

TOWARD A BETTER IRRRB

Recommendations of the Better IRRRB Task Force

Protecting. Improving. Evolving.

Glumac Executive Enterprise and Zabinski Consulting LLC

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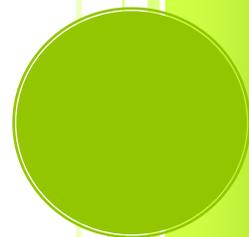


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TOWARD A BETTER IRRRB

Recommendations of the Better IRRRB Task Force

EXECUTIVE SUMMARY

Background

Created in 1941, the Iron Range Resources and Rehabilitation Board (IRRRB) is an anomaly among state agencies.

On one hand, IRRRB looks much like any other state agency: the Commissioner is appointed by the Governor, confirmed by the Minnesota Senate, and is a member of the Governor's Cabinet. The IRRRB's budget is reviewed by – though not controlled by – budget committees within the Minnesota Legislature.

On the other hand, it operates as a local entity: IRRRB revenues come from taxes levied on taconite mining operations in lieu of local property taxes, and the agency spends revenues in Northeastern Minnesota in a region defined as the Taconite Assistance Area.

The IRRRB's governing board is comprised of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area. And while the board approves the budget and expenditures for specific economic development projects, no money can be spent until the Commissioner decides to transmit the expenditures to the Governor, who must sign off on most expenditures.

While the operations of the IRRRB have seen numerous refinements over its more than seven decades, the mission of diversifying and expanding the economy of the region has remained constant – as has the funding of the agency through taxes levied on local mining operations. Instead of paying local property taxes to surrounding communities, mining companies pay a tax levied on each ton of taconite pellets, iron ore concentrate or iron nuggets produced, and proceeds are distributed to local units of government, property taxpayers and the IRRRB. Iron mining companies also pay occupation taxes – similar to corporate income taxes – to the State of Minnesota.

A portion of the tax also is set aside in a trust fund established in 1977 to help the Iron Range rebuild its economy after the then-anticipated decline of the taconite mining industry around 2002. Initially known as the 2002 Trust Fund, the fund subsequently was named the Douglas J. Johnson Economic Protection Fund, or DJJ Fund, and extended to 2028. Withdrawals of nearly \$73 million have been made over the years for 11 projects and programs to stimulate and encourage diversification of Northeastern Minnesota's economy.

The Iron Range Resources and Rehabilitation Board is an anomaly among state agencies.

Despite the concerns of the mid-1970s, mining remains a thriving industry that continues to pay tens of millions of dollars in production taxes annually. The DJJ Fund currently sits at about \$150 million, tempting state lawmakers searching for money to help balance the state budget, even though the trust fund essentially is local property tax dollars.

After several unsuccessful attempts to raid the fund over the last decade, IRRRB Commissioner Tony Sertich decided to explore how to protect the agency's resources, including the DJJ Fund. In June 2013, Sertich appointed a citizen task force and gave it a major assignment:

The Better IRRRB Task Force is charged with protecting IRRRB resources, improving the agency and helping it evolve with the times.

THE BETTER IRRRB PROCESS

From July through December the 17-member Better IRRRB Task Force researched and debated the history, issues and opportunities facing the agency through a robust process that gave them access to experts and to the opinions and ideas of others as they considered their ultimate recommendations.

Task Force Meetings

The Task Force held in-depth meetings monthly from July through December 2013; three subgroups charged with more detailed discussion and research also met to study IRRRB governance, the agency's structure and the DJJ Fund.

Stakeholder Interviews

Task Force facilitators conducted interviews with 26 former IRRRB commissioners, board members and regional partners to gather perspectives on what the agency does well and what it might do differently.

Focus Groups

Four focus groups comprised of specific stakeholders in the fields of education, economic development, labor and mining were convened to gather insights in an informal research mode.

Better IRRRB Task Force *By the numbers*

17	members
6	task force meetings
3	subgroup meetings
26	stakeholder interviews
4	focus groups
29	focus group participants
3	public input forums
15	public participants
5	online surveys
226	survey respondents

Public Surveys

On-line public surveys were developed to gather citizen input. Surveys were targeted at key stakeholder groups: education leaders, mining industry leaders, IRRRB staff, business and economic development leaders and local elected officials. Additionally, links to the survey were posted on the IRRRB website and disseminated through social media channels so that anyone could participate.

Public Input Forums

Once preliminary Task Force insights regarding recommendations came together in November, three public input forums allowed citizens to provide their observations, comments and ideas on the options identified:

- Monday, November 18 (Mountain Iron)
- Tuesday, November 19 (Grand Rapids)
- Tuesday, November 26 (Babbitt)

RECOMMENDATIONS

After the processes described above, the Better IRRRB Task Force faced perhaps its largest and most difficult challenge – developing recommendations to be shared with the Commissioner and members of the IRRRB.

Ultimately, Task Force members decided to provide the Commissioner and Board with two options, each of which included a number of possible action steps.

Guiding Principles

The Task Force asked that certain principles guide the discussion and choices for the best set of options going forward.

Regarding the DJJ Fund, Task Force members suggested the following concepts:

- **The fund should be protected and focused on economic development and diversification.**
- **Task Force members prefer local governance.**
- **The Task Force supports the concept that a unanimous vote be required of the local governing body before withdrawals from the corpus of the trust are made.**
- **Finally, Task Force members want to ensure that ongoing contributions are made to the fund.**

The Task Force agreed on the following guiding principles for reshaping IRRRB as an agency:

- **The Task Force believes the IRRRB should have a more direct role in the selection of its chief executive to ensure greater accountability.**
- **Task Force members want the region to play a more direct role in the collection of taconite production taxes – i.e. utilize existing county systems for production tax collection.**
- **The Task Force wants to ensure that IRRRB staff members' salaries, benefits and pensions are protected through any changes in the agency.**

With these principles as a guide, the Task Force offered two options for the structure and governance of the Douglas J. Johnson Trust Fund and the IRRRB.

The central difference between the two is the structure of the IRRRB: the agency could be re-formed as a regional, public governmental entity (Option A) or remain a State agency (Option B). The options and their key features are explained in more detail below.

Option A:

IRRRB would be re-formed as a regional, public governmental entity governed by a board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area.

The board's roles would include several functions for which it is *not* responsible today:

- hiring and evaluating the chief executive of the agency,
- setting the taconite production tax rate, and
- providing final approval for the agency's budgets.

The board would retain some of its current responsibilities:

- approving projects, and
- managing the DJJ Fund for economic development and diversification.

The board would be accountable to the electorate in each legislative district, while the chief executive would report to the board itself.

This option would keep the DJJ Fund part of the IRRRB, so decisions about investment and other economic development activities would be made by the IRRR Board.

Option B:

IRRRB would remain a state agency governed by a board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area.

While the board would approve the agency's budget, it would delegate economic development project decisions to a new board overseeing the DJJ Fund. The IRRRB would approve a contract with the DJJ Fund board and determine when and to what extent to allocate additional contributions to the DJJ Fund.

The IRRR Board members would remain accountable to the electorate in each legislative district and the commissioner would remain accountable to the Governor.

The DJJ Fund would be a separate, non-governmental entity, such as a 501(c) 3 nonprofit or an economic development authority, or similar entity focused on economic development. The Fund would be governed by a board from within the Taconite Assistance Area and would have an IRRRB liaison.

The DJJ Fund board would hire and evaluate the Fund's chief executive, set policy and direction and approve projects. The Fund board would be accountable to the IRRRB via a contract and be subject to the IRRRB's approval of continued replenishment of its corpus from the proceeds of the mining production taxes.

The options presented, combined with the guiding principles Task Force members developed, ensured that they met the charge originally provided by the Commissioner – to protect the agency's resources, to improve its operations and to help it evolve with the times.

TOWARD A BETTER IRRRB

Recommendations of the Better IRRRB Task Force

BACKGROUND

IRRRB History

The idea for creating a state agency devoted to diversifying the economy of Northeastern Minnesota was born on the Iron Range during the Great Depression, when shipments of high-grade iron ore were low and unemployment was high. A group of local business leaders developed a plan to change tax laws to encourage underground mining and, among other things, to develop a new industry based on the deposits of low-grade iron ore known as taconite.

The plan ultimately led to the formation of a nine-member committee to study iron ore taxation that was appointed by Minnesota House and Senate leaders, as well as then-Governor Harold Stassen. Among the recommendations that became law was an increase in occupation taxes to help fund creation of a new agency in 1941 – the Iron Range Resources and Rehabilitation Commission (IRRRRC).

Even when the regional economy improved as the United States entered World War II, the IRRRC spent several decades studying ways to diversify the economy by exploring different ways to process and use ore, to develop taconite resources, and to explore other natural resources like timber and peat.

In the 1970s, the IRRRC became the Iron Range Resources and Rehabilitation Board (IRRRB) and further looked at diversifying the economy by supporting tourism. Additionally, the funding source for the agency became a portion of the tax levied on each ton of taconite pellets, iron ore concentrate or iron nuggets produced instead of the occupation tax, which is paid instead of a corporate income tax.

Since the 1970s, through the boom-and-bust cycles of the iron mining industry, the IRRRB has continued to expand its efforts to diversify the economy of the region.

Context

Given its unique birth and its history, it's no wonder that the Iron Range Resources and Rehabilitation Board is an anomaly among state agencies.

On one hand, IRRRB looks much like any other state agency – although it is older than many. Just as Governor Stassen appointed the first commissioner in 1941, the Commissioner still is appointed by the Governor, whose appointments are subject to confirmation by the Minnesota Senate. The IRRRB Commissioner is a member of the Governor's Cabinet.

On the other hand, it operates solely as a local entity, maintaining the local focus envisioned by local business leaders in 1938: IRRRB revenues come from taxes levied on iron mining operations in lieu of local property taxes, and the agency spends its revenues in Northeastern Minnesota in a region defined as the Taconite Assistance Area.

IRRRB's governing board is comprised of state legislators from districts in which at least one-third of the constituents live within the Taconite Assistance Area. This governing board approves the agency's budget, as well as money earmarked for specific economic development projects. However, no money can be spent until the Commissioner decides to transmit the budget or project expenditures to the Governor and until the Governor signs off on those expenditures.

Finally, IRRRB's budget, which is funded by taxes levied in lieu of property taxes, is reviewed by – though not controlled by – budget committees within the Minnesota Legislature. Non-Northeastern Minnesota lawmakers unfamiliar with the IRRRB are understandably confused about their authority over the budget, which appears in budget books along with other state agency budgets but which is comprised solely of local taxes.

While the operations of the IRRRB have seen numerous refinements over its more than seven decades, the mission of diversifying and expanding the economy of the region has remained constant – as has the funding of the agency through taxes levied on local mining operations.

Instead of paying local property taxes to surrounding communities, mining companies pay a tax levied on each ton of taconite pellets, iron ore concentrate or iron nuggets produced. The per ton rate of this production tax is set in state statute; production tax revenues flow to local units of government, to property owners in the form of property tax relief and to the IRRRB. Companies also pay occupation taxes – similar to corporate income taxes – to the State of Minnesota. (See distribution formula attached to this report in Appendix B, page 31.)

A portion of the production tax is set aside in a trust fund established in 1977 to help the Iron Range rebuild its economy after what was then anticipated to be the decline of the taconite mining industry around 2002. Initially known as the 2002 Trust Fund, the fund subsequently was named the Douglas J. Johnson Economic Protection Fund, or DJJ Fund, and extended to 2028. Withdrawals of nearly \$73 million have been made over the years for 11 projects and programs to stimulate and encourage diversification of Northeastern Minnesota's economy.

Despite earlier concerns for its future, mining remains a thriving industry that continues to pay tens of millions of dollars in production taxes annually. The DJJ Fund currently sits at about \$150 million – far-too-often tempting state lawmakers searching for money to balance the state budget, even though the trust fund is comprised of taconite production taxes levied in lieu of local property tax dollars.

The Better IRRRB Task Force

After several unsuccessful attempts to raid the fund over the last decade, IRRRB Commissioner Tony Sertich decided to explore how to protect the agency's resources, as well as other ways of operating. In June 2013, Sertich appointed a citizen task force and gave it a major assignment:

The Better IRRRB Task Force is charged with protecting IRRRB resources, improving the agency and helping it evolve with the times.

At its initial meeting in July, Commissioner Sertich asked the Better IRRRB Task Force to do the following:

- Suggest ways to protect the local revenue of the DJJ Fund into the future.
- Recommend ideas for improving the agency and how it operates.
- Provide recommendations to help the agency evolve with the times.

The Commissioner asked that the Task Force pay special attention to three key topics: governance of the IRRRB and the DJJ Fund, the structure of the agency and Fund, and the security of the trust fund.

Commissioner Sertich also reminded Task Force members that the Task Force was not the IRRR Board and their role was not to look at what IRRRB had done in the past and offer commentary. He said input should be sought as broadly as possible throughout the process, including from existing agency stakeholders, IRRRB staff, local units of government, mining companies, former commissioners and board members, and as many others as the Task Force could encourage to participate. Commissioner Sertich said that he had no preconceived notion of what the Task Force should recommend, and asked the Task Force members not to restrict their creativity in any way.

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Better IRRRB Task Force Members

Chair: Ron Dicklich

Ron Dicklich brought a career's worth of experience and public service to his role as chair of the Better IRRRB Task Force. Currently Executive Director of the Range Association of Municipalities and Schools, Dicklich represented the Hibbing area in the Minnesota Senate from 1981 to 1992, during which time he also was a member of the Iron Range Resources and Rehabilitation Board. A Hibbing native, Dicklich was a research historian at the Iron Range Interpretative Center and was a member of the St. Louis County Board from 1977 to 1980. He served as Mayor of Hibbing in 1994 and served on the Hibbing School Board from 1975 to 1977.

Britta Bloomquist

Britta Bloomquist of Virginia was one of four "Next Generation" members selected for the Task Force. Bloomquist is active in the Virginia area, serving on the board of Friends of the Greenhouse and as a director for Soroptimist International. She worked as a AmeriCorps VISTA staff member for Habitat for Humanity until January 2014. She participates on the Mural Committee for the Virginia Community Foundation and on the Curriculum Committee for the Virginia Public Schools. She is a 2011 graduate of the University of Wisconsin-Superior.

Rick Cannata

Mayor Rick Cannata of Hibbing was elected in 2010. He is one of four local elected officials serving on the Task Force. A graduate of Hibbing High School, Mayor Cannata also is president of Local 1097 of the Laborers' International Union of North America, located in Virginia.

David Dill

Rep. David Dill of Crane Lake is in his sixth term in the Minnesota House of Representatives where he serves on the following committees: Environment and Natural Resources Policy, Agriculture Policy, Environment, Natural Resources and Agriculture Finance and Governmental Operations. He has served on the IRRRB since 2002. His district includes parts of Cook, Lake and St. Louis Counties. A commercial pilot, he also operates a fly-in fishing business.

LaTisha Gietzen

LaTisha Gietzen of Mt. Iron is Vice President of Public, Governmental and Environmental affairs at PolyMet Mining in Hoyt Lakes. A graduate of Hibbing High School, she attended Hibbing Community College, obtained her Bachelor of Science degree in civil engineering from the University of North Dakota and a Master of Arts in management from the College of St. Scholastica. She joined PolyMet in 2007 after working for Cleveland Cliffs Inc., U.S. Steel Corporation and National Steel Pellet Corporation. She is a member of the boards of directors of the Minnesota Chamber of Commerce, Mining Minnesota, Iron Mining Association and Northspan, and is a member of the general program advisory committee for the Northeast Minnesota Higher Education District.

Vicki Hagberg

Vicki Hagberg of Hibbing is an engineer with Barr Engineering in Hibbing and is one of four "Next Generation" members selected for the Task Force. She graduated from Case Western Reserve University in 2008 with a degree in civil engineering, after receiving her associate's degree from Hibbing Community College while a student at Hibbing High School. She mentors elementary through college-age students through several mentorship programs, including College for Kids, Math Career Day and Engineering Cool.

Kyle Lamppa

Kyle Lamppa of Virginia is a 2007 graduate of St. John's University in Collegeville, Minnesota, and is one of four "Next Generation" members selected for the Task Force. He is the United Steelworkers Training Coordinator at Arcelor Mittal-Minorca Mine in Virginia. He is chairperson of USW Local 6115 Rapid Response Committee, a board member of the Industrial Mechanical Technology Advisory Committee and is a sports official with Range Coaches and Officials Association and Minnesota State High School League.

Nevada Littlewolf

Nevada Littlewolf was elected to the Virginia City Council in 2007 and is one of four local elected officials serving on the Task Force. She is a member of Governor Dayton's Judicial Se-

lection Committee and the Northland Foundation Board of Trustees. She is a member of Wellstone Action, Women Empowering Women for Indian Nations and the League of Women Voters.

Carly Melin

Rep. Carly Melin of Hibbing is in her second term in the Minnesota House of Representatives, where she is an Assistant Majority Leader and a member of the following committees: Taxes, Capital Investment, Judiciary, Rules and Administration, and Early Childhood Education. Her district includes portions of St. Louis and Itasca counties. She serves on the Iron Range Resources and Rehabilitation Board, where she is Chair of the Iron Range Higher Education Committee. She attended Hibbing High School, graduated from Bemidji State University and received her law degree from the Hamline School of Law in St. Paul. She is an attorney at Prebich Law Office in Hibbing.

Jason Metsa

Rep. Jason Metsa of Virginia was elected to the Minnesota House of Representatives in 2012 and serves as a member of the Iron Range Resources and Rehabilitation Board. He graduated from the Mesabi Community College. A fifth-generation Iron Ranger and political organizer, he has been active in family businesses and owns a small painting company. He is on the Board of Directors of the Range Mental Health Center and volunteers on the Mesabi Trail Tour.

Heidi Omerza

Heidi Omerza was elected to the Ely City Council in 2006 and is one of four local elected officials on the Task Force. A graduate of Hamline University in St. Paul, she is a teacher by education and often serves as a substitute teacher in Ely. She has volunteered for local organizations, such as the Ely Area Development Association, and also serves on the Board of Directors for the League of Minnesota Cities and is the first vice president for the Coalition of Greater Minnesota Cities.

Jordan Richards

Jordan Richards of Ely works as a data analyst for Twin Metals and is one of four “Next Generation” Task Force members. A fourth-generation Iron Ranger, he graduated from the University of Minnesota-Duluth in 2010 with a Bachelor’s degree in business administration and Finance. He is an Aircraft Armament System Specialist with the Minnesota Air National Guard’s 148th Fighter Wing and served in Afghanistan in 2012. He received the rare distinction of Honor Graduate from Basic Military Training and was nominated for 2009 Airman of the Year.

Laura Rusich

Laura Rusich is a CPA and serves as the executive director for the Virginia Eveleth Economic Development Authority. She spent 15 years with the accounting firm KPMG (Peat Marwick) LLP. In 2007, Laura’s family moved back to their hometown of Hibbing. She has filled in as a sabbatical replacement at Hibbing Community College for the Accounting & Economics instructor, and has worked at the local accounting firm of Fort & Company, P.A.

Jack Ryan

Jack Ryan of Hibbing is the co-founder and president of Ryan Kasner Bialke, LLC, where he is a specialist in estate, business owner and personal financial planning. He graduated from the College of St. Thomas in St. Paul. He is a certified financial planner and serves on several corporate boards. Jack's civic experience includes the Minnesota Community Foundation, Hibbing Foundation, Hibbing Business Development Corporation, Central Mesabi Medical Foundation, United Way, Hibbing Kiwanis Club, Hibbing Airport Authority, Hibbing Economic Development Authority, Ironworld Development Corporation and the Diocese of Duluth Finance Council.

Bill Spang

Bill Spang of Fayal Township has a 38-year career in banking – more than 20 of them as a CEO. A graduate of the College of St. Scholastica, he also has undertaken graduate studies in banking. Bill currently serves as Minnesota Regional Business Manager at Northern State Bank. He is a member of the Minnesota Business Finance Corporation and serves on the board for the Center for Economic Development in Duluth and on the Dean's Advisory Board for the Labovitz School of Business and Economics at UMD. He also serves on the Technical Advisory Committee for the IRRRB.

Warren Stolp

Warren Stolp is chair of the Nashwauk Township Board, where he has served for 26 years. A Nashwauk native, he graduated from Greenway High School and attended the Hibbing Area Vo-Tech Institute; he has been a U.S. Postmaster for 35 years. He is vice president of the Nashwauk Area Chamber of Commerce and of the Community Library Board. Warren also is an active youth sports coach and has coached softball, youth hockey and baseball; he currently is a high school girls' basketball coach.

David Tomassoni

Sen. David Tomassoni of Chisholm served in the Minnesota House of Representatives from 1993 to 2000 and has been a member of the Minnesota Senate since 2000. He has been a member of the Iron Range Resources and Rehabilitation Board for 21 years. A graduate of Chisholm High School, he graduated with a degree in business from the University of Denver. He played professional hockey in Italy for 16 years, where he also played on the Italian Olympic Hockey Team. Prior to his election, he had an insurance business in Chisholm and was an assistant hockey coach for the Chisholm High School.

TASK FORCE CONSIDERATIONS

Benefits and Challenges of IRRRB Being a State Agency

Being a state agency confers some real benefits. With a cabinet-level commissioner, the agency has access to key decision makers within state government, including the Governor, who can be leveraged to influence state policy decisions.

The DJJ Fund is invested by the State Board of Investment at a percentage fee far less than would be available in the private sector, and the state purchasing contracts – while cumbersome – frequently save money.

Among the challenges, IRRRB staff noted that being a state agency affects the organization's efficiency. Navigating through multiple layers of decision-making—from the commissioner to the board and finally the governor—is time-consuming.

State budgeting requirements don't apply well to the IRRRB. While all state agencies are expected to develop a two-year budget, IRRRB revenues are predicated on taxes paid on the basis of mined ore volumes that can't be predicted easily, so developing a two-year budget is problematic.

The anomalous funding process—the agency is funded by a tax levied by the State in lieu of local property taxes—is yet another complication to the entire budgeting process. The agency presents a budget to the Legislature but legislators don't approve the budget; the board and governor do.

Being an anomaly within state government also makes it difficult to explain the agency and its work.

Being an anomaly within state government also makes it difficult to explain the agency and its work, making the IRRRB vulnerable to misunderstanding among many legislators who have no working knowledge of its purpose and function.

Arguably the structure of a state agency adds costs to the agency's operations. Salary and benefit programs are set in St. Paul and aligned with statewide practices. Purchasing processes, even with the state purchasing contract in place, can be more restrictive, and IRRRB is not always able to use local vendors to buy the most basic supplies. The agency is bound by state bidding laws and contracts, and these procedures may hinder the agency in accomplishing its work expeditiously.

Finally, the dependence on statewide systems, policies and procedures managed in St. Paul (human resources, purchasing and accounts payable, motor pool, real estate and construction services, insurance, etc.) for an agency headquartered 180 miles away creates inefficiencies.

Governance and Accountability Within the IRRRB

Governance of the IRRRB was a key consideration for the Task Force. The Commissioner made several observations about agency governance to frame the Task Force's discussion:

- Accountability within the agency is not aligned with decision-making.
- The Commissioner, who serves northeastern Minnesota residents and voters, is accountable to the Governor, who is accountable to all Minnesota voters.
- Board members only have fiscal responsibility for the agency; they are accountable to their constituents in individual districts, and not all of their constituents necessarily are residents of the Taconite Assistance Area.
- All local property taxpayers are constituents served by the agency, but can they hold all agency decision-makers accountable?

Taxes on Iron Mining

Production Tax

The funding mechanism for the IRRRB currently is the taconite production tax, the rate of which is set in state statute. Initially the Minnesota Department of Revenue calculated the percentage of the production tax proceeds distributed to various local units of government, local property tax payers and the IRRRB's various funds. However, beginning with the 1985 production year, the Legislature stopped the Department of Revenue from actually collecting the tax, and required the mining companies to send the taxes directly to the various counties and to the IRRRB. The reasoning was that since the tax was "in lieu of property taxes," the counties should collect the money directly, mirroring the manner in which other property taxes are collected. The Department of Revenue continues to do all of the calculations for the tax and its distribution.

The 2013 production tax rate is \$2.56 per ton and is paid by nine mining companies. In 2012, those companies paid nearly \$103 million in production taxes.

Production taxes fund the IRRRB's annual budget and the DJJ Fund.

Occupation Tax

In addition to the production tax, an occupation tax is levied in lieu of a corporate franchise tax. During a calendar year, this tax is based on the mine value of production, not actual sales. Occupation taxes flow primarily to the state's general fund.

The Better IRRRB Task Force Process



The Better IRRRB Task Force followed a robust process designed to gather a variety of input from a number of sources to inform Task Force members' recommendations. Expert presentations, in-depth, one-on-one interviews, focus group feedback, survey data and subgroup deliberations all were taken into consideration.

The 17-member task force met for a total of 18 hours in six, three-hour, facilitated sessions to provide members background information and to allow give-and-take between members and presenters.

The Task Force formed three working subgroups to study specifically the structure and governance of IRRRB, as well as to examine options for protecting the resources in the DJJ Fund. Each subgroup met once for approximately three hours.

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Task Force members gained additional insight from reviewing the detailed notes of one-on-one interviews with 26 former board members, commissioners and partner organizations. (See unique stakeholder interview transcripts at Appendix E, page 73.)

The ideas and input from four focus groups – Economic Development Leaders, Education Leaders, Labor Leaders and Mining Leaders– gave Task Force members the perspectives of key stakeholder groups. (See focus group transcripts at Appendix F, page 93).

More than 200 people responded to electronic surveys, which individually polled stakeholder groups and the general public; these data also informed the Task Force.

Finally, three public input sessions – held in November in Mt. Iron, Grand Rapids and Babbitt – allowed the public to weigh in on the preliminary options developed by the Task Force; this input was considered during the final meeting of the group.

TASK FORCE PROCESS IN-DEPTH

Task Force Meetings

The Better IRRRB Task Force met monthly from July through December 2013 in three-hour, facilitated meetings that gave the 17-member Task Force the opportunity to study in detail the history of the agency, to learn from experts in other agencies and organizations and to have in-depth conversations about the future.

Meeting agendas were structured to build upon each other; information discussed at one meeting provided the foundation for the next meeting's deliberations. A brief description of each meeting follows; meeting agendas and summaries are available in Appendix C on page 32.

Meeting 1: July 12

The meeting focused on providing participants with an overview of the organization, including a history and work of the IRRRB, how it has evolved and how it is funded. Commissioner Sertich provided the Task Force with its charge at this first meeting:

The Better IRRRB Task Force is charged with protecting IRRRB resources, improving the agency and helping it evolve with the times.

He emphasized that there were no preconceived notions about what should happen. "If we could create this out of thin air, how would it look?" he asked.

IRRRB staff also presented an in-depth overview of the agency's creation, history, past activities and current responsibilities.

Meeting 2: August 15

The August meeting was devoted to providing a history of the DJJ Fund from a statutory perspective, learning about the Department of Revenue's role in overseeing the taconite production tax system and receiving an historic overview of expenditures and projects. Department of Revenue staff offered an in-depth look at how the tax is assessed, collected and distributed.

"If we could create this [agency] out of thin air, how would it look?"

The Task Force also looked more deeply at the DJJ Fund and its history, as well as the investment strategies used by the State Board of Investment to manage the \$150+ million fund. The presentation by the State Board of Investment staff indicated that the fees for managing the fund were relatively low, especially when compared to private sector fees for similar work.

Task Force members generated many questions for further exploration, including:

- What is our vision for the DJJ Fund?
- Does the current formula for distributing taconite taxes work?
- What would be the ideal structure?

Meeting 3: September 20

The Task Force discussed and brainstormed options for structuring IRRRB and the DJJ Fund, including looking at legal frameworks and how the work of both the agency and the fund could best be accomplished. Task Force members' comments on their personal experience with various structures included:

- Participation trumps structure.
- The caliber of participants matters.
- Personal accountability of a board affects participation.

Task Force members also identified the attributes they desired for the structure, including:

- Firewall between the Legislature and the DJJ Fund.
- Maintain local "say" over what happens to the fund, to programs, etc.
- Decisions made by people/elected officials who are part of the communities where the tax is generated and who have a stake in the outcome.

The Task Force also developed areas of further study for two subgroups studying the issue of structure and of the DJJ Fund.

Meeting 4: October 9



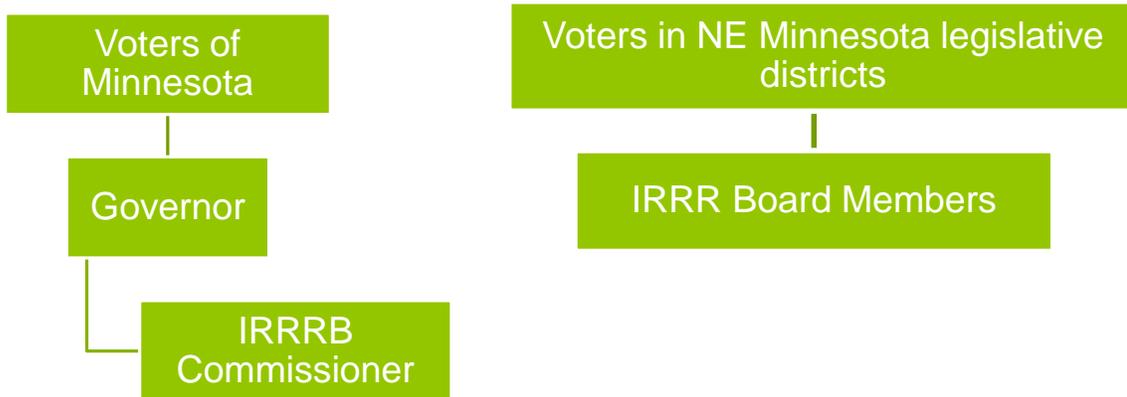
"We need more accountability between the board and commissioner and also more accountability to the people of the Iron Range."

This meeting was dedicated to brainstorming various governance concepts for managing the IRRRB and the DJJ Fund: how the organization makes its decisions, accountability and how roles are filled.

Task Force members studied the existing, disjointed accountability currently in place. The Governor, who is accountable to all voters in Minnesota, appoints the IRRRB Commissioner, who is responsible for managing an agency that serves only a portion of the state. The Commissioner develops the agency budget, recommends projects for IRRR Board approval and decides whether to transmit the budget and projects to the Governor, who has final sign-off.

Meanwhile, the IRRR Board members are accountable to voters in their individual legislative districts, and are responsible for approving the budget and project expenditures. They play no role in the choice of Commissioner. The diagrams that follow demonstrate the parallel – but not connected – lines of accountability, as well as the convoluted decision-making process.

IRRRB Accountability Diagram



IRRRB Decision-Making Process



Meeting 5: November 4

During the fifth meeting, the Task Force reviewed the work of the three subgroups and the unique stakeholder interviews, focus groups and the electronic surveys.

The interview notes prompted one task force member to say: “The closer people are to the IRRRB and its workings, the better their perception, and the farther away, the poorer the perception of IRRRB.”

The wide-ranging discussion yielded two primary options for IRRRB and DJJ Fund governance and structure that were used as a springboard for discussion during public input forums. The options are seen on the next page.

Option A

- IRRRB STRUCTURE: Re-formed as regional, public governmental entity created via state statute
- IRRRB GOVERNANCE: Board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area
- IRRR BOARD ROLES:
 - Hire/evaluate administrator
 - Set production tax rate
 - Approve budget
 - Approve projects
 - Manage DJJ Fund for economic development
 - Conduct all other existing IRRRB activities
- IRRR BOARD ACCOUNTABILITY: To the electorate in each legislative district
- IRRRB ADMINISTRATOR ACCOUNTABILITY: To the board
- DJJ FUND STRUCTURE:
 - Remains part of IRRRB
- DJJ FUND GOVERNANCE:
 - Managed by IRRRB

Option B

- IRRRB STRUCTURE: Remains state agency
- IRRRB GOVERNANCE: Board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area
- IRRR BOARD ROLES:
 - Approve budget
 - Approve projects
 - Approve contract for DJJ Fund management
 - Approve additional contributions to the DJJ Fund
- IRRR BOARD ACCOUNTABILITY: To the electorate in each legislative district
- IRRR COMMISSIONER ACCOUNTABILITY: To the Governor
- DJJ FUND STRUCTURE
 - Separate entity
- DJJ FUND GOVERNANCE:
 - Board of private, diverse experts from region
 - Liaison from IRRRB
- DJJ FUND BOARD ROLES:
 - Hire/evaluate executive director
 - Set policy direction of organization
 - Approve funding of projects
- DJJ FUND ACCOUNTABILITY:
 - To IRRRB via contract
 - IRRRB can decide to invest additional dollars
- DJJ FUND ADMINISTRATOR ACCOUNTABILITY: To DJJ Fund board

Meeting 6 (December 12)

The sixth meeting was devoted to finalizing the Task Force recommendations. After considerable discussion about how best to present options to the Commissioner and IRRR Board, members decided to present the two options to allow maximum flexibility, as well as guiding principles that should influence the choice of any option.

Regarding guiding principles that apply to the DJJ Fund, Task Force members want the fund protected and to focus on economic development and diversification; they prefer local governance and a mandate that a unanimous vote be required of the local governing body before withdrawals from the corpus of the trust fund are made. Finally, Task Force members also want to ensure that ongoing contributions are made to the fund.

For the IRRRB as an agency, the Task Force's guiding principles include wanting the IRRRB to be able to approve the Governor's choice of commissioner to ensure greater connection with the Board and accountability. Task Force members also want the IRRRB set the production tax rate and the region to play a greater role in the collection and distribution of the tax, and the Task Force wants to ensure that IRRRB staff members' salaries, benefits and pensions are protected through any changes in the agency.

Options for Discussion

With these principles as a guide, the Task Force offered two sets of options for the structure and governance of the Douglas J. Johnson Trust Fund and the IRRRB.

The central difference between the two is the structure of the IRRRB: the agency could be reformed as a regional, public governmental entity (Option A) or remain a State agency (Option B). The options and their key features are explained in more detail below.

Option A:

IRRRB would be re-formed as a regional, public governmental entity governed by a board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area.

The board's roles would include several functions for which it is *not* responsible today:

- hiring and evaluating the chief executive of the agency,
- setting the taconite production tax rate, and
- providing final approval for the agency's budgets.

The board would retain some of its current responsibilities:

- approving projects, and
- managing the DJJ Fund for economic development and diversity.

The board would be accountable to the electorate in each legislative district, while the chief executive would report to the board itself.

This option would keep the DJJ Fund part of the IRRRB, so decisions about investment and other economic development activities would be made by the IRRR Board.

Option B:

IRRRB would remain a state agency governed by a board of legislators who represent districts in which one-third or more of the residents reside within the Taconite Assistance Area..

While the IRRR Board would approve the agency's budget, it would delegate economic development project decisions to a new board overseeing the DJJ Fund. The IRRRB would approve a contract with the DJJ Fund board and determine when and to what extent to allocate additional contributions to the DJJ Fund.

The IRRR Board members would remain accountable to the electorate in each legislative district and the commissioner would remain accountable to the Governor.

The DJJ Fund would be a separate, non-governmental entity, such as a 501(c) 3 nonprofit or an economic development authority, or similar entity focused on economic development. The Fund would be governed by a board from within the Taconite Assistance Area and would have an IRRRB liaison.

The DJJ Fund board would hire and evaluate the Fund's chief executive, set policy and direction and approve projects. The Fund board would be accountable to the IRRRB via a contract and be subject to the IRRRB's approval of continued replenishment of its corpus from the proceeds of the mining production taxes.

Subgroup Meetings

In addition to the task force meetings, three subgroups comprised of task force members explored issues in more depth and brought back what they learned to the full Task Force. The topic areas were the DJJ Fund, structure and governance. See Appendix D, page 60, for subgroup meeting agendas and meeting summaries.

Structure Subgroup Meeting: October 8

Structure Subgroup Members: Britta Bloomquist, LaTisha Gietzen, Vicki Hagberg, Carly Melin, David Tomassoni, Ron Dicklich

Structure Subgroup members studied a number of possible structures prior to the meeting, including community foundations, joint powers boards, public-private partnerships and Minnesota models, such as the Metropolitan Council and Greater Minnesota Corporation.

During the meeting, members also discussed their own experiences with various organizational structures.

Ultimately, the Structure Subgroup identified the desired attributes of possible new structures for IRRRB as an agency and the DJJ Fund and assessed a number of possible structures based upon how many of the desired attributes they likely would achieve.

DJJ Fund Subgroup Meeting, October 15

DJJ Fund Subgroup Members: Kyle Lamppa, Carly Melin, Jordan Richards, Laura Rusich, Jack Ryan, Bill Spang, Warren Stolp, Ron Dicklich

The DJJ Fund Subgroup heard from a number of experts, including IRRRB staff, St. Louis County Auditor Don Dicklich and Jack Pohl, Vice President of Investments at Minnesota Philanthropy Partners, regarding legal issues surrounding the DJJ Fund, how local governments and the county manage the distribution of production tax revenues and how private sector management of such a large fund might work.

Governance Subgroup Meeting, October 30

Governance Subgroup Members: Rick Cannata, David Dill, Nevada Littlewolf, Jason Metsa, Heidi Omerza

Governance Subgroup members received a variety of material to review in advance of the committee meeting regarding types and effectiveness of various governance models. After considerable discussion and consideration of the work of the DJJ Fund and Structure Subgroup, the group developed possible options that served as a springboard for the discussions of the November 4 Better IRRRB Task Force meeting.

TASK FORCE INPUT

Better IRRRB Task Force members received input from a variety of sources and through a variety of methods – each of which was designed to elicit the experience and opinions of a variety of stakeholders.

Unique Stakeholder Interviews

The experience, insights and ideas of 26 unique stakeholders were gathered during in-depth, one-on-one interviews. Former commissioners and board members – legislators and citizen members – were contacted, as well as a handful of key partners in the region.

The summary of these interviews reflect the combined wisdom and insight of stakeholders who have been a part of the growth and development of the agency for 30 years or more. (The summary of unique stakeholder interviews can be found on page 73, Appendix E.)

Respondents were asked the same questions, and their comments were organized based on similarity. Most respondents thought investment in communities was among IRRRB's greatest achievements; they also praised the agency's efforts to strengthen and diversify the regional economy.

Given their unique perspective, respondents also offered ideas on how IRRRB's work could be improved:

“The organization would benefit from some systems change. We should examine the optimal system to accomplish what the agency wants to do with its funds. The system in place today is not optimal. Maybe this Task Force can provide some answers. I attempted to change what I could, but it wasn't enough.”

“I think (the DJJ) Fund should have a full-time administrator and a board comprised of people with expertise in banking and economic development. You could have some IRRRB representation on the board, maybe even a majority, but I'm not sure that's wise, either. The role of this board would be to attract business, analyze opportunities. If you had a \$100 million in this fund, and by using it as a revolving loan fund, you could leverage a half-billion dollars of investment in new jobs.”

“Is there a way for IRRRB board members to focus more on the health of the entire region rather than individual community projects? Perhaps less power in the hands of elected officials, but I'm not sure if that itself is the root of the challenge. If board members, whether they are State Legislators or not, are appointed with the express purpose of representing the communities in the geographic district they serve, I'm not sure

Unique Stakeholder Responses

“They have abundant expertise and staff capacity that has a huge impact on a lot of important issues of significance for the communities they serve. Most of their target communities do not and cannot recreate capacity of that caliber.”

“We advanced major mining initiatives— Essar, Magnetation and PolyMet—at a time when the industry was looking at new technology.”

“They are always trying to find ways to create employment – good employment with decent pay and benefits. That's a really big plus for that board.”

things would be different. There would still be a lot of horse-trading about which projects get funded and where.”

Focus Groups

The work of the IRRRB is important to all of Northeastern Minnesota, and especially to some groups who work with and/or are affected by decisions of the IRRRB. In particular, economic development, labor, education and mining leaders have perspectives and opinions that could inform Task Force discussions, so focus groups were held with each of these groups. In all, 29 people participated in four, two-hour sessions, providing ideas, perspectives and insight that were considered by the Task Force.

Each focus group was asked the same set of questions; detailed notes of responses were kept and shared with the Task Force. Focus group notes are found on page 93 in Appendix F.

Economic Development Professionals

Seven private and public economic development leaders from the region participated in the focus group and offered insights on their experiences working together with the IRRRB to diversify and strengthen the regional economy.

In particular, they mentioned the difficulty of changing priorities in the organization, especially as administrations changed, and the challenge of working within a political framework.

Every time we have something going and you apply yourself to work with IRRRB, then they change the rules and it feels political. It feels political all the time. It's hard to keep people enthused and understanding of the politics. Politics is what drives inconsistency.

Education Leaders

Nine regional education leaders gathered to share their thoughts about IRRRB's future. They discussed hoped-for diversification and the role of the education system in preparing workers for the jobs of the future.

They also discussed the challenges of recruiting and retaining qualified educators, given the declining enrollments and subsequent decline in education funding available. Some members whose school districts contain a great deal of property owned by mining companies questioned whether schools are at a disadvantage because they can't generate property tax revenue from those lands.

Labor Leaders

Five labor leaders, including two representing public employees, shared their thoughts on the agency and ways to improve it.

They cautioned that as IRRRB is working to develop new projects, it should ensure that local construction trades are involved in any building and that jobs created have good pay and benefits. They recognized that IRRRB has tried – with mixed success – to create new employment.

A number of participants urged the agency to focus on strengthening the position of existing employers, in addition to trying to attract new ones. They noted that “transportation and geography work against us” when it comes to economic development.

Mining Leaders

Eight mining representatives from both the ferrous and non-ferrous industries shared their opinions in a two-hour focus group.

Like the labor group, the mining leaders suggested that economic diversification is difficult, given the mineral resources in the area and its geographic remoteness.

The representatives applauded IRRRB for looking at ways it could improve its work, and encouraged a thorough study before pursuing any statutory changes, in particular.

“Organizational structure revision has to be based on performance. A thorough evaluation of performance helps identify the problem or the opportunity and helps set the opportunity.”

Electronic Surveys

In addition to the detailed responses provided via the Unique Stakeholder interviews and the Focus Group meetings, Task Force members also had the input of 226 people who took an electronic survey. Unique surveys – each asking the same questions – were sent to local elected officials, IRRRB staff, business leaders, mining leaders, labor leaders and education leaders. The general public also was able to take the survey found on the IRRRB website. (Individual survey summaries and the combined survey results are found on page 126, Appendix G.)

In the combined survey results, an overwhelming majority – nearly 80% -- said it was extremely important that the “in lieu of local property tax dollars” in the DJJ Fund are spent in the Taconite Assistance Area; another 16% said it was important.

There was less unanimity in the responses about what entity should control the DJJ Fund, although 47% of the combined survey respondents said it should be a local board or nonprofit.

Regarding whether IRRRB should remain a state agency, there was even more diversity of opinion. Combined responses are below:

Don't know	21%
Extremely important	19%
Important	34%
Not important at all	26%

The majority of respondents (41%) thought IRRRB could operate best as an economic development authority; another majority (38%) thought an economic development authority would be the best entity to oversee the DJJ Fund, if it were moved.

APPENDICES

Appendix A: Map of the Taconite Assistance Area

Appendix B: 2013 Distribution of Taconite Production Taxes

Appendix C: Task Force Meeting Agendas and Summaries

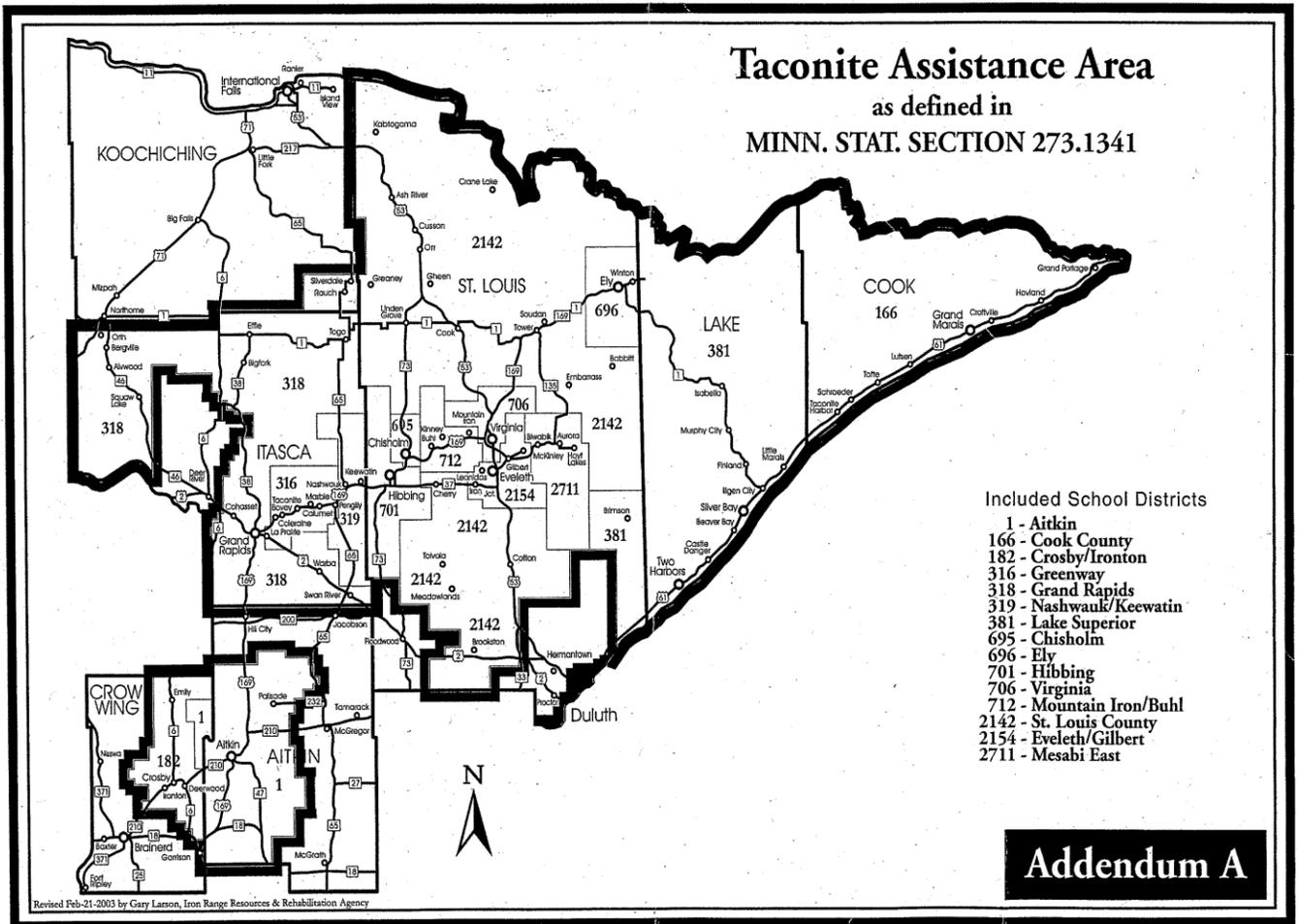
Appendix D: Subgroup Meeting Agendas and Summaries

Appendix E: Unique Stakeholder Interviews

Appendix F: Focus Group Meeting Notes

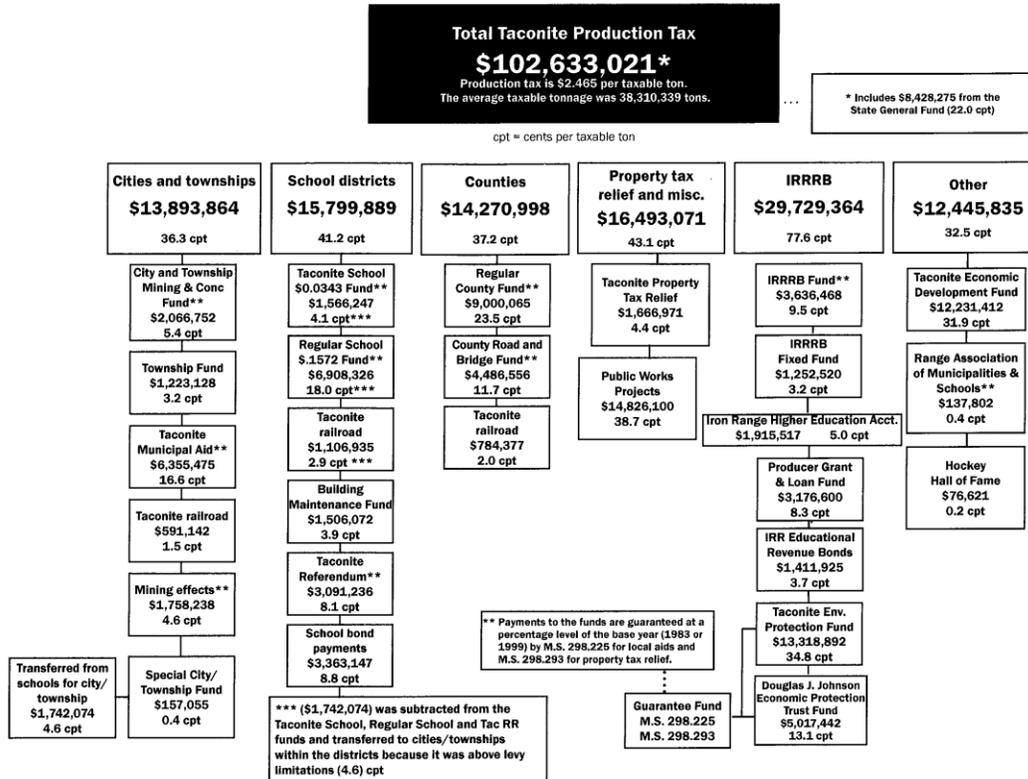
Appendix G: Summary of Better IRRRB Task Force Surveys

Appendix A: Map of the Taconite Assistance Area



Appendix B: 2013 Distribution of Taconite Production Taxes

2013 Distribution of Taconite Production Tax (2012 Production Year)



Appendix C: Meeting Agendas and Summaries

The meeting agendas and summary notes of each of the six Task Force meetings are included in Appendix C.

Meeting Agenda Friday, July 12, 2013 IRRRB Offices, Eveleth

- 1. Lunch and Introductions (All) 12:30 p.m.**
 - Your background
 - What burning question do you have about the IRRRB?

- 2. Overview (Commissioner Tony Sertich) 1:15 p.m.**
 - **Task Force charge**
 - **IRRRB Overview**

- 3. The Process: Our Work Together (All) 2:15 p.m.**
 - ↓ Our Deadline: Recommendations due December 10

 - ↓ Our Recommendations: Must include steps needed to implement
 - Law changes necessary
 - Internal next steps

 - ↓ Recommendation Topics: Governance, structure, finance/trust fund

 - ↓ Public Input: Interviews, focus groups, surveys, public meetings

 - ↓ Task Force Meetings: Base recommendations on experience, information and input
 - IRRRB staff
 - Expert resources
 - Public input
 - Task Force Chair Ron Dicklich
 - Task Force Subgroups
 - Task Force norms & ground rules
 - Facilitators

→ Other

4. **Reactions and observations** (All) 2:45 p.m.
 - What one comment do you have about this process?
 - What information/research do you think we'll need to complete this assignment?

5. **Next Steps:** 3:15 pm
 - Meeting schedule
 - Meeting day/time
 - Meeting location(s)
 - Task Force interviews

6. **Questions?** 3:30 pm

7. Adjourn

Better IRRRB Task Force Meeting Notes July 12, 2013

Participants: Britta Bloomquist; Rick Cannata; Ron Dicklich; LaTisha Gietzen; Vicki Hagberg; Kyle Lampa; Nevada Littlewolf; Carly Melin; Jason Metsa; Heidi Omerza; Jordan Richards; Laura Rusich; Jack Ryan; Bill Spang; Warren Stolp; David Tomassoni

Others: Al Becicka; Marianne Bouska; Brian Hiti; Commissioner Tony Sertich

Commissioner Tony Sertich:

IRRRB:

- IRRRB Facts:
 - Founded by Gov. Harold Stassen 72 years ago because concerned about boom/bust of natural resource based economy
 - Been around longer than most state agencies
 - Only state agency headquartered in rural Minnesota
 - Only state agency that serves a portion of the state
 - Only state agency that does not receive state tax dollars
 - Confusing to have state agency that doesn't get state tax dollars

- Service Area – Parts of 7 counties; 42 communities; 15 school districts; population of 150,000, decided upon where mining had the greatest impact on communities; based on school districts;

- Funding:
 - Mining companies don't pay property taxes on business; instead pay production tax based on how much ore take out of ground.
 - Property taxes are paid to county, city and school; production tax is similar
 - Local property taxes collected by county; production tax collected by state; Department of Revenue (DOR) collects production taxes in St. Paul and sends back to service area up north
 - Because DOR collects money, accounted for in state budget, and politicians think it's state money that is taken from the state and returned to NE MN
 - Legislature and Governor decide production tax level and formula; IRRRB doesn't get all the money from production tax

- IRRRB Business:
 - Gap financing, loans, etc. to help grow business in NE MN or attract to NE MN
 - Community: 50% of economic development funds must be spent on public works, infrastructure development, with priority given to projects that will help create jobs, etc. shovel ready, etc.
 - Also tourism, residential redevelopment, etc.
 - Workforce development – the most important work that we're going to be doing in next decade
 - Help out businesses who manufacture a product or service that goes outside of the Range
 - Mineland reclamation
 - Giants Ridge
 - Ironworld

In last three years, IRRRB:

- Funded \$92.2 M in projects
- Leveraged \$518M in investment
- Created 2240 construction jobs
- Created 1046 projected new jobs

Task Force Charge:

- Task Force Charge:
 - Improve the agency and how operate
 - Evolve with the times
 - Protect the local revenue into the future (local revenue)

- Review:
 - Governance
 - Structure
 - Trust fund

- Do Not:
 - Task force is not the IRRR Board
 - Job isn't to look at what we've done in past and say "don't do it anymore"

- Seeking input from all citizens including:
 - Current agency stakeholders
 - IRRRB Staff
 - Previous customers, including cities townships businesses, etc.
 - Former commissioners, probably half dozen around
 - Former board members

- No preconceived notion of what the Task Force should come up with
- Don't want the Task Force to be restricted in any way
- "If could create this out of thin air, how would it look?"

Brian Hiti, IRRRB History:

- Issued more than \$570M in community grants since the 1950s
- 1930s: Created out of work by Chisholm Junior Chamber of Commerce in 1938, which proposed tax laws to encourage underground mining and other initiatives
- 1940s: Lot of studies. Beginning of WWII brought boom to the Iron Range
- 1950s-1960s: Development of Taconite
- 1970s: Taconite and tourism. Established the 2002 fund (now DJJ Fund) and Taconite Area Environmental Protection Fund (for public works, etc.)
- 1980s: Diversification. Massive layoffs – more than 10,000 jobs lost permanently in economic downturn. Bought Giants Ridge in 1984 at request of local communities
- 1990s: Focused on developing Giants Ridge; Taconite industry stabilized.
- 2000-2009: Steel and taconite company bankruptcies and consolidation accelerated diversification, including value added iron, second golf course; state participated in creating Mesabi Nugget pilot plant and then Magnetation; new Taconite Tax for workforce initiatives;
- End of decade, production fell to 17M tons but we experienced a quicker rebound
- 2010: Focus on local businesses. Last three years, focused on business, community and workforce investment -- local businesses, nonferrous , agency reorganization and stakeholder outreach
- Better IRRB Task Force next step in evolution of IRRRB

Al Becicka, statute creating Douglas J. Johnson Fund:

- Corpus can't be spent until 2028, with some exceptions
- Interest, dividends and revenues -- used for projects
- Projects: Loans and other forms of participation with private sources of financing for less than 50%
- Project Approval requires:
 - TAC
 - IRRRB
 - Governor
- Originally created to be devoted to economic rehabilitation and diversification of industrial enterprises where conditions ensue as the result of the decline of single industry. Needed declaration of governor and appropriation of funds by legislature and many funds couldn't be spent until 2002.
- 1982 legislative changes made but vetoed a year later
- DJJ is what's left over from the production tax after other distributions
- Loans to private enterprises limited to 50% of project cost
- Name changed to DJJ fund in 2002

Marianne Bouska, IRRRB holdings:

- Own 72 building, representing 290,000 square feet and valued at \$70M
- Own 3700 acres
- Management contracts at Giants Ridge expire in 2016
- Management contract at Ironworld expires in 2016; Ironworld endowment is about \$7.9 M

Commissioner Tony Sertich, summary:

- Can do anything we want here; doesn't have to be the way it is or the way it was.
- It might be tempting, but don't offer us advice on how spend money, looking at budget, etc. that's the board's responsibility.
- Best work is to put governance, structure and trust fund that is efficient and transparent and has trust of people, etc.
- North Dakota, Wisconsin and Ohio are looking at us and wanting to copy us and figure it out. Work at things regionally, which is the beauty and blessing and we did it long before regionalism was cool. We set up structure that blurred political lines, community lines, to lift ourselves up as a region continue to move in that direction
- We want to do something that is bigger than what any one community could do. We need to band together. We won't survive as individual communities.

Ideas/issues the Task Force would like to study further:

- The Task Force emphasis should be on improving IRRRB and protecting the DJJ Fund.
 - Our meetings should focus on:
 - Lean governance
 - Trust fund
 - Structure
 - Current state/change statute
 - Mechanisms and processes for the task force can include brainstorming topics and solutions.
 - What can (task force) do within the current law?
 - We should focus on things we can achieve.
 - Governance: how does it work now? How different could it be?
 - Focus on governance, structure, and finance.
 - Trust fund and governance structure
-
- We should clarify the purposes of the various IRRRB funds. Clarify how the DJJ Fund works; how do the other funds work?
 - How do we sustain funding for the DJJ Fund?
 - Directly and indirectly protect the fund
 - Change in political power was a good lesson; we need to protect the fund from power shifts;
 - Keep money out of Legislature's hands.
 - Focus on the DJJ Fund: let's think outside the box; no longer state agency
 - Protect our money.
 - Nature of funding: collection mechanism, dual path with State collecting revenue offers a challenge.
 - Trust fund should be protected.
-
- The northeast Minnesota public doesn't fully understand what the IRRRB does and how the various funds work.
 - Inform people of northeast Minnesota.
 - We should solicit input broadly.
 - Public input is important; it should be two-way.
 - Transparency/marketing
 - Find a way to communicate that our voices will be heard as communities when we are strong and united.
 - Do we need to include statewide action?

- Flexibility for the future
- Look ahead to growth in revenue that will come from new mining operations.
- Sustain and grow the new mineral industry.

- Secure the agency by making the area stronger.
- What might we lose if we change the structure?

- Focus on more than just economic development.

- Legal guidance to know what can be done by the IRRR Board

- Create our own state.

- Need to have mining areas benefit.

Meeting Agenda
Thursday, August 15; 1 p.m.
IRRRB Offices, Eveleth

Meeting Goals:

- Gain insight into the taconite production tax and the DJJ Fund
- Understand overview of Task Force process
- Identify next steps

Meeting Agenda:

1:00 p.m. **Review/approve meeting goals and agenda**

1:05 p.m. **Taconite Production Tax Overview**

- Robert Wagstrom
Minnesota Department of Revenue, Minerals Tax Office

Questions for the Task Force to Discuss:

- What are the key functions related to collection of the production tax?
- What might be better ways of performing these tasks and what are the pros/cons?

2:00 p.m. **Managing the Douglas J. Johnson Fund**

- LeaAnn Stagg
State Board of Investment

Questions for the Task Force to Discuss:

- What other management options exist and what are the pros/cons?
- How does ownership of the funds affect the investment strategies?

2:30 p.m. **Historic Expenditures from the Douglas J. Johnson Fund**

- Brian Hiti, IRRRB

Questions for the Task Force to Discuss:

- What is your vision for the fund? What type of future would that vision support?
- What are the best ways to secure the future you envision?

3:00 p.m. **Task Force Discussion**

- What are our greatest opportunities with the DJJ Fund?
- What questions do you still have?
- What other information do you need?

3:30 p.m. **DJJ Subgroup Charge**

- What types of findings do we want the DJJ Subgroup to bring back to the Task Force?
- What additional experts might help us develop those findings?
- What opportunities – and related advantages and disadvantages – would we like them to review?

3:45 p.m. **Better IRRRB Task Force Process Overview**

- Process Calendar
 - Unique Stakeholder Interviews: Who? What to ask?
 - Focus Groups: Who? What to ask?
- Communications Plan

4:15

Adjourn

Better IRRRB Task Force Meeting Notes August 15, 2013

Participants: Britta Bloomquist; Rick Cannata; Ron Dicklich; LaTisha Gietzen; Vicki Hagberg; Kyle Lamppa; Carly Melin; Jason Metsa; Jordan Richards; Laura Rusich; Jack Ryan; Warren Stolp

Others: Al Becicka; Marianne Bouska; Brian Hiti; Bob Wagstrom (Minnesota Department of Revenue); LeAnn Stagg (State of Board Investments manager of public programs)

Tax collection discussion topics

1. Would it be beneficial not to go through counties?
 - Counties have better local knowledge
 - Dept. of Revenue is an effective point for “invoicing” producers; after being billed, the producers then pay six counties and the IRRRB
2. Will the current area (Taconite Assistance Area) for distributing taxes remain in place?
 - Yes, unless or until the Legislature changes it.
3. How often does the enabling legislation change?
 - Occasionally. The formula was changed in 2013 (\$.05/ton increase and moved money among the various funds).
4. How much time/energy does DOR spend tracking property that is and isn't subject to property tax? Counties mostly take on that role.
5. DOR checks scales for production tax; fee owners may as well. Railroads also monitor scales. DOR => railroad, conveyor belt scale

Investment discussion topics

1. Management fees for DJJ (SBI) was \$5,100 in 2012.
2. Responsibility to identify and review the Fund's asset allocation among stocks and bonds is the responsibility of the fund owner (IRRRB).
3. Statute requires SBI to manage fund assets; can IRRRB choose not to use SBI?
4. SBI can help frame decisions on asset allocation.
5. SBI: .005% asset management fee is attractive compared to private/other options.

DJJ Fund discussion topics

1. Fund withdrawals had to be approved by the Legislature once upon a time; now a super majority of the IRRRB can make withdrawals.
2. What is our vision for the Fund?
 - Loans for start-up mining operations
 - Tax relief guarantees
 - Education
 - Assist new mining development
 - Research
 - Economic diversification
3. Other funds (TEPF, for example) are raidable, too.
4. Does the current formula for distributing taconite taxes work now?
5. Formerly, counties collected tax and distributed to other units of government. Should or could that work again?
6. How can we insulate funds if they are collected under State law?
7. Does IRRRB want to own or be a part of Minnesota mining operations?
8. Can we manage DJJ Fund in different ways other than SBI?
9. What legislative requirements are necessary for us to change the status quo?
10. We need to protect other funds longer term (TEPF, etc.) from legislative change
11. What would be the ideal structure (IRRRB keeps TEPF and does its work; DJJ spins off separately)?
12. Are there coalition governments or regional joint powers agreements that work well? Which ones can we model ourselves after?
13. The DJJ Fund does not appear to have been actively managed (during the past five years there has been no change in the investment policy).
14. Suggestion for a different structure: part autonomous; have \$ from tax structure administered outside of legislative process
15. Review current objectives for DJJ Fund and determine if that's what we want.
16. What other investment strategies could be utilized?
17. What options are there for private fund management?
18. Governance: who/what should be involved on oversight for the fund?
19. Consider pre-1940s tax structure with money going directly to municipalities.
20. What territory does the IRRRB serve? What should it serve?

Subgroup tasks

1. Explore alternate ways to manage the DJJ Fund; what's possible and what's desirable?
2. What new objectives should we consider as objectives for the DJJ Fund?
3. Should we focus on mining industry reinvestment?
4. What are the best ways to publicize the work of the DJJ Fund?

Questions for stakeholder interviews

- What didn't work?

Better IRRRB Task Force Agenda

Friday, September 20

1:00 to 4:00 p.m.

IRRRB Offices

Meeting Goals

- Recap charge to protect DJJ fund/how money has been used
- Frame discussion of structure around protection/use of resources to benefit region
- Define attributes of a structure that would protect fund/use resources to benefit region
- Develop new charge for DJJ Subgroup, based on conversation
- Develop charge for Structure Subgroup

Agenda

1. Process update
2. Recap of DJJ Fund Discussions
 - a. Commissioner Sertich's charge to protect fund comprised of local tax dollars
 - b. Review previous uses of fund to benefit area
3. Structure
 - a. Definition we will be using of structure
 - b. Definition we will be using about governance
 - c. Conversation about members' experiences with various structures
 - i. Joint Powers Boards
 - ii. Regional Governments (i.e. Met Council)
 - iii. Nonprofits
 - iv. Government corporations/societies, i.e.
 - Greater Minnesota Corporation
 - Enterprise Minnesota, a 501(c)3 originally chartered by State of Minnesota
 - Minnesota Historical Society
 - Corporation for Public Broadcasting
 - Amtrak
 - Pension Benefit Guaranty Corporation
 - v. Public-private partnership (P3)
 - vi. Other
4. Structure attributes to address charge
 - a. What attributes we want in the structure; what participants have seen that works
 - b. What we don't want in the structure; what participants have experienced that we want to avoid
5. What information should Structure Subgroup gather to inform Task Force?
6. What information should DJJ Subgroup gather to inform Task Force?
7. Housekeeping:
 - a. Structure Subgroup meeting options
 - b. DJJ Subgroup meeting options
 - c. Calendar of meetings (to be updated regularly)

Better IRRRB Task Force
September 20, 2013
Meeting Notes

Participants: Britta Bloomquist; Rick Cannata; Ron Dicklich; LaTisha Gietzen; Vicky Hagberg; Rep. Carly Melin; Rep. Jason Metsa; Jordan Richards; Laura Rusich; Bill Spang; Warren Stolp; Sen. Dave Tomassoni

Others: Commissioner Tony Sertich; Marianne Bouska; Brian Hiti

Participant Observations about Structure:

- Participation trumps structure
- The caliber of participants matters
- Personal accountability on board affects participation
- Too many board members may diminish participation as there is no sense of ownership
- Need to appropriate and/or encumber funds to protect DJJ Fund
- Members/owners of new structure should be highly vested
- 501(c) status; can a nonprofit structure manage a public asset (like the Virginia Greenhouse or Virginia Golf Course)
- Find stakeholders who are committed to the outcome of the distribution of the funds
- IRRRB could continue to pour money into the fund
- Does this require a statutory change? Is it a board decision?

Questions/Issues to Consider:

- If it's a regional board, who is represented? Are all entities equally vested?
- How do you protect the fund from a board that will change over time?
- Does there need to be a board that manages the fund?
- Could we use the model of local sales and use taxes?
- Who should collect the production tax? The county?
- Who imposes the tax? If the State collects the tax, we can't really separate ourselves.
- We need to have elected officials on the board to ensure transparency and accountability.

Possible Structures:

- DJJ Fund could create a for-profit subsidiary, and the same board could oversee both
- State-chartered credit union whose purpose would be to invest in projects related to economic development
- Government-Sponsored Entity (GSE) – is this a model that would work?
- Joint Powers Board
- Northland Foundation has an endowment that perpetuates its activities and also has revenue-generating activities

Attributes to Include:

- Board flexibility to spend dollars
- Firewall between the Legislature and the fund
- Secure both existing funding and future revenue
- Break away totally from the State
- Maintain local “say” over what happens to the fund, to programs, etc.

- Decisions made by people/elected officials who are part of the communities where the tax is generated and have a stake in the out come
- Professional expertise to advise how money is spent
- Protect the DJJ Fund
- Distinguish between the distribution of fund dollars and management of the fund
- Separate the corpus of the DJJ fund from income revenues
- Local, elected officials determine level, distribution of production tax – it's not decided at the state level
- Legislature is not involved in taxation rate, other issues

Attributes to Avoid:

- Appointed individuals who can levy taxes and spend public money but are not accountable to the electorate

Assignment for Structure Subgroup:

- Gather more information on options for the DJJ Fund structure
- Gather more information on options for the structure of the IRRRB
- Gather information on hybrid structures
- Determine what area is to be covered
- Identify how we can build these models in a timely fashion
- Assess whether options are politically achievable

Additional Assignment for DJJ Subgroup:

- Determine how the DJJ Fund could accept other sources of funding

Better IRRRB Task Force Agenda

Wednesday, October 9

1 to 4 p.m.

IRRRB Offices

Meeting Goals:

- Deepen understanding of existing governance at IRRRB – its strengths and limitations
- Identify governance structure affects protection of DJJ Fund
- Define desired attributes for any new form of governance for IRRRB
- Develop charge for Governance Subgroup

1. Review meeting goals and agenda

2. Review and gain shared meaning on our working definition of governance:

Governance: How the organization makes decisions, who is accountable to whom and how roles are filled

3. Overview of existing governance and accountability model at IRRRB

Commissioner Tony Sertich

- Commissioner
- Board
- Staff

4. Discuss how existing governance model and accountabilities have the potential to affect the DJJ Fund

5. Discuss attributes desired from new form of governance model

6. Develop charge for Governance Subgroup

7. Review upcoming activities

- Stakeholder feedback
- Focus groups
- Public meetings

Better IRRRB Task Force Meeting Notes

October 9, 2013,

Participants: Britta Bloomquist; Ron Dicklich; LaTisha Gietzen; Kyle Lamppa; Nevada Littlewolf; Rep. Carly Melin; Rep. Jason Metsa; Heidi Omerza; Bill Span; Warren Stolp

Others: Commissioner Tony Sertich, Marianne Bouska, Brian Hiti, Al Becicka

Commissioner Sertich's comments:

History of Agency Governance:

- IRRRB governance is as unique as the IRRRB itself
- Agency is executive branch
- Board is legislative branch
- Definition of Agency is the Office of the Commissioner of the IRRR Board
- Commissioner appointed by Governor and responsible for day-to-day operations
- Board -- before this year was appointed by the House and Senate leadership with certain number of board members in service territory;
- For the first few decades, the board was not from Northeastern Minnesota; membership was decided by legislative leaders
- Mission was always that the monies should be spent for benefit of Northeastern Minnesota; then started spending money in other parts of the state
- Law was changed so majority of legislators were from Northeastern Minnesota
- Mid 1990s, some legislative leaders didn't like that elected officials were on the board and wanted it to be entirely appointed. The compromise was to put three appointed non-legislators on board, which stayed through much of early 2000
- Now there are no appointed positions

Budget process:

- Commissioner puts together 40-plus million budget annually
- Board can amend or approve budget
- Governor signs off on budget.

- Same with loans, etc. but there are more steps in between:
 - Agency do due diligence
 - Technical Advisory Committee -- recommends approval or not.
 - Commissioner can still forward to board regardless of TAC recommendation.
 - Board votes
 - Governor approves

Accountability:

- Not sure how relationship between commissioner and board should work. In almost every other organization, there's a more direct relationship between executive who runs organization and board itself. In most, board hires executive and the board does the big picture the vision.
- There have been breakdowns over the course of years between board and commissioner because there is no accountability between board and commissioner.
- There can only be antagonistic accountability – for example, the commissioner won't propose what board wants. It turns into a Cold War and both sides have weapons.
- As currently constituted, the board is accountable to citizens, who decide on board members based on elections.
- Before the non-legislative appointees were accountable to two legislative leaders; there was no accountability.
- Need more accountability between board and commissioner and also more accountability to the people of the Iron Range.
- There are about 150,000 people on the Iron Range.

- Whoever runs agency is picked by a governor who is elected by 5 million people, so those 5 million have more say in the IRRRB commissioner than the people who live here.
- Because DOR collects revenue, looks like we're like any other state agency. We have to follow the same model as every other agency. We have to put together a two year budget each year to send to the state, even if don't know what the budget will be because our revenues change year-to-year.
- Commissioners historically have started doing the work that a board would do, so sometimes board members start doing the work that commissioner should be doing.

IRRRB as a State Agency:

- Separation from St. Paul has distance but also have to jump through every hoop—unnecessarily— to comply with being a state agency
- Tension: Do we not go to participate in St. Paul meetings because we're different if we still have to comply? If you're not in the room you get it done to you instead of with you.
- Only state agency that serves only a portion of state. Only state agency with a headquarters outside the Twin Cities area.
- No employees anywhere outside our service area, although there have been times when we have had folks who worked in St. Paul -- legislative liaison.

Discussion:

- Tony is comfortable with the grayness and also hasn't been jealous of his territory; tried to formalize relationship between board and commissioner.
- Previous boards and commissioners have just dictated it from where they're sitting.
- Define roles and responsibilities. We're not there yet.
- Good to have commissioner with former experience because it can help get information about how to manage roles. We are all working on this together.
- But it changes every two years and can be so politically driven -- based on governor's affiliation and who the commissioner is and who the board members are, too.
- What can we do in terms of relationship with commissioner and board?
- Legislators seem to think the board meetings are another legislative committee meeting, but being a board member is different from being a legislator. The board role is very different and has different responsibilities. Need to clearly define that it's not just representing the district you're hired from.
- What is the intent of commissioner's job? What is the intent of the commissioner's job?
- More definition takes politics out of it and avoids mission creep.
- Decisions are closer to home as an IRRRB board member than as a legislator; more like a local elected official.
- Hybrid? Could we develop something similar to school district, with a governing body elected by communities?
- Could we have an elected IRRRB board? We have tax dollars and board would have control of tax dollars.
- Some of the first challenges with model: Who sets taxation policy then, as well? And then how does that work? Taxing authority, as well as spending authority?
- If we have people running for election to IRRRB, how would they run? What would their platform be? Best interest of the mines? Stick it to the mines? Parochial? Good governance? etc.
- Need to have all nine board members to take away from the corpus, although need only 6 for some percentages.
- Appointed board members were unknown by their constituency and folks didn't know who appointed them. We need mechanism to have people making decisions on spending be accountable to the Range.

Task Force Discussion:

- Whom would a new board be accountable to?
- Should we have one from each school district?
- Legislators receive a lot of feedback from constituents on IRRRB projects
- Should have regional focus
- Agency should do more to connect communities
- Board should be recruited with an eye toward diversity, not only geography
- Have more clearly defined roles for commissioner and board members
- With state involvement – state can control money and state controls commissioner
- Commissioner should be appointed by the board
- IRRRB should be mission-driven
- DJJ Fund should be separate from the Governor and the Legislature
- Depoliticize the agency wherever possible
- More clearly defined roles and responsibility for commissioner and board
- Keep the knowledge and the history of the board all the time; if keep having new folks come in via elections, lose continuity. Don't want philosophy won't keep changing.
- Look at being mission driven and not politically driven; whatever governance model we do decide, keep mission at the forefront
- Keep in mind best interests of whole agency and whole region.
- Focus on mission at every meeting
- IRRRB is very politicized; whatever we can do to depoliticize it would be helpful.
- Separate DJJ fund from both the Governor and the Legislature
- Could you elect one from each school district? (No because of varying sizes. If using a district, have to have similar population.)
- When legislators are elected, voters do voters look at IRRRRB voting record? Yes. Half constituent contact is related to IRRRB. Makes Iron Range legislators harder working than other legislators elsewhere because IRRRB meets year round.
- The taxes are taxes that only the mining companies pay, which is why people pay attention to how we spend it and don't pay attention to how we raise it.
- Need to think regionally and we make decisions based on heart of mining industry
- Accountability is more with local elected officials calling lawmakers rather than average voter. Folks directly involved with projects are what lawmakers hear from.
- Agency needs to do better job of connecting with the local folks
- We will live or die as a region.
- Northland Foundation -- use mission-based approach rather than geographic apportionment. Recruitment of board members looks at what board members are needed and is intentional about diversity in age, gender, culture, etc.
- Need to address impacts of being surrounded by the mines; need to address impacts

Attributes Desired from Governance Model:

- Protect DJJ Fund
- Diversity
- Accountability
 - To electorate based on actions
 - To those who decide how well did the job
- Expertise on mission and what we need to accomplish
- Geographic diversity
- Flexibility—something that is not set in stone and can respond to mission as needed
- Recognize that can acquire desired attributes through board members and through staff

Governance Subgroup Charge:

- Develop a list of legal parameters for a governance model.
- Find a model that ensures longer-term leadership for executive and that will help sustain leadership.
- Look for ways to create an executive director/President/CEO hired based on competency rather than an appointed commissioner whose term ends with the governor's.
- Look for boards that are more aligned with the executive director and encourage alignment instead of ones where the executive has veto power.
- Look at accountabilities and define them more narrowly.
- How do you comprise the board, especially when spending local tax dollars?
- How much transparency is necessary? Should it follow the open meeting law? Look at the pros and cons.

Better IRRRB Task Force Meeting Agenda
Monday, November 4
1:00 to 5:00 p.m.
IRRRB Office--Eveleth

Meeting objective: narrow the options for making final recommendations to the Commissioner and IRRR Board.

1. Review work of subgroups
 - a. DJJ Fund
 - b. Structure
 - c. Governance
2. Review learnings from unique stakeholder interviews
 - a. What was compelling?
 - b. What things should we avoid?
3. Review feedback from focus groups
 - a. Economic development
 - b. Education
 - c. Labor
 - d. Mining
4. Develop consensus about the most viable options
 - a. Review overall goals
 - b. Identify which patterns are emerging?
 - c. Which options help accomplish our overall goals?
5. Update on public surveys process
6. Preview of public meetings
7. Next steps: December meeting

Better IRRRB Task Force November 4 Meeting Notes

Participants: Britta Bloomquist; Rick Cannata; Ron Dicklich; LaTisha Gietzen; Vicki Hagberg; Kyle Lamppa; Carly Melin; Nevada Littlewolf; Heidi Omerza; Laura Rusich; Jack Ryan; Bill Spang; Warren Stolp; Dave Tomassoni

Others: Marianne Bouska, Al Becicka, Brian Hiti

Reactions to Subgroup Discussions:

- Is there a third option -- a regional entity that receives money and that manages DJJ fund?
- Consider changing investment structure to get out of State Board of Investment; need to be a non-state agency to do that.
- Can IRRRB operate without interest from DJJ fund? Yes. DJJ interest is about one million a year
- Major issue: If it is a local tax, why does it need to be set by the Legislature? Still a fund that gets funded through a distribution that's set through the Legislature.

Reactions to Stakeholder Interview Summary:

- Issues about perception
- The closer people are to the IRRRB and its workings, the better their perception and the further away the poorer the perception of IRRRB
- Diverse opinion about board composition
- Not a pattern of red flags
- Vision or lack thereof; actions were different than words; there is more work to do.
- Jobs -- the right jobs -- are critical
- Focus on community and education
- Should be an easy process to separate out (the DJJ Fund), but it's not; that was a surprise. This isn't the first time it's been talked about

Reactions to Economic Development Leaders Focus Group Notes:

- Feels like we can't get away from failures. But we don't sweep failures under the rug; we always have some failures
- You're going to have failures or you're not doing your job
- Messaging and framing are really important. If you separate economic development and infrastructure stuff ... no one says infrastructure is a bad thing.
- Businesses have to open books if want to come here. If you're trying to promote economic development in a good way, you need to create a place where they can feel safe.

Reaction to Education Leaders Focus Group Notes:

- Need to build community, too

- IRRRB has invested in higher education and legislators got additional funding from taxes for school bonding and per pupil unit
- Brain drain is frightening
- IRRRB can promote other careers and ways to invest my volunteer time
- How are we getting people to move here who don't want to move here?
- Need more diversification; lack of it impedes growth

Reaction to Labor Leaders Focus Group Notes:

- Need to separate out DJJ or change it; indicates that there is a larger group of people who feel the need to do something different
- Transportation and geography work against us; need to get everybody in the room or the technology to get everyone in the room
- Put local people to work; local people need to get put to work
- Constrained by some things for using local firms because a state agency
- If going to break away, break away completely
- Education group wanted IRRRB to diversify spending more than labor; labor force benefits when it goes to big projects, mines, infrastructure
- Is that lack of diversity impeding economic growth?
- Economic diversification is easy to say but very difficult to accomplish; need to protect natural resource economy

Other:

- What about the unintended consequences of not having a cabinet-level agency or the mining cabinet?
- What happens if there's a contract with a nonprofit to manage the DJJ Fund and the contract is canceled? What happens to the fund?

Discussion of Recommendations (See next page)

OPTION A

IRRRB Structure:

- **Regional, public governmental** entity created via state statute

IRRRB Governance:

- Board of legislators whose districts are at least one-third with the Taconite Assistance Area

IRRR Board Roles:

- Hire/evaluate administrator/executive director/CEO
- Set production tax rate
- Collect and distribute production taxes, based on existing formulas
- Approve budget
- Approve projects
- Manage DJJ Fund for economic development
- Conduct all other existing IRRRB activities

DJJ Fund Structure:

- Remains part of IRRRB

DJJ Fund Governance:

- Managed by IRRRB

IRRB Board Accountability:

- To the electorate in each legislative district

IRRRB Administrator Accountability:

- To the board

Other:

- Need to maintain underlying vision and mission

OPTION B

IRRRB Structure:

- IRRRB remains a State agency

IRRRB Governance:

- Board of legislators whose districts are at least one-third with the Taconite Assistance Area

IRRR Board Roles:

- Approve budget
- Approve projects
- Approve contract for DJJ Fund
- Approve additional contributions to DJJ Fund

DJJ Fund Structure:

- Separate, 501(c) 3 nonprofit

DJJ Fund Governance:

- Board of private experts from region that reflect diverse experiences within region
- Liaison(s) from IRRRB

DJJ Fund Board Roles:

- Hire/evaluate fund executive director/CEO
- Set policy and direction of organization
- Approve funding of projects

DJJ Fund Board Accountability:

- To IRRRB via contract
- IRRRB can decide whether to invest additional dollars

DJJ Fund CEO Accountability:

- To DJJ Fund Board

IRRB Board Accountability:

- To the electorate in each legislative district

IRRRB Commissioner Accountability:

- To the Governor

Other:

- DJJ Fund not invested by State Board of Investment
- Mission of DJJ fund remains the same

Better IRRRB Task Force Agenda
Thursday, December 12

12 noon to 4 p.m.
IRRRB Offices

Meeting Goal:

- Finalize recommendations
1. Where We've Been: A Recap
 - Task Force and Subgroup Meetings
 - Unique Stakeholder Interviews
 - Focus Group Feedback
 - Public Input Sessions
 - Survey Results (Summary attached)
 2. The Charge, the Journey, the Destination: Commissioner Sertich
 3. Task Force Members Reactions
 4. Reviewing the Options
 5. Developing and expanding upon preferred options (Summary Attached)
 - IRRRB
 - DJJ Fund
 6. Next Steps
 7. Celebration

Better IRRRB Task Force Meeting Notes December 12, 2013

Participants: Britta Bloomquist; Rick Cannata; Ron Dicklich; LaTisha Gietzen; Vicki Hagberg; Kyle Lamppa; Nevada Littlewolf; Heidi Omerza; Jordan Richards; Laura Rusich; Jack Ryan; David Tomassoni; Bill Spang; Warren Stolp

Others: Al Becicka; Marianne Bouska; Brian Hiti; Commissioner Tony Sertich

Task Force Member Reactions to Process:

Surprised at all the negativity toward the agency. It's for the good of the area, so I assumed there would be more support for the agency. There were more positive comments than negative, but the negative still surprised me in the unique stakeholder interviews.

If we come up with a plan and they present it to the board and they don't support it, does it just go back to the status quo?

Amazed at how much information there was to take in. Wow! I talked to people in St. Paul at the Capitol that I would assume would have a working knowledge of IRRRB, but they have no clue – how it gets funded, etc. They think it's "free money." The most eye-opening to me. Will need to continually educate people who have been in government or advocating for government – people who've been around the block.

That issue persists with local populace, as well. No understanding of where the money comes from or what it really does. They don't have a very deep level of understanding. Something that could be addressed regardless of what happens.

Didn't see a cohesive message within the specific survey groups; not a specific or clear outcome from the groups. But when put it all together, see a more obvious pattern in the combined survey results.

Impressed with the interest level of people. Big cross-section of folks who would come up and say that they saw I was on task force. But surprising how little knowledge about the ins and outs about the agency and how it works – and a lot of time they had strong, often negative, opinions about the IRRRB.

Before being part of the group, would read newspaper and see about IRRRB funding a project and just read over it. Lot of people, especially younger people, who come to ask me questions about how it works. Being able to inform the people around me about the IRRRB has been a big part of this.

There are extremes – people who know a lot and people who don't know anything. A lot of people just know a little bit about it.

The biggest thing you've got to get out is where the money goes. People think there's favoritism with where it is spent. Especially with the new mining operations coming on, we've got to make a point that it's for the whole Iron Range and not just a few communities. It's for the betterment of the Iron Range. Some people don't understand why places like Aitkin are involved; whatever, the point has to be made that the money is for the whole Iron Range.

Been involved as a volunteer with IRRRB from a number of years and what I have observed last several months, see generational differences, professional differences, political advocates, business

people – having this group working together as we have just proves that Northeastern Minnesota has the ability to come together. A lot of that coming together will quell some of the myths and misunderstandings and help with the support of the entire organization.

It's good that we have this good cross-section of people. Commissioner was intentional to have this diversity. At times it might have been difficult to hear all the comments; it was good to hear all of those perspectives. Having that intentional thought process about diversity has been great.

When we got to work in the smaller groups because we got to dive into things. I was a bit concerned about where process would be in that short a period of time; a lot of information came out through process.

Thinking about the benefit of having this be a more localized entity than a state entity. That state entity makes for a big disconnect. That's what we're hearing from people in community. If it were a more local organization, could have a better relationship with people here. This is a huge shift and change that could happen for IRRRB.

We all are now ambassadors for what is going on here. We will be able to explain a lot more what is happening here and this entire process.

Compliment everyone who sat through all of this.

This **is** a local agency; it is a state agency in statute but only can spend money locally so we are a local agency. We only deal with local people.

Impression of what agency is – whether it's one of the options or something different – doesn't mean how the agency operates.... Not sure what we're going to accomplish here. What will the legislators do next? If board doesn't adopt recommendation, it will stay same unless legislators come up with a different solution. Ultimately, need to figure out what to do to protect the DJJ Fund. On the other hand, don't know what it means to change how the agency operates. Ultimately, we want to be the economic development arm of the taconite tax relief area. If there's a way to do it better and get more jobs here, I'd be all for it, but it's not an exact science. Sometimes there's a home run and sometimes a strike out and sometimes something in between.

We are the envy of the entire country; tons of people would like to have an agency like this one.

Re the survey: Some of the terms weren't defined and so someone could choose one based on how good it sounds, like "economic development authority."

Did staff participate? Yes – via staff survey responses. Lot of similarity between staff responses and aggregate responses. Staff responses were higher for "extremely important" to stay a state agency and would operate more efficiently as a state agency than the aggregate responses.

Want to protect people who have put in a career with the organization; we have senior people who are near retirement so could look at options to make sure that retirement options are maintained.

Also at a point in the demographic of IRRRB employees, if a transition were to occur, might also be some retirements, which also would change complexion.

Impressed and proud of everyone's role. The time, the commitment of the task force members. As ending a career in public service, there is nothing more important for us to be working on. I am the only member on board who was employee, board member and worked for groups that rely heavily on this agency. This agency is one of the best kept secret on the Iron Range, as well as the state. It

is local money and how it's spent locally isn't the business of people outside the area. Used to be that Iron Range legislators were in a lot of key positions and could protect the fund; with a lot of turnover in the Legislature, always fighting to educate new lawmakers. People who know more about the agency have opinions on how it should go; people on the Range have very little knowledge about how agency works. If it is a local tax, how come it's a state agency? Seeing that more as the partisanship has grown. With greater partisanship, this agency always is in the crosshairs.

When ask for money at the Capitol, they always say to go to the IRRRB; at least we can use it for matching money.

Didn't know the DJJ fund was at risk until the Republicans took over both the House and Senate and they tried to take it. Should figure out a way to make sure it is protected.

When I initially came on to this Task Force, I was mostly interested in the idea of protection of the DJJ fund and the opportunities in the state that we're in presents itself well to do something like that. This Task Force expanded to some areas that I was surprised they were going there, but still great to get the input it got and reading surveys and comments from folks, I was surprised by the positive feeling of those that were asked that the IRRR is doing a good job and the people who understand this agency at all certainly have some appreciation for fact agency is here and what it has done. Sometimes hear the negative aspects and that's what hits the coffee shops, but the surveys show a lot of positive feelings out there. Surprised that number of people in surveys weren't negative that it is a state agency and important to keep it a state agency.

People want the agency involved up here and not a statewide focus.

Feel the most passion for protection of DJJ Fund; strong objective with a lot of people. Very few were negative on that. Still think that's a good mission. That came out not only with the people on Task Force but also the surveys. Lot of people thinking about what that thing should look like, some of the possibilities, etc. Now is the time to get it done.

Most disappointed with some of the comments I've heard from IRRR Board members that we really are just spinning wheels and not going to get accomplished what we want to get accomplished. Unless we run into a bunch of legal hurdles....

COMMISSIONER SERTICH:

Really impressed with work. Seeing it in person and hearing about it when not here.

Intrigued by feedback from Iron Rangers who took time to offer comments. A few things struck me:

Almost unanimity about protection of this fund across the board, which leads to a lot of support within the region for the work Task Force finishing up.

Too large of a chunk of people – stakeholders and folks who work at agency – who said “If Legislature just passed a law that says the state can't touch the money, that's what you should do.” Have work to do as to why that won't work; that's my take away. I have to keep saying that because people don't understand if pass a law, a future Legislature or Governor could come in and change it.

Recommending to me, agency, board and people of the Iron Range what YOU would like to see.

Want some concreteness about direction. If come to consensus on one path, that's great. If need to focus on a “realm,” that's okay, too. Caution you about being overly specific about “how” something

were to be structured. Stick more to generalities. Folks doing heavy lifting are board members/ legislators. Give them some room within the recommendation to further clarify and define what this looks like. Our board members need ownership in this process, as well. Leave them some room to have ownership and further shape this. Provide a destination and a path/way to get there.

Discussion of Options:

Ironworld – have a liaison, have a contract that can be changed if nonprofit isn't maintaining its responsibilities.

If wanted to change agency and DJJ, it will be too much. Option B is more likely to be achieved before next election.

Big or little changes are both only likely now.

Board and commissioners will decide; could give board both options.

What is the best way to protect the DJJ?

If we lose the money, people who build the buildings and are employed by the entities that set up business here....

We should recommend what makes the most sense

A & B are favored by most respondents in survey

What might be doable; maybe we should modify the tax language, which is focused to ensure that it's an in lieu of local property tax and can't be spent statewide

Rely on legislators to determine if we have time for an option

A regional agency would be more connected to local, real people.

Option B is best of both worlds; don't lose the history of success.

Option B gives the commissioner a link to the governor.

Should have a longer commissioner's term

The agency should be more transparent.

DESTINATIONS:

DJJ Fund:

- Protect it – IRRRB members determine best method
- Focus on economic development and economic diversification, same as now
- Local governance
- Ensure ongoing contributions are made to the fund after the initial large disbursement of the corpus
- Because it's a trust fund, ensure that whatever governance structure is in place must make a unanimous vote to remove money from the corpus

IRRRB:

- Change law to ensure that IRRR Board approves Governor's appointment of the commissioner. (The issue isn't inherently who is picking the commissioner; the problem is a polar shift in priorities happening too quickly as commissioner changes.)
- Have IRRRB collect and distribute revenues to demonstrate that it is a local tax, which it is. Create another firewall. (? about the role of the county commissioners' role if have county auditor distribute revenues.)
- Ensure that IRRRB staff members' salaries, benefits and pensions are protected.

In report to the Commissioner, use Option A and Option B with the "destination" points....

Reaction:

Not being done as a cost-savings issue; there is a different objective. Not talking about creating an organization with employees. Looking at moving something off of a balance sheet.

Good macro approach to the whole thing.

Main object to do is to take care of DJJ fund and a couple of different ideas on how to do that. Up to the board to make the decision. A hybrid of two options is likely what is going to get board approval.

Fine.

Fine with it. Have enough options.

Cognizant that making a recommendation to the board; defer to two board members about whether there's enough information to send to the board.

We could move DJJ fund into a 501c3 for investment purposes and take it out of state control. Worry that a future Legislature might try to get it.

Fine with it; question whether commissioner or board drives mission of IRRRB? (Commissioner drafts the mission; board has thought of board as legislative committee, which is different than other boards. IRRR Board doesn't operate as a board but as a committee; so haven't been interested in setting a mission.)

Good with where we are at. Appreciate all of comments made today and hearing from members.

Feel good about sending both options on because not sure there is one right answer.

Recommendations provide good framework for what we want to accomplish; think we will continue to have more questions but gives board a good idea of what it needs to do. Now have to figure how to implement. Lot of questions answered and provided more clarity through meetings.

Comfortable. Both options have merit that need to be evaluated by board and legislators.

Comfortable. However, as a former employee and board member missing a golden opportunity to make a structural change that would be major for the Iron Range.

Appendix D: Subgroup Meeting Agendas and Summaries

Three subgroups of the Better IRRRB Task Force convened to research and discuss findings on three topic areas: the structure and governance of IRRRB, as well as to examine options for protecting the resources in the DJJ Fund. The agendas and meeting notes of those subgroups are included here.

Better IRRRB Structure Subgroup Meeting Agenda
1 p.m. Tuesday, October 8
IRRRB

Meeting Goals:

- In advance of the meeting, gather more information on options for the structure of the IRRRB
 - Review and discuss information and options of hybrid structures
 - Assess whether options are politically achievable
1. Review/agree upon meeting goals
 2. Identify attributes subgroup wants for new IRRRB structure
 3. Discuss different models
 4. Identify which model(s) reflect the attributes desired
 5. Determine which models to bring to Better IRRRB Task Force

Better IRRRB Structure Subgroup Meeting Notes
Tuesday, October 8, 2013

Task Force Members Present: Ron Dicklich, Vicky Hagberg, Sen. Dave Tomassoni, Britta Bloomquist, Latisha Gietzen

Staff Present: Brian Hiti, Al Becicka, Marianne Bouska,

General Discussion:

- What's on the table: DJJ Fund structure or IRRRB structure? Both.
- Which structure best protects the Fund?

- If we allocate the Fund, it becomes harder to steal. Then which structure/project/functions do we allocate to?
- Can we avoid the Legislature and do it at the board level? The Legislature can undo anything it has done, so don't do anything in the Legislature if we can do this as a board.
- Need to maintain flexibility to meet unknown, future needs.
- Need to be mindful of the potential for future revenues, as well.
- Under existing legislation, we could move the bulk of the fund elsewhere and let the future revenues continue to flow into the DJJ Fund.
- If we moved the bulk of the fund elsewhere, we could let future revenues continue to flow into the DJJ Fund and then, when it reached a certain set point, move the "excess" to the other use.
- The structure needs to reflect that this is local property tax and could/should be collected locally.
- Every other property tax is collected by a local unit of government.

Central Issues:

- DJJ Fund Structure versus IRRRB Structure
- Current revenues versus future revenue

Form follows function: Attributes for DJJ Fund

- Safe (protected) from the Legislature
- Targeted at IRRRB service area; where you spend the money may limit the structure we recommend. Do we want a static or dynamic boundary?
- Under local control
- Balance between flexibility and focusing on a specific mission or single person
- Balance between flexibility and the need to spend locally
- No distribution formulas, but some criteria or focus
- Structure should be enduring and account for changes over time so we can address future needs
- We shouldn't pit one community against another, but we also need to reflect that if a mine shuts down, the adjacent communities suffer the most

DJJ Fund Structure Matrix:

	Joint Powers	Community Foundation	501 (c) 3 Nonprofit	PPP*	Port Authority	Credit Union
Safe	?	Yes	Yes	?	?	
Flexible	?	Yes	Yes	?	Yes	
Service area (TAA)	Yes	Yes	Yes	?	Yes	
Enduring	No	Yes	Yes	?	No	
Levy Authority	Yes	No	No	?	Yes	
Regional cooperation	Yes	Yes	Yes	?	Yes	

Can raise new funds	Yes	Yes	Yes	Yes	Yes	
Can accept new funds	Yes	Yes	Yes	Yes	Yes	
Economic development mission	Yes	Yes	Yes	Yes	Yes	
Protected from misspending	Yes	Yes	Yes	Yes	Yes	
Accountable to public	Yes	Yes	Yes	Yes	Yes	

***PPP=Public/Private Partnership**

Can we put the DJJ Fund into a separate entity AND give the DJJ structure ability to collect on-going mining tax revenue via levy authority?

IRRRB Structure Attributes

- Local levying & distribution authority for mining tax revenue
- Public/electorate accountability
- Transparency
- Efficiency
- Autonomy from State regulations
- Geographically-bound
- Ability to act regionally
- Ability to endure

Options for Task Force Discussion:

- A. Keep the DJJ Fund within IRRRB but with protections in place
- B. Move the DJJ Fund to a separate entity (not IRRRB)
- C. Move the DJJ Fund to a separate entity and provide that entity with levy authority
- D. Move the DJJ Fund and economic development activities into a new entity; keep existing public works activities with IRRRB
- E. Spin off IRRR and all its responsibilities into a regional government entity

DJJ Subgroup Meeting Agenda
Tuesday, October 15
1 pm to 3:30 p.m.
IRRRB Offices

Meeting Goals:

- Identify ways to secure the fund, what does that mean, how does it look?
- If the fund is secured and its status changes, what is the revenue impact? Discuss concerns, opportunities and other implications.
- Once the DJJ is secured, what opportunities exist to maximize the corpus?

1:00 pm ***Review meeting goals, agenda***

1:05 pm ***What's possible? The legal framework and policy discussions***
Al Becicka, IRRRB attorney
Brian Hiti

2:05pm ***What's desirable?***
Options for fund revenue, ownership or management

- Don Dicklich, St. Louis County Auditor
- Jack Pohl, Minnesota Community Foundation

3:00pm ***Discuss next steps***

- What additional information is needed, if any?
- What recommendations will we present to Better IRRRB Task Force?

3:30 pm ***Adjourn***

IRRRB DJJ Fund Subgroup Meeting Notes
October 15, 2013

Attendees: Ron Dicklich, Kyle Lamppa, Carly Melin, Jordan Richards, Laura Rusich, Jack Ryan, Bill Spang, Warren Stolp

Staff: Al Becicka, Marianne Bouska, Brian Hiti

Presenters:

- ***Al Becicka***
- ***Don Dicklich***, St. Louis County Auditor/Treasurer
- ***Jack Pohl***, Vice President-Investments for MN Philanthropy Partners (including Minnesota Community Foundation) via conference call

Al Becicka: One option to protect the DJJ Fund is to create a nonprofit foundation. Example is Minnesota Amateur Sports Commission started in 1980s to build facilities (tracks, velodrome, etc.) to potentially attract major sporting events (Olympics, etc.). The executive director's vision was that as a state agency, it was difficult to get things done efficiently because of bureaucracy. They created a foundation (allowed by enabling legislation) that became the managing entity for all facilities of the Amateur Sports Commission. It evolved to make money hosting events like soccer tournaments, creating large ice hockey arena and building and running events without the constraints of being a state agency. The IRRRB statute has a subdivision that allows the commissioner to establish a nonprofit, a foundation, etc. This subdivision was created as part of plans for Giants Ridge.

Discussion:

- If it was not a state agency, could IRRRB have the same powers it has now?
- Can the agency still control the money?
- We need to balance separation goal while and maintaining board input.
- There are various options for foundations -- all kinds of tax consequences.

IRRRB created Ironworld Development Corporation under the same statute and then the commissioner and deputy commissioner resigned their roles and the corporation was taken over by the nonprofit board. The endowment is in a separate fund managed by the Minnesota Community Foundation. If there is a default by the nonprofit, the money returns to IRRRB. The physical assets are owned by IRRRB and managed by the nonprofit.

Certain amount of money in the DJJ Fund (\$10 to \$15M) the IRRRB needs to hang on to because it's repaying bonds.

Brian Hiti: Since 1977 when the Fund was created, the agency has spent \$72.8M:

- \$33.5M for special programs of various types -- i.e. emergency jobs program
- \$7.1 M for taconite aid guarantee for local units of government
- \$32.2 M in loans (for large mining projects or large capital needs -- Mesabi Nugget, Minnesota Steel/Essar, PolyMet) and Giants Ridge bonds

If the Task Force contemplates spinning off DJJ, it needs to think about what we would be trying to accomplish (i.e. economic diversification). Could the fund no longer be used for aid guarantees?

Al Becicka: Some withdrawals can be done with six of nine votes for up to 20% of corpus in 2002, but it grows a bit every year; so \$12.7 million is available in the "six vote" money as of 10/9/13. Nine of nine board members (unanimous) could approve the withdrawal of a larger amount--even the whole amount.

Brian Hiti: There is \$148.2 M in the combined DJJ Fund, of which \$97.4 M is invested in stocks and bonds with the State Board of Investment. The rest (\$50.8M) is invested in treasuries and large reserves of cash through Minnesota Office of Management and Budget.

Money is safe but we don't get as large a return as we could get, so board approved the commissioner asking SBI to invest in a greater rate of return via stocks and bonds.

The Miners Memorial Forest is an exception to the above rules for reallocating the funds. Changes to the corpus money can be done with only five votes; there was authority to buy forestland and use DJJ corpus money to do that, but it was a very rare circumstance.

Discussion:

- With a port authority, if want to create a nonprofit, can we only have one or two elected officials on the board?
- Would this apply to the IRRRB?
- In the Ironworld transition, there was also a limited number of elected people who could serve on the board of the new nonprofit.
- If DJJ fund “leaves,” is there an entity that remains and what does it do?
- There is a certain amount of the money that comes to IRRRB for economic development; if that goes away with the fund, will the IRRRB still do economic development?
- DJJ has flexibility in terms of mission for spending and method of funding (economic development tends to be in the eye of the beholder.) But what happens to the rest of the agency's activities?
- We should lay out different models and examine the hurdles, ramifications, etc.
- Can we operate the IRRRB "mother ship" as a separate entity? If we set up how we want the DJJ Fund to operate, can it be used alongside "mother ship"? (It appeared to Al Becicka that we can't have the same nine elected officials on board of the new DJJ Fund and expect that will be sufficiently protected from clawback.

The agency doesn't rely on DJJ Fund for operating revenue; it is always treated separately. We should set up the real objectives of what we're trying to achieve here: protect the fund. It has to maintain same general economic development purpose.

Don Dicklich: Taconite production taxes are property tax dollars. Normally counties collect property tax dollars, but in this case the Minnesota Dept. of Revenue formula breaks out amounts owed to various entities. St. Louis County administers the taconite tax relief for all of region and sends funds to other counties (supplants money individual property tax payer would pay; each county keeps the money and property tax payer gets a credit).

St. Louis County could charge other counties for the services provided but has chosen not to.

In a new arrangement, St. Louis County could assist with basic management and accounting. Serving as the fiscal agent, it could help with all of those things; it is one of the few, maybe the only, county in the region with the resources to do that. It might need some financial help to hire a person to support the work. They do not have the capacity to do the work of the Dept. of Revenue does currently. Someone has to do that, which also could be done under St. Louis County. Working as a fiscal agent and not bounded by county boundaries, the county can only be fiscal agent for public agencies, not a private, nonprofit entity.

Discussion:

- How many elected officials can or must be on the DJJ Fund?
- Must elected officials be responsible for allocating tax dollars? (No.)

- How are future revenues to the fund affected (the existing income to the fund)?
- How can we separate the DJJ and keep IRRRB as a state agency and really accomplish the protection we want?
- If the DJJ fund separates, could it still be invested by the SBI?

IDEAS:

- Can county commissioners and legislators serve on the board and be responsible for the fund because these are local property tax dollars?
- Can we form an IRRRB Economic Development Authority? A sheltered entity with a non-legislative body; it is an EDA managing money for a particular purpose based on what DJJ is doing right now.
- Can we consider a multi-step process? The first step would be creating a new entity to take on economic development. Invest in something that is going to give a return on investment.
- We should replicate what DJJ is going right now; seems to be doing some good things. Goal is protect it; don't want to change mission but do want to change its structure.
- The more you make it look like a local property tax, the more difficult it is to take it away. We should have formula managed locally instead of at the state level.

Historically, before the Taconite Amendment, all the taxes were levied locally. The only reason it was changed was that taconite companies didn't want to build under that model, so a constitutional amendment directed the funds to the State coffers for redistribution to the Taconite Assistance Area. The constitutional amendment expired after 25 years.

Other counties should be asked to help pay for administrative costs, especially if St. Louis County is going to help administer, collect, etc.

Jack Pohl: Jack reviewed the August report from State Board of Investment. He noted there are some opportunities to consider. The Fund has grown quite a bit in past five years; half is invested in equity and half in bonds.

Performance of portfolio: The internal equity pool is at 7.4%, which is close to the large-cap market return. Bonds managed by SBI have a 5.94% for five years; they are managed like a fixed income portfolio; they have outperformed the bond fund index by a full percent. For the past five years, portfolio outperformed market index by 1/2 of 1%, which is equivalent to roughly \$2 million. This growth came mostly from bonds because low interest rates. If half money is in fixed income, how will that perform in rising interest rate environment which is expected with end of quantitative easing and rising interest rates?

Look at SBI as a partner in the investment of assets. How can this partnership be a bigger opportunity? Could we ask them to look at some bigger investment pools that might increase returns while minimizing risk?

Cash flow: what is the Fund's strategy around that? Can the portfolio enhance returns without principal risk and sufficient liquidity?

The Fund's investment policy of June 2008 was reviewed. Since it is a five-year-old policy, the agency might want to do significant review of policy and strategy and rethink it. Need to consider constituents and how the trust fits into the overall strategy of the organization. We need to understand other sources of revenue, and how trust is currently used, to help inform what is appropriate for investment strategy.

Fund governance: the current policy speaks to responsibilities of SBI and role of the commissioner. Would it be useful to have an advisory committee of some sort to provide some advice on portfolio strategy, evaluation annually, etc.? We need to have an evaluation mechanism so we know whether we are achieving what is hoped for or not.

The cost of SBI to administer the fund has been almost nothing. A private sector manager could charge \$200,000 to \$300,000. The SBI expense ratios are dirt cheap; can't invest any cheaper than State Board does.

What can we report to the full task force about what we've learned and observed?

- We should get broader input from other people about whether or not IRRRB should be a state agency. I am leaning toward this as a way to protect the funds in DJJ and elsewhere; it would be a huge overhaul through legislative process. We need input from other people.
- I like the mother ship/satellite analogy. I want to explore the pros and cons; is that a model we can follow?
- I've learned that just about everything is possible with the enabling statute. I worry about accountability issue if move DJJ Fund, because a board could do things that people might not want to be done. What is the appropriate role for elected officials?
- We want to prevent State access to the DJJ Fund. We should focus on that objective given the short amount of time we have. What's feasible in that time?
- It sounds like maybe the fund can be moved and changes can be made. I've seen no showstoppers yet.
- We should build something new, whether it's all encompassing (i.e. no longer a state agency) or a pseudo-subdivision. We can do it.
- I'm still stuck on making it a regional entity. I like the idea of amending state statute to create a regional entity that collects the taconite taxes with oversight. I'm concerned with the satellite from the mother ship because it seems it is too bureaucratic because it could compete with what remains. Could move fund to create safeguards but how do we meet minimum taconite guarantees in language attached to the fund? I'm open, though.
- All possibilities are there. At the end of the day, this will be a political function and a political activity.

Better IRRRB Governance Subgroup Meeting Agenda
Wednesday, October 30
1:00 to 4:00 p.m.

Subgroup Charge:

- Identify models that ensure longer-term leadership for executive and sustain leadership.
- Identify ways to hire executive director/President/CEO based on competency rather than an appointed commissioner whose term ends with the governor's.
- Identify boards that encourage alignment between executive and board.
- Define accountabilities more narrowly.
- Determine how to comprise a board, especially when spending local tax dollars.
- Determine how much transparency is necessary.
- Identify legal parameters for a governance model.

1. Review charge, agenda and definitions:

- **Governance:** How the organization makes decisions, who is accountable to whom and how roles are filled
- **Structure:** The legal organization of the entity and how it performs its functions

2. Discussion with Commissioner Sertich

- What works well with the current governance model
- What gets in the way with the current governance model

3. Discuss/add to desired attributes

- Protect DJJ Fund
- Diversity
- Accountability
 - To electorate based on actions
 - To those who decide how well the job was done
- Expertise on mission and what we need to accomplish
- Geographic diversity
- Flexibility—something not set in stone that can respond to mission as needed
- Recognize staff and board can help realize desired attributes

4. Discuss possible governance models for stand-alone DJJ Fund and/or IRRRB

5. Discuss pros/cons of governance models for stand-alone DJJ Fund and/or IRRRB

6. Discuss which models to bring to Better IRRRB Task Force

BETTER IRRRB GOVERNANCE SUBGROUP MEETING NOTES October 30, 2013

Attendance: Rick Cannata, Heidi Omerza, Nevada Littlewolf, Jason Metsa

Staff: Al Becicka, Marianne Bouska, Tony Sertich (Ann Glumac, Ed Zabinski)

Commissioner Sertich

Agency head appointed by Governor; board appointed by Legislature; commissioner/director not appointed by board, which may lead to micromanagement by the board. They tend to get involved in day to day work as their means of influencing the direction of the agency. At times, the commissioner may tend to do work of the board without this accountability.

Governor of state of 5 million (accountable to the whole state); this region is 150,000. Should State have that much influence on agency that affects this region only?

In years past, some officials have observed that legislators set levels of revenue; executive branch spends the money. This commingling of separation of duties loses the check and balance that exists with the current structure. It shouldn't be purely the executive or legislative branch in charge. We should figure out that balance in governance. There should also be an accountability component; it's missing now.

If we're looking just at the DJJ Fund, there are opportunities. Should legislators be involved on the DJJ Fund? We should be creative and open. There will be an IRRRB; legislators will play a role in that. They will change the law. The DFJJ Fund could be governed without legislators involved on that board. Iron-world is now run by nonprofit board. IRRRB owns assets. The nonprofit board has been given a \$10 million fund; if they default on the mission, the money reverts to IRRRB.

The DJJ Fund could be endowed with the 142 million; accountability could be created in two ways:

1. If they default on the agreement, the money goes back.
2. If the taconite production tax accrues, the IRRRB could check in yearly or biannually and allocate more of the taconite tax to the DJJ Fund.

Discussion:

Economic development has to be regional activity. The DJJ Fund should be removed from control of the IRRRB to help preserve it.

How will you make this happen? People will trust that a process was in place that makes sense to IRRRB board; much of this could be done in six months.

The board must agree unanimously; could be done before session begins.

What baby shouldn't be thrown out with the bathwater? The check and balance that exists; it slows things down, but it is useful. The Board hiring the director could lose that. Now it's the board vs. the commissioner.

The other hiccup: we have to interact with St. Paul in many ways. Fixing our roof is administered through St. Paul. We don't have a say now. Our money sits in St. Paul; all of it. We could have it in local banks, but not now. HR decisions are ultimately made in St. Paul. Governor gets to decide on everything; every board decision. Nowhere else does a Governor have that much oversight over local tax dollars.

How is Met Council structured? Represent geographic areas; public corporation status gives them more flexibility. Transit, wastewater, planning. State Auditor does their financial statements. They get State funding plus fees for services. Met Council employees can be part of State retirement system. There are staggered terms. Governor appoints director. Districts have evenly divided population.

If we aren't State agency, we should at least make employees part of the State benefits systems. MAPE and AFSCME represent our employees today. IRRRB is vastly different from Met Council (they get State funding).

Figuring out accountability is important; people want to know that some is doing appropriate due diligence on multimillion dollar loans.

Separating the economic development fund lets that function move it the right pace, while letting government deal with government. As a legislator, I never had the tools to add value to making a decision about the business deals.

At Northland, we have business lenders who evaluate deals, and then an external advisory committee (formed of bankers) make a final recommendation. The board, mostly lay people, rely on this process to make good decisions.

Focus: How does decision making happen? How does that accountability happen? What would work best?

How much money stays from government to government vs. to private? Most is to government. Out of ED fund, it is roughly 50/50.

DJJ Fund governance model attributes

Mission-oriented: economic development
Expertise
Local officials
Board: mix of some IRRRB members; local officials; exec director recommended by board; term duration longer than four years
Accountable to IRRRB
Check and balance comes from IRRRB funding

IRRRB attributes

Agency employees
Giants Ridge
Lawmakers on board –same
Public \$ for cities

DJJ board discussion

- Private sector with expertise from throughout the region
- IRRRB gets annual reports; can choose to continue funding or not
- Stable board
- Liaison from IRRRB
- Should have Range-wide focus

- Should have diversity of backgrounds and knowledge base

Executive position discussion

- Director should be long-term
- Hires staff with expertise
- Professional; based on performance
- Accountable to DJJ board

Type of board

- Basic functions without a lot of red tape
- Set the policies
- Set limits for lending
- Assess and evaluate the CEO

IRRRB

Board

- Remains legislators

Commissioner

- Board recommends to Governor; longer than current 4-years; maybe 6 years?

Structure

- What if it's not a State agency? Would the Governor need to appoint the Commissioner?
- Legislators remain on the board
- Ensure employees of IRRRB keep same benefits/pensions

Checks and balances:

- Does not having citizen members on the board matter?
- Maintain chain of command by going through commissioner (if a board member)
- Define roles/policies/guidelines about board, commissioner roles, what if they don't follow?
- Focus on mission of IRRRB and DJJ Fund
- Should IRRRB set mission of DJJ Fund in statute
- Could have a contract with IRRRB

Appendix E: Unique Stakeholder Interviews

The following pages contain summary comments from 26 IRRRB stakeholders from interviews during September and October 2013. The stakeholders include former commissioners, board and community partners.

During your tenure with IRRRB, what were the top three contributions made by the organization to the Iron Range and its citizens?

- As a regional organization, they help communities recognize and act on shared assets or regional opportunities.
- They have abundant expertise and staff capacity that has a huge impact on a lot of important issues of significance for the communities they serve. Most of their target communities do not and cannot recreate capacity of that caliber.
- The agency was extremely generous to communities with its investment in infrastructure, water and sewer projects to be exact.
- They were always there—they had the money—to help with projects that were important to communities (veterans' home in Silver Bay; senior citizens facility in Ely).
- I like the way they gave board members a chance to advocate for their communities and to have a say in how the money was spent.
- The staff was considerate to communities.
- Creating new, long-term jobs, and helping communities build the important but not sexy job of building public infrastructure.
- Glad that we concentrated more on public works and at least spent the money locally. I tried to get as much for my district because most of the money comes from my district. The fact is that we weren't doing much spending in business area because it is hard to find those projects, and we weren't going to just sit on the money. I forced every commissioner to spend more on public works.
- The work they do in terms of reaching out to communities and in so many ways. The partnering they do with individual communities. They are community partners in a way that matters because, given our declining population and demographics of region, having an entity that looks out. There is not a community on range that hasn't been touched by IRRRB.
- Two really meaningful community development programs beyond normal granting: storefront renovation to help retail community survive, and the second was blight removal, tearing down and removing old structures.
- They knocked down a lot of old buildings that created blight in our towns.
- Building demolition.
- It was important to put some infrastructure in to some of the communities so that they become attractive to businesses to locate there; not sure that we needed to put in as much as we did.
- Infrastructure

- Infrastructure investment. Our communities wouldn't be livable with the investments we made in sewers and water systems and other things. People don't see that, but it is very important when it comes to economic development.
 - For cities, providing them the financial resources they could leverage to create investment and jobs.
 - One of the other contributions was the creation of a cohesive political entity, RAMS, that helped unite the schools, municipalities and townships on the Range.
-
- All the things we did with keeping the mines going
 - Mining, with doing Mesabi Nugget and working on precious metals. Constantly, doggedly working on it. They're coming along! A lot of hard work and constantly at it and working to make it happen and it did happen; it wouldn't have happened without the IRRRB.
 - Most proud of fact that we picked up the ball to do something to improve taconite dramatically. Mesabi Nugget and starting the 21st Century Minerals Fund.
 - Supporting nickel projects.
 - Attracting large businesses like Magnetation and Essar
 - We advanced major mining initiatives—Essar, Magnetation and PolyMet—at a time when the industry was looking at new technology.
 - Assisting with putting a financing package together to help Essar Steel.
 - PolyMet
 - Support for the mining industry.
-
- During Rudy Perpich first term, there was an economic crisis. The largest initial contribution was in those days the shift from almost exclusive community development and – at extreme – pork barrel politics to a shift to economic development. It was a big shift. That got into the real mission, which is job creation.
 - Range Readiness and being ready to realize potential of the Range; thinking and planning for companies we haven't even talked to yet. Forward thinking attitude on part of board and people who work at IRRRB. It positions us to do thinking and planning on how to improve economy. That's essential to the economy of the Iron Range.
 - Always trying to find ways to create employment – good employment with decent pay and benefits. Really big plus for that board.
 - Visible business assistance which leads to job creation.
 - Putting money into job-creating business on the Range (they've become more professional over the years).
 - Even though I saw a lot of attempts at economic development, I'm not sure we were all on the same page.
 - Business development. As an example, I recall the struggles we had internally working with ASV when they wanted to move out of Marcell. We didn't want them to leave, but we couldn't make them stay, so we helped the company relocate to Grand Rapids. We helped keep those jobs in Itasca County and the company grew and jobs were created.

- I suggested that we create board subcommittees to conduct due diligence for business loans so that we could have the frank conversations with business leaders not in the public arena. That was an important move for our ability to do economic development.
 - With mixed feelings, I think the business loan program has been a good program to help businesses grow and expand. However, I'm concerned that at times we were offering financing to businesses that disadvantaged their competitors. In fact, I have some real qualms about some of those loans.
 - The agency did a lot for certain projects that wouldn't have gone without their help. Loan guarantees, in particular, have been a valuable tool. Overall the agency worked pretty well.
-
- Golf Course at Giants Ridge
 - Giants Ridge
 - Giants Ridge was pretty damn good
 - Starting to look at development around Giants Ridge; we could have done much more, like spinoff activities that would help to maintain the area so it has an economic impact
 - Really attempted to develop tourism industry, particularly because employment was going down and looking at ways to improve the area with different methods other than mining – like the golf courses they supported. Wasn't sure it would be a good idea but in the end it turned out to be!
-
- We transformed the governance structure of Ironworld.
 - Spinning off Ironworld
 - Ironworld
 - Interpretative Center.
-
- Setting up the higher education committee at IRRRB. We put the Applied Learning Institute in law through state budget and specified in statute that the money is supposed to be concentrated where the population losses occurred when mining shut downs.
 - My bias is that no matter who was at helm, IRRRB has been a good partner to higher education and education in general. The commissioners, board and staff realize education plays a huge role in economic development. It's a partnership that benefits everyone.
 - Education and talent development (through investments in school systems) is a distant third.
 - We made huge inroads into higher education. We created undergraduate and graduate programs through the Applied Learning Institute. Fourth, our partnering with NEHED through the hiring Roy Smith was critical. It caused the two organizations to work together, and that partnership has been hugely successful.
-
- Best thing was NW Airlines Reservation Center; by far the most important.

- Northwest Airlines call center

- Infrastructure; by that I don't mean fire halls and I don't mean public works garages. I mean IT, fiber, sewer and water, energy parks, state centers, which is different from building another library.

- They were very good in making sure that the entire Range received equal treatment – not just the Mesabi but the Cuyuna, as well. Very fair with their support and helping where they could when there was a request. That was a big plus.

- Most of the stuff that went through was not that big; it seemed there were lot of oddball things that could never get a clear assessment. When a project would fail, they wouldn't tell you much about it, but if it was successful it was touted.

- I applaud the idea of trying to make it work better. It always seemed like it was badly directed and more political agendas than true economic development. It was just like a giant campaign fund for those people and they used it, too. That was pretty well tolerated.

- Excelsior Energy

- Doorbell for the Battered Women's Shelter. (One board member) was adamant didn't need a doorbell, that they were above a bar and everybody knew where they were and women were stopped when coming in... Voted against (that member) on that one and hard for them to do.

- Support for "Wild Rose" film about women miners.

- Got my township comfortable making a grant requests for a new town hall because they didn't know they were eligible. IRRRB was building community centers like mad in those days. Otherwise, they wouldn't have thought to request money for their town hall and all got expansions on town halls – mainly meant indoor bathrooms.

- Money

- Mineland reclamation

- School district support

What unfinished business did you leave behind when you left the organization?

- I wanted to change the IRRRB around, and even developed a 12-page outline of how to accomplish this. We had created the 2002 Fund, or the Economic Development Fund. I think

that fund should have a full-time administrator and a board comprised of people with expertise in banking and economic development. You could have some IRRRB representation on the board, maybe even a majority, but I'm not sure that's wise, either. The role of this board would be attract business, analyze opportunities. If you had a \$100 million in this fund, and by using it as a revolving loan fund, you could leverage a half-billion dollars of investment in new jobs.

- The organization would benefit from some systems change. We should examine the optimal system to accomplish what the agency wants to do with its funds. The system in place today is not optimal. Maybe this Task Force can provide some answers. I attempted to change what I could, but it wasn't enough.
 - The commissioner is appointed by the Governor, so the organization can't help but make huge swings in its direction, potentially, when a new commissioner is appointed.
 - Legislators direct funds to the agency but then they drive to Eveleth from St. Paul to decide on where to spend that money.
 - The biggest mistake we made, and we had the opportunity, was not divorcing the Economic Development Fund from politicians. It would be easy to segregate the Fund and create a board independent from politicians and managed by people with business acumen. Ask Tom Bakk to draft a bill, and this could be done easily.
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- The generic mandate of the creation of IRRRB is to replace the jobs lost when mines shut down and you can't replace them in places where don't mine. IRRRB money and economic development money should be targeted to those areas.
 - Huge misconception out there. IRRRB doesn't create taconite taxes, it sucks money away from school districts and downs and they get a cut. People get taconite money for schools or communities.
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- Felt that the boundaries of the TTRA should be shrunk; felt strongly that there were places west of us – Itasca County, Grand Rapids – that no longer had producing mines, etc. Especially when declining revenue for IRRRB and that could have helped fill coffers a little better.
 - If I got a \$100,000 grant, I'd be happy but some of these outlying areas think they should get as much as the ones that are contributing. These taxes are in lieu of local property taxes but most of the communities are not paying; they're not their local property taxes. I don't mind sharing but when people get uppity because didn't get as much as folks sharing with them, someone at agency have guts to say enough is enough.
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- We made some changes with Ironworld and I think there has been some improvement.
 - Trying our best to solve the unsolvable: Ironworld. It will never be self-sustaining. Most historical sites require public investment. It would be nice to retain State involvement in that facility.

- They didn't want me on there—ever. Never was involved in a pre-meeting and didn't want me to talk at the meetings. If I did, it was rare and they kind of shut me up. It was very uncomfortable, it was very rude. Never felt like I was going to have a say in how the money was spent.
- My district was marginalized since the area I represented wasn't considered part of the true Iron Range. Anything done in my district was done begrudgingly. And on top of that we have a fiscal disparities formula for redistributing commercial and industrial property tax revenue. Businesses in my district are angry about that. They're paying taxes without getting much in return. That's not right.
- In some cases the IRRRB staff used to work through city administrators rather than the local elected officials. I'm a political animal, and I wanted to have a say. In some cases, I got the feeling the staff felt they "knew better." Having said that, overall I always had good relationships with staff.
- I wanted to see more cooperation. The Commissioner needs to do, and has done, a good job of making the organization visible in economic development. Other economic development agencies (IEDC, APEX, and NEEF) wanted more involvement by IRRRB in projects. Tony has done a good job opening those doors.
- I would like to see IRRRB be more active in its public relations with communities it serves. We should be meeting with chambers of commerce, banks and other businesses to tell our story. The Commissioner has done a good job to get this started, but it's not his role.
- There continues to be a need for support of infrastructure in our school systems. Sometimes small investments leverage much larger ones.
- I really don't know the organization well enough to make any suggestions about how to improve the structure. From a governance perspective, I think they could benefit by exploring the diversity of their board composition. Diversity of skills and perspectives is important, but have they considered including someone from Bois Forte? Bois Forte reservation is in their service area. I think that type of diversity on their board would be helpful.
- It was meant to provide prosperity on the range -- like around the western part of the Range around Grand Rapids area. If we put a little investment there in those beautiful little communities that could really prosper. It used to be a prosperous.
- The state wrote the tax formulas in 1978 and they haven't changed. Everything else in statute and formulas change, but those formulas didn't change. Every year the tax goes up with implicit tax inflator and that money goes to IRRB and DJJ Fund and NE fund. The escalator going up every year isn't going to the local property tax payer because it falls to bottom line of IRRRB, DJJ and public works/business loans.

- I had many concerns about Excelsior Energy. They were not open about what they've done with the money they've been loaned. They were not open at all, and it annoys me greatly that so much public money went into that project with essentially no results at all, and even less transparency. It was ironic that Tom Anzelc, Tom Rukavina and I were allies on this issue.
- I didn't know much about staff qualifications, but we essentially were running a bank with public money. My impression is that we had a lot of money in the hands of amateurs, and I'm the first to admit that I wasn't always well-qualified or informed sufficiently to make the decisions I was asked to make. I think we should take advantage of the business expertise that's out there. Unfortunately, most of the decision making was based on emotions or politics.

What things about the organization and its structure, if any, do you wish you could have changed?

- Never thought much about it because never thought going to change.
- Have to have the right group of individuals willing to give that up and they're not going to.
- They don't have the balls to change it; when they had (non-elected) folks on it, they took them off. They will never let folks who don't vote to get on it. It's all bad form; they're not going to make any changes.
- The problem is the board is so political and significant personalities led to significant politics; it took a lot away from its ability to do things.
- Some changes were made with regard to citizen representatives on the board. I don't think the Board should be a political scapegoat all the time; it's destructive behavior.
- Provincialism and no one else should have a say about that. It's really our money if we have ore in our district.
- Tony different from any other commissioner with reaching out to communities and others. Can't imagine any other commissioners doing this kind of thing.
- Think the greatest change that's needed is in the attitude that it is a regional resource and it affects the whole region, so it shouldn't be so provincialized.
- You're asking the right questions. The organization operates in a political environment, which is understood, but there is political control of the inputs, so it's no wonder the output is less than optimal.
- The general view of DJJ Fund is that the Republicans are ones that want to steal money, and I agree, but the Democrats have politicized the agency, as well. Not sure that serves the Range well.
- Every time I drive by, and I drive by a lot, I always think: "Boy: am I glad I am not there."
- I made a distinction between the real authority of the board and the authority of the commissioner. The board is really an advisory board; it doesn't have the power to dictate. They are not in a position to dictate. View that more closely. Why do we allow the politics to get in the way of good decisions?

- More citizens on the board. We still need the legislators; definitely need that. But more citizens would have given a different perspective.
- Kind of liked the way it was and thought it fair that there was a citizen member. Thought it was a good operating board for the time I was there because we had the benefit of having a citizen on the board. In my opinion, in various administrations, they have had pretty good administrators. That was a big plus; they tried hard to work with the members of the legislature, regardless of who was whom. Director took job to heart and worked hard to help the Range.
- I think board members could benefit from training so that all board members behave very professionally.
- Have I seen (the board make-up) hurt? Yeah. With staff stuff; the relationships between the board and staff and how that comes out publicly is just bad, the way it comes out publicly. That was always just bad. You don't bring people in from that community -- business community -- and do that kind of stuff. It just reflects poorly on it. Businesses see that and you can't get them to want to work with IRRRB.
- The board overseeing the fund should be bankers, economic developers and some IRRRB members. We had these ideas once upon a time, and Rudy Perpich was the governor, but the time wasn't right.
- We need to take the politics out of it. As long as other legislators from around the state see that money, whether they're Democrats or Republicans, we are vulnerable.
 - The people who work there are so unbelievably connected to their work and to their constituents. They are absolutely dynamic in response to people. First-class operation. All have that talent and that commitment to following through.
 - The tax dollars are State resources, and there needs to be accountability to the State and the communities on the Range where the ore is mined. Tony Sertich has taken some steps to make some improvements. Optimally, experts would be involved in making decisions about business loans or grants to communities.
 - You have to create a demand among area residents for doing things differently. They will reach the legislators.
 - It would be nice to get rid of some of the politics, but there is politics even if lay people were appointed to the board rather than State legislators.
- I wish there were things we could do to create more opportunities for tech-based businesses. There is a manufacturing focus now, which is understandable. However, to help attract more young people we should be placing more emphasis on technology companies. If we could attract these companies, it would be a great accomplishment. It is admittedly riskier, but in the long term we need to find a way to fit technology into the portfolio mix for northeast Minnesota.
- I took time to visit with other economic development entities, and what I found was that they didn't want IRRRB money as much as they wanted IRRRB integration. Other economic development organizations won't say that to IRRRB because they don't want to bite the hand that feeds them.

- I wish they would take more calculated risks with their investments, but they're a public agency.
 - Application of monies for economic development. I have mixed feelings about that; does government play a part in economic development? It really is a toss-up. Not sure local communities are better at it.
 - Do think the Laskin Energy Park remains totally unfulfilled. It was created in a firestorm before LTV closed, and everyone thought stupid idea. Some things have moved in but hasn't lived up to promise. There is more to do.
 - The fact that LTV sits in rain 13 years later and nothing has been done, even though I realize that PolyMet is moving forward.
 - There needed to be jobs attached to funding and I think that was an important policy that should be considered going forward. Jobs need to pay a living wage – not just jobs for the sake of jobs.
 - General assessment is that the agency, at least optically, has a limited or nonexistent jobs focus at the moment. Would say its role is more as banker than as developer. The agency will crunch numbers rather than beat the bushes for jobs.
 - One thing really lacking was good analysis of micro-economy of the Range -- demographics, labor force, etc. Productive, long-term things that could shape the Range's future -- training and retraining; intellectual infrastructure, etc. Building water towers is one thing but building a work force is where I thought they fell down. It was always associated with bricks and mortar; anything that would employ a union machine operator. If we were really were going to do something, we ought to have an Iron Range think tank and it has to be independent of the political guys so it can have the freedom to say what needs to be said. It wouldn't cost a lot of money but would have huge benefits.
 - The board should be more business oriented and should get more of the politics out. When legislators are making the decisions about large projects, they don't always have the full story. I know we had staff, but that wasn't always enough.
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- We should continue the annual funding of schools and community infrastructure projects but make long-term investments in schools and business development.
 - Money going to the local governments without strings; some dollars can be used more specifically in a local community but that could have been improved.
 - I think the agency is taking some stands at working toward communities' shared responsibility.
 - For the goodness of building relationships, I think the IRRRB board should do something comparable to what the bonding committees do. They should get on a bus and get out and look at projects. Start getting to know what's going on out there and where the money is needed. Make trips to all the communities.
 - I do think, also, that they do a good job right now of community development and talent development, which I understand. There has to be some preservation of the jobs we have and creation of new ones before talent can be used, and, I think of it in that order.

- We started doing some higher education stuff and we're doing it now. I think it's going to show. I talked about doing that and they thought I was stupid at the time. But it's ultimately Rep. Rukavina who did it. He was in a position to get something done and they're doing some good things. Commissioner Sertich is thinking about doing some things that make sense on delivering some coursework and stuff like that.
 - The organization is changing. Tony has pointed the organization towards education and workforce development. They could make important investments on MnSCU campuses; if he can convince the board this is good economic development policy, they could have more impact in the long haul.
 - Not so sure spending all the money in the technology piece. That stuff ages so quickly, but I think Tony is smart enough to understand that part and hoping that whatever kind of deal is that the technology has to move with what they are putting in. . If it gets old, then the whole thing is going to be a failure and we're going to spend some money we should have spent differently.
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- Is there a way for IRRRB board members to focus more on the health of the entire region rather than individual community projects? Perhaps less power in the hands of elected officials, but I'm not sure if that itself is the root of the challenge. If board members, whether they are State Legislators or not, are appointed with the express purpose of representing the communities in the geographic district they serve, I'm not sure things would be different. There would still be a lot of horse trading about which projects get funded and where.
 - I kept thinking this is state government, not just the Iron Range. It's a resource of the state, it's not just a resource of the Iron Range. The Iron Range should benefit from it, like Duluth did from U.S. Steel plant, but not because it was taken from US Steel or put into Duluth. The company became a good neighbor and started investing and developing a business community; good community for the steel mill and everything because wanted good schools and communities, etc.
 - I really didn't have a voice. I was quieted all the time. The only thing I could do is cry "foul" and say "you need to look at things." If you were not from the Range, you were discounted and if you tried to get information...some of it was a closely held secret; some was easily accessible.
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- There is a huge gap between the staff and board. Staff provides information, but it may not always be the complete picture. Staff and the board work independently, and there are structural reasons for that. There should be more board involvement in decision-making.
 - The board should have more time to analyze decisions and options. On several occasions we would have three-minute presentations at board meetings and then be asked to spend millions of dollars.
 - I think having private sector due diligence committees off the record is important

- Increase the transparency of the agency's activities; publicize what is positive about what the agency does; equalize access to dispel the perception that some businesses and some people "get in" while others do not.
- We are dealing with tax money and it would be hard to separate it really from state government. I actually think there should be more transparency than there is. Not a lot of transparency about what happens up on the Iron Range.
- Strengthen employment practices and pay attention to personnel matters throughout the organization.

- The agency should get out of the business of owning tourism assets.
- A final concern: Giants Ridge and Ironworld. Continuing to own those facilities doesn't build credibility for the agency.

- The historic way that they've prioritized the Taconite Assistance Area; we need an expansion of thinking around TAA. Is it the geography that we still want to hold true to with IRRRB?
- Commissioner and Governor ought to have the intestinal fortitude that the grants should be somewhat tied to where the money is from and where the need is. Public works and business grants, as well. It seemed at every meeting something goes to Grand Rapids or Two Harbors or Aitkin. I have nothing against those good people, but they aren't contributing they're sucking away. How do you replace the jobs lost in taconite area in Aitkin or Grand Marias; there are none.

- I strongly support pulling the DJJ Fund out of the Legislature's hands, and I think we should create a trust with those funds. Tax receipts fund this now but with that comes some opportunity for the Legislature to eye that money jealously. The DJJ Funds needs to be protected and operated more like a foundation.

- The IRRRB commissioner is appointed by the governor, so every four or eight years (or less), programs and initiatives get cut short when a new commissioner comes onto the scene and makes programmatic changes. The DJJ Fund should have an executive director, a good qualified person, whose charge is constant regardless of the leadership and direction of the IRRRB.

- We should learn from the past and in a crisis be a little more cautious. Don't over-react to a crisis.

- We've done nothing for logging in that agency, but think we should. I am not sure why they're so afraid of it. I think there are things we could do.

- There is more to be done with housing development with the region in total. What I think about most often is the East Range; it is encircled by wetlands so there is nowhere to build. Swap of lands and moving things around and creating usable land for building housing. The

whole notion of housing has yet by agencies and communities. There is senior housing, yes, but not enough housing developers to get us ready for a new wave of mining.

- We could have done more to develop the area around Giants Ridge. We had an opportunity to put in Tax Increment Financing (TIF) districts but not appealing to some folks, so we didn't do it. That would have produced more significant development around the area.
- I can't think of any unfinished business. They were good about follow through and follow up. It's this philosophy of forward thinking that really is important and they've got it. We talk about innovation but they drive innovation and they make all of us think about what is next and what we can do differently.
- Kind of hard to say; as you're there, you go along with the issues of the day and when you're gone don't always know what they are anymore.
- I believe the RAMS and the IRRRB were established and were created to take a certain chunk of taconite monies to grow the industry, to sustain the industry and to help the region diversify – broadly speaking. The money is a result of mining and to keep mining strong and sustainable and help region diversify.
- The policy advocacy focus is missing in dramatic ways from both RAMS and IRRRB. MPCA and MDNR and commissioners have more to say about what goes on in region than IRRRB and RAMS; they're permitting, deciding and speaking on behalf of projects – not IRRRB. If I was commissioner of IRRRB, I would be urging a restructuring of RAMS and IRRRB to be more policy advocates – in the fight with IMA and MiningMinnesota highly publicly trying to preserve industry. Eliminate RAMS or force communities to be more vocal and force different kind of trade association participation. The mining industry is either at odds with IRRRB but with the kind of fight that's being pitched against NE Minnesota.... They need to cooperate.
- I will give them credit for adjusting tax and reinvesting in mines; they do this very well. They don't do policy advocacy. Whereas Pawlenty wants to steal money or Dayton is tepid on issues, the commissioner doesn't want to engage and doesn't want to get beat up.
- Most of the money at IRRRB is in lieu of Mt. Iron/Minntac's property taxes and people shouldn't forget that. Legislators and city officials shouldn't be greedy about that.
- New monies are at a greater threat from environmentalists than from a Tim Pawlenty; if don't turn that around soon, there won't be anything left to feed the DJJ Fund.
- We started an initiative to get funds from the National Endowment for Humanities and National Endowment for the Arts to get funding for Ironworld, and we found out that we can't do it for a government agency and that started idea to have it as a nonprofit.

- Mining companies should still pay taxes to the community; the royalties should go into the state general fund and maybe a lot of it redirected to the Iron Range.... I am not advocating any particular change but it deserves a discussion.

Why is IRRRB important to Northeastern Minnesota?

- Their mission of maintaining economic vitality across the geography of northern Minnesota, whether it's mining or not, is critical. If someone isn't looking ahead to build the economic base, no one will. Northeastern Minnesota would be in dire straits without IRRRB.
 - It is extremely valuable in attracting good jobs to this area. IRRRB needs to focus on its strong future and not argue about past opportunities. I don't expect we'll do away with the board, but I think a team of experts providing advice would better serve the organization rather than elected officials.
 - It uses mining revenue to create a diverse economic future. They do this through business attraction and talent development.
 - IRRRB could take the leadership role in economic development in this region. They could do so much more by working with others more closely. By eliminating the duplication, our economic development efforts could be so much better.
 - Really needs to be about Jobs. Jobs. Jobs. Preserve the ones we have – LTV is my poster child for that. 13 years and 1500 jobs lost and very few replaced. Work harder and closer with the mining industry and get over the politics.
 - The future of this region is natural resources (mining and forest products) and tourism. If you develop a good base for tourism, you have improved the quality of life for people who live there year-round. These capital intensive businesses generate real money for jobs. By managing its resources well, IRRRB's economic development fund can make them a real player. After all, these dollars are the people's money, and it should be used for the benefit of the entire area.
 - The intent of the Fund is economic development and creating good-paying jobs on the Iron Range. That goal is still valid; we don't have enough diversity and there doesn't appear to be much going on in terms of economic development right now. People think of Grand Rapids as the Edina of the north, but is there any real development going on there? No; things are not moving like they could be.
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- IRRRB is a good thing – a wonderful thing – for NE Minnesota. It's a wonderful agency.
 - The IRRRB is very important; citizens value it.
 - It's a crucial state agency; it's our only link to St. Paul. It should be the primary agency, but that happens to be MPCA and MDNR. It's just a critical agency for keeping our region positioned – infrastructure question, fiber, schools, position.
 - Highly valued.
 - Does provide a good service.

- Sometimes people don't like the way its running or where priorities are, but I don't think there is anybody that doesn't see it as valuable.
- Mostly because it has resources that most places don't and it can help make things better. It just does.
- It's such a multitude. The mining resources will be depleted at some time and for diversification and employment and also to better the life of the citizens up here. We are in an area that doesn't have the resources that even a city 75 miles away does (Duluth). IRRRB supporting things even if it's community halls is an advantage for the local communities.
- Going back to 1941, when they decided to do this with the production tax; that was an ingenious idea. I always said that farmers would never have a problem if they'd only paid a nickel a bushel of corn since 1941. The contribution over the years economically definitely took some of that production cost – social issues like holes in the ground, etc. – they reimburse communities in many ways. More of a direct approach. Property tax gets confusing but the production tax is pretty obvious.
- A lot of my colleagues in Legislature, particularly in Twin Cities area, don't understand why IRRRB exists and taconite funds distributed on the Iron Range. They don't realize that through all these years, the Range never received property taxes from mining companies and that was in lieu of taxes. When times were good, they did extremely well but when things slacked off, then there was not quite such a big deal. It was really hard to explain every single legislative session to my metro colleagues why the IRRRB board is there, why it's important and why the taconite tax is important to the Range.
- I'm not sure about it. I think there's no other organization like it that takes that kind of money and puts that kind of money into any other part of the state.
- Severance taxes are everyone's taxes. It's a good policy question as to whether or not those severance taxes should only be spent there. There certainly are things that the Range needs from other parts of the state. That being said, it probably serves a useful purpose but my big gripe was the board members being all those elected guys. I don't think they should be on the board. The Governor should appoint members with staggered terms, which overlap elections. Commissioners should have a six-year term, and it should be bipartisan. I saw it all being used as campaign funds and for that reason, it had some less than optimal allocations.
- I think it was a mistake to remove the private members from the board and if you're thinking about removing the agency itself from state government, why would you just put elected officials on the board?
- I'm not so sure they are the greatest asset they could be to northeastern Minnesota. Why have a government inside a government? It appears so much money was squandered, and I think the entire operation could be improved. I'll give you an example. We want economic development, so we attract a solar panel company to move to Mountain Iron. They

can't make a living and they can't pay their loan back to IRRRB. So instead we legislate that local units of government have to buy their products? Does that make sense?

- We have to do what we can to support the mining industry. Our vocational education should be strong. We should look at the industry's needs and make sure we provide the training to supply those human resource needs.
- I think IRRRB could focus more resources on education, particularly early childhood development. Thank goodness for the Blandin Foundation, but I think they've shown that their Invest Early program really works. Providing an extended day for young children and making sure there are high-quality day care services are important investments that few communities have made. For many families who struggle to make ends meet, this would be an important investment.
- They control the auditor, so the Legislative Auditor never shows up at their door. Every other state agency subject to that but not that one. They will never allow that to happen.
- They spend an enormous amount of money and are shielded by their influence. Even the Legislature doesn't bother them. The Range press leaves them alone and the Minneapolis-St. Paul press don't care, so there is not a lot of outside influence, and they're in a little bubble and able to keep the train running.
- Small issues with staff capabilities. They should have really talented, high quality people and they were a little short on that when I was there. It wasn't that they weren't good people; it's just that staff was afraid of getting out of line and those board members were pretty tough on them at times.
- It's not all bad. There were some good things. A lot of the community projects really helped the local towns. But towns in Western Minnesota are drying up and the little ones on the Range have kept their storefronts up and their infrastructure.
- Think it's important because the resource they can see in their communities how the money is being spent and they can understand it.
- It's become its tooth fairy and you go to the IRRRB when you need some money for something, whether it's services for a community or to start a business or.... that's fine.
- Because we are an area of great opportunity and challenge, the agency can be a strong voice and have stronger say with policymaking at the Capitol.
- It is able to act long-term, and it is able to act regionally.
- Smash and merge the alphabet soup and have IRRRB be the real leader; it's at risk and that might include governors who aren't supportive of mining.

How can the DJJ Fund best be protected for the future?

- Take the DJJ Fund out and set it up as something else, although I am not too concerned because it always seems like no matter what they tried to do, we would holler “Wolf!” and it always stays there. But I would take it out; that would mean you would have to change things.
 - Put it in a nonprofit or something. Find somebody who knows how to invest; that's really, really important. It would do better if invested in different areas as a fund. Don't know how good the State Board of Investment is and what it is making.
 - If had it and had the right people managing it, you could do better. I would take it out, but that would change. You really have got to look in the mirror and change the structure. You've got to.
 - State always looking at those funds will be an issue until somehow it gets moved out of there; get into legal issues of whose money it is, ultimately. That fund is significant because it exists in perpetuity and it does build; at the same time, it is looked at very closely by other state legislators because it's money and it's big bucks. The structure has to protect the fund; it may have to be through the reorganization of IRRRB, which would make it a private corporation or nonprofit dollars and then is not 'touchable.'
 - Certainly are ways to protect it. The Legislature has the idea that they want to separate themselves from state government and become separate entity and not a state agency.
 - Should we create a trust fund?
 - Create a trust fund? If it's a nonprofit, how could the agency collect taxes?
 - Frankly, I think that there is an opportunity to protect the DJJ Fund. The notion of an endowment is a way to protect those dollars. At all costs, we should protect them and I think there is movement across the Range right now. We need a good plan in place that could be a great way to endow those dollars.
 - If you could endow those dollars that feed the development of the future vitality of the Iron Range. Going into the future, look to education –the next generation and the generation after that. Education-based economic development is a strategy that has been embraced at IRRRB but the endowment of those dollars for education-based economic development.
 - If you want to protect it and hide it somewhere, that's a good idea. A Foundation? Might be able to be gone after by another Legislature.
 - I'm not a lawyer. They're right to be concerned. Have they explored the notion of creating and endowment? They could create a structure to have IRRRB board representation on the board managing the fund, even a majority.
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- Create actionable objectives.
 - Don't be afraid to address the idols or sacred cows. Convert Giants Ridge and Ironworld to a State park or historical site.
 - What if every dollar went to talent development? What if no business ever received a dollar directly, but instead all of the DJJ Funds were directed to fund a Range-wide talent development initiative?

- The best way to protect the fund is to use it. Invest it, create wealth, and put it to work. It's tempting for the State to raid it when the funds are sitting there.
 - Take some more risks and do something about economic development. I just don't see any recruiting. I see people waiting around for companies like Minnesota Power to show up and IRRRB will play the banker role. I don't see that real, Rudy Perpich, entrepreneurial "let's take a risk and push it" behavior. They have put money into Excelsior and Magnetation ... I see it there. I don't see it so much in the diversified economic development activities.
 - Governor Harold Stassen in 1941 set up the IRRRB to help this region deal with a depletable resource. The 2002 Fund was created to help diversify the economy. That is still a legitimate objective; the work is not done.
 - We need to reduce the size of the corpus; it's such a target and so big at \$140 million. It should be bifurcated and broken up. Once mining goes – once they actually kill it – they will take the money because we don't need it anymore for mining.
 - Reducing the size; even if could get a small win and a portion is put or all new monies are put into some trust or all copper-nickel monies come to the fund purely for degradation of environment should that occur. It won't occur but folks will realize that money is supposed to stay there in case something goes to hell....
 - The threat has been there quite some time. Pawlenty raided the 21st Century Mineral Fund of some \$20 or \$50 million.
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- Removing citizen members was a step backwards. Whether you're elected or appointed, your integrity and accountability is the same.
 - It's all political; you have to go through the grinding process. Both sides have politicized the IRRRB – that's hurt the agency longer term.
 - I hate to make IRRRB the same as other State agencies. Elected officials make up the board, and I don't see that changing.
 - I know there's the argument about tax dollars and people should be elected. Maybe people should run for membership on the board like they do with something like the Met Council – at large and not by district.
 - The governance, the board and restructuring – I would put that at the top for making the agency more efficient and for its future. That would be the key. You never know what comes around in two or four years.
 - Having your own funding source is key. However, the current structure has flaws. It is an anomaly among State agencies since it has a governing board of State legislators. If you have a strong executive, it works. By having Iron Range legislators in control, they're in powerful position, but they are looked at with some skepticism by other legislators.
 - There should be people elected to that board on how they will distribute that based on where it came from. Maybe give the communities that don't have a mine and vote an at-large positions. If Mt. Iron/Buhl put in 36% of the money, they should have 36% of the votes; If Hibbing has 26, they should have 26%. Virginia has three mines surrounding them with portions but don't get the kind of money they should.

- Be transparent. Let the communities in the IRRRB service area know the potential the agency has for them. Let the public know what the IRRRB does. We have transparency in many facets of government; why not this?
 - Use e-mail list serve to ensure all interested citizens are able to access information about what IRRRB is doing. Citizens should receive this information the same time the media gets it.
 - Provide more transparency for the Technical Advisory Committee. It was like pulling teeth to know who they were (the organization wanted to protect them from being lobbied), but TAC minutes should be available to the public.
 - Having transparency of the Board is a good thing; televising the Board meeting was a step in the right direction.
 - On the defensive side, I think they are being wise to fend off interference from the State Legislature by improving the professionalism and transparency of the organization in addition to making it more difficult for the Legislature to raid funds currently controlled by IRRRB. On offense, I expect they are looking at their experience with Magnetation and asking themselves what they learned from this positive experience. How can they do more of that? Also, they could think about playing an expanded role in communities or groups of communities that revolves around helping them plan and vision for the future.
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- More individual contacts with people in the area – the metro-area decision-makers. People that are in legislative decision-making committees – chairs and that kind of thing – having them have personal contact up on the Range with people that can explain it other than the representatives. More personal contact with legislative decision-makers about what the Range is and what the IRRRB is. I think that would make a lot of sense – before anything is brought about. If each Range legislator reaches out to the chairs and people they work with so there's more understanding and wouldn't see it as a pot of money but see it as a resource that is better kept up there. Where could meet some regular folks.
 - The demographics in the state are changing, and by 2020 or 2022 the entire stretch of northern Minnesota will have only three or four senators. We should look at that inevitability and figure out how to deal with it. Northern Minnesota has to live with the consequences of any mining.
 - I think you could look at a formula for distributing the mining tax revenue that looks something like this: One-third for northern Minnesota communities, one-third spent in northern Minnesota for environmental mitigation and incentives and one-third to the State.
 - Something that needs to be done that is not difficult is to better educate downstate people as to the contribution that is made from primarily Northeastern Minnesota to those two very large education funds (School Trust Fund and Permanent University Fund). If those two funds were totaled together, it would be over \$1 billion.

- I know that they tried to tap into it and don't know legalities of what would be needed to protect it. Something by statute? I don't know but I do think it should stay here.
 - This task force needs to make the case that those funds should be earmarked for the Arrowhead region. That's important.
 - If there's a fund set aside somewhere, legislators will try to get it. Those kinds of funds are important because programs has had ups and downs. It's important to set aside money for a rainy day. Just as the state has in the Rainy Day Fund. That money has come in handy many, many times as economy went into the tank.
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- Tony Sertich is bringing board members together, outside of board meetings, looking for input, and this is a great idea. Tony has a tough job dealing with the various political factions on the board.
 - The organization is funded with the tax on mining companies in lieu of property (ad valorem) tax. Should be go back to that? I don't think so, but maybe that should be discussed.
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- There is going to be a stronger fight for future revenues – especially from environmentalists. The challenge is political.
 - Additional revenue from the escalator should be used to go to the communities that are impacted. Don't screw anybody under the current formulas; leave them where they are.
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- There's a ton of property wealth in the metro area and they complain ... they certainly have enough resources in the suburban areas to pay for resources but they complain when some of it gets outsourced to Greater Minnesota.
 - Lot of people think Northeastern Minnesota gets more than their share, which is not true.
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- What if it was done all over the state? What if all resources from shipping went to the Duluth area or all resource from frac sand mining went to the Southeastern area or agricultural resources only went to the agricultural areas? Then you end up with same problem that have with schools; you have rich areas and poor areas and that's how we end up with our crazy tax system and our crazy educational funding system is to redistribute funds so people treated fairly. It seems to me that if we're a state, we're a state, and that we all should have equal opportunities within the state.
 - Don't understand why it's not protected right now. We've taken funds from (the DJJ Fund).
 - Money should just be turned over for long-term, almost like a mineland reclamation account. It should be dedicated to that and, to the extent that (environmental degradation) never happens, money could be used by IRRRB.

- Only think you can do to really protect it is to have a constitutional amendment that the fund gets split and belongs to the people -- however set up mechanism to distribute it.
- I think this is a political challenge. If you have money in the fund, why do you need more? It's almost a no-win situation, and there are no real positives. I think there should be a base amount of money that can't be touched, and you should spend the interest on the money. Have a bottom and a top limit on what you can spend each year, and maybe create a foundation. This is a true problem: if you have too much money in the fund, you aren't doing your job.
- One of the problems I saw is that since IRRRB is a State agency, even though the funds are not State budget funds, it's hard to make the case we should leverage other State money. It's an ad valorem tax. If it was a local or regional agency (like the St. Paul Port Authority, for example), operating with the same revenue source, you could go to the State and get some matching funds. If you could make this a local agency, you wouldn't get so many attacks.

Appendix F: Focus Group Meeting Notes

Five focus groups were convened to gather input that informed the Better IRRRB Task Force. The groups included people from the following areas:

- Economic development and business (October 23)
- Education (November 1)
- Labor (November 1)
- Mining (November 4)

Economic Development Focus Group October 23, 2013

Participants: Seven public and private economic development professionals

How can IRRRB improve the way it enhances economic development?

- No consistency in business recruitment efforts; leads generated at trade shows but then follow up is disappointing.
- Economic development won't happen without a strong recruitment effort, even though it's a challenge.
- Businesses will pick where they want to locate, so stop being so parochial.
- We need a greater presence—someone—in the Twin Cities.
- Bad plan is better than no plan.
- Something is missing for this agency, considering the impact and the money it has.
- Inconsistent effort; some things get charged on hard and things get delivered but some circumstances, just don't hear about them any more, even if they sounded good; they just disappear.
- Whole marketing effort on behalf of NE Minnesota; it's atrocious; it's inconsistent; doesn't meet standards of today's marketplace. With the sophistication and tools we have, can't seem to consistently convey why people should be here. Unfortunately, then, politics take over.
- How can we refine the presentation of our assets?
- I've had some great projects with IRRRB; the leads that we've generated, they wanted to be there.
- This feels like a yo-yo, and a lot of the down cycles in the yo-yo were when we really needed a shot in the arm.

- Every time we have something going and you apply yourself to work with IRRRB, then they change the rule and it feels political. It feels political all the time. Hard to keep people enthused and understanding of the politics. Politics is what drives inconsistency.
- Inconsistency between different programs and people in charge of those programs. Some programs are out in the communities and we know what expectations are but some other programs, you have to come to IRRRB and be more proactive and understanding their program. More outreach, more involvement coming out into the communities would be helpful.
- IRRRB is a major player -- financially, politically. Get involved with this inter-regional stuff. Duluth and Iron Range need to work together and brand ourselves as a region. Can't fall into that old paradigm. If we are going to compete with rest of Minnesota and beyond, need to get act together.
- Can a political body set up as IRRRB do economic development? No. A public-private partnership could be great. Elected officials will take care of their districts and we can't continue to do economic development that way.
- Let's leverage the hell out of the local property tax money and Duluth and do something.
- Am I bringing people to a bank or an economic development resource? I am confused; it seems to change every time I come here.
- Not very responsive when I bring people here. If they are going to be an economic development engine, need to understand the businesses trying to recruit. Not a lot of competency in the agency for the businesses they are trying to recruit.
- Marketing: always thought with the resources of this agency, they should be taking the lead in marketing the region rather than a single community.
- Never gotten one solid lead from the IRRRB in the 17 years I've been here. Everything we've generated ourselves and apprehensive to bring lead to IRRRB because I don't know what will do with it.
- Don't think they have a focus on small business or existing business; pathetic amount in their budget. If we see failure on the Iron Range, it's in our small businesses on Main Street. IRRRB staff don't help and they expect local folks to do it. It's hard for smaller, rural communities that don't have the staff they need to access IRRRB resources.
- Difficult when don't have regular board meetings and cannot move with the speed projects need.

- Response is a huge issue. Tell us one way or another; if it doesn't make sense, we can move on to some other organization but just let us know. Sometimes you feel like you're walking into a bank and that's not what's this agency should be. Not suggesting that we don't have rules, but they need to facilitate -- that should be the watch word.

DJJ Fund: should we protect it?

- Do anything to protect it, really.
- You'd want to keep it as simple as possible. Advantageous if there's a new structure to IRRRB that even though have a separate fund that is protected, whatever the structure. It would be beneficial if didn't have yet another player have to deal with.
- IRRRB should have a lot to say about what we think should happen with funding, regardless of structure. Strong emphasis on business development and mineland reclamation, not a community foundation or education. There are other resources for that.
- Needs to be thought of as an economic development tool -- job creation, economic diversification -- because minerals were being depleted and minerals aren't coming back.
- Is it possible legally to put this under the control of something that isn't political/elected?
- Separate community development side and separate it from the \$148 DJJ and can leverage; IRRRB can't touch it, either.
- \$148M devoted to business, workforce development, specifically earmarking that and enough flexibility to work off investment return; ability to also pull out of that. Doesn't have to be locked into \$148M. Allow flexibility to take out and spend it.
- Not property tax money anymore but it is money devoted to economic development.
- Worry about workforce development because education is a bottomless pit. Got to be careful who you structure it.
- If structure is such that only using interest as funding mechanism, could get into trouble if interest rates decline -- can use the corpus to some end and measure that against the interest.
- Leave formula the same and collect money in DJJ Fund and after a certain point, it shifts to the endowment. Need to be creative.

- If separated, it can take some of the politics out of whoever is in control by directing the use of it onto things like regional marketing, etc. Not pulling money out for one community over another.
- Use it on regional marketing and attraction.
- Conceivably argue that it has to have a regional benefit from the capital expenditure.
- Mining advocacy and reclamation would be a good use, too.
- Small business. Maybe a percentage set aside for existing small business assistance because it doesn't exist anywhere.
- Main Street businesses just don't meet the criteria that IRRRB have.

Structure and governance

- Concern is we start layering in bureaucratic decision making versus active business focus in terms of how decisions going to be made, versus regional decision makers.
- Like the one-stop shop; don't think it should stay under this umbrella.
- Don't have to reinvent the wheel. Port Authority, EDA, etc. could serve as core and tweak it to meet the needs.
- Structure has been massaged for years, it just depends on who is in power -- Republicans or Democrats. Don't know how will change that paradigm. Only thing that exists in state like that. Why suggest separating out money so it can function as an economic development organization should be.
- Don't think you can change it; Republicans could change it next year.
- Can't be under IRRRB because the board could change it next year; if you put the commissioner in charge, same thing. You're back into the soup.
- Legislators aren't going to change their role because that's why they get elected.
- This agency and its frustrations have fallen into the pattern of elections.
- I would like the IRRRB being in charge because they're elected. They're not always perfect, but to a certain extent elected people work.

- Makes for inconsistent approach for smaller communities because IRRRB listens to larger communities.
- Ups and downs occur when party in power ain't us; that's when Pawlenty reaches in and grabs money and have inconsistent approach with commissioner.
- If positions on board protecting the fund weren't in sync with the election cycle and terms were staggered could you avoid some of that what follows, the ebbs and flows of election cycle.
- EDA is a creation of the state, so that doesn't protect it. Only way going to protect it is to get out of the State.
- Could alter statute to move dollars away in permanent capacity.
- Create 501 (c) 3 and allow elected officials to be on the board and keep the commissioner out of it.
- Don't think the problem is the elected board at all; in terms of the issues in front of them, they're boots on the ground. They know what is/isn't happening on Main Street in terms of job creation, etc. If separated out, what is the accountability level to an appointed board versus an elected board? If have to answer to someone, some sense of urgency in doing the right thing.
- Don't necessarily want a banker on the body because they're not going to look at projects we want to see funded, they're going to look at a balance sheet. This is about something that might be a bit riskier and for the greater good.

To whom would these appointed board members be accountable?

- Good to have fresh ideas. When you put citizens on with experienced board members, they are lost. Don't necessarily have the concept of the greater good, as an elected official would.
- Have to be very careful about having someone who is just there to pinch pennies and move the dollars around.
- Old saw about "give me some of that free money." There is no free money.
- Appointed people can be influenced.

- Needs to be structured so accountable to the public and who would want to be part of that board?
- Politicians' livelihood depends upon them being ethical, you hope.
- What about a blend of elected and non-elected?
- Like Duluth Seaway Port Authority -- some appointed by city, some county and the Governor.
- EDA statute written so you can choose how many members, with proportional allocation of elected and non-elected.
- Needs to be a hybrid if you're going to get business acumen and some elected accountability; don't know how you get away from that. Done here in this region; not the Governor or the Legislature because otherwise the whole merry-go-round starts again.
- CDBG advisory board ... representation from across the TTRA.
- Should be opportunities where Duluth and the Range get together on branding and marketing, but that's not going to happen the way the statute is written today. If going to get serious about that, have to change paradigm. Maybe both entities put a major fund together that can be spent on regional projects. In theory could even ask Blandin Foundation to contribute to that kind of thing.
- If you create a few categories where regional cooperation can be done, might get approval. Not capital spent on anything other than marketing; don't think will ever see it for a project.
- We need to figure out how we can effectively and collectively can market our area and be a sounding board to the agency and to our elected officials. We have a disconnect here -- plain and simple. In order for IRRRB and all of us to be effective, we all have to be on the same page but that just isn't done. And our elected officials don't do it.
- We need to have a House of Commons for the Range.
- Input into decision making and access; advisory. We're not decision makers but we are stakeholders and collectively from each region to a broader picture of what we're trying to get to. Need to cut through the B.S.
- Laurentian Vision is a good example but you don't fund any ideas, etc. from that. Good communication but the money isn't there so an idea dies on the vine. We all have our focus and change it to fit IRRRB.

- Laurentian Vision is a place where can air idea and can share it and can talk about it and have a regional project; can take a great idea and can get some support from that larger group.
- Who appoints board and what are the terms and do they coincide with election cycles. These are the issues. Need to establish stability and neutralize some of the politics.

Structure

- Need to have some staff to support the body.
- Be nice to have staff that weren't accountable to the commissioner or the politics. Board would appoint its own staff...
- If focus is marketing and economic development, want people who have skills in that area or business recruiters.
- IRRRB focuses on the projects that come to them.
- Regional things like business retention and marketing and attraction would be a natural fit for this but want people with skills in those areas.
- Staff are very much tied to the politics and ups and downs and get some talented people who become untalented over time.
- Abolish agency and allow every town to collect what it would get from property taxes and do their own thing. Does the IRRRB need to exist?
- Don't have many people on staff focused on economic development. Not sure have enough.
- You need professionals. If going to do marketing, hire professionals in marketing business and contract with them. Hire economic development professionals.
- Hire director with substantial skills in economic development and management.
- Keep community work with IRRRB and break off the economic development piece and hire professionals. Doesn't have to be a huge staff.
- If create separate entity, not state employees and based on merit, ultimately get to the point on what we're talking about.

- As create the entity, create the mission to go with it so going in, have the same focus and that are bound to.
- Have an advisory group of the economic development folks that might be a real helpful. Iron Range Economic Alliance started out that way and a lot of good ideas and programs came out of it, but then there was a change in commissioners and it stopped.
- Keep the pieces for the community infrastructure at IRRRB, but this is an economic development fund that is going to be focused, used.
- Even infrastructure funding creates jobs.
- Big selling point is going to be protecting the fund; legislators are going to like that. The bigger sale is going to be the structure.
- Little bit of window of opportunity and want to protect the fund and folks who have been there forever are getting toward retirement and today may see it that I have to do something before I go...to protect it for future generations.
- Get the focus back on what this group should be. Started out to diversify economy and mineland reclamation and now they're into broadband and engineering and education etc. It's fragmented into so many areas where spending money that economic development suffers.
- Larger communities have to be specific about job creation, etc.
- Do agree that need to protect fund and set up a new structure.

Other comments

- May give them opportunity to say we have been trying to do economic development for years and we get lost in the politics. We will keep the community development and turn the economic development projects to the other entity.
- Rename the DJJ Fund. You name it after a politician and it gets political. What did you expect??
- Politics need to be involved because there's the good side of politics, which drives the mission. It's everything else.
- The DJJ Fund needs to be protected. Whatever happens here, need to minimize the swings.

- Board doesn't change a whole lot; it's the commissioner that is causing the yo-yo. Unless the Legislature decides to re-structure board.
- Commissioner has to step away from this entity; needs to have a separate board and hire an executive director.
- Trusts have accountability to IRS and federal government.
- If create this entity could periodically allocate production tax dollars.
- If going to be a business development arm need to make sure have enough money. Don't want to limit the funding for business development by separating it out from regular board. And should IRRRB provide additional dollars on an ongoing basis or contract with that entity to provide this service on their behalf.
- Create entity, appropriate amount from DJJ Fund and now have \$140M fund and annually have a contractual relationship to do additional economic development.
- Want to see some synergies.
- Timing is now; need to have this in place before some of this other nonferrous stuff develops. Still looking at tax laws for nonferrous so now is the opportune time.
- Possible side benefits of establishing separation is that eliminates all of hears of precedence that limits what IRRRB can do. They seem kind of confined by that. This would be a fresh start.
- It would be nice to go to a different body in bringing clients in and having some success in diversifying.
- Hire a professional, competent staff. I expect it for the amount of money that's spent. Can't be risk averse. Understand what is being brought to them; need to understand finance. Good for the region.
- Reason there's an EDA creature out there. If you wanted politicians to be in charge of economic development, could go to the city council or county board. Transparent but not public.
- Be careful; worry about the funding and splitting it apart and suddenly finding that the fund is too small. Make sure that the bulk of the funding for the IRRRB is going to business retention and development and reclamation. IF split it out, have to look at structure and how all of the money that is coming from mining -- are we spending it with the intent of it.

- Keep formula the same and keep putting money into the DJJ Fund and then put additional money into the new entity. It creates some accountability.
- The perception is if there is a total overhaul, need to make sure it works! Not just reinventing the wheel. Tweaking it to protect fund and meshing that could improve both situations.
- If it appears to the current board members that it will be a complete chop, it won't fly.
- Cautionary Tale: Don't lose the focus on job creation. Whole thing is about creating a mission, and then the legal entity and everything else falls into place.

Education Focus Group November 1, 2013

Participants: Eight superintendents from across the Iron Range and one community college provost.

How can IRRRB improve its performance around economic diversification?

- Does it have three- to five-year goals? That type of planning? For many years, it was putting it into infrastructure and then pulled away from that and moved to another thing? Do they have a plan?
- This is a big help. Without IRRRB, a lot wouldn't happen there. I can't imagine what taxes would be. Like bringing in new businesses and helping mining companies and new mining companies. Mission seems to work so far.
- But does it? If the mission is economic development, when I was growing up the economy of the Iron Range was based on iron ore cars with red rocks that left the area. Only difference now is that the economy is based on cars filled with black taconite pellets. How much have we diversified? Not a heck of a lot. We are still based on a product that comes out of the ground. Can argue about how much is there, but it is a resource that will expire at some point in time and we have not been successful in diversifying. One of most difficult challenges.....
- Don't think any of our local, regional organizations have been successful in dealing with it.
- Talking about these funds, we've always been hoarding this money for something big coming in. The small communities are dying off. Instead of looking for that big, big thing, can we do something to help local businesses survive? What about mentorships and things like that?
- Roadblocks and roadblocks. In my district, we have people coming in thinking there will be jobs on the Range (from big projects) and they hold on as long as they can, and the next thing, they're moving on. Maybe they need to look at smaller things -- youth study, internships, etc.
- If we haven't to this point been able to diversify our economy with another big player, how are we going to be able to do that with a big player in the future? So, is that money better off supporting, prolonging the life of what we have? I don't know.
- Non-ferrous mining is knocking at the door.

- If there's not another big player to take us into the next century, what are we going to use that money for....? New technology? Value added? We're up in the middle of nowhere. It's not for the lack of the cities trying and the various groups and legislators, but I don't know if we can afford to bring in one of those big players. That's got to be in the billions.
- I expected to see all kinds of take-off jobs related to the industry --foundries, manufacturing, milling. All I see is trains of pellets leaving town; that's all I see. I can't believe we can't use it here. Why are we shipping it away? We have the train tracks to ship value-added products anywhere in the world.
- My question has always been if we're trying to diversify and attract new businesses, do we have the skills and the workforce that is needed by that new business or would they come and not have the people to hire?
- If we look to people from outside to move in, do we have adequate housing to attract and are the schools of the quality to attract people? We want new businesses but do we have people living in the area who can go to work for those businesses? Where do they get their employees from? I don't see a whole lot of people moving into this area.
- Is there enough recreation, social life for people to come up? They're used to the sports and the arts? Not a lot of opportunities for young families?
- (My community) is dying; storefronts are closing left and right. We are battling economics. WE tried to attract a new physician and he backed out because didn't want his family to move here. If we don't get jobs that are life-sustaining, well-paying jobs and an education system that goes with it, my community is dying every the day.
- It's a chicken/egg issue. What comes first? Do we get the people before the jobs? Or the jobs and then the people? I believe it's people that made a strong Iron Range in the generations that passed.
- We still advertise a strong work ethic on the Iron Range and that's crap. It's not just about work ethic, but it's about the entitlement philosophy on the Range and that we still have. It's an attitude we have to change. We have a reputation of chasing most businesses away if they want to come.
- What we find -- schools, mines, medical profession -- we can't keep people in these jobs unless they are tied to the area or from the area. You have to address the people issue before we address the jobs issue.
- We can't call everyone who comes to the region a pack-sacker and ostracize them.

- Programs like housing demolition. If we help raze dilapidated housing to dress up how we look, it might help. We don't want just people, we want quality people moving into the district, moving into the area.
- In 1981, diversification meant bringing in different industries. We are a natural resources based economy. Need to have more education.
- Unless we bring people from the outside, we won't grow. We lost 45,000 people in TTRA. Now diversification means value added -- DRI or hot-rolled steel.
- All we've ever been here is mining camps. Until we become a steel town or a value-added town....it's the difference between having a Carnegie Library or Carnegie Cultural Center.
- Moving to value-added and copper-nickel. Natural resource always be focus of this agency but work with other industries.
- First commissioner to say that education is the main cog in economic development. This is the next generation of economic development.
- Zeroing in on education.

Should the IRRRB move the DJJ Fund to a separate entity?

- If you move money someplace else, I'd want to be confident that it have a mission and vision of what we want it to be. Mission-driven.
- Could there be any repercussions at the state level? Would there be repercussions for our area, saying, "Now that you have that DJJ fund, you don't get state bonding. They say, use your own money first." Would it be even worse than it is now?
- I'd hate to lose leverage as an unintended consequence.
- Sometimes that can be used to leverage dollars from other sources; goes hand in hand with a lot of things.
- What is the vision and expectation?
- We're all served by boards and some of them are good and some of them are not so good.
- Has anyone put a pencil to dropping the whole taconite tax and giving the land back to the school districts to tax? Let the districts get ad valorem property tax?

- How would we promote economic development in the area? Maybe our communities would be affluent?
- We would lose the regional approach because there would be really big losers and really big winners.
- It's hard to tax the value of potential mining opportunities.
- Some of the economic development ... I know there are some businesses in my community that are scurrying to hire. People are being fired as fast as they are hired because they don't have the work ethic. Who is going to bring a business into town if can't hire good people?
- Is that an educational expectation? Yes, if nobody else does that.
- Construction workers want to work two or three days a week...
- Is there something we can do with a jobs program? Get those kids up in the morning and let them know what it is like to work in a job and at same time help with some of the smaller businesses.
- You need to fix the attitude and get rid of the sense of entitlement.
- There is no middle class and no middle students. There are kids on top and bottom and nothing in the middle. It's self-perpetuating and growing.
- As kids see the parents with this attitude and attitude keeps growing.

What structure might work for the DJJ Fund?

- I have concerns about all of the structures. I think it should be an elected group. I think that's how the process should work. The overarching board, like power cooperative, based on region.
- Have to have a broad-based representation. That's what made it so nice with the legislators; they did fight among themselves, but they worked together, too.
- Much as I have a concern -- a for-profit, not-for-profit -- lends itself to decision-making that is out of the control of the people, and I don't like that.
- Is a joint powers considered part of it? Can get elected part into that and not have the governor or whomever appoint.

- Maybe not as political, which is good and bad? Would it be more political? If you got the wrong people, you'd be in real trouble. If had wrong people, you could get rid of them.
- Want to have stability; don't want to have elections too often as have stability.
- With smaller communities, don't have quality board members. If have four open seats, only have four file and that is what you get. Would there be enough interest in the region to run? You never know.
- The quality is the concern. Can be anyone from a PhD to someone who didn't finish high school or if own a bar; if they like being on the board and want to be re-elected they owe something to someone.
- What would be the qualifications? Paid position? Stipend? Test? If get paid, it really changes things. Watch what you wish for. This could really go south in a hurry.
- Need to have some tight governance with what the board can and can't do.
- So many variables and so much unknown.
- Like to know if could isolate the fund within IRRRB without building a whole new structure. I have faith in them. I understand what Tony is trying to do
- I prefer to isolate within IRRRB; I support the legislators, whether I agree with them or not.
- Maybe we're asking something that can't be done; it just seems that it opens the IRRRB up for a lot of criticism from those that live south of here that says, "Look. They have so much money that they're giving it to this other group."
- But yet we want to protect the money.
- We're all in the same boat because we are not able to tax the land in our school district so it is being taken to a shared repository and divvied out from there.

What governance issues should be considered?

- Looking at Greater Minnesota outside our area, they are jealous about us having all that money, but they have to realize what we are giving up to have that money there. In our district, there are tens of (Mineland) acres, and we don't control it. That's our money; we shouldn't be sharing it with the rest of the state.
- There's a lot of money there and whatever "fair" means but you would want it spent fair and responsibly.

- Then representation is a key part. If you had had all business people on a board, would schools be big winners?
- Would you need schools, counties and cities represented?
- I'm having a hard time separating the two (IRRRB and separate board).
- Isn't education tied to economic development? There needs to be some type of representation from both higher ed and K-12.
- Traditionally, K-12 has never benefitted from the DJJ fund.
- If set up a nonprofit.
- The IRRRB has nine members, but maybe each representative there just appoints someone so the board represents the region. Need that regional representational. Get a mix and diversity of people that will be competent and serve well. Maybe IRRRB makes that hire (for executive director/CEO). I think legislators support their district and the region.
- If have a separate election, you get what you get -- everyone from the town clown to the smartest person in the town.
- If set up a joint powers, think it has to be an elected official.
- There needs to be accountability beyond financial; they need to be focused on mission. If too independent, they could change their mission.
- Can they look at encumbering it forever?
- Even if IRRRB is separate from fund, can legislators be the board?
- Accountability.... there has to be some people involved in it that are accountable and responsible to the citizens. How we do that? I see problems with elected officials. We all know what elected officials can be like. On the other hand, I don't know how build in an accountability piece without it. All that being said, I don't like the idea of building another layer and another agency and another board; we've got enough elected officials.
- If there could be some process of appointments that still guarantees accountability to the people, may be that would work.
- We are accountable to the whims of the board at the time, and that's not necessarily a good thing and that's our fear of what could happen.

- I'd like to leave it with IRRRB and encumber the money and, now getting greedy, encumber it to Education Innovation Partnership. I think we would lose that if there were people voted in... It could get really complicated really fast.
- I'd like to see a hybrid of elected officials representing the area and also have the ability to appoint X number of non-elected officials so you can have diversity -- business, education, etc. It can't get too big, but it needs to get the flexibility to bring in the diversity.
- Want to ensure education can access it.
- If we can produce the best education system in the state, if not the country, that's almost more attractive than jobs. People do not want to send their kids to bad schools and our schools are average, at best. We have to do something about that.
- If in a board situation, can there be enough parameters put around it so that they can't operate on the whims.

What advice would you give the IRRRB?

- Get some sort of Magna Carta down that lays down a few guiding principles so it's not a cat fight for funds every year. Say, "We'll support these types of things, but if you don't fit in those rings, don't try to bring requests in." Hopefully education is one of those. As governance changes, keep going back to that Magna Carta and those guiding principles for every decision you make.
- Whether it's the current board led through some type of process to establish guiding principles; that's probably who it has to be; they're setting the plate for everyone in the future.
- I thought a lot of the money was going to be earmarked to support Education Innovation Partners and the direction of schools on the Iron Range. What are their goals and what are the steps to get there? If it is to bring up the school system, where does that fall in the priority? You need to make sure you know where end goal will be. I thought EIP was a big goal – a world class education system – and you have to allot a certain amount of money to support that.
- We put a lot of time and energy into this concept of the EIP, and I think we just, as a group, we have to do everything we can to try to continue that and to get that done. That means we need a funding source. A big funding source.
- I'm a believer in protecting that money and we, as schools, have a vested interest and want to make sure we can deliver the product. We don't want to bloody our nose with EIP and not have it fall flat or meet their expectations; we need to do it right. It needs to be in partnership with the fund and the commissioner and everyone else. We want to know their expectations so we can meet them.

- Timeliness. It's important that something happens quickly. They understand urgency. What will Plan B be moving forward with this fund?
- Someone, maybe not this task force, needs to have some Plan B in place, in case this doesn't work.
- Improving or building a better IRRRB is much greater than one thing.
- The economic development portion can't lose sight of that piece, either. Don't think we have, either. They have to have irons in the fire in several different fires.
- We're lucky; we have a bonus here.
- Is there a tip over point with finances that change directions? For example, what will come out of nonferrous mining will dwarf taconite.
- The potential -- how that all is written and put in -- could change drastically in a few years once production starts. That could really impact what the governing board?
- The schools will benefit two times -- from the school trusts, as well, which some of that is. That is for the good of the whole state, so we will get good on that.
- Essar -- 40% mine lands are all public -- university and school trust.
- Worked in mines during college, which put me through school. The equipment has gotten larger, there's more technology. Is the workforce reduced more and production increased?
- We need to elevate the mining company jobs to a higher level. Have \$100,000, highly skilled, highly technical jobs and have a poor mentality about it.
- Newer generation doesn't want to tie themselves to a corporation because corporation has screwed them over; they all move. No one sticks with one job; one eye looking on the next job down the road.

Labor Focus Group November 1, 2013

Participants: Five union representatives, including two public employee union representatives.

How successful has IRRRB been in pursuing economic diversification?

- Done some good things as far as different projects coming in.
- A lot of it in the future, people are looking for money, trying to expand. IRRRB put the money towards how many employees are you going to have. But when project is coming out of ground, we're not getting a piece of the action. A lot of outside contractors are coming in. Could they do something to corral the workforce up here? It would be a lot better.
- That's a big problem that has been ongoing. We have a prevailing wage rate, which is fine. But unless we can get a pay stub to see what getting paid, we don't know what they're getting. We need to ensure that an agreement says that the construction is union – sign a project labor agreement or at least use local people on that. A lot of our guys are sitting home and contractors are coming in and our guys are sitting at home.
- Even if a project is only going to hire 25 people when it's finished, in the initial part of it, could talk about 100-300 people to build it.
- Projects are going out of the area for trades people and local supplies. There are ways to encourage local purchasing.
- Plus encourage a project labor agreement would be something to look for.
- One of the things that is legal, when IRRRB is giving out money, that whoever the employer is going to be or whoever owns it should have to end up in a neutrality agreement as to how they treat organized labor when organized labor is having an organizing drive. You can argue whether it's state money or local in lieu of taxes, but it still is public funds, and people who are accepting those public funds should not be anti-union and should be willing to sign neutrality agreement that they won't take any negative action against those who are trying to organize. That should be not just IRRRB but also for state money on all projects.
- Public unions also have right to organize entities that the people who work at IRRRB might work with -- i.e. health care, child care providers. Same concerns. There is such a huge pushback from the employer whenever there is even a hint of organizing, that it's triple the work that it should be.

- It depends upon the commissioner. It's good news and bad news. I've seen commissioners abuse the funds with their own agenda or the agenda they've been given by the administration, and that affects our IRRRB people here up front. You can see the trickle down on the trades and other organized labor.
- I don't think the diversification of the Iron Range has been very good at all. If you take a look at what's occurred around here with IRRRB dollars, you've got some small companies but they seem to be related in one way or another to the mining companies. Have value-added projects, like with Nugget, but that doesn't seem to be a breeder for other companies to do that. That's not all the IRRRB's fault, because I think the area allows for only so much diversification because of geography. If we were 60 minutes outside the Twin Cities, the chance to diversify is significantly greater than being 2.5 hours out of Twin Cities and have to transport.
- Hard to put together a large manufacturing facility. If it weren't for the breaks that Xcel energy and other power companies give, the solar panels project would be flat on its back already. It is difficult, and transportation is part of it.
- Transportation and geography work against us.
- We're miners. Lots of things tried --- Paulucci, chopsticks, Endotronics – that was the biggest debacle.
- How will we keep kids here? What do we have to offer them?

How could IRRRB use funds better?

- One of the things the IRRRB needs to look at is not only developing and diversifying the economy, it also needs to play a bigger role in stabilizing what we already have. Take a look at Cloquet at Sappi. They would have lost half of the workforce because of what's going on in the paper industry, but management at Sappi decided to take half of its facility to make pulp for the clothing industry. That will keep the mill loaded, help loggers in area and provide an entirely different product -- one of two places in the world that has made that move. We are losing wood products mills -- all union jobs, good paying jobs, etc. It seems to me if there's somebody interested in coming in -- wood products or something else -- if a technology change can be made, the IRRRB needs to play a role to help that company change that technology. If let mills continue to close ... they're not coming back. Markets are changing -- i.e. for wood products and paper. You can take the company and move them toward making other products still needed (paper towels, toilet paper, pulp for closing) those people may not get laid off or fewer get laid off. The paper industry in the United States is where steel industry was 20 years ago; there are too many paper plants and machines in this country.

- (Regarding foreign ownership) Don't care who owns what; it's a matter of putting people to work and providing good jobs.
- Provide the incentive for companies to "go for it." The money that taconite companies get back in the rebate is not enough for them to do the projects but it is a carrot. Some program like that in other industries, especially if want to keep paper, logging, sawmills. That's the next place to look.
- If decide to make fuel from wood, then next to the digester create a turbine power plant that feeds back and reduce costs. Co-generation of power.
- Use some of the funds to stabilize what already have and diversify products, depending upon what the demand is.

How should the IRRRB protect the DJJ Fund from being raided?

- Great idea. Money should be split up or put away somehow because we don't know what's going to happen. They've been trying to steal this money for years to balance the budget.
- What is the drawback? It just seems like a no-brainer.
- Why wouldn't we do it in such a way that if the state tried to grab that money, since it is money in lieu of real estate taxes, why shouldn't that money revert back to the cities, school districts, before the state gets its money? (Poison pill). We're talking about taking a lump of money and putting a hook on it so that the state doesn't want to touch it, and if the state does try to touch it, it goes back to its rightful owners, which is not the companies but which is the taxpayers in the taxing district. You make it completely unreasonable for state to grab it because they'd get nothing in return. Otherwise, it just stays there.
- Need to separate it because the IRRRB is a state agency because can come in and take it. Need to separate it.
- Some agencies have dedicated funds and they can only be used for those purposes; that money is off-limits for other uses. If there's a deficit, you can't use it for some other purpose. It's not legal; it's earmarked. Money from mining is just put in that big pot; it's not earmarked. It's supposed to be earmarked for the Iron Range communities but it's really not. It's a state agency.
- I always thought that the taconite money was dedicated to NE Minnesota. That was my understanding.

What might a stand-alone DJJ Fund look like?

- It would be hard to create that committee because even if you sit on committee for a few years, people are going to want to get whatever they can for their specific area. How to divide it equally? What is fairness?
- With Joint Powers, who would be included? Need to include everybody. It might become an unwieldy size if include everyone.
- With a nonprofit, how would it report to or work with the board?
- Need checks and balances between the board and a nonprofit.
- Why would you want to set up another bureaucracy to take care of \$140 million when you already have that bureaucracy in place? Isn't that the statement -- that they'll take the funds from taconite production tax and do certain things with that fund? I don't mind paying people and creating jobs, but I don't think that's the area to create the job. Want to use as much money of that as you can to develop new jobs instead of just paying for this bureaucracy that's already in place. Protecting the money is one thing but giving that money to someone else and taking that away from the elected representatives that we have, I don't think that works.
- Shouldn't elections matter? In my view, it's no different than electing your US Senators and US Representatives or President of the United States. When you have a Republican governor and he doesn't have the philosophy that government should do anything for you, you end up with nothingness. If have a different persuasion and see it creating jobs, then stuff starts to work.
- The whole concept of this agency, if look at where money is generated, which is in lieu of property taxes, why does state representative have anything to say about that? Why wasn't it created among county officials? Why don't the counties get it? Whatever political reason the IRRRB got set up was to manage that money and take it out of the counties' hands. So the argument that this isn't state money becomes a real legal question: If have state representatives that are controlling it, they're either controlling local tax dollars or controlling state money.
- Completely agree with protecting it but don't know how.
- Biggest fear is if this board would change...if were Republican legislators and a Republican governor, they could get rid of it.
- What relationship might exist between the IRRRB and a stand-alone DJJ?
- Aren't those the questions the IRRRB members will be asking?

- If I'm just trying to move trust fund so state can't grab it, do I have to be completely hands free? Do I get to have a contract? What happens if the contract goes away?
- Like the idea of a poison pill because then there becomes no reason for people to look at it. Those work very well in a corporate setting, where if someone wants to take over something, they get nothing. The money goes back to unit of government.
- In next term of the Legislature, do a constitutional amendment and put it in the constitution that that money is only IRRRB money. You end up with a whole different political experience but what do you lose? If it's not there now, but it doesn't pass, you have what have before.
- Looking at TTRA and size -- do we make it smaller?

If a board is created to oversee the DJJ Fund activities, what would it look like?

- That's hard to decide. If you had one superintendent, how would that person be elected? We are all looking out for ourselves.
- If you're setting up some sort of an authority, an Iron Range Authority -- whatever it is -- it seems it would need a director, people who can do research to find out where companies are willing to relocate and some sort of an approval process by some board members. How many? How to involve local citizens? Or is it just done administratively based on good research and the organization works under contract to create jobs. If you have administrator and staff, that's what the IRRRB is doing right now. The second layer? Is it necessary?
- By setting up this other board, it seems it takes some of the political tension away from the elected representatives. They can say, "I didn't do that. It's that nonprofit board over there."
- In the taxpayers' eyes, it might look better to not create a whole new layer of staff.
- You do need a whole new layer; in the eye of the taxpayer, it will look more legit and more transparent.
- Hiding money somehow is a good idea; it's been a long time coming.
- Isn't the entire agency at risk? It's a regional agency; this is the only regional agency on the books.

- What happens if someone at Legislature says, “We’re getting rid of the IRRRB?” Then what happens to the trust fund money? Who takes care of that entity? If the contract goes away because the IRRRB goes, who is responsible for the fund?
- If I were in Southern Minnesota, I would make the argument that those resources belong to the whole state? I don't see anything that stops them from questioning that.
- You've got a building block and a foundation on what this thing is set on and somewhere up at the top is the IRRRB. You could "destroy" IRRRB, but what if you destroy the foundation of the tax structure - then it's going to crumble.
- It seems to me if you put five attorneys in a room, you'll get five opinions on what you're going to do.
- If IRRRB crumbles or ceases to be, who is going to take care of everything else? We lose everything. Who is protecting local units of government?
- As soon as talking about public money, it’s a whole different story.
- If it were ad valorem, individual communities would look different, so would taconite tax relief area.

Mining Leaders Focus Group

November 4, 2013

Participants: Eight representatives of the ferrous and non-ferrous mining industries.

How successful has the IRRRB been in its economic diversification efforts?

Still driven by what we've been doing – taconite. Hopefully, there will be other mining in the future.

Difficult up here to bring in other manufacturing. We're not logistically located in a good place. Who is going to build up here? The type of things you can do over the phone –yes. It doesn't matter where you're at. It's not easy to bring manufacturing in.

They're building solar panels now, but when tax credits go away, is that going to be a viable entity?

The reality is that we're natural resource-based and that's what should be encouraged. It's difficult to bring in somebody that wants to start a new construction or manufacturing plant.

Why would companies come? Enticed by workforce. Reasonable rents. Highly educated workforce, which makes a difference in the long run.

Very easy to remember all the failures....chopsticks

New development and supporting of the existing businesses that are here. Distribution of the money that's available and attracting capital investments in existing operations.

IRRRB has done a reasonably good job in economic diversification. On a scale of 1-10, I'd say 7 or 8.

Nepotism. It's their biggest failing. One company that was looking to purchase a building in town to move a building up here -- steel fabrication -- and someone got a hold of someone at IRRRB and it was seen as competition. There's a whole new building not being used and it had everything they needed and then, after working on it for months, all of a sudden, it was not available.

State opinion? They don't want state involved in it. They want to be able to control it themselves. Production tax is definitely more than a property tax. If the mines were paying property taxes, it would be much less than the production tax is. Taxpayers League looked at that several years ago.

Can think about a lot of failures over the years, and the success stories are marginal at best. Successes would be the businesses that support the mining industry; to the extent that companies have located up there as a result. Good place to do business when customers are right here; that just makes sense. Some of that wouldn't have required a tremendous amount of effort.

Lack of counting on professional expertise. The board is making decisions not so much on good business sense; they need to rely on someone who has good business sense.

It was more political than really looking at the economics. That's one of the criticisms that's fair.

They can't help themselves.

It's hard to compare just one group; it's hard to know who is good at it. The whole process of bringing businesses seems a shot-gun and don't know if anyone is any better than anyone else.

Additional staff; staff does a good job but it still falls back to the final decision of the nine board members and the reason that they took citizens off was just so that they would have that vote and not have anyone else making decision.

What would you think about having the DJJ Fund a separate entity?

That just seems like it's protecting it and making it even more just available for a certain group of people to decide how the money should be spent. No reason to answer back to the rest of the state about it.

This is ours! I can understand that the purpose of the fund was not to use it for the rest of the state, but it would just seem that putting it in some special fund up here - especially if you narrow down to how decisions are made by politicians – there is even less accountability.

Hard to imagine taking it away from state function.

What if they passed something that said it would take 2/3 vote of both houses to take that fund? The more they try to put it where they have complete control of it, there will be more scrutiny.

Some people right now consider the IRRRB Board unconstitutional; they would be digging a deeper hole if you raised the issue.

Nepotism concern is an important concern. The reason they have to protect the DJJ Fund, by and large, is potentially because there's a lack of confidence that the fund is being used in the manner the Legislature has directed IRRRB to use the fund. One of the ways to help protect the fund is to build confidence with elected officials and communities across the state in the mission of the IRRRB and that money is being used that way. If you don't have that confidence

in the Legislature, you won't be able to protect it structurally. They'll only see it as a way of protecting something that isn't being used properly anyway.

Need to throw into the mix a look at the mission and a look at how the money is being used -- interest for economic development and principle that they have tapped in the past. Take a hard look in the mirror.

Trying to understand what is the problem we are trying to solve? If having to protect it, why? I don't see a problem.

Is some of this being driven by potentially more money being driven in as part of nonferrous mining taxes? Is there a fear of it being seen as more statewide? Is that a concern? There is going to be more revenue coming into the area and more chances for economic development?

How big do you want the fund to get to? Is it just a slush fund for local politicians to do pet projects, of course, it's easy for people to look at it as a bad idea.

Only other factor in trying to protect the fund is diminishing power of the Iron Range delegation; they're trying to salvage last money can.

How much of this is being driven by politics and how much by a budget deficit?

Range delegation has key committees that they have control over, as well as majority in the Senate. The Governor isn't elected unless he can carry the 8th (Congressional) district in Minnesota. Senior members are in their 60s and new members don't have seniority yet. If you have a Republican House, money will be taken; they do look at it as a giant slush fund for Range legislators to play at economic development and so they are jealous.

Some of the new legislators don't realize that you can't keep taxing to the point that the large industries will go away.... There are resources all over the world and if it's cheaper to go to them, they will.

Even within the Democratic base, one thing that is starting to occur, is that the more the fund or revenues of fund are seen not for diversification but for supporting mining, you're seeing the core liberal faction out of Minneapolis attacking the use of the money for that purpose. You see that in terms of the investment and the loans. So, it's not just a worry about a Republican governor or house, but a deterioration of the structure within the Democratic base, as well. That's a newer element.

Drives the urgency to get this designated to this region. A couple of quick changes and this will be a state fund. Anyone who lives or works here wants to see the money spent up here.

What type of structure might be best for a separate DJJ Fund?

If it's an Economic Development Authority (EDA), I'd be concerned that if they have taxing authority, it could begin to affect the production tax or it could levy other taxes.

In EDAs, it's mostly citizens in business roles who are on that board. There's always politics, you can pretend that there is not, but the appearance of politics isn't as glaring with private citizens.

We want to find a way for outsiders to see less politics.

There's a model that may be helpful: The Met Council itself is responsible for the expenditure of federal highway funds in the metropolitan area. What they have is the Transportation Advisory Board (TAB), which is primarily an appointment of county and municipal officials of metro area that get into the real details of project selection within the mission and guidelines of federal funds and make a recommendation to the Met Council for the expenditure of that particular pot of funds. Met Council rarely deviates from those recommendations; it sometimes does but it rarely does and the group is fairly well respected for detailed recommendations. There are some politics because you have local officials, but it has to meet federal guidelines. Point is that they are political but they end up being mitigated some to a great extent because end up covering the entire region with elected officials from lot of different municipalities. It's a mechanism that is consistent with federal regulations for accounting for and disbursement of federal funds and putting together an investment plan -- yearly, three-year and ten-year plans, based on projections.

Look at less politics. In this situation, if you have representation from each of the communities, if there is some battle that comes between communities....

What are the rules? There need to be rules that they can't change themselves.

Most communities also have citizen advisory groups that are intended to look at investments in greater detail.

Whatever structure you build to manage those funds, the mission of those funds has to be very clear and the structure has to be built in such a manner that it's very important that that structure support the mission.

Economic development and economic diversification are very different things; really different missions. Just to combine the two confuses people.

The group can't change the mission at its own will.

The mission laid out for the fund or for the IRRRB itself in state legislation is very well laid out.

Whenever you add to the layer of governance, you add to the costs and more will be asked for.

It could be more efficient. You might have same amount of money and if have people who are making poor decisions politically, you may be better off paying someone to manage it and get a better return.

Don't just want to ask for more money to run that group.

Tried diversification route in early 1980s and didn't work out so well.

Look at new technologies -- Mesabi Nugget, Magnetation, etc. Diversifying what kind of mining.

Taconite producers need to be on the board.

Even look at the Better IRRRB Task Force; there's only one industry person. Need to change it (good old boys running the trust fund).

Lay people -- someone in business. Need some diversity.

No former legislators.

Division between development and diversification.

What is the mission? What is the goal of the entity? If it's just diversification, that's more dice-rolling and the goal would be diversity rather than making good business sense.

Could it have a different mission than IRRRB?

What about the governance structure?

How accountable are politicians? They always try to say that we tried something but it doesn't work. If you go strictly to bottom line of results and ROI, never seen that analysis or comparison to this organization....

The board has tried to hold agency accountable but even when the board was larger with citizen board members and outside legislators, there still wasn't the accountability because only certain board members spoke up. Was it because they weren't from here or because decisions were made in advance? Board members aren't accountable.

IRRRB decisions seem like small reasons to vote or not vote for someone. You pay more attention to what they do in the Legislature. They're not accountable in that respect because they wouldn't be affected by decision as a board member.

The whole Legislature has oversight of DNR. IRRRB only has legislators in the taconite tax district. Can get into a group think, too. Need diverse thoughts and respect for those thoughts. Too much party politics and playing favorites.

The Board and Commissioner set up offers a good check and balance. You got a bunch of little gods running around trying to outdo the other one.

Need check and balance for good governance. If not really responsible to a person, don't have to be balanced and makes nepotism worse.

Don't think much success in redesigning IRRRB.

What are we trying to do? Protect the DJJ?

Having an Economic Development Authority seems easiest to support; I don't support non-profit.

See the urgency of doing it now and the nine board members understand that, too.

Still trying to get convinced that this needs to happen. Why?

Understand the politics behind the concern. If the democrats lose control of the Legislature, other interests might come in with different ideas. I understand that. If they lose the horsepower they currently have, even without a change in leadership, there could be some potential risk. They've been very effective at protecting this fund. It's been used for projects on the Iron Range; it's been raided in the past.

It could end up a state general fund item.

Does it increase the taxes on the mines if other people want money from the mines?

If you want to protect the DJJ Fund, there are ways to achieve it without restructuring the IRRRB. Restructuring efforts will throw up more flares.

What type of board/board composition would work best?

A broad spectrum on the board would be good. Rather than having it by geography, you need to have some business background. Business acumen and people are far more important than where they live. Could also have some geographic representation and representative of communities.

Who picks them? The selection process is important. Who would appoint them?

Any other advice to the Task Force?

Has there been any thought of spending some of the fund on some of the industry's issues? Look at bigger issues -- water chemistry, regional haze, etc. You could you put money into that; it would help diversify the economy by keeping the industry going.

Maybe the problem is the fund getting too big and maybe need to spend the money on Range projects of some type.

One way to protect it is to invest it here and help the economy.

It got big so it could be the big "Hail Mary" if things got so bad and all the mines shut down.

It's hard to find places to spend the money on. If you start rolling the dice on big projects and they fail.... Diversification is very difficult up here.

If the fund is a target -- by size or whatever -- probably it is because the rest of the Legislature doesn't understand it or don't have confidence that the money is being used wisely. They see it as a slush fund.

Before you go to the Legislature for a solution, try to craft whatever solution to build confidence on your own before start involving the Legislature. Last thing want to do is try to solve an issue in the legislative process. Once get in there, you lose a certain amount of control over your issue and the outcome.

Nothing is more powerful than an organization taking a look at itself, addressing itself, acknowledging some issues itself and taking proven steps to resolve them without involving the Legislature. Whether EDA or advisory committees, anything the IRRRB could do on its own to build greater accountability and credibility on what it's doing with the money... Look at that first before debating this in the Legislature. If the Legislature doesn't have confidence in the fund that it's being used well, you won't be able to protect it

There are those waiting to challenge the constitutionality of the IRRRB.

Greater education and transparency about how these monies are being used and telling story better and more thoroughly. I'd be reluctant to be jumping into the legislative arena with this issue.

In the end, the place to spend the money might be on infrastructure improvements and things that are concrete rather than just trying to entice people in with money.

But don't want them to overbuild infrastructure, like too many schools.

You need to use a change management way of thinking. What are we trying to do? How? The drivers for the change have to be clearly identified and thoroughly analyzed and easy to explain and for people to understand so if you do get into the legislative process, people understand why. I don't think trying to protect money is going to fly as a problem statement.

Organizational structure revision has to be based on performance. A thorough evaluation of performance helps identify the problem or the opportunity and helps sell the opportunity.

Keep thinking about the mission statement and I don't think it's too broad (DJJ Fund enabling purposes) and maybe one way ... the \$140 million standing alone looks like a big pot of money. If IRRRB on its own developed some guidance based around that mission statement with certain percentages of those dollars that would be targeted for the different steps identified -- suddenly the pot starts to look a lot smaller and you end up with smaller pots dedicated to specific things. Suddenly, the \$140 million becomes many small pots and plus, when reporting to Legislature and public, you can divide story into those mission pots.

How do you measure success? What are the metrics?

You've got to get away from the Iron Range legislators hollering on the floor of the Legislature not to take our money.

Better way to hide the money; if can't educate people and have a better mission? When you're hard up for money and don't have a good plan for it, why wouldn't they take it for the state? I think it should be spent on the Range but need a good plan that won't waste it.

I believe you should have a maximum amount in the fund. Perhaps a plan on approved projects for infrastructure that help area. If you're not spending it, it's going to become harder and harder to protect it because you're just collecting it.

How is the IRRRB viewed by the rest of the Capitol? If you're going to take a hard look at how it will change, you need to take a hard look at how you are. Have you looked at a focus group of other legislators? What do they think of IRRRB's performance?

Nepotism. What business doesn't realize that have to go union because they won't let you in unless you go union.

If hits \$100 million as a cap, perhaps you can stop the 13 cents that goes into fund.

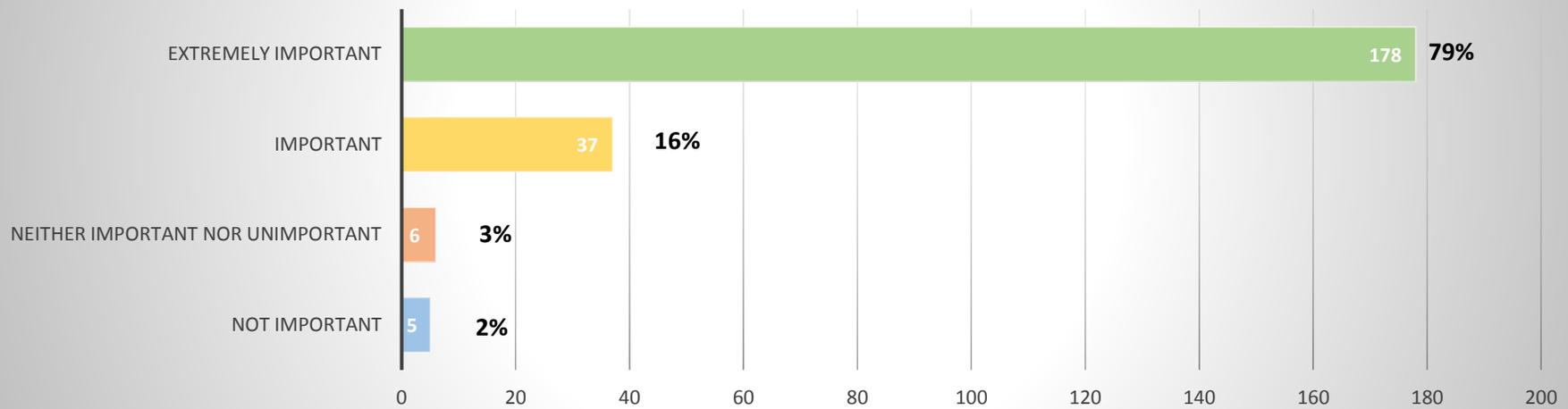
Appendix G: Summary of Better IRRRB Task Force Surveys

This appendix contains summaries of surveys conducted for the Better IRRRB Task Force with the following stakeholder groups in November 2013:

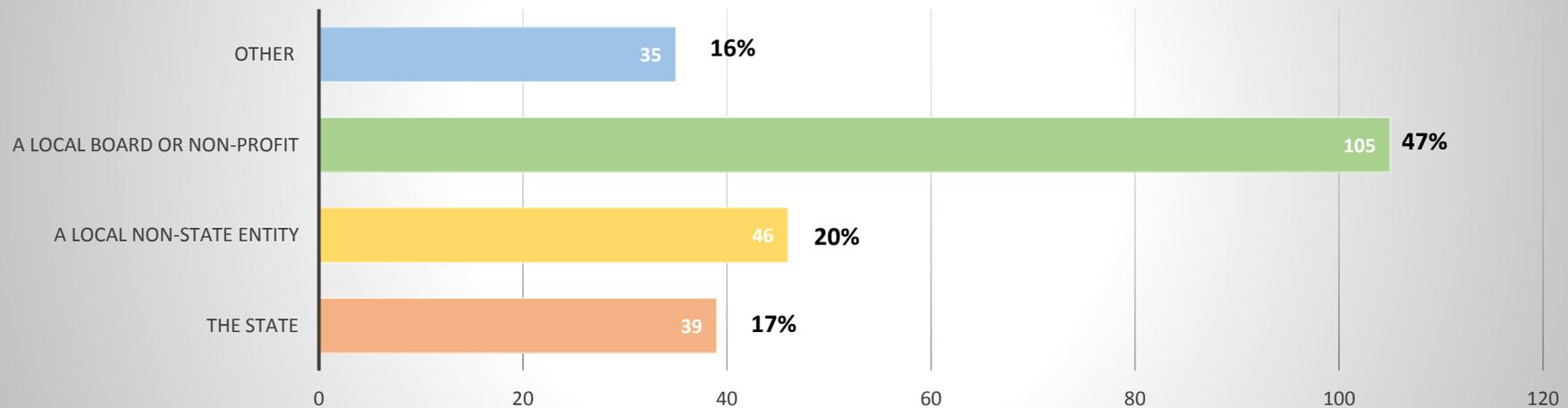
- IRRRB staff
- Economic development and business leaders
- Local elected officials
- Education leaders
- Mining leaders
- General public (2 groups)

The first few pages of this compendium include graphs that summarize the results for all respondents.

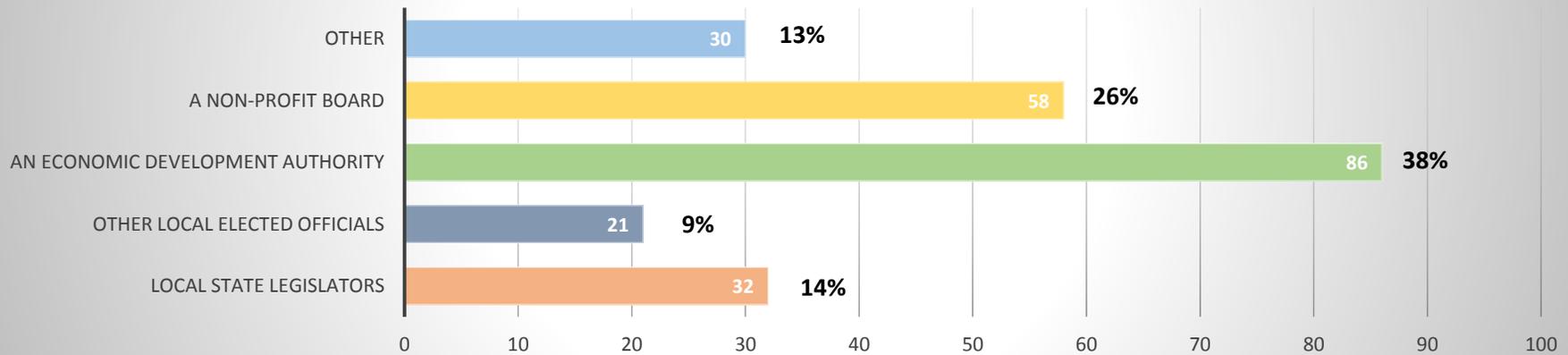
How Important Is It That Local DJJ Tax Dollars Are Spent In The IRRRB Service Area?



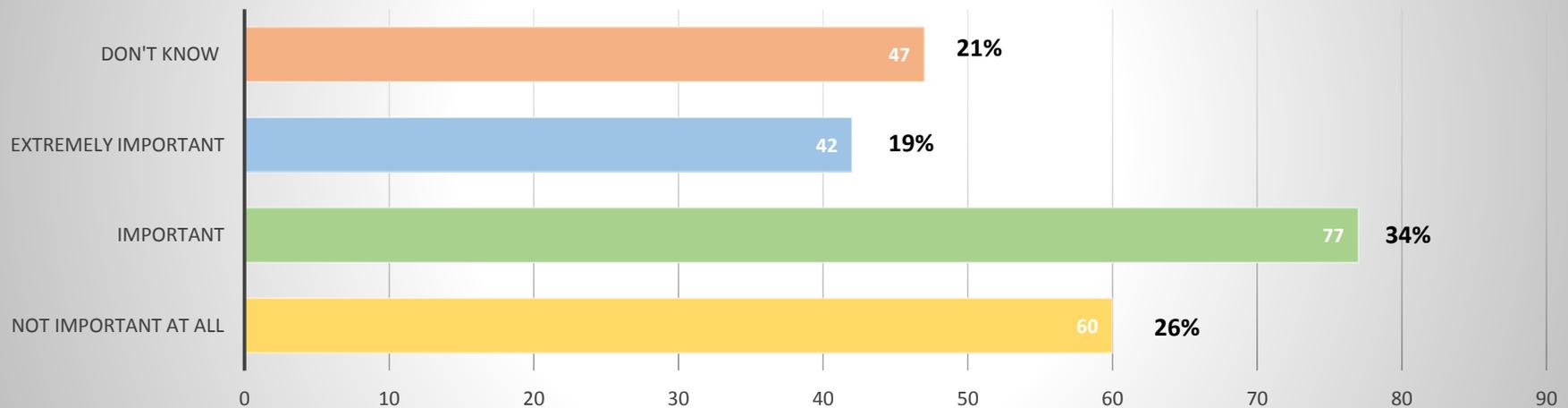
Who Should Own the DJJ Fund Assets (the money allocated for the Fund)?



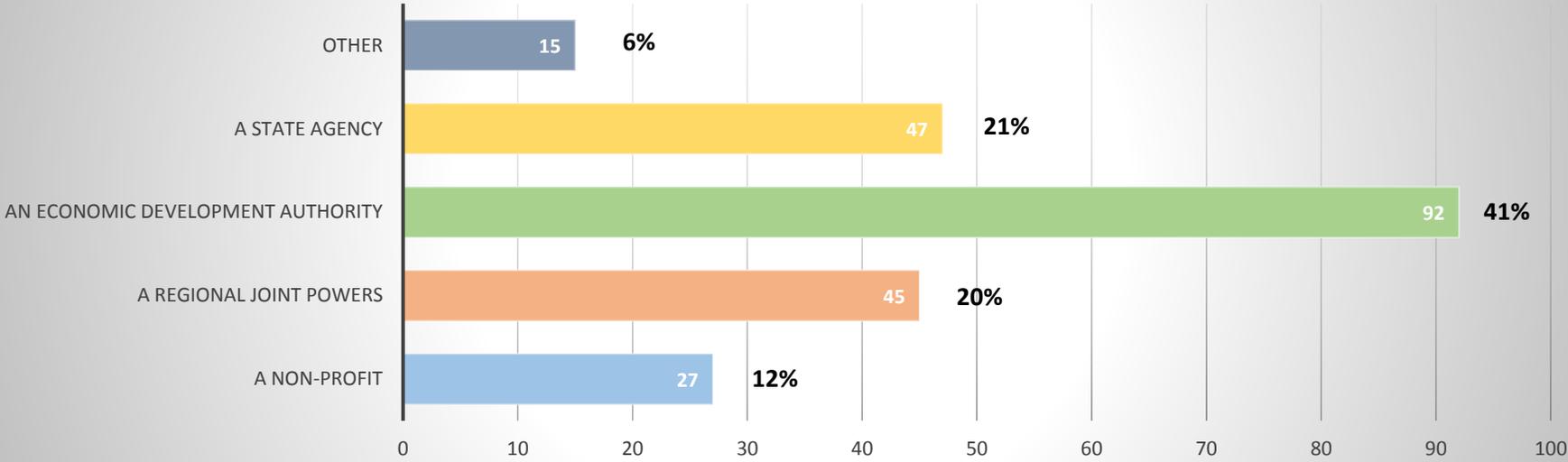
If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?



How important is it to the region that the IRRRB operate as a State agency?

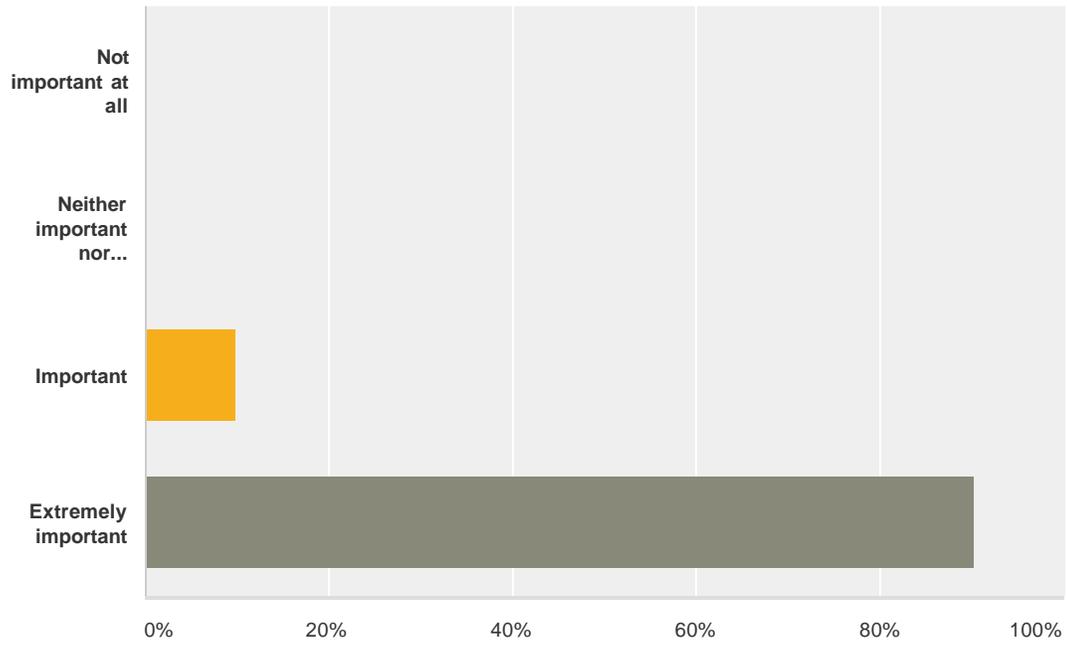


The IRRRB could most effectively operate as:



Q1 How important is it that local DJJ tax dollars are spent in the IRRRB service area?

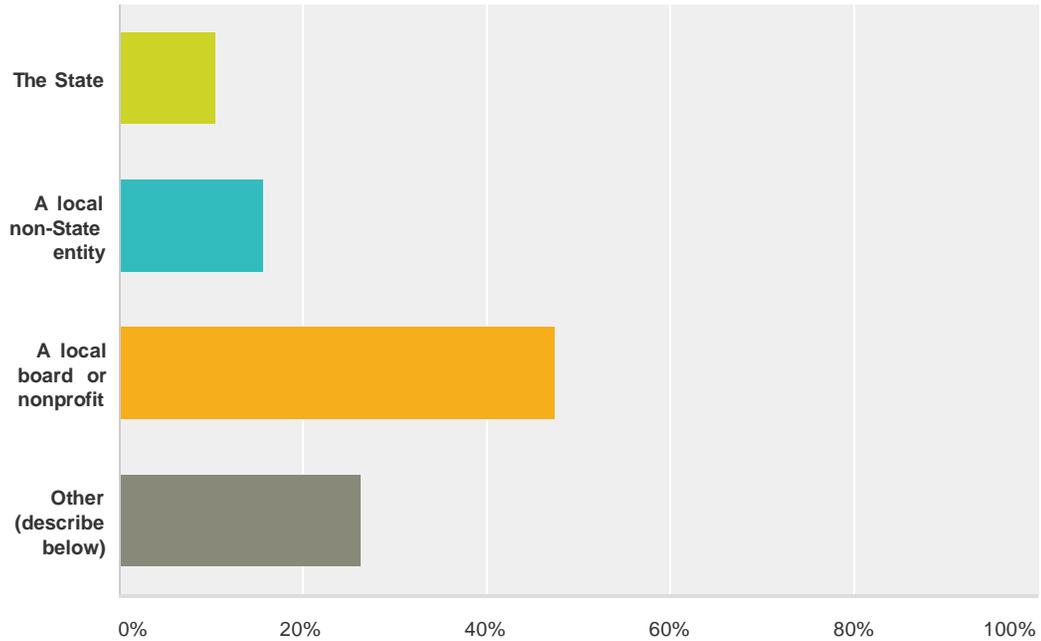
Answered: 20 Skipped: 0



Answer Choices	Responses
Not important at all	0% 0
Neither important nor unimportant	0% 0
Important	10% 2
Extremely important	90% 18
Total	20

Q2 Who should own the DJJ Fund assets (the money allocated for the Fund)?

Answered: 19 Skipped: 1

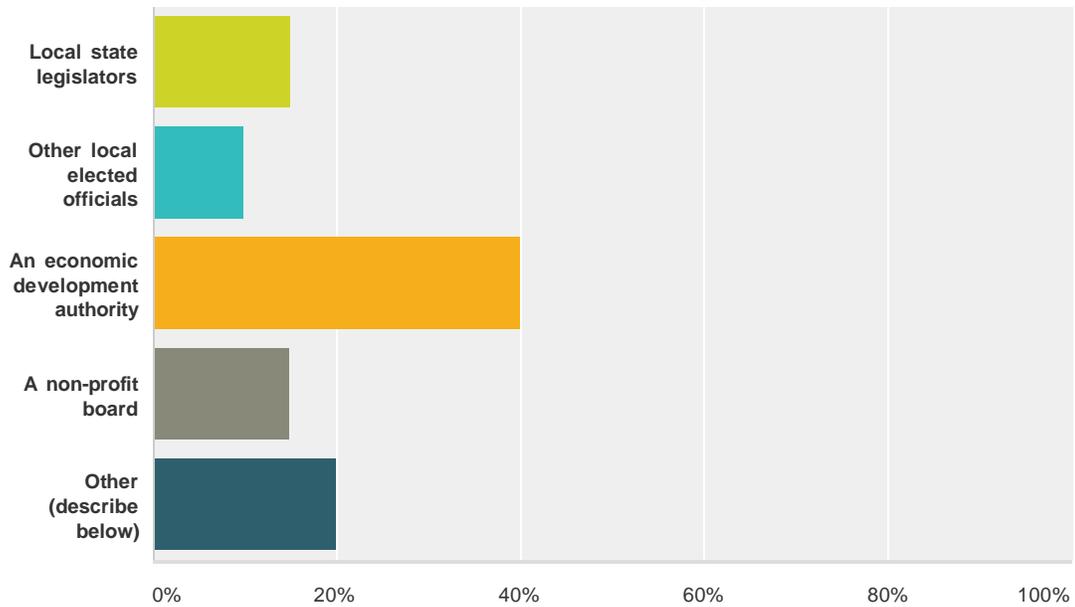


Answer Choices	Responses
The State	10.53% 2
A local non-State entity	15.79% 3
A local board or nonprofit	47.37% 9
Other (describe below)	26.32% 5
Total	19

#	Other (please specify)	Date
1	Local State agency	11/1/2013 1:12 PM
2	same set up, but the IRRRB could be a joint county entity instead of a state agency	11/1/2013 12:40 PM
3	IRRRB	10/31/2013 7:18 AM
4	IRRRB	10/30/2013 1:26 PM
5	Local Commission or Authority	10/29/2013 4:31 PM
6	Quasi-state entity with more flexibility than state agency	10/29/2013 12:30 PM

Q3 If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

Answered: 20 Skipped: 0

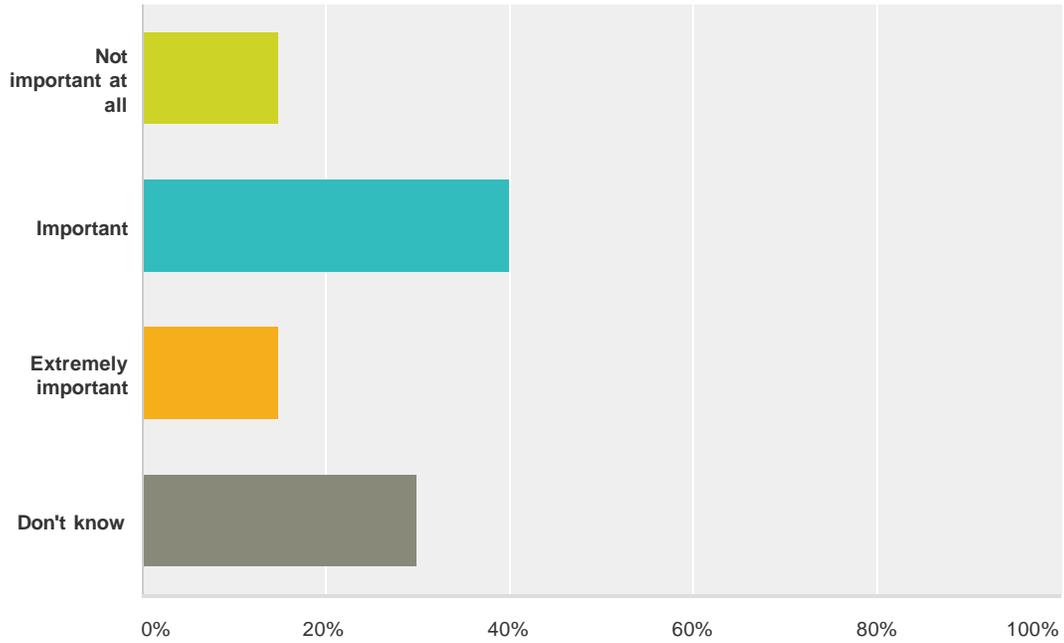


Answer Choices	Responses
Local state legislators	15% 3
Other local elected officials	10% 2
An economic development authority	40% 8
A non-profit board	15% 3
Other (describe below)	20% 4
Total	20

#	Other (please specify)	Date
1	Some local legislators should serve on the authority board.	11/1/2013 4:28 PM
2	IRRRB	10/31/2013 7:18 AM
3	Legislators and elected officials	10/30/2013 1:26 PM
4	Commission or Authority	10/29/2013 4:31 PM
5	IRRRB board, Commissioner and agency members	10/29/2013 1:09 PM

Q4 How important is it to the region that the IRRRB operate as a State agency?

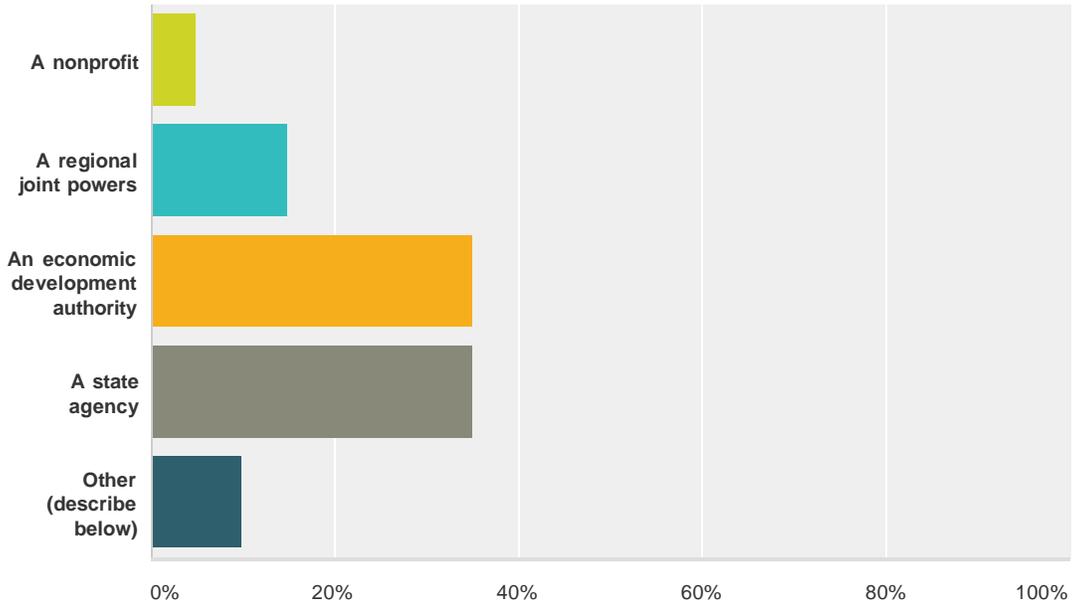
Answered: 20 Skipped: 0



Answer Choices	Responses
Not important at all	15% 3
Important	40% 8
Extremely important	15% 3
Don't know	30% 6
Total	20

Q5 The IRRRB could most effectively operate as:

Answered: 20 Skipped: 0



Answer Choices	Responses
A nonprofit	5% 1
A regional joint powers	15% 3
An economic development authority	35% 7
A state agency	35% 7
Other (describe below)	10% 2
Total	20

#	Other (please specify)	Date
1	Perhaps a locally controlled agency whose executive director is a special member of the Governor's cabinet	11/1/2013 4:28 PM
2	Commission or Authority	10/29/2013 4:31 PM
3	Quasi-state entity with more flexibility than state agency	10/29/2013 12:30 PM

Q6 What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the future?

Answered: 13 Skipped: 7

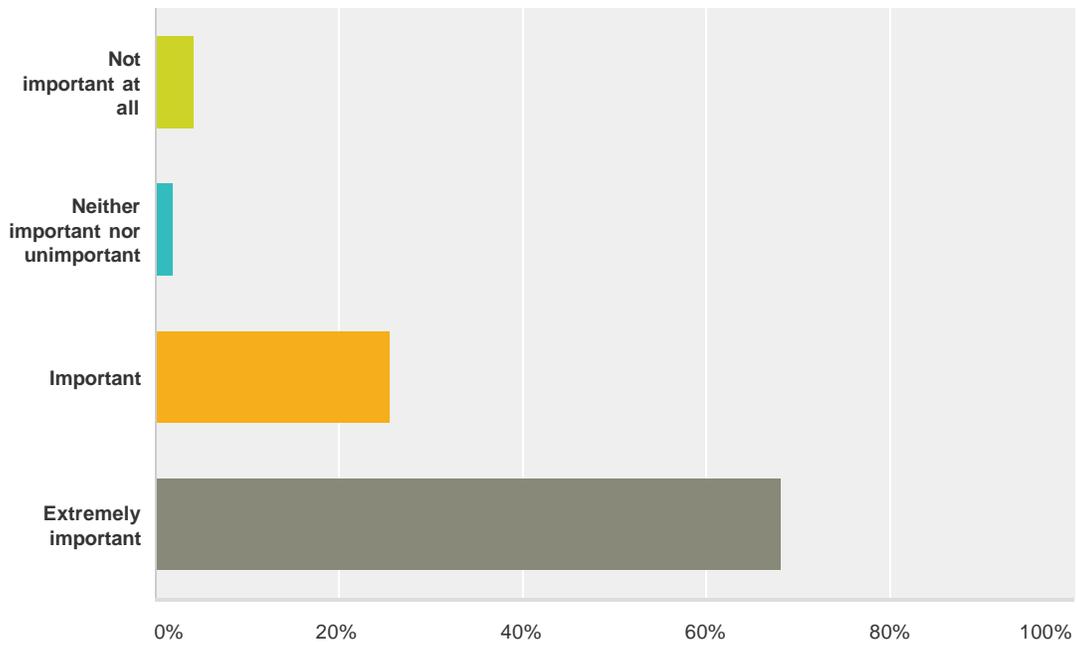
#	Responses	Date
1	The IRRRB's financial assets should be separated from State control.	11/1/2013 4:28 PM
2	If the IRRRB no longer will be a state agency, consideration should be made for its current employees. Perhaps another early separation package should be considered. Several IRRRB employees have many years of service and are nearing retirement.	11/1/2013 1:12 PM
3	I believe that protecting the assets is the major concern, if there's a better way to run the agency to make sure the funds can't be used elsewhere, it should be looked into	11/1/2013 12:40 PM
4	Make legislation that does not allow it to be used outside the Taconite Assistance Area for any purpose including filling state deficits.	10/31/2013 7:18 AM
5	IRRRB needs to ensure that these property tax dollars are spent as such, and should reflect similarity to other regions. However, the current method of tax collection, and subsequent distribution reflects fairness regionally. If this is no longer the practice, fierce parochialism will ensue, due to one municipality's proximity to a productive mine will get massive tax benefits, while a city not in that same municipality/region will be deprived. The existing money that lies within the accounts of IRRRB also was collected and saved, but its use should be no different that new revenues being collected annually, and necessarily should be spent in a prudent and fair manner regionally. Gifford Pinchot of the US Forest Service once made the observation that their efforts should be for "the greatest good, for the greatest number, in the long run." That motto should held as a standard. The physical asset ownership of buildings and property should also reflect the change in governance, and proper maintenance and preservation should be approached using a regional perspective. Consideration ahead of time should be noted that addresses extraneous costs of title transfers, and other necessary costs. Changing the fabric of IRRRB will not be inexpensive. Protection of physical assets is important, but the IRRRB could not exist without employees. We are the greatest asset. I have long held the opinion that our business is conducted by MN State employees, and this mitigates the hazards of gouging by outside vendors and contractors. I can't say for certain, but I'll wager that across the nation, when gov't services once performed by staff are then contracted via private sector bids, the overall project and prices goes up significantly. Bidders don't have the incentive to contain costs, unless it's competitive, and even then collusion is far too easy and much too tempting. I've witnessed this firsthand. Also concerning staff, it may be much easier for long-term employees to accept a major change in appointing authority, at least in terms of retirement assurances. However, new employees have entered the system, and part of their decision to apply and accept employment with us is directly related to their visions for long-term jobs, and ultimate retirement options. I understand that any decision as to future governance must affect staff, and again I think perhaps Pinchot's quote may best apply. Future efforts of IRRRB should be continued job creation, but with that eye toward diversification. That was part of the original reason for establishment of IRRRB, and must be reflected in future efforts. Ease of access to persons making spending decisions of this money must be in place. Our citizens should be able to make their appeal to the new governance make-up, and have assurance that their concerns or needs are addressed, and then followed through with accountability. However, regional fairness has to be addressed, and avoidance of the perils of "strength in numbers" attitudes. It's been demonstrated throughout history that bigger numbers of people can make bigger bad decisions.	10/30/2013 9:19 AM
6	Accountable results reporting - impact of investment and contributions to service area communities.	10/30/2013 8:59 AM
7	Protect the resources but try and take the politics out of it. This is an extremely difficult task. Whomever is making decisions on allocating the resources is going to look after their own self-interests – i.e., act politically. This is simply human nature. The benefit with the current Board makeup, as imperfect as it is, each member faces a referendum by the people they serve every two or four years. It has been suggested that members of the IRRR Board be elected solely to serve on the Board. This is a ludicrous idea as it would make Board decisions purely political with the members having no outside accountability.	10/30/2013 8:51 AM
8	Review what the assets/funds can be dedicated for, new strategies for new times.	10/29/2013 4:31 PM

IRRRB stakeholder survey

9	<p>Offer one more early retirement incentive package which would weed out most of the remaining long timers as well as it only being fair to those who have many years of service in. Those long timers remaining should have the same opportunity as those who were able to retire previously under an early retirement incentive package. Then, being that the IRRRB now has numerous new employees, the manner in which it is operated could be changed. The "younger" employees are more able and flexible to change their job choices than those that are near retirement age. I don't want to see the IRRRB lose its funds to the whole state - the money belongs to the Iron Range. But turning the agency into a nonprofit or whatever happens needs to come after the remaining long timers are also given the opportunity that the previous retirees were given.</p>	10/29/2013 2:54 PM
10	<p>Divest tourism related property assets, Giants Ridge and MN Discovery Center so the agency can focus on job creation.</p>	10/29/2013 1:18 PM
11	<p>I think the agency has lost its ability to help small communities who aren't in the economic development arena. The 50-50 match is putting a huge tax burden on small communities.</p>	10/29/2013 1:12 PM
12	<p>Language to protect the funds and assets that we operate with. If we removed ourselves from the State completely, we may not have the coverage when we need it.</p>	10/29/2013 1:09 PM
13	<p>Offer another early retirement incentive in order to clean house of ineffective employees and bring in new employees with fresh ideas and sharp skills.</p>	10/29/2013 12:07 PM

Q1 How important is it that local DJJ tax dollars are spent in the IRRRB service area?

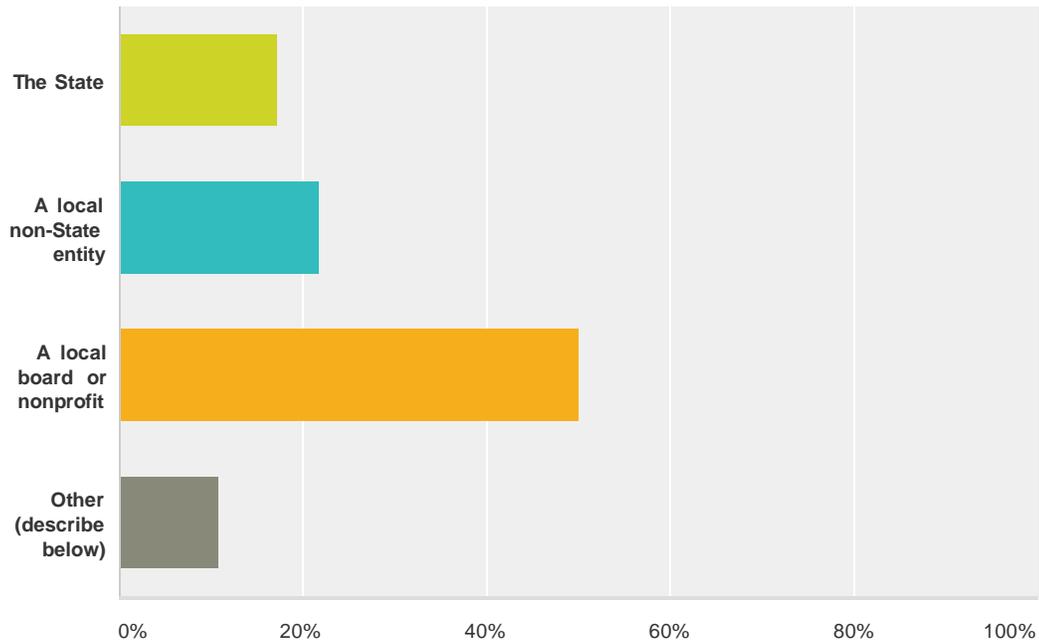
Answered: 47 Skipped: 0



Answer Choices	Responses
Not important at all	4.26% 2
Neither important nor unimportant	2.13% 1
Important	25.53% 12
Extremely important	68.09% 32
Total	47

Q2 Who should own the DJJ Fund assets (the money allocated for the Fund)?

Answered: 46 Skipped: 1

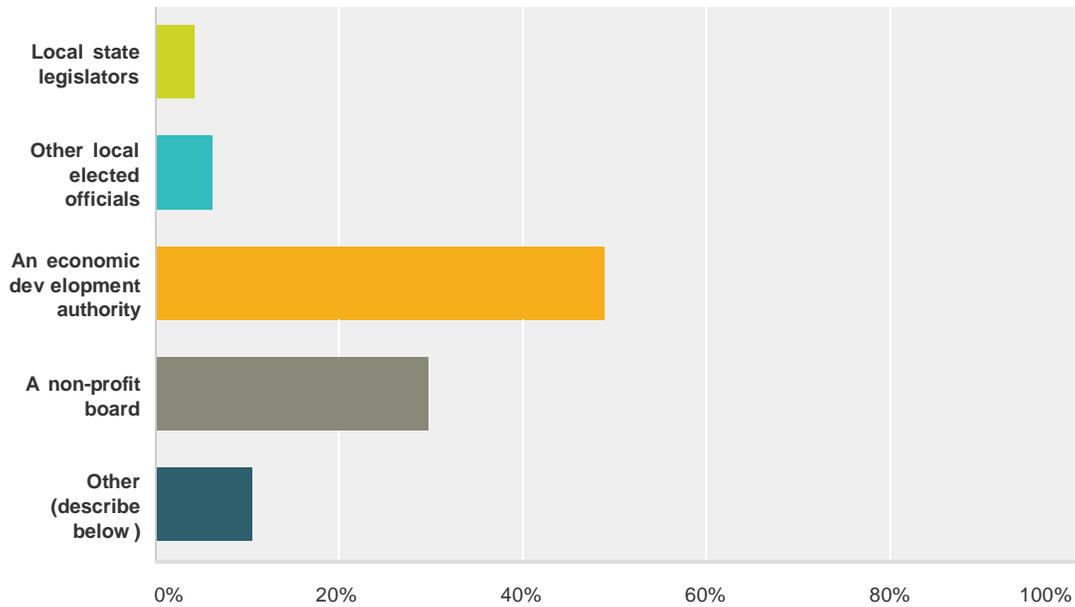


Answer Choices	Responses
The State	17.39% 8
A local non-State entity	21.74% 10
A local board or nonprofit	50% 23
Other (describe below)	10.87% 5
Total	46

#	Other (please specify)	Date
1	disband the fund	11/1/2013 1:41 PM
2	The current IRRRB and representation from the owners of the Taconite Plants that pay the taxes into the fund.	10/31/2013 3:05 PM
3	this may be a constitutional question	10/30/2013 10:19 AM
4	With the right representation of both elected and business people by design	10/30/2013 8:38 AM
5	a local entity controlled by local elected officials. Taxpayer money needs to be controlled by people with election certificates, not "citizens". The fund's assets are local property taxes.	10/29/2013 7:34 PM
6	I am not sure I would trust a local citizen board with this money either.	10/29/2013 6:34 PM
7	Local is the key word here	10/29/2013 4:27 PM
8	irrrb or an arm of it - needs to be accountable to tax payers	10/29/2013 4:19 PM
9	A board made up of local (muti-county) business leaders and not politicians	10/29/2013 4:13 PM

Q3 If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

Answered: 47 Skipped: 0

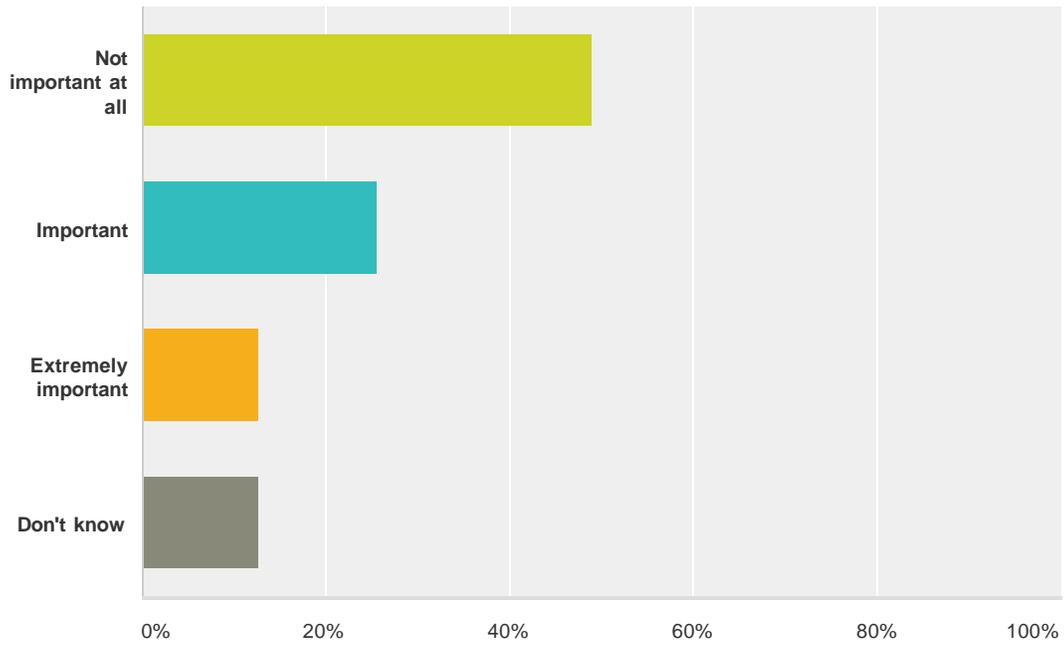


Answer Choices	Responses
Local state legislators	4.26% 2
Other local elected officials	6.38% 3
An economic development authority	48.94% 23
A non-profit board	29.79% 14
Other (describe below)	10.64% 5
Total	47

#	Other (please specify)	Date
1	disband the fund	11/1/2013 1:41 PM
2	State, with statutory requirement it can only be spent in Relief Area.	10/30/2013 10:19 AM
3	a non-profit board that has membership requirements for both elected state and local officials and business representation	10/30/2013 8:38 AM
4	A combination of local state legislators and other local elected officials.	10/29/2013 7:34 PM
5	Weneed a comprehensive plan to improve the area and then follow it. However it is set up, transparency is key, not more politic. I don't think people outside the TAA should be on the board.	10/29/2013 6:34 PM
6	local identity with economic development and infrastructure experiences.	10/29/2013 4:27 PM

Q4 How important is it to the region that the IRRRB operate as a State agency?

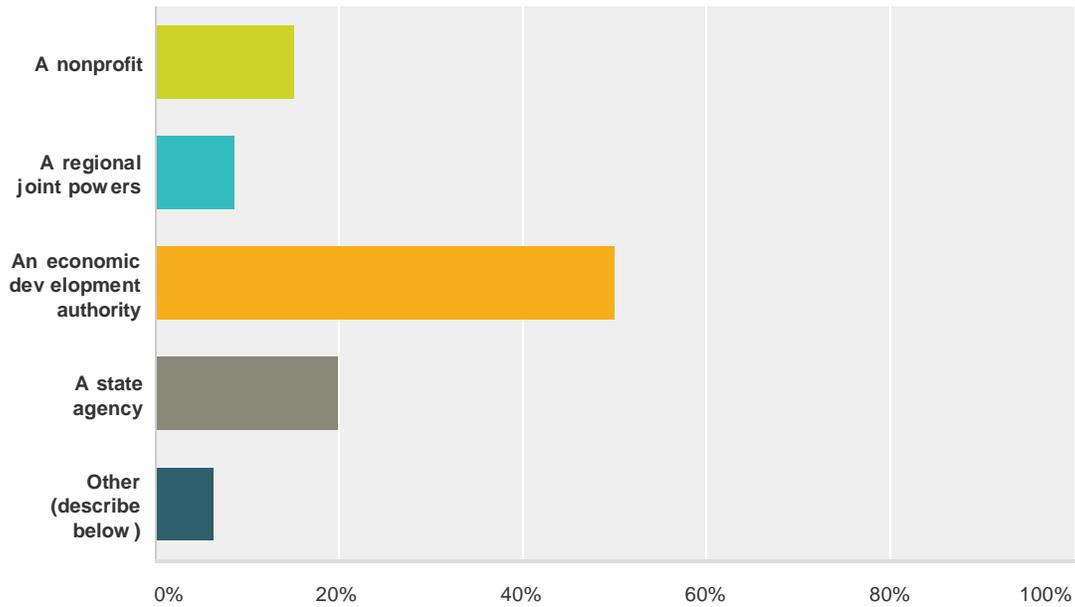
Answered: 47 Skipped: 0



Answer Choices	Responses	
Not important at all	48.94%	23
Important	25.53%	12
Extremely important	12.77%	6
Don't know	12.77%	6
Total		47

Q5 The IRRRB could most effectively operate as:

Answered: 46 Skipped: 1



Answer Choices	Responses
A nonprofit	15.22% 7
A regional joint powers	8.70% 4
An economic development authority	50% 23
A state agency	19.57% 9
Other (describe below)	6.52% 3
Total	46

#	Other (please specify)	Date
1	disband the IRRRB	11/1/2013 1:41 PM
2	Not sure exactly. All of these options have different issues depending on the mission.	10/30/2013 8:38 AM
3	I think it should remain a political subdivision of the state, similar to a county, joint powers authority, or municipality.	10/29/2013 7:34 PM
4	I would like to keep our local legislators on it and some citizens. But qualified persons and not political appointees like in the past.	10/29/2013 6:34 PM
5	all the above except the state agency. provided the other identities could get the tax monies from the mines	10/29/2013 4:27 PM

Q6 What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the future?

Answered: 15 Skipped: 32

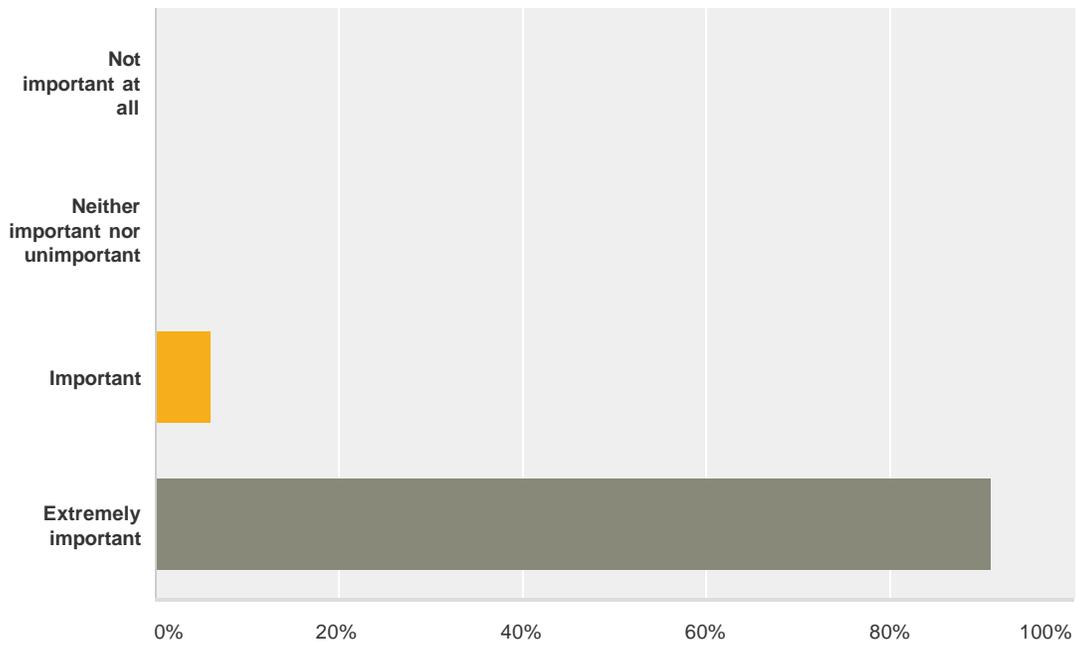
#	Responses	Date
1	Ensure it has adequate expertise and a working framework that helps to ensure money is spent on investments that have the best opportunity of providing long term benefit to area residents. I get concerned, for example, that there is the risk of too much politics involved in some decision making, e.g., politics driving what gets funded re certain energy projects without an understanding of what the real prospects are for long term success. This is why I am skeptical of legislators being in charge of spending this money. Some politics and political considerations will probably always be involved but I think the amount of political influence should be mitigated/limited.	11/6/2013 6:44 PM
2	The funds should be managed by a non-profit Board with the focus being economic development of the region. Elected officials need to focus on short term results by nature of the electoral process. A non profit Board focused on the long term would be in a better position to make decisions impacting the long term health of our region. The assets could than be protected for use in the region for which they were intended and not subject to the politicians in other parts of the state.	11/4/2013 9:40 AM
3	If the IRRB MUST exist, it should be governed by taxpaying private citizens, not appointed political folks.	11/1/2013 1:41 PM
4	The DJJ monies should not be in the control of the legislature. They have been pillaged enough over the years and will never be able to be used for the intended purposes unless they grow. Mining is an extraction industry and sooner or later we will take the last rock out of the ground. What then? The IRRRB needs to be a State agency in order to have a cohesive voice representing the NE region of MN. The DJJ money needs to be controlled by a regional ED agency that is not tied to the State. Consideration of production incentives for expanding or emerging Bio-chemical operations should be a top priority if we intend to keep our wood and wood fiber business healthy.	11/1/2013 9:20 AM
5	More of the funds assets should be considered for assisting in the development of the existing Taconite Plants' economic viability to compete in the world markets they compete in, and perhaps to fund more Research to enhance the Plants' profitability to ensure they remain in operation.	10/31/2013 3:05 PM
6	Enact rules that prevent the state from using the funds for purposes other than NE Mn economic development...	10/31/2013 7:31 AM
7	Keep a smaller dollar figure in the fund by doing more investing in business or infrastructure in the area.	10/31/2013 6:11 AM
8	I think the use of IRRRB funds should be determined by a nonpolitical board (composed of local business leaders and others) appointed by legislators from the IRRRB service area. The political aspirations of the various board members has resulted in money being spent in a politically expedient manner that has, at times, been ineffective in growing the economy in Northeastern MN. I'm not sure that a plan such as this is possible but, given the inefficient nature of government in general, it would seem that almost any plan would be better than the one that we are currently operating with. Doug Green American Peat Technology Aitkin, MN	10/30/2013 4:50 PM
9	Remove all politicians and/or their advisors from leadership within the IRRRB. The board should be comprised of area leaders.	10/30/2013 10:53 AM
10	The regional, national, and international components that affect economic development on the iron range. To meet it's fullest potential in impacting the service areas economies, the strategic filter should absolutely tie to impacting the service area. However, restricting activities and funds to the service area is a recipe to diminish the effectiveness of economic development activities. There should be accountability to the service area and politics should be further removed from day-to-day activities and spending decisions.	10/30/2013 10:35 AM
11	If administration can't be severed from State control, then legislation should be proposed to protect the fund assets from leaving the service area. It should also be definitive enough that the State can't make other cuts and refer agencies to the IRRRB fund for resources; e.g. human services.	10/30/2013 9:59 AM
12	No legislators on the board. It currently seems like some of the money distributed by the IRRRB is based on political decisions	10/30/2013 7:48 AM

IRRRB stakeholder survey: Business & economic development leaders

13	<p>I think it is an injustice that our extraction industry only pays about 1.8% taxes on iron ore, at the current sale price of \$133 per ton, and they are exempt from virtually all other state sales taxes, etc. A study should be completed comparing our local tax rates to other extraction industries in the US, other states and nations. I believe there should be an extra levy to support our local schools and local higher education colleges to build innovative programs. The way we are going to be successful beyond a mining camp is to build good local schools and innovative post secondary institutions that attract students and faculty. One way to protect assets is to make sure they grow, and not only look at the spending and management side of the equation. Also, Iron World should be part of the MN Historical society and partly paid for by the state.</p>	10/29/2013 7:34 PM
14	<p>The IRRRB should only serve the areas where active mines are. I think that funds should cease going to areas within ten years of the cessation of mining activities. I believe the taxes on the mining companies should be higher than what they are now; they are getting a deal. I am frustrated by the fact that we have had all this money held for economic development yet we are still a poor region. I keep asking myself: if we are so rich in minerals and ec dev money, why are we so poor? Our towns are a mess, our housing stock is old, our schools are run down, and we have people moving into this area who have a ton of needs. I have yet to see IRRRB come up with a comprehensive regional plan for economic development. We change commissioners too often, and no one gets to focus on long-range planning. I love this area, but I get very frustrated with our lack of vision and comprehensive plan for improving the economy and quality of life on the core Range.</p>	10/29/2013 6:34 PM
15	<p>Complicated question and I'm not sure if it is appropriate to ask in a survey if people surveyed don't understand all the details. It is so important</p>	10/29/2013 4:19 PM

Q1 How important is it that local DJJ tax dollars are spent in the IRRRB service area?

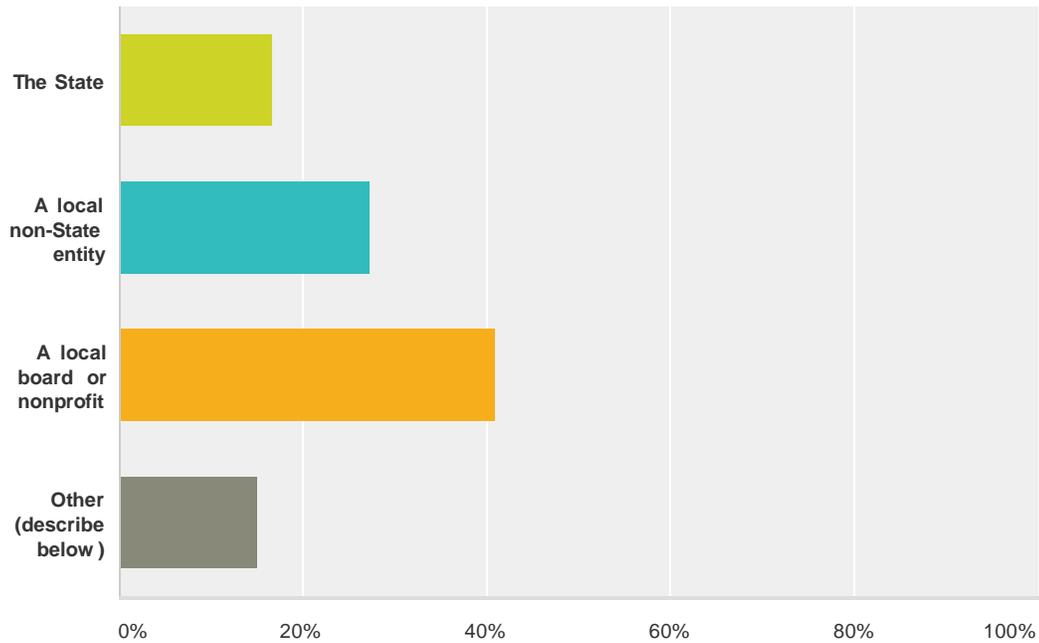
Answered: 66 Skipped: 2



Answer Choices	Responses
Not important at all	1.52% 1
Neither important nor unimportant	1.52% 1
Important	6.06% 4
Extremely important	90.91% 60
Total	66

Q2 Who should own the DJJ Fund assets (the money allocated for the Fund)?

Answered: 66 Skipped: 2

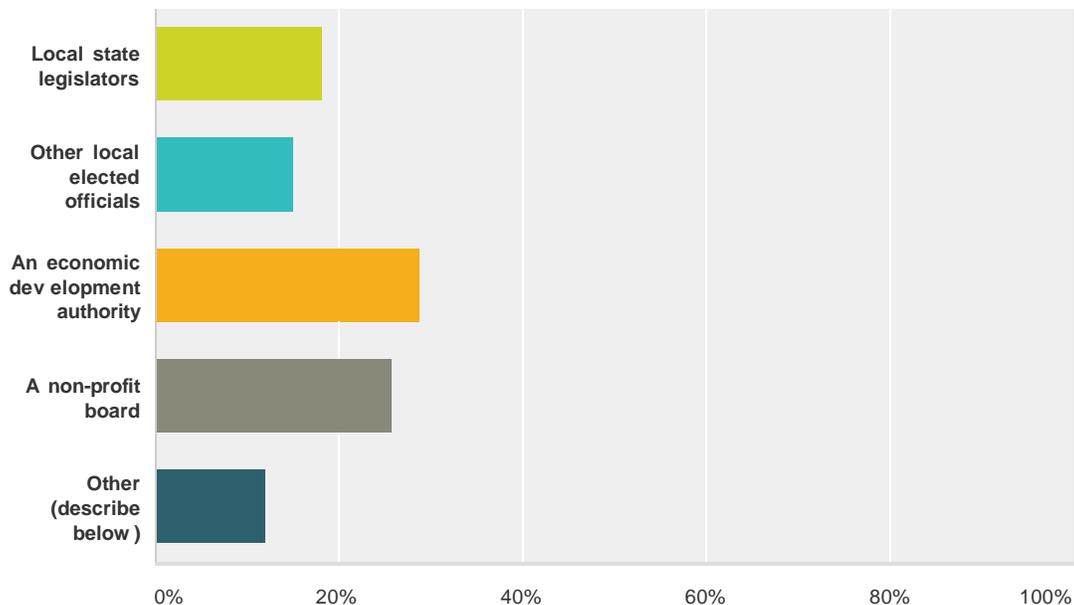


Answer Choices	Responses
The State	16.67% 11
A local non-State entity	27.27% 18
A local board or nonprofit	40.91% 27
Other (describe below)	15.15% 10
Total	66

#	Other (please specify)	Date
1	IRRRB	11/12/2013 4:31 PM
2	IRRRB	11/12/2013 1:46 PM
3	IIIRB	11/6/2013 3:02 PM
4	the region where the money is generated	11/6/2013 12:10 PM
5	Funds should be held in a trust, trust rules determined by 7 county board with guidance from an actuary to maintain perpetual status.	11/6/2013 8:12 AM
6	Range cities	11/4/2013 4:09 PM
7	IRRRB	11/4/2013 7:53 AM
8	not sure, but NOT the State	11/1/2013 6:23 PM
9	The communities in the TAA	11/1/2013 4:00 PM
10	the entities in the taconite region	11/1/2013 3:56 PM

Q3 If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

Answered: 66 Skipped: 2

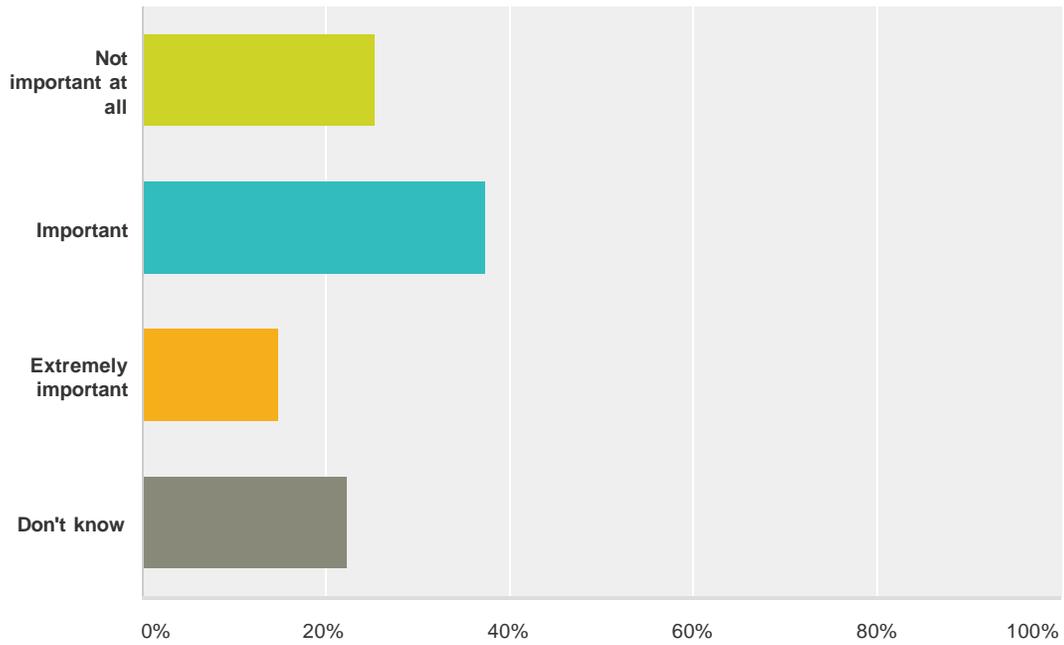


Answer Choices	Responses
Local state legislators	18.18% 12
Other local elected officials	15.15% 10
An economic development authority	28.79% 19
A non-profit board	25.76% 17
Other (describe below)	12.12% 8
Total	66

#	Other (please specify)	Date
1	IRRRB	11/12/2013 4:31 PM
2	A group that makes up a fair representation of the service area	11/12/2013 1:46 PM
3	7 county regional joint powers board	11/6/2013 8:12 AM
4	Could include legislators but not a majority.	11/5/2013 12:11 PM
5	A combination of state legislators and seperately elected IRRRB officials.	11/5/2013 7:36 AM
6	A non-profit board with input from local elected officials	11/4/2013 2:25 PM
7	County and Township Government to lower propert Taxes.	11/4/2013 8:55 AM
8	An elected board of mining company reps and local intrested people.	11/4/2013 8:44 AM
9	A blend of local elected official & local state legislators	11/3/2013 8:25 PM
10	Depends on who or what the separate entity is otherwise it should be the local state legislators	11/1/2013 4:00 PM
11	state & localofficials & citizens	11/1/2013 3:56 PM

Q4 How important is it to the region that the IRRRB operate as a State agency?

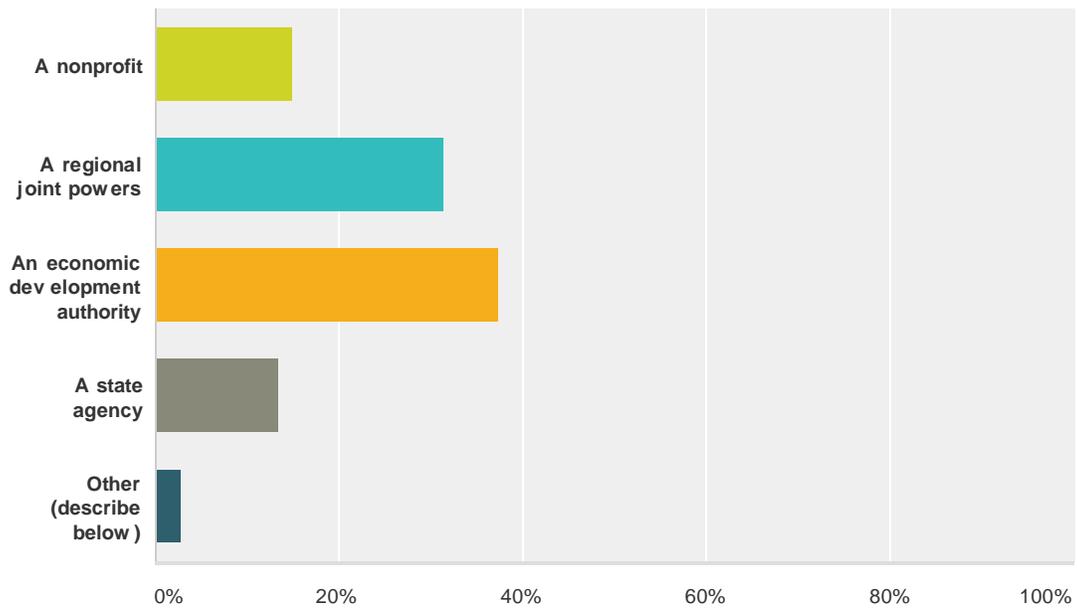
Answered: 67 Skipped: 1



Answer Choices	Responses
Not important at all	25.37% 17
Important	37.31% 25
Extremely important	14.93% 10
Don't know	22.39% 15
Total	67

Q5 The IRRRB could most effectively operate as:

Answered: 67 Skipped: 1



Answer Choices	Responses
A nonprofit	14.93% 10
A regional joint powers	31.34% 21
An economic development authority	37.31% 25
A state agency	13.43% 9
Other (describe below)	2.99% 2
Total	67

#	Other (please specify)	Date
1	I don't have enough information to answer this question	11/12/2013 1:46 PM
2	A 7 county regional joint powers board	11/6/2013 8:12 AM

IRRRB stakeholder survey: Local elected officials

Q6 What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the future?

Answered: 28 Skipped: 40

#	Responses	Date
1	Abide by an strict code of ethics rule.	11/20/2013 7:20 PM
2	I just feel that the funds are raised in the this area and need to remain in this area.	11/14/2013 3:02 PM
3	invest more money on the west end of the rangethere's more to the Iron Range than just Virginia & Hibbing communities	11/12/2013 4:31 PM
4	They should keep funds raised or recieved in a protected account that is not accessible by the state. With this account they could write policy on how and for what purposes funds from this account could be applied for. Request for funding from this account would have to be in the IRRRB footprint for concideration.	11/6/2013 9:03 AM
5	the IRRRB is described as serving 7 counties. That is politically attractive but not true. The IRRRB serves portions of 7 counties, specifically determined by school district boundaries. If the IRRRB wants full county support, support full county boundaries.	11/6/2013 8:12 AM
6	Treat all communitiess equally rather than focusing on the larger communities where the most voters live.	11/5/2013 3:53 PM
7	Be very selective in the appointment of commissioners to the board; look for persons that represent the long-term interests of the region, rather than short-term interests. Work hard to keep the Governor and Legislature informed about the positive role of the IRRRB. Make the citizens of the region award of the on-going value of the IRRRB and its funding potential. Move meetings of the board around the region so all of us can see the work of the agency.	11/5/2013 2:07 PM
8	IRRRB should work with Townships along with Cities- Townships have been the forgotten entity!	11/5/2013 1:09 PM
9	Love the recent citizen group appointed by Sertich. More people from the local communities need to be involved in strategic planning and ED for the area - not just IRR employees and elected officials. IRRRB should continue to involve local elected officials and economic development employees in the decision making for projects and funding that affect their areas. Continue to expand grant funding opportunities for local government (cities and townships).	11/5/2013 12:36 PM
10	The Board should have authority to hire and fire the CEO or commissioner. The Board should also utilize the expertise within the region to create a board empowered to make investment decisions from the DJJ Fund. Recruiting people with diverse perspectives and business acumen can help ensure the Fund is used well.	11/5/2013 12:11 PM
11	I think we need to get more local people on the board, not all politicians. I think the board considers it there slush fund, a way to keep local politicians inline. We give you a grant and you listen to us. For example every town should get X amount of grants and should decide what to spend it on, not IrrrB telling us what projects are elligable.	11/5/2013 10:09 AM
12	It should have some officials that are elected as a board of directors, in combination with state legislators.	11/5/2013 7:36 AM
13	Get way from the governor. The money comes from the range it should stay on the range	11/4/2013 9:22 PM
14	Make sure each city dose the project in given year	11/4/2013 4:09 PM
15	The most important is a board that is informed and know haw to manage money. The reason I suggest to take it out of the State's hands is because the State does not always spend money effciently. I would like to have the IRRRB expand to include all of Aitkin County.	11/4/2013 12:15 PM
16	This is a local industry and the decision process should be in the hands of a locally appointed Board to manage the assests. I dont think that Board should be political legislators or senators. I think if you are a elected officail this muddies the water. Place the Board in hands of business and industry professionals so the money does not become a political football. Blandin Foundation operates much like this and you never see the lawmakers in St. Paul trying to get their hands on the funds. I realize Blandin is a different animal but the Board composition is not political in nature.	11/4/2013 12:08 PM

IRRRB stakeholder survey: Local elected officials

17	Consider more input from local comments and residents that are effected by their decisions.	11/4/2013 10:34 AM
18	Leave the State out of the equation!	11/4/2013 9:33 AM
19	Stop giving money to pie in the sky boondoggles like the Corky Haden Kiln outside of Biwabik. This should be investigated. This guy took the money and ran, with no business created at all. One pile of logs were dumped up there and that cost us \$ 450,000.00???? Are you kidding me!! Not to mention he builds a new home across the highway without adhering to proper setbacks. How crooked can you be.	11/4/2013 8:55 AM
20	Keep the majority of our money local.	11/4/2013 8:44 AM
21	Shelter the DJJ fund in a locally controlled regional governance lock box .When making spending decisions never loose site of the fact that the taconite tax is inleu of property tax & that those communities that endure the effects of active mining receive a proportionate share of the proceeds.	11/3/2013 8:25 PM
22	After watching Pawlenty and friends raid funds to make their own agenda, the critical thing is to firewall the fund from State Legislation. To me, a non-profit or economic development authority - locally controlled - should be equally able to function in the manner intended. This thing was not set up to give tax breaks to party loyalists elsewhere in the state.	11/3/2013 6:30 AM
23	prudent investments, Grow the fund, maintain regional control	11/2/2013 10:06 AM
24	I think that the money allocated to the IRRRB should be used to help any and all businesses and economic development projects here in the northland. It seems that the area up here is the one to always sacrifice if the state needs extra monies, and that fund was intended to promote and help the businesses and population of the Iron Range, hence the name. The money should be put into a private, non-profit organization that is run by someone other than the politicians and kept safe so there is money to help those who actually need it, and to develop other job opportunities for those who need it.	11/2/2013 8:30 AM
25	In my opinion the State should remove itself from any part of the IRRRB. We don't need government involved with the IRRRB. The decision making should come from the Local level	11/1/2013 8:52 PM
26	more contact with local governments in the region	11/1/2013 6:23 PM
27	The IRRRB needs to maintain control of dollars distributed to local areas only and not used for State funds.	11/1/2013 4:29 PM
28	Allocate the DJJ fund dollars to the degree that all funds are spoken for over a 5 or 10 year period. This way the state to my understanding would not be able to unallocate the funds. This is similar to municipalities putting together 5 year capital improvement plans. The funds can be "shifted" as needs arise. I also think the IRRRB Commissioner should have more latitude in the Commissioners fund.	11/1/2013 4:00 PM

1. How important is it that local DJJ tax dollars are spent in the IRRRB service area?

		Response Percent	Response Count
Not important at all		3.6%	1
Neither important nor unimportant		7.1%	2
Important		17.9%	5
Extremely important		71.4%	20
answered question			28
skipped question			0

2. Who should own the DJJ Fund assets (the money allocated to the Fund)?

		Response Percent	Response Count
The State of Minnesota		16.0%	4
A local, non-State entity		12.0%	3
A local board or nonprofit		72.0%	18
Other (please specify)			5
answered question			25
skipped question			3

3. If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

		Response Percent	Response Count
Local state legislators		25.0%	6
Other local elected officials		8.3%	2
An economic development authority		16.7%	4
A non-profit board		50.0%	12
	Other (please specify)		5
answered question			24
skipped question			4

4. How important is it to the region that the IRRRB operate as a State agency?

		Response Percent	Response Count
Not important at all		10.7%	3
Important		35.7%	10
Extremely important		28.6%	8
Don't know		25.0%	7
answered question			28
skipped question			0

5. The IRRRB would operate most effectively as:

		Response Percent	Response Count
A nonprofit		11.5%	3
A regional joint powers board		46.2%	12
An economic development authority		19.2%	5
A State agency		23.1%	6
	Other (please specify)		3
answered question			26
skipped question			2

6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

	Response Count
	14
answered question	14
skipped question	14

Page 2, Q2. Who should own the DJJ Fund assets (the money allocated to the Fund)?

1	IRRRB should be the entity that a local board reports to.	Nov 4, 2013 11:45 AM
2	A public agency but not necessarily "the State."	Nov 4, 2013 11:23 AM
3	IRRRB	Oct 31, 2013 10:42 AM
4	The board should be comprised of individuals that are environmentally minded and have a vested interest in keeping the environment as pristine as possible. It should be owned by progressive individuals that have a futuristic vision of creating jobs that don't destroy the environment. Having special interest members that only focus on jobs that deplete or destroy natural resources should be actively discouraged. Mining is a main economic resource; however, it is time for people to realize that these companies need to do more to stop destroying our natural resources and the entire area!!	Oct 30, 2013 3:15 PM
5	IRRRB	Oct 30, 2013 1:19 PM

Page 2, Q3. If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

1	combo of state/local elected officials, school officials, business industry	Nov 4, 2013 12:10 PM
2	IRRRB Officials	Oct 31, 2013 10:42 AM
3	The non-profit board should be comprised of LOCAL state legislators, elected officials, appointed progressive economic developmental philanthropists with deep pockets and no hidden agendas, and appointed environmentalists	Oct 30, 2013 3:15 PM
4	A Board comprised of area legislators, other local officials, and appointed members	Oct 30, 2013 11:12 AM
5	legislators local and at large	Oct 30, 2013 8:47 AM

Page 2, Q5. The IRRRB would operate most effectively as:

1	Keep the IRRB aligned with the 7 counties.	Nov 4, 2013 11:45 AM
2	That voice is still important and needed to work cooperatively with other state agencies.	Nov 4, 2013 11:44 AM
3	It should be a branch from the state government that is protected from the outside IRRRB politicians that are trying to take those tax dollars and governors that may try to use it in other areas.	Oct 30, 2013 3:15 PM

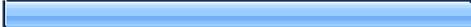
Page 2, Q6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

1	The funds should remain in the geographic area, but it would be nice to see that it benefited those who also live near, but not in a production area. The mines benefit from having access to educated people to work for them. These people don't always live on top of or next door to a mine. Spread out the benefits to more of NE Minnesota.	Nov 5, 2013 12:21 PM
2	board representation with a cross section of state/local elected officials, school officials, business and industry representation	Nov 4, 2013 12:10 PM
3	Keep the IRRRB focused on improving the area in economic development and education. Keep the IRRRB control in the state with involvement from the legislators from the commission, governor and the 7 counties only, meaning decisions should not be coming from outside legislators. Have processes for requesting funding established and goals for the future of the area.	Nov 4, 2013 11:45 AM
4	Less "ownership" of funds based on physical plant location but rather what it can leverage regionally or even statewide to better our economy and educational opportunities. If you act like it doesn't belong to anyone else, the first chance someone can steal it, they will...prove that what we're doing now is working and show what can be done in the future with a good plan. Let a non profit board distribute allocations based on recommendations by the IRRRB, local governments, and business leaders, then Legislators or other political players can't be accused of influencing the system. Commissioner Sertich has proven he can effectively share the message and could offer sound direction to a nonprofit board who would manage the proceeds and leave the politics out of it.	Nov 4, 2013 11:44 AM
5	People should have to earn some type of certificate that they have acquired the appropriate knowledge base on why the taconite relief area was created in the first place. It is not about whether or not there is active mining still occurring. There are too many misguided people in power who do not follow the taconite relief legislation with fidelity.	Nov 4, 2013 11:25 AM
6	Floodwood is not currently in the group of schools that benefit from taconite dollars, yet over 45% of our students qualify for free or reduced lunches - therefore are among the poorest in rural Minnesota. It would be wonderful if we too could access assistance for our students with these funds as well as our neighboring larger range communities who already are much better off financially than our little school.	Oct 31, 2013 10:42 AM
7	Include the Floodwood area.	Oct 30, 2013 3:15 PM
8	I would like to see a law passed that insures the DJJ fund is protected and spent in the region.	Oct 30, 2013 1:19 PM
9	We need to protect the funds from the political winds of the legislature and funding the balancing of the State budget. I really like our local legislators controlling the funds, even though it's political, they have been very good at the disbursement.	Oct 30, 2013 10:05 AM
10	The IRRRB should have full control of its resources or local governments should be able to tax the mining properties.	Oct 30, 2013 9:57 AM

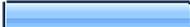
Page 2, Q6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

11	Do not take on such business ventures as a chopstick factory in Hibbing.	Oct 30, 2013 9:34 AM
12	Invest	Oct 30, 2013 9:21 AM
13	Re-examine the service area as it relates to the mission of IRRRB	Oct 30, 2013 8:14 AM
14	More transparent	Oct 30, 2013 7:21 AM

1. How important is it that local DJJ tax dollars are spent in the IRRRB service area?

		Response Percent	Response Count
Not important at all		1.9%	1
Neither important nor unimportant		3.7%	2
Important		24.1%	13
Extremely important		70.4%	38
answered question			54
skipped question			0

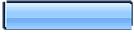
2. Who should own the DJJ Fund assets (the money allocated to the Fund)?

		Response Percent	Response Count
The State of Minnesota		27.7%	13
A local, non-State entity		25.5%	12
A local board or nonprofit		46.8%	22
Other (please specify)			6
answered question			47
skipped question			7

3. If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

		Response Percent	Response Count
Local state legislators		10.4%	5
Other local elected officials		8.3%	4
An economic development authority		60.4%	29
A non-profit board		20.8%	10
	Other (please specify)		6
answered question			48
skipped question			6

4. How important is it to the region that the IRRRB operate as a State agency?

		Response Percent	Response Count
Not important at all		20.8%	11
Important		37.7%	20
Extremely important		18.9%	10
Don't know		22.6%	12
answered question			53
skipped question			1

5. The IRRRB would operate most effectively as:

		Response Percent	Response Count
A nonprofit		10.2%	5
A regional joint powers board		10.2%	5
An economic development authority		61.2%	30
A State agency		18.4%	9
	Other (please specify)		4
answered question			49
skipped question			5

6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

	Response Count
	23
answered question	23
skipped question	31

Page 2, Q2. Who should own the DJJ Fund assets (the money allocated to the Fund)?

1	percentage breakdown for State,Local, and other	Nov 4, 2013 1:23 PM
2	The funds came to be from the minerals of the State. Perhaps a smaller percentage explicitly for this area	Nov 1, 2013 9:00 PM
3	An economic development authority	Nov 1, 2013 8:53 AM
4	Depends on the asset.	Nov 1, 2013 7:04 AM
5	The tax payers on the Iron Range	Nov 1, 2013 6:09 AM
6	It should be returned to the mining companies	Nov 1, 2013 5:36 AM

Page 2, Q3. If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

1	IRRRB	Nov 8, 2013 1:33 PM
2	A combination of local state legislators, local elected officials, and an economic development authority.	Nov 5, 2013 7:50 AM
3	3-entities @ 33% has authority board for financial vote	Nov 4, 2013 1:23 PM
4	How about a FOR profit private contractor group? A bit of E.D.A., some science research (think NRRRI) and throw in a bit of Environmentalist. If they could all agree on an idea or where to put some money, that might have some real potential?	Nov 1, 2013 9:00 PM
5	This is essentially property tax money	Nov 1, 2013 7:04 AM
6	Anybody except elected officials	Nov 1, 2013 5:36 AM

Page 2, Q5. The IRRRB would operate most effectively as:

1	Not sure.	Nov 5, 2013 7:50 AM
2	see number 3	Nov 1, 2013 9:00 PM
3	I think there needs to be some oversight.	Nov 1, 2013 7:04 AM
4	close the IRRRB down, it should not operate	Nov 1, 2013 5:36 AM

Page 2, Q6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

1	reflecting on questions six above, I feel that IRRRB as a state agency offers incredible access to the highest level policy makers in our state--the commissioner serving on the Governor's cabinet is an incredible position of influence. Moderating the amount of legislative oversight/governance however is an important step toward greater effectiveness.	Nov 6, 2013 10:32 AM
2	State legislators should not be on IRRRB	Nov 6, 2013 8:50 AM
3	no idea	Nov 5, 2013 10:51 AM
4	quit trying to only interest big business. Use the region for what it can be used for. Give benefits to companys who do what they say. Collect funds for companys who do not meet their requirments. Promote local business with more than loans and offer funds for internal growth and not just equipment, I.E. training and schooling.	Nov 4, 2013 1:23 PM
5	Remove local politicians from the decision-making process. Current board and makeup of the IRRRB is nothing more than a political slush fund for the DFL. The list of bad business decisions made by the Board speaks volumes for the need for business people to be intimately involved with the decision making process. Or eliminate the Agency entirely. The IRRRB is a redundant State agency. There is already a State Department of Employment and Economic Development. That Department is staffed with professional and they are tasked with growing the State's economy.	Nov 4, 2013 12:27 PM
6	IRRRB money should be spent in the NE Mn area on local, diversified, bona fide projects that have demonstrated a sure-fire business plan. No more pie-in-the-sky-ideas. Also, have a plan in place for retribution concerning any business that becomes defunct.	Nov 4, 2013 11:34 AM
7	The IRRRB needs to focus its efforts on diversifying the economy of the region, as was its original intent. In the last few years, the IRRRB has done none of the sort. No marketing or any other effort (that's noticeable, anyway) to attract new business	Nov 4, 2013 10:57 AM
8	The agency far too political and should change the way the board is made up.	Nov 4, 2013 10:53 AM
9	Place the funds in a trust account that cannot be raided by the state. The gambling pull tab trust is one such entity that the money must be spent on specific environmental issues. Follow this trust and save our money on experts.	Nov 4, 2013 10:37 AM
10	Size the area to truly reflect the current mining areas, to much money being sent to long time non-producing areas for the sake of politics.	Nov 2, 2013 4:17 AM
11	Scholarships or a tution reimbursment to the leaders of the next generation of iron/copper/nickel rangers. More information on: how \$ has/is awarded or distributed to a project, what have been great sucess stories, what have been not so great stories? Work hard to let the people know how the IRRRB came to be and what things might be covered under the IRRRB umbrella. If the people in the service area had a greater understanding of the purpose of the IRRRB and the DJJ fund and how one of their own small ideas or thoughts could be developed or be the that little seed that is needed to start growing into	Nov 1, 2013 9:00 PM

Page 2, Q6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

something nobody could have predicted.

12	The projects funded with the local money should encourage local construction companies. Local firms should be given preference in the bidding process. The IRRRB should protect it's assets/investments by ensuring that the projects are constructed to the specifications provided in the project documents. Local, local, local...local engineering, local construction, local construction testing, local purchasing.	Nov 1, 2013 9:07 AM
13	Tell the NRRI to stop taking work from local science and engineering firms and quit funding them	Nov 1, 2013 8:53 AM
14	Would like to see more Contractors & Subcontractors working on projects funded by the IRRRB be owned by companies within the TAA. Lot of funds being pulled off the TAA by contractors out of the area.	Nov 1, 2013 8:48 AM
15	Job creation is at the core. Industry diversification is the key. When mining ceases, will the area move ahead or collaspe under high taxes and no income stream? Where are we at. Another study, no changes in IRRRB direction, still just a pawn of the local polititians. how sad it cold be something great!	Nov 1, 2013 7:47 AM
16	A cohesive group of locally elected officials from the TTRA area would improve deployment of funds to the right areas in an equitable manner. As we saw under Pawlenty, the Century 21 fund was raided in order to balance the state budget. If the only manner available to us to prevent this going forward is a shift to a non-State Agency status, we should probably move in that direction.	Nov 1, 2013 7:23 AM
17	This is a combination local gov't (provides public services) and an economic authority for both existing and future business.	Nov 1, 2013 7:04 AM
18	Stop giving money to project that have no chance	Nov 1, 2013 6:09 AM
19	Get ride of all elected officials, it's just a polical kick back fund	Nov 1, 2013 5:36 AM
20	The economic development authority should consist of at least a majority of non-elected officials.	Nov 1, 2013 5:32 AM
21	What ever it takes to keep Political Raiders from outside the area, like our former Governer, from using the money outside of its intended purpose. This is money the mining companies pay in lieu of property taxes and belongs here.	Nov 1, 2013 5:12 AM
22	I do believe that they should include on their board some other local citizens - not just all state employees	Nov 1, 2013 5:02 AM
23	More transparency, with more emphases on the fact that these are mining tax dollars that should be spent in the mining region.	Nov 1, 2013 4:16 AM

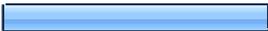
1. How important is it that local DJJ tax dollars are spent in the IRRRB service area?

		Response Percent	Response Count
Not important at all		0.0%	0
Neither important nor unimportant		0.0%	0
Important		0.0%	0
Extremely important		100.0%	6
answered question			6
skipped question			0

2. Who should own the DJJ Fund assets (the money allocated to the Fund)?

		Response Percent	Response Count
The State of Minnesota		0.0%	0
A local, non-State entity		0.0%	0
A local board or nonprofit		100.0%	4
Other (please specify)			2
answered question			4
skipped question			2

3. If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

		Response Percent	Response Count
Local state legislators		20.0%	1
Other local elected officials		0.0%	0
An economic development authority		40.0%	2
A non-profit board		40.0%	2
	Other (please specify)		1
		answered question	5
		skipped question	1

4. How important is it to the region that the IRRRB operate as a State agency?

		Response Percent	Response Count
Not important at all		50.0%	3
Important		16.7%	1
Extremely important		33.3%	2
Don't know		0.0%	0
		answered question	6
		skipped question	0

5. The IRRRB would operate most effectively as:

		Response Percent	Response Count
A nonprofit		20.0%	1
A regional joint powers board		0.0%	0
An economic development authority		40.0%	2
A State agency		40.0%	2
	Other (please specify)		1
answered question			5
skipped question			1

6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

	Response Count
	3
answered question	3
skipped question	3

Page 2, Q2. Who should own the DJJ Fund assets (the money allocated to the Fund)?

- | | | |
|---|--|-----------------------|
| 1 | the seven county state legislaors and appointed people | Nov 29, 2013 11:33 AM |
| 2 | A quasi state agency | Nov 20, 2013 12:27 PM |

Page 2, Q3. If the local tax dollars in the DJJ Fund were allocated to a new and separate entity, who should have decision-making authority over its spending?

- | | | |
|---|---|-----------------------|
| 1 | combination of local politicians/ and elected board members | Nov 20, 2013 12:27 PM |
|---|---|-----------------------|

Page 2, Q5. The IRRRB would operate most effectively as:

- | | | |
|---|---|-----------------------|
| 1 | a regional agency which is controlled by our elected state oficials | Nov 29, 2013 11:33 AM |
|---|---|-----------------------|

Page 2, Q6. What other changes should the IRRRB consider to protect its assets or improve and evolve to meet the needs of the future?

- | | | |
|---|---|-----------------------|
| 1 | I am not in favor of making loans to Poly Met which can use the market to fund its own projects; the present cabinet level position is a way for any governor to use the IRRRB funding as their own political slush fund and not for projects in N E Mn. Keep the money here for its intended purposes and for projects here. | Nov 29, 2013 11:33 AM |
| 2 | continue to focus on diversification in the region | Nov 20, 2013 12:27 PM |
| 3 | I think the agency should stay a state agency, but try to enact legislation that would protect the DJJ fund so that only IRRRB has control over it. | Nov 6, 2013 5:49 AM |