaced. The project is expected to create three construction jobs.

USES		SOURCES	
Terminal and security Improvements	\$333,741	Iron Range Resources & Rehabilitation	\$60,361
A&E	38,380	MNDOT	244,132
		Airport	57,628
		OSHA	10,000
TOTAL	\$372,121	TOTAL	\$372,121

City of Hibbing (TEPF)

Grant Amount: \$150,000

The project consists of lining existing residential sewer line. The sewer lines were constructed between 1935 and 1940 and are failing. The sanitary sewers were constructed using clay tile pipe and over time, the clay tile has become very brittle. Many of the joints have become offset and there are many areas of pipe that have longitudinal and lateral cracking. The new lining will extend the life of the infrastructure. The project is expected to create five construction jobs.

USES		SOURCES	
Sewer line construction	\$703,000	Iron Range Resources & Rehabilitation	\$150,000
		City	400,000
		CDBG	153,000
TOTAL	\$703,000	TOTAL	\$703,000

City of Virginia (TEPF)

Grant Amount: \$65,125

The project consists of the reconstruction of Progress Park Drive from Highway 53 to Siegel Blvd in Eveleth. Due to increased traffic of heavy equipment traversing this roadway to construct the new Rock Ridge School, the road surface and roadway are deteriorated and have outlived their useful life earlier than expected. The improvement of Progress Park Drive will improve traffic flow for the existing businesses located along and at the end of the street including Slumberland and United Glass and the newly constructed Rock Ridge School facilities. The project is expected to create eight construction jobs.

USES		SOURCES	
Infrastructure and street reconstruction	\$123,800	Iron Range Resources & Rehabilitation	\$65,125
A&E	6,450	VEEDA	65,125
TOTAL	\$130,250	TOTAL	\$130,250

City of Virginia (TEPF)**Grant Amount: \$87,500**

The project consists of substantial improvements to the computer systems that operate and monitor the sanitary sewer lift station across the city. The city has 17 sanitary sewer lift stations located throughout the city and improvements to the computer system will allow for greater efficiency, reporting ability, and monitoring capabilities as well as reduced costs of operation. The project is expected to create two construction jobs.

USES		SOURCES	
Infrastructure and street reconstruction	\$200,000	Iron Range Resources & Rehabilitation	\$87,500
A&E	40,000	City	87,500
		CDBG	65,000
TOTAL	\$240,000	TOTAL	\$240,000

FY23 Regional Trails Projects



PO Box 441
4261 Hwy 53 South
Eveleth, MN 55734-0441
218-735-3000
mn.gov/irrrb

Date: October 20, 2022

To: Iron Range Resources & Rehabilitation Board

From: Mark Phillips
Commissioner

RE: **FY23 Regional Trails Projects**

PURPOSE

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

ECONOMIC IMPACT

FY21 Regional Trail Grants	4
Iron Range Resources & Rehabilitation Investment	\$ 176,900
Total Investment	\$401,425
Leverage:	1:1

City of Bovey

Grant Request \$50,000

The proposed project includes two important trails in Bovey. The first is a new multi-use trail connection that requires the purchase of land by the city along Highway 169 for trail right-of-way, and which will run along the southern end of Bovey. The second is the reconstruction of a section of the Canisteo Trail, which is a trail connecting Bovey with the Mesabi Trail and Coleraine.

Both the multi-use trail connection and the Canisteo Trail will be used by local residents as well as travelers and recreationalists from outside the region. The multi-use trail connection will be used by snowmobilers traveling across the Iron Range. The Canisteo Trail is used by local residents to walk or bike safely within the two communities, and it's also utilized by users of the Mesabi Trail as they access businesses, services, and other amenities in Bovey and Coleraine.

Iron Range Resources and Rehabilitation Board Meeting

October 20, 2022

Page 14

USES		SOURCES	
Purchase of 21 acres from RGGGS	\$63,000	Iron Range Resources & Rehabilitation	\$50,000
Reconstruction of the Canisteo Trail	\$64,000	City of Bovey	\$54,000
		Itasca Snow Rangers Snowmobile Club	\$13,000
		Itasca County Trails Taskforce	\$10,000
TOTAL	\$127,000	TOTAL	\$127,000

City of Hoyt Lakes

Grant Request \$50,000

The Ranger Snowmobile & ATV Club is responsible for maintaining 120 miles of trails across the Aurora, Biwabik and Hoyt Lakes area. The Ranger Snowmobile & ATV Club estimates 3,000 to 6,000 snowmobiles utilize the trails over a winter with good snowfall accumulation, and an additional 2,000 to 4,000 ATVs travel on this trail section each summer.

The proposed funds are to purchase a skid steer with a bucket, forks and brush cutter attachments. The purchase will allow the club volunteers to maintain their ATV and snowmobile trails and will result in a better-quality trail and overall safety.

USES		SOURCES	
Skid Steer Vehicle	\$77,000	Iron Range Resources & Rehabilitation	\$50,000
Skid Steer Attachments	\$28,500	MN Department of Natural Resources	\$70,125
Contingency Costs	\$14,625		
TOTAL	\$120,125	TOTAL	\$120,125

Itasca County

Grant Request \$55,500

This request is for phase II of a significant snowmobile and ATV trail segment that will connect the City of Nashwauk to the Alborn-Pengilly trail, which is located 9 miles to the south of town. When complete, this segment will be the first official trail connecting into Nashwauk and will provide users the benefit of numerous related business services, including direct access to the city owned campground. Planning for the trail began over 5 years ago and includes land authorization from two mining companies, US Steel and Mesabi Metallics. Phase I of construction began during the fall of 2021, and the phase II is anticipated to be completed in the first half of 2023. Future project phases include a trail connection to the extensive ATV and snowmobile trail systems to the north, and a multi-use trailhead and campground expansion in Nashwauk.

USES		SOURCES	
Full Trail Development-Construction	\$111,500	Iron Range Resources & Rehabilitation	\$55,500
		Minnesota State GIA Program	\$56,000
TOTAL	\$111,500	TOTAL	\$111,500

Northern Lights Nordic Ski Club

Grant Request \$21,400

Northern Lights Nordic Ski Club is an all-volunteer organization whose mission is to promote cross-country skiing as a healthy family activity that enhances the quality of life. The club grooms eight area ski trails within Itasca County. The request for the purchase of a modified John Deere Gator side by side and associated equipment for trail maintenance and snow grooming. After adding tracks and a cab the Gator will look like a smaller version of a Sno-Cat used to groom downhill ski trails. The groomer will be operated by volunteers and will enhance the quality of the Nordic trails across the county and improve safety. The Nordic ski trails in Itasca County provide an extensive and quality recreational experience for residents and are also a big draw to tourists, especially those from the warmer climates in the southern part of the state.

USES		SOURCES	
Purchase ATV equipped with attached groomer and maintenance equipment	\$42,800	Iron Range Resources & Rehabilitation	\$21,400
		Northern Lights Nordic Ski Club	\$10,900
		North Star Ski Touring Club	\$2,000
		Itasca Trails Task Force	\$8,500
TOTAL	\$42,800	TOTAL	\$42,800

Addendum A
IRRRB Meeting Minutes
Monday, August 15, 2022 – 1:00 p.m.
((Pursuant to Minnesota Statutes Section 13D.015, some Board members participated by interactive technology.))

1) Roll Call

Representative Rob Ecklund, vice chair, who was present at the Department of Iron Range Resources and Rehabilitation Administration Building in Eveleth, Minnesota, called the meeting to order at approximately 1:03 p.m. Laureen Hall took roll call. Also present at the IRRR Administration Building in Eveleth: Representative Dave Lislegard, Representative Julie Sandstede, Senator Tom Bakk. Present via ZOOM video: Representative Spencer Igo, Representative Dale Lueck, Senator Justine Eichorn, Senator Carrie Ruud. Excused: None. Minute Taker: Laureen Hall, Executive Aide. Also present: Mark Phillips, Commissioner; Jason Metsa, Deputy Commissioner, Linda Johnson, Director of Mining & Reclamation; Al Becicka, Legal Counsel; Bob Scuffy, Accounting Director; Sheryl Kochevar, Communications Director; Janette Godec, Executive Assistant; Mike Liljegren, DNR.

2) Election of Chair

Due to the passing of Senator David Tomassoni, Chair of the Iron Range Resources and Rehabilitation Board, an election of Chair, was held.

Representative Dave Lislegard nominated Senator Tom Bakk as Chair of the Board. Seconded by Representative Julie Sandstede. 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, Representative Julie Sandstede, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud

Voting Against the Motion: None

Abstain: None

Excused: None

3) June 7, 2022, Meeting Minutes

Representative Rob Ecklund moved approval of the June 7, 2022, meeting minutes. Seconded by Representative Julie Sandstede. Motion carried.

4) FY23 Budget Amendment/Canisteo Pit – Resolution No. 23-001

Representative Julie Sandstede moved that the Board approve an amendment to the FY23 Budget to add \$710,000 from Taconite Area Environmental Protection Fund carryforward balance to the line item for Mineland Reclamation, which would increase the FY23 Budget line item for Mineland Reclamation From \$900,000 to \$1,600,000. The \$710,000 would provide the DNR with funding to install and operate a water pumping system in the Canisteo pit to prevent flooding in Bovey, as presented in Resolution No. 23-001. Second by Representative Spencer Igo. 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, Representative Julie Sandstede, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud

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.: 23-001

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 cover the period of time from July 1, 2022 through June 30, 2023; and

WHEREAS, the Canisteo pit, which is located near Bovey, a city within the Taconite Assistance Area (“**TAA**”) as defined in Minn. Stat. Sec. 273.1341, has experienced unprecedented rising water levels that require mitigation by implementing a water pumping system to keep Bovey safe from the public safety threat that would be caused by flooding from the Canisteo pit; and

WHEREAS, the Minnesota Department of Natural Resources (“**DNR**”) has requested funding from the agency to cover costs to install and operate a water pumping system in the Canisteo pit to prevent flooding in Bovey; and

WHEREAS, to provide the DNR with funding for the water pumping system, the Commissioner has requested the Board to approve an amendment to the FY23 Budget to add \$710,000 from Taconite Area Environmental Protection Fund carryforward balance to the line item for Mineland Reclamation, which would increase the FY23 Budget line item for Mineland Reclamation from \$900,000 to \$1,610,000 (the “**Proposed Budget Amendment**”); and

WHEREAS, the Board met in open session at 1:00 p.m. on August 15, 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 be in the best interest of the TAA and help promote the mission of the agency.

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

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD THIS 15TH DAY OF AUGUST 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			
TOTAL	8	0	0	0

Signed: _____
Senator Tom Bakk, Chair



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

Date: 8/15/2022

To: Iron Range Resources and Rehabilitation Board

From: Mark Phillips
Commissioner

RE: CANISTEO PIT

Project:

The Canisteo Pit located on the west end of the Mesabi Iron Range is at risk of rising water and poses a threat to local residences in Bovey. The Minnesota Department of Natural Resources (DNR) and Iron Range Resources and Rehabilitation (IRRR) recognized the risks posed with the rising water and therefore have supported legislative efforts to fund the construction and operation of a water management project to solve the issue.

House File 4423 and its companion bill Senate File 4052, both of which were introduced in the legislature by many IRRR board members, would have provided the necessary funding for the real estate costs, permitting and construction of a managed outlet to address the rising water at the Canisteo Pit. The bill would have established a fund for ongoing operation and maintenance to the outlet into the

future. The legislature adjourned prior to completion on the bill, leaving the Canisteo Pit project unfunded.

Proposal:

The current proposal is for IRRR funding to establish and implement contingency pumping on or before October 1 at the Canisteo Pit to prevent flooding until the permanent solution is funded and implemented. The pumping will help prepare the pit for future construction of a permanent outlet solution which will require legislative funding to construct, operate, and manage the outlet.

Cost Breakdown:

- 1) Estimated expenses, including installation and operations \$710,000 (includes purchase of screens and contingency).

Total Request: \$710,000

The project will be managed by the DNR in conjunction with IRRR. The agency will work with the Governor's Office and seek reimbursement of the funding from the legislature when the overall project is completed.

4) Adjournment

The meeting adjourned at 1:44 p.m.