

#4 2/7/2018
Bob Nardi

MARESA

SB 390 PROJECT EMPIRE

JANUARY 9, 2018

1. SB390 SCHOOL DISTRICT REPRESENTATIVES

- A. BOB NARDI – ASSOCIATE SUPERINTENDENT AT MARQUETTE ALGER REGIONAL EDUCATIONAL SERVICE AGENCY (MARESA)
- B. DAN SKEWIS – SUPERINTENDENT NEGAUNEE PUBLIC SCHOOLS
- C. BRYAN DEAGUSTINE – SUPERINTENDENT NICE COMMUNITY SCHOOLS
- D. BILL SAUNDERS – SUPERINTENDENT MARQUETTE AREA PUBLIC SCHOOLS
- E. CARRIE MEYER – SUPERINTENDENT ISHPEMING PUBLIC SCHOOLS
- F. SANDY PETROVICH – SUPERINTENDENT GWINN AREA COMMUNITY SCHOOLS

2. SB390 AN EXTENSION OF PROJECT EMPIRE

WE SEE SENATE BILL 390 AS AN EXTENSION OF THE STATE OF MICHIGAN'S PROJECT EMPIRE. SENATE BILL 390, AS PROVIDED BY SENATOR CASPERSON AND PREVIOUS WORK DONE BY REPRESENTATIVE JOHN KIVELA, RECOGNIZES THE IMPORTANCE THE EMPIRE MINE PLAYED IN MARQUETTE COUNTY AND THE SURROUNDING SCHOOL DISTRICTS. SENATE BILL 390 IS AN EFFORT TO PARTIALLY OFFSET SOME OF THE LOST REVENUE TO SCHOOLS FROM THE INDEFINITE IDLING OF THE EMPIRE MINE.

3. SB390 SCHOOL DISTRICT SUPPORT

- A. THE 13 UPPER PENINSULA RURAL SCHOOL DISTRICTS LOCATED IN MARQUETTE AND ALGER COUNTIES THAT FORM MARESA SUPPORT SB390.
- B. MORE DIRECTLY THE FIVE DISTRICTS THAT HAVE BEEN SIGNIFICANTLY IMPACTED BY THE INDEFINITE IDLE OF THE EMPIRE MINE, LOCATED IN PALMER, MICHIGAN, SUPPORT SB390. THE FIVE DISTRICTS ARE NEGAUNEE PUBLIC SCHOOLS, NICE COMMUNITY SCHOOLS, MARQUETTE AREA PUBLIC SCHOOLS, ISHPEMING PUBLIC SCHOOLS AND GWINN AREA COMMUNITY SCHOOLS.
 - ALL FIVE OF THE AFOREMENTIONED SCHOOLS ARE MINIMUM FOUNDATION IN FORMULA DISTRICTS.

- AT THE END OF FISCAL YEAR 16/17 (6/30/17) TWO OF THE FIVE AFOREMENTIONED DISTRICTS WERE IN FISCAL STRESS.

4. SB390 BACKGROUND - IRON ORE MINING AND THE EMPIRE MINE

- A. IRON ORE MINING IS OUR WAY OF LIFE IN MARQUETTE COUNTY, AND WE HAVE DROPPED FROM SEVEN MINES (TILDEN, EMPIRE, MATHER B, REPUBLIC, ORE IMPROVEMENT, PIONEER PELLET PLANT AND HUMBOLDT MINES) TO ONE – THE TILDEN MINE. OVER THIS TIME, THE ISD STUDENT POPULATION HAS DROPPED FROM APPROXIMATELY 15,314 STUDENTS TO JUST OVER 9,521 A 38% DROP (SEE ATTACHMENT 5).
- B. WE ARE CONCERNED THIS IS IRON ORE MINING’S LAST STAND IN THE UPPER PENINSULA. IRON ORE IS A COMMODITY AND CAN’T BE REGROWN. ONCE IT IS MINED IT IS GONE.
- C. EMPIRE MINE STARTED PRODUCING IRON ORE IN 1963. IRON ORE IS A RAW MATERIAL IN STEEL MAKING.
- D. THE JOBS PROVIDED BY THE EMPIRE MINE WERE FAMILY LIFE SUSTAINING JOBS THAT PAID AN AVERAGE SALARY OF APPROXIMATELY \$70,000 ANNUALLY BEFORE BENEFITS. ADDITIONALLY, EMPIRE EMPLOYEES RECEIVED HEALTH INSURANCE AND PENSIONS WHICH PROVIDED ADDITIONAL DOLLARS IN SUPPORTING THE LOCAL ECONOMY, INCLUDING SCHOOLS.
- E. THIS COMPENSATION PACKAGE PROVIDED BY CLEVELAND CLIFFS MADE FOR STRONG, U.P. MULTI-GENERATIONAL FAMILIES OVER THE 170 YEARS CLEVELAND CLIFFS HAS MINED ORE IN MARQUETTE COUNTY. MORE SPECIFICALLY, THE EMPIRE MINE WAS A MAJOR EMPLOYER IN THE UPPER PENINSULA WHERE IT IS VERY DIFFICULT TO ATTRACT COMPANIES OF THIS MAGNITUDE THAT OFFER LONG LASTING MULTI-GENERATIONAL FAMILY SUSTAINING EMPLOYMENT.
- F. THE MINES PENSIONS ALSO PROVIDED A RETIREMENT INCOME THAT ALLOWED RETIREES TO MAINTAIN RESIDENCE AND PAY PROPERTY TAXES IN MARQUETTE COUNTY. IT HAS ALSO HELPED SCHOOLS PASS MILLAGES LIKE SINKING FUNDS AND PROVIDE FLEXIBLE STAFFING FOR SUBSTITUTE TEACHERS AND BUS DRIVERS. NOW THAT THE MINING CAREERS OF YOUNG PEOPLE ARE GONE, WE ARE FINDING GRANDPARENTS ARE ALSO RELOCATING TO AREAS WHERE THEIR CHILDREN AND GRANDCHILDREN HAVE MOVED TO FIND NEW EMPLOYMENT.

THUS, THE CLOSING OF THE EMPIRE MINE IS A DOUBLE WHAMMY TO MARESA DISTRICTS, BECAUSE WE ARE LOSING BOTH YOUNG FAMILIES AND THEIR RETIREE PARENTS.

- G. SPECIFICALLY TO THE FIVE SCHOOLS DIRECTLY AFFECTED, IT HAS MEANT IMPORTANT SOURCES OF REVENUE GENERATED BY THE SPECIFIC ORE TAX AND STUDENT FOUNDATION ALLOWANCE WERE ELIMINATED. THE SPECIFIC ORE TAX REVENUE HELPED PAY FOR DEBT MILLAGES THAT ARE USED FOR FACILITY REPAIRS AT SCHOOLS. THIS LOSS OF STUDENTS HAS RESULTED IN REDUCED FOUNDATION ALLOWANCE TO OUR SCHOOLS. THE EMPIRE MINE INDEFINITE IDLING HAS IMPACTED THE FAMILIES OF 156 STUDENTS THAT ATTENDED OUR LOCAL SCHOOLS. THE IMPACTED STUDENTS INCLUDE 60 STUDENTS AT NICE, 41 STUDENTS AT NEGAUNEE, 20 STUDENTS AT GWINN AREA COMMUNITY SCHOOLS, 19 STUDENTS AT MARQUETTE AREA PUBLIC SCHOOLS AND 16 STUDENTS AT ISHPEMING PUBLIC SCHOOLS. IN NEGAUNEE, WHICH IS THE SCHOOL DISTRICT WHERE THE EMPIRE MINE WAS LOCATED, THE NEGAUNEE PUBLIC SCHOOLS HAS LOST BOTH FOUNDATION ALLOWANCE AND SPECIFIC ORE TAX DOLLARS FOR DEBT MILLAGES.
- I. THE EMPIRE INDEFINITE IDLING RESULTED IN THE LOSS OF AN APPROXIMATE \$1.5 MILLION DOLLARS ANNUALLY IN SCHOOL AID INCLUDING \$1.2 MILLION IN FOUNDATION, \$165,000 IN SPECIFIC ORE TAX AT NEGAUNEE PUBLIC SCHOOLS AND \$125,000 OF SPECIFIC ORE TAX THAT WAS DISTRIBUTED TO OUR LOCAL SCHOOL DISTRICTS THROUGH THE SPECIAL EDUCATION FORMULA OF MARQUETTE-ALGER RESA.
- J. WE ALSO KNOW THE LOSS OF EACH DIRECT MINING JOB WILL RESULT IN THE LOSS OF TWO TO THREE ADDITIONAL INDIRECT MINING JOBS, SUCH AS PARTS SUPPLIERS AND CONTRACTORS, WHICH WILL RESULT IN ADDITIONAL LOSSES OF STUDENTS AND PROPERTY TAX IN THE AREA. THESE INDIRECT IMPACTS HAVEN'T BEEN INCLUDED IN THE ABOVE CALCULATIONS. IF THE IMPACT IS TWO OR THREE INDIRECT JOBS LOST FOR EVERY ONE DIRECT JOB, IT COULD RESULT IN AN ADDITIONAL \$3 TO \$4 MILLION REVENUE LOSS ANNUALLY TO THE LOCAL SCHOOL DISTRICTS.

5. SB390 WOULD NOT MATERIALLY THE SCHOOL AID FUND

THE SCHOOL AID FUND WOULD NOT BE MATERIALLY IMPACTED AS ILLUSTRATED BY THE SENATE FISCAL AGENCY ANALYSIS.

6. SB390 ALTERNATIVE SCHOOL AID SOURCES

THERE ARE OTHER STATE SOURCES OF MONEY THAT COULD BE USED TO REPELENISH THE SCHOOL AID FUND IN THE FUTURE SUCH AS THE TOBACCO SETTLEMENT FUND.

7. SB390 WOULDN'T BE PRECEDENT SETTING FOR OTHER AREAS OF THE STATE BECAUSE

A. IRON ORE MINING HAS ONLY BEEN CONDUCTED IN THE UPPER PENINSULA AND HAS BEEN OUR WAY OF LIFE FOR 170 YEARS.

B. UNLIKE OTHER BUSINESSES, IRON MINING WON'T RETURN BECAUSE ONCE THE RESOURCE IS MINED IT IS GONE. IT WON'T REGROW LIKE AGRICULTURAL CROPS.

C. THE UPPER PENINSULA DOESN'T HAVE MAJOR CITIES LIKE DETROIT, GRAND RAPIDS, SAGINAW AND FLINT WHERE MAJOR EMPLOYERS SUCH AS GOOGLE AND FOXCONN WANT TO LOCATE. NOR ARE WE CLOSE ENOUGH TO THESE MAJOR CITIES TO REALIZE THE RELATED EMPLOYMENT BENEFITS.

D. ADDITIONALLY, WE AREN'T REQUESTING ASSISTANCE FOR THE AMAZON RETAIL EFFECT THAT IS HITTING ALL PARTS OF THE STATE AND COUNTRY. WE HAVE RECENTLY LOST STORES AND RELATED EMPLOYEES AND FAMILIES FROM THE AMAZON EFFECT AS WELL INCLUDING YOUNKERS, BIG LOTS AND J C PENNEY. WE HAVEN'T REQUESTED ANY ADDITIONAL SCHOOL AID FUNDS FOR THE AFOREMENTIONED STORE CLOSINGS AND THE RESULTANT LOSS OF STUDENTS AND FAMILIES.

E. THE UPPER PENINSULA IS REMOTE AND HAS AN INFRASTRUCTURE CONSISTING MAINLY OF TWO LANE ROADS WITH HIGH ENERGY COSTS AND LIMITED RAIL SERVICE. THE LOWER PENINSULA ON THE OTHER HAND HAS A SIGNIFICANTLY MORE DEVELOPED INFRASTRUCTURE AND RESULTING APPEAL TO MAJOR EMPLOYERS.

F. ALSO OUR SKILLED WORKFORCE IS BEING DEPLETED AND LEAVING THE UPPER PENINSULA. LOSING THE EMPIRE MINE WILL CAUSE THE MINERS TO RELOCATE TO OTHER LOCALES TAKING THEIR SKILLS WITH THEM. CURRENTLY, APPROXIMATELY 40% OF UPPER PENINSULA RESIDENTS RECEIVE SOME SORT OF SOCIAL ASSISTANCE. HENCE, THE QUALITY OF OUR

WORKFORCE HAS DECREASED WITH THE INDEFINITE IDLING OF THE EMPIRE MINE.

8. SB390 LEGISLATIVE ASSISTANCE

ONCE WE RECOGNIZED THE INDEFINITE IDLE WAS IMMINENT, WE REACHED OUT TO SENATOR TOM CASPERSON AND REPRESENTATIVE JOHN KIVELA FOR ANY POSSIBLE HELP TO THE AFOREMENTIONED RURAL SCHOOL DISTRICTS.

A. WE RECOGNIZED THE IMPACTS OF THE EMPIRE IDLING IN AUGUST 2016 WERE IMMEDIATE AND WOULD BE LONG LASTING

B. WE WERE INFORMED THERE WAS A POSSIBILITY THAT CLEVELAND CLIFFS SUPPORTED REALLOCATING SOME OF THE SPECIFIC ORE TAX DIRECTLY TO THE LOCAL SCHOOLS.

9. SB390 SCHOOL DISTRICT POTENTIAL USES AND REDUCTIONS

IF THE \$500,000 IS PROVIDED TO SCHOOLS, IT WOULD ALLOW US TO MAINTAIN CRITICAL PROGRAMS, INCLUDING CTE PROGRAMS, SINCE MARESA DOESN'T HAVE A CTE MILLAGE. BECAUSE WE HAVE LARGE GEOGRAPHICAL DISTRICTS (SEE ATTACHMENT 6), IT WOULD HELP MAINTAIN ADEQUATE BUSING. ALSO, WE COULD MAINTAIN OUR CURRENT TECHNOLOGY AND READING PROGRAMS. WITHOUT THE \$500,000 THE AFOREMENTIONED PROGRAMS WOULD MOST LIKELY BE REDUCED OR ELIMINATED.

10. SB390 REQUEST OF THE HOUSE

THUS, WE REQUEST THE GOVERNOR'S SUPPORT OF SENATE BILL 390 WHICH WOULD PROVIDE FOR REALLOCATION OF \$500,000 OF THE SPECIFIC ORE TAX TO THE AFORMENTIONED SCHOOL DISTRICTS, AS PROVIDED IN ATTACHMENT 1, TO PARTIALLY OFFSET SOME OF THE SIGNIFICANT ANNUAL LOSSES BEING INCURRED, DUE TO THE INDEFINITE IDLING OF EMPIRE MINE. AS EVIDENCED BY THE PROVIDED SAVE EMPIRE AGREEMENT, ATTACHMENT 2, MARQUETTE ALGER RESA (WHICH IS THE RESA IN MARQUETTE AND ALGER COUNTIES) WOULD ONLY ACT AS A DISTIBUTOR OF THE FUNDS TO THE LOCAL SCHOOL DISTRICTS, AND IT WOULDN'T RECEIVE ANY DISTRIBUTION EITHER DIRECTLY OR INDIRECTLY UNDER SENATE BILL 390.

11. SB390 FINAL NOTE

WE WOULD JUST LIKE TO MAKE ONE FINAL NOTE, AND THAT IS IF SENATE BILL 390 IS PASSED, IT WOULD SERVE AS A HUGE THANK YOU TO THE HARD WORKING EMPLOYEES AND THEIR FAMILIES OF THE EMPIRE MINE WHO PAID A SIGNIFICANT AMOUNT OF PAYROLL AND INCOME TAXES TO THE

GREAT STATE OF MICHIGAN OVER THE PAST 53 YEARS THAT THE MINE OPERATED. IT WOULD ALSO BE A LASTING RECOGNITION TO REPRESENTATIVE JOHN KIVELA.

12. SB390 ATTACHEMENTS:

- ATTACHMENT 1: SB 390 PROPOSED DISTRIBUTION OF FUNDS
- ATTACHMENT 2: SAVE EMPIRE EXECUTED AGREEMENT
- ATTACHMENT 3: A COPY OF THE EMPIRE MINE CLOSURE WARN (WORKER
ADJUSTMENT AND RETRAINING NOTIFICATION) ACT NOTICE
- ATTACHMENT 4: SCHOOL DISTRICT LETTER TO EMPIRE MINE AFFECTED FAMILIES
- ATTACHMENT 5 MARESA SCHOOL DISTRICT POPULATION 1992/93 TO 2016/17
- ATTACHMENT 6 MARESA SB390 SCHOOL DISTRICTS IN SQUARE MILES

SAVE EMPIRE
SENATE BILL 390
SB390 DISTRIBUTION OF FUNDS
AS OF 11/8/17

<u>DISTRICT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>
NEGAUNEE	50.6%	253,000
NICE	25.8%	129,000
GWINN	8.6%	43,000
MARQUETTE	8.2%	41,000
ISHPEMING	6.8%	34,000
TOTAL	<u>100.0%</u>	<u>500,000</u>

ATTACHMENT 1

SAVE EMPIRE AGREEMENT

This "SAVE EMPIRE AGREEMENT" (the "Agreement"), entered into as of July 13th, 2017, among and between Negaunee Public Schools, Nice Community Schools, Gwinn Area Community Schools, Marquette Area Public Schools, Ishpeming Public Schools and Marquette-Alger Regional Educational Service Agency, hereby provides as follows:

WHEREAS:

- A. THE CLOSING OF THE EMPIRE IRON ORE MINE IN PALMER, MICHIGAN, HAS ADVERSELY AFFECTED THE SURROUNDING GENERAL POWERS SCHOOL DISTRICTS, CONSISTING OF NEGAUNEE PUBLIC SCHOOLS, NICE COMMUNITY SCHOOLS, GWINN AREA COMMUNITY SCHOOLS, MARQUETTE AREA PUBLIC SCHOOLS AND ISHPEMING PUBLIC SCHOOLS (EACH INDIVIDUALLY THE "SCHOOL DISTRICT" OR THE "PARTY" AND COLLECTIVELY THE "SCHOOL DISTRICTS" OR THE "PARTIES"); AND
- B. IN AN EFFORT TO MITIGATE THE FINANCIAL IMPACT OF THAT CLOSING ON THE SCHOOL DISTRICTS, THIS AGREEMENT NECESSARY.

THEREFORE:

1. AN ANNUAL AMOUNT OF MONEY (KNOWN AS THE "SAVE EMPIRE FUNDS") SHALL BE MADE AVAILABLE PER THE TAX OF LOW GRADE IRON ORE ACT, ACT 77, PUBLIC ACTS OF MICHIGAN, 1951, AS AMENDED ("ACT 77"). CURRENTLY, THAT ANNUAL AMOUNT IS ESTIMATED TO BE VALUED AT APPROXIMATELY \$500,000. SAID ANNUAL AMOUNT IS TO BE CALCULATED AS PROVIDED BY ACT 77.
2. THE DISTRIBUTION PERCENTAGE (THE "DISTRIBUTION PERCENTAGE") APPLIED TO FUNDS DESCRIBED IN SECTION 1 OF THIS AGREEMENT FOR DISTRIBUTION TO THE INDIVIDUAL SCHOOL DISTRICTS SHALL BE AS FOLLOWS:

50.6% - NEGAUNEE PUBLIC SCHOOLS (SCHOOL DISTRICT #: 52090)

25.8% - NICE COMMUNITY SCHOOLS (SCHOOL DISTRICT #: 52015)

8.6% - GWINN AREA COMMUNITY SCHOOLS (SCHOOL DISTRICT #: 52040)

8.2% - MARQUETTE AREA PUBLIC SCHOOLS (SCHOOL DISTRICT #: 52170)

6.8% - ISHPEMING PUBLIC SCHOOLS (SCHOOL DISTRICT #: 52180)

100.0 % TOTAL

3. THE DISTRIBUTION PERCENTAGE DESCRIBED ABOVE IN SECTION 2 FOR EACH INDIVIDUAL SCHOOL DISTRICT SHALL NOT CHANGE FOR THE LIFE OF THIS AGREEMENT, EVEN IF THE DOLLAR VALUE OF DISTRIBUTION CHANGES, EXCEPT IF A SCHOOL DISTRICT CEASES TO EXIST (E.G., DISSOLUTION, CONSOLIDATION, ANNEXATION). IN SUCH AN INSTANCE, THE DISTRIBUTION PERCENTAGE OF THE SCHOOL DISTRICT THAT CEASES TO EXIST SHALL BE ADDED TO ANY ONE OF THE PARTIES IF THAT

ATTACHMENT 2

PARTY CONSOLIDATES/ANNEXES OR ASSUMES THE ENTIRE GEOGRAPHIC BOUNDARY OF THE SCHOOL THAT CEASES TO EXIST. IF THE ENTIRE GEOGRAPHIC BOUNDARY OF A SCHOOL DISTRICT THAT CEASES TO EXIST IS CONSOLIDATED/ANNEXED OR IS OTHERWISE ASSUMED BY MORE THAN ONE OF THE REMAINING SCHOOL DISTRICTS THAT ARE PARTIES TO THIS AGREEMENT, THEN THE DISTRIBUTION PERCENTAGE OF THAT SCHOOL DISTRICT THAT CEASES TO EXIST SHALL BE ALLOCATED TO THE RECEIVING SCHOOL DISTRICTS ON A PRO-RATA BASIS, BASED UPON THE DISTRIBUTION PERCENTAGES OF THOSE RECEIVING SCHOOL DISTRICTS. IF THE ENTIRE GEOGRAPHIC AREA OF A SCHOOL DISTRICT THAT CEASES TO EXIST IS CONSOLIDATED/ANNEXED OR IS OTHERWISE ASSUMED BY AN ENTITY THAT IS NOT A PARTY TO THIS AGREEMENT, THEN THE DISTRIBUTION PERCENTAGE OF THAT SCHOOL DISTRICT THAT CEASES TO EXIST SHALL BE DISTRIBUTED TO THE REMAINING SCHOOL DISTRICTS ON A PRO RATA BASIS BASED UPON THE DISTRIBUTION PERCENTAGES OF THOSE REMAINING SCHOOL DISTRICTS. IF ONLY A PART OF A SCHOOL DISTRICT THAT CEASES TO EXIST IS CONSOLIDATED/ANNEXED OR IS OTHERWISE ASSUMED BY ONE OR MORE OF THE REMAINING SCHOOL DISTRICTS THAT ARE PARTIES TO THIS AGREEMENT, THEN THE ENTIRE DISTRIBUTION PERCENTAGE OF THAT SCHOOL DISTRICT THAT CEASES TO EXIST SHALL BE ALLOCATED TO THE RECEIVING SCHOOL DISTRICTS ON A PRO-RATTA BASIS BASED UPON DISTRIBUTION PERCENTAGES OF EACH OF THE RECEIVING PARTIES

4. THE MONIES RECEIVED PURUSUANT TO SECTION 1 OF THIS AGREEMENT SHALL FIRST BE DISTRIBUTED TO THE INTERMEDIATE SCHOOL DISTRICT OF THE ABOVE SCHOOL DISTRICTS, CURRENTLY MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY ("MARESA"). MARESA SHALL AT MARESA'S EARLIEST CONVENIENCE THEN DISTRIBUTE ALL THE MONIES RECEIVED, WITH NO ALLOWANCE FOR RETENTION, TO THE AFOREMENTIONED DISTRICTS ACCORDING TO THEIR RESPECTIVE DISTRIBUTION PERCENTAGE. MARESA SHALL HAVE NO LIABILITY FOR INTEREST EXPENSE ON THE MONIES RECEIVED PROVIDED THE DISTRIBUTION IS MADE AT MARESA'S NEXT ACCOUNTS PAYABLE DISTRIBUTION DATE AFTER THE DATE OF RECEIPT OF SUCH FUNDS, AND NO LATER THAN TWENTY ONE (21) DAYS FROM THE RECEIPT DATE.
5. THIS AGREEMENT ENCOMPASSES THE ENTIRE AGREEMENT OF THE PARTIES AND SHALL NOT BE CANCELLED, REVOKED OR CHANGED AT ANY TIME DURING THE LIFE OF THIS AFOREMENTIONED DISTRIBUTION, EXCEPT THROUGH WRITTEN AMENDMENT OR REVOCATION SIGNED BY ALL PARTIES.
6. THIS AGREEMENT WILL BE EFFECTIVE ONLY UPON PASSAGE AND SIGNING INTO LAW OF ONE OR MORE 2017/18 AMENDMENTS TO ACT 77 PROVIDING FOR THE SAVE EMPIRE FUNDS. FAILURE OF SUCH AMENDMENTS TO BE PASSED AND SIGNED INTO LAW ON OR BEFORE DECEMBER 31, 2018 SHALL NULLIFY THIS AGREEMENT.
7. THIS AGREEMENT SHALL BE INTERPRETED AND GOVERNED IN ACCORDANCE WITH MICHIGAN LAW.
8. THIS DOCUMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER AND SUPERSEDES ALL PREVIOUS DISCUSSIONS, NEGOTIATIONS OR REPRESENTATIONS. ANY AMENDMENT TO THIS AGREEMENT SHALL BE IN WRITING AND SIGNED BY ALL PARTIES.

Dan Skewis 7/14/17
SUPERINTENDENT, NEGAUNEE PUBLIC SCHOOLS, DAN SKEWY'S

Bryan DeAugustine 7/14/17
SUPERINTENDENT, NICE COMMUNITY SCHOOLS, BRYAN DeAUGUSTINE

Tom Jayne 7-14-17
SUPERINTENDENT, GWINN AREA COMMUNITY SCHOOLS, TOM JAYNE

William B. Saunders 7/13/17
SUPERINTENDENT, MARQUETTE AREA PUBLIC SCHOOLS, WILLIAM SAUNDERS

Carrie Meyer 7/14/17
SUPERINTENDENT, ISHEMING PUBLIC SCHOOLS, CARRIE MEYER

Debbie Veit 7/14/17
SUPERINTENDENT, MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY, DEBBIE VEIHT

wdox: 1303902



Robert H. Fischer
Director, Labor and Employee Relations
P 216.694.4809 M 216.650.4675 F 216.694.5346

CLIFFS NATURAL RESOURCES INC.
200 Public Square, Suite 3300, Cleveland, OH 44114
P 216.694.5700 cliffsnaturalresources.com

August 15, 2016

VIA UPS—OVERNIGHT
Stephanie L. Beckhorn
Acting Director
Workforce Development Agency
Victor Office Center
201 N. Washington Square
Lansing, MI 48913

RE: Updated Empire Iron Mining Partnership and Tilden Mining Company L.C. WARN Notice

Dear Ms. Beckhorn,

I write in reference to my letters of April 14 and June 9, 2016 regarding the idling of operations at the Empire Iron Mining Partnership.

In those letters we provided notice that Empire and its related employer, Tilden Mining Company L.C., were planning to lay off hourly and salaried employees as a result of the indefinite idling of operations at Empire. The timing and anticipated number of layoffs have changed since my prior letter.

With respect to hourly employees, we previously notified you of our intent to lay off a total of 318 hourly employees over a period of four months. Since providing that original notice in April, we have laid off approximately 30 hourly employees. We now plan on laying off an additional 244 hourly employees, which will bring the total number of hourly layoffs resulting from this idle down to 274. Of the approximately 244 hourly layoffs remaining, we plan to lay off approximately 228 hourly employees on or about August 28 and approximately 16 hourly employees on or about September 30.

The number of salaried employees to be laid off has similarly decreased from our original estimate. Instead of laying off 54 salaried employees (see my notice letter of June 9), we now plan to lay off 33 salaried employees. Those layoffs will still take place on or about August 28.

The reduction in the number of both the hourly and salaried layoffs is due to a number of factors but is primarily driven by our efforts to find employment opportunities for the affected employees at our other mines and by unanticipated retirements and departures.

ATTACHMENT 3

August 15, 2016
Ms. Stephanie Beckhorn
Page 2

Enclosed please find lists of the names and job titles of both the salaried and hourly employees who we anticipate will be laid off as outlined above.¹

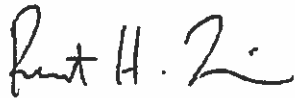
In the event additional information is needed regarding this notice, you should contact Mr. Troy Sarles, Area Manager Human Resources, at P.O. Box 2000, Ishpeming, MI 49849-0901. His phone number is 906-475-3406 and his fax number is 906-475-3534. Mr. Sarles e-mail address is Troy.Sarles@CliffsNR.com.

All information contained in our prior notices not modified above remains accurate. The information contained in this notice is based upon information available to the Company as of the date of this notice. Should a change in circumstances materially affect the scope, timing, or duration of the planned idling of operations we will notify you accordingly.

Very truly yours,

**Empire Iron Mining Partnership and
Tilden Mining Company L.C., doing
Business together as Cliffs Michigan
Operations, by The Cleveland Cliffs
Iron Company, Operating Agent**

Robert H. Fischer



Director, Labor and Employee Relations

Enclosures

cc: James Kochevar, General Manager – Cliffs Michigan Operations (w/ encls.)
Troy Sarles, Area Manager, Human Resources – Cliffs Michigan Operations (w/ encls.)

¹ Note that the list of hourly employees to be laid off includes 19 employees who were laid off on April 14, 2016.

ATTACHMENT 3

October 21, 2016

Negaunee, MI 49866

Dear

Before I begin, I want to introduce myself. My name is Dan Skewis, and I am the Superintendent of Schools in Negaunee. I was born and raised in Negaunee, and I have been fortunate to be a part of the district, as an employee, for the last 21 years.

I am writing today, because I understand you and your family have been affected by the recent layoffs at the Empire Mine. If that is the case, I hope you are adjusting and are making progress as you plan your next steps.

The intention of this letter is to let you, and your family, know that we would like to offer our assistance to you. Whether it's at the building that your child attends or at the district level, we want to make sure you understand that we can be a resource as you plan your next year. At this point, I don't know your financial situation, but it is important that you realize there is a possibility you could qualify for some of our programs.

The first would be to apply for free and reduced meals. This is operated through the federal government. If your income dips below a certain level, you may be eligible to receive this financial aid. It will be a huge burden lifted if your child can eat both lunch and/or breakfast for free or at a much lower rate than they currently are. In addition, if your child participates in any of our athletic activities, and you qualify for free or reduced meals, you will no longer have to pay the participation fees that are associated with that activity. I have included a copy of a free/reduced application with this letter.

As we move through the school year, and if you are interested in working in the district, we have many substitute employment opportunities. Currently, we are experiencing major shortages with both substitute custodians and bus drivers. This could also be a way for you to offset some of the burden you might be facing.

These are only a few of the opportunities we could help you with. If you wanted to find out more, we could sit down and talk to go over other possibilities. Whatever the case, Negaunee Public Schools is hopeful you are able to rebound from this unfortunate turn of events. I wish you the best.

Sincerely,

Dan Skewis
Superintendent of Schools

ATTACHMENT 4

SAVE EMPIRE
SENATE BILL 390
SCHOOL DISTRICT IN SQUARE MILES
AS OF 1/10/18

<u>DISTRICT</u>	<u>SQUARE MILES</u>
NICE	682
GWINN	356
MARQUETTE	129
NEGAUNEE	116
ISHPEMING	10
TOTAL	<u>1,293</u>
DISTRICT AVERAGE	259

ATTACHMENT 6