

Biennial Report

**Fiscal Years
2009 - 2010**



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Resources
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To the Governor and Legislature of the State of Minnesota:

It is with a strong sense of regional collaborative achievement that I submit this, the thirty-fourth Iron Range Resources Biennial Report to the Honorable Tim Pawlenty, Governor of the State of Minnesota, and to the Minnesota State Legislature.

Iron Range Resources was established as a state agency in 1941 in order to develop the remaining resources of the region, following years of depletion of its timber and ore resources. In recent years, the agency has helped finance business and community growth through loans and grants as a means to achieve its mission. As the agency approaches its 70th anniversary, its economic development mission is as vital as ever.

During the 2009-2010 Biennium, the nation and state experienced the most significant economic recession since the Great Depression. Private and public investments made in large scale mining projects, smaller scale manufacturing and growing service industries helped keep hope alive during this difficult period as construction on these projects continued to advance and new jobs were created.

In January 2010, Mesabi Nugget, the world's first commercial-demonstration iron nugget plant, began producing iron nuggets. The \$300 million project required up to 900 construction workers and has hired approximately 100 permanent employees. In the fall of 2010, Essar Steel Minnesota's \$1.6 billion taconite, direct-reduced iron and steel slab facility began pouring concrete for building construction. Up to 1,000 construction workers are expected to be employed on the project in the spring and summer of 2011. In late 2012, the facility, which will employ 500 permanent workers, will begin producing iron ore pellets.

At Minnesota Twist Drill in Chisholm, 80 new employees were hired in 2009 and 2010 to produce drill bits that are sold in all 50 states, Canada, Costa Rica and Mexico. The company hopes to soon begin exporting drill bits to China. Disability Specialist, Inc. in Cook added 20 new jobs and expanded to a new \$2.5 million facility. Silicon Energy LLC, a state of Washington solar photovoltaic module manufacturer, began construction of a \$7.1 million facility in the Mountain Iron Renewable Energy Park, employing 15 initially.

To meet the human resource needs of regional industries, Iron Range Resources partnered with P-12 school districts, Northeast Higher Education District Colleges, four-year institutions and industry to implement a comprehensive talent development strategy. The technology-centered learning approach is being recognized as a national model for its innovative approach to workforce development.

In preparing communities for economic growth the agency, during the biennium, made significant investments in helping rebuild and extend infrastructure, making Taconite Assistance Area communities more attractive to potential new businesses.

By investing resources in human, education, community and business development, Iron Range Resources, during 2009-2010, positioned northeastern Minnesota for a promising future that generates new jobs and wealth for the region and the state.

With respect and regard to Governor Pawlenty, the Legislature, other state agencies and numerous economic development, education, community and business partners with which the agency has successfully collaborated, I truly believe northeastern Minnesota's best days are ahead.

Sincerely,

Sandy Layman, Commissioner



An Equal Opportunity Employer

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Biennial Report

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Hibbing Fabricators, Hibbing



Range Engineering program, Virginia



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Mesabi Nugget, Hoyt Lakes

ABOUT IRON RANGE RESOURCES

Sixty-nine years ago, Iron Range Resources was founded by Governor Harold Stassen and the state Legislature to address economic distress and unemployment in northeastern Minnesota.

The new agency's initial goal was to create resource-based jobs. Early initiatives focused on taconite development, mining research, geological, peat and water surveys.

As the agency enters its 70th year, Iron Range Resources' economic development strategies include investing in businesses that create jobs, preparing communities for change and growth, and partnering with education and industry to maintain an educated, well-trained workforce.

Iron Range Resources is funded by a portion of the Taconite Production Tax paid by northeastern Minnesota mining companies in lieu of property taxes. The Taconite Assistance Area (TAA), a 13,000 square-mile geographic area of northeastern Minnesota, is the agency's service territory.

"The impact of Iron Range Resources on northeastern Minnesota is seen and felt across the region," said Commissioner Sandy Layman. "Whether it's investing in new jobs and technology, supporting existing businesses, strengthening communities, building the workforce of the future or promoting culture, tourism and recreation, Iron Range Resources plays an integral role in the region's economy."

Located in Biwabik, Giants Ridge, owned by the agency, is one of the highest-rated golf and ski resorts in the nation. At Chisholm, the agency owns Minnesota Discovery Center, a repository and museum that collects, preserves and exhibits the history of the Iron Range and its people. The center is operated by Ironworld Development Corporation, a non-profit organization.

Commissioner Sandy Layman, appointed by Governor Tim Pawlenty in 2003, oversees agency operations. A 13-member board composed of five state senators, five

state representatives and three citizen appointees approves budget decisions and economic development projects. A majority of the senators and representatives must represent Taconite Assistance Area legislative districts. The citizen members of the board from within the TAA are appointed by the Governor, senate majority leader and speaker of the house.



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2009/2010 Iron Range Resources Board Members

Representative Tom Anzelc
Senator Tom Bakk
Citizen Joe Begich (Senate appointee)
Representative David Dill
Citizen Shelley Robinson (House appointee)
Representative Tom Rukavina
Citizen Jack Ryan (Governor appointee)
Senator Tom Saxhaug
Representative Tony Sertich
Senator Rod Skoe
Representative Loren Solberg
Senator Yvonne Prettner Solon
Senator David Tomassoni

Agency Funding

Iron Range Resources programs and operations are funded by a portion of taconite production taxes assessed on northeastern Minnesota mining companies. Production taxes fund approximately 50 percent of the agency's budget. The remaining 50 percent of the budget is derived from non-mining sources including revenue from agency facilities, interest on investment fund accounts and loan paybacks.

Taconite production tax rates are established by the legislature. Taconite production tax revenues distributed to the agency, other governmental entities and the property tax relief fund, are based on the level of iron ore pellets produced each calendar year by northeastern Minnesota's six taconite facilities. Taxable tonnage is calculated on a three-year average. Mining companies pay the production tax in two installments during the calendar year. For Fiscal Year 2009, the total production tax rate was \$2.364 per taxable ton. For Fiscal Year, 2010, the total production tax rate was \$2.380 per taxable ton. School districts, cities, townships, and counties within the TAA are the primary recipients of production tax revenue. Under Minnesota Statute 298.22, production tax revenue is distributed first to those entities before Iron Range Resources receives funding. Additional information on production tax distribution can be found on page 28.


Iron Range Resources also administers occupation tax funds in a Supplemental Tax Account for Koochiching

and Carlton counties under Minnesota Statute 298.17. Funds from this account are used for economic and environmental projects.

Iron Range Resources Mission and Strategies

Iron Range Resources is a Minnesota economic and business development agency with a mission of advancing regional growth by stabilizing and enhancing the economy of northeastern Minnesota's TAA.

The strategies are:

- To invest in businesses growth that creates jobs in the Taconite Assistance Area.
- To prepare Taconite Assistance Area communities for change and growth.
- To invest in an educated and well-trained workforce for the Taconite Assistance Area. 



Iron Range Resources office building, Eveleth.

BIENNIAL INITIATIVES

A multi-faceted commitment aimed at retaining and expanding existing businesses, developing new business, preparing communities for growth and collaborating in a long-term regional talent development strategy, highlighted agency strategies in Fiscal Years 2009 and 2010.

Major economic development projects supported by the agency began operation and advanced development in 2009 and 2010.

In January 2010, Mesabi Nugget, the world's first iron nugget plant, began production at its \$300 million facility near Aurora and Hoyt Lakes. The project, which required up to 900 construction workers, employs about 100 full-time workers.

Essar Steel Minnesota, in 2009, performed site work at its \$1.6 billion taconite, direct-reduced iron and steel slab mill project near Nashwauk and, in 2010, advanced infrastructure and building development. The project will create 2,000 construction and 500 permanent jobs.

Business development loans supported the creation of new jobs and expansions at manufacturing, technology, logging, human services and value-added mining companies.

Agency grants supported and enhanced infrastructure development and created space for business and housing growth within Taconite Assistance Area (TAA) communities.

Under collaboration with K-12 schools, higher educational institutions, industry, economic development partners and private companies, Iron Range Resources – through the Iron Range Higher Education Committee – created a continuum of new, innovative educational opportunities to learner-workers throughout the region.

One of the new education programs, Iron Range Engineering, allows students who have successfully completed two years of engineering to earn their four-year engineering degree on the Iron Range. A Professional Master of Engineering degree program also began delivering classes on the Iron Range.

A Future in Renewable Energy

Commissioner Sandy Layman and Iron Range Resources Board members took a leadership role within the region pursuing, recommending and approving wind and renewable energy projects.

A newly-formed Community Development Division now works closely with communities to assess, survey and support community-based renewable energy initiatives.

Commissioner Sandy Layman presented information to key global stakeholders at the American Wind Energy Association conference in 2009 and 2010 highlighting the advantages of locating wind energy manufacturing facilities and wind energy farms in northeastern Minnesota.



Rotary hearth at Mesabi Nugget, near Aurora and Hoyt Lakes.



Biomass destined for production of steam and electricity in Hibbing and Virginia.

The Commissioner and Iron Range Resources Board, in June 2010, provided financial support for construction of a solar panel manufacturer at the new renewable energy park in Mountain Iron. Infrastructure within the renewable energy park was also developed with agency funding.

In February 2010, the agency assisted in funding redevelopment of the former Ainsworth oriented strand board plant in Grand Rapids. As the Itasca Eco Industrial Park, the redeveloped facility seeks to attract a wood pellet manufacturer and develop a green business incubator.

Northeastern Minnesota's loggers received agency loans to enter, expand and acquire equipment to conduct business within the biomass industry. An Iron Range Resources grant to the City of Mountain Iron assisted in improving a rail yard, allowing northeastern Minnesota loggers the ability to export a larger volume of logs to Wisconsin and Canada.

Range Readiness Initiative Addresses Workforce Housing

More than 600 homes were developed across the Mesabi Iron Range and 1,500 homes and rental units

rehabilitated and/or weatherized under the guidance of the Range Readiness Initiative Housing Work Team.

The Range Readiness Initiative was launched by the agency in 2007 as a collaboration of regional private and public partners to address the challenges and opportunities associated with large scale economic development.

Beyond housing, Range Readiness Initiative teams focused on workforce development, education, training, business opportunities and communication.

The housing team helped secure more than \$19 million in housing-related public funds to assist Iron Range communities in developing new homes, housing sites and rehabilitating existing neighborhoods. More than 1,500 homes in northern St. Louis and Itasca counties were weatherized or rehabilitated, \$3 million invested in rehabilitating critical functions of 125 homes with new heating systems, siding and windows, \$8.7 million spent on preparing infrastructure to 448 new home sites, \$2.6 million in new housing construction and development and \$1.4 million for technical assistance such as homeowner education, neighborhood revitalization assistance and comprehensive planning. ■

BUSINESS DEVELOPMENT

The Business Development Division offers a wide range of attractive financing packages to new or expanding businesses within the Taconite Assistance Area (TAA). The division has focused its programs in the areas of light industrial manufacturing, health care, biofuels, forest products, mining, technology initiatives and mineland reclamation.

Business Development Division staff work in partnership with new and existing business within the TAA to assess and address the needs of each business. Division staff matches resources from the agency, other economic development organizations and banks to develop projects and create jobs.

As an example, Tim Bungarden started Cast Corporation, his own tooling, casting and production machining company, with \$2,300 and a dream. With hard work, calculated expansion and assistance from Iron Range Resources, Bungarden's company today provides products and services to companies such as Chrysler, Ford, General Motors, Arctic Cat, Polaris, Caterpillar, Cummins and Detroit Diesel. "If someone wants to start a business or relocate a business

to northern Minnesota, there's an ample amount of technically skilled workers in different fields available and there are a lot of agencies and cities willing to go the extra mile to put them in a facility, whether it be new or an existing facility," says Bungarden.

Cast Corporation was one of 12 business development projects supported by the agency's Business Development Division in 2009-2010.

Advancing Regional Job Growth

During the biennium, the agency and division supported a major expansion of Minnesota Twist Drill in Chisholm, retaining 61 jobs and generating 50 new full-time jobs by 2015. Expansion of Disability Specialist, Inc. facilities in Cook created 20 new full-time jobs and retained 30 jobs. An expansion of Magnetation, Inc., headquartered in Nashwauk, created 12 new full-time jobs. Business Development Division assistance helped create 27 new full-time jobs at Midwest Manufacturing and Mechanical, Inc. in Nashwauk and 20 new full-time jobs at Northshore Manufacturing in Two Harbors.

Iron Range Resources support for construction of a Silicon Energy MN LLC, solar panel manufacturing facility in Mountain Iron will generate 15 new jobs in 2011 and additional jobs as the facility expands.

A Wage Subsidy Program that began for Fiscal Year 2010 assisted 70 Taconite Assistance Area businesses in hiring 210 employees. Following implementation, the program was expanded for 2010 and 2011.

Financial Assistance

With financial backing from Iron Range Resources, Wide Open Company, a Grand Rapids fiberglass molding and composites manufacturer to the utility vehicle market, has grown into one of the powersports industry's most successful businesses. The agency provided assistance for building expansion, equipment acquisition and with financial assessments. "I would not be who I am nor have what we have at Wide Open Company without the people involved and who have fostered this business and the infrastructure we have in our buildings," said Kirk Davis, president and chief executive officer of the company.



Tim Bungarden, Cast Corporation, Hibbing.

As a key part of its mission to advance regional growth, Iron Range Resources offers a variety of financial assistance programs to businesses within or locating to the TAA.

The agency provides direct loans, employment incentive grants, training assistance and venture capital investments to qualified customers. A Bank Participation Loan Program offers low interest financing in partnerships between banks and the agency. Iron Range Resources' business financing programs are also aimed at attracting investment from outside the region in manufacturing, assembly and technological innovation. Additional forms of financial assistance such as loan guarantees and grants are also available.

During the biennium, the agency made more than \$12 million in business development loans. The agency's loan portfolio currently contains 92 loans totaling more than \$54 million. More than \$49 million in grants were awarded.

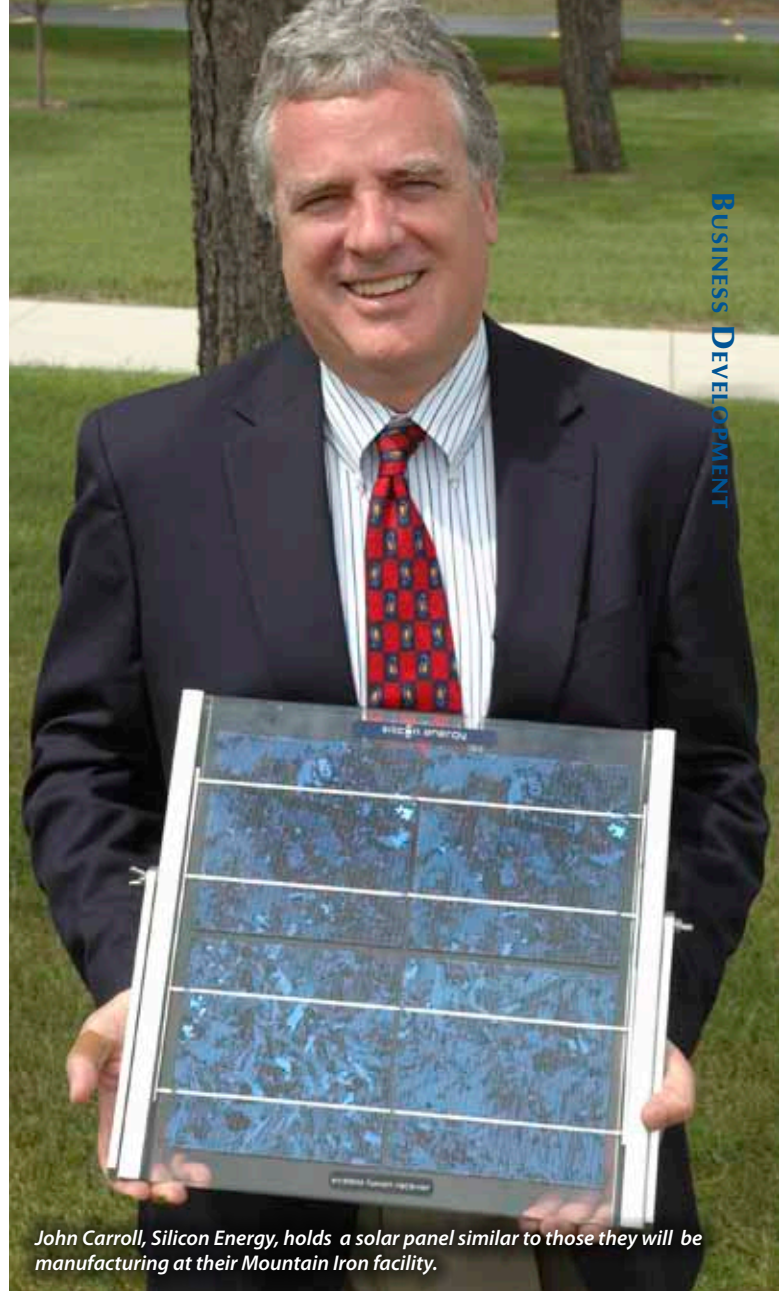
Beyond providing financial support for community infrastructure improvements, Iron Range Resources provided a grant for a health care collaboration study, a nursing home study and an expansion at the Fairview University Medical Center-Mesabi in Hibbing.

A detailed list of Iron Range Resources Business Development projects can be found on page 27.

Renewable Energy Initiatives

To generate new renewable sources of energy, Iron Range Resources provided financial assistance to area loggers to acquire equipment to enter or expand biomass production. The agency assisted the City of Mountain Iron in improving a logging rail yard, expanding the shipping season and the total volume of log shipments into Wisconsin and Canada.

In June 2010, Iron Range Resources approved a loan package to the Mountain Iron Economic Development Authority and Silicon Energy MN, LLC for construction and equipment acquisition for a \$6.8 million solar panel manufacturing facility in the Mountain Iron Renewable Energy Park. Initially, the project creates 15 new full-time jobs. Another five to seven jobs will be added for each additional production shift. The agency assisted in supporting the development of infrastructure to the renewable energy park.



John Carroll, Silicon Energy, holds a solar panel similar to those they will be manufacturing at their Mountain Iron facility.

Regional and State Partnerships

Iron Range Resources and its Business Development Division collaborate with northeastern Minnesota and statewide partners in seeking to bring new business and jobs to the region. Strategic partners include the Area Partnership for Economic Expansion, Arrowhead Growth Alliance, Arrowhead Regional Development Commission, Arrowhead Business Connection, Blandin Foundation, Minnesota Power, Natural Resources Research Institute, Northeast Entrepreneur Fund, Northland Foundation, Northeast Higher Education District, Northspan Group, University of Minnesota Center for Economic Development, regional communities, K-12 schools, local economic development entities, banks, large industry, private companies and others.

Mining and Minerals

A global recession and a sharp decline in automobile sales and housing starts devastated northeastern Minnesota's taconite industry in 2009. At one point during 2009, all six northeastern Minnesota taconite producers were idled, resulting in the layoff of a majority of the 3,600-person workforce and impacting employment at vendors and suppliers. Iron ore pellet production in 2009 was 17 million tons, the lowest annual total since 1963. However, as the steel industry began to rebound, the taconite industry came back to life in 2010, recalling laid off workers and at several plants, resuming iron ore pellet production at full capacity.

Northeastern Minnesota's taconite industry contributes about \$1.9 billion annually to the state economy in wages, benefits, taxes and purchases. Royalties paid by the mining industry fund scholarships for students at the University of Minnesota. The taconite production taxes paid by the mining companies benefit Iron Range communities, schools, counties; provide property tax relief; and, help fund Iron Range Resources' operations and programs.

Iron Range Resources supports a healthy taconite industry. Agency objectives are to collaborate in capital investment opportunities within the industry; advance new value-added iron and steel projects that utilize northeastern Minnesota iron ore resources; support development of non-ferrous base and precious metals; and advance minerals research that helps sustain existing and proposed mining activities.

As the taconite industry bounced back in 2010, three new value-added mineral projects supported by Iron Range Resources and the state of Minnesota began production or advanced development.

Mesabi Nugget's iron nugget plant near Aurora and Hoyt Lakes produced its first iron nuggets on January 21, 2010. As the world's first commercial-demonstration iron nugget facility, Mesabi Nugget plans to produce 500,000 metric tons of iron nuggets annually.

Essar Steel Minnesota's taconite, direct-reduced iron and steel slab plant near Nashwauk advanced railroad construction, site and utilities work in 2009 and 2010. By the fall of 2010, Essar Steel Minnesota began to fabricate buildings for its pellet and concentrating facilities. Pellet production is forecast to begin in 2012.

Magnetation, Incorporated, an iron recovery company headquartered in Nashwauk that, in 2009, began using newly-developed technology, operated successfully. In 2010, Magnetation announced plans to develop a second processing plant. Magnetation's first plant employs 54. A second plant will require 200,000 man hours of construction work and will create 50 full-time equivalent jobs at the plant.

Although impacted by the global recession, planned expansions at United States Steel's Minnesota Ore Operations Keetac facility in Keewatin and at Cliffs Natural Resources' United Taconite plant in Forbes, regained momentum in 2010.

In the quest to develop Minnesota's first non-ferrous mining operation, PolyMet Mining Corporation, final work on a draft Environmental Impact Statement moved forward. The \$602 million project would create at least 400 new permanent jobs. Other non-ferrous development projects, including a Duluth Metals project near Ely and Franconia Minerals Corporation



Magnetation, Nashwauk.

near Babbitt, advances exploration and financial backing campaigns. Development of a non-ferrous industry would create a 1,450 projected new permanent jobs, 1,850 construction jobs and through taxes, generate new funding for local, regional and state economies.

Mining Impact Study

Iron Range Resources assisted in sponsoring a Mining Impact Study completed by the University of Minnesota Labovitz School of Business and Economics Bureau of Business and Economic Research in March 2009. The study found Minnesota's iron ore mining industry to be the single largest contributor to the economy of northeastern Minnesota. With development of all the planned iron ore mining expansions and new iron and non-ferrous mining projects, the statewide economic impact could reach \$8.7 billion and support more than 20,000 jobs.

Taconite Economic Development Fund (TEDF)

The Taconite Economic Development Fund (TEDF) was established by the 1992 Minnesota Legislature to provide a 30.1 cent-per-ton rebate of the taconite production tax to northeastern Minnesota taconite operations to encourage capital investments in taconite facilities. TEDF monies are to be used for new equipment, facility improvements and the research and development of new mining technologies. In 2009, more than \$8.4 million in TEDF monies were rebated to Iron Range taconite companies and more than \$6.2 million in 2010. Since 1993, more than \$148.5 million in taconite production tax revenue has been rebated through the TEDF for taconite mining company capital investment projects.

Residential Community Redevelopment Programs

To remove blight from communities within the TAA, the agency's Residential Community Redevelopment program partnered with cities and townships to remove unsightly residential buildings including homes and garages. The program provides for demolition, hazardous waste, material removal and site improvements, creating space for new structures.

In calendar year 2008, the Iron Range Resources Residential Community Redevelopment crew removed 84 structures. In calendar 2009, the program removed an additional 84 structures.



One of the structures removed by the Residential Community Redevelopment crew.

Mining and Reclamation

Established by the Minnesota Legislature in 1977, the Mineland Reclamation program, in 1978, began reclaiming, restoring and reforesting iron ore mining lands into usable land forms for future generations of recreational and economic development.

Since its inception, more than 300 projects across the TAA have been completed. Among the projects are pit wall and stockpile reshaping and revegetation, the elimination of safety issues surrounding abandoned mining areas, capping old underground mine openings, establishing wildlife habitat, building boat accesses at mine pit lakes, stocking fish in mine pit lakes, constructing campgrounds, hiking trails and recreational areas, environmental education of residents, converting minelands into commercial and residential sites and promoting tourism.



Fish stocking in Lake Ore-Be-Gone.

Tree Planting and Fish Stocking

Mineland Reclamation growth chambers in Chisholm seeded 83,000 trees in 2009 and 78,000 in 2010 that were planted on TAA lands impacted by mining. Between 1977 and 2010, the growth chambers produced more than 4.8 million tree seedlings, transplants, and tree-spade trees.

A fish stocking program over the biennium planted more than 9,500 pounds of rainbow trout in abandoned mine pits for recreational fishing. Since 1984, the fish stocking program, through a partnership with the Minnesota Department of Natural Resources, planted more than 192,000 pounds of fish in abandoned mine pits across the TAA.

Laurentian Vision Partnership

A regional coalition of mining, government, business and community leaders, the Laurentian Vision Partnership (LVP) promotes sustainable mining and the reshaping of mining sites into productive landscapes. The LVP's mission is to preserve lands that sustain current and future mining, promote landscape options for post-mining uses, identify and discuss new development opportunities, and provide the tools to achieve these goals. LVP also facilitates decision-making in the identification of lands for economic development, recreation, or resource uses that meet existing and potential mining and community goals.

A reshaping and revegetation project at United Taconite's stockpile along U.S. Highway 53 at Virginia took shape during the biennium as one of several LVP "bricks and mortar" projects. Additional mining landscape projects were undertaken at Hibbing Taconite Company and Keewatin Taconite. ■



Tree planting with seedlings from growth chamber.

COMMUNITY DEVELOPMENT

A new Community Development Division, comprised of existing agency staff, responded to the needs of communities as multiple, large-scale Mesabi Iron Range economic development projects began operation and advanced. The Community Development Division invests in communities through grant making based on criteria including economic impact, job creation or retention, leverage, removing barriers to growth, readiness and need. The division also provides technical assistance for community renewable energy initiatives, Giants Ridge development, Laurentian Vision Partnership and regional tourism initiatives.

With \$6.4 billion in large-scale economic development projects underway and planned within the region, the agency utilized its leadership role to strengthen and invest in communities. Iron Range Resources recognizes the need to be pro-active in building sustainable communities and preparing communities for new business and population expansion through financial assistance programs that provide public infrastructure for business and residential growth.

Community and Business Development grants in FY09 totaled \$18.8 million. In FY10, Community and Business Development grants totaled \$7.37 million. Community Development grants leveraged additional funds on a 5.10 to 1 level in FY09 and 7.9 to 1 level in FY10.

A Renewable Energy Grants Program that solicits and assists in funding renewable energy projects unique to the region was launched by the division. The \$1.3 million program provided funds for city and township projects that strategically utilized locally available renewable resources to stimulate the green economy. The intent of the grant program was to support renewable energy projects which will promote community and economic development in the region. Community-based renewable energy projects and site-specific installations for local units of government among multi-organizational and collaborations were eligible for assistance.

The Community Development Division partnered with the Range Readiness Housing Work Team, in FY09, to generate a total investment of \$61.2 million in the development of infrastructure for the construction of 341 housing units and in FY10 generated \$16.9 million in investment in 67 housing units.

Taconite Assistance Area (TAA) communities received Public Works Grants to support community needs such as wastewater collection and treatment, drinking water, storm sewer, utility extension, street and site improvements.

Grants funded capital expenses for public infrastructure development in the creation of new jobs



Expansion at Fairview University Medical Center-Mesabi, Hibbing.

and retention of existing jobs. Through Community Development investments in health care facilities and manufacturing, 87 new jobs were created within the TAA in FY09 and 114 jobs in FY10.

Through the Community Redevelopment program, the division, supported the demolition of 23 dilapidated structures within the TAA in FY09 and 29 structures in FY10.

The division also partnered with the University of Minnesota Department of Landscape Architecture, College of Design, Minnesota Department of Natural Resources Lands and Minerals Division and Cliffs

Natural Resources in the reshaping and vegetation of a mining stockpile along Highway 53 near Virginia. The project is one of several under which mining, government, business and community interests on the Mesabi Iron Range are demonstrating how the mining process can create land forms to accommodate the residents, the environment, and the economy of the future.

For a complete list of grants see pages 22-26.

Community Leadership

Iron Range Resources in, April 2009, hosted an Economic Stimulus Resource Workshop at the Mountain Iron Community Center. The workshop brought together hundreds of community leaders and potential partners to prepare for community and economic development. Representatives from a wide variety of federal and state agencies presented information on federal stimulus monies and project priorities.

Culture and Tourism

The Culture and Tourism Grant program supports initiatives that utilize local cultural resources to stimulate tourism and enrich communities through artistic, heritage-related or recreational activities. In FY09 the program was funded at \$150,000 and in FY10 it was funded at \$100,000. Projects that were funded were those that expanded or enhanced programs to increase participation and availability, implemented capital improvements, engaged in historic preservation, promoted arts, culture and recreation, and attracted visitors and encouraged visitor spending.

In both FY09 and FY10 the agency partnered with destination marketing organizations in TAA communities to promote tourism and travel. Advertising was targeted to reach audiences interested in what the region has to offer including: scenic driving, four seasons of world class outdoor recreation (motor and non-motor), arts and culture, bird and wildlife watching and a variety of lodging, dining and shopping.

Tourism is important to the economy of the region for both immediate and long term impact. Many who live in the region and operate businesses originally came to the area as visitors and decided to stay for the quality of life. ■



Troy Building in Virginia coming down with help from the Community Redevelopment Program.

WORKFORCE DEVELOPMENT

Fueled by the start-up and progress of high-technology value-added mining and energy projects, taconite plant expansions and new business growth, the creation of thousands of new jobs and associated economic expansion is underway on the Mesabi Iron Range.

“This could be one of the Range’s great moments,” said Drew Digby, Minnesota Department of Employment and Economic Development regional labor analyst.

To meet the needs of new and growing business, 20,000 to 22,000 new workers will be needed in the region due to new economic development projects, retirements and natural growth over the next decade, according to Digby.

In response, Iron Range Resources and its Workforce Development staff assumed a leadership role in a successful partnership of secondary and post-secondary educational institutions and industries in creating and offering a series of new educational programs specifically designed to meet the workforce requirements of existing and emerging industry.

Collaboration among Iron Range Resources, the Northeast Higher Education District, University of Minnesota Duluth, Minnesota State University, Mankato and regional industries, ignited a comprehensive talent development strategy aimed at creating, retaining and sustaining an educated and well-trained workforce within the region.

Recognized by the Minnesota State Colleges and Universities system with its 2010 Excellence in Curriculum Programming Award, the Iron Range Engineering Program completed its first year in 2010 with 14 students. The program allows engineering students who have successfully completed their first two years of engineering to earn a four-year engineering degree through Minnesota State University, Mankato, on the Iron Range.

A Professional Master of Engineering degree program, through the University of Minnesota Duluth, allows current engineers to receive a master’s education on the Iron Range.

Both the Iron Range Engineering Program and Professional Master of Engineering degree program



Students from the Iron Range Engineering Program listen to a worker at TriTec in Virginia.

are funded by the Iron Range Higher Education Committee through a 5 cent-per-ton legislatively allocated appropriation of the Taconite Production Tax. Expenditures from the fund are recommended by the commissioner and approved by the Iron Range Resources Board.

Through the work of the Iron Range Higher Education Committee, five additional new programs will be launched beginning in the fall of 2011 by the Northeast Higher Education District to meet the needs of business and industry in the region. Those programs are: Industrial Technology, Process Automation, Industrial Lab Technician, Industrial Construction and Information Management.

Iron Range Resources also supported development of a Wind Energy Technology Program at the Eveleth campus of Mesabi Range Community & Technical College. Seventeen students enrolled in the program in its first year, 2009-2010.

At the secondary level, the Applied Learning Institute, a hands-on learning training and technology program between area schools and the Northeast Higher Education District, grew to include 17 school districts and about 1,500 students. Applied Learning Institute programs prepare students to be highly-trained, knowledgeable workers equipped with technical and problem-solving skills needed by employers everywhere. ■

MARKETING AND COMMUNICATIONS

To effectively communicate the advantages of locating a business, living and recreating within northeastern Minnesota, the Marketing and Communications Division implemented new strategies and measurable tools to reach targeted audiences. The division researches, creates, produces and distributes marketing and communication materials to local, state, and national media entities and agency stakeholders. The division also collaborates and provides support and services to agency divisions in the creation, efficient and effective use of informational and promotional materials and maintains the agency website.

www.ironrangeresources.org

Marketing and Communications created and delivered key agency messages utilizing a professional, collaborative, customer-first, multi-media operating philosophy.

Team members generated written, artistic, photographic and graphic materials for all agency operating divisions. Internal and external communications including the agency's quarterly RangeView publication were prepared in collaboration with other divisions for distribution to media, partners and stakeholders. The division provided audio, video, graphic and technical support to state entities and stakeholders at key public events. Video recordings of these meetings and events were produced and distributed for public record on local access networks.



On a day-to-day basis, communications personnel received and responded to media contacts, inquiries and information requests from daily, weekly and monthly print publications, television, radio and major national news outlets.

During the biennium, communication team members led the launch of a comprehensive business recruitment campaign targeted at the state's top 300 business executives and the metropolitan business community. Within Minnesota's leading business publications, advertising and advertorial content was designed, produced and placed, detailing business incentives available through the agency and the region's human and physical assets. ■

ADMINISTRATIVE SERVICES

Comprised of Finance, Information Systems and Maintenance and Shop, the Administrative Services Division extends support services and resources to Iron Range Resources' programs and facilities.

Administrative Services provides support to other divisions with contracting, procurement, payroll, accounting, financial reporting and information technology services. Staff also supports and maintains computer hardware, data and telecommunication infrastructure, equipment maintenance, fleet management and buildings and grounds maintenance.

The Finance group performs all aspects of budgeting, internal auditing, financial reporting, payroll, procurement and contracting services.

Information Systems supports and maintains the agency's data, computer hardware, software and

telecommunications infrastructure. This division lends technical support, information access, project management, Internet and telephone services to agency staff and facilities. Over the biennium, information systems installed a Voice Over Internet Protocol telephone service at agency headquarters and consolidated individual email into a new, single statewide inter-agency email system.

Maintenance and Shop provides fleet management, equipment maintenance, and building and grounds maintenance services at Eveleth headquarters. During the biennium, staff coordinated the installation of new energy efficient windows and interior lighting as well as resurfacing parking lots. ■



Workers replaced all of the windows with new energy efficient models.

HUMAN RESOURCES AND STRATEGIC RESULTS

The Human Resources & Strategic Results (HRSR) Division, formed in July 2008, guides and manages all human resources services, policies and programs for the agency. The division also coordinates human resources efforts with organizational development goals by managing the agency's strategic planning, performance and improvement plants.

Over the biennium, HRSR implemented "20-20" Balanced Scorecard software to coordinate measurable performance results from all division workplans.

The division aided in the development of a new employee intranet to improve and distribute internal communications.

In addition, they led the development of an agency-wide pandemic flu plan and provided training to all employees. Additional training conducted included harassment, code of conduct, safe lifting and travel expense. This division also reviewed and updated agency human resource policies. ■



GIANTS RIDGE®

Recognized as a top year-round Midwest destination resort, Giants Ridge received new accolades from several of the nation's top golf publications, ranking it as one of America's finest resorts.

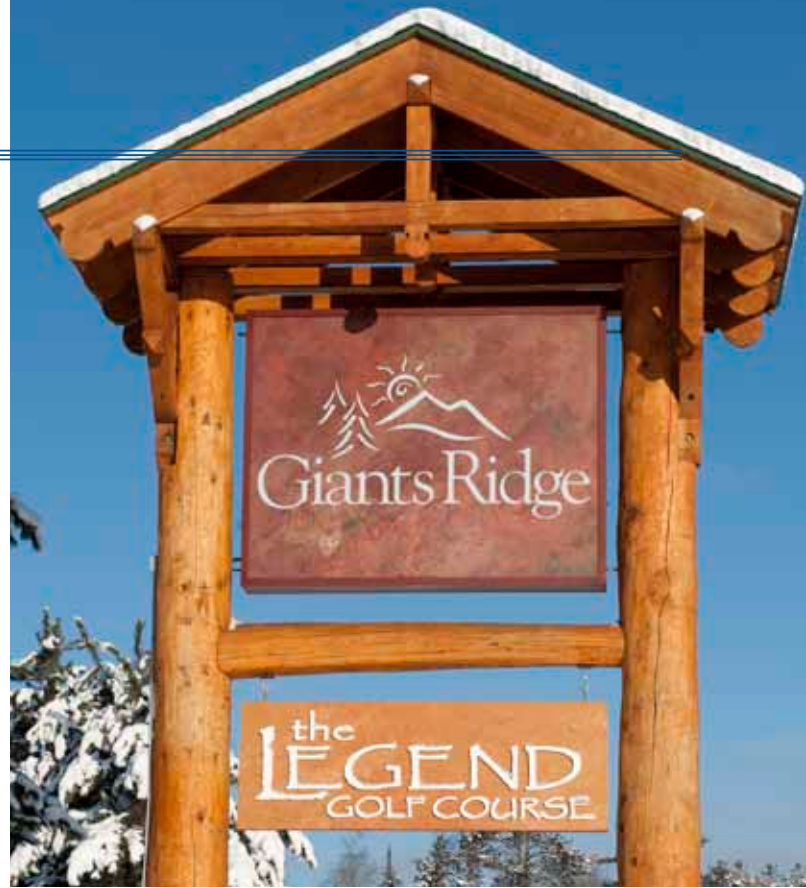
Located in Biwabik and owned by Iron Range Resources, Giants Ridge operates two-award winning 18-hole championship golf courses and a ski complex featuring 35 alpine runs, two terrain parks and more than 60 kilometers of groomed cross country trails.

The primary mission of Giants Ridge is to develop and promote tourism and recreational opportunities for the economic enhancement and diversification of the Taconite Assistance Area.

Golf Digest magazine named Giants Ridge to its "Best Golf Resorts in North America" list in 2009, placing the two courses at Giants Ridge in the company of the nation's top 75 golf courses, including the likes of Pebble Beach, Pinehurst, Sandestin and Bandon Dunes. This new ranking also garnered Giants Ridge the highest ranking in Minnesota.

In 2010, *Golf Digest* rated Giants Ridge fifth on a list of the ten most affordable courses in the nation. Giants Ridge, in 2010, also appeared on Golf.com's "Premier Resorts: The Best Destinations in Golf" list, ranking it #2 in the Midwest.

The Legend and The Quarry golf courses attracted 57,600 rounds of golf during FY 09 and FY 10. The Giants Ridge ski complex attracted 169,600 skiers during FY09 and FY10 and hosted major ski events such as the Minnesota State High School League Nordic and Alpine ski championships. Under an agreement with the Minnesota State High School League, Giants Ridge will host both championships through 2013.



In 2009, Giants Ridge completed installation and began operating an upgraded snowmaking system. The system improves water pumping capacity and allows Giants Ridge the ability to make snow at warmer temperatures. The facility also moved toward the creation of a Central Reservation Service that includes area lodging properties.

The natural, north woods beauty of the Giants Ridge property and surrounding forests and lakes boosted regional economic development by attracting tens of thousands of visitors to the Taconite Assistance Area. More than \$64.4 million in lodging units, single-family homes and condominiums have been constructed at Giants Ridge by private developers since the agency acquired the property in 1984.

In 2010, construction began on The Residence Club at Giants Ridge, a 27-unit member-owned fractional ownership community. Buyers will own a 10 percent undivided interest in one of the 27 units, but be able to occupy any available Residence Club home. Construction is underway on a 140-foot long, wooden arch pedestrian and bicycle bridge across the narrows of Wynne and Sabin lakes, connecting the Giants Ridge resort base with Voyageurs Retreat housing developments on the east side of the lakes and the Mesabi Trail.

Giants Ridge continues to work towards attracting private developers to fulfill the potential of residential and commercial growth within the facility's 20-year master plan, including the addition, over time, of 450 residential lodging units in a pedestrian-oriented village at Giants Ridge.

In addition to world class golf and ski experiences, Giants Ridge offers access to paved recreational biking and hiking trails, 2,000 miles of snowmobile trails and water recreation on two wooded lakes. Giants Ridge operates at an exceptional level of customer service standards and product excellence. ■



APPENDICES

Douglas J. Johnson Economic Protection Trust Fund (the "2028 Fund") Trust Account

| | FY 2009 | FY 2010 |
|--------------------------------------------------------|----------------------------------------|----------------------------------------|
| Beginning Balance | \$89,709,572 | \$92,926,046 |
| Taconite Tax receipts | 3,197,366 | 1,024,685 |
| Taconite transfer in | 0 | 1,144,648 |
| Interest on tax receipts prior to county distributions | 19,108 | 2,878 |
| Mesabi Nugget loan payoff | 6,045,833 | 0 |
| Mesabi Nugget transfer out | (6,045,833) | 0 |
| Ending Balance (FY Ending Date) | \$92,926,046 (June 30, 2009) | \$95,098,257 (June 30, 2010) |

Note: Mesabi Nugget paid off their loan, and legislation stated the amount deposited into the DJJ Corpus shall be transferred to the TEPF account for Public Works grants.

AGENCY INVESTMENT PLAN

| | FY 2009 Budget | FY 2010 Budget |
|----------------------------------------------------|---------------------|---------------------|
| Resources | | |
| Carryforward In | \$16,331,892 | \$11,219,814 |
| Current Resources: | | |
| Taconite Production Taxes | 15,583,098 | 18,201,241 |
| Legislative Reallocation - Renewable Energy | 0 | 5,998,597 |
| Legislative Appropriation - Windmill Blade Factory | 0 | 10,000,000 |
| Investment Earnings | 2,031,340 | 1,450,952 |
| Loan Revenue | 2,493,142 | 1,553,302 |
| Facilities Revenue | 5,005,137 | 4,629,831 |
| Occupation Tax Region III | 582,344 | 580,509 |
| Subtotal Current Resources | \$25,695,061 | \$42,414,432 |
| Total Resources Available | \$42,026,953 | \$53,634,246 |
| Estimated Expenditures | | |
| Operations: | | |
| Administrative Services | \$2,653,791 | \$1,997,833 |
| Human Resources and Strategic Results | 0 | 710,070 |
| Attorney General | 374,238 | 376,121 |
| Marketing and Communications | 1,272,817 | 955,159 |
| Giants Ridge Golf & Ski Resort | 8,925,691 | 8,610,470 |
| Minnesota Discovery Center | 1,900,000 | 1,515,852 |
| Community Development | 0 | 506,239 |
| Business Development | 2,109,183 | 1,633,444 |
| Programs: | | |
| Grants | 2,350,000 | 2,620,000 |
| Occupation Tax Region III | 582,344 | 580,509 |
| Projects: | | |
| Business Development | 12,362,299 | 9,160,999 |
| Public Works | 8,035,000 | 0 |
| Legislative Reallocation - Renewable Energy | 0 | 5,998,597 |
| Legislative Appropriation - Windmill Blade Factory | 0 | 10,000,000 |
| Legislative Transfer - Small Business Fund | 0 | 1,500,000 |
| Early Separation Incentive | 0 | 2,000,000 |
| TOTAL FY INVESTMENT PLAN | \$40,565,363 | \$48,165,293 |
| Estimated Carryforward Out | \$1,461,590 | \$5,468,953 |

GRANTS

FY09 Grants

| APPLICANT | PROJECT DESCRIPTION | AMOUNT |
|--------------------------------|------------------------------------------------------------------|----------|
| Aitkin, City of | Lakes States Lumber Company Building Demolition | \$75,000 |
| Aitkin, City of | 4th Street NW Water and Sewer Infrastructure | 100,000 |
| Aitkin, City of | Community Business Partnership | 50,000 |
| ARDC | Laurentian GIS Collaborative | 30,000 |
| ARDC | Range Readiness Initiative | 40,000 |
| Aurora, City of | St. James Pit Wall Reshaping | 80,000 |
| Aurora, City of | Water Line Replacement near Hwy 135 | 250,000 |
| Aurora, City of | 5th Street Repairs | 180,000 |
| Babbitt, City of | City Garage Construction | 350,000 |
| Balkan, Town of | Community Center Construction | 250,000 |
| Bigfork, City of | Airport Runway Extension | 150,000 |
| Biwabik, City of | Community Business Partnership | 20,000 |
| Biwabik, City of | Long Range Strategic Plan | 4,387 |
| Biwabik, City of | 6 Unit Single Family Housing Infrastructure | 60,000 |
| Biwabik, City of | South Side Industrial Site Street/Utility Infrastructure | 165,000 |
| Biwabik Area Civic Association | Weihnachtsfest Christmas Lighting | 2,500 |
| Bois Forte | 36 Unit Duplex Housing Infrastructure | 250,000 |
| Boundary Waters Blues Festival | Advertising and Promotion | 10,000 |
| Bovey, City of | Jen Guyer Memorial Field Construction | 50,000 |
| Bovey, City of | 13 Unit Single Family Housing | 200,000 |
| Buhl, City of | Residential Lots Adjacent to Stubler Pit Housing Infrastructure | 70,000 |
| Buhl, City of | Frantz Street Repairs | 200,000 |
| Buhl, City of | Memorial, President, Frantz, and Monroe Street Repairs | 250,000 |
| Calumet, City of | Infrastructure Replacement | 200,000 |
| Calumet, City of | City Hall & Community Center Construction | 50,000 |
| Chisholm, City of | Community Business Partnership | 25,000 |
| Chisholm, City of | 16 Unit Single Family Longyear Lake Housing | 240,000 |
| Chisholm, City of | Northwest Area Street, Water and Sewer Infrastructure | 450,000 |
| Chisholm-Hibbing Airport | Strategic and Facility Plan | 50,000 |
| Club Mesabi | Cultural Education Along the Great River Energy Bicycle Tour | 2,702 |
| Cohasset, City of | Community Business Partnership | 20,000 |
| Cohasset, City of | Highway 2/County Road 62 Railroad Crossing Improvements | 350,000 |
| Coleraine, City of | Gayley Avenue Street/Water and Sewer Infrastructure Improvements | 400,000 |
| Cook, City of | 24 Unit Assisted Living Housing Infrastructure | 280,000 |
| Cook, City of | Well and Water Plant Construction | 280,000 |
| Cook, City of | Well and Water Tower Construction | 200,000 |
| Cook, City of | Airport Land Acquisition | 75,000 |
| Cook County | Grand Marais Tennis Court Construction | 50,000 |
| Cotton Civic Club | Advertising and Promotion | 5,000 |
| Crow Wing County | Milford Mine Memorial Park Infrastructure | 50,000 |
| Crystal Bay, Town of | Community Business Partnership | 20,000 |
| East Range Joint Powers Board | Biodiesel Facility Study | 50,000 |
| Ely, City of | Community Business Partnership | 25,000 |
| Ely, City of | Captain Dry and Engine Building Demolition | 40,000 |
| Ely, City of | 2nd Avenue West Reconstruction | 200,000 |
| Ely, City of | Iron Range Youth in Action | 40,258 |
| Ely Winter Festival | Advertising and Promotion | 5,000 |
| Eveleth, City of | Community Business Partnership | 20,000 |
| Eveleth, City of | Golden Rule Building Demolition | 90,000 |
| Eveleth, City of | Grant Ave Street/Water/Sewer Infrastructure | 200,000 |
| Eveleth, City of | Mesabi Trail Head Building Infrastructure for Construction | 150,000 |
| Eveleth, City of | Health Services Park Facility Elevator Replacement | 30,000 |
| Eveleth, City of | Grant/Park Ave/2 Million Gallon Storage Tank Infrastructure | 450,000 |
| Fayal, Town of | South Shore Ely Lake Water Line Infrastructure | 100,000 |

FY09 Grants - continued

| APPLICANT | PROJECT DESCRIPTION | AMOUNT |
|-----------------------------------------|--------------------------------------------------------------------|-----------|
| Finland MN Historical Society | Heritage Site Improvements | 10,000 |
| Giants Ridge Ski Patrol | First Aid Supplies and Equipment | 5,650 |
| Gilbert, City of | Lake-Ore-Be-Gone Mine Pit Wall Slope | 80,000 |
| Gilbert, City of | 16 Unit Single Family Lake Ore-Be-Gone Housing Infrastructure | 200,000 |
| Gilbert, City of | MN and MI Ave, Lake Ore-Be-Gone Housing Water/Sewer Infrastructure | 400,000 |
| Grand Marais Arts | Art Colony Building Improvements | 10,000 |
| Grand Marais, City of | Community Business Partnership | 25,000 |
| Grand Rapids Area Comm Foundation | Replacement of Plaques Along Walking Tour | 2,733 |
| Grand Rapids, City of | UPM Blandin Site Building Demolition | 125,000 |
| Grand Rapids, City of | Airport Industrial Park Infrastructure | 300,000 |
| Grand Rapids, City of | Pokegama Golf Course and Park Place Water/Sewer Infrastructure | 450,000 |
| Grand Rapids, City of | 1st Ave. from River Road to 3rd St. SE Water/Sewer Infrastructure | 70,000 |
| Greyhound Bus Origin Center | Exhibit Expansion | 10,000 |
| Gunflint Trail Historical Society | Museum Exhibits | 10,000 |
| Hibbing, City of | Community Business Partnership | 50,000 |
| Hibbing, City of | Downtown Area Building Demolition | 70,000 |
| Hibbing, City of | Dom-Ex Site Building Demolition | 40,000 |
| Hibbing, City of | 55 Unit Single Family-Mesaba Woods Housing | 350,000 |
| Hibbing, City of | 28 Unit Senior Complex Housing Infrastructure | 250,000 |
| Hibbing, City of | 34th, Greysher and Brooklyn Infrastructure | 750,000 |
| Hibbing Quarterback Club | Cheever Field Locker Room Construction | 25,000 |
| Hoyt Lakes, City of | 25 Unit Single Family Leeds Road Housing Infrastructure | 300,000 |
| Hoyt Lakes, City of | Water/Wastewater Improvements | 400,000 |
| Int'l Environmental Research Foundation | Fibrous Particles Publishing | 32,200 |
| ISD #2142 St. Louis County Schools | Biomass Boiler Heat System Conversion | 300,000 |
| Ironworld Development Corporation | Seal Log Joints on CCC Building | 3,000 |
| Ironworld Development Corporation | Financial Subsidy Support | 1,261,000 |
| Ironworld Development Corporation | CEO Grant Writer/Planner/Website | 250,000 |
| Ironworld Development Corporation | Capital Improvements | 100,000 |
| Itasca Community College | Wood Biomass Boiler Study | 30,000 |
| Itasca Economic Development Corp | Biomass Fired Energy Study | 17,796 |
| Itasca Economic Development Corp | Property Audit and Feasibility Study | 11,000 |
| Jaques Art Center | Advertising and Promotion | 3,000 |
| Judy Garland Museum | Facility Improvements | 50,000 |
| Kabetogama Tourism Bureau | Land of the Lady Slipper Event | 2,500 |
| Keewatin, City of | Carlz Mine Shop Area Cleanup | 200,000 |
| Keewatin, City of | Community Business Partnership | 12,000 |
| Keewatin, City of | 20 Unit Single Family Housing Infrastructure | 290,000 |
| Keewatin, City of | Depot Street Water/Sewer Infrastructure | 400,000 |
| Lake County | Snowmobile Trail Construction | 125,000 |
| Laurentian Arts & Culture Alliance | Range of the Arts Celebration | 6,275 |
| Laurentian Energy Authority | Biomass Energy Study | 150,000 |
| Lutsen, Town of | Superior National Golf Course Improvements | 100,000 |
| McKinley, City of | City Administration Facility Construction | 150,000 |
| Marble, City of | 5 Single Family Lots Housing Infrastructure | 100,000 |
| MN DNR | Underground Mine Mapping | 50,000 |
| MN DNR | Underground Mine Mapping | 50,000 |
| MNSCU | Northeast Higher Education Programs | 1,144,700 |
| Minnesota Hwy 38 Leadership Board | Edge of the Wilderness Discovery Center Displays | 10,000 |
| Mountain Iron, City of | Community Business Partnership | 25,000 |
| Mountain Iron, City of | Energy Park Infrastructure | 300,000 |
| Mountain Iron, City of | 19 Unit Hwy #102 Housing Infrastructure | 100,000 |
| Mountain Iron, City of | Wastewater Plant Infrastructure | 300,000 |
| Nashwauk, City of | Community Business Partnership | 25,000 |
| Nashwauk, City of | Old City Hall Building Demolition | 50,000 |
| Nashwauk, City of | Electrical Substation Replacement | 250,000 |
| Nashwauk, City of | RV Campground Site Construction | 80,000 |

FY09 Grants - *continued*

| APPLICANT | PROJECT DESCRIPTION | AMOUNT |
|-----------------------------------------|-------------------------------------------------------------------|---------------------|
| NE MN Area Health Education Center | Health Care Workshop Development | 100,000 |
| Northern Lights Music Festival | Hansel and Gretel Production | 10,000 |
| Northspan Group | Ferrous/Non-ferrous Mining Study | 15,000 |
| North House Folk School | Capital Improvement Plan | 10,000 |
| North Shore Scenic Drive Council | Grand Portage State Park and Scenic Byway Welcome Sign | 8,000 |
| Orr, City of | Moose Lake and Pine Drive Water Line Infrastructure | 60,000 |
| Orr, City of | Erickson Addition Water Line Infrastructure | 50,000 |
| Pike, Town of | Town Hall Improvements Construction | 15,000 |
| Range Artists Association | Mines and Pines Art Festival | 3,000 |
| St. Louis County | Maintenance Garage Project | 1,157,554 |
| St. Louis County | Pike River Road Project | 421,223 |
| St. Louis County | Wastewater Treatment Study Voyageurs National Park/Kabetogama Twp | 50,000 |
| St. Louis County Agriculture Fair Assoc | MN Trappers Association 50th Anniversary | 4,500 |
| Silver Bay, City of | Community Business Partnership | 25,000 |
| Silver Bay, City of | Renewable Energy Study | 12,500 |
| Silver Bay, City of | Ice Storm Emergency Cleanup | 50,000 |
| Squaw Lake, City of | Community Business Partnership | 8,000 |
| Tower, City of | Community Business Partnership | 30,000 |
| Tower, City of | Poplar, 2nd and Norway Water Infrastructure Upgrades | 250,000 |
| Tower Soudan Historical Society | Historic Train Cars Restoration | 10,000 |
| Two Harbors Chamber of Commerce | Welcome and Interpretive Center Campaign | 5,000 |
| Two Harbors, City of | Community Business Partnership | 20,000 |
| Two Harbors, City of | Water Treatment Plant Improvements | 120,000 |
| University of Minnesota | 2-Day Workshop for Mine Engineers | 2,200 |
| University of Minnesota | Reshaping Post Mining Lands | 123,640 |
| University of Minnesota | Polymet Gypsum Study | 38,400 |
| University Medical Center | Fairview Hospital Expansion Hibbing Infrastructure/Construction | 150,000 |
| University Medical Center | Fairview Hospital Expansion Hibbing Infrastructure/Construction | 600,000 |
| Vermilion Community College Foundation | Theater Lighting and Sound System | 9,790 |
| Virginia, City of | Old South Seppi Site Building Demolition | 100,000 |
| Virginia, City of | P & H Mine Pro Infrastructure | 300,000 |
| Virginia, City of | Miners Memorial Utility Upgrades and Accessibility Modifications | 500,000 |
| Virginia Regional Medical Center | Nursing Home Single Governance Study | 100,000 |
| White, Town of | Highway 135 Upgrades | 250,000 |
| Wirtanen Pioneer Farm, Friends of | Infrastructure Improvements | 25,000 |
| TOTAL | | \$21,530,508 |

FY10 Grants

| APPLICANT | PROJECT DESCRIPTION | AMOUNT |
|----------------------------------------|-------------------------------------------------------------|---------|
| Aitkin, City of | Lakes States Lumber Company Rail Expansion | 100,000 |
| Arrowhead Electric Cooperative | Hydro Power Feasibility Study | 6,250 |
| ARDC | Energy Assessment | 16,595 |
| ARDC | Interpretive Plan for Superior National Forest Scenic Byway | 8,000 |
| ARDC | Replenish Revolving Loan Fund | 300,000 |
| Biwabik, City of | 27 Units at Giants Ridge Housing Infrastructure | 350,000 |
| Boundary Waters Blues Festival | Advertising and Promotion | 9,500 |
| Breitung, Town of | Soudan Area Water/Sewer/Road Infrastructure | 379,294 |
| Cardero Iron Ore Inc. | Drilling Incentive | 75,000 |
| Central Iron Range Initiative | Brownfield Cleanup | 54,000 |
| Chisholm Beautification Association | Historic Wall Restoration | 30,000 |
| Clinton, Township of | Town Hall Roof Improvements | 13,000 |
| Club Mesabi | Iron Range Earth Fest 2010 | 5,000 |
| Cohasset, City of | Old Hwy 8 Bridge Demolition | 50,000 |
| Comm. Health Information Collaborative | Recording Equipment for 13 Health Care Facilities | 50,000 |

FY10 Grants - *continued*

| APPLICANT | PROJECT DESCRIPTION | AMOUNT |
|------------------------------------|-------------------------------------------------------------|-------------|
| Cook, City of | ICO Restaurant and Motel Building Demolition | 25,000 |
| Cook, City of | Disability Specialists Infrastructure | 200,000 |
| Cook County Higher Education | North Shore Campus Renovation | 20,000 |
| Cotton Civic Club | Advertising and Promotion | 5,700 |
| Crosby, City of | Cuyuna Range Community Visioning | 10,000 |
| Crow Wing County | Highway 30 Street Infrastructure | 2,000 |
| Crystal Bay, Town of | Community Center Septic System | 90,000 |
| Cuyuna Range Youth Center | Youth Center Construction | 25,000 |
| Dorothy Molter Museum | Signage, Brochure and Document Archiving | 5,400 |
| Ely Chamber of Commerce | Visitor Information Center Infrastructure Improvements | 9,500 |
| Ely, City of | Biomass Binary Power Study | 4,000 |
| Ely, City of | Old Public Works Garage Cleanup | 50,000 |
| Ely, City of | Pioneer Mine Site Building Demolition | 45,000 |
| Eveleth, City of | Community Health Assessment | 25,000 |
| Eveleth, City of | Mitigation of Substance AAD Underground Mine | 40,920 |
| Eveleth, City of | Eveleth Health Services Assisted Living Facility Renovation | 350,000 |
| Eveleth, City of | 110 Unit Hotel Infrastructure | 500,000 |
| Giants Ridge Ski Patrol | First Aid Supplies and Equipment | 5,650 |
| Goods from the Woods | Advertising and Promotion | 4,000 |
| Habitat for Humanity | Storage Building for Restore Program | 25,000 |
| Hibbing EDA | Light Emitting Diode Pilot Project | 22,000 |
| Hibbing EDA | DMR Expansion | 100,000 |
| Hibbing, City of | Old Brooklyn School Area Environmental Study | 14,500 |
| Hibbing, City of | Old Water Plant Site Building Demolition | 150,000 |
| Hibbing, City of | Reshaping Post Mining Lands | 100,000 |
| Hibbing, City of | 30 Unit Affordable Housing Complex Infrastructure | 350,000 |
| Hoyt Lakes, City of | 20 Unit Assisted Living Facility Infrastructure | 350,000 |
| Ironworld Development Corporation | FY10 Operations | 1,009,000 |
| Ironworld Development Corporation | Capital Improvements | 100,000 |
| Ironworld Development Corporation | Capital Expenditures | 117,652 |
| Iron Junction, City of | Wastewater Treatment Plant/Sewer Line Extension Improvement | 50,000 |
| Iron Range Learning Center | Safety Buffer Zone at Entrance | 15,000 |
| Itasca Economic Development Corp | Ainsworth Building Site Environmental Cleanup | 250,000 |
| Itasca Economic Development Corp | Ainsworth Building Site Demolition | 250,000 |
| Itasca Ski and Outing Club | Mt Itasca Sports Center Operations/Special Events | 30,000 |
| Lake County | Fiber to the Premise Network | 25,000 |
| Lake Vermilion Fire Brigade | Fire and Rescue Boat Dock Construction | 15,000 |
| LaPrairie, City of | City Hall Improvements | 7,550 |
| Laurentian Arts & Culture Alliance | Advertising and Promotion | 6,900 |
| Leiding, Town of | Ryans Rustic Railings Cleanup After Fire | 70,000 |
| Leonidas, City of | Water Line/Storm Sewer Replacement | 75,000 |
| Meadowlands, City of | Old Cheese Factory Building Demolition | 12,000 |
| Mesabi Community Orchestra | Classical Music Concerts Produce and Promote | 4,650 |
| Mesabi Range Comm. & Tech. College | Legacy Software Education and Mentoring Program | 20,000 |
| MN Office of Grants Management | Grants Management Assessment Fees | 2,497 |
| Minnesota Shooting Sports Center | Development of Long Range Strategic Plan | 10,000 |
| Mountain Iron, City of | Parkville Industrial Park Improvements and Cleanup | 50,000 |
| Mountain Iron, City of | Rail Yard /Road/Street Infrastructure | \$191,000 |
| Mountain Iron, City of | Relocation of Ball Field for New Clinic Building | \$100,000 |
| Mountain. Iron Civic Association | Weather Protection Canopy over Baldwin Locomotive | \$9,500 |
| Mountain Iron EDA | First Discovery Wind Project | \$1,000,000 |
| Nashwauk, City of | Old City Hall Building Demolition | \$9,000 |
| North House Folk School | Woodworking and Signage, Capital Improvements | \$9,500 |
| NE Higher Education District | Post Secondary Course Work Arrowhead University Program | \$315,000 |
| NE Higher Education District | Mankato Engineering Program | \$800,000 |
| NE Higher Education District | UMD Master of Engineering Program | \$247,398 |
| NE Higher Education District | UMD Master of Engineering Program | \$400,000 |

FY10 Grants - *continued*

| APPLICANT | PROJECT DESCRIPTION | AMOUNT |
|----------------------------------|------------------------------------------------------------------|---------------------|
| NE Higher Education District | Wind Energy Technology Program Equipment | \$150,000 |
| NE MN Office of Job Training | Wage Subsidy Program | \$1,000,000 |
| NE MN Office of Job Training | Wage Subsidy Program Increase | \$500,000 |
| Northern Lights Musical Festival | Carmina Burana/Schumann Bicentennial Festival | \$5,000 |
| Northspan | Northland Connection Website | \$30,000 |
| Pike, Town of | Town Hall Improvements | \$10,000 |
| Range Regional Health Services | Virginia and Grand Rapids Health Care Collaborative | \$215,000 |
| St. Louis County | Voyageur National Park/Kabetogama Township Waste Treatment Study | \$50,000 |
| Silver Bay, City of | 16 Unit Assisted Living Facility Infrastructure | \$350,000 |
| Taconite, City of | Nelson Street Sewer Pipe Replacement | \$145,000 |
| Tower, City of | Vermilion Credit Union Building Demolition/Infrastructure | \$15,000 |
| Two Harbors, City of | CSAH #26 Business Expansion Site Work Infrastructure | \$175,000 |
| University of Minnesota | Reshaping Post Mining Lands | \$100,000 |
| University of Minnesota-Duluth | Small Business Development Center Operation at Virginia | \$60,000 |
| Vermillion Gold LLC | Drilling Incentive | \$50,000 |
| Virginia, City of | Washington Manor Facility Study | \$4,600 |
| Virginia, City of | Old Troy Building/North Seppi Site Building Demolition | \$220,000 |
| Virginia Regional Medical Center | Orthopedic and Endoscopy Operations Clinic Expansion/Remodel | \$200,000 |
| Virginia Regional Medical Center | Orthopedic and Endoscopy Operations Clinic Expansion/Remodel | \$650,000 |
| Visit Grand Rapids | Advertising and Promotion | \$9,500 |
| White Community Hospital | New Clinic Infrastructure | \$350,000 |
| TOTAL | | \$13,466,056 |

APPLICATION FUND GRANTS

The purpose of the Application Fund is to provide communities and businesses with funding to defray the costs of grant writing and related proposal development expenses.

FY09 Application Fund Grants

| | |
|----------------------------------|-----------------|
| Bovey, City of | \$3,021 |
| Breitung, Town of | 675 |
| Elder Services Network | 3,450 |
| Ely Area Development Association | 1,250 |
| Lake County HRA | 1,000 |
| Lake County HRA | 1,500 |
| Range Respite | 650 |
| Range Respite | 250 |
| Range Respite | 1,575 |
| Range Respite | 2,100 |
| Silver Bay, City of | 1,327 |
| Tower Soudan Historical Society | 1,013 |
| TOTAL | \$17,810 |

FY10 Application Fund Grants

| | |
|--------------------------------------------------|-----------------|
| ARDC | \$2,000 |
| ARDC | 1,943 |
| Bois Forte Tribal Council | 3,500 |
| Bois Forte Tribal Council | 3,500 |
| Chisholm, City of | 3,500 |
| Coleraine, City of | 2,500 |
| Ely, City of | 2,000 |
| Grand Rapids Housing and Redevelopment Authority | 3,500 |
| Grand Rapids Housing and Redevelopment Authority | 3,500 |
| Hibbing EDA | 5,000 |
| Hoyt Lakes, City of | 288 |
| Iron Range Learning and Development Center | 750 |
| Minnesota Museum of Mining | 244 |
| Morse Fall Lake Fire Department | 2,250 |
| Mountain Iron, City of | 3,500 |
| Mountain Iron, City of | 3,500 |
| Northeast Entrepreneur Fund | 3,363 |
| North Shore Scenic Drive | 958 |
| Orr, City of | 750 |
| Range Respite | 1,088 |
| Range Respite | 2,848 |
| Silver Bay, City of | 11,750 |
| Silver Bay, City of | 900 |
| Silver Bay, City of | 2,250 |
| Tower Soudan Historical Society | 600 |
| Two Harbors, City of | 2,750 |
| Virginia Housing & Redevelopment Authority | 5,000 |
| TOTAL | \$73,731 |

TACONITE ECONOMIC DEVELOPMENT FUND GRANTS

The Taconite Economic Development Fund (TEDF) was established by the 1992 Minnesota Legislature to provide a 30.1 cent-per-ton rebate of the taconite production tax to northeastern Minnesota taconite operations to encourage capital investments in taconite facilities. TEDF monies are to be used for new equipment, facility improvements and the research and development of new mining technologies. In 2009, more than \$8.4 million in TEDF monies were rebated to Iron Range taconite companies and more than \$6.2 million in 2010. Since 1993, more than \$148.5 million in taconite production tax revenue has been rebated through the TEDF for taconite mining company capital investment projects.

FY09

| | |
|---------------------------|--------------------|
| Arcelormittal | \$581,396 |
| Hibbing Taconite Company | 1,572,651 |
| Keewatin Taconite | 1,217,406 |
| Northshore Mining Company | 1,138,959 |
| US Steel Corporation | 2,709,558 |
| United Taconite | 1,197,150 |
| TOTAL | \$8,417,120 |

FY10

| | |
|---------------------------|--------------------|
| Arcelormittal | \$423,192 |
| Hibbing Taconite Company | 1,176,406 |
| Keewatin Taconite | 891,447 |
| Northshore Mining Company | 846,926 |
| US Steel Corporation | 2,033,329 |
| United Taconite | 862,431 |
| TOTAL | \$6,233,731 |

LOANS

FY09 Loans

| | Loan Type | Amount |
|-----------------------------------------|---------------|--------------------|
| Aitkin Peat Techonology, LLC | Participation | \$150,000 |
| Greg Cook Logging | Participation | 84,000 |
| Magnetation, Inc. | Direct | 1,000,000 |
| Magnetation, Inc. | Direct | 1,485,000 |
| Midwest Manufacturing & Mechanical, Inc | Participation | 370,000 |
| Northshore Manufacturing, Inc. | Participation | 500,000 |
| TOTAL | | \$3,589,000 |

FY10 Loans

| | Loan Type | Amount |
|------------------------------------------|---------------------|--------------------|
| Birchem Logging, Inc | Participation | \$40,000 |
| Disability Specialist, Inc. | Participation | 488,750 |
| Disability Specialist, Inc. | Direct | 486,250 |
| Haley Logging Company | Participation | 150,000 |
| Minnesota Twist Drill Acquisition, Inc. | Participation | 500,000 |
| Minnesota Twist Drill Acquisition, Inc. | Direct | 1,450,000 |
| Minnesota Twist Drill Acquisition, Inc. | Direct (Forgivable) | 750,000 |
| Two Harbors Pet Products | Participation | 50,000 |
| Mountain Iron EDA/Silicon Energy MN, LLC | Loan (Non-Recourse) | 3,600,000 |
| Silicon Energy MN, LLC | Direct (Forgivable) | 1,500,000 |
| TOTAL | | \$9,015,000 |

2008 Distribution of Taconite Production Tax

2007 Production Year

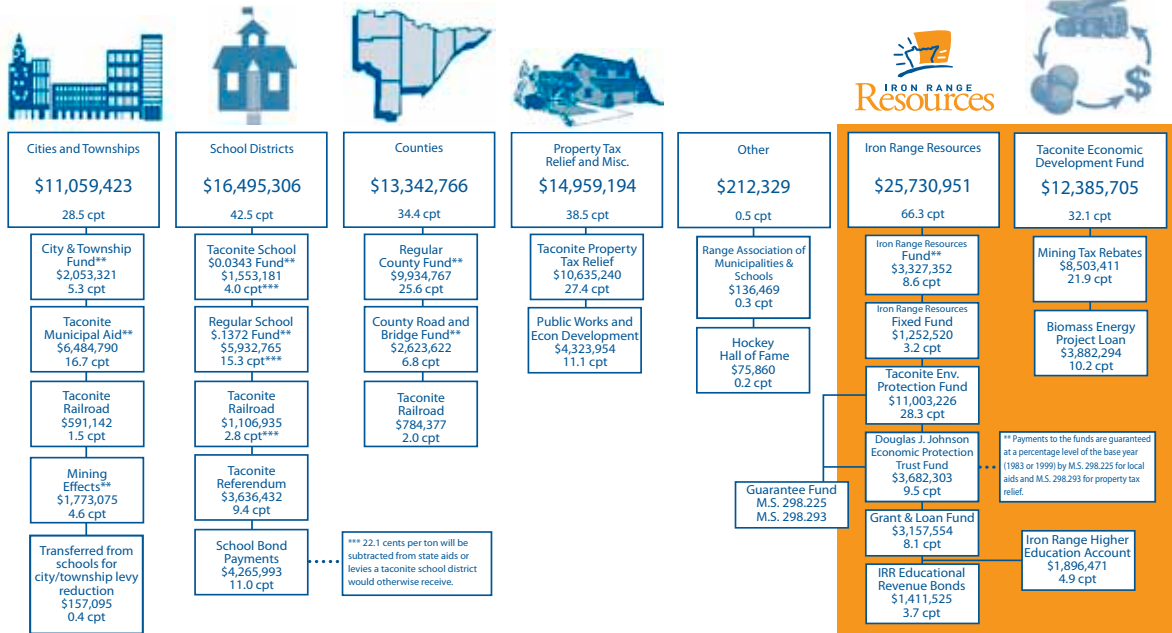
(Fiscal Year 2009)

Total Taconite Production Tax

\$94,185,674*

Production Tax is \$2.258 per taxable ton.
The three-year average taxable tonnage was 38,822,942 tons.

*Amount is after \$2,017,576 in tax credits have been applied. Also included is \$8,541,047 from the state general fund. (22.0 cpt)



2009 Distribution of Taconite Production Tax

2008 Production Year

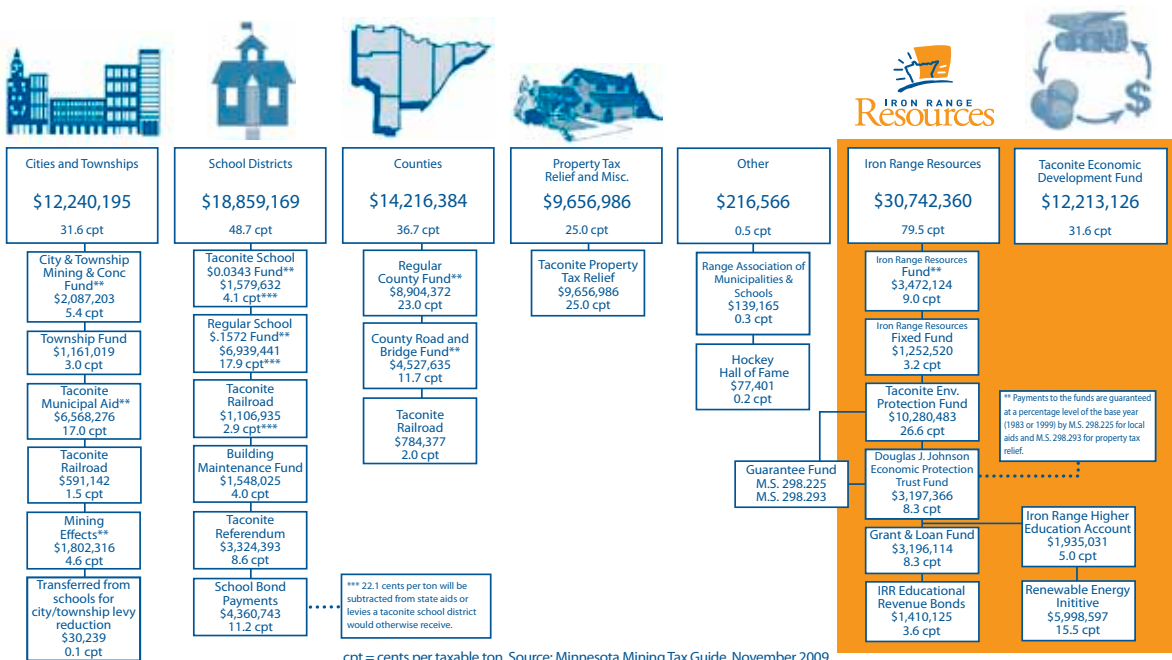
(Fiscal Year 2010)

Total Taconite Production Tax

\$98,144,786*

Production Tax is \$2.316 per taxable ton.
The three-year average taxable tonnage was 38,700,625 tons.

* Included is \$8,514,138 from the state general fund. (22.0 cpt)



The **2009-2010 Biennial Report to the Legislature** recaps Iron Range Resources activities from July 1, 2009 through June 30, 2010. This report has been prepared in compliance with Minnesota Statutes 1992, Section 298.22, Subdivision 2.

The report was written and designed by agency staff. Printing costs were \$2,718.





www.IronRangeResources.org