



IRRRB

Biennial Report
Fiscal Years 2011-2012

To the Governor and Legislature of the State of Minnesota:

I am pleased to submit the thirty-fifth Iron Range Resources and Rehabilitation Board (IRRRB) Biennial Report to the Honorable Mark Dayton, Governor of the State of Minnesota, and to the Minnesota State Legislature.

IRRRB in 2011 celebrated its 70th anniversary. We marked this notable milestone by recognizing past agency contributions to the regional economy and implementing innovative ideas for the future.

In coordination with Governor Dayton's priorities for job creation and economic growth, we developed a new mission of promoting and investing in business, community and workforce development for the betterment of northeastern Minnesota. Through this focus, we have assisted businesses and communities in creating more than 1,375 permanent and 1,675 construction jobs. Our \$43.7 million in loan and grant investments has leveraged \$241.8 million in partner funds.

Led by employees and key stakeholders, a strategic realignment of agency workforce and financial resources has increased efficiencies. Employee and stakeholder assessments at Giants Ridge in Biwabik and our Mining and Reclamation facility in Chisholm are producing actions that reduce waste, save money and deliver better services to Minnesotans.

Public transparency has increased as a result of ten listening sessions held across the region and an open house for local officials at IRRRB headquarters. These outreach efforts are ongoing.

Successful projects and initiatives in business, community and workforce development are making a real difference in the lives of people. I am proud of what we have accomplished and excited about what the future holds.



Sincerely,
Tony Sertich, Commissioner





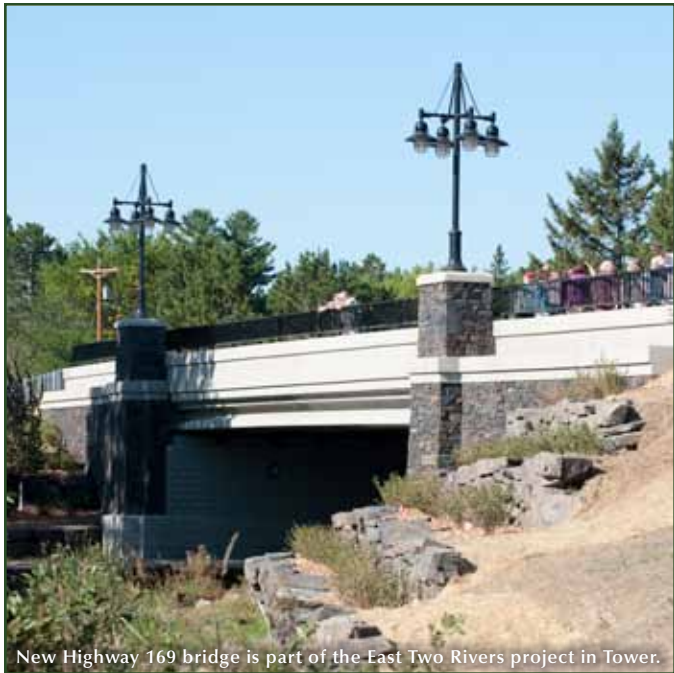
Iron Range Engineering students prepare for the Minnesota Cup.



Finishing touches are put on the Menards building in Virginia.



Delta Air Lines provides assistance from their campus in Chisholm.



New Highway 169 bridge is part of the East Two Rivers project in Tower.

TABLE OF CONTENTS

- 1 LETTER FROM THE COMMISSIONER**
- 3 TABLE OF CONTENTS**
- 4 ABOUT IRRRB**
- 13 BUSINESS DEVELOPMENT**
- 21 COMMUNITY DEVELOPMENT**
- 29 WORKFORCE DEVELOPMENT**
- 35 GIANTS RIDGE**
- 38 APPENDICES**
 - 38 AGENCY BUDGET*
 - 39 GRANTS - FY11*
 - 42 GRANTS - FY12*
 - 46 LOANS*
 - 47 APPLICATION FUND GRANTS*
 - 48 TACONITE ECONOMIC DEVELOPMENT FUND (TEDF) GRANTS*

ABOUT IRRRB

Iron Range Resources and Rehabilitation Board (IRRRB) is a State of Minnesota development agency located in Eveleth. IRRRB provides vital funding, including low or no interest loans, grants and loan guarantees for businesses relocating or expanding in the region. Additionally, a variety of grants are available to local units of government, education institutions and nonprofits that promote workforce development and sustainable communities.



IRRRB's headquarters is located south of Eveleth on Highway 53.

Mission

Promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.

Vision

Advancing regional growth by stabilizing and enhancing the economy of northeastern Minnesota.

Strategies

Invest in growing businesses that create jobs.

Prepare communities for change and growth.

Invest in an educated workforce.



How we are funded

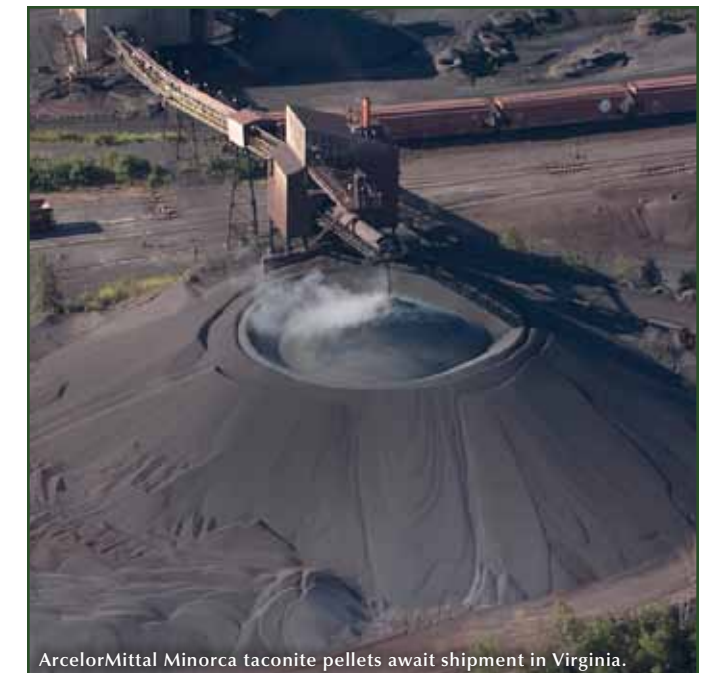
The IRRRB is funded by a portion of a local taconite production tax, paid by mining companies on each ton of iron ore pellets produced. These taxes are paid in lieu of local property taxes. Unlike other state agencies, the IRRRB has an annual budget that is approved by a 13-member board.



Ore is loaded at Hibbing Taconite in Hibbing.



Concentrators process ore at United Taconite's facility at Forbes.



ArcelorMittal Minnaca taconite pellets await shipment in Virginia.



IRRR Board members gather before the October 2012 board meeting.

Board

The Iron Range Resources and Rehabilitation Board consists of 13 members, five of whom are state senators appointed by the Subcommittee on Committees of the Rules Committee of the Senate, and five of whom are Representatives, appointed by the Speaker of the House of Representatives. The remaining three members must be nonlegislators who reside in the Taconite Assistance Area and are appointed one each by the Senate Majority Leader, the House Speaker and the Governor. The members are appointed in January of every odd-numbered year and serve until January of the next odd-numbered year.

Board Members

Seated (left to right): Senator David Tomassoni (Vice Chair), Representative Tom Rukavina (Chair), Citizen Joe Begich; **Standing (left to right):** Representative Carolyn McElfatrick, Senator Tom Bakk, Senator John Carlson, Citizen David Chura, Senator Tom Saxhaug, Representative Tom Anzelc, Citizen Jack Ryan, Senator Paul Gazelka, Representative Carly Melin. **Not pictured:** Representative David Dill

Reforms

Commissioner Tony Sertich spearheaded the following reform efforts to increase efficiencies and the agency’s transparency with the public.

Reorganization

In spring of 2011, an agency-wide reorganization effort resulted in numerous improvement priorities. These priorities included aligning the agency’s human and financial resources toward its mission of business, community and workforce development; flattening the organizational structure, (from six major divisions to two); and eliminating bottlenecks and inefficiencies.

Listening Sessions

Commissioner Tony Sertich held a series of ten listening sessions for the public across the agency’s service area in spring of 2012. The purpose of the sessions was to gather input on how the agency can better assist business, community and workforce development in northeastern Minnesota. The sessions were hosted by the mayors, school superintendents and chamber of commerce leaders in the communities.

Open House

An IRRRB open house for local officials was held February 22, 2012 at the agency’s administrative office in Eveleth. The open house was part of an effort to increase the agency’s familiarity with the public and to encourage cooperation among community partners. Invited guests included city, county and township officials, school superintendents and school board members. During the open house, guests met with the staff, toured the office and learned more about IRRRB programs.



Commissioner Tony Sertich makes a presentation at the Listening Session in Cook County.



Richard Walsh addresses a group at the IRRRB Open House.

BUSINESS DEVELOPMENT

IRRRB's business development financing programs are among the most wide-ranging and creative in the United States. The agency's business development team is here to assist those establishing a new business or looking to expand with financial tools, dedicated support and local resources.

During the past two years, the agency made more than \$16.1 million in business development loans, leveraging \$53.7 million in partner funds. These loan projects created a total of 1,261 jobs.

DeCare Dental

In May 2012, the IRRR Board approved a \$2 million capital investment in the DeCare Dental facility in Gilbert. The total project investment is \$2,553,500. The 10,260 square foot expansion provides space to accommodate 120 additional work stations in the facility, bringing its total capacity to 325 work stations. As its business continues to grow, company officials project that the expansion will add up to 120 full-time positions to its projected 2012 year-end number of 202 jobs.

DeCare's presence on the Iron Range dates back to 2000, when the IRRRB purchased and renovated the former IGA building in Gilbert. The IRRRB leases the building to DeCare for its operation of the customer service center.

DeCare is one of the nation's leading dental benefit management companies. The Gilbert office plays an essential business role by providing customer service, claims service, sales support and business renewal services to customers nationwide.



Architect's rendering of the DeCare expansion at their facility in Gilbert.



Construction progresses at DeCare.



Trusses are set in place at the DeCare expansion.

Magnetation

Magnetation, Inc., an iron recovery company, continues to expand and thrive in northeastern Minnesota. The company plans to begin construction of a fourth iron ore concentrate plant on the Iron Range in the third quarter of 2013. Magnetation, which in 2009 began production at its first plant in Keewatin, uses a proprietary process to extract weakly magnetic particles from previously mined natural ore deposited years ago in tailings basins. The company's second plant near Bovey began production in June 2012. Magnetation and Steel Dynamics, Inc. are partners in a third plant, Mining Resources, LLC, near Chisholm. Mining Resources, LLC, provides feed to Mesabi Nugget's iron nugget plant near Aurora and Hoyt Lakes.

In November 2011, Magnetation began shipping 650,000 wet metric tons of concentrate per year to a steelmaker in Mexico. As of October 2012, Magnetation employed 220 permanent workers. The facilities also support an additional 220 indirect jobs.

Magnetation's economic impact is impressive. The majority of construction and operational expenses are spent with local contractors and vendors. The four plants represent an investment of over \$225 million.



Left to Right: Magnetation CEO and Chairman Larry Lehtinen, Magnetation President and COO Matt Lehtinen, Governor Mark Dayton and Commissioner Tony Sertich hold reclaimed iron ore concentrate at Magnetation's Plant 2, Bovey.



Shown here is an aerial view of Magnetation's Plant 2 near Bovey.



Expansion is underway at Conveyor Belt Service in Virginia.

Conveyor Belt Service

For almost 60 years, Conveyor Belt Service (CBS) of Virginia has been installing, splicing and repairing conveyor belts across the Upper Midwest. CBS caters to taconite processing plants, coal fired power plants, wood products facilities, dock terminals and cargo vessels. In addition to belt-related services, CBS offers Goodyear conveyor belting, used conveyor belting, pulley lagging, sheet rubber, belt cleaners and splice kits. The company also provides conveyor inspection services and trouble-shooting assistance.

In June 2012, CBS received a \$500,000 bank participation loan from IRRRB for this \$1,556,000 project. This loan assistance helped CBS renovate and expand its current facility, adding 5,300 square feet to its belt shop. The addition of new equipment makes the business more efficient in meeting customer needs. As a result of this project, CBS hopes to grow its work force from 28 to 35 full-time employees.

CBS is a subsidiary of the W.P. & R.S. Mars Company.



Large rolls of belting are received to be customized for specific uses.



Customized belts are ready to be shipped out.

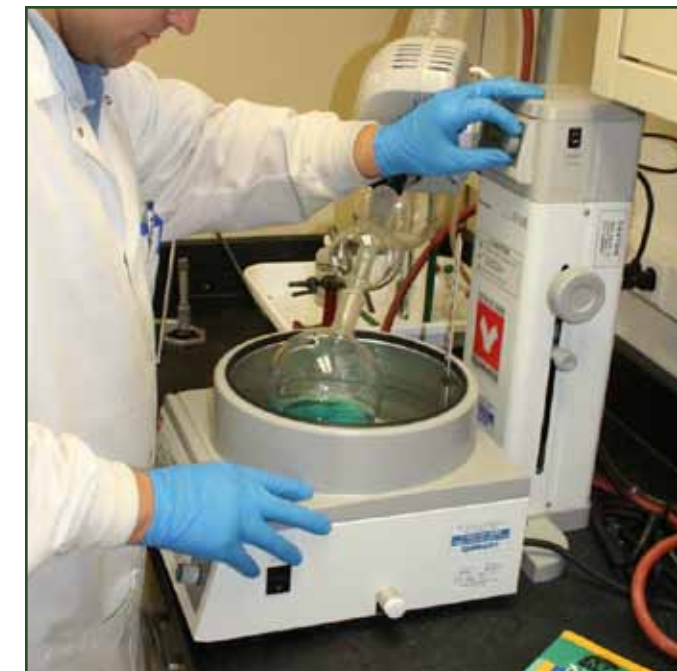
American Peat Technology

American Peat Technology, LLC (APT) of Aitkin was formed in 2003 and began producing powdered and granulated peat for the seed inoculant industry. IRRRB helped with the initial financing of the start-up and has continued to assist the business since then. APT has grown from four to 18 employees over the years.

APT recently developed a product that effectively removes dissolved heavy metals from both water and soil. This product, APTsorb, is effective in stormwater treatment, mine dewatering and process water polishing. The product now is being introduced to the market, and sales have begun.

APT received a \$100,000 direct loan from the IRRRB in April 2012 to develop a product effective in removing other specific pollutants, such as mercury and sulfates. The total project investment is \$201,273. As a result, two full-time jobs have been created and 18 will be retained.

Research continues on the product, targeting sulfate removal with positive results.



COMMUNITY DEVELOPMENT



IRRRB provides grants to local units of government and non-profit organizations in support of healthy and growing communities. The agency's community development team works in partnership with northeastern Minnesota communities, local units of government and a variety of community development partners to help fund public works infrastructure development projects across the region. The team also works closely with communities to support the replacement of aging water and sewer infrastructure. Assistance also is provided to businesses and health care facilities with infrastructure grants for expansions, which helps create high-paying construction and permanent jobs. In addition, grants are available to local units of government for the removal of dilapidated residential and commercial structures to help maintain healthy and attractive communities.

During the past two years, the agency awarded \$27.6 million in grants, leveraging \$188.1 million in partner funds. These grant projects created a total of 1,789 jobs.



A Life Link helicopter is housed in a renovated hangar at the Range Regional Airport.

Life Link III

IRRRB provided \$400,000 in grants to the Chisholm/Hibbing Airport Authority for the \$3.12 million remodeling and restoration of its 12,000 square foot hangar building and road access/apron. The renovations were completed to accommodate Life Link III, a leader in air medical transportation, providing service for patients in Minnesota and throughout the United States via helicopter and airplane ambulance. Medical helicopters and a jet are housed in the rehabilitated hangar at the airport.

Life Link III's service is available day or night, 365 days a year. The company operates out of eight locations, and their Range Regional Airport operation is their busiest Midwest facility. The expansion at the Range Regional Airport created seven construction jobs and 10 new permanent jobs.



Construction continues at Central Iron Range Sewer District's joint wastewater treatment facility.

Central Iron Range Sanitary Sewer District

Construction is underway at the Central Iron Range Sanitary Sewer District's new joint wastewater treatment facility. This cooperative effort of the communities of Chisholm, Buhl, Kinney and Great Scott Township will position the communities for future economic development opportunities. IRRRB funded \$500,000 of this \$20.9 million project. The project is comprised of the construction of a new joint waste treatment plant, lift stations and a sewer line from Buhl to Chisholm. Five full-time jobs are projected to be created.

Victus Farm

The Victus Farm greenhouse project in the Eco-Industrial Park in Silver Bay is progressing. IRRRB supported the project through a \$300,000 grant to the City of Silver Bay. The \$1.2 million dollar building is 9,000 square feet and houses an integrated fish, algal and hydroponic produce production system. This is the first facility in the country to incorporate all three components. The system uses waste products from the fish as a natural nutrient source for the plants and algae. The plants and algae replenish the oxygen in water that was used by the fish, and the algae will produce biofuels.

Greenhouses will process and distribute the home grown produce and fish year around for local consumption by citizens, schools, restaurants and other businesses. Biodiesel generated from algae will be used by local industries and provide another renewable energy source for not only the greenhouse, but the entire park.



Plants are grown at the Victus Farm greenhouse in Silver Bay.



Victus Farm has its own hatchery for tilapia breeding.



The Victus Farm greenhouse is located in Silver Bay.



Mesabi Station in Eveleth officially opened in the summer of 2012.

Mesabi Station

Mesabi Station, a trailhead to the Mesabi Trail at the intersection of Highways 53 and 37 in Eveleth, held its grand opening in June 2012. The Mesabi Trail is one of Minnesota's premier paved bicycle trails, which traverses the Iron Range and the Superior National Forest.

Mesabi Station also is the headquarters for the St. Louis and Lake Counties Regional Railroad Authority, which operates the Mesabi Trail. The Iron Range Tourism Bureau is housed there as well and provides tourism information services.

Amenities include lockers, restrooms, conference rooms, and a staging area for trail events. Parking for trail riders also is available. IRRRB supported the construction of this \$1.5 million project through infrastructure and road construction grants totaling over \$224,000 since 2009.



The Joy Global facility in Virginia is pictured in spring of 2012 during its construction phase.

Joy Global

Joy Global, Inc. delivers cost-reducing products and services to the surface mining industry in Minnesota, Wisconsin, Iowa, Michigan and Eastern Canada. IRRRB played a key role in the construction of the company's new \$22 million building by providing \$800,000 in grants for site work and soil correction. The 90,000 square-foot equipment repair and service facility is located in Virginia.

The new facility was built with room for future expansion and houses 60 employees. Employment at the facility has increased by 17% over last year. Approximately 12 additional jobs were created, and company officials hope to add many more jobs in the future.

WORKFORCE DEVELOPMENT

IRRRB is committed to creating an environment where businesses can thrive. In addition to meeting the financial needs of new or expanding businesses through loans, bonds and other forms of assistance, IRRRB helps to meet the human resource needs of businesses that need to find, hire and train new employees.

Workforce development is critical. A study by Georgetown University's Center on Education and the Workforce indicates that Minnesota faces a growing skills gap due to increasing educational demand among employers and projected declines in education levels. By 2018, 70 percent of Minnesota jobs will require some education beyond high school.

To help close this skills gap, IRRRB partners closely with secondary and post-secondary educational institutions and industries in creating and offering educational programs specifically designed to meet the workforce needs of existing and emerging industry.

Applied Learning Institute

The IRRRB is a sponsoring partner of the Applied Learning Institute (ALI), which provides high school students with cutting edge, hands-on training and advanced technology learning while earning college credit. Although many high schools have cut back their technical education programs, the number of high school students enrolled in ALI has more than quadrupled to over 1,400 annually.

With an eye toward the future and insights from local industry, ALI programs utilize the latest software and hardware as well as state-of-the-art equipment and curricula. Innovative ALI programs include: Advanced Automotive, Construction Trades, Healthcare, Industrial Technology, Pre-Engineering and Technical Math.



Minnesota Department of Education (MDE) Commissioner Brenda Cassellius, MDE's Mascot Read-It the Frog, and Commissioner Tony Sertich participate in a technology demonstration on the Itasca Area Schools Collaborative at Nashwauk High School on March 23, 2012. Deer River superintendent Matt Grose is communicating from Deer River's high school.



The heavy equipment simulators are popular with the students.



A student learns to take blood pressure readings in the ALI program.

Iron Range Engineering

Iron Range Engineering (IRE) is one of several innovative higher education workforce development programs supported by the IRRRB. IRE is a new model for engineering education that began in January 2010. Students who have successfully completed a two-year pre-engineering program or the prescribed courses can enroll in the program and earn a four-year Bachelor of Science engineering degree on the Iron Range through a partnership with Minnesota State University, Mankato. Instead of participating in the traditional classroom setting, Iron Range Engineering students gain technical, professional knowledge and competencies by participating in industry-sponsored, project-based learning.

IRE has hit several major milestones since its inception:

- Two IRE students, Matt Hudson and Eric Schaupp, won the student division of the Minnesota Cup competition, an annual, statewide competition that seeks out aspiring entrepreneurs and their breakthrough ideas. The pair created a TesGen power generator that can run on any fuel source.
- A total of 22 students have graduated from IRE to date. The majority immediately were hired by top local and regional companies or continued their education into the Master of Science engineering degree also available through the Iron Range Engineering program in partnership with the University of Minnesota Duluth.
- In July 2012, a groundbreaking was held for IRE's new manufacturing lab at Mesabi Range Community & Technical College in Virginia. This \$3 million project was funded through Governor Mark Dayton's bonding package following the 2011 state shutdown. The new lab is scheduled to open in January 2013.
- IRE has successfully completed a very rigorous Accreditation Board for Engineering and Technology review process and has been recommended for a full six-year accreditation.



Eric Schaupp, student at IRE, demonstrates the portable power generator he helped design that won the 2011 Minnesota Cup to Allete Chairman, President and CEO Al Hodnik (standing) and University of Minnesota President Eric Kaler.



An architect's rendering of the new IRE manufacturing lab is shown.



A groundbreaking ceremony is held for the new IRE manufacturing lab at Mesabi Range Community & Technical College in Virginia.



A student trains for overhead crane operation at Mesabi Range Community and Technical College, Eveleth.

Grant for Manufacturing and Overhead Crane Training

In April 2012, IRRRB provided a \$150,000 customized training grant to Hibbing Community College (HCC) and Mesabi Range Community and Technical College (MRCTC). Grant dollars are being used to offer manufacturing and overhead crane training to companies of all sizes.

Regional manufacturers, construction companies and organizations have identified new employee training and skill enhancement as vital to their viability. Through this new initiative, HCC and MRCTC deliver a variety of skill sets frequently needed by new employees and provide refresher training for incumbent workers. This training, tailored to the needs of manufacturing and construction, enhances worker productivity and supports their ability to compete in the market place.

The total project investment for this initiative is over \$570,000, which includes financial support from the colleges and industry. HCC and MRCTC expect to offer approximately 9,320 hours of training, consisting of 50 manufacturing classes with 8,000 hours of training for 400 participants, and 21 overhead crane classes with 1,320 hours of training for 105 participants.



Hands on training provides this student with experience in overhead crane operation.



GIANTS RIDGE

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

Located in Biwabik and owned by IRRRB, 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 IRRRB service area.

Tubing Park

A snow tubing park opened in December 2010. Tubing is the latest craze in outdoor winter fun, and little skill is required for this family-oriented activity. The park brings in additional revenue during the winter months.



Giants Ridge operates a popular tubing park.



Giants Ridge has an active and professional ski school.

Event Center Planning

The design was completed for a potential new multi-use, year-round 34,500 square-foot event center that supports area tourism and local residents. The center will provide facilities for skier services, ski school, winter & summer equipment rentals and ski patrol, as well as banquet, meeting & conference space and food & beverage venues. Construction and occupancy of the event center will retain and create jobs.



Winter Sports Advisory Committee

A winter sports advisory committee comprised of twelve season pass holders was created in October 2011. The committee’s purpose is two-fold: offering suggestions on ways to improve the facility and its operations, and assisting in promotion of the facility to local citizens and civic groups.



Skiers and snowboarders enjoy the winter season.



The Legend at Giants Ridge draws golfers to the area.

APPENDICES

AGENCY BUDGET

	FY 2011 BUDGET	FY 2012 BUDGET
Resources		
Carryforward In	\$10,929,874	\$19,769,140
Current Resources		
Taconite Production Taxes	\$20,166,490	\$13,233,678
Investment Earnings	752,099	494,116
Loan Revenues	2,491,498	2,393,377
Facilities Revenues	4,672,507	5,061,975
Occupation Tax Region III	267,284	456,565
Subtotal Current Resources	\$28,349,878	\$21,639,711
Total Resources	\$39,279,752	\$41,408,851
Estimated Expenditures		
Projects		
Development Projects	\$9,600,000	\$6,500,000
Public Works	4,000,000	9,099,324
Legislative Transfer - Wage Enhancement Program	1,500,000	0
Total Projects	\$15,100,000	\$15,599,324
Programs		
Program Grants	\$3,589,391	\$3,958,000
Occupation Tax Region III	267,284	456,565
Total Programs	\$3,856,675	\$4,414,565
Giants Ridge Golf & Ski Resort	\$8,553,548	\$7,100,688
Operational Costs	\$6,137,078	\$5,537,251
Total FY Budget	\$33,647,301	\$32,651,828
Estimated Carryforward Out	\$5,632,451	\$8,757,023

GRANTS

FY11 & FY12 Totals	IRRRB Investment	\$27,560,061	Total Project Investment	\$215,732,881
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FY11 Grants Organization – Description	IRRRB Investment \$	Total Project Investment \$
Arrowhead Economic Opportunity Agency (AEOA) – technical assistance housing services	50,000	100,083
Aurora – replace infrastructure for 3rd Avenue North	100,000	367,510
Babbitt – replace sewer for Dogwood Street	100,000	200,000
Balkan Township – demolish old & build new community center	75,000	359,254
Bigfork Valley Hospital – infrastructure for expansion	220,000	4,882,940
Biwabik – replace & extend 6th Avenue infrastructure	100,000	350,000
Biwabik – demolish Bray School & bus garage for new housing	160,000	240,000
Bois Forte – infrastructure & site work for 12 single family homes	100,000	3,147,250
Bois Forte – infrastructure & site work for 20 single family homes	250,000	3,955,766
Boundary Waters Blues Festival – produce & promote festival	9,590	112,500
Breitung Township – develop Vermilion Loop trail	15,000	150,000
Buhl – replace infrastructure for Sharon & Jones Street	200,000	528,000
Chisholm – infrastructure & site work for Anderson Company	250,000	3,924,079
Chisholm – extend & upgrade waterline for fairgrounds	50,000	1,098,000
Chisholm/Hibbing Airport Authority – remodel hanger for Life Link III	300,000	3,120,000
Chisholm/Hibbing Airport Authority – remodel hanger for Life Link III	100,000	*
Club Mesabi – produce & promote Iron Range Earth Fest	5,000	47,215
Coleraine – improve waste treatment plant	150,000	1,103,300
Cook County Visitors Bureau – produce & promote historic sites tours	4,600	9,200
Cotton Civic Club – produce & promote MN State Old Time Fiddle championship	6,000	13,650
Crosby – install radio transmission/receiver for water system	140,000	4,843,717
Crystal Bay Township – install solar panels at community center & fire hall	56,000	112,000
Destination Voyageurs National Park – purchase Google AdWords pay per click	2,500	5,000
East Range Joint Powers Board – collaborative efforts	50,000	97,000
East Range Joint Powers Board – water source study	30,000	35,000
Ely – install solar panels at ski chalet & senior center	30,200	142,900
Ely – demolition of water plant behind Semer Park	128,000	200,000
Ely Chamber of Commerce – improvements to visitor information center	10,000	36,818
Ely Greenstone Public Art Committee – improvements to art center	10,000	31,373

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
Embro Corporation – feasibility study of native Minnesota sphagnum moss	125,000	326,690
Eveleth – demolish building at 120 Grant Avenue	70,000	301,900
Eveleth – infrastructure to Grant & Park Avenues	250,000	3,415,279
Eveleth Area Community Foundation – establish EACF corpus	50,000	100,000
Friends of the Wirtanen Pioneer Farm – improve main house	25,000	25,000
Giants Ridge – Ski patrol emergency first aid supplies	6,050	6,050
Gilbert – develop downtown master plan	15,000	30,000
Gilbert – improve library roof & eaves	20,000	110,000
Gilbert – improve water treatment facility & infrastructure	200,000	400,000
Grand Marais – install solar panels at Gunflint Hills Golf Course	57,636	106,686
Grand Rapids – recapture waste heat discharge from UPM to heat the library	200,000	368,835
Grand Rapids – infrastructure to new school & housing development	300,000	4,723,477
Grand Rapids – demolish structure at 222 NE 9th Avenue	50,000	90,000
Grand Rapids Housing Redevelopment Authority – demolish Crystal Lakes garages	86,500	4,718,793
Greenway Area Business Assoc. – market & promote Greenway area	2,500	5,895
Gunflint Trail Historical Society – restore Chik-Wauk cabin	10,000	25,000
Hibbing – infrastructure & site work for 30 unit senior housing	200,000	4,975,000
Hibbing – reclaim minepit shoreland	99,200	164,200
Hibbing – clean up Brooklyn School brownfield site	170,000	1,166,659
Hibbing – install solar panels at the library	250,000	459,000
Hoyt Lakes – replace storm sewer for Westover & Kensington area	91,500	117,957
International Wolf Center – promote International Wolf & North American Bear Centers	10,000	20,000
Ironton – replace sewer lines along Highway 210 & 3rd Street	50,000	121,300
Ironworld Development Corporation – operating expenses	1,291,147	1,291,147
Itasca County Resort & Tourism Association – market & promote Itasca County area	5,000	21,510
Itasca Ski & Outing Club – emergency capital improvements	40,000	80,000
JP Connection – sales test for Experian Information Solutions	2,800	2,800
Lake Vermilion Resort Association – paved trail for Lake Vermilion area	10,000	20,000
Land of the Loon Ethnic Festival – update equipment for festival	6,000	8,000
Laurentian Arts & Culture Alliance – provide marketing tools for local artists	7,060	14,120
Lodge Meadowlands 361 – re-roof West Bohemian Fraternity Union Hall	6,000	12,680

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
McKinley – improve water plant	28,500	45,000
Meadowlands – replace sewer for Spruce Street	10,000	24,000
Mesabi Community Orchestra – produce & promote classical music concerts	3,000	22,540
Mesabi Family YMCA – improve accessibility	25,000	85,339
Mountain Iron – improve aeration system to waste water plant	150,000	300,000
Mountain Iron – install solar panels at community center	150,000	150,000
NE MN Office of Job Training – wage enhancement program	1,500,000	1,500,000
North House Folk School – broadcast “Mountain Stage” radio show	10,000	50,030
Northeast Higher Education District – 5 new post-secondary technical programs phase I	1,828,000	1,828,000
Northeast Higher Education District – Silicon Energy employee training	95,000	95,000
Northeast Higher Education District – install solar panels at Hibbing campus	75,000	75,000
Northern Lights Music Festival – produce & promote “Peter and the Wolf”	10,000	26,900
Northspan Group – Northland Connection website	30,000	198,000
Orr – infrastructure & site work for 20 unit assisted living	300,000	2,589,293
Orr – install solar panels on city buildings	184,761	200,535
Pike Township – improve accessibility for town hall	20,000	56,000
Residential Services of Northeast Minnesota – renovate adult living home	40,000	235,000
Riverton – improve water system	60,000	622,500
Riverwood Healthcare Center – expand infrastructure	250,000	21,090,000
Silver Bay – site work for Victus Farm project	250,000	1,200,000
Sisu Heritage – restore Seitaniemi Housebarn phase II	10,000	229,290
Toimi School Community Center – construct pumphouse & interpretive signs	4,750	7,250
Toivola Meadowlands Development Board – film “Nature Adventures” at Sax Zim Bog	4,000	7,250
Tower – East Two Rivers project phase I	120,000	9,059,000
Tower – install solar panels at the depot & purchase electric car	120,000	140,500
Two Harbors – demolish 9 buildings at J & J Casting site	250,000	650,000
Two Harbors – infrastructure & site work at Northshore Manufacturing	300,000	1,690,000
Two Harbors Area Chamber of Commerce – create new website	8,600	16,500
University of Minnesota Duluth – reclaim Hibbing Taconite stock piles	50,400	*
University of Minnesota Duluth – reclaim Northshore Mining Peter Mitchell pit	100,400	174,110
University of Minnesota Duluth – Small Business Development Center	60,000	100,000

FY11 GRANTS – CONTINUED

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
Virginia – infrastructure & site work for IDEA Drilling expansion	350,000	2,959,000
Virginia – infrastructure for Menards/Culvers/Iron Trail Motors	300,000	8,852,200
Virginia – renewable energy project	250,000	635,000
Virginia Area Historical Society – upgrade equipment & Minnesota Home Front exhibit	5,000	16,000
<i>Project total already listed *</i>		

FY12 Grants

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
ARDC – develop new map & e-blasts for Superior National Forest Scenic Byway	5,000	11,000
Aurora – repair water tower for a joint water system	200,000	1,770,000
Aurora Housing Redevelopment Authority – replace boilers at Irongate Apartments	30,000	42,155
Babbitt – infrastructure & site work for 28 bed assisted living facility	350,000	3,216,040
Babbitt – emergency water line for Zup’s	180,000	1,599,598
Biwabik – infrastructure for northwest redevelopment housing	200,000	401,075
Bovey – demolish Derek Vekich building	19,134	44,200
Breitung Township – replace water & sewer on Superior & Gordan Streets	200,000	845,000
Buhl – infrastructure for South Industrial Park	150,000	290,000
Calumet – infrastructure for Highway 12	100,000	1,297,776
Central Iron Range Sanitary Sewer District – build waste treatment facility & sewer line (Chisholm, Buhl, Kinney, Great Scott Township)	500,000	20,941,264
Chisholm – replace lift station	200,000	450,000
Chisholm – upgrade electrical at fairgrounds	40,000	1,700,000
Chisholm/Hibbing Airport Authority – engineering for expansion of terminal building	150,000	5,448,000
Clinton Township – infrastructure & site work for Badger Transportation	160,000	2,095,500
Cohasset – demolish Joan Nork building	4,659	13,262
Coleraine – demolish Lakeview cemetery building & apartment building	30,000	49,500
Coleraine – infrastructure for Powell Avenue	126,815	450,000
Coleraine – demolish several buildings across from school & city hall	100,000	225,000
Cook – improve utility & drainage for 4th Street	65,000	245,000
Cook Hospital – remodel & expand emergency & ambulance room	300,000	3,789,833
Crane Lake Visitor & Tourism Bureau – marketing with Midwest Captions	7,000	13,988

FY12 GRANTS – CONTINUED

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
Destination Voyageurs National Park – purchase Google AdWords pay per click	3,000	6,000
Disabled Veterans Recreation – market & promote in new areas	7,500	15,000
East Range Joint Powers Board – collaborative efforts	38,000	100,000
Edge of the Wilderness Lodging – purchase digital outdoor & pay per click advertising	4,000	16,000
Effie – demolish commercial building	10,000	16,140
Effie – reconstruct Highway 1	20,000	1,371,372
Ely – demolish Pamida building	70,000	113,000
Ely – demolish old clinic building	65,000	122,000
Ely – improve water & sewer for Whiteside Park area	150,000	515,000
Embarrass Region Fair Association – safety improvements at Timber Hall	4,150	8,400
Enterprise Minnesota – business assistance for manufacturers	50,000	100,000
Eveleth – infrastructure for Hat Trick Avenue	250,000	636,020
Eveleth – replace air conditioning system at U.S. Hockey Hall of Fame	35,000	65,000
Eveleth – improve city auditorium	50,000	100,000
Eveleth – infrastructure to Mesabi Station	74,059	148,118
Explore Minnesota Tourism – create a statewide brand for public & private initiatives	3,500	35,000
Fayal Township – install solar panels on the township hall	100,000	265,000
Giants Ridge – Ski patrol emergency first aid supplies	5,900	5,900
Gilbert – improve Alaska Avenue to DeCare Dental	308,750	595,000
Gilbert – demolish Risky Business & Gilbert Bar	60,000	83,000
Grand Marais Area Tourism Association – create recreation trail maps	10,000	20,000
Grand Rapids – replace lift station for Grand Rapids, Cohasset, LaPrairie	200,000	435,300
Grand Rapids – demolish old school, church, & rectory for housing	250,000	4,900,000
Greenwood Township Volunteer Fire Department – purchase SCBA charging system	5,000	145,960
Greyhound Bus Museum – improve & upgrade exhibits and facility	3,000	5,950
Gunflint Trail Association – produce marketing materials	10,000	20,000
Hibbing – demolish Dupont, Spanish, Laitala, & partial Sunrise buildings	136,000	206,310
Hibbing – replace sewer for Brooklyn area	300,000	1,286,456
Hibbing – infrastructure & site work for hotel project	350,000	14,554,360
Hibbing – infrastructure & site work for Iracore expansion	211,000	1,480,000
Hibbing – build multi-use mountain bike park	250,000	275,000

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
Hibbing – demolish Ogle’s Family IGA for hotel project	180,000	944,874
Hoyt Lakes – infrastructure & site work for 2 of 5 six-plexes	350,000	2,330,000
Iron Range Partnership for Sustainability – Iron Range Earth Fest 2012	10,000	57,480
Iron Range Tourism Bureau – create mobile-optimized website	10,000	20,000
Ironton – remove concrete slabs/walls for housing redevelopment	13,000	20,000
Ironworld Development Corporation – operating expenses	1,348,000	1,348,000
Itasca County Resort & Tourism Assoc. – purchase internet & pay per click advertising	5,000	19,000
Itasca Ski & Outing Club – build tubing hill	40,000	80,000
Kabetogama Lake Association – Lady Slipper Arts & Craft Festival 2012	2,500	5,000
Kabetogama Township – install new waste water treatment system	250,000	1,500,000
Keewatin – infrastructure & site work for General Waste Company expansion	300,000	1,144,500
Kinney – refurbish water treatment plant filter	33,700	33,957
Lake County – expand rail spur & electrical upgrades for Louisiana Pacific expansion	350,000	10,140,000
LaPrairie – install lift station	180,000	378,862
Lutsen Trailbreakers Snowmobile Club – restore & improve trails for year-round use	10,000	20,000
MacRostie Art Center – promote public art downtown	3,000	6,000
McKinley – replace well pump	6,000	8,033
Mesabi Community Orchestra – produce & promote orchestra season	5,000	24,860
Mesabi Elm Utilization Authority – control Dutch elm disease	50,000	100,000
Minnesota Museum of Mining – improve locomotive & ore train track	5,000	30,000
Mountain Iron – interconnect water system between Mountain Iron & Virginia	250,000	550,000
Mountain Iron – install utilities for Highway 102	250,000	1,100,000
Nashwauk – infrastructure & site work for Motter Equipment expansion	200,000	3,150,787
North Shore Scenic Drive Council – assess wayside pull-offs for accessibility	5,000	11,000
Northeast Higher Education District – legacy software training program	17,110	60,340
Northeast Higher Education District – manufacturing & overhead crane training	150,000	570,780
Northeast Higher Education District – Iron Range Engineering	1,000,000	1,223,349
Northeast Higher Education District – 5 new post-secondary technical programs phase II	520,000	520,000
Northeast Higher Education District – purchase/upgrade equipment for programs	32,890	90,000
Northeast Service Cooperative – northeastern Minnesota education initiative	50,000	50,000
Northern Lights Music Festival – promote opera “Pagliacci”	10,000	53,700

ORGANIZATION – DESCRIPTION	IRRRB INVESTMENT \$	TOTAL PROJECT INVESTMENT \$
Northspan Group – NorthlandConnection.com website	30,000	144,983
Northspan Group – update of ferrous/non-ferrous mining study	15,000	40,000
Palisade – infrastructure for Palisade Manufacturing & business park	280,000	415,000
Range Mental Health – infrastructure & site work for Hope House expansion building	150,000	361,219
Silver Bay – site work for Victus Farm project	50,000	*
Sisu Heritage – restore Seitaniemi Housebarn phase III	10,000	74,700
Taconite – replace Nelson/Hayes Street sanitary sewer	100,000	205,130
Tower – phase 2 East Two Rivers project	250,000	880,000
Two Harbors – infrastructure for RV campground	150,000	1,585,580
Two Harbors Chamber of Commerce – market area & events	8,200	16,500
Two Harbors Economic Development Authority – data center study	23,000	46,000
University of Minnesota Duluth – update wood industry study to include economic impact	14,500	15,000
University of Minnesota Duluth – Small Business Development Center	60,000	115,000
Vermilion Housing Corporation – improve recreation area	10,000	40,000
Virginia – infrastructure & site work for Conveyor Belt Service	125,000	*
Virginia – demolish Culligan, old ICO, & old Credit Union buildings	86,000	276,000
Virginia – soil correction for Joy Global	250,000	2,150,000
Virginia – infrastructure to Sundell Eye Associates	150,000	2,354,000
Virginia – business revolving loan fund	50,000	200,000
Virginia Regional Medical Center – renovate elevators	250,000	600,000
Warba – replace sanitary sewer	150,000	365,000
White Township – relocate water main & install life station for Gardendale addition	200,000	305,000

*Project total counted elsewhere **

LOANS

FY11 & FY12 Totals	IRRRB Investment	\$16,101,353	Total Project Investment	\$69,801,663
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FY11 Loans Business – Description	Type	IRRRB Investment \$	Total Project Investment \$
Airmark, Inc. – expand facility & acquire new equipment	Direct	250,000	1,456,000
Arrowhead Promo & Fulfillment Co. – increase working capital for clients	Participation	250,000	1,550,000
Disability Specialists, Inc. – construct new facility in Cook	Participation	300,000	3,447,000
Franconia Minerals, Corp. – purchase stock	Other	1,000,000	10,000,000
Mountain Iron EDA (for Silicon Energy MN, LLC) – construct new facility	Direct	3,600,000	6,850,000**
Occupational Development Center, Inc. – expand facility & acquire new equipment	Direct	75,000	165,000
PolyMet Mining Corp. – acquire land	Direct	4,000,000	34,000,000
Ryan’s Rustic Railings – replace equipment destroyed by fire	Participation	102,900	*
Ryan’s Rustic Railings – replace facility destroyed by fire	Participation	118,575	1,000,134*
Silicon Energy MN, LLC – construct new solar panel manufacturing facility	Direct	1,500,000	**
Sure-Fab, LLC – acquire additional equipment	Participation	250,000	850,000
		Same project*	Same project**

FY12 Loans Business – Description	Type	IRRRB Investment \$	Total Project Investment \$
American Peat Technologies, LLC – modify APTsorb to target mercury and sulfate	Direct	100,000	201,273
Aysta Water, Inc. – purchase equipment	Loan Guaranty	22,500	30,000
Cast Corp. – expand facility	Participation	390,000	930,000
Conveyor Belt Service – expand facility	Participation	500,000	1,556,000
DeCare Dental, LLC – capital investment to expand facility	Other	2,000,000	2,553,500
Ellefson Off Highway – expand facility	Participation	650,000	3,100,000
Furin & Shea Welding & Fabricating, Inc. – acquire equipment	Participation	170,000	340,000
JPJ Engineering, Inc. – working capital	Loan Guaranty	75,000	150,000
KMDA, Inc. – inventory	Loan Guaranty	75,000	100,000
Lenci Enterprises, Inc. – working capital	Loan Guaranty	72,000	175,000
Midwest Manufacturing & Mechanical, Inc. – expand facility & acquire new equipment	Participation	273,800	547,600
Premier Plastics, Inc. – acquire & install new equipment	Participation	150,000	447,000
R.C. Fabricators, Inc. – expand facility & acquire new equipment	Participation	176,578	353,156

APPLICATION FUND GRANTS

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

FY11 Application Fund Grants Organization	IRRRB Investment \$	Total Project Investment \$
Breitung Township (1 of 2)	1,250	1,021,000
Breitung Township (2 of 2)	2,000	187,835
Chicagami Children’s Center	750	822,440
Grand Rapids Housing Redevelopment Authority	3,500	4,021,505
Greenwood Township	1,000	120,960
Habitat for Humanity	2,993	6,087
Lake County Housing Redevelopment Authority	1,937	514,000
Northspan Group	15,000	20,000
Orr	1,250	177,980
Range Respite (1 of 2)	2,550	316,071
Range Respite (2 of 2)	1,875	216,328
Riverton	3,500	480,000
Sisu Heritage	1,890	111,000

FY12 Application Fund Grants Organization	IRRRB Investment \$	Total Project Investment \$
Arrowhead Regional Development Commission (1 of 2)	1,748	43,700
Arrowhead Regional Development Commission (2 of 2)	1,400	28,000
Biwabik Township	1,000	32,000
Chicagami Children’s Center	3,500	850,000
Clinton Township	1,250	275,000
Embarrass Region Volunteer Fire Department	1,250	144,950
Hibbing	7,000	1,100,000
Ironton	750	1,500
Keewatin	1,250	257,000
Lutsen Township Volunteer Fire Department	1,250	200,000
Nashwauk	1,000	38,000
North Shore Scenic Drive	1,800	62,500
Orr	2,500	135,771
Sisu Heritage	2,000	132,600
Tower	2,500	270,000

TACONITE ECONOMIC DEVELOPMENT FUND (TEDF) GRANTS

The Taconite Economic Development Fund (TEDF) was established by the 1992 Minnesota Legislature. Currently, in years when total industry production exceeds 30 million tons, up to 30.1 cents-per-ton of the taconite production tax may be rebated to northeastern Minnesota iron ore mining operations. The rebate must be used for workforce development and associated public facility improvement, acquisition of plant and stationary mining equipment and facilities or for research and development in Minnesota on new mining or production technology. Distributions in 2010 were limited to chips and fines credits because total industry production in 2009 was only 17.1 million tons and in 2011, the IRRRB Board rebated only a portion of the funds. The respective TEDF totals were \$254,341 in 2010 and \$5,199,264 in 2011.

FY11 TEDF	IRRRB
COMPANY – DESCRIPTION	INVESTMENT \$
Northshore Mining – feed end dust collector furnace 5 & 6	82,872
United Taconite – replace waste water treatment plant	105,186
US Steel Keetac – reclamation & dust control of tailings basin	56,923
US Steel Minntac – install line 4 grate cleaner	9,360

FY12 TEDF	IRRRB
COMPANY – DESCRIPTION	INVESTMENT \$
ArcelorMittal Minorca – construct compressed air system building	456,979
Hibbing Taconite – construct tailings basin spillway	793,066
Magnetation, Inc. – install ball mill	11,700
Northshore Mining – reactivation of section 6 concentrator	748,048
United Taconite – loop track for loading pocket	848,445
US Steel Keetac – tailings basin dust control, mobile equipment storage building	623,871
US Steel Minntac – replace kiln burner and dust collection system	1,717,155

The 2011-2012 Biennial Report to the Legislature recaps IRRRB activities from July 1, 2010 through June 30, 2012. This report has been prepared in compliance with Minnesota Statutes 1992, Section 298.22, Subdivision 2.

The report was produced by IRRRB staff.

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