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January 27, 2009

The 2009 Minnesota Legislature:

On behalf of Governor Pawlenty, I am pleased to submit the FY 2010-11 biennial budget of Iron Range Resources.

Iron Range Resources is funded by a portion of the taconite production taxes paid by mining companies on each ton of taconite produced. These taxes are paid in lieu of property taxes. The agency also receives funding from non-mining sources such as facilities revenue, interest earnings and loan repayments.

Based on current forecast of revenues, the agency's budget totals \$96.5 million for the biennium. This amount includes an operating, program and project budget of \$58.8 million and \$37.7 million in pass-through funding. The agency credits the pass-through funding to special accounts, including:

- ◆ Educational Facilities Revenue Bonds, M.S. 298.211, debt service for bonds issued in 2006 for health, safety and maintenance improvements to regional school districts;
- ◆ Iron Range Higher Education, M.S. 298.28, subd. 9d, funds for higher education programs in the agency's service area;
- ◆ Grant & Loan Program, M.S. 298.2961, subd. 4, grants for economic development projects;
- ◆ Taconite Economic Development Fund, M.S. 298.227, a rebate of production taxes to mining companies for workforce development and capital improvement projects; and
- ◆ Region III Projects, M.S. 298.17, grants to Koochiching and Carlton counties for economic and environmental development projects.

The core mission of Iron Range Resources is to help stabilize and enhance the economy of the Taconite Assistance Area (TAA), a geographical region encompassing approximately 13,000 square miles. The agency also reclaims mining impacted lands and owns and operates the Giants Ridge Golf & Ski Resort.

During the 2007-2008 biennium, northeastern Minnesota emerged as a bright spot for the state. Mining, renewable energy, business partnerships and projects initiated and supported by Iron Range Resources fueled an unprecedented Mesabi Iron Range renaissance that, even in the face of current economic challenges, holds the promise of new employment and increased economic stability for communities, schools, businesses and our youth.

Our agency's mission of helping to stabilize and enhance the region's economy was advanced with the approval of over \$11 million in business development loans during the biennium, leveraging total capital investments of more than \$96 million in the region. Over \$75 million in grants helped modernize schools and taconite plants, as well as community infrastructure needed for new homes and businesses.

This budget allows the agency to build on its most successful strategies: cultivating large-scale industrial development projects; supporting community development; collaborating with the private sector to encourage investment in the region; and promoting biofuels initiatives.



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Cultivating large-scale industrial development projects. The large-scale industrial development projects are the next wave of economic expansion for our region. The projects in this category represent the industry clusters of mining (iron and nonferrous), timber and paper and power generation that may infuse up to \$5 billion in the regional economy. Construction jobs created by the projects could reach 7,500 and permanent jobs are estimated at 2,300. In years prior, the agency made a long-term commitment to these efforts, beginning with seed money to cultivate planning and development. As progress was made, additional financing packages supported implementation. Essar Steel and Mesabi Nugget have broken ground and potential nonferrous projects may be underway soon.

To address the challenges and opportunities associated with northeastern Minnesota's large-scale economic development, Iron Range Resources played a leadership role in establishing the Range Readiness Initiative, an award-winning collaborative of regional leaders who worked as partners in planning for housing, education, workforce, community and project needs.

Supporting community development. Financial resources were increased for community development grant programs that enhance resources and expand capacity. New initiatives were undertaken in the areas of Community Readiness, Commercial and Residential Redevelopment, Community Business and Public Works Infrastructure, and Culture & Tourism. On-going grants in Mining, Mineland Reclamation, Laurentian Vision and other areas continue to support entrepreneurship and planning for the future.

Collaborating with the private sector to promote investment in the region. Collaborating with the private sector, the agency built consensus around a new vision for Ironworld Discovery Center (Ironworld) and successfully transitioned it to nonprofit management in January 2007. The change allows the new operating entity, Ironworld Development Corporation, to build a more sustainable future and enables the agency to better focus on its core economic development mission.

Public-private partnerships at Giants Ridge Golf & Ski Resort are the foundation of a development master-plan that projects hundreds of millions of dollars in investments over the next two decades. The plan is based on a multi-business collaboration with stakeholders, private developers and public entities working together to develop hotels, condominiums, fractional ownership units and residential projects. The agency's golf and ski operations at Giants Ridge are the centerpiece of this growing resort community.

Biofuels initiative. During the last biennium, Iron Range Resources took a leadership role in summoning, organizing and supporting biofuels initiatives toward a goal of benefiting the forest products industry and the state.

Iron Range Resources' FY 2010-11 budget represents a continuing investment of \$96.5 million in our mission of advancing regional growth. The agency's priorities are directed toward sustainable growth for communities, increasing business diversification, aiding the forest products industry through the current decline in demand, and seeing large-scale industrial development projects through to successful fruition.

Sincerely,



Sandy Layman
Commissioner

Agency Purpose

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

At A Glance

Mission: Advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota's Taconite Assistance Area.

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

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

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

Iron Range Resources provides a variety of tailored development packages and financial incentives to businesses wishing to relocate or expand in its service area. At the same time, the agency is actively involved in retaining and growing existing businesses within the region.

Core Functions

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

- ◆ Creating private investments by leveraging business development loans.
- ◆ Diversifying the region's economic base by financing the growth of existing businesses or assisting new businesses in relocation.
- ◆ Developing communities and increasing their capacity for growth through grant making leverage. Implementing community planning and reclamation to transform the region's pits and piles into living lakes and landscapes.
- ◆ Marketing the region's resources and attributes to increase business leads and destination travel.
- ◆ Advancing regional workforce issues through convening coordinated readiness efforts.
- ◆ Maximizing the potential of the agency's property assets through sales, development and acquisitions.

Operations

Iron Range Resources serves the interests of the TAA through the following divisions:

- ◆ **Human Resources and Strategic Results** guides and manages all human resources services, policies and programs for the agency. The division also coordinates HR efforts with organizational development goals by managing the agency's strategic planning, performance and improvement plans.
- ◆ **Administrative Services** combines financial services with purchasing, contracting, information systems and maintenance activities. It supports other agency programs and facilities, providing administrative services and resources to ensure smooth agency operation.
- ◆ **Marketing and Communications** develops and coordinates marketing, promotional and communication activities on behalf of Iron Range Resources and its stakeholders.
- ◆ **Business Development** assists new and existing businesses in job creation and retention. Financial assistance is provided through bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants and equity investments.
- ◆ **Community Development** makes grants and invests resources in communities that enhance and expand their capacity for growth. Initiatives in this area support collaborative planning that shapes the economic future of the region.

- ◆ **Giants Ridge Golf & Ski Resort** promotes the region's tourism and recreational resources. Giants Ridge operates two 18-hole championship golf courses and a winter sports area to standards that have earned national recognition.

Budget

The agency's funding comes from a percentage of the production taxes, assessed in lieu of property taxes, on area iron mining companies. The production tax provides approximately 50% of the agency's budget. The other half of the budget is derived from non-mining sources, such as revenue from its facilities, interest earned on its fund accounts and interest generated from its loan programs.

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For further information check out the agency web site at www.IronRangeResources.org

IRON RANGE RESOURCES & REHAB

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	45,619	30,205	33,996	33,736	67,732
Giants Ridge Golf & Ski Resort	7,389	10,026	8,276	8,276	16,552
Ne Mn Economic Protection	4,702	12,387	5,981	6,181	12,162
Total	57,710	52,618	48,253	48,193	96,446
<u>Expenditures by Category</u>					
Total Compensation	4,811	5,335	5,473	5,616	11,089
Other Operating Expenses	6,062	8,125	7,773	7,631	15,404
Capital Outlay & Real Property	314	2,395	0	0	0
Local Assistance	40,401	23,666	28,142	27,883	56,025
Other Financial Transactions	6,122	13,097	6,865	7,063	13,928
Total	57,710	52,618	48,253	48,193	96,446
<u>Expenditures by Program</u>					
Administrative Services	13,280	2,653	2,136	2,137	4,273
Facilities	9,906	10,576	9,674	9,472	19,146
Business & Community Dev	1,544	2,074	1,899	1,899	3,798
Hr & Strategic Results	0	0	728	728	1,456
Agency Roll Over	248	1,995	0	0	0
Mining Rebate Program	16,774	18,835	18,834	18,773	37,607
Marketing & Communications	1,095	1,273	1,273	1,273	2,546
Programs & Projects	14,527	14,838	13,335	13,537	26,872
Attorney General	336	374	374	374	748
Total	57,710	52,618	48,253	48,193	96,446
Full-Time Equivalent (FTE)	69.1	71.2	71.2	71.2	

Program Description

Administrative Services provides support services and resources to other agency programs and facilities. The division is comprised of: Finance, Information Systems and Maintenance & Shop. The budget of this division also includes the Office of the Commissioner.

- ◆ **Finance** provides numerous services including all aspects of budgeting, internal auditing, financial reporting, purchasing and contracting.
- ◆ **Information Systems** supports and maintains the computer hardware, data and telecommunication infrastructure for the agency. Technical support, information access, project management, internet and phone connections are a few of the services provided to agency personnel.
- ◆ **Maintenance & Shop** assists the agency's programs and facilities through equipment maintenance and fleet management. The program also provides building and grounds maintenance support of the Eveleth headquarters complex.

Program at a Glance

- ◆ Agency budgeting, accounting and financial reporting services
- ◆ Purchasing and contracting
- ◆ Information Systems
- ◆ Maintenance & Shop services

Population Served

Iron Range Resources programs and facilities.

Services Provided

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

Key Program Goals

- ◆ Increasing the scope of financial and programmatic reporting.
- ◆ Assessing customer needs and quality of services.

Key Measures

- ◆ Budget and accounts are aligned to support operational targets.
- ◆ Accurate and timely financial information is available.
- ◆ Services are timely.
- ◆ High level of service quality and customer satisfaction.

Program Funding

Approximately \$2 million (per year).

Contact

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IRON RANGE RESOURCES & REHAB
 Program: ADMINISTRATIVE SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	13,113	2,653	2,136	2,137	4,273
Ne Mn Economic Protection	167	0	0	0	0
Total	13,280	2,653	2,136	2,137	4,273
<u>Expenditures by Category</u>					
Total Compensation	1,596	1,726	1,244	1,281	2,525
Other Operating Expenses	686	927	892	856	1,748
Capital Outlay & Real Property	7	0	0	0	0
Local Assistance	10,991	0	0	0	0
Total	13,280	2,653	2,136	2,137	4,273
<u>Expenditures by Activity</u>					
Administrative Services	13,280	2,653	2,136	2,137	4,273
Total	13,280	2,653	2,136	2,137	4,273
Full-Time Equivalent (FTE)	17.9	17.0	15.0	15.0	

Program Description

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

- ◆ **Giants Ridge Golf & Ski Resort** promotes the region's tourism and recreational resources. Giants Ridge operates two 18-hole championship golf courses and a winter sports area to standards that have earned national recognition. Giants Ridge offers 35 alpine ski runs, more than 60 kilometers of cross-country ski trails and easy access to lakes, mountain bike trails, and snowmobile trails. Lodging facilities include hotel suites and condominiums at The Lodge; cabins and condominiums at the Villas; and, a 24-room, 96-bed sports-style dormitory. There is dining, conference facilities, and outdoor equipment rentals. The resort generates over \$1.5 million in payroll for over 300 part- and full-time employees. The annual economic impact is approximately \$17 million from The Legend and The Quarry golf courses and \$13 million from the ski area.

- ◆ **Ironworld** is now under the management of a nonprofit, Ironworld Development Corporation (IDC). IDC assumed responsibility for the operations in January 2007 through a Sublease/Management Agreement with Iron Range Resources. IDC's mission is to "collect, preserve, interpret and promote the history and cultural heritage of northeastern Minnesota; and to manage, promote, sustain and develop the assets of Ironworld for the long-term benefit of area residents and visitors." The Sublease/Management Agreement provides an annual operating subsidy that declines by 20% per year over a ten-year period, the interest on a \$10 million endowment, and a \$250,000 challenge grant for endowment fund raising. In addition to these financial terms, the agency budgets for insurance and capital requests.

Program at a Glance

Giants Ridge Golf and Ski Resort:

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

Giants Ridge unveiled a 20-year master plan, which holds the potential of residential and commercial growth in northeastern Minnesota. The master plan envisions a mixed use base-resort village with 340 new units; a mountain-top village with 300 new units; additional lodging; retail shops; restaurants; a water park; an ice skating rink; lakeshore, lake access, ski-in/ski-out and golf course single family homes, townhouses and condominiums; fractional ownership properties; parks and beaches; and public and private boat landings.

At the direction of Commissioner Layman, the new Master Plan was a cooperative effort by all resort stakeholders, both private and public. In conjunction with the Master Plan, the stakeholder group developed a new charter and bylaws for the resort's Master Association of which all resort stakeholders will be members.

This Master Association membership will work towards the following goals:

- Clearly defined governance, membership and financing of the newly structured Master Association.
- Development of a detailed resort concept plan.
- Definitive criteria necessary for carrying forward resort development and establishing a customer-friendly, sustainable resort community.

The new role of the Master Association will be critical to the structural and financial success of all resort stakeholders, both private and public.

Population Served

Minnesota residents, national and international tourists.

Services Provided

- ◆ Giants Ridge Golf & Ski Resort provides tourism and recreation opportunities including two 18-hole championship golf courses, a variety of winter sports activities, dining, lodging, shopping and conference facilities.

Key Measures

- ◆ Increasing Giants Ridge revenues with competitive pricing and packaging.
- ◆ Tying Giants Ridge strategic capital and infrastructure investments to revenue.
- ◆ Responding to Giants Ridge customer survey and evaluation feedback with continuous improvement.

Program Funding

Giants Ridge Golf & Ski Resort: approximately \$8.3 million (per year).
Ironworld: approximately \$1.4 million (FY 2010) & \$1.2 million (FY 2011).

Contacts

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IRON RANGE RESOURCES & REHAB

Program: FACILITIES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	2,517	1,650	1,398	1,196	2,594
Giants Ridge Golf & Ski Resort	7,389	8,926	8,276	8,276	16,552
Total	9,906	10,576	9,674	9,472	19,146
<u>Expenditures by Category</u>					
Total Compensation	1,415	1,448	1,481	1,515	2,996
Other Operating Expenses	4,177	5,374	5,341	5,307	10,648
Capital Outlay & Real Property	302	650	0	0	0
Local Assistance	2,478	1,535	1,283	1,081	2,364
Other Financial Transactions	1,534	1,569	1,569	1,569	3,138
Total	9,906	10,576	9,674	9,472	19,146
<u>Expenditures by Activity</u>					
Facilities	9,906	10,576	9,674	9,472	19,146
Total	9,906	10,576	9,674	9,472	19,146
Full-Time Equivalents (FTE)	27.7	25.6	25.6	25.6	

Program Description

The agency's business and community development work is managed through **Business Development** and **Community Development**. The staff in these areas manages agency deal flow, provide financial assistance to businesses, generate business leads and invest in communities through grant making and strategic initiatives.

- ◆ **Business Development** helps new and existing businesses create or retain jobs, while leveraging private investment. The program uses a variety of tools that include bank participation loans, direct loans, employment incentive grants, infrastructure grants, equity investments and the Job Opportunity Building Zones (JOBZ). Staff performs due diligence, financial structuring, and documentation and monitoring of projects. In addition, staff promotes the Taconite Assistance Area (TAA) to prospective businesses from outside the region in order to attract new jobs to northeastern Minnesota. This effort includes prospecting aimed at select groups of businesses, attending trade shows, and advertising the advantages of our region in regional, national and international publications.
- ◆ **Community Development** supports strategic initiatives and grant making for community growth. Grants for units of government, nonprofits, higher education and businesses include funding for community development efforts in Commercial and Residential Redevelopment, Mining & Mineland Reclamation, Commissioner Projects, Culture & Tourism, and the Application Fund. Community Initiatives are focused around Workforce Development; Regional Readiness, preparing the region for growth; and supporting the Laurentian Vision's collaborative efforts that shape post-mining landscapes.

Program at a Glance

Business Development

- ◆ Business Development administered \$3.3 million in new loans for area economic development projects in FY 2008.
- ◆ Mining & Mineland Reclamation administered \$8.5 million in TEDF production tax rebates for mining projects in FY 2008.

Community Development

- ◆ Workforce Development leveraged readiness efforts and community growth through convening and grant making.
- ◆ Commercial and Residential Redevelopment razed 30 residential and commercial structures during FY2008.

Population Served

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

Services Provided

Business and Community Development provide a wide range of activities specifically designed to assist TAA businesses and communities:

Business Development services:

- ◆ Promoting TAA business assets and advantages.
- ◆ Assisting businesses with expanding or relocating to the region.
- ◆ Providing financial assistance to businesses.

Community Development services:

- ◆ Grant making that includes funding for community revitalization, capacity building and growth.
- ◆ Initiatives, leadership and convening efforts that support coordinated efforts to shape the economic future of the region.

Key Program Goals

Business Development:

- ◆ Tracking job creation and retention.
- ◆ Implementing a targeted business recruitment plan.

Community Development:

- ◆ Providing financial assistance to communities.

- ◆ Identifying workforce grant and partnership opportunities.
- ◆ Influencing mining processes to create enhanced post mining landscapes.
- ◆ Removing blight in communities.

Key Measures

Business Development:

- ◆ Jobs created and retained.
- ◆ Business development leverage.
- ◆ Lead generation.

Community Development:

- ◆ Total investment in community development.
- ◆ Grants leverage.
- ◆ Action plans for regional readiness.

Program Funding

Approximately \$2 million (per year)

Contact

Business Development

Matt Sjoberg, Director

or

Community Development

Brian Hiti, Deputy Commissioner

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IRON RANGE RESOURCES & REHAB

Program: BUSINESS & COMMUNITY DEV

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	559	652	652	652	1,304
Ne Mn Economic Protection	985	1,422	1,247	1,247	2,494
Total	1,544	2,074	1,899	1,899	3,798
<u>Expenditures by Category</u>					
Total Compensation	1,252	1,539	1,403	1,445	2,848
Other Operating Expenses	287	535	496	454	950
Capital Outlay & Real Property	5	0	0	0	0
Total	1,544	2,074	1,899	1,899	3,798
<u>Expenditures by Activity</u>					
Business & Community Dev	1,544	2,074	1,899	1,899	3,798
Total	1,544	2,074	1,899	1,899	3,798
Full-Time Equivalentents (FTE)	16.2	19.9	17.9	17.9	

Program Description

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

- ◆ **Human Resources** directs recruiting and staffing, compliance with regulations and policies, employee orientation, development and training, policy development and documentation, employee relations, compensation and benefits administration, employee services and labor relations.
- ◆ **Strategic Results** oversees performance management and improvement, organizational development, strategic planning and balanced scorecard performance.

Program at a Glance

- ◆ HR management and employee development for divisions and facilities
- ◆ Strategic planning and balanced scorecard leadership, training, implementation and results reporting

Population Served

Iron Range Resources employees and the general public.

Services Provided

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

Key Program Goals

- ◆ Promote best practices in agency services.
- ◆ Work with agency divisions in the creation and dissemination of performance measures and results data.

Key Program Measures

- ◆ Services and communications are timely.
- ◆ Human resources are aligned to support strategies.
- ◆ Technology is utilized to increase the efficiency and effectiveness of delivery systems.
- ◆ Learning increases employee motivation and productivity.

Program Funding

Approximately \$730,000 (per year)

Contact

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IRON RANGE RESOURCES & REHAB

Program: HR & STRATEGIC RESULTS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	0	0	728	728	1,456
Total	0	0	728	728	1,456
<u>Expenditures by Category</u>					
Total Compensation	0	0	704	715	1,419
Other Operating Expenses	0	0	24	13	37
Total	0	0	728	728	1,456
<u>Expenditures by Activity</u>					
Hr & Strategic Results	0	0	728	728	1,456
Total	0	0	728	728	1,456
Full-Time Equivalent (FTE)	0.0	0.0	4.0	4.0	

Program Description

The agency's rollover consists of all budget activity that has been certified and reset into FY 2009. This account represents projects that had not been completed in FY 2008.

Program at a Glance

- ◆ FY 2009 Rollover: approximately \$2 million

Population Served

Iron Range Resources programs and facilities.

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IRON RANGE RESOURCES & REHAB

Program: AGENCY ROLL OVER

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	248	895	0	0	0
Giants Ridge Golf & Ski Resort	0	1,100	0	0	0
Total	248	1,995	0	0	0
<u>Expenditures by Category</u>					
Other Operating Expenses	12	250	0	0	0
Capital Outlay & Real Property	0	1,745	0	0	0
Local Assistance	236	0	0	0	0
Total	248	1,995	0	0	0
<u>Expenditures by Activity</u>					
Agency Roll Over	248	1,995	0	0	0
Total	248	1,995	0	0	0

Program Description

In 1992, the Minnesota Legislature established the Taconite Economic Development Fund (TEDF) to encourage capital investments in northeastern Minnesota taconite plants. Through the TEDF, 30.1-cents of the annual tax paid for each ton of taconite pellets produced is rebated back into northeastern Minnesota taconite plants for new equipment, facility improvements, and research and development in new mining technologies.

Program at a Glance

- ◆ Between 1993-2007, \$133.9 million of the taconite production tax revenue has been rebated through the Taconite Economic Development Fund for taconite mining company capital investment projects.

The taconite industry is a major contributor to Minnesota's economy and in particular to the economy of northeastern Minnesota. In 2007, 38 million tons of taconite pellets were produced, and over \$94 million in taconite production taxes were paid in 2008. The industry currently has 4,000 direct employees and other spin-off industries that do business with the taconite companies provide more than 14,000 jobs.

Under current law, 30.1-cents of the \$2.316 tax paid for each ton of taconite pellets produced is set aside in a special account administered by Iron Range Resources. The TEDF funds are then rebated back to each company for approved capital improvement projects.

Population Served

TEDF grants are provided to the six taconite plants located in northeastern Minnesota.

Key Measures

- ◆ State money leverages additional funding from taconite companies.

Program Funding

Approximately \$8.5 million (Payable in 2008 based on the 2007 production year)

Contact

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Mining & Minerals Program Supervisor
Mining, Minerals & Reclamation
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IRON RANGE RESOURCES & REHAB
 Program: MINING REBATE PROGRAM

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	16,617	14,255	18,137	18,078	36,215
Ne Mn Economic Protection	157	4,580	697	695	1,392
Total	16,774	18,835	18,834	18,773	37,607
<u>Expenditures by Category</u>					
Local Assistance	15,489	13,557	17,440	17,383	34,823
Other Financial Transactions	1,285	5,278	1,394	1,390	2,784
Total	16,774	18,835	18,834	18,773	37,607
<u>Expenditures by Activity</u>					
Mining Rebate Program	16,774	18,835	18,834	18,773	37,607
Total	16,774	18,835	18,834	18,773	37,607

Program Description

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

- ◆ **Marketing** is responsible for directing the development and implementation of all marketing-related communications strategies, messages and materials generated by and for the agency, its partners and its facilities.
- ◆ **Communications** establishes and delivers key messages for the agency, using a fully integrated multi-media approach. Staff members create and distribute internal and external agency communications, manage the agency website, provide writing and design services and provide staff support for special events and strategic initiatives.

Program at a Glance

- ◆ Agency marketing
- ◆ Economic development marketing
- ◆ Tourism and facility marketing
- ◆ Multi-media communication services
- ◆ Special project services

Population Served

Iron Range Resources and the Taconite Assistance Area (TAA).

Services Provided

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

Key Program Goals

- ◆ Position the agency to be a leading communicator for the region.
- ◆ Develop and distribute informative materials to targeted regional, statewide and national audiences.

Key Program Measures

- ◆ Measure results of marketing and communication initiatives.
- ◆ Timely communications.
- ◆ Media opportunities identified and utilized.
- ◆ Web communications and e-business tools are current and available 24/7.

Program Funding

Approximately \$1.3 million (per year)

Contact

Sheryl Kochevar
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IRON RANGE RESOURCES & REHAB

Program: MARKETING & COMMUNICATIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	1,095	1,273	1,273	1,273	2,546
Total	1,095	1,273	1,273	1,273	2,546
<u>Expenditures by Category</u>					
Total Compensation	508	584	602	620	1,222
Other Operating Expenses	567	689	671	653	1,324
Local Assistance	20	0	0	0	0
Total	1,095	1,273	1,273	1,273	2,546
<u>Expenditures by Activity</u>					
Marketing & Communications	1,095	1,273	1,273	1,273	2,546
Total	1,095	1,273	1,273	1,273	2,546
Full-Time Equivalentents (FTE)	6.6	8.0	8.0	8.0	

Program Description

Business Development and **Community Development** serve the customers of the region through Programs and Projects that support development activities throughout the Taconite Assistance Area (TAA).

Programs invest resources in communities to enhance and expand capacity and encourage regional cooperation.

- ◆ **Grant making** priorities are in the areas of Community Readiness, Commercial and Residential Redevelopment, Workforce Development, Range Readiness, Mining & Mineland Reclamation, Commissioner's projects, Culture & Tourism, the Application Fund and Region III.
- ◆ **The Range Readiness Initiative** is a coordinated regional readiness response to the area's large scale industry expansions and impacts on workforce, employment, housing, education, recreation and other socio-economic issues.
- ◆ **Workforce Development** initiatives include leadership and development funding for industry, industry clusters, schools or collaborative partners that build capacity, responsiveness or innovation to address workforce needs.
- ◆ **Redevelopment initiatives** include assisting cities and townships with the demolition and removal of commercial and residential structures that remove blight and make way for new development. **Laurentian Vision** is also a redevelopment effort that envisions development planning around post-mining landscapes.
- ◆ **Region III** - M.S. 298.17 authorizes grants from occupation taxes for economic and environmental development projects in Koochiching and Carlton counties (Region III).

Program at a Glance

- ◆ The agency provided \$6 million in Public Works grants, leveraging an additional \$82 million in outside funding and creating 328 jobs in FY 2008.
- ◆ The agency's loan portfolio consists of over 90 loans totaling more than \$48 million.
- ◆ Since FY 2004, 67 projects have been approved for a total of \$97.4 million in assistance. These projects leveraged a total investment of \$291 million and resulted in the creation of a projected 2,596 new jobs.

Projects provide funding for infrastructure and business related economic development efforts.

- ◆ **Business Development** - grants, loans, or other forms of participation for economic development projects that promote business development and attract new investments to the region.
- ◆ **Renewable Energy** - grants or loans to support the growth of bio-energy initiatives targeting projects that will utilize biomass, cellulosic and other feed stocks.
- ◆ **Public Works Infrastructure** - funding for local units of government that support community and economic development.
- ◆ **Community Business Infrastructure** - funding for public infrastructure capital improvements that assist with the expansion or creation of new development and jobs.
- ◆ **Commercial Building Renovation** - funding to communities for business enhancement projects.

Population Served

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

Services Provided

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

Key Measures

- ◆ Supporting readiness efforts and community growth through convening and grant making.
- ◆ Leveraging the financial assistance of grant and development projects.
- ◆ Managing loan portfolio risk ratings and delinquency ratios.

- ◆ Identifying new participation opportunities.

Program Funding

Approximately \$14 million (per year)

Contact

Business Development

Matt Sjoberg, Director

or

Community Development

Brian Hiti, Deputy Commissioner

Iron Range Resources

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IRON RANGE RESOURCES & REHAB

Program: PROGRAMS & PROJECTS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	11,224	8,588	9,433	9,433	18,866
Ne Mn Economic Protection	3,303	6,250	3,902	4,104	8,006
Total	14,527	14,838	13,335	13,537	26,872
<u>Expenditures by Category</u>					
Other Operating Expenses	37	14	14	14	28
Local Assistance	11,187	8,574	9,419	9,419	18,838
Other Financial Transactions	3,303	6,250	3,902	4,104	8,006
Total	14,527	14,838	13,335	13,537	26,872
<u>Expenditures by Activity</u>					
Programs & Projects	14,527	14,838	13,335	13,537	26,872
Total	14,527	14,838	13,335	13,537	26,872

Program Description

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

Program at a Glance

- ◆ Agency legal counsel

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

Population Served

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

Services Provided

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

Key Measures

- ◆ High level of service quality and legal advice.
- ◆ Quality and timeliness of legal documents.
- ◆ Outcome of litigation.

Program Funding

Approximately \$375,000 (per year)

Contact

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IRON RANGE RESOURCES & REHAB

Program: ATTORNEY GENERAL

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	246	239	239	239	478
Ne Mn Economic Protection	90	135	135	135	270
Total	336	374	374	374	748
<u>Expenditures by Category</u>					
Total Compensation	40	38	39	40	79
Other Operating Expenses	296	336	335	334	669
Total	336	374	374	374	748
<u>Expenditures by Activity</u>					
Attorney General	336	374	374	374	748
Total	336	374	374	374	748
Full-Time Equivalents (FTE)	0.7	0.7	0.7	0.7	

IRON RANGE RESOURCES & REHAB

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Taxes:					
General	246	0	0	0	0
Total Non-Dedicated Receipts	246	0	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Iron Range Resources & Rehab	4,003	50	50	50	100
Giants Ridge Golf & Ski Resort	4,219	4,664	4,664	4,664	9,328
Ne Mn Economic Protection	140	140	140	140	280
Other Revenues:					
Iron Range Resources & Rehab	2,188	892	892	892	1,784
Giants Ridge Golf & Ski Resort	1	151	151	151	302
Ne Mn Economic Protection	3,353	1,449	1,449	1,449	2,898
Other Sources:					
Iron Range Resources & Rehab	565	459	459	459	918
Ne Mn Economic Protection	3,216	1,765	1,765	1,765	3,530
Taxes:					
Iron Range Resources & Rehab	17,221	23,277	25,217	25,160	50,377
Ne Mn Economic Protection	3,758	6,301	4,379	4,379	8,758
Total Dedicated Receipts	38,664	39,148	39,166	39,109	78,275
Agency Total Revenue	38,910	39,148	39,166	39,109	78,275