

Friday, April 15, 2011
1:30 p.m.
Iron Range Resources & Rehabilitation Board
Eveleth, Minnesota

1) Roll Call

Representative Tom Rukavina, Chair, called the meeting to order at approximately 1:30 p.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfattrick, Representative Carly Melin, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator David Tomassoni, Senator Tom Saxhaug, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan. Minute Taker: Laureen Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Doug Gregor, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Dave Hart, Loan Officer Sr., Al Becicka, Loan Officer; Brian Hiti, Community Development Director; Richard Walsh, Community Development Representative; Jim Plummer, Community Development Representative; Dan Jordan, Mining & Mineland Reclamation Supervisor; Jean Dolensek, Chief Financial Officer, Janette Paul, Executive Assistant; Joe Scipioni, CEO, PolyMet Mining, Inc.; Rick Cannata, Mayor, City of Hibbing; Stephen Abrahamson, Mayor, City of Tower;

2) Approval of the February 23, 2011, Minutes

Action required: Approval requires 7 votes

Motion by Senator David Tomassoni to approve the February 23, 2011, minutes. Seconded by Senator Paul Gazelka. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative Carolyn McElfattrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: Representative David Dill

5) Douglas J. Johnson Economic Protection Trust Fund

Action required: Approval requires 10 votes

a) PolyMet Mining, Inc. – Resolution No. 11-027

Motion by Mr. Joe Begich to approve the PolyMet Mining, Inc. loan request in an amount not to exceed \$4 million, as presented in Resolution No. 11-027. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfattrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

PolyMet Mining, Inc.
Direct Loan

APPLICANT:

Poly Met Mining, Inc. (PolyMet), a wholly owned Minnesota subsidiary of PolyMet Mining Corp., which is incorporated in Canada.

PRINCIPALS:

Mr. Joe Scipioni, President and CEO

Mr. Douglas Newby, CFO

BRIEF PROJECT DESCRIPTION:

Ongoing project development costs including purchase of land, which PolyMet will exchange with the U.S. Forest Service for lands at its proposed mining site.

PROJECT COST:

\$34,000,000

PROJECT BREAKDOWN:

Glencore AG, equity investment	\$30,000,000
Iron Range Resources Direct Loan, 5 yrs @ 5%	<u>\$ 4,000,000</u>
Total	\$34,000,000

COLLATERAL:

Iron Range Resources loan will be secured with a first-priority mortgage on the land. PolyMet will be obligated to transfer title to the parcels to the IRRRB should it fail to exchange the land with the U.S. Forest Service on or before June 30, 2016. PolyMet Mining Corp. will provide a corporate guarantee for the full amount of debt. The agency will also receive warrants allowing it to purchase 400,000 shares of PolyMet Mining Corp. common stock traded on the New York Stock Exchange at an exercise price of \$2.50 per share.

JOBS:

360 full-time positions when in production, plus 1.25 million hours of pre-operations construction work.

CONTINGENCIES:

Independent appraisal of collateral must be sufficient to support the loan. New York Stock Exchange must authorize the issuance and terms of the warrants.

TECHNICAL ADVISORY COMMITTEE RECOMMENDATIONS:

Recommended approval of the project at the Committee's Monday, April 11, 2011, meeting.

FUNDING AUTHORIZATION

DJJ: This project is authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund (“DJJ”), as codified under Minnesota Statutes Sections 298.291-298.298, by providing funds to participate with private sources in financing for a project located within the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“TAA”) which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1. Funding is sought from the DJJ corpus under the authority of 298.296, subd. 2(c).

PROJECT DESCRIPTION:

PolyMet intends to develop the first non-ferrous mine within the Taconite Assistance Area (TAA) as defined in Minn. Stat. Sec. 273.1341. PolyMet plans to mine copper, nickel and other precious metals near Babbitt and ship the materials along an already existing rail line to the former LTV Steel plant in Hoyt Lakes (collectively, the “NorthMet” project) for processing and refining into shippable product. PolyMet began the environmental review process in 2005 and expects to receive all regulatory approvals necessary to begin operations in 2013. To date PolyMet has invested over \$110 million in pre-operation activities. In addition, in November 2010, Glencore AG committed to provide up to \$30 million in equity for this phase of the project.

PolyMet has purchased options to acquire land, which it would exchange with the U.S. Forest Service for lands at the NorthMet site. One tract is 5,272 acres near Biwabik, with a purchase price of \$3,250,000. The other tract consists of 32 acres near McFarland Lake in Cook County, with a purchase price of \$750,000. PolyMet is seeking financing from the agency to enable it to exercise the land purchase options. Agency funds will be released in tranches as PolyMet executes each transaction.

MANAGEMENT TEAM:

Mr. Joe Scipioni, President and CEO, is a native of the Iron Range and has over 30 years of management experience in the local mining industry. Mr. Scipioni began working for PolyMet in July, 2006.

Mr. Douglas Newby, CFO, has 30 years of experience in mining finance and has worked for companies and in positions throughout the world. Mr. Newby began working for PolyMet in November, 2005.

Ms. LaTisha Gietzen, Vice President, is a native of the Iron Range and has over 10-years experience in environmental and government affairs. She is responsible for all regulatory affairs and interactions with permitting agencies. Ms. Gietzen began working for PolyMet in August, 2007.

COLLATERAL REVIEW:

Market value of collateral pledged to loan appears to be sufficient.

PAST IRON RANGE RESOURCES FUNDING HISTORY

The IRRRB approved financing for the land purchase at its December 16, 2010 meeting. However, prior to receiving Governor’s Approval as required under Minnesota Statute Section 298.296, subd. 1, a lawsuit was filed against the IRRRB to stop the agency from financing the loan, claiming the agency’s action violated Minnesota Statutes Section

116D.04. On March 3, 2011, Governor Dayton signed 2011 Minnesota Laws Chapter 4, which, in part, amended 116D.04 by clarifying that as an economic development agency without a regulatory role, the IRRRB may invest in projects in which environmental permitting applications had been initiated but not yet approved. In anticipation of IRRRB action under the provisions of the new law, the lawsuit was withdrawn on March 24, 2011.

**POLY MET MINING, INC.
NORTHMET DEVELOPMENT PROJECT
DRAFT TERM SHEET**

This draft term sheet is meant solely to facilitate continued discussions between the parties for a proposed loan from the Iron Range Resources and Rehabilitation Board to Poly Met Mining, Inc. and is not intended to constitute any type of offer from one party to the other. No investment will be made until both parties complete due diligence, obtain any and all necessary approvals, and enter into a formal loan agreement. All aspects of the transaction and credit documents will be in a form and substance acceptable to the Iron Range Resources and Rehabilitation Board and Poly Met Mining, Inc.

Lender: Iron Range Resources and Rehabilitation Board (“IRRRB” or “Lender”).

Borrower: Poly Met Mining, Inc. (“PolyMet” or “Borrower”), a Minnesota corporation that is a wholly owned subsidiary of PolyMet Mining Corp (“Parent”).

Guarantor: The Loan will be guaranteed by the Parent.

Amount: Up to \$4,000,000 (the “Loan”).

Project: PolyMet is seeking permits to commence production of copper, nickel, cobalt and precious metals at its NorthMet project near Hoyt Lakes, MN. PolyMet projects the project will employ approximately 360 full-time professional, skilled and semi-skilled people for a minimum of 20 years. Construction will require approximately an additional 1.25 million construction labor hours over a two year period.

Closing Date: Closing will take place in one or more tranches on or before June 30, 2011.

Due Date: All outstanding amounts of principal and accrued interest will be due on the earlier of June 30, 2016, or when the Loan is accelerated per the terms of the Loan Agreement.

Use of Proceeds: Borrower may use the proceeds of the Loan as follows: Tranche 1 – up to \$3,250,000 to purchase the “Hay Lake Parcel” as further described in Exhibit A of this agreement; Tranche 2 – up to

\$750,000 to purchase the “McFarland Lake Parcel” as further described in Exhibit B of this agreement, (together the “Parcels”). Borrower plans to use these Parcels to exchange with the U.S. Forest Service (“USFS”) for lands located at the site of Borrower’s mining project (the “Land Exchange”). Upon receiving necessary approvals, Borrower shall complete the Land Exchange. In the event Borrower fails to complete the Land Exchange on or before June 30, 2016, Lender shall have the option to require Borrower to transfer title to the Parcels to Lender in lieu of repayment of the Loan.

Loan Funds

Disbursement:

The proceeds of the Loan will be disbursed upon closing of the purchase of the respective parcels of land with respect to Tranche 1 and Tranche 2. Proceeds will be disbursed at request of Borrower in the event that either parcel of land is purchased by the Borrower with other funds subsequent to the execution of this term sheet.

Loan Repayment

And Interest Rate:

Interest will accrue on any outstanding principal balance of the Loan at a rate of five percent (5.00%) per annum until the Due Date. Interest will accrue on any outstanding sums after the Due Date at a rate of 10-year obligations of the US Treasury plus five percent (5.00%) per annum, adjusted annually. All accrued interest will be capitalized and added to the principal balance on January 1 of every year in which any principal is outstanding.

Loan Prepayment:

There will be no penalties or restrictions for early repayment of the Loan after such time as Borrower obtains all approvals necessary to complete the Land Exchange.

Loan Default:

The Loan Agreement will provide for conditions of default, notice of default, reasonable cure opportunity and remedies.

Security:

Borrower agrees to grant to Lender a first priority lien position in the real property purchased with the proceeds of the Loan, including the Hay Lake Parcel and the McFarland Lake Parcel. The Borrower will be obligated to transfer title to the parcels to Lender should Borrower fail to obtain all necessary approvals to complete the Land Exchange on or before June 30, 2016.

Warrant Coverage:

Upon execution of the Loan Agreement, Parent shall issue to the IRRRB warrants to purchase 400,000 shares of common stock of Parent at a price not to exceed \$2.50 (US) per share. These warrants are to carry a cashless exercise option, standard anti-dilution language, and shall not expire prior to the earlier of the one year anniversary of issuance of all permits needed to commence construction of the Project or June 30, 2016.

Confidentiality: Lender will maintain the confidentiality of all data obtained from Borrower to the fullest extent permitted under the Laws of the State of Minnesota.

Representations, Covenants and Warranties: The Loan agreement will contain representations, covenants and warranties mutually agreed to by Lender and Borrower.

Information Rights: Lender shall receive annual audited financial statements of Parent, internally prepared quarterly financial reports of Borrower, and any other information reasonably requested. Lender will also receive standard inspection and visitation rights.

Fees: Each party shall be responsible for its own legal and other fees related to the closing of the transaction.

This term sheet shall expire June 30, 2011.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J JOHNSON ECONOMIC PROTECTION TRUST FUND
POLYMET MINING, INC. DIRECT LOAN FOR NORTHMET PROJECT**

Resolution No.: 11-027

WHEREAS, the Commissioner is authorized to expend, upon approval of ten members of the Board, portions of the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.296, Subdivision 2(c) (“**DJJ Corpus Funds**”), to provide loans and participate with private sources in providing financing for various projects located within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”) which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1, clause (1) or (2); and,

WHEREAS, the Commissioner is authorized under the provisions of Minnesota Statutes Sections 298.22, Subd. 5a and 298.2211 to acquire, and under such provisions as well as the provisions of Minnesota Statutes Section 298.296, Subdivision 2(g) to use certain agency funds, to finance, upon proper approval, the purchase of lands in the TAA (“**TAA Land Acquisition Authority**”); and,

WHEREAS, PolyMet Mining, Inc. (“**PolyMet**”) is proposing to construct and operate a non-ferrous mine and processing facility at a refurbished and modified taconite processing facility located at the former LTV Steel Mining Company site near Hoyt Lakes in an area that lies within the TAA (the “**NorthMet Project**”); and,

WHEREAS, adjacent to the site of the NorthMet Project are certain lands owned by the United States Forest Service (the “**Available USFS Lands**”) the title to which lands the USFS is willing to transfer to PolyMet in exchange for acquiring title to the more desirable Exchange Lands described below; and,

WHEREAS, in furtherance of the NorthMet Project PolyMet has negotiated options to acquire approximately 5,300 acres of lands (referenced as the Hay Lake Parcels and the McFarland Lake Parcels, and collectively as the “**Exchange Lands**”) which the USFS has identified as lands to which it is willing to accept title in exchange for granting PolyMet title to the Available USFS Lands; and,

WHEREAS, PolyMet has made application to the Commissioner for a loan of up to \$4 million (the “**Loan**”) to enable it to exercise its options to acquire title to the Exchange Lands so that it can, when necessary and appropriate, transfer its title interests in such lands to the Forest Service in exchange for receiving title to the Available USFS Lands; and,

WHEREAS, PolyMet has offered as collateral for the Loan a first priority security interest in the Exchange Lands it acquires, and, as an additional incentive for making the Loan, has offered to have PolyMet Mining Corp., a Canadian business corporation (the “**Parent Corporation**”), provide a corporate guaranty and grant the agency stock warrants for the purchase of up to 400,000 shares of Parent Corporation common stock; and,

WHEREAS, PolyMet, in further consideration for granting the requested Loan, has offered to grant the Commissioner the right (but not the obligation) to acquire under the Commissioner’s TAA Land Acquisition Authority, all of PolyMet’s rights, title and interests in the Exchange Lands if the Exchange Lands are not transferred by PolyMet to the Forest Service within the term of the Loan; and,

WHEREAS, the Board met in open session at 1:30 p.m. on April 15, 2011, in the Board Room at the Joe Begich Building located near Eveleth, Minnesota, to consider, among other matters, PolyMet’s request for the Loan; and

WHEREAS, the Board has determined that it would be in the public interest to make the requested Loan of DJJ Funds to PolyMet on the terms proposed in the informational materials presented to the Board (the “**Board Packet Materials**”), and that the granting of the Loan on such terms would promote economic development in the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board approves the expenditure of up to \$4 million of DJJ Corpus Funds for the requested Loan to PolyMet to enable it to acquire the Exchange Lands for its proposed NorthMet Project, substantially on the terms set forth in the Board Packet Materials.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF APRIL 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			

Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Citizen Joe Begich	X			
Citizen David Chura	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____

Tom Rukavina, Chair

3) Taconite Area Environmental Protection Fund

Action required: Approval requires 7 votes

a) Chisholm Hibbing Airport Authority – Resolution No. 11-028

Motion by Representative Carly Melin to approve the Chisholm Hibbing Airport Authority project, as presented in Resolution No. 11-028, in an amount not to exceed \$100,000. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura

Voting Against the Motion: None

Abstain: Mr. Jack Ryan

Excused: None

Representative Tom Anzelc moved to reconsider the motion by Representative Carly Melin regarding Resolution No. 11-028. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura

Voting Against the Motion: None

Abstain: Mr. Jack Ryan

Excused: None

Senator Tom Anzelc moved to amend the Melin motion to approve the Chisholm Hibbing Airport Authority project by incorporating the prevailing wage language from Resolution No. 96-005 into Resolution No. 11-028. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura

Voting Against the Motion: None

Abstain: None

Excused: Mr. Jack Ryan

Representative Tom Anzelc moved to approve Resolution No. 11-028, as amended.
Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura

Voting Against the Motion: None

Abstain: Mr. Jack Ryan

Excused: None

Chisholm Hibbing Airport Authority



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

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: April 15, 2011

**Re: \$100,000 GRANT TO THE CHISHOLM-HIBBING AIRPORT
AUTHORITY**

The Chisholm-Hibbing Airport Authority (CHAA) is requesting \$100,000 to be used for the replacement or major rehabilitation of the 100 foot x 20 foot door for the Arrowhead

hanger building, which will house Life Link III, a medical transport business that operates out of the Chisholm-Hibbing Airport. This money is in addition to funding previously provided by the agency for the project last summer.

Background

On August 19, 2010, the IRRR Board approved a \$300,000 Public Works grant for the remodeling and restoration of the 12,000 square foot Arrowhead hanger building and road access/apron to accommodate Life Link III. The project includes replacement of the hanger floor, insulation of exterior walls, as well as installation of in-floor heating, a sprinkler system, new wiring and outlets, air handling equipment, floor drain, water piping, new windows and doors and a new ceiling. In addition to the building renovation, a new access road, parking lot and aircraft apron will be constructed. Since the August 2010 Board meeting, CHAA was informed that it would need to replace or completely rehabilitate the 100 foot x 20 foot hanger door, increasing the cost of the project. CHAA also has secured an additional \$150,000 grant from the Department of Employment and Economic Development (DEED) Business Infrastructure grant program to help fund additional infrastructure costs associated with the project.

Life Link III

Life Link III is a national leader in ground and air medical transportation, providing critical care, advanced life support and basic life support transportation for patients in northeastern Minnesota and throughout the nation. They operate out of eight locations and employ 25 people in the Midwest region, and their Chisholm-Hibbing Airport operation is their busiest Midwest facility. Life Link currently is housed in a temporary facility at the airport but seeks to expand into the renovated space in the Arrowhead hangar building, where they will house one or two helicopters and a jet. Their Chisholm-Hibbing base serves a 50 mile radius from the airport and backs up other bases in Wisconsin, western and central Minnesota and eastern North Dakota. The expansion at the Chisholm-Hibbing Airport is expected to create seven FTE construction jobs and 10 new permanent jobs.

USES

SOURCES

Building renovation	\$409,800	IRRRB 2011	\$100,000
Infrastructure	301,000	IRRRB 2010	300,000
A & E	234,200	Private	2,025,000
Equipment	2,000,000	DEED grants	400,000
Hanger Door	175,000	MN DOT Grant	95,000
		Applicant	200,000
TOTAL	\$3,120,000	TOTAL	\$3,120,000

Funding Authorization

This project is authorized under the provisions of the Taconite Area Environmental Protection Fund, as codified under Minnesota Statutes, Section 298.223, by supporting local economic development and public works projects located within the Taconite Assistance Area defined in Section 273.1341.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL PROTECTION FUND**

CHISHOLM-HIBBING AIRPORT AUTHORITY PROJECT APPROVAL

Resolution No.: 11-028

WHEREAS, the Commissioner is authorized to expend, upon approval of seven members of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY 2011 Budget includes the allocation of \$8,000,000 of TEPF Funds for Business Development Projects (“**TEPF Business Development Funds**”); and

WHEREAS, the Commissioner has received a request from the Chisholm-Hibbing Airport Authority (“**CHAA**”) for a grant in the amount of \$100,000 that CHAA, as part of its on-going hangar improvement project, will use for the replacement or major rehabilitation of the 100 foot x 20 foot door of the Arrowhead hanger building at the Range Regional Airport which will house Life Link III, a medical transport business that operates out of the Airport facility, the purpose and terms of which proposed grant are more specifically described in the Board meeting information packet materials (the “**Hangar Door Project**”); and

WHEREAS, the Board met in open session at 1:30 p.m. on April 15, 2011, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed Hangar Door Project, and has determined that the expenditure of up to \$100,000 of TEPF Business Development Funds for the proposed Hangar Door Project would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$100,000 of TEPF Business Development Funds to provide a grant to the Chisholm-Hibbing Airport Authority for the proposed Hangar Door Project.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of the said funds for the said Hangar Door Project is further contingent upon the agency, in its grant contract, requiring the grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board’s Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF APRIL 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			

Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Citizen Joe Begich	X			
Citizen David Chura	X			
Citizen Jack Ryan			X	
TOTAL	12	0	1	0

Signed: _____
Tom Rukavina, Chair

b) City of Hibbing – Resolution No. 11-029

Motion by Senator David Tomassoni to approve the city of Hibbing storm water drainage project, as presented in Resolution No. 11-029, in an amount not to exceed \$99,200. Seconded by Mr. Jack Ryan. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

City of Hibbing



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

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: October 18, 2011

Re: A \$99,200 GRANT TO THE CITY OF HIBBING TO REPAIR STORM SEWER INFRASTRUCTURE

Background

The City of Hibbing is requesting a \$99,200 grant to correct stormwater infrastructure problems affecting the Davich Building and the recently acquired Center for Independent Living in Northeast Minnesota property (Center for Independent Living), which was formerly known as UBC Lumber. The subject properties are contiguous and are located at the junction of Highways 169 and 37 in Hibbing. The IRRRB grant will result in repairing long-standing stormwater problems in this area of the city.

The Davich Building houses several businesses including the Minnesota Workforce Center, Global Minerals, Kiddy Karousel and Advantage Billing Concepts; and a total of 77 full-time employees work in this office complex.

The Center for Independent Living has outgrown their existing office near downtown Hibbing, and will be moving to their new and expanded facility after the ongoing building renovation and stormwater projects are complete. The new Center for Independent Living office will house 25 full-time employees.

Project Details

Site-elevation problems are causing water to flow into the new Center for Independent Living building from the parking lot and adjacent streets and properties. Before the extensive remodeling of the building interior may begin, the water infiltration problem must be resolved.

A plan has been developed to remove, lower and re-grade the entire parking lot and area surrounding the building. A drainage swale will be constructed and stormwater will be directed to a collection point located between the Center for Independent Living and Davich properties.

On the Davich site, part of the storm sewer and catch basin have collapsed, and a storm-sewer pipe that runs through the parking lot is protruding above grade, causing a safety hazard which obstructs access to building patrons. Improvements include removing and relocating the storm sewer 25 feet to the west, which will allow the pipe to be buried at a deeper elevation. In addition to the stormwater repairs, the building owner is repaving the entire parking lot. Upon completion of the project, the City of Hibbing will be granted an easement through the Davich property, and the storm sewer will become public infrastructure.

USES

Stormwater Improvements
- Davich \$49,200

Parking lot Improvements
- Davich \$63,585

Stormwater and Site
Improvements - Center for
Independent Living \$114,600

Professional Services –
Hibbing \$15,000

TOTAL \$242,385

SOURCES

Davich
Property \$63,585
Center for
Independent
Living \$64,600

Hibbing (In
Kind) \$15,000

IRRRB \$99,200

TOTAL \$242,385

Funding Authorization

This project is authorized under the provisions of the Taconite Area Environmental Protection Fund, as codified under Minnesota Statutes Section 298.223, by supporting local economic projects, including construction of sewer and water systems located within the Taconite Assistance Area defined in section 273.1341.

IRON RANGE RESOURCES AND REHABILITATION BOARD OF THE STATE OF MINNESOTA TACONITE AREA ENVIRONMENTAL PROTECTION FUND HIBBING STORM WATER DRAINAGE PROJECT APPROVAL

Resolution No.: 11-029

WHEREAS, the Commissioner is authorized to expend, upon approval of seven members of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY 2011 Budget includes the allocation of \$8,000,000 of TEPF Funds for Business Development Projects (“**TEPF Business Development Funds**”); and

WHEREAS, the Commissioner has received a request from the City of Hibbing (“Hibbing”) for a grant in the amount of \$99,200 to pay a portion of the costs associated with a project to correct a storm water drainage problem affecting the privately-owned and contiguous Davich Building and Center for Independent Living properties at the junction of Highways 169 and 37 in Hibbing, in regard to which project the City will act as the fiscal agent for the privately-contracted project work and then own and have an easement for the drainage lines as installed, the purpose and terms of which proposed project and grant are more specifically described in the Board meeting information packet materials (the “**Stormwater Drainage Project**”); and

WHEREAS, the Board met in open session at 1:30 p.m. on April 15, 2011, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed Stormwater Drainage Project, and has determined that the expenditure of up to \$99,200 of TEPF Business Development Funds for the proposed Stormwater Drainage Project would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$99,200 of TEPF Business Development Funds to provide a grant to the City of Hibbing for the proposed Stormwater Drainage Project.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of the said funds for the said Stormwater Drainage Project is further contingent upon the agency, in its grant contract, requiring the grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board’s Resolution 96-005

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF APRIL 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Citizen Joe Begich	X			
Citizen David Chura	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
Tom Rukavina, Chair

c) City of Tower – Resolution No. 11-030

Representative David Dill moved approval to amend the City of Tower’s \$120,000 FY11 East Two Rivers Project grant to replace matching funds from the St. Louis County with Department of Employment and Economic Development matching funds, as presented in Resolution No. 11-030. Seconded by Senator Tom Bakk. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

City of Tower



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

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: April 15, 2011

Re: AMENDMENT OF THE CITY OF TOWER'S \$120,000 FY11 EAST TWO RIVERS PROJECT GRANT TO REPLACE MATCHING FUNDS FROM ST. LOUIS COUNTY WITH DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT (DEED) MATCHING FUNDS

Background

At the December 16, 2010, IRRR Board meeting, a \$120,000 FY11 grant was awarded to the city of Tower for the construction of Phase 1 of a \$5.7 million East Two Rivers harbor development project, including the new Highway #169 bridge and the rerouting of Highway #135. Phase 2 is approximately a \$2 million project that will complete the 2.3 acre riverfront development, including a marina with a docking facility for approximately 100 boats as well as the dredging of the river channel. It is projected that the completion of Phases 1 & 2 will lever another \$40 million in private investment. The project also includes 90 units of housing, a refurbished riverfront park with a performance pavilion, 2,500 feet of new trails and 95,000 square feet of commercial space, including 45,000 square feet on Main Street. **IRRRB's grant was approved contingent on the City receiving matching funds of at least \$250,000 from St. Louis County.**

The sources and uses for the project break out as follows:

USES

SOURCES

Hwy #169 & new bridge	\$4,121,328	Iron Range Resources	\$120,000
Hwy #135 reroute		Applicant	8,676
A&E and professional fees	1,588,395	Federal Hwy Admin/MN	1,538,249
		DOT	
		Taconite tax – Nickel	3,177,818
		funds	
		City – IRR release of CD*	130,000
		DEED - 2006	400,000
		Redevelopment	
		DEED – Business	249,980
		Development Public	
		Infrastructure	
		Interest earned	85,000
TOTAL	\$5,709,723	TOTAL	\$5,709,723

Amendment

The City of Tower is requesting that the IRRRB allow the City to replace the \$400,000 of St. Louis County matching monies with \$400,000 in matching funds from the DEED Redevelopment Program.

I recommend that the City be allowed to replace the County matching funds with DEED funding.

Funding Authorization

This project is authorized under the provisions of the Taconite Area Environmental Protection Fund, as codified under Minnesota Statutes, Section 298.223, by supporting local economic development and public works projects located within the Taconite Assistance Area defined in Section 273.1341.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL PROTECTION FUND
CITY OF TOWER EAST TWO RIVERS HARBOR DEVELOPMENT PROJECT**

Resolution No.: 11-030

WHEREAS, the Commissioner is authorized to expend, upon approval of at least seven members of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the Board at its December 16, 2010, meeting adopted its Resolution 11-018 approving the expenditure of up to \$120,000 of FY11 TEPF Funds budgeted as Business Development funds for a grant to the City of Tower (the “**City**”) to help the City pay costs associated with Phase I of its East Two Rivers harbor development project (the “East Two Rivers Project”); and

WHEREAS, the Board’s approval of funding for the grant was contingent on the City receiving matching funds of at least \$250,000 from St. Louis County, but the City now is requesting that it be allowed to replace the anticipated St. Louis County matching funds with \$400,000 in matching funds for the Project from the Redevelopment Program of the Minnesota Department of Employment and Economic Development;

WHEREAS, the Board met in open session at 1:30 p.m. on April 15, 2011, in the Board Room at the Joe Begich Building located near Eveleth, Minnesota, to consider, among other matters, the City’s request to allow the substitution of the matching fund source for the East Two Rivers Project and determined that the substitution of the source of the required matching funds would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the grantee City’s request to allow \$400,000 from the Redevelopment Program of the Minnesota Department of Employment and Economic Development to be used as matching funds for the East Two Rivers Project in lieu of the \$250,000 of matching funds from St. Louis County that originally had been required in the Board’s previous Resolution No. 11-018 as a precondition to the agency providing grant funding for Phase I of the East Two Rivers Project.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF APRIL 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Citizen Joe Begich	X			
Citizen David Chura	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
Tom Rukavina, Chair

d) City of Gilbert – Resolution No. 11-032

Representative Tom Rukavina introduced Resolution No. 11-032 and a memo regarding the City of Gilbert’s Lake Ore-Be-Gone Shoreland Improvement project.

Senator David Tomassoni moved to approve an amendment of the City of Gilbert’s \$80,000 FY09 Lake Ore-Be-Gone mine pit wall slope stability analysis project grant to use \$50,000 of the \$54,132 remaining balance to repair and modify the Sherwood Forest Campground’s boat access and swimming area, as presented in Resolution No. 11-032. Seconded by Mr. Joe Begich. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElfatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

City of Gilbert



Iron Range Resources
P.O. Box 441
4261 Highway 53 South

To: Iron Range Resources and Rehabilitation Board

From: Representative Tom Rukavina

Date: April 15, 2011

Re: AMENDMENT OF THE CITY OF GILBERT'S \$80,000 FY09 LAKE ORE-BE-GONE MINE PIT WALL SLOPE STABILITY ANALYSIS PROJECT GRANT TO USE \$50,000 OF THE \$54,132 REMAINING BALANCE O REPAIR AND MODIFY THE SHERWOOD FOREST CAMPGROUND'S BOAT ACCESS AND SWIMMING AREA

Background

At the August 28, 2008, Iron Range Resources Board meeting, the Fiscal Year 2009 Budget was approved. As part of the approved Mineland Reclamation portion of the budget, the City of Gilbert received an \$80,000 grant to complete a Mine Pit Wall Slope Stability Analysis Project at Lake Ore-Be-Gone. The City of Gilbert was proposing to extend Minnesota Avenue to the end of the peninsula that extends out into Lake Ore-Be-Gone, to facilitate a housing development. However, there was concern regarding how stable the existing soils were, how steep the banks could be and whether the area was generally safe for building housing. The IRRRB funds were provided to conduct a study to 1) answer the above questions; and 2) use the remaining funds to begin developing the area. The results of the study concluded that considerable work would be required before the peninsula is suitable and safe for a housing development.

Lake Ore-Be-Gone Water Level

A more pressing issue for Lake Ore-Be-Gone is the loss of water in the mine pit due to pumping of the ArcelorMittal Laurentian Mine Pit to facilitate mining. The water elevation of Lake Ore-Be-Gone has dropped from 1404' (May 2002) to 1394' (May 2009). Since May 2009, the elevation of Lake-Ore-Be-Gone has remained stable around 1394'. This 10' drop in water elevation has rendered the boat launch unusable and resulted in the closure of the swimming beach. Since the boat launch and swimming area are critical amenities of the Sherwood Forest Campground, allowing them to remain in an unusable status has a significant impact on the City's ability to keep the campground full of campers and other recreational guests.

The City of Gilbert has verbally requested that the IRRR Board allow them to redirect \$50,000 of the \$54,132 remaining funds in the FY09 Slope Stability project toward the repair of the boat launch prior to the 2011 fishing opener. ArcelorMittal will also participate in the repair and reconstruction of the boat launch. If any IRRRB funds remain after the boat launch is repaired, then the swimming area will be evaluated for any improvements that can be made to improve the safety of this amenity.

Amendment

The request before the IRRR Board is to authorize \$50,000 of the remaining balance of \$54,132 in the FY09 Mine pit Wall Slope Stability Analysis grant to be used to improve the Sherwood Forest Campground's boat launch and swimming beach area. Please note that this is would be a reallocation of previously budgeted funds for use by the same community to carry out an activity that is closely related to the original project. This authorization is contingent upon the financial participation of ArcelorMittal in the repair and reconstruction activities, as well as the City of Gilbert assuming responsibility for the engineering fees.

The sources and uses for the project break out as follows:

<u>USES</u>		<u>SOURCES</u>	
Development	\$50,000	IRRRB	\$50,000
Infrastructure	\$10,000	ArcelorMittal	\$30,000
Site Work	<u>\$20,000</u>	City of Gilbert	<u>In-kind Engineering</u>
TOTAL	\$80,000	TOTAL	\$80,000

Funding Authorization

This project is authorized under the provisions of the Taconite Area Environmental Protection Fund, as codified under Minnesota Statutes, Section 298.223, whereby the State is empowered to fund projects for the purpose of reclaiming, restoring, or reforesting minelands within the Taconite Assistance Area defined in M.S. 273.1341 that have been adversely affected by mining operations and of promoting economic development within such areas.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE AREA ENVIRONMENTAL PROTECTION FUND
FUNDING APPROVAL
LAKE ORE-BE-GONE SHORELAND IMPROVEMENT PROJECT**

Resolution No.: 11-032

WHEREAS, the Commissioner is authorized to expend, upon approval of at least seven members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY 2009 Budget included in the Mineland Reclamation and Restoration Projects portion of that Budget’s Program funding allocations, an authorization for a grant of up to \$80,000 of TEPF Funds to the City of Gilbert for a Mine Pit Wall Slope Stability Analysis Project at Lake Ore-Be-Gone (“**FY09 TEPF Gilbert Project Funds**”); and

WHEREAS, the City of Gilbert has requested authorization to use \$50,000 of the remaining balance of \$54,132 of the FY09 TEPF Gilbert Project Funds to fund a portion of the costs associated with improving the Sherwood Forest Campground’s boat launch

and swimming beach areas that are located on the shores of Lake Ore-Be-Gone in the City of Gilbert, the purpose and financing sources of which proposed new project and grant fund re-allocation proposal were more specifically described in the materials and comments provided to the Board at its meeting (the “**Lake Ore-Be-Gone Shoreline Improvement Project**”); and

WHEREAS, the Board met in open session at 1:30 p.m. on April 15, 2011, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the proposed Lake Ore-Be-Gone Shoreline Improvement Project, and has determined that the proposed re-allocation of \$50,000 of the remaining \$54,132 of FY09 TEPF Gilbert Project Funds for the new Lake Ore-Be-Gone Shoreline Improvement Project would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the re-allocation of \$50,000 of the remaining \$54,132 of FY09 TEPF Gilbert Project Funds for the proposed Lake Ore-Be-Gone Shoreline Improvement Project.

PASSED AND ADOPTED BY VOTE OF THE IRRRB LOCAL BUSINESS LOAN GUARANTY PROGRAM AND REHABILITATION BOARD THIS 15th DAY OF APRIL 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElpatrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Citizen Joe Begich	X			
Citizen David Chura	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____
Tom Rukavina, Chair

e) IRRRB Local Business Loan Guaranty Program – Resolution No. 11-031

Senator Tom Saxhaug moved approval of the IRRRB Local Business Loan Guaranty Program, as presented in Resolution No. 11-031. Seconded by Representative Carolyn McElpatrick.

Senator Tom Bakk moved to amend the Saxhaug motion by adding the words operating capital (underlined) to the draft guidelines, as follows:

Refinancing of existing bank debt, operating capital and costs associated with the acquisition of another business will not be allowable uses of loan proceeds.

Motion failed.

Voting in Favor of the Motion: Senator Tom Bakk, Senator John Carlson

Voting Against the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElpatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Abstain: None

Excused: None

Senator Saxhaug renewed his motion to approve the IRRRB Local Business Loan Guaranty Program, as presented in Resolution No. 11-031. Seconded by Representative Carolyn McElpatrick. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carolyn McElpatrick, Representative Carly Melin, Representative Tom Rukavina, Senator Tom Bakk, Senator John Carlson, Senator Paul Gazelka, Senator Tom Saxhaug, Senator David Tomassoni, Mr. Joe Begich, Mr. David Chura, Mr. Jack Ryan

Voting Against the Motion: None

Abstain: None

Excused: None

IRRRB Local Business Loan Guaranty Program



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

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: April 12, 2011

Re: LOCAL BUSINESS LOAN GUARANTY PROGRAM

The inability of many local businesses to access capital has been identified as a serious obstacle to economic growth in our region. This situation has been exacerbated in recent years with the recession and tightening of credit markets. I propose the implementation of an IRRRB Local Business Loan Guaranty Program to address this issue.

Guidelines for the loan guaranty program were developed with the assistance of many of our financial partners and other stakeholders. Under this program, the IRRRB will guaranty up to \$75,000 of a new \$100,000 loan to an eligible business. The program will assist a minimum of 13 businesses by providing access to in excess of \$1.3 million in bank financing, assuming it is fully subscribed.

I recommend approval of the program with an initial capitalization of \$1 million out of FY 11 Business Development Project budget funds in the TEPF.

IRRRB LOCAL BUSINESS LOAN GUARANTY PROGRAM

April 15, 2011

IRRRB will guaranty 75% of a new bank loan, up to a \$75,000 maximum guaranty.

Eligible businesses will include manufacturing/assembly, technologically innovative businesses, and businesses that primarily attract expenditures from outside the TAA as well as other businesses that are headquartered and have been operating in the TAA, under the same management, for a minimum of two years.

Refinancing of existing bank debt and costs associated with the acquisition of another business will not be allowable uses of loan proceeds.

The loan may be term debt, revolving debt, or a single-payment note.

The maximum term of the loan will be five years, with up to two years of interest only payments.

The guaranty fee will be 1% annually, paid at the loan origination and at each anniversary date.

In the case of a liquidation, payments may be applied to any other debt at the originating bank (with the same collateral) prior to being applied to the guaranteed loan.

The guaranty will be structured as a shortfall guaranty, all collection options must be pursued prior to drawing on the guaranty.

The loan will be assigned to the IRRRB upon payment of the guaranty.

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

Resolution No.: 11-031

WHEREAS, the Commissioner is authorized to expend, upon approval of seven members of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY 2011 Budget includes the allocation of \$8,000,000 of TEPF Funds for Business Development Projects (“**TEPF Business Development Funds**”); and

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

WHEREAS, the Board met in open session at 1:30 p.m. on April 15, 2011, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the initial capitalization of the proposed Local Business Loan Guaranty Program, and has determined that the expenditure of \$1,000,000 of TEPF Business Development Funds to capitalize the proposed Local Business Loan Guaranty Program would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of \$1,000,000 of TEPF Business Development Funds to capitalize the proposed Local Business Loan Guaranty Program, subject to the understanding that the Commissioner may provide loan guaranties to eligible businesses under and pursuant to the Local Business Loan Guaranty Program guidelines as presented to the Board at the April 15, 2011, meeting, up to a maximum of \$75,000 per eligible business and without further Board or Governor approval of each loan guaranty made thereunder.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 15th DAY OF APRIL 2011.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator John Carlson	X			
Senator Paul Gazelka	X			
Senator Tom Saxhaug	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Carolyn McElfrick	X			
Representative Carly Melin	X			
Representative Tom Rukavina	X			
Citizen Joe Begich	X			

Citizen David Chura	X			
Citizen Jack Ryan	X			
TOTAL	13	0	0	0

Signed: _____

Tom Rukavina, Chair

6) Adjournment

The meeting adjourned at 3:16 p.m.