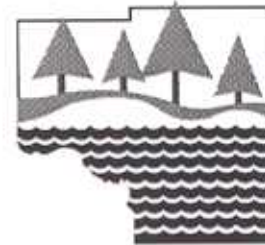


ITASCA COUNTY

123 NE 4th Street
Grand Rapids, MN 55744-2600

Hours: Monday thru Friday - 8:00AM to 4:30PM
Telephone: 218-327-2853
Fax: 218-327-0688



June 15, 2005

Mr. Tom Harren
State of Minnesota
Dept. of Finance
400 Centennial Bldg.
658 Cedar Street
St. Paul, MN 55155

Subject: Request for 2006 Funding Preliminary Capital Budget Request

Dear Mr. Harren:

Enclosed is a request, by the County of Itasca, for funding from the State during the 2006 Legislative session.

The request is for funding of the Preliminary Design, Final Design and Construction of the Infrastructure necessary to support a new Power Plant in Itasca County. Excelsior Energy, LLC is planning to construct a \$1.0 Billion facility with funding, primarily, from private investors.

If you need any further information, do not hesitate to contact me.

Sincerely,

David T. Christy
Itasca County Highway Engineer

cc: County Commissioners
Robert Olson, County Coordinator
Robert Zuehlke, County Auditor

June 15, 2005

TO: Minnesota Department of Finance

RE: Capital Budget Request, Public Infrastructure to support a new power plant in
Itasca County

- 1) Name of the local government or political subdivision that is submitting the request – **Itasca County**
- 2) Project title - **Public Infrastructure to support a new power plant in Itasca County**
- 3) Project priority number (if the applicant is submitting multiple requests) - **Itasca County Priority No. 1**
- 4) Project location - **Itasca County**
- 5) Total project cost (all funding sources – all years – for all capital costs) - **\$42,000,000.00**
- 6) Request for state funds in 2006 - **\$4,620,000.00 for pre-design and design.**
- 7) Additional state funds to be requested for subsequent project costs/phases in 2008 - **\$37,380,000.00.**
- 8) Additional state funds to be requested for subsequent project costs/phases in 2010 - **None**
- 9) Non-state funds available or to be contributed to the project (list the dollar amount and sources – federal, city, private, or other) - **None**
- 10) Project description and rationale (limit to one page maximum). The very first sentence of this narrative should identify what is being requested. Example: "This request is for \$x in state funding to acquire land, predesign, design, construct, furnish and equip a new such-and-such facility for such-and-such purposes to be located where". Explain whether the project has local, regional or statewide significance - and why. –

This request for \$42,000,000.00 in State funding to design, acquire, construct and/or improve infrastructure to enable the construction and operation of the Mesaba Energy Project which is an Innovative Energy Project utilizing Clean Energy Technology pursuant to Minnesota Statute 216B.1694 and 1693 respectively. The requested funding is targeted for roadway, rail and natural gas transportation infrastructure improvements; to extend or construct waste and potable water facilities to the Mesaba Energy Project site; and to provide for wetland mitigation, storm water runoff mitigation and right of way acquisition for above improvements.

The infrastructure improvements will enable the construction and operation of the Mesaba Energy Project and will have a local, regional, State and Federal significance. In fact so much so that Iron Range Resources (IRR) and federal government through the Department of Energy (DOE) are supporting the project by providing matching loans to aid in the project's development.

The local and regional economy will benefit from up to as many as 1000 construction jobs over the three and one half years construction period and an ongoing staff of greater than 100 well paying positions at the generating plant once in operations, as well as, an industry that is insulated from the cyclic taconite industry. The significance to the State is the addition of clean source of electrical energy to fuel the State's economic engine is not linked to the volatile natural gas markets to supply the growing need for electricity in Minnesota.

11) Identify who will own the facility. Identify who will operate the facility. – **Itasca County or appropriate municipality.**

12) Identify total project costs for each of the following categories: land acquisition, predesign, design, construction, furniture/fixtures/equipment, and relocation costs. – **To be determined.**

13) For new construction projects: identify the new square footage requested. For remodeling, renovation or expansion projects: identify the total square footage of current facilities and new square footage requested. - **N/A**

14) Project schedule. Identify the date (month/year) when construction crews are expected to first arrive on site, and the date (month/year) when construction will be completed with a certificate of occupancy. – **To be determined.**

15) Identify any new or additional state operating dollars that will be requested for this project (cite the amount and year, if applicable). - **None anticipated.**

16) Attach a resolution of support from the governing body of the applicant (with the project priority number if submitting multiple requests). **See attached Itasca County Board resolution.**

17) Project contact person, title, address, phone, fax, and email (a project spokesperson who is knowledgeable on the project and can answer detailed questions).

Project Contact Person for Itasca County

David T. Christy
County Highway Engineer
123 NE 4th Street
Grand Rapids, MN 55744
Phone: 1-218-327-7387
FAX: 1-218-327-0688
Email: dave.christy@co.itasca.mn.us

RESOLUTION
OF THE
COUNTY BOARD OF COMMISSIONERS
ITASCA COUNTY, MINNESOTA

Adopted June 14, 2005

Commissioner Dimich moved the adoption of the following resolution:

Resolution No. 06-05-01 (Page 1 of 1)

RE: STATE BONDING FOR A NEW POWER PLANT IN ITASCA COUNTY

WHEREAS, the Minnesota State Legislature is accepting applications for Capitol Bonding projects, for the 2006 legislative session, until June 15, 2005, and

WHEREAS, the County of Itasca is in need of funding for the final design and construction of Public Infrastructure necessary to support a new power plant in Itasca County, and

WHEREAS, the funding needed is as listed below,

Service Road - - - - -	-\$22,000,000.00
Railroad Spur - - - - -	-\$ 8,000,000.00
Natural Gas Pipeline - - - - -	-\$ 8,000,000.00
Freshwater Supply - - - - -	\$ 2,000,000.00
Wastewater Collection & Treatment -	\$ 2,000,000.00

NOW, THEREFORE, BE IT RESOLVED, that the Itasca County Board of Commissioners hereby makes application, to the State of Minnesota, for a grant needed for the final design and construction of Public Infrastructure as listed above.

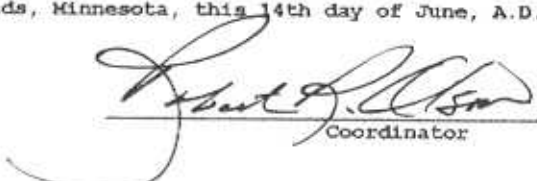
Commissioner Mandich seconded the motion for the adoption of the resolution and it was declared adopted upon the following vote:

Yeas <u> 5 </u>	Nays <u> 0 </u>	District #1 <u> Y </u>	District #2 <u> Y </u>
Other <u> </u>		District #3 <u> Y </u>	District #4 <u> Y </u>
		District #5 <u> Y </u>	

STATE OF MINNESOTA
Office of County Coordinator
ss. County of Itasca

I, ROBERT R. OLSON, Coordinator of County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 14th day of June, A.D. 2005, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 14th day of June, A.D. 2005



Coordinator

By _____ Deputy

ITASCA COUNTY

HIGHWAY ENGINEER

Itasca County Courthouse

123 N.E. 4th Street

GRAND RAPIDS, MINNESOTA 55744-2600

Office (218) 327-2853

Fax (218) 327-0688



FACSIMILE MESSAGE SHEET

DATE: 6/15/05

PLEASE DELIVER THE FOLLOWING PAGES TO:

TOM HARREN
DEPT. OF FINANCE
STATE OF MINNESOTA

ST. PAUL, MN.

FAX NUMBER: 1-651-296-8685

FROM: DAVE CHRISTY, Co. ENGR.

**Itasca County Highway Engineer's Office
123 4th Street Northeast
Grand Rapids, MN 55744**

We are sending 3 pages INCLUDING this page.

To send a FAX message to us, call (218) 327-0688.

To speak to us, call 327-2853.

If you do not receive all pages...please call us back as soon as possible.

Thank you.

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
ITASCA COUNTY HIGHWAY DEP
12183270688
Jun 15 2005 2:51pm

Last Fax

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Jun 15	2:49pm	Sent	916512968685-22287	1:15	3	OK

Result:

OK - black and white fax
OK color - color fax