

**Meeting
of the
Iron Range Resources Board**

Thursday, August 18, 2005

5:00 p.m.

**Iron Range Resources Administration Building
Eveleth, Minnesota**

MEETING OF THE IRON RANGE RESOURCES BOARD
Thursday, August 18, 2005
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Eveleth, Minnesota

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MEETING OF THE IRON RANGE RESOURCES BOARD

Thursday, August 18, 2005

5:00 p.m.

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Eveleth, Minnesota

Agenda

- 1) Roll Call
- 2) Approval of the June 16, 2005, Minutes
- 3) Bonding for School Health, Safety & Maintenance Improvements
- 4) Board Account
 - Action required: Project approval requires 7 votes*
 - a) Chisholm-Hibbing Airport Speculative Building Project
- 5) Douglas J Johnson Trust Fund Investment Policy
- 6) FY06 Investment Plan
 - Action required: Project approval requires 8 votes*
- 7) Board Appointment to Ironworld Development Corporation Board
- 8) Adjournment

Approval of the June 16, 2005, Minutes

Meeting of the Iron Range Resources Board

Thursday, June 16, 2005

8:30 a.m.

Room 318 – State Capitol
St. Paul, Minnesota

I. Roll Call

Senator David Tomassoni, Chair, called the meeting to order at approximately 8:31 a.m. Present: Representative Maxine Penas; Representative Tom Rukavina; Representative Tony Sertich; Representative Loren Solberg; Senator Tom Bakk; Senator Tom Saxhaug; Senator Yvonne Prettner Solon; Citizen Joe Begich; Citizen Bill Henning and Citizen Matt Matasich. Absent: Representative David Dill and Senator Becky Lourey. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Gunnar Johnson, Assistant Attorney General; Matt Sjoberg, Interim Development Strategies Director; Jean Dolensek, Administrative Services Director; Linda Johnson, Director – Giants Ridge; Marianne Bouska, Director – Ironworld Discovery Center; David Hart, Loan Officer, Senior; Sheryl Kochevar, Executive Assistant; Patricia Steger Holmberg, Owner, Steger Designs, Inc.; and Dr. Richard Dinter, University Medical Center Mesabi.

II. Approval of the April 21, 2005, Minutes

Representative Penas moved approval of the April 21, 2005, minutes. Motion carried.

III. Douglas J. Johnson Economic Protection Trust Fund

Action Required: Project approval requires 8 votes

a. Steger Designs, Inc.

Motion by Senator Bakk to approve the Steger Designs, Inc. project as presented. Seconded by Citizen Matasich. Motion carried.

Voting in Favor of the Project: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Project: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

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b. U.S. Department of Agriculture, Rural Development – Intermediary Relending Program

Motion by Representative Sertich to approve the U.S. Department of Agriculture, Rural Development – Intermediary Relending Program project as presented. Seconded by Senator Solon. Motion carried.

Voting in Favor of the Project: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Project: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

IV. Board Account

Action Required: Project approval requires 7 votes

a. Healthcare Capital Projects

Motion by Representative Rukavina to amend the Healthcare Capital Projects by increasing the grant amount from \$50,000 to \$100,000 for both the Cook Hospital and White Community Hospital. Motion carried.

Voting in Favor of the Amendment: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Amendment: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

Motion by Representative Sertich to approve the Healthcare Capital Projects as presented and amended. Seconded by Senator Prettner Solon. Motion carried.

Voting in Favor of the Project: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Project: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

b. Ely Municipal Airport Expansion

Motion by Senator Bakk to approve the Ely Municipal Airport Expansion project as presented. Seconded by Citizen Henning. Motion carried.

Voting in Favor of the Project: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Project: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

V. FY06 Early Retirement Resolution

Motion by Representative Solberg to amend Resolution No.: FY05-004 - FY06 Early Separation Incentive Program to include that any lump sum salary cash payment as part of the Program will be based on the employee's FY2005 salary level. Motion carried.

Voting in Favor of the Amendment: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Amended: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

Motion by Representative Solberg to approve Resolution No.: FY05-004 - FY06 Early Separation Incentive Program as presented and amended. Seconded by Representative Sertich. Motion carried.

Voting in Favor of the Resolution: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk,

Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Resolution: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA**

Resolution No.: FY05-004

WHEREAS, Laws of Minnesota for 2005, Chapter 156, Article 2, Section 34, contains provisions authorizing the Commissioner of Iron Range Resources (“Commissioner”), in consultation with the State’s Commissioner of Employee Relations, to offer a targeted early separation incentive program (the “Program”) for employees of the Commissioner who have attained the age of 60 years and have at least five years of allowable service credit under Minnesota Statutes Chapter 352, or who have received credit for at least 30 years of allowable service under the provisions of the said Chapter 352; and,

WHEREAS, the Commissioner has requested the Board to approve the expenditure of up to \$881,000 of the funds made available to the Commissioner under the provisions of Minnesota Statutes Section 298.223 (“TEPF Monies”) in State Fiscal Year 2006 (FY06) to provide funding with which to implement the said Program; and,

WHEREAS, on Thursday, June 16, 2005, the Board met in a regular session at the State Capitol in St. Paul to consider the request of the Commissioner for approval to expend the said TEPF Monies to provide the funds with which to implement the said Program; and,

WHEREAS on the basis of the materials submitted by the Commissioner and the discussions at the said public meeting, the Board has concluded that it would be in the best interests of the Taconite Assistance Area defined in Minnesota Statutes Section 297.1341 (“TAA”) and in furtherance of the purposes specified in Laws of Minnesota for 2005, Chapter 156, Article 2, Section 34 and in Minnesota Statutes Section 298.223 to use the said TEPF Monies to implement the said Program on the terms and conditions proposed by the Commissioner.

NOW, THEREFORE, BE IT RESOLVED THAT:

- a. The Board hereby concludes that the proposed expenditure of \$881,000 of TEPF Monies is for a purpose authorized in Laws of Minnesota for 2005, Chapter 156, Article 2, Section 34 and in Minnesota Statutes Section 298.223, and is in the best interests of the TAA; and,
- b. The Board hereby authorizes, pursuant to the provisions of Minnesota Statutes Section 298.223 and Laws of Minnesota for 2005, Chapter 156, Article 2, Section 34, the expenditure by the Commissioner of up to \$881,000 of such TEPF Monies to fund

the Commissioner's proposed Program to offer, in accordance with the provisions of Laws of Minnesota for 2005, Chapter 156, Article 2, Section 34, targeted early separation incentives to certain employees of the Commissioner who have attained the age of 60 years and have at least five years of allowable service credit under Minnesota Statutes Chapter 352, or who have received credit for at least 30 years of allowable service under the provisions of the said Chapter 352.

- c. Any lump sum salary cash payment as part of the Program will be based on the employee's FY2005 salary level.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 16th DAY OF JUNE, 2005

AYES: 11

NAYS: 0

ABSTENTIONS: 0

ABSENT: 2

Signed: _____

Senator David Tomassoni

Chair of the Board

VI. FY06 Investment Plan

Motion by Representative Rukavina that if an Iron Range Resources FY2006 budget is not approved by the Iron Range Resources Board by June 30, 2005, the current FY2005 budget allocations will remain in place for FY2006 until a FY2006 Iron Range Resources budget is approved by the Iron Range Resources Board. Seconded by Senator Bakk. Motion carried.

Voting in Favor of the Motion: Representative Maxine Penas, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator Yvonne Prettner Solon, Senator David Tomassoni, Citizen Joe Begich, Citizen Bill Henning and Citizen Matt Matasich.

Voting Against the Motion: None.

Abstain: None.

Absent: Representative David Dill and Senator Becky Lourey.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
FY2006 Interim Budget Motion**

Motion No: FY05-01

IT IS HEREBY MOVED THAT: If an Iron Range Resources FY2006 budget is not approved by the Iron Range Resources Board by June 30, 2005, the current FY2005 budget allocations will remain in place for FY2006 until a FY2006 Iron Range Resources budget is approved by the Iron Range Resources Board.

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**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES BOARD
THIS 16th DAY OF JUNE, 2005.**

AYES: 11
NAYS: 0
ABSTENTIONS: 0
ABSENT: 2

Signed: _____
Senator David Tomassoni
Chair of the Board

VII. Adjournment

Meeting adjourned at 10:45 a.m.

Bonding for School Health, Safety & Maintenance Improvements

House File No. 2498 – 84th Legislative Session (2005-2006)

Sec. 39. [IRON RANGE RESOURCES AND REHABILITATION

32.14 COMMISSIONER; BONDS AUTHORIZED.]

32.15 Subdivision 1. [ISSUANCE; PURPOSE.] Notwithstanding any
32.16 provision of Minnesota Statutes, chapter 298, to the contrary,
32.17 the commissioner of Iron Range resources and rehabilitation may
32.18 issue revenue bonds in a principal amount of \$15,000,000 in one
32.19 or more series, and bonds to refund those bonds. The proceeds
32.20 of the bonds must be used to make grants to school districts
32.21 located in the taconite tax relief area defined in Minnesota
32.22 Statutes, section 273.134, or the taconite assistance area
32.23 defined in Minnesota Statutes, section 273.1341, to be used by
32.24 the school districts to pay for health, safety, and maintenance
32.25 improvements but only if the school district has levied the
32.26 maximum amount allowable under law for those purposes.

32.27 Subd. 2. [APPROPRIATION.] There is annually appropriated
32.28 from the distribution of taconite production tax revenues to the
32.29 taconite environmental protection fund pursuant to Minnesota
32.30 Statutes, section 298.28, subdivision 11, and to the Douglas J.
32.31 Johnson economic protection trust pursuant to Minnesota
32.32 Statutes, section 298.28, subdivisions 9 and 11, in equal
32.33 shares, an amount sufficient to pay when due the principal and
32.34 interest on the bonds issued pursuant to subdivision 1. If the
32.35 annual distribution to the Douglas J. Johnson economic
32.36 protection trust is insufficient to pay its share after
33.1 fulfilling any obligations of the trust under Minnesota
33.2 Statutes, section 298.225 or 298.293, the deficiency is
33.3 appropriated from the taconite environmental protection fund.
33.4 The appropriation under this subdivision terminates upon payment
33.5 or maturity of the last of the bonds issued under this section.

33.6 Subd. 3. [CREDIT ENHANCEMENT.] The bonds issued under this
33.7 section are "debt obligations" and the commissioner of Iron
33.8 Range resources and rehabilitation is a "district" for purposes
33.9 of Minnesota Statutes, section 126C.55, provided that advances
33.10 made under Minnesota Statutes, section 126C.55, subdivision 2,
33.11 are not subject to Minnesota Statutes, section 126C.55,
33.12 subdivisions 4 to 7.

33.13 [EFFECTIVE DATE.] This section is effective the day
33.14 following final enactment.

Board Account

Action required: Project approval requires 7 Votes

- a) Chisholm-Hibbing Airport Speculative Building Project



Iron Range Resources
P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218) 744-7400 • 800-765-5043
Fax: (218)744-7403

To: Iron Range Resources Board Members

From: Sandy Layman
Commissioner

Date: August 18, 2005

Re: Chisholm-Hibbing Airport Speculative Building Project

The Hibbing EDA, the Chisholm EDA and the Airport Authority have formed a partnership in support of the construction of a Speculative Industrial Building adjacent to the Chisholm-Hibbing Airport. Although there are a few vacant commercial buildings in the area, none are well-suited for industrial/manufacturing use, nor are they located in areas that are conducive for a manufacturing operation.

The total estimated cost of the completed 30,000 square foot building is \$1,640,000. The airport is donating the land (valued at \$50,000) and the partners have committed to finance the estimated \$800,000 to fund the build-out. The Chisholm-Hibbing Airport Authority has applied to Iron Range Resources for a \$790,000 non-recourse loan to construct the building shell. The proposed loan would be repaid over 20 years with net rents – rents less eligible expenses including repayment of any debt issued for the build-out – generated by the new building.

My recommendation is to provide a \$790,000 non-recourse loan out of the Board Account at the direct loan formula rate for the construction of this building.

Douglas J Johnson Trust Fund Investment Policy

Purpose

This policy sets forth guidelines for the investment and management of the Douglas J. Johnson Economic Protection Fund (“DJJ Trust”) monies.

Overview of DJJ Trust

Fair market value (FMV) of the DJJ Trust at December 31, 2004:

	<u>Approximate FMV</u>	<u>Asset %</u>
Unobligated Cash	\$45,771,000	47%
Stock Fund	25,564,000	26%
Bond Fund	<u>25,743,000</u>	<u>27%</u>
Total	<u>\$97,078,000</u>	<u>100%</u>

Investment Objectives

The DJJ Trust will be managed to achieve the following investment objectives:

1. *Conformance to Minnesota Statute* – The DJJ Trust is invested in accordance with M.S. § 298.294.
2. *Preservation of Principal* – The primary objective is the preservation of DJJ Trust principal.
3. *Maintenance of Liquidity* – The DJJ Trust cash balance will be maintained within the ranges set forth below to assure that sufficient funds are available to meet the ongoing economic development project requirements of Iron Range Resources.
4. *Maximize Return* – The DJJ Trust will be managed to provide the highest available return for the level of risk taken.

Investment Decisions

Investment decisions regarding the asset allocation of the DJJ Trust investment portfolio will be based on projected cash needs for economic development projects and financial market conditions. Changes to the asset allocation of the investment portfolio will be made in the first quarter of each calendar year in conjunction with agency budget development.

Responsibilities

The State Board of Investment is responsible for the prudent investment of the DJJ Trust stock and bond fund holdings. Iron Range Resources Administrative Services Director will: 1) monitor investment performance; 2) provide quarterly reports to the Commissioner; and 3) review and make recommendations to the Commissioner regarding the asset allocation of the DJJ Trust.

Asset Allocation Ranges

The asset allocation structure of the DJJ Trust will be maintained within the following ranges:

	<u>Min</u>	<u>Max</u>
Cash	40%	60%
Stock Fund	15%	35%
Bond Fund	15%	35%

Asset Re-Balancing

The stock and bond fund holdings will be re-balanced on a quarterly basis if necessary to remain within the asset allocation ranges. If practical, securities will be sold and purchased to achieve the appropriate re-balance.

FY06 Investment Plan

Action required: Project approval requires 8 Votes

Please see attached FY06 Investment Plan and Narrative

**IRON RANGE RESOURCES
AGENCY INVESTMENT PLAN - FY 2006**

August 18, 2005

	FY 2005 Budget	FY 2005 Projected	FY 2006 Request
Resources			
Taconite Production Taxes	\$10,886,085	\$13,456,529	\$14,215,837
Investment Earnings	1,190,153	2,454,617	1,478,210
Loan Revenues	1,747,269	2,259,901	1,833,313
Contingent Revenue - IRP Funds	750,000	225,000	750,000
Facilities Revenue	6,960,433	5,458,135	5,676,600
Occupation Tax Region III	467,518	467,518	556,360
Total Resources Available	\$22,001,458	\$24,321,700	\$24,510,320
Estimated Expenditures by Division			
Administrative Services	\$2,311,261	\$2,003,665	\$3,066,381
Attorney General	378,962	362,588	381,923
Marketing, Communications & External Affairs	1,431,599	1,352,498	911,630
Development Strategies	1,726,731	1,525,510	1,771,207
Facilities			
Giants Ridge Golf & Ski Resort Operations ¹	5,874,391	5,441,592	7,032,347
Ironworld Operations	1,955,996	1,664,090	1,786,996
Agency Projects			
Development Projects	5,700,000	4,466,967	6,973,476
Operating Projects	2,155,000	1,647,115	2,030,000
Occupation Tax Region III	467,518	467,518	556,360
TOTAL FY INVESTMENT PLAN	\$22,001,458	\$18,931,543	\$24,510,320
Eveleth Building & Grounds Repair Fund	-	-	\$170,000
Ironworld Endowment	-	-	\$10,000,000
Giants Ridge Repair & Investment Fund	-	-	\$2,000,000
Development Projects Fund	-	-	\$4,000,000
Unobligated Operating Reserve (as June 30, 2005)	\$10,029,837	\$16,821,796	\$651,796

Notes:

¹Giants Ridge Golf & Ski Operations:

Giants Ridge Golf & Ski Resort Operations	\$5,032,451
Giants Ridge Golf & Ski Resort Debt Service	1,554,229
Giants Ridge Golf & Ski Resort Facility Improvements	<u>445,667</u>
Total Giants Ridge Golf & Ski	\$7,032,347



Fiscal Year
2006
Investment Plan

Thursday, August 18, 2005

FY 2006 Iron Range Resources Investment Plan
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Agency Mission

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

Agency Goals

Goal #1: *Position the agency to be a leader in developing and implementing a strategy for the long-term economic viability of the northeastern Minnesota region*

Goal #2: *Sustain the region's economic base by working with existing businesses to retain existing jobs and expand to create new jobs*

Goal #3: *Diversify the region's economy by growing new businesses and recruiting expanding businesses from outside of the area*

Goal #4: *Reclaim mining impacted lands to create a diverse regional economic development resource*

Administrative Services Division

Purpose of the division: The Administrative Services Division combines human resources and payroll services with financial, procurement, information systems and maintenance/shop activities. It supports other agency programs and facilities, providing administrative services and resources to ensure smooth agency operation. The budget of this division also includes the Office of the Commissioner along with required staff support.

How we do our work: As Iron Range Resources looks to the future, it must continue to streamline operations and control fixed overhead in order to focus resources on its core mission of job creation. To successfully meet these challenges, the administrative services division will continue to modify processes and procedures to operate as efficiently and effectively as possible. Key elements to achieving this goal will be the employment of new computer and telecommunications technology. Information systems staff will be challenged to consider new technologies and successfully integrate the new tools into everyday operations.

1. Finance & Human Resources Program

Purpose of the program: To assist all divisions within the agency to successfully achieve operational objectives.

How we do our work: Support is provided to agency divisions in the form of professional/technical contracting, procurement, accounting and financial reporting, payroll, employee recruitment, interviewing and hiring, employee benefits, training and labor relations. In general, activities are driven by cyclical or transactional events in support of customer needs.

FY05 Results:

- Operated within a balanced budget.
- Developed an investment policy for the DJJ Trust investment portfolio.
- Finalized a banking agreement with the Department of Finance and Treasury for the USDA Intermediary Relending Program monies.
- Developed annual employee performance review process.
- Updated and revised the agency's training policy.
- Completed a comprehensive analysis of the agency's business functions and IT resources for the *Drive to Excellence* project.
- Worked with the Office of the Legislative Auditor on the agency's FY2002-04 Legislative Audit.

FY06 Objectives:

- Budget and accounts are aligned to support operational targets.
- Accurate and timely financial information is available.

- Agency costs are managed by identifying and implementing innovative strategies in purchasing, partnerships and competitive sourcing.
- All employees have annual performance reviews.
- Employee training and professional development is aligned with the agency's strategic plan.
- Early Separation Incentive Program is successfully deployed.

II. Information Systems

Purpose of the program: To implement and manage voice and data technologies at the Eveleth office, Giants Ridge Golf & Ski Resort and Ironworld Discovery Center.

How we do our work: Program tasks are accomplished by a combination of planned or scheduled activities, such as network upgrades and event driven incidents or customer requests. Information technology staff provides services, along with outside vendors.

FY05 Results:

- Migrated the network infrastructure from Novell to a Microsoft platform.
- Upgraded the Citrix server to the newest version.
- Upgraded Windows 2000 workstations to Windows XP.
- Eliminated Windows 98/95 systems from the agency's network infrastructure.
- Implemented Microsoft Office 2003.
- Launched a quarterly IS newsletter.

FY06 Objectives:

The division's primary objectives include the following:

- A technology and security audit is conducted on the new system.
- Additional Microsoft Outlook and Office training is provided for users.
- Technology architecture and configuration specifications of the new system are developed.
- Telecommunication lines from Eveleth to St. Paul are enhanced.
- PC and printer replacement schedule of 20% per year is implemented.

III. Maintenance & Shop

Purpose of the program: To assist the agency's programs and facilities through equipment maintenance, repair and fleet management. The program also provides building and grounds maintenance support of the Eveleth headquarters complex.

How we do our work: Heavy equipment mechanics provide service to the agency through a combination of preventative maintenance and "as needed" repair. Work is conducted at one of three shop locations or in the field as necessary. A maintenance

employee delivers building and grounds service at the Eveleth office. Occasionally, specialty vendor services are required to fulfill specific maintenance needs.

FY05 Results:

- Completed improvements to the Eveleth office building, including the installation of new carpeting and the replacement of manual room lights with motion lights.
- Upgraded the Eveleth office building security system.
- Completed improvements to the Eveleth office wastewater treatment system.

FY06 Objectives:

- Existing building and equipment resources are maximized.
- Preventive maintenance programs are developed for each piece of equipment.

Budget - Administrative Services

Finance & Human Resources Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Employee Costs	\$974,606	\$908,877	\$975,554
Operational Costs	\$162,092	\$121,140	\$157,600
Training and travel	43,600	30,178	50,500
Supplies	31,000	20,132	31,000
Purchased services	17,800	5,825	16,000
Telephone and postage	44,500	20,485	36,800
Equipment, rental, and leases	25,192	44,520	23,300
State Indirect Costs	\$107,900	\$106,086	\$119,652
Human Resources	\$339,614	\$151,381	\$1,093,956
Total Finance & Human Resources	\$1,584,212	\$1,287,484	\$2,346,762

Information Systems Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Employee Costs	\$164,310	\$103,562	\$126,560
Operational Costs	\$167,340	\$223,731	\$217,900
Maintenance and network services	55,240	52,250	51,200
Hardware, software and support	70,000	140,815	103,700
Supplies	18,000	19,158	48,000
Training, travel, etc.	24,100	11,508	15,000
Total Information Systems	\$331,650	\$327,293	\$344,460

Maintenance & Shop Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Shop Operations – Employee Costs	\$140,173	\$159,411	\$129,923
Building & Grounds	\$139,115	\$120,619	\$141,236
Employee Costs	56,085	56,678	56,396
Operational Costs	83,030	63,941	84,840
Equipment Repair	\$116,111	\$108,858	\$104,000
Total Maintenance & Shop	\$395,399	\$388,888	\$375,159

Legal Services

Purpose of the program: This program supplies legal services by the Attorney General's Office to the agency and the Board in support of all agency activities.

How we do our work: 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.

Legal Services	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Attorney General Costs			
Legal Services – Board Account	276,377	260,044	243,554
Legal Services – Development Strategies	102,585	102,544	138,369
Total Legal Services	\$378,962	\$362,588	\$381,923

Marketing, Communications & External Affairs Division

Purpose of the program: To direct, develop, coordinate and disseminate marketing, promotional and communication materials and messages on behalf of Iron Range Resources and its stakeholders.

How we do our work: This division focuses on three activity areas: marketing, communications and external affairs (MCEA). Through a cross-functional, team-driven, participative approach, MCEA staff members develop and implement an overall direction for the agency's marketing, communications and external affairs activities.

I. Marketing Program

Purpose of the program: The agency's marketing team collaborates on the development of a consistent and comprehensive marketing strategy that will assist the agency in achieving its overall operational goals.

How we do our work: This activity is responsible for directing the conception, development, refinement and implementation of all major marketing and marketing-related communications strategies, messages, and materials generated by and for the agency, its partners and its facilities.

FY05 Results:

Agency Marketing:

- Redesigned and updated business recruitment fact sheets, finance program pre-application form, loan application form, literature and other agency printed materials to reflect the new agency look and logo.
- Continuously updated the agency's website to reflect the new image and to become more informative and user friendly.
- Partnered with the Blandin Foundation on planning and staffing a Minnesota Wood Capacity Conference in Fall 2004 as part of its Vital Forests/Vital Communities initiative.

Economic Development Marketing:

- Worked in conjunction with Development Strategies Division to develop a marketing strategy promoting the JOBZ program. Activities included: literature development, signage for sub-zone identification; securing a special toll-free number (1.877.TAX.EXEMPT); developing a special toll-free stamp; and entering into a three-year contract for a high-visibility billboard on I-35 just north of Hinckley.
- Implemented a comprehensive business recruitment print advertising campaign that focused on the availability of a quality workforce, employee loyalty and the availability of tax-free business locations.

- Developed graphics and managed logistics for Ironworld and business recruitment billboards along Highway I-35 near Hinckley.
- Developed graphics and coordinated the production and installation of JOB Zone sub-zone signage.
- Conducted a comprehensive direct mail business recruitment initiative targeted at business leadership from industrial sectors that hold the greatest potential for being attracted to the Iron Range.
- Developed a new 20-foot wide trade show booth that highlights the agency's new logo, look and identity.
- Provided support to the Minnesota Wood Campaign, a pilot program that is being developed to promote an added-value image to Minnesota forest products.
- Developed table tents that carried a business recruitment message for distribution to resorts and regional hotels for display in guest cottages and hotel rooms.

Tourism and Facilities Marketing:

- Agency marketing and communications team provided comprehensive direct marketing and communications support to Ironworld and Giants Ridge.
- Continued to update and enhance facilities' websites.
- Worked with the Minnesota Film & TV Board to provide assistance for the filming of a Warner Brothers film on the Iron Range.
- Played a leadership role in the planning and implementation of a successful Governor's fishing opener on Lake Vermilion in May 2005.
- Through partnerships with other stakeholders, undertook, developed and implemented several major tourism promotion initiatives, many of which incorporated business recruitment messages as well.
- Tourism's Fall 2004 Direct Mail Campaign received a *Marketing Award of Excellence* from the Minnesota Office of Tourism at the Governor's Conference on Tourism in January. This award was given in the category of *Cooperation and Partnership*.
- Supported efforts to secure the Great River Energy Bicycle Festival, bringing national media attention to the area.
- Provided technical assistance to Wild North Golf Alliance, Superior National Forest Scenic Byway, North Shore Scenic Drive All-American Road, Anchor Lake Travel Information Center, Iron Trail Convention & Visitors Bureau and other Convention & Visitors Bureaus and Chambers of Commerce in the service area.

FY06 Objectives:

- An aggressive comprehensive marketing and communications plan for the agency will be developed and implemented.
- JOBZ sites across the Taconite Assistance Area (TAA) will be promoted through trade shows, business recruitment marketing materials and site specific signage.
- A second national-level forest products conference will be held in the region in August 2005.
- A new 10-foot trade show booth, table top model and a broadcast back-drop that features the agency's logo and identity will be developed.

- Iron Range Economic Alliance website will be rolled into agency website.
- Community websites will be upgraded to a standard comparable to the agency's website and interlinked.
- Governor's Department Results website will be updated quarterly.
- Iron Range Resources will be positioned to be a leading communicator for the region.
- A regional Heritage Tourism Program will be reinstated in support of a potential National Heritage Area designation for the region.

II. Communications Program

Purpose of the program: The communications program exists to establish and deliver key messages for the agency, utilizing a fully integrated multi-media approach. Program staff members provide written and graphical support for all operating areas, and develop and manage a variety of special projects relative to internal and external communications.

How we do our work: Working as a team, program staff members create and distribute internal and external agency communications in print and electronically, provide maintenance and updates for the agency website, provide written and graphic creative services to all divisions as needed, and provide staff support for various special events and strategic initiatives.

FY05 Results:

- Provided extensive writing, graphical design and other support to all of the agency's divisions and facilities as needed. State-of-the-art creative services included billboards, television spots, newspaper and magazine ads, brochures, posters, business cards, report covers, reports, photography, PowerPoint presentations, documentary slide shows and meeting videos for public access and distribution.
- Printed and produced small orders of high quality color printing such as: brochures, business cards, meeting tents, reports, etc.
- Produced vinyl cut signs and maps and offered mounting and framing services.
- Distributed agency information to and handled inquiries from the media and general public.
- Produced and distributed *2003-2004 Biennial Report to the Legislature*.
- Published *RangeView*, *Range e-View*, the *Weekly Resourcer* and monthly agency activity calendars.
- Developed an attractive, straightforward, full-color agency and regional overview piece of literature for general use.

FY06 Objectives:

- 8-page editions of *RangeView* will be produced on a quarterly basis.
- *RangeView* will be inserted in regional editions of Murphy-McGinnis newspapers.
- *Range e-View* will be produced and disseminated on a weekly basis.

- *RangeView ctv* will be developed to highlight agency activities on Range-wide Cable Access Television.
- Team members will undergo cross-functional training.
- More communications and materials development activities will be produced in-house in order to save money.

III. External Affairs

Purpose of the program: The external affairs program is intended to provide leadership, in assistance to the Commissioner and Deputy Commissioner, for successfully undertaking various external initiatives, including special projects, special events and recreational trails-related activities. The program also will provide staffing assistance to outside cooperative initiatives and to special groups established by the agency to assist it in formulating effective strategies that will improve the economy of the region or enhance the agency's financial health, operational effectiveness and long-term viability.

How we do our work: The external affairs program serves to facilitate, convene and coordinate liaison activities assist the agency and its leadership in attaining a number of desired outcomes.

FY05 Results:

- Provided primary staff support to the Ironworld Transformation Team as it developed a new governance model for Ironworld.
- Worked with Giants Ridge Task Force to complete a report that identified options for the future operation at Giants Ridge Golf & Ski Resort.
- Worked extensively on activities associated with evaluating the feasibility of pursuing National Heritage Area designation for much of northeastern Minnesota.
- Served as agency liaison to several working groups involved with planning major regional activities or events.
- Worked on the planning and implementation of the Governor's Snowmobile Ride that was held in Grand Rapids in February 2005.
- Addressed a variety of issues associated with the development of an environmentally acceptable OHV tread-way connecting the City of Biwabik and the Gilbert OHV recreation area.
- Worked with the DNR and Giants Ridge leadership on the identification of appropriate locations for a series of signs along the trail running through Giants Ridge Golf & Ski Resort and coordinated their installation.
- Served on various boards, committees and technical advisory positions related to trails and the recreation industry.

FY06 Objectives:

- Efforts to strengthen and stabilize the region's forest products industry will be supported.

- Federal designation of the region as a National Iron Mining Heritage Area will be explored. A regional conference on the subject will be held and a comprehensive feasibility study process will be undertaken prior to petitioning Congress for designation.
- Ironworld Transformation Team's efforts to change the governance structure of the facility will be assisted and supported.
- Iron Range Economic Alliance will become a more meaningful forum to address economic development issues and enhance partnerships with the private sector.
- Special events and other convening activities will be assisted.

Budget – Marketing, Communications & External Affairs

Marketing Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Employee Costs	\$333,198	\$310,941	\$249,777
Operational Costs	\$637,521	\$594,731	\$201,000
Agency Marketing	45,580	51,743	42,350
Ironworld	131,000	108,628	0
Giants Ridge	275,781	269,463	0
Development Strategies	185,160	164,897	158,650
Total Marketing	\$970,719	\$905,672	\$450,777

Communications Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Employee Costs	\$214,050	\$209,394	\$222,210
Operational Costs	\$69,400	\$66,955	\$61,240
Professional services	27,600	24,385	27,500
Advertising and printing	18,000	12,866	15,000
Postage	8,400	5,946	4,900
Travel, supplies, equipment, etc	15,400	23,758	13,840
Total Communications	\$283,450	\$276,349	\$283,450

External Affairs Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Employee Costs	\$150,130	\$150,216	\$153,003
Operational Costs	\$27,300	\$20,261	\$24,400
Purchased services	20,000	1,705	15,300
Travel, supplies, etc.	7,300	18,556	9,100
External Affairs Total	\$177,430	\$170,477	\$177,403

Development Strategies Division

Purpose of the division: The Development Strategies division will deploy the agency's human and financial resources in concert with private and public sector partners. Programs will retain and create jobs and enhance the physical landscape within the TAA.

How we do our work: Development Strategies represents the consolidation of all of the agency's economic development activities, including existing initiatives in minerals, energy, forest products, technology and mineland reclamation plus new development initiatives undertaken by the agency.

1. Business and Community Development Program

Purpose of the program: The business and community development program has primary responsibility for helping existing businesses grow and supports new business development by offering financial incentive programs.

How we do our work: The business and community development program is designed to encourage and support economic growth throughout the service area. The program's primary goal is to help new and existing businesses create or retain jobs, while leveraging private investment. Tools that are available for businesses include bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants, training grants, equity investments and the Job Opportunity Building Zones (JOBZ) program. Staff performs due diligence, financial structuring, documentation and monitoring of projects on behalf of the agency. Staff support also is provided to a number of regional development initiatives.

FY05 Results:

Incentive Packages

The business and community development program was very active in processing applications for assistance with expansion projects in FY05. Through April of 2005, the agency has approved projects for a variety of businesses, including area companies and those starting up or expanding into the area. These companies will assist in the creation of 1075 new jobs and the retention of 719 existing jobs. Incentives provided totaled \$25.1 million for projects approved between July 1, 2004, and April 21, 2005.

Some of the projects undertaken include:

- Reptron Electronics, Inc. in Hibbing – creation of 50 new jobs, in addition to the retention of 360 jobs.
- Mesabi Nugget, LLC in Hoyt Lakes – creation of 100 new jobs.
- Laurentian Energy Authority in Hibbing and Virginia – creation of 100 new jobs, in addition to the retention of 70 jobs.
- Cast Corporation in Hibbing – creation of 6 new jobs, in addition to the retention of 7 jobs.

- Minnesota Steel Industries, LLC in Nashwauk – creation of 700 new jobs.
- Minnesota Diversified Industries, Inc. in Grand Rapids and Hibbing – creation of 110 new jobs, in addition to the retention of 181 jobs.
- Disability Specialists in Cook – creation of 7 new jobs, in addition to the retention of 12 jobs.
- Rapids Hydraulic and Machine, Inc. in Grand Rapids – creation of 2 new jobs, in addition to the retention of 4 jobs.
- Minnesota Twist Drill Acquisition Inc. in Chisholm – retention of 69 jobs.
- Babbitt/Great Lakes Home & Resort/ Kasson Mfg. in Babbitt – retention of 16 jobs.

Staff Initiatives

- Completed a business retention and expansion program in which staff visited more than 100 area businesses that may be eligible for Iron Range Resources' assistance.
- Commissioner and development staff met with many local economic development groups in an ongoing effort to continue communication with our local partners.
- Further refined work within the Health Care Task Force, which led to the agency funding a proposal that will institute a program to help facilities meet their future staffing needs.
- Reported changes in employment levels for companies that have received financial assistance from the agency by completing a job audit.
- Up to date information was provided on agency performance measures for display on the state of Minnesota's comprehensive "Department Results" Web site.
- Improved planning process by providing quarterly status updates on pending projects through the "project matrix".

FY06 Objectives:

The business and community development program continues to use the financial and staff resources available to lead job creation and retention efforts, as follows:

- Financial assistance (loans, grants and equity investments) packages are soundly structured to enhance job retention, encourage job creation and leverage private investment.
- Agency assets, including its portfolio of project investments, are efficiently and effectively managed.
- Existing business relationships are sustained and new relationships are developed to encourage growth, enhance agency deal flow and provide additional revenue.
- Regional healthcare community is assisted in addressing its current and future labor force needs through the Healthcare Provider Workforce Development and Recruitment Program.
- New partnerships to enhance competitiveness of regional businesses are explored with the Department of Employment and Economic Development, Minnesota Technology, Blandin Foundation, and other stakeholders.
- Taconite and wood products industry jobs are retained.
- 350 jobs are created and 200 jobs are retained in the coming year.

II. Business Recruitment Program

Purpose of the program: The business recruitment program is committed to promoting the TAA to prospective businesses from outside the region as part of the agency's efforts of attracting new jobs to northeastern Minnesota.

How we do our work: The primary focus of business recruitment is to generate leads from bona fide business prospects through a combination of activities that include:

- Collaboration with our business recruitment partners on developing priorities and identifying and exploiting targeted opportunities.
- Targeted mailings and telephone-based prospecting aimed at leaders of select groups of businesses located in the Midwest and nationwide.
- Prompt and expeditious follow-up with leads provided by outside sources.
- Attendance at a number of trade shows that attract interest from a variety of targeted businesses.
- Participation in various industry and trade organizations aimed at establishing relationships with business recruitment clients.
- Occasional "cold calling" on potential business candidates, either alone or in conjunction with other economic development partners.
- Collaboration with the agency's marketing team on the development and implementation of a program to advertise the advantages of northeastern Minnesota in regional, national and international publications.

FY05 Results:

Job Opportunity Building Zones (JOBZ)

Staff continued efforts working with regional partners to market the region's JOBZ program. Area zones include 4,000 acres and 80 subzones in 46 communities, spanning 7 counties. Communities have passed their business subsidy policies and have drafted service business subsidy agreements. Area communities are working on approximately 15 active JOBZ projects.

Networking and Targeted Marketing

Staff continued to work with regional marketing partners and the Department of Employment and Economic Development through its "Positively Minnesota" program to pursue targeted industries and businesses. All tradeshow leads were mailed a custom information packet and received a follow-up call from staff.

Marketing within specific targets included:

- Precision Manufacturing
- Medical Devices
- Forest Products
- Technology

Networking efforts included a focus on creating and sustaining relationships with valued potential partners on a statewide and national basis. Among these, corporate real estate

professionals and site selection consultants serve a diverse cross section of industry and are a good source for leads. High-energy users, aeronautics firms and plastics companies also are targeted for recruitment purposes.

Special Projects

- **Iron Range Motorplex:** A memorandum of understanding has been signed by the public entities of the project including: the city of Hibbing, the city of Chisholm, Balkan Township, St. Louis County and Iron Range Resources. The public entities have agreed to finance \$4 million of site-related expenditures and acquire the site for the proposed project. Property acquisition of the nearly 800-acre site is complete. The public partners are currently negotiating the terms of a development agreement with the private sector development team.

FY06 Objectives:

- A targeted recruitment strategy is in place and operating according to plan, resulting in the successful generation of quality leads with good potential to create new jobs in northeastern Minnesota.
- The agency's ability to network and remain in close contact with the Metro area business community is enhanced.
- The Iron Range Motorplex project is developed.

III. Mining, Energy and Minerals

Purpose of the program: This program identifies opportunities to assist the existing taconite mining operations, promotes value-added iron products and non-ferrous mineral development, and encourages both alternative energy production opportunities as well as progressive technological energy production.

How we do our work: The mining program manages the agency's efforts to insure the long-term utilization of Minnesota's mineral resources. Activities focus on supporting projects to produce higher value products from Minnesota iron ore and administering TEDF production tax rebates. Efforts are underway to diversify Minnesota's mining industry by promoting the development of non-ferrous minerals (copper, nickel and precious metals).

The energy program explores opportunities in the energy field and helps to promote job creation and economic development in the region. Projects focus on new clean coal technologies, biomass and wind power. The program fosters partnerships, facilitates meetings, assists with project financing and conducts other activities to reduce regional energy costs.

FY05 Results

FY05 projects in the mining program:

- Administered \$9.7 million in TEDF taconite production tax rebates, leveraging an additional \$13.6 million, totaling \$21.3 million in new investments in existing taconite mines.
- The Governor's Committee on Minnesota's Mining Future completed its work and delivered a final report to the Governor in September 2004. Work began on implementing the 19 recommendations brought forward by this committee.
- Worked with MN DOT to install two sections of taconite aggregate based road sections at the MnROAD testing facility. Two highway sections, one bituminous and the other concrete, were installed using "Mesabi Select" taconite aggregate and will be intensively monitored.
- Began a series of eight Mineral Opportunity Meetings to identify processes and strategies that would increase the probability of the additional development of economically significant and environmentally responsible minerals industry sectors in Minnesota. The eight minerals identified are: copper-nickel-platinum group metals, diamonds, industrial clay, landscape and dimensional stone, natural gas and oil, taconite by-products as aggregate, titanium, and value-added taconite products.

FY05 projects in the energy program:

- Provided an \$8 million loan to further Excelsior Energy's development stage and worked with the company to identify potential sites in the TAA.
- Approved a \$4 million loan to the Virginia PUC and a \$4 million loan to the Hibbing PUC to advance the Biomass Project.
- Worked with Minnesota Power on a cooperative effort to attract high energy and steam using companies.
- Worked with a variety of wind development and other alternative energy companies.

FY06 Objectives

- Mining and related industry jobs are retained in our service area.
- Value-added iron products are being produced in the region.
- Recommendations of the Governor's Committee on Minnesota's Mining Future are implemented.
- The use of taconite by-products to support Minnesota's aggregate industry is expanded.
- The Mineral Opportunity Meeting series is completed. The remaining topics are: copper-nickel-platinum group metals, industrial clay, taconite by-products as aggregate, titanium, and value-added taconite products.
- Alternative energy sources are being developed in the region.
- Non-ferrous minerals development in the TAA is supported.

IV. Mineland Reclamation Program

Purpose of the program: The mission of the Mineland Reclamation program is outlined in M.S. 298.223 (1977) as follows: “A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota...adversely affected by...mining taconite and iron ore.. for the purpose of promoting the economic development of northeast Minnesota...The fund will be used for reclamation, restoration or reforestation of minelands not otherwise provided for by state law.”

How we do our work: Long-term reclamation planning efforts are undertaken to support projects that enhance safety and community resources. Mineland Reclamation staff cultivates partnerships between units of government and private industry to accomplish mutually beneficial programs. Partnerships stretch dollars farther and combine the skills and knowledge of staff from collaborating entities. Reclamation projects leverage substantial funding from other sources.

FY05 Results:

- 150,000 superior quality containerized tree seedlings were grown.
- Completed and continued work on the following reclamation projects:
 - Virginia – Northern Heights housing addition
 - Mountain Iron – campground improvements
 - Buhl – stockpile reshaping
 - Nashwauk – RV Park improvements
 - Aurora – St. James Pit wall reshaping
 - Cuyuna Range – fencing and vault toilets
 - Eveleth – ball field upgrading
 - Fish stocking – 12,500 rainbow trout in six mine pits
 - Laurentian Vision – reclaim mining impacted lands to create a diverse regional economic development resource.
 - Unsafe areas have been fenced, gated and bermed.
 - The 16th Annual Arbor Day celebration was held at 20 separate schools across the TAA for approximately 1,000 fourth grade students.
 - \$1 million was secured through the 2005 State Bonding Bill for detailed engineering, permitting and construction to prevent uncontrolled discharge at the Canisteo Mine Pit.

FY06 Objectives:

- Long-range planning for reclamation, existing mine land usage, safety and future productive uses is achieved through the Laurentian Vision process.
- The agency’s return on investment from the Growth Chamber is maximized through tree seedling sales.
- A water conveyance system for the Canisteo Mine Pit complex is funded and in place to prevent an uncontrolled discharge.

- Strong public awareness of reclamation efforts and wise stewardship of northeastern Minnesota natural resources is attained.
- The Growth Chamber facility returns to its maximum production of 300,000-tree seedlings per year.

V. do I.T!

Purpose of the program: This program is a private/public partnership dedicated to developing the TAA as a technologically smart region. Advancing regional growth through advocacy, collaboration, expansion of technology-based business, and investment in technology infrastructure and rural connectivity is its mission. Assisting the Commissioner and staff in the implementation of the program is a volunteer council of 18 individuals from within the technology-based business, government and education communities.

How we do our work: Staff, advised by an 18-member volunteer council, promotes investment in technology infrastructure and rural connectivity; assist in the development and implementation of a regional technology-based business retention and recruitment strategy; provide focus on futures research; and encourage networking and collaboration among the high-tech community. Advances in technology present many opportunities and challenges for the region and the do I.T! initiative seeks to help the region address these issues and implement action plans that help the region attract technological investment.

FY05 Results:

NortheastNET

- Continued our membership with this ATM (asynchronous transfer mode) network that provides high-speed broadband connectivity to school districts, post-secondary educational institutions, the Arrowhead Library System and do I.T! technology centers and private sector Internet Service Providers.

Wireless Connectivity

- Partnered with numerous regional development organizations and telecommunication providers to encourage broad deployment of wireless technology throughout the region.

Broadband Initiatives

- Participated as members of the Blandin Rural Broadband Initiative Strategy Board and assisted in the development of an Ultra High-Speed broadband policy of the state of Minnesota.
- Participated as members of the Rural Telecommunications Congress and participated in the development of a national policy on the deployment of Ultra High-Speed broadband connectivity in the nation.

Technology-Based Economic Development

- Continued our efforts to retain existing and attract new technology-related jobs to our region through participation in the Minnesota High Tech Association, Northern Tier High Tech Corridor and 21st Century Arrowhead.
- Worked with leads generated at technology-related trade shows.

FY06 Objectives:

- New jobs in knowledge-based industry are created.
- Broadband technology infrastructure is deployed and rural connectivity is enhanced, with emphasis on the emerging *fiber to the premise* initiatives.
- The region is recognized as technologically savvy.
- Our businesses and workforce are better trained in the use of technology.
- Regional and statewide rural technology initiatives are advanced.

Budget – Development Strategies

Development Strategies Program	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Employee Costs	\$1,393,638	\$1,281,891	\$1,415,172
Operational Costs	\$333,093	\$243,619	\$356,035
Training and travel	96,300	68,016	112,920
Professional services	74,245	59,756	32,750
Purchased services	26,420	26,034	33,100
Memberships	21,800	17,253	21,850
Supplies, telephone, equipment, etc.	83,460	27,095	68,450
Utilities and maintenance	30,868	45,465	86,965
Development Strategies Total	\$1,726,731	\$1,525,510	\$1,771,207

Giants Ridge Golf & Ski Resort

Purpose of the division: The primary activities of Giants Ridge are directed toward the development and promotion of tourism and recreation opportunities that will enhance the economic diversification of the TAA.

How we do our work: Giants Ridge accomplishes this mission by operating two 18-hole championship golf courses and a winter sports area to product and service standards of excellence that earn national recognition and accolades. The resort generates over \$1.5 million in payroll for over 300 part- and full-time employees.

FY05 Results:

Giants Ridge initiatives during 2004-2005

- Completed master plan to provide direction for future planning.
- Completed market analysis that provides direction regarding future growth for the facility.
- Established design guidelines for future developments.
- An economic impact study soon will be completed.

The capital improvement plan for the facility was very successful.

- Ski maintenance facilities were expanded to provide additional storage capacity.
- Snow gun conversions took place.
- The beginner's ski terrain was expanded and a Magic Carpet surface lift was added.
- Chalet soon will be re-roofed.
- Chalet cafeteria was remodeled.
- A greenhouse was constructed at The Quarry.

The resort continues to receive national recognition and accolades.

- The Quarry – Best New Upscale Public Courses in the Nation (2005)
Golf Digest magazine ranked The Quarry as the “Best New Upscale Public Course in the Nation,” and also cited it as “a Midwestern masterpiece.”
- The Quarry & The Legend – *Golf Digest's* “America’s 100 Greatest Public Courses (2005)
In its first year of eligibility, The Quarry ranked #16 in the nation, while The Legend ranked #88, making its first appearance in the rating. In the state-to-state rankings, The Quarry ranked as the #1 public course, and The Legend ranked #4.

Giants Ridge land development continues to progress.

- Development interest at Giants Ridge continues.
- All lots in the Woodlands single family real estate project will be sold.

- The Naterra Land project (Voyageurs Retreat) has begun on the south end of Wynne Lake.
- The Lodge was sold to a party interested in other development opportunities at the resort.

FY06 Objectives:

- A comprehensive marketing plan is developed and implemented.
- Resort employees are trained and educated about the products and services.
- A three-year capital investment plan is developed.
- An association of resort partners working toward common interest is formed.
- Giants Ridge continues to be known as the Midwest's Best resort with golf and ski practices that exceed industry standards.
- New golf and ski markets are penetrated, while maintaining loyalty of existing markets.
- Resort revenue is stabilized through increased land sales.
- Golf and ski revenue is increased.

Budget - Giants Ridge Golf & Ski Resort

Giants Ridge Golf & Ski Resort	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Revenues			
Admissions	\$3,976,481	\$2,925,982	\$3,687,842
Advertising & Marketing Sales	45,021	38,690	45,021
Commissions	30,000	24,866	30,000
Facility Rental	115,902	110,975	115,902
Retail Sales	1,304,945	982,343	1,141,695
Equipment Rental	2,000	1,487	1,704
Miscellaneous Revenue	1,028,706	935,547	241,646
Total Revenues	\$6,503,055	\$5,019,890	\$5,263,810
Expenses			
Operational Expenses			
Salaries & Benefits	\$1,017,428	\$1,009,591	\$1,266,981
Utilities	214,438	230,681	237,324
Advertising & Marketing	12,300	4,280	163,670
Communications	42,395	37,286	105,956
General & Administrative	650	2,139	650
Equipment Rental	8,832	116,440	8,808
Management Fees	163,176	163,770	169,284
Professional Services	6,000	1,827	80,550
Expense Reimbursements	2,583,158	2,155,625	2,560,178
Other Professional Services	1,500	2,700	0
Insurance	99,276	97,094	95,460
Maintenance & Repairs	147,725	180,359	19,079
Supplies	134,049	193,856	159,189
Travel	26,491	24,909	30,527
Other Operational Costs	115,455	121,121	134,795
Total Operational Expenses	\$4,572,873	\$4,341,678	\$5,032,451
Excess of Revenues Over (Under) Expenses	\$1,930,182	\$678,212	\$231,359
Non Operational Expenses			
Equipment	\$264,800	\$362,168	\$218,667
Capital Improvements / Leases	358,970	59,998	227,000
Debt Service	677,748	677,748	1,554,229
Total Non Operational Expenses	\$1,301,518	\$1,099,914	\$1,999,896
Total Expenditures	\$5,874,391	\$5,441,592	\$7,032,347
Budget Surplus (Shortage)	\$628,664	(\$421,702)	(\$1,768,537)

Ironworld Discovery Center

Purpose of the division: Ironworld Discovery Center collects, preserves and interprets the history of Minnesota's Iron Ranges.

How we do our work: Ironworld collects artifacts and archival resources; preserves objects, documents and cultural resources; makes information and resources accessible; and provides educational opportunities for visitors and regional residents. Ironworld's park and living history sites are open to the public Memorial through Labor Day. The Iron Range Research Center library and archives are open year around.

FY05 Division Results:

Ironworld is prepared for change in governance

- New Ironworld Development Corporation formed.
- Board of directors recruited.
- Contracts and agreements prepared for change in governance.
- Management agreement and key lease issues defined.
- Transition time-line and staffing plan ready for implementation.

Joint efforts and enhanced partnerships

- Sponsoring Great River Energy Mesabi Trail Ride on August 13, 2005.
- Trailhead renovations for admissions building slated for fall 05.
- External Communications and Off-site presence developed.
- Cross marketing and promotion with the St. Louis County Fair and offering free admission to Ironworld on August 5, 2005, with proof of paid fair admission.
- Sponsoring eight events and workshops in communities across the Iron Range, from Hibbing to Ely.

Subsidence issues and site use resolved

- In spite of a museum closure in June 2004, Ironworld remained open for customers during the visitor season and successfully hosted numerous public and private events from wedding receptions, family re-unions and meetings to venue events such as the St. Louis County Fair.
- Spring 2005, site opened for seasonal business while museum is closed.
- Engineering study underway to determine if building occupancy is feasible. Repair plans to follow this decision.

FY05 Facility Results:

Access.

- Over 20,000 records catalogued in the PastPerfect data-base.
- Italian American records processing project completed with funds from the Center for Community and Regional Research at UMD and the Trentini di Tirolesi of Minnesota.

- Developed two exhibits with archival resources - *Location Life* and *Ray Segar: One Man's Quest for History*.
- The Iron Range Research Center provided research and materials for two major motion pictures that are currently in production.
- The Research Center played a leadership role in the *Minnesota Digital Library* and its development.

Education.

- *Ironworld Outreach – A Heritage Education Program*, brought folk-life and performing artists to new audiences in schools and communities across the region this winter.
- *Beyond School Walls* field trips were held at the site during the month of May.
- Ironworld continues to align its educational programs with regional, state, and federal academic standards to better meet the curriculum needs of the schools we serve.
- Developed an Interpretive Plan for the park and Glen location.
- Held the 27th *Annual Polkafest*.
- Sponsored the *Festival of Lights and Christmas Around the World* event.

Preservation.

- Developed a Disaster Response Plan for the Research Center.
- Conformed the accession records files to professional standards.
- Map collections were cleaned, filed, and re-housed.
- More than 300 boxes of materials in the Butler Brothers and MA Hanna Company collections were processed.

FY06 Objectives:

- Ironworld transitions to nonprofit governance.
- Programs and services are responsive to changing audience needs and interests.
- Organizational outcomes are measured and evaluated.
- Structural stability analysis of the museum building is completed and appropriate steps are taken to re-open or abandon the building.

Budget - Ironworld Discovery Center

Ironworld Discovery Center	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Revenues			
Admissions	\$119,080	\$81,885	\$93,754
Advertising & Marketing Sales	12,000	10,000	11,000
Facility Rental	26,398	19,436	31,235
Retail Sales	118,142	95,262	68,771
Commissions	1,006	56	29,515
Miscellaneous Revenue	3,475	15,550	1,927
Total Revenues	\$280,101	\$222,189	\$236,202
Expenses			
Salaries & Benefits	\$957,395	\$932,482	\$960,140
Utilities	142,560	134,039	142,510
Advertising & Marketing	1,200	9,987	105,100
Communications	21,399	17,631	33,770
General & Administrative	2,370	1,403	2,870
Equipment Rental	9,364	7,110	9,364
Management Fees	20,000	17,270	20,000
Professional Services	406,781	205,912	168,900
Expense Reimbursements	79,324	59,857	58,042
Other Professional Services	54,274	10,003	25,952
Insurance	53,940	37,771	41,200
Maintenance & Repairs	67,396	41,648	69,396
Supplies	94,829	102,123	95,245
Travel	15,905	10,310	21,950
Other Operational Costs	29,259	67,725	32,557
Total Operational Expenses	\$1,955,996	\$1,655,271	\$1,786,996
Excess of Revenues Over (Under) Expenses	(\$1,675,895)	(\$1,433,082)	(\$1,550,794)
Non Operational Expenses			
Equipment	-	\$5,694	-
Capital Improvements / Leases	-	-	-
Grants	-	3,125	-
Total Non Operational Expenses	-	\$8,819	-
Total Expenditures	\$1,955,966	\$1,664,090	\$1,786,996
Budget Surplus (Shortage)	(\$1,675,895)	(\$1,441,901)	(\$1,550,794)

Development Projects

Board/TAC - \$1,326,265

The Board Account and Taconite Environmental Protection Fund monies are allocated for economic development projects in the FY06 Investment Plan. The Commissioner will bring specific projects to the Iron Range Resources Board for its approval at future meetings.

Douglas J. Johnson Economic Protection Trust Fund - \$4,897,211

The Douglas J. Johnson Economic Protection Trust Fund money is allocated for economic development projects in the FY06 Investment Plan. The Commissioner will bring specific projects to the Board for its approval at future meetings.

Relending Program - \$750,000

Iron Range Resources received approval to borrow up to \$750,000 from the USDA's Intermediary Relending Program (IRP). The funding, along with a 30% match from Iron Range Resources, will be used to establish a revolving loan fund to provide financing options for eligible businesses located within the TAA. The IRP funding is a means to increase our available project funding levels in light of the decline of the traditional revenues of the agency. Potentially, Iron Range Resources could borrow up to \$15 million from the USDA over a 20-year period. Terms of the IRP loan to the agency are 1% interest with a 30-year repayment term.

Agency Operating Projects

Commissioner Projects - \$500,000

Allocating funds for Commissioner Projects allows the agency to quickly pursue development opportunities through small grants not budgeted in other activities in order to advance regional growth. In FY05, the Commissioner partnered with: the Minnesota Wood Campaign on its educational initiative; the Embarrass Region Fair on emergency roof repair on the Embarrass Timber Hall; the City of Orr on improvements to the water and sewer infrastructure to the AmericInn Complex and the city's core business district; and the Central Iron Range Sanitary Sewer District on pre-planning expenses for a multi-community sewer system. Funding also was provided for structural analysis, instrumentation, geophysical monitoring and evaluation of the museum building at Ironworld Discovery Center. In addition, a number of smaller projects were funded.

The basic parameters for agency funding are:

Types of projects

- Projects that remove barriers to regional growth.
- Projects that retain or create jobs.
- “Seed capital” investments for unique opportunities or innovative ideas with significant economic potential.
- Emergency situations that require immediate assistance that cannot be obtained from alternate sources.
- Studies of matters of special importance to the agency and/or the region.

Funding guidelines

- Iron Range Resources participation in a project usually will not exceed \$50,000.
- The Commissioner will attempt to lever agency funds provided to the greatest extent possible.

Accessing the fund

- Externally generated requests will receive Commissioner review following receipt of a written proposal and project budget.

Healthcare Provider Workforce Development and Recruitment - \$100,000

In FY05, the agency allocated \$300,000 to re-establish the Northeast Primary Care Fund – a scholarship program to recruit physicians and physician assistants to the TAA. However, when the Healthcare Task Force established a recruitment committee, it was their recommendation that the grant funds be spent on implementing a health care workforce development and recruitment program. A grant of \$100,000 was awarded for these activities.

In FY06, the agency is budgeting \$100,000 to continue and expand health care professional recruitment efforts, internships, clinical rotation programs, and activities linking K-12 students to health care careers in the TAA. The Commissioner will bring the specific FY06 Healthcare Provider Workforce Development and Recruitment proposal to the Board for its approval at a future meeting.

Application Funding Program - \$75,000

In FY06, \$75,000 is reserved from the Board Account economic development project monies to be used at the Commissioner’s discretion to provide grants not to exceed \$3,500 to communities and organizations to help pay for a portion of the cost of applying for funds from other sources.

X **Marketing Projects - \$200,000**

Project money in this category will fund activities that market the Iron Range as a place in which to grow or relocate businesses in support of the agency's business recruitment initiatives. Projects funded out of this budget will include: insertion of the *RangeView* publication into Iron Range newspapers; billboards promoting economic development; sponsorship of Minnesota Public Radio in exchange for regularly scheduled statewide broadcasts of our business recruitment messages; activities surrounding efforts to secure National Heritage Area designation for the region; and, public relations/marketing consultant services.

X **Communications Projects - \$75,000**

Project money in this category will fund key communications initiatives. One area of focus will include the development of *RangeView ctv*, a public access cable television program which will promote various agency messages. Other projects will include the WDIO College Student of the Week promotional partnership in conjunction with the region's MnSCU college campuses, plus money to host a major National Heritage assessment and formulation conference on the Iron Range in the fall.

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X **Tourism Projects - \$200,000**

During FY06, vacation and getaway destination marketing efforts will continue in targeted markets that have proven effective in the past. In addition, the northeastern Minnesota tourism marketing partnership will explore cutting-edge strategies which utilize emerging technologies. The goal of the program is to optimize the economic impact of tourism in the region. Agency resources will leverage private sector funds from destination marketing organizations throughout the region. The agency will continue to partner with Explore Minnesota Tourism, complementing their programs and avoiding duplicative efforts. Wherever possible, the marketing materials will include a business recruitment message. The Wild North offers a quality of life that appeals to many. After vacationing here and enjoying the many attributes of the area, developers and entrepreneurs may consider expanding or relocating their business here.

X **Mining, Energy and Minerals Projects - \$150,000**

Money in this category is reserved for expenditure at the Commissioner's discretion for projects and studies in the mining, energy and minerals areas, including initiatives that would enhance the existing taconite industry, promote the development of value-added iron, non-ferrous minerals and energy-related developments.

Technology Projects - \$250,000

Infrastructure Deployment and Partnerships - The *do I.T!* program encourages and promotes information technology through the deployment of high-speed broadband connectivity via investments made in conjunction with private or public organizations that address, among other issues, the "last mile" connectivity challenges facing the region and the potential for inaugurating a pioneering fiber to the home initiative in FY06. Projects that we anticipate funding in FY06 to assist the region in accomplishing its vision include: \$100,000 to continue the highly effective 21st Century Arrowhead Program through the University of Minnesota Duluth Center for Economic Development; \$100,000 earmarked for projects that expand the connectivity (fiber, DSL, and wireless) within the TAA; and \$50,000 to support activities associated with the Northern Tier High Tech Corridor business support Web site and regional and statewide programs that promote broadband deployment. Such programs include: the Rural Telecommunications Congress; Minnesota Technology Action Group; Rural Broadband Initiative; Minnesota-North Dakota Technology Conference; Technology Summits for legislative and community leaders; and the Northeast Network (formerly Northeast Wide Area Network).

Mineland Reclamation Projects - \$480,000

yes
Money used for mineland reclamation projects is allocated from the Taconite Environmental Protection Fund for reclaiming, restoring and enhancing those areas of northeastern Minnesota adversely affected by mining taconite and iron ore. These funds are used for reclamation and restoration of minelands not otherwise provided for by state law.

Local units of government, reclamation committees and county mine inspectors submit projects for funding consideration. Projects are reviewed and evaluated by the mineland reclamation staff and then are forwarded to the Commissioner for consideration. When necessary, engineering studies are undertaken to more fully determine the appropriate scope and cost of the project. Construction work, generally of an earthmoving nature, is bid and the scope of the project may be modified according to bid results. The projects proposed for FY06 are listed below. The actual cost may vary depending on the results of engineering studies or bid tabulations. Certain projects may be deleted from funding if ultimately determined not to be feasible. Also, certain projects may be completed as a grant, if it proves to be a more practical means of accomplishing the finished product. Additional projects may be added during the fiscal year if budgeted funds permit. While this budget outlines proposed projects and estimated costs, projects and dollars allocated to specific projects are adjusted and awarded at the Commissioner's discretion.

The mineland reclamation staff has reviewed and recommends the following projects totaling \$480,000 for FY06 consideration:

Laurentian Vision - \$100,000

The Laurentian Vision Partnership (LVP) helps “transform pits and piles to living lakes and landscapes, creating a legacy for our future.” The LVP is an ad hoc group of public and private interests who are mutually served by attending quarterly forums where they envision and promote projects that create productive post-mining landscapes. The LVP also explores how mining companies can systematically incorporate innovative land designs into their everyday operations.

Laurentian Vision Partners have agreed that lands should be preserved to sustain current and future mining in a way that does not unnecessarily inhibit development opportunities for other businesses or communities. The group’s over-riding goal is to engage multiple stakeholders on a regional and subregional basis to create a value-added future for the Mesabi Iron Range.

Emergency Funds - \$25,000

The St. Louis County Mine Inspector’s office annually inspects abandoned mine pits and identifies dangerous situations on publicly owned lands that need to be corrected. Often times there are safety related pit stabilization issues that need to be addressed, and every year unforeseen projects arise that must be addressed immediately. This past year, mine shafts were fenced, earthen berms were constructed and rocks were placed to protect the public from unsafe areas.

Fish Stocking - \$12,000

The Mineland Reclamation Program operates a cooperative program in partnership with the DNR Division of Fisheries to stock fish in a number of water-filled, abandoned mine pits across the TAA, from Ely to Crosby-Ironton. Iron Range Resources stocks pits on the Mesabi Range where construction of campgrounds and public accesses have been funded by the agency. Rainbow trout are stocked annually in the spring and fall at the following locations: St. James Pit, Aurora; Lake Ore-Be-Gone, Gilbert; Mott Pit, Mt. Iron; Kinney Pit, Kinney; Judson Pit, Buhl; and La Rue Pit, Nashwauk.

Ely – Pioneer Mine Smokestack Restoration - \$65,000

This project is a safety as well as a historical mining preservation project. The Pioneer Mine, the last underground iron ore mine operating in Minnesota, closed in 1967. Much restoration work at the Pioneer Mine site has been completed. The smokestack is an integral part of the history of the site. It is adjacent to the Trezona Trail and poses a safety hazard in that bricks from the smokestack have fallen on the trail. The city of Ely will provide the crane and other equipment to complete the necessary restoration work.

Cuyuna Range - \$43,000

This project consists of capping, sealing and fencing of mine shafts, installing barrier posts and alleviating a drainage problem on Crow Wing County Road 30 that was caused by past mining activity. A new trail in a state recreation area has been constructed near several newly discovered mine shafts that need attention. Capping, fencing, and barrier installation prevents the general public from entering unsafe areas. Crow Wing County will provide the equipment and labor necessary to complete this project.

Babbitt – Bio-Solids Site - \$10,000

The agency will assist the city of Babbitt in the development of a bio-solids land application site at the old Reserve Mining Company pilot plant tailings basin where the city plans to dispose of its sewage sludge.

Hoyt Lakes - Tree Planting and Shoreline Stabilizations - \$20,000

Larger trees (8' to 10') will be planted at the Fisherman's Point Campground to help screen campsites. Many mature trees at the site recently have been cut down or blown over in windstorms and need to be replaced. The Laskin Energy Park also will be landscaped and larger trees planted to beautify and screen the area from the highway. A section of shoreline on Whitewater Lake near the campground will be stabilized using erosion-controlling filter fabric and rock placement.

Aurora - Stockpile Reshaping at Industrial Park for New Business Development - \$93,000

The city of Aurora recently completed road construction and sewer and water installation at its industrial park, at which a new business is interested in locating. The site has a mine stockpile that needs to be reshaped so that building construction can take place.

Hibbing – Safety Fencing and Parking - \$46,000

This project will include: the installation of new safety fencing to secure the perimeter of the North Hibbing Park, grading and grubbing the site areas for fence installation and public usage, establishing additional parking areas for 20-25 cars and installing containment fence at public areas. The city of Hibbing will contribute \$9,500 towards the project.

Gilbert – Recreational Diving at Lake Ore-Be-Gone - \$15,000

Recreational scuba divers have discovered that abandoned water-filled mine pits have great water clarity and provide excellent scuba diving opportunities. This project will support additional recreational activity which compliments the overall recreational experience for locals and visitors by adding two underwater platforms holding a six passenger airplane and helicopter. The city of Gilbert has secured a grant from the St. Louis County Outdoor Recreational Program for a \$15,000 match.

Eveleth – Fayal Pond & Southside Park Improvements - \$16,000

This project will construct hiking and biking trail extensions at Fayal Pond and Southside Park. Additional parking space will be constructed at Fayal Pond. The city of Eveleth will contribute \$5,000 toward the project.

Virginia – Fairview Addition Housing Development Expansion - \$25,000

The city of Virginia is land-locked by mining activity and this location provides the city with an opportunity for expansion. Mineland Reclamation assisted the city of Virginia in developing housing lots at this site several years ago. The location has been very successful in that the lots were sold and many new homes were constructed. This project

would complete soil borings to determine the stability of the site for future expansion as well as earth shaping.

Cohasset – Tioga Trail Construction - \$10,000

This project will construct a 1.8-mile, 10-foot wide, bituminous, multi-use trail beginning at the abandoned Tioga Mine and ending at the intersection of County Roads 63 and 76. Other funding sources include \$400,000 from transportation enhancement funds and a local match of \$195,900, for a total project cost of \$605,900.

Region III Projects - \$556,360

M.S. 298.17 authorizes Koochiching and Carlton County (Region III) grants from occupation taxes for economic and environmental development projects:

- This allocation is equal to the amount that would have been generated by a 1.5-cent tax imposed on each taxable ton for the preceding production year.
- This amount for both counties in FY05 was \$467,518, from which Iron Range Resources was reimbursed \$14,000 for costs of administering the fund.
- By law, one-third of the portion allocated for Koochiching County must be used to fund the Koochiching County Economic Development Commission.

Budget – Projects

Development Projects Funding Sources	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Board/TAC	\$1,500,000	\$1,280,000	\$1,326,265
Douglas J. Johnson	3,450,000	3,186,967	4,897,211
Relending Program	750,000	0	750,000
Total Development Projects	\$5,700,000	\$4,466,967	\$6,973,476

Agency Operating Projects	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Commissioner	\$500,000	\$366,964	\$500,000
Healthcare Provider Workforce Development and Recruitment	300,000	300,000	100,000
Application Funding Program	75,000	16,052	75,000
Marketing	200,000	199,285	200,000
Communications	75,000	68,245	75,000
Tourism	200,000	120,638	200,000
Mining/Energy/Minerals	75,000	74,602	150,000
Technology	250,000	206,000	250,000
Mineland Reclamation	480,000	295,329	480,000
Region III - Carlton/Koochiching	467,518	467,518	556,360
Total Agency Operating Projects	\$2,622,518	\$2,114,633	\$2,586,360

Reserves

The operating reserves represent funds that are currently available within the agency's accounts.

The agency's operating reserve in excess of the FY06 budget is \$651,796.

Project Funds	FY 2005 Budget	FY 2005 Projected	FY 2006 Budget
Eveleth Building & Grounds Repair Fund	-0-	-0-	\$170,000
Safety & Security \$90,000			
Maintenance \$50,000			
Accessibility \$30,000			
Ironworld Endowment	-0-	-0-	10,000,000
Giants Ridge Repair & Investment Fund	-0-	-0-	2,000,000
Development Projects Fund	-0-	-0-	4,000,000
Total Project Funds	-0-	-0-	\$16,170,000

Operating Reserve	FY 2005 as of May 31, 2004	FY 2006 as of June 30, 2005
Operating Reserve	\$10,029,837	\$16,821,796

Eveleth Building & Grounds Repair Fund

Monies from this fund will be used to complete repairs to curbs, gutter, roadways, sidewalks and lighting at the agency's headquarters located south of Eveleth, which is now 30 years old. A new user-friendly drive and turn around on the east side of the building will allow clients, visitors and vendors better access to the building's public and service entrances. Handicapped accessibility will be improved, and safety and security issues will be addressed.

Ironworld Endowment

The Agency is envisioning a "permanent" endowment for Ironworld, whereby the principal of the endowment remains intact while the income from investment serves as a primary source of annual operating revenue for the new non-profit.

Giants Ridge Repair & Investment Fund

Monies from this fund (which are part of the Giants Ridge Enterprise Account as prescribed by M.S. 298.221) will be used to repair Giants Ridge buildings and infrastructure, some of which is now more than 20 years old, as well to purchase land that supports the continued development of the resort and generates revenue to fund capital improvements and cover debt service payments.

Development Projects Fund

The agency will set aside monies for future economic development projects. The Commissioner will bring specific projects to the Iron Range Resources Board for approval at future meetings.