

Agency Purpose

The mission of Iron Range Resources is to advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota's Taconite Assistance Area (TAA).

Iron Range Resources is a state economic development agency that was created by the governor and the legislature in 1941 to diversify the economy of the iron mining areas of northeastern Minnesota. Specifically, the agency serves the interests of the TAA, a geographical region encompassing approximately 13,000 square miles that stretches from Crosby, Minnesota, across the state's Cuyuna, Mesabi and Vermilion iron ranges to the North Shore of Lake Superior. As part of its core mission of economic development, Iron Range Resources owns and operates the Giants Ridge Golf & Ski Resort.

At a Glance

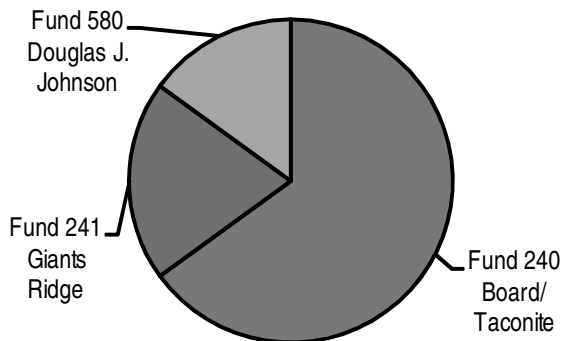
Business Development

- \$5.4 million in business loans made in FY2010
- \$11.4 million in loan leverage in FY2010
- 4,258 jobs created or retained since FY2004
- \$68.1 million in loans since FY2004
- Loan leverage of 4.4 to one since FY2004

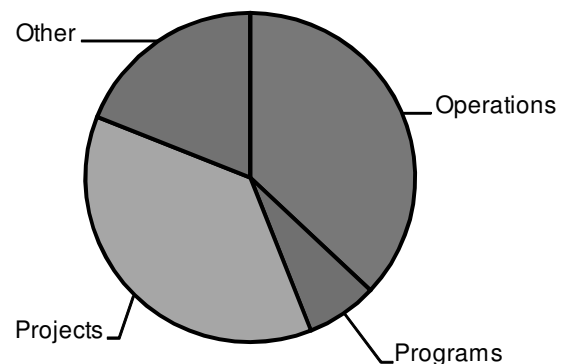
Community Development

- \$7.3 million dollars in Community Development grants made in FY2010
- Between FY2008 and FY2010 a total of 69 blighted commercial structures were removed in the TAA
- \$4.88 million provided in renewable energy grants between FY2006-FY2010
- Community and business development grants leveraged at 10.6 to one during FY2006-FY2010
- \$55 million in private investment at Giants Ridge since FY2000

Est. FY 2010-11 Expenditures by Fund



Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting and Procurement System (MAPS) as of 08/24/10. Source: MAPS as of 08/24/10.

Strategies

Iron Range Resources focuses its economic development efforts on the following strategies:

- Investing in businesses that relocate or expand in the TAA by providing financial assistance through Business Development grants and loans.

- Preparing TAA communities for change and growth through public/private partnerships and grant making that funds public infrastructure, property redevelopment, tourism and recreation.
- Maximizing existing resources through investments in natural resource-based industries and the regional workforce.

Besides encouraging growth in the region's primary industries of timber, taconite and tourism, the agency focuses its economic development efforts on the following types of businesses:

- Businesses which attract expenditures from outside the TAA
- Manufacturing/Assembly
- Technologically innovative projects

Operations

Day-to-day operation of the agency is managed by a full-time commissioner appointed by the governor who serves as a member of the governor's cabinet. The agency's annual budget and most economic development proposals are subject to review and approval by a 13-person Iron Range Resources Board.

Operations is organized into seven divisions that support the agency's administrative and business activities:

- **Administrative Services** provides finance, information systems and maintenance and shop services.
- **Human Resources and Strategic Results** activities include human resource management and agency-wide strategic planning.
- **Legal Services** for the agency and the IRR board are provided by the Attorney General's Office.
- **Marketing and Communications** provides business focused marketing and communications services for the agency and its stakeholders.
- **Facilities** owned by Iron Range Resources are **Giants Ridge Golf & Ski Resort and Minnesota Discovery Center**.
- **Community Development** activities include grant-making and providing technical assistance for projects.
- **Business Development** promotes the TAA to prospective businesses from inside and outside the region in order to attract new jobs to northeastern Minnesota.

Programs directly serve units of government, nonprofits and higher education in the agency's service area. This activity demonstrates the agency's on-going commitment to grant making as a tool to foster community growth and stimulate economic and cultural activity.

Projects support the agency's business related economic development efforts. This activity promotes the agency's most successful strategies: cultivating business development projects; supporting community development; and collaborating with the private sector to encourage investment in the region. Financial assistance is provided through bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants and equity investments.

Pass-Through Funding is legislative funding for projects that serve immediate needs in the TAA. The activities funded are diverse as they respond to the unique needs of the region.

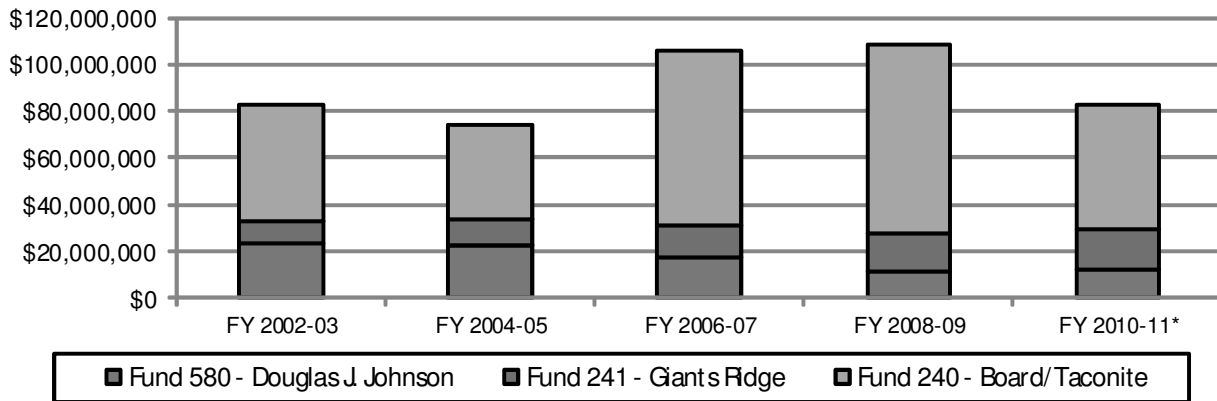
Agency Roll-Over consists of all budget activity that has been certified and re-set into FY 2011.

Key Activity Goals & Measures

- Financial assistance is provided to promote the long-term economic viability of the region.
- Program funding is leveraged to maximize investment and participation.
- Business opportunities are supported that create and retain jobs while diversifying the region's economy.
- Loan risk ratings and delinquency ratios are managed to protect the agency's invested resources.
- Satisfaction and timeliness are monitored to ensure positive customer relationships and ongoing partnerships.

Budget Trends Section

Total Expenditures by Fund



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/24/10.

External Factors

External factors impacting Iron Range Resources operations include taconite production levels, demographics, aging regional infrastructure, dependence on natural resource-based industries and geographic distance to markets.

Iron Range Resources revenues are derived from the region’s primary industry of mining. The agency is challenged by the fact that revenues are dependent on cyclical taconite production levels.

Demographics in the seven county region of the agency’s service area show trends that are below state averages. The mean average of persons age 65 or older in those counties is 20%, a figure consistently higher in each county than the state’s 12.7%. Additionally, population growth from 2000 to 2009 has a mean average of 1.4% compared to the state average of 7%. Two counties, St. Louis and Lake show population losses of -1.4% and -4.1% respectively during that period.¹

Aging infrastructure in local cities and municipalities also poses a challenge for the region’s economic development efforts. Addressing those issues through public works and community development grants has been an agency priority over the last four years.

The region is dependent on natural resource-based industries but continues to make inroads on diversification efforts by supporting technological innovations and manufacturing and assembly businesses. Supporting the agency’s current level of economic development funding is key to long-term stability and growth in the region.

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

For additional historical information and performance trends visit:
<http://www.accountability.state.mn.us/Departments/IronRangeResources/index.htm>

¹ Data source at <http://quickfacts.census.gov/qfd/index.html>

IRON RANGE RESOURCES & REHAB

Agency Overview

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	26,773	28,615	27,385	24,885	52,270
Giants Ridge Golf & Ski Resort	8,157	8,554	6,984	6,984	13,968
Ne Mn Economic Protection	8,658	8,605	3,223	3,223	6,446
Miscellaneous Agency	218	0	0	0	0
Total	43,806	45,774	37,592	35,092	72,684
<u>Expenditures by Category</u>					
Total Compensation	4,924	7,352	5,246	5,246	10,492
Other Operating Expenses	7,153	7,676	7,615	7,615	15,230
Capital Outlay & Real Property	605	175	175	175	350
Local Assistance	20,558	15,196	19,148	19,148	38,296
Other Financial Transactions	10,566	15,375	5,408	2,908	8,316
Total	43,806	45,774	37,592	35,092	72,684
<u>Expenditures by Program</u>					
Administrative Services	1,664	2,084	2,084	2,084	4,168
Human Resources & Sr	553	676	676	676	1,352
Legal Services	354	371	371	371	742
Marketing & Communications	867	944	944	944	1,888
Facilities	9,757	9,886	8,316	8,316	16,632
Community Development	359	511	989	989	1,978
Business Development	1,368	1,509	885	885	1,770
Programs	3,048	2,568	2,746	2,746	5,492
Projects	15,261	15,000	8,373	5,873	14,246
Pass-Through Funding	9,770	8,615	12,208	12,208	24,416
Agency Roll Over	805	3,610	0	0	0
Total	43,806	45,774	37,592	35,092	72,684
Full-Time Equivalents (FTE)	71.4	71.6	71.6	71.6	

Program at a Glance

- Agency budgeting, accounting and financial reporting services
- Purchasing and contracting
- Information systems
- Maintenance and shop services

Program Description

Administrative Services provides support services and resources to other agency programs and facilities. The division is comprised of: finance, information systems, and maintenance and shop. The budget of this division also includes the Office of the Commissioner.

Finance provides numerous services including all aspects of budgeting, accounting, internal auditing, financial

reporting, purchasing and contracting.

Information Systems supports and maintains the computer hardware, data and telecommunication infrastructure for the agency. Technical support, information access, project management, internet and phone connections are a few of the services provided to agency personnel.

Maintenance & Shop assists the agency's programs and facilities through equipment maintenance and fleet management. The program also provides building and grounds maintenance support of the Eveleth headquarters complex.

Population Served

Iron Range Resources programs and facilities.

Services Provided

- Budgeting, accounting, internal auditing, financial reporting and analysis.
- Purchasing and contracting for goods and services.
- Information technology services.
- Equipment maintenance and fleet management.
- Operating and maintaining the Eveleth headquarters.

Key Program Goals & Measures

- Budget and accounts are aligned to support operational targets.
- Financial reporting is timely and accurate.
- Accounting, purchasing and contracting services are timely.
- Computer hardware, data and telecommunication infrastructure for the agency are supported and maintained.
- "Green" initiatives in recycling, power management and energy conservation are implemented.
- The Eveleth facility is safely operated and maintained.

Program Funding

Approximately \$2.1 million (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB
 Program: ADMINISTRATIVE SERVICES

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	1,528	2,084	2,084	2,084	4,168
Ne Mn Economic Protection	136	0	0	0	0
Total	1,664	2,084	2,084	2,084	4,168
<u>Expenditures by Category</u>					
Total Compensation	1,179	1,222	1,222	1,222	2,444
Other Operating Expenses	477	862	862	862	1,724
Capital Outlay & Real Property	8	0	0	0	0
Total	1,664	2,084	2,084	2,084	4,168
<u>Expenditures by Activity</u>					
Administrative Services	1,664	2,084	2,084	2,084	4,168
Total	1,664	2,084	2,084	2,084	4,168
Full-Time Equivalent (FTE)	15.0	15.0	15.0	15.0	

Program at a Glance

- HR management and employee development
- Strategic planning and performance management and reporting

Program Description

Human Resources and Strategic Results (HRSR) guides and manages all human resources services, policies and programs for the agency. Additionally, the division coordinates HR efforts with organizational development goals by managing the agency's strategic planning and performance improvement plans.

Human Resources directs recruiting and staffing, compliance with regulations and policies, employee orientation, development and training, policy development and documentation, employee relations, compensation and benefits administration, employee services and labor relations.

Strategic Results oversees performance management and improvement, organizational development, strategic planning and balanced scorecard performance.

Population Served

Iron Range Resources employees and the general public.

Services Provided

- Coordinate agency employment needs through recruitment and selection processes.
- Provide consultation and resources in job analysis, performance, development and workforce planning.
- Ensure compliance with Affirmative Action, ADA and Equal Employment.
- Coordinate agency safety programs and labor relations.
- Administer insurance services, employee compensation and benefits.
- Lead strategic planning, goal setting and the development of performance objectives.
- Implement a balanced scorecard and report on organizational results.

Key Program Goals & Measures

- HR services and programs promote best practices.
- Services and communications are timely.
- Employee development is supported and funded.
- Lost time and workers compensation costs are reduced.
- Control Environment standards are met.
- Performance measures and results data are created and maintained.
- Performance achievement levels are reported quarterly.
- Performance results are reviewed and discussed quarterly.
- Internal and external reporting is timely.

Program Funding

Approximately \$676,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB
 Program: HUMAN RESOURCES & SR

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	553	676	676	676	1,352
Total	553	676	676	676	1,352
<u>Expenditures by Category</u>					
Total Compensation	537	646	646	646	1,292
Other Operating Expenses	16	30	30	30	60
Total	553	676	676	676	1,352
<u>Expenditures by Activity</u>					
Human Resources & Sr	553	676	676	676	1,352
Total	553	676	676	676	1,352
Full-Time Equivalent (FTE)	4.0	4.0	4.0	4.0	

Program at a Glance

- Agency legal counsel

Program Description

The Attorney General's Office provides legal services to the agency and the Iron Range Resources Board (Board) in support of all agency activities.

Two assistant attorneys general and one legal assistant provide the Commissioner, agency staff and the Board with counsel on legal matters, including statutory interpretation, drafting or interpretation of legal documents, drafting of legislative language and defense of the agency or Board in litigation.

Population Served

Iron Range Resources programs, facilities, business clients and board.

Services Provided

- Provide legal advice to the agency and the Board.
- Advise and counsel the Commissioner, agency staff and the Board.
- Draft contracts, loans and other agreements for the agency.
- Represent the agency and the Board in litigation.

Program Funding

Approximately \$371,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: LEGAL SERVICES

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	240	237	237	237	474
Ne Mn Economic Protection	114	134	134	134	268
Total	354	371	371	371	742
<u>Expenditures by Category</u>					
Total Compensation	40	35	35	35	70
Other Operating Expenses	314	336	336	336	672
Total	354	371	371	371	742
<u>Expenditures by Activity</u>					
Legal Services	354	371	371	371	742
Total	354	371	371	371	742
Full-Time Equivalents (FTE)	0.8	0.8	0.8	0.8	

Program at a Glance

- Agency marketing
- Business/community development marketing
- Multi-media communication services
- Special project services

Program Description

Marketing & Communications develops and coordinates marketing, promotional and communication activities on behalf of Iron Range Resources and its stakeholders.

Marketing is responsible for directing the development and implementation of all marketing-related communications strategies, messages and materials generated by and for

the agency, its partners and its facilities.

Communications establishes and delivers key messages for the agency, using a fully integrated multi-media approach. Staff members create and distribute internal and external agency communications, manage the agency website, provide writing and graphic design services and provide staff support for special events and strategic initiatives.

Population Served

Iron Range Resources programs, facilities, business clients, service area and the general population of Minnesota.

Services Provided

- Marketing-related communications and materials.
- Internal and external agency communications.
- Staff support for special events and strategic initiatives.

Key Program Goals & Measures

- Agency marketing and communication initiatives are maintained and enhanced.
- Media and information inquiries are responded to in a timely fashion.
- Programs about agency projects and activities are recorded and broadcast.
- Informative materials are developed and distributed to targeted regional, statewide and national audiences.
- Business recruitment strategies and media opportunities are identified to market and promote the region.
- Partnership opportunities are forged that enhance the region and the agency's image.
- Web communications and e-business tools are current and available 24/7.

Program Funding

Approximately \$944,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: MARKETING & COMMUNICATIONS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	867	944	944	944	1,888
Total	867	944	944	944	1,888
<u>Expenditures by Category</u>					
Total Compensation	494	510	510	510	1,020
Other Operating Expenses	373	434	434	434	868
Total	867	944	944	944	1,888
<u>Expenditures by Activity</u>					
Marketing & Communications	867	944	944	944	1,888
Total	867	944	944	944	1,888
Full-Time Equivalents (FTE)	7.0	7.0	7.0	7.0	

Program at a Glance

Giants Ridge Golf and Ski Resort:

- 36 holes of the Midwest's best golf
- 35 challenging downhill ski runs
- 60 kilometers of cross country ski trails
- Access to lakes, bike and snowmobile trails
- Dining, shopping and banquet/conference facilities
- Accommodations - The Lodge, The Villas or the Giants Ridge Sports Dorm
- Rental equipment - from snowboards and skis to canoes and kayaks

Program Description

The activities of the agency's facilities - Giants Ridge Golf & Ski Resort in the city of Biwabik, and Minnesota Discovery Center located in Chisholm - are directed toward the development and promotion of tourism and recreation opportunities that will enhance the economic diversification of the TAA.

Giants Ridge Golf & Ski Resort operates a quality recreational golf and ski facility and offers private-sector opportunities for property and real estate development. Giants Ridge operates 36 holes of championship golf and a winter sports area that attracts over 130,000 guests annually. In addition, the Giants Ridge Recreation Area is comprised of 10,000 acres of land of which Iron Range

Resources owns 1,850 acres. A Master Plan for the Giants Ridge area was built on the premise that the agency will focus on oversight and land sales to private parties who will drive future development. The plan serves as the blueprint for the following residential and commercial growth:

- **Tubing Park.** A snow tubing park will be constructed and available to guests beginning December 2010.
- **Central Reservations.** In 2010, Giants Ridge is moving to create a central reservation service that includes all area lodging properties.
- **Ski Chalet/Event Center.** Design and engineering work continues on a proposed ski chalet and event center. The proposed new facility will centralize all skier services and serve as a conference/banquet/wedding venue year round.
- **Land Development.** Land development at Giants Ridge is advancing with construction underway on The Residence Club, a 27-unit fractional-ownership home development near Sabin Lake and The Legend golf course.

Minnesota Discovery Center (formerly Ironworld Discovery Center) is under the management of a nonprofit, Ironworld Development Corporation (IDC). IDC assumed responsibility for the operations in January 2007 through a Sublease/Management Agreement with Iron Range Resources. IDC is doing business as Minnesota Discovery Center, whose mission is to advance the understanding and exploration of Minnesota culture and history with a focus on northeastern Minnesota and the Iron Range. Through FY 2016 the Sublease/Management Agreement provides an annual \$1 million dollar subsidy, the interest on an endowment fund and a \$250,000 challenge grant for fund raising. In addition to these financial terms, the agency budgets for building insurance and capital repairs.

Population Served

Minnesota residents, national and international tourists.

Services Provided

The agency conducts a wide range of activities specially designed to promote tourism and recreation in the TAA.

Key Program Goals & Measures

- Giants Ridge golf and ski revenues are maximized with competitive pricing and packaging.
- Golf and ski operations enhance the economic impacts of tourism and recreation on the Iron Range.
- Giants Ridge facilities are safely operated and maintained.
- Ironworld Development Corporation will comply with the financial and operational terms of its management agreement.

IRON RANGE RESOURCES & REHAB

Program: FACILITIES

Narrative

Program Funding

Giants Ridge Golf & Ski Resort: Approximately \$7 million (per year)

Minnesota Discovery Center: Approximately \$1.3 million (FY 2011) & \$1.35 million (FY 2012)

Contacts

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or Giants Ridge by phone at (218) 865-3000 or (800) 688-7669, or online at <http://www.ironrangeresources.org> or <http://www.giantsridge.com>.

IRON RANGE RESOURCES & REHAB

Program: FACILITIES

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	1,382	1,332	1,332	1,332	2,664
Giants Ridge Golf & Ski Resort	8,157	8,554	6,984	6,984	13,968
Miscellaneous Agency	218	0	0	0	0
Total	9,757	9,886	8,316	8,316	16,632
<u>Expenditures by Category</u>					
Total Compensation	1,426	1,442	1,442	1,442	2,884
Other Operating Expenses	5,414	5,446	5,444	5,444	10,888
Capital Outlay & Real Property	112	175	175	175	350
Local Assistance	1,233	1,255	1,255	1,255	2,510
Other Financial Transactions	1,572	1,568	0	0	0
Total	9,757	9,886	8,316	8,316	16,632
<u>Expenditures by Activity</u>					
Facilities	9,757	9,886	8,316	8,316	16,632
Total	9,757	9,886	8,316	8,316	16,632
Full-Time Equivalents (FTE)	26.4	26.4	27.5	27.5	

Program at a Glance

- Grant making to foster community revitalization and redevelopment of underutilized sites.
- In 2010, the Residential Community Redevelopment Program removed 63 blighted structures across the TAA.

Program Description

Community Development invests in communities through grant-making and provides technical assistance for renewable energy, commercial and residential property redevelopment and development projects such as Giants Ridge, Laurentian Vision partnership and Community Readiness. Beginning in FY12, this division will also include the Mining and Mineland Reclamation program.

Community Development assists communities by

providing infrastructure financing for business and housing development and funding for property redevelopment. Grant programs are offered to stimulate community development through tourism, innovation and removal of barriers to growth. Special projects and initiatives are tied to development at Giants Ridge, sustainable mining practices for future land use and renewable energy.

Mining and Mineland Reclamation works to insure the long-term utilization of Minnesota's mineral resources and undertakes reclamation planning efforts. Statutory authority comes from M.S. Chapter 298.223. Other activities include assisting cities and townships with the demolition and removal of residential structures that remove blight and make way for new development.

Population Served

Minnesota communities and businesses located within the TAA.

Services Provided

- Prepare communities for economic growth, new housing and businesses.
- Promote community assets and advantages.
- Provide funding for community revitalization.

Key Program Goals & Measures

- "Green" business initiatives are supported by Community Development funding.
- Community sustainability is promoted.
- Renewable energy opportunities are identified.
- Grant programs and services are aligned with community development needs.
- Agency funds are leveraged for community development.
- Mining processes are influenced to create enhanced post mining landscapes.
- Blight in communities is removed to make way for new development.

Program Funding

Approximately \$989,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: COMMUNITY DEVELOPMENT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	359	511	989	989	1,978
Total	359	511	989	989	1,978
<u>Expenditures by Category</u>					
Total Compensation	249	391	686	686	1,372
Other Operating Expenses	108	117	300	300	600
Local Assistance	2	3	3	3	6
Total	359	511	989	989	1,978
<u>Expenditures by Activity</u>					
Community Development	359	511	989	989	1,978
Total	359	511	989	989	1,978
Full-Time Equivalent (FTE)	5.0	5.0	9.7	9.7	

Program at a Glance

Business Development staff

- provided over \$5.4 million in new loans for area economic development projects, and
- assisted in the creation and retention of 234 jobs in FY 2010.

Program Description

Business Development manages agency deal flow and promotes the TAA to prospective businesses from inside and outside the region in order to attract new jobs to northeastern Minnesota. The division consists of Business Development and Recruitment.

Business Development and Recruitment works to generate business leads and provide financial support to

new and existing businesses, as well as assistance to communities. The program uses a variety of tools including bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants, training grants, equity investments and the Job Opportunity Building Zones (JOBZ) program. Special projects and initiatives tied to energy and workforce also are undertaken.

Population Served

Communities located within the TAA and eligible businesses currently located within or locating to the TAA.

Services Provided

- Promote northeastern Minnesota's business assets and advantages.
- Assist businesses with expanding or relocating to the region.
- Provide financial assistance to businesses.

Key Program Goals & Measures

- Business opportunities are identified.
- Business opportunities create and retain jobs.
- Business opportunities leverage investment.
- A targeted business recruitment plan is developed and implemented.
- The potential of the available workforce is realized through partnerships and education planning.
- Existing businesses are assisted by financial incentives.

Program Funding

Approximately \$885,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: BUSINESS DEVELOPMENT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	547	624	0	0	0
Ne Mn Economic Protection	821	885	885	885	1,770
Total	1,368	1,509	885	885	1,770
<u>Expenditures by Category</u>					
Total Compensation	997	1,106	705	705	1,410
Other Operating Expenses	371	403	180	180	360
Total	1,368	1,509	885	885	1,770
<u>Expenditures by Activity</u>					
Business Development	1,368	1,509	885	885	1,770
Total	1,368	1,509	885	885	1,770
Full-Time Equivalents (FTE)	13.2	13.4	7.6	7.6	

Program at a Glance

In FY 2010, the agency

- awarded \$1 million in Community Redevelopment grants for the demolition of commercial or publicly-owned structures and the cleanup of Brownfield sites to make way for potential new development. The potential for new development at these sites is \$6.3 million;
- provided \$150,000 in grants for a recruitment program that attracted three new dentists to the TAA;
- invested \$150,000 in a Wind Energy Technology Specialist Program at Mesabi Range Community & Technical College, which currently enrolls 28; and
- provided \$100,000 in Culture & Tourism grants to fourteen organizations and communities in the TAA, leveraging approximately \$483,000 in total project investment.

Program Description

IRR administers the following grant programs for communities and businesses:

- **Community Readiness** priorities are in the areas of Community Redevelopment and Workforce Development. Community Redevelopment provides funding for the demolition and removal of commercial structures that remove blight and make way for new development. Workforce Development funds programs for industry, industry clusters, schools or collaborative partners that build capacity, responsiveness or innovation to address workforce needs.
- **Mining and Mineland Reclamation** funds the restoration of eligible areas affected by past mining, addresses emergency safety projects, promotes mining exploration and supports mining company collaborations for development planning around post-mining landscapes.
- **Commissioner Program** funds are utilized for emergency situation or to support development opportunities that do not meet other program requirements.
- **Culture and Tourism** funds activities that utilize cultural

resources to stimulate tourism and enrich communities.

- **Application Fund** reimburses expenses associated with the development of grant applications for financial support from state, federal or private grant programs.
- **Region III Projects**, M.S. Chapter 298.17 authorizes grants from occupation taxes for economic and environmental development projects in Koochiching and Carlton counties (Region III).

Population Served

Minnesota communities and businesses located within the TAA.

Services Provided

- Grant making to units of government, nonprofits, higher education and businesses.
- Leadership and collaboration in developing regional strategies for regional growth.
- Financial incentives for community development projects.

Key Program Goals & Measures

- Community sustainability is promoted.
- Grant programs and services are aligned with community development needs.
- Agency funds are leveraged for community development.
- Mining processes are influenced to create enhanced post mining landscapes.
- Blight in communities is removed to make way for new development.

Program Funding

Approximately \$2.7 million (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: PROGRAMS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	3,048	2,568	2,746	2,746	5,492
Total	3,048	2,568	2,746	2,746	5,492
<u>Expenditures by Category</u>					
Other Operating Expenses	74	29	29	29	58
Local Assistance	2,834	2,539	2,717	2,717	5,434
Other Financial Transactions	140	0	0	0	0
Total	3,048	2,568	2,746	2,746	5,492
<u>Expenditures by Activity</u>					
Programs	3,048	2,568	2,746	2,746	5,492
Total	3,048	2,568	2,746	2,746	5,492

Program at a Glance

- Between FY 2004 and FY 2010, the agency has approved \$68.1 million in loans to new and existing businesses. These projects were leveraged 4.4 times, creating a total business investment impact of \$301.1 million and creating and retaining 4,258 jobs.
- In FY 2010, the agency's loan portfolio consisted of 88 loans totaling more than \$62.5 million.
- In FY 2010, the agency invested \$4.1 million in public works infrastructure and medical facility renovation development, creating 228 new jobs and retaining 85 to 95 jobs.
- A \$1.5 million Iron Range Resources Wage Subsidy Program created 247 new jobs (August 17, 2010) at 95 businesses within the agency's service area.

subsidies of up to \$5 per hour for up to 52 weeks or other activities that will create additional jobs in the taconite assistance area (TAA).

Program Description

Iron Range Resources provides funding for the following community and economic development projects:

- **Business Development** funds are utilized for economic development projects to promote business development opportunities and attract new investments to the region. Financing activities focus on creating high-quality jobs, leveraging private investment and strengthening northeastern Minnesota's economic base.
- **Public Works** grants fund the infrastructure needs of local units of government in order to support community and economic development.
- **Wage Subsidy Program** under M.S. Chapter 298.294, subd. b, designates \$1.5 million of agency funds in fiscal years 2010 and 2011 for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage

Population Served

Communities located within the TAA and eligible businesses currently located within or expanding to the TAA.

Services Provided

- Economic development packages and financial incentives for community and business development projects.
- Leadership and collaboration in developing regional strategies for regional growth.
- Grant making to units of government, nonprofits and businesses.

Key Program Goals & Measures

- Projects are aligned with community and economic development needs.
- Business opportunities are identified.
- Business opportunities create and retain jobs while leveraging additional investment.
- Loan portfolio risk ratings and delinquency ratios are managed.

Program Funding

Approximately \$15 million in fiscal year 2011 and \$8.3 million in fiscal year 2012.

Contact

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IRON RANGE RESOURCES & REHAB

Program: PROJECTS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	8,750	12,000	6,873	4,373	11,246
Ne Mn Economic Protection	6,511	3,000	1,500	1,500	3,000
Total	15,261	15,000	8,373	5,873	14,246
<u>Expenditures by Category</u>					
Local Assistance	7,941	5,500	4,373	4,373	8,746
Other Financial Transactions	7,320	9,500	4,000	1,500	5,500
Total	15,261	15,000	8,373	5,873	14,246
<u>Expenditures by Activity</u>					
Projects	15,261	15,000	8,373	5,873	14,246
Total	15,261	15,000	8,373	5,873	14,246

Program at a Glance

- Legislative distributions and accounts

Program Description

Iron Range Resources credits the pass-through funding to special legislative accounts, including:

- **Educational Facilities Revenue Bonds**, M.S. Chapter 298.211, debt service for bonds issued in 2006 for health, safety and maintenance improvements to regional school districts.
- **Iron Range Higher Education Account**, M.S. Chapter 298.28, subdivision 9d, funds for higher education programs in the agency's service area.
- **Taconite Economic Development Fund**, M.S. Chapter 298.227, a rebate of taconite production taxes to mining companies for workforce development and capital improvement projects.
- **Value-Added Wood Project**, M.S. Chapter 298.227, subparagraph b, takes 10 cents per ton (approximately \$3.882 million) that otherwise would have been allocated to the Taconite Economic Development Fund and makes it available for loans or grants for value-added wood products facilities located within St. Louis County.
- **Highway 1 Corridor Account**, M.S. Chapter 298.2961, subdivision 5(19), funds for economic development projects to any of the cities of Babbitt, Cook, Ely or Tower.
- **Minnesota Minerals 21st Century Fund**, Laws 2009, Chapter 78, article 1, section 3, subdivision 2(k), as amended by Laws 2010 Chapter 215, article 7, section 18(k), funds for grants or forgivable loans to manufacturers of windmill blades, other renewable energy manufacturing, or biomass products at facilities to be located within the taconite tax relief area.

Population Served

Minnesota communities and businesses located within the TAA.

Services Provided

The agency conducts a wide range of activities specially designed to assist the pass-through programs.

Program Funding

- Educational Facilities Revenue Bonds: Approximately \$1.4 million (per year)
- Iron Range Higher Education Account: Approximately \$1.5 million (per year)
- Taconite Economic Development Fund: Approximately \$10 million (per year)
- Value-Added Wood Products Facility Project: Approximately \$3.8 million (one-time distribution)
- Highway 1 Corridor Account: Approximately \$4.2 million (one-time distribution)
- Minnesota Minerals 21st Century Fund: \$1.5 million (FY11 distribution)

Contact

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IRON RANGE RESOURCES & REHAB
 Program: PASS-THROUGH FUNDING

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	8,694	4,029	11,504	11,504	23,008
Ne Mn Economic Protection	1,076	4,586	704	704	1,408
Total	9,770	8,615	12,208	12,208	24,416
<u>Expenditures by Category</u>					
Total Compensation	2	0	0	0	0
Other Operating Expenses	1	0	0	0	0
Local Assistance	8,373	5,707	10,800	10,800	21,600
Other Financial Transactions	1,394	2,908	1,408	1,408	2,816
Total	9,770	8,615	12,208	12,208	24,416
<u>Expenditures by Activity</u>					
Pass-Through Funding	9,770	8,615	12,208	12,208	24,416
Total	9,770	8,615	12,208	12,208	24,416

Program at a Glance

- Agency projects and legislative accounts

Program Description

The agency's rollover consists of all budget activity that has been certified and reset into FY 2011. This program includes the following activities:

- **Canisteo Mine Pit Flood Control Project.** Canisteo Pit is an abandoned iron ore mine pit in Itasca County. Upon cessation of mining in 1985, Canisteo Pit began filling with water. The continuing rise of water is a concern because overflow of the pit could cause substantial flood damage to the towns of Bovey and Coleraine. For years, there has been planning and discussions about solving the problem. In 2005, the Minnesota Department of Natural Resources allocated \$450,000 to plan and design an outlet. The 2008 Minnesota Bonding Bill included \$3.5 million for final design and construction of an outlet. The agency has \$192,095 available for the project.
- **Renewable Energy.** 2009 legislation added a new subdivision 6 (renewable energy) to M.S. Chapter 298.2961 that allocated, for distributions in 2009 only, a 15.5 cents per ton (\$5,998,597) of Property Tax Relief funds into a special Taconite Environmental Protection Fund account to fund cooperative renewable energy projects. \$1,398,597 FY10 project dollars remain available in this account. These funds will be spent for renewable energy initiatives in FY11.
- **Early Separation Incentive Program.** 2010 Legislation amended M.S. Chapter 298.217, subd. 2 to confer authority upon the Commissioner to offer an early separation incentive program, and extends the program sunset date to December 31, 2012. In FY10, \$2,000,000 was approved as part of the budget to enable the agency to implement the early separation incentive program. These funds will be reserved and set aside for the program in FY11.

Population Served

Minnesota communities and businesses located within the TAA, and Iron Range Resources' operations.

Program Funding

FY 2011 Agency Rollover: Approximately \$3.6 million

Contact

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IRON RANGE RESOURCES & REHAB

Program: AGENCY ROLL OVER

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	805	3,610	0	0	0
Total	805	3,610	0	0	0
<u>Expenditures by Category</u>					
Total Compensation	0	2,000	0	0	0
Other Operating Expenses	5	19	0	0	0
Capital Outlay & Real Property	485	0	0	0	0
Local Assistance	175	192	0	0	0
Other Financial Transactions	140	1,399	0	0	0
Total	805	3,610	0	0	0
<u>Expenditures by Activity</u>					
Agency Roll Over	805	3,610	0	0	0
Total	805	3,610	0	0	0

IRON RANGE RESOURCES & REHAB

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Current Law		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Taxes:					
General	235	0	0	0	0
Total Non-Dedicated Receipts	235	0	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Iron Range Resources & Rehab	5	50	50	50	100
Giants Ridge Golf & Ski Resort	3,942	4,419	4,419	4,419	8,838
Ne Mn Economic Protection	140	140	140	140	280
Other Revenues:					
Iron Range Resources & Rehab	684	400	400	400	800
Giants Ridge Golf & Ski Resort	115	65	65	65	130
Ne Mn Economic Protection	1,195	899	899	899	1,798
Other Sources:					
Iron Range Resources & Rehab	174	209	209	209	418
Ne Mn Economic Protection	1,640	1,739	1,739	1,739	3,478
Miscellaneous Agency	218	0	0	0	0
Taxes:					
Iron Range Resources & Rehab	22,632	22,695	21,404	21,404	42,808
Ne Mn Economic Protection	2,109	2,156	1,315	1,315	2,630
Total Dedicated Receipts	32,854	32,772	30,640	30,640	61,280
Agency Total Revenue	33,089	32,772	30,640	30,640	61,280