

**Meeting
of the
Iron Range Resources
and
Rehabilitation Board**

**IRRRB
Eveleth, Minnesota**

Monday, June 23, 2014 – 1:00 p.m.

**Meeting of the Iron Range Resources and Rehabilitation Board
IRRRB, Eveleth, Minnesota
Monday, June 23, 2014
1:00 p.m.**

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**MEETING OF THE IRON RANGE RESOURCES
AND REHABILITATION BOARD
IRRRB
Eveleth, Minnesota
Monday, June 23, 2014 – 1:00 p.m.**

AGENDA

- 1) Roll Call

- 2) Approval of April 22, 2014, Minutes
See Exhibit A

- 3) Commissioner's Comments

- 4) FY15 IRRRB Budget Narrative
See Exhibit B

- 5) Infrastructure Projects
 - a. City of Cook
 - b. City of Virginia

- 6) Iron Range Higher Education Account

- 7) Giants Ridge Event Center

- 8) Adjournment

FY15 IRRRB Budget Narrative

See Exhibit B

Infrastructure Projects



P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources & Rehabilitation Board

From: Tony Sertich
Commissioner

Date: June 23, 2014

Re: FY15 INFRASTRUCTURE PROJECTS TOTALLING \$480,000

These FY15 development projects are being given priority out of the funding cycle because they are shovel ready and construction will begin in June.

City of Cook

Grant Amount: \$130,000

The proposed grant is for the city of Cook to provide infrastructure, utilities and site work for the redevelopment of the Vermilion Motel, which was built in the 1940's and destroyed by fire in 2013. This project will provide leverage for a new 10,000 sq. ft. two-story motel with 13 units. The new motel units will be constructed at the same location as the previous motel. The project is expected to create 6 permanent jobs and 10 construction jobs. This is Cook's highest priority development project for FY15.

USES

SOURCES

Building	\$1,370,000	IRRRB	\$130,000
Infrastructure, utilities and site work	130,000	Private	1,370,000
TOTAL	\$1,500,000	TOTAL	\$1,500,000

City of Virginia

Grant Amount: \$350,000

The proposed grant is for the city of Virginia to provide new water, sewer, gas and electric line connections to service the consolidation and expansion of Ulland Brothers in the city of Virginia north of highway 135. After an extensive site search across the Iron Range, Ulland Brothers selected their new site to help bring down equipment mobilization costs and bring their company closer to their current vendor pool, making them more competitive. As Ulland Brothers has grown, the majority of their work takes place in the Virginia/Duluth markets, which made locating on the highway 53 corridor necessary. New infrastructure along the highway 135 corridor will provide the city with future business development opportunities. This project leverages for a new 41,150 sq. ft. heavy equipment maintenance garage and warehouse facility and a new 6,200 sq. ft. administrative office building.

The project is expected to create 7 permanent jobs and 58 construction jobs. This is Virginia's highest priority development project request for FY15.

<u>USES</u>		<u>SOURCES</u>	
Buildings	\$7,000,000	IRRRB	\$350,000
Water, sewer, gas and electric	329,145	Private City	8,201,556
Soil corrections and site prep	1,350,000		350,000
A & E	222,411		
TOTAL	\$8,901,556	TOTAL	\$8,901,556

Iron Range Higher Education Account



P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board

From: Iron Range Higher Education Committee (IRHEC)

Date: June 23, 2014

Re: FY15 Iron Range Higher Education Programs

The Iron Range Higher Education Committee (IRHEC) met on Tuesday, June 10 and recommends the following expenditures from the Iron Range Higher Education Account (IRHEA) for FY15.

Northeast Higher Education District - \$1,835,340

- Iron Range Engineering Program - \$1,000,000
- Healthcare Simulation Center of Excellence program at Hibbing Community College - \$615,340
- Biochemical Systems Engineering program at Itasca Community College - \$220,000

Development Programs - \$40,000

- IRRR Board members requested that a small, flexible amount of funding would be available to the IRRRB Commissioner to address potential shortfalls in existing programs. - \$40,000

These expenditures of \$1,875,340 are contingent upon IRRRB's receipt of the second half of production year 2013 Taconite Production Taxes in the projected amount of \$990,194.

About the IRHEA and IRHEC:

Created by the 2008 Minnesota Legislature, the IRHEC advises the IRRRB Commissioner on providing higher education programs to the IRRRB service area. Programs are funded by five cents of the Taconite Production Tax that are placed in the IRHEA. Upon recommendation of the IRRRB Commissioner and the IRHEC, the IRRR Board approves expenditures from the account.

Giants Ridge Event Center



P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: June 13, 2014

Re: GIANTS RIDGE EVENT CENTER REQUEST

The current Giants Ridge facility has issues that have been patched for years and high losses of energy that make a replacement necessary to compete with similar facilities around the country. In looking at the costs of further patches versus a modern building, we determined that the smart investment was in a new Giants Ridge Event Center. This shovel-ready project will create a multi-use, year-round destination attraction, replacing our 30-year-old facility.

Below are key project details.

- **Total Project Cost:** \$9.9 million
- **Forecasted Jobs:** 62 FTE construction jobs, 28 new FTEs, and 120 retained jobs ¹
- **Economic Impact:** After construction is complete, the event center is estimated to collect an average of just over \$4.8 million in revenue, generating a total of \$7.9 million in annual output spending in St. Louis County.¹

In the recent Minnesota State Bonding Bill, IRRRB received \$3.8 million for the new event center. I am recommending the Board approve \$6.19 million to fund the balance of the project.

¹ Source: *Economic Impact Study conducted by University of Minnesota Duluth Labovitz School of Business and Economics, Bureau of Business and Economic Research, 2012*

Exhibit A - IRRRB April 22, 2014, Meeting Minutes

IRRRB Meeting Minutes
Tuesday, April 22, 2014
10:00 a.m.
Room 500 South, State Office Building
St. Paul, Minnesota

1) Roll Call

Senator David Tomassoni, Board chair, called the meeting to order at approximately 10:05 a.m. Present: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich (arrived at 12:45 p.m.), Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe. Minute Taker: Laureen Hall, Executive Assistant. Also present: Tony Sertich, Commissioner; Al Becicka, IRRRB Legal Counsel; Steve Peterson, Executive Director of Development; Linda Johnson, Director of Giants Ridge; Dave Hart; Loan Officer Supervisor; Chris Ismil, Community Development Representative; Bob Scuffy, Accounting Director; Gary Cerkvenik, Mt. Iron EDA representative; Mark Skelton, Mayor, City of Hoyt Lakes; Curt Anttila, East Range Joint Powers Board; Atul Thakrar, President & CEO and Andrew Skinner, Vice President, Operations, Segetis, Inc., Al Rudeck, Allete/Minnesota Power.

2) Approval of the January 30, 2014, Minutes

Action required: Approval requires a simple majority of the quorum

Representative Tom Anzelc moved approval of the January 30, 2014, minutes. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

3) Budget Amendment – Resolution #14-055

Action required: Approval requires a simple majority of the quorum

Senator Tom Bakk moved to approve amendment of the FY 14 budget by adding available carryforward funds to increase the amount of the TEPF Public Works line item to fund infrastructure projects as presented in Resolution #14-055. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
FISCAL YEAR 2014 AGENCY BUDGET AMENDMENT APPROVAL**

Resolution No.: 14-055

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2014 Budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency during the State’s fiscal year 2014, which covered the period of time from July 1, 2013, through June 30, 2014 (the “**FY14 Budget**”); and

WHEREAS, the FY14 Budget, as amended by the Board at its December 20, 2013 meeting, made a total of \$7,025,000 available for Public Works Projects from the Taconite Area Environmental Protection Fund (“**TEPF**”) account; and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY14 Budget to add \$840,000 of available TEPF carryforward funds to the Public Works Projects line item in the FY14 Budget, which action would have the effect of increasing the authorized balance in the FY14 Budget’s Public Works Projects Budget line item by \$840,000 (the “**Proposed Budget Amendment**”) to the total sum of \$7,865,000 for FY14; and

WHEREAS, the Board met in open session at 10:00 a.m. on April 22, 2014, in the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY14 Budget as proposed would help promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board approves amending the FY14 Budget to add \$840,000 of available TEPF carryforward funds to the Public Works Projects line item in the FY14 Budget, thereby increasing the authorized amount of the FY14 Budget line item for Public Works Projects to \$7,865,000.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 22nd DAY OF APRIL 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
Senator David Tomassoni, Chair

4) Infrastructure Projects – Resolution #14-056

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve infrastructure grants totaling \$590,000: \$250,000 to the city of Gilbert, \$90,000 to Lake County and \$250,000 to the city of Mt. Iron as presented in Resolution #14-056. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
INFRASTRUCTURE PROJECT APPROVALS**

Resolution No.: 14-056

WHEREAS, the Commissioner is authorized to expend, upon approval of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY14 Budget, as amended earlier this date, includes the allocation of \$7,865,000 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”), of which \$7,025,000 has already been obligated for projects by prior Board actions, leaving \$840,000 that has not yet been approved by the Board for expenditure during FY14; and

WHEREAS, the Commissioner has received proposals for the expenditure of up to \$590,000 of such TEPF Public Works Funds for those certain community and economic development projects that are more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Projects**”); and

WHEREAS, the Board met in open session at 10:00 a.m. on April 22, 2014, in the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$590,000 of FY14 TEPF Public Works Funds to provide grants for the Proposed Projects in the amounts and for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY 14 TEPF Public Works Funds for all Proposed Projects, including those Proposed Projects which have associated private development work, is contingent upon the agency, in its grant contracts, requiring each such grantee entity to commit to the payment of prevailing wages for the funded project as required by law, or to the extent required in the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY14 TEPF Public Works Funds for the Proposed Projects is further contingent upon all such project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 22nd DAY OF APRIL 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzels	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

**EXHIBIT A
 INFRASTRUCTURE GRANTS FY14**

**City of Gilbert
 Grant Amount: \$250,000**

The project is comprised of infrastructure and site work for the expansion of Mesabi Bituminous in the city of Gilbert. This project will provide leverage for a new 5,200 square foot expansion. The project is expected to create 11 permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Building	\$65,000	IRRRB	\$250,000
Site work and roads	602,300	City	35,000
		Private	130,000
		DNR	252,300
TOTAL	\$667,300	TOTAL	\$667,300

**Lake County
 Grant Amount: \$90,000**

The project is comprised of new water and sewer line connections to service the expansion of an existing business in Lake County. This project will provide leverage for a new 10,000 square foot expansion. The project is expected to create 12 permanent jobs.

<u>USES</u>		<u>SOURCES</u>	
Buildings	\$1,197,000	IRRRB	\$90,000
Water, sewer and roads	80,000	Private	1,197,000
A & E	10,000		
TOTAL	\$1,287,000	TOTAL	\$1,287,000

City of Mt. Iron

Grant Amount: \$250,000

The project is comprised of the total reconstruction of Mt. Iron Drive from Highway 53 to the Canadian National Railroad crossing.

<u>USES</u>		<u>SOURCES</u>	
Storm sewers and roads	\$650,000	IRRRB	\$250,000
		City	400,000
TOTAL	\$650,000	TOTAL	\$650,000

Representative Tom Anzelc mentioned that the Board had previously approved nearly \$1 million for communities to work in collaboration for new emergency services buildings. He asked that the Board receive a status report in the future.

5) Other

a) City of Eveleth – Resolution #14-057

Action required: Approval requires a simple majority of the quorum

Representative Jason Metsa moved to approve repurposing \$250,000 in a grant to the city of Eveleth from cancelled funds from a previously approved project that did not occur to now be used for water and sewer upgrades and road and alley reconstruction on several city streets in the city of Eveleth as presented in Resolution #14-057. Seconded by Representative Tom Anzelc. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
EVELETH INFRASTRUCTURE REPURPOSING PROJECT APPROVAL**

Resolution No.: 14-057

WHEREAS, the Commissioner is authorized to expend, upon approval of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota

Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and

WHEREAS, the agency’s approved FY14 Budget, as amended earlier this date, includes the allocation of \$7,865,000 of TEPF Funds for Public Works Projects (“**TEPF Public Works Funds**”), of which \$7,615,000 has already been obligated for projects by prior Board actions, leaving \$250,000 that has not yet been approved by the Board for expenditure during FY14; and

WHEREAS, through prior actions at Board meetings in August 2009 and December 2010, the Board approved the expenditure of up to \$1,150,000 for use by the City of Eveleth for projects that did not occur, resulting in the cancellation of such funds by the agency (“**Cancelled Funds**”); and

WHEREAS, the Commissioner has received a proposal from the City of Eveleth for the expenditure of up to \$250,000 for an economic development project that is more specifically described in Exhibit A, which is attached hereto and incorporated by reference (“**Proposed Project**”); and

WHEREAS, the amount of the requested expenditure for the Proposed Project is available for repurposing from the Cancelled Funds, and such amount was previously included by the Board as part of the increase to the FY 14 Budget line item for TEPF Public Works Funds; and

WHEREAS, the Board met in open session at 10:00 a.m. on April 22, 2014, in the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Project and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$250,000 of FY14 TEPF Public Works Funds to provide a grant to the City of Eveleth for the Proposed Project for the purposes set forth in Exhibit A.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY 14 TEPF Public Works Funds for the Proposed Project is contingent upon the agency, in its grant contract, requiring the grantee entity to commit to the payment of prevailing wages for the funded project as required by law, or to the extent required in the Board’s Resolution 96-005.

BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of FY14 TEPF Public Works Funds for the Proposed Project is further contingent upon all such project financing being in place before the agency’s funds are released.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 22nd DAY OF APRIL 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			

Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
 Senator David Tomassoni, Chair

City of Eveleth

Grant Amount: \$250,000

The project is comprised of water and sewer upgrades and road and alley reconstruction on several streets throughout the city of Eveleth.

USES

SOURCES

Street/Alley Reconstruction	\$332,279	IRRRB	\$250,000
Water/Sewer Upgrades	95,850	City	263,757
A & E and Contingency	85,628		
TOTAL	\$513,757	TOTAL	\$513,757

b) Giants Ridge Budget Amendment – Resolution #14-058

Action required: Approval requires a simple majority of the quorum

Senator Tom Saxhaug moved to approve amendment of the FY14 Budget by adding available carryforward funds to increase the Giants Ridge budget non-payroll line item to enable it to purchase rather than lease golf carts as presented in Resolution #14-058. Seconded by Representative Carly Melin. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
 OF THE STATE OF MINNESOTA
 FISCAL YEAR 2014 GIANTS RIDGE BUDGET AMENDMENT APPROVAL**

Resolution No.: 14-058

WHEREAS, the Board and Governor have previously approved a Fiscal Year 2014 Budget pursuant to the provisions of Minnesota Statutes Section 298.22, Subd. 11, for the funding of the operational expenditures, programs and projects of the agency during the State’s fiscal year 2014, which covered the period of time from July 1, 2013, through June 30, 2014 (the “**FY14 Budget**”); and

WHEREAS, the FY14 Budget made a total of \$7,996,901 available for the Giants Ridge Golf and Ski Resort (“**Giants Ridge**”) for payroll and non-payroll expenses (“**Giants Ridge Budget**”); and

WHEREAS, Giants Ridge has an opportunity to realize net cost savings of \$826,000 over the next eight years by purchasing rather than leasing a fleet of golf carts for use at its golf courses, which supports economic development through improved course operations, increased tourism and additional monies

available for future projects; and

WHEREAS, the Commissioner has requested the Board to approve an amendment to the FY14 Budget to add \$900,000 of available Taconite Environmental Protection Fund (“**TEPF**”) carryforward funds to the Giants Ridge Budget non-payroll line item in the FY14 Budget, which action would have the effect of increasing the authorized balance in the FY14 Budget’s Giants Ridge non-payroll line item by \$900,000 to the total sum of \$8,896,901 for FY14 (the “**Proposed Budget Amendment**”), which would enable Giants Ridge to purchase rather than lease golf carts; and

WHEREAS, the Board met in open session at 10:00 a.m. on April 22, 2014, in the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Proposed Budget Amendment and determined that amending the FY14 Budget is in the best interest of Giants Ridge and the agency.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves amending the FY14 Budget to add \$900,000 of available TEPF carryforward funds to the Giants Ridge Budget non-payroll line item in the FY14 Budget, thereby increasing the authorized amount of the FY14 Budget for Giants Ridge to \$8,896,901.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 22nd DAY OF APRIL 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
Senator David Tomassoni, Chair

- c) **Highway 1 Corridor Account Project – Resolution #14-059**
Action required: Approval requires a simple majority of the quorum

Senator Tom Bakk moved to approve the expenditure of up to \$70,000 of the Highway 1 Corridor Account Funds for a grant to the city of Cook for an economic development project as presented in Resolution #14-059. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: Representative Joe Radinovich

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
HIGHWAY 1 CORRIDOR ACCOUNT PROJECT APPROVAL**

Resolution No.: 14-059

WHEREAS, the Commissioner is authorized to expend, upon approval by the Board, special fund Highway 1 Corridor Account monies made available under Minnesota Statutes Section 298.2961, subd. 5 (19) ("**Highway 1 Corridor Account Funds**") for economic development projects in the cities of Babbitt, Cook, Ely or Tower; and

WHEREAS, the Commissioner has received a proposal for the expenditure of up to \$70,000 of such Highway 1 Corridor Account Funds for an economic development project in the City of Cook to provide financing for an existing employer to improve its business; and

WHEREAS, the Board met in open session at 10:00 a.m. on April 22, 2014, at the State Office Building in St. Paul, Minnesota, to consider, among other matters, the proposal and has determined that the expenditure of the proposed Highway 1 Corridor Account Funds in the amount specified below would be in the public interest.

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby approves the expenditure of up to \$70,000 of the Highway 1 Corridor Account Funds for a grant to the City of Cook for an economic development project.

BE IT FURTHER RESOLVED that the Board's approval for the expenditure of Highway 1 Corridor Account Funds for the project is contingent upon the grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board's Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 22ND DAY OF APRIL 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich				X
TOTAL	8	0	0	1

Signed: _____
Senator David Tomassoni, Chair

Senator Tom Bakk made a request that the agency continue to replenish the DJJ Trust Fund through the FY15 Budget. An expenditure had been made from the DJJ Trust Fund (as a cost saving measure) to redeem outstanding bonds used to finance the construction of the Golf Course(s) at Giants Ridge, which the Board previously had approved that included a provision for repayment to the DJJ Trust Fund.

6) Segetis, Inc. – Resolution #14-054

Action required: Approval requires unanimous votes of all members of the Board

After a discussion regarding the Segetis project, at 11:31 a.m., Chairman David Tomassoni put the meeting on hold until 12:45 p.m.

The meeting reconvened at 12:47 p.m.

Representative Jason Metsa moved to approve a direct loan of \$20,000,000 to Segetis, Inc. for engineering and construction of its plant and a non-recourse loan of \$1,200,000 to the city of Hoyt Lakes for a building to be leased to Segetis for offices, warehouse and quality-control, as well as a \$7,100,000 grant from the Minnesota 21st Century Fund to the city for municipal infrastructure improvements as presented in Resolution #14-054. Seconded by Representative David Dill. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Joe Radinovich, Senator Tom Bakk, Senator Tom Saxhaug, Senator Rod Skoe, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

Chairman Tomassoni noted that all Board members were present and had unanimously voted to approve the project.

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
SEGETIS INC. PROJECT APPROVAL**

Resolution No.: 14-054

WHEREAS, the Commissioner is authorized to expend, upon approval by a majority of all Board members, the Douglas J. Johnson Economic Protection Trust Fund monies made available under Minnesota Statutes Sections 298.291-298.294 and Minnesota Statute Section 298.28, subdivision 11 (“**DJJ Funds**”), to provide loans and participate with private sources in providing financing for various projects located within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“**TAA**”) which will serve the purposes detailed in Minnesota Statutes Section 298.292, subdivision 1; and

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (d) authorizes the Commissioner to expend, within or for the benefit of the TAA and upon prior approval by an affirmative vote of all members of the Board, the corpus of the Douglas J Johnson Economic Protection Trust Fund, (the “**DJJ Fund Corpus**”), for projects and programs described in Minnesota Statutes Section 298.292, subdivision 1 that either (a) are designed to create and maintain productive, permanent, skilled employment, including employment in

technologically innovative businesses; or (b) encourage diversification of the economy and promote the development of certain sectors of the TAA economy; or (c) for which technological and economic feasibility have been demonstrated; and

WHEREAS, Segetis, Inc. (“**Segetis**”), a Minnesota business corporation, is a biochemical company that will produce a variety of products using environmentally friendly “green” technologies at a manufacturing facility that it will develop and construct in a short-term time period; and

WHEREAS, the agency, in partnership with the Minnesota Department of Employment and Economic Development (“**DEED**”), has been in negotiations with Segetis to provide financial incentives to entice Segetis to locate its manufacturing facility within the TAA; and

WHEREAS, the parties have reached an agreement whereby the agency will provide Segetis with up to \$21.2 million in funding which, in conjunction with a \$7.1 million investment by DEED and a \$73.8 million investment from Segetis, will result in the development of a full-scale biochemical manufacturing facility near the City of Hoyt Lakes, within the TAA, an economic development project that will lead to 245 construction jobs and, when complete, will employ 50 full-time workers as more fully described in the board packet materials and as presented by staff, which materials are hereby incorporated into this resolution (collectively the “**Segetis Project**”); and

WHEREAS, the technical advisory committee appointed pursuant to Minnesota Statutes Section 298.297 met on April 17, 2014, and recommended that the Board approve the Segetis Project as presented in accordance with the information provided in the board packet materials; and

WHEREAS, the Board met in open session at 10:00 a.m. on April 22, 2014, in the State Office Building in St. Paul, Minnesota, to consider, among other matters, the Segetis Project and has determined that the proposed expenditure of funds for the Segetis Project will create and maintain productive, permanent skilled employment and will diversify and promote the development of a new sector of the economy of the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Iron Range Resources and Rehabilitation Board approves the expenditure of up to \$21,200,000 of agency funds in support of the Segetis Project, as authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act under Minnesota Statutes Sections 298.291-298.298 and Minnesota Statute Section 298.28, as follows:

1. Up to \$1.2 million shall be expended from DJJ Funds as budgeted for projects in the agency’s fiscal year 2014 budget; and
2. Up to \$20.0 million shall be expended from DJJ Corpus Funds.

BE IT FURTHER RESOLVED that, to the extent Board approval is necessary, the Board hereby authorizes and approves the proposed expenditure of up to \$7.1 million of DEED’s Minnesota 21st Century Minerals Fund monies under Minnesota Statutes Section 116J.423-116J.424 or 2009 Laws of Minnesota, Chapter 78, Article 1, Section 3, Subdivision 2(k), as amended by 2010 Laws of Minnesota, Chapter 215, Article 7, Section 18, as such laws currently exist or may be amended by future legislative actions.

BE IT FURTHER RESOLVED that the Board’s approval of all expenditures for the Segetis Project is subject to the conditions set forth in the Board packet materials and the provisions customarily contained in agency financing documents and Board Resolution 96-005 that require the recipient of financial assistance to pay at least prevailing wages to workers performing work on Board approved projects.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 22nd DAY OF APRIL 2014.

Member	Aye	Nay	Abstain	Excused
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe	X			
Senator David Tomassoni	X			
Representative Tom Anzelc	X			
Representative David Dill	X			
Representative Carly Melin	X			
Representative Jason Metsa	X			
Representative Joe Radinovich	X			
TOTAL	9	0	0	0

Signed: _____
 Senator David Tomassoni, Chair



**Iron Range Resources &
Rehabilitation Board**

**P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047**

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

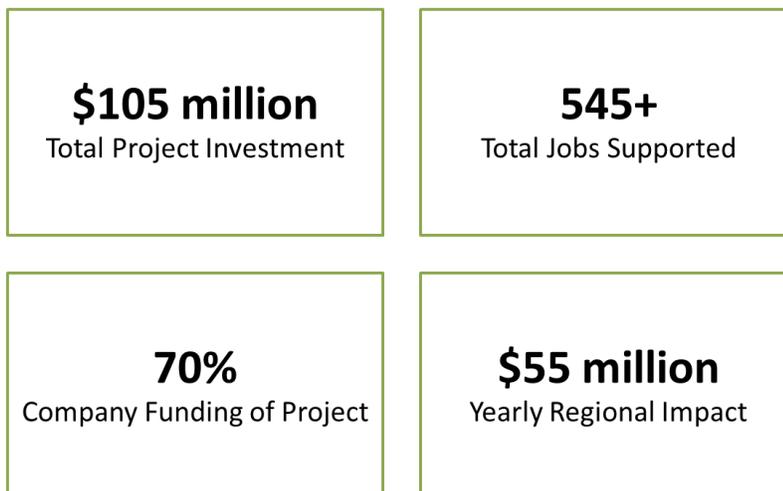
Date: April 22, 2014

Re: INVESTMENT IN BIOCHEMICAL INDUSTRY - SEGETIS, INC.

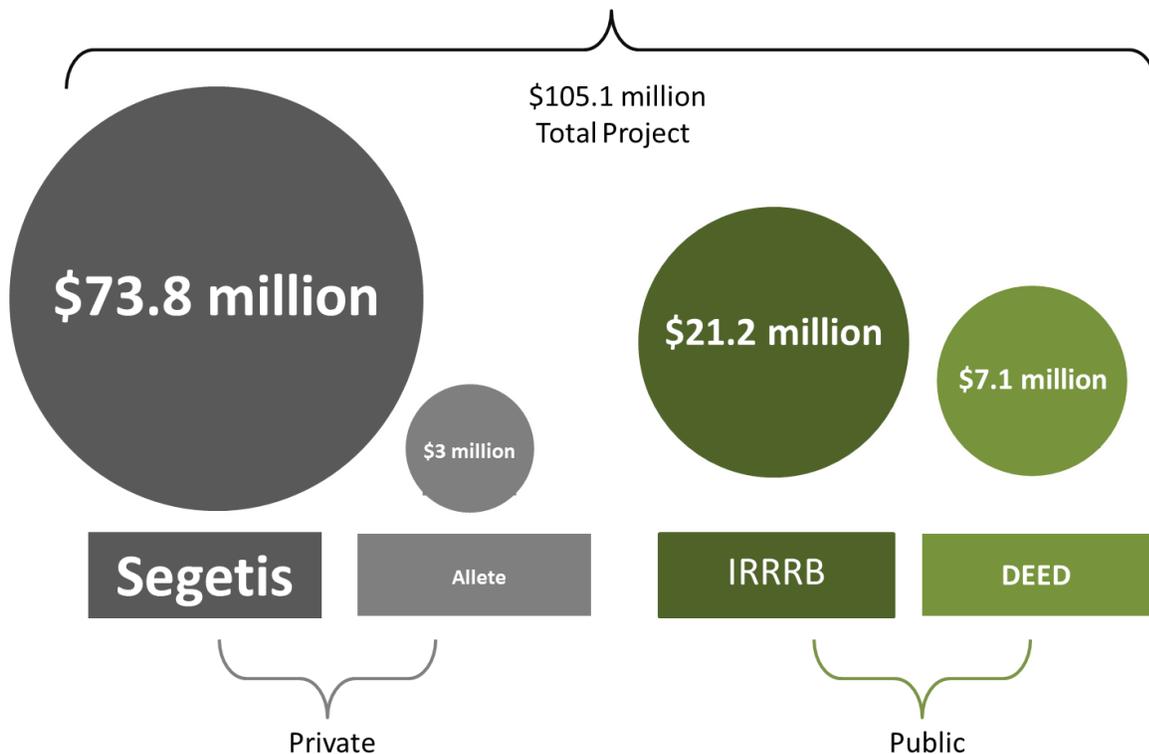
The Iron Range has an opportunity to lead our nation into the future of value added wood products. We are at the cusp of being able to replace many oil based plastics used in everyday life with wood based biochemicals. The Iron Range is perfectly situated to be a leader in the biochemical economy. We have the timber resources, existing wood and forest industry supply chain, available trained workforce, and land needed to succeed in this newly emerging portion of the global economy. Segetis has proven its technology and developed relationships with national companies interested in using their product. I am proposing we take the first step today by partnering with Segetis to further develop their technology here in our region. By doing so, we will be putting our flag in the ground as a region interested in developing a cluster of biochemical businesses willing to use our wood resources, improve our environment, and create good jobs on the Iron Range.

IRRBB's involvement with Segetis dates back to 2006. Agency staff has maintained contact with the company as they have developed their technology.

Proposed Segetis Hoyt Lakes Facility – At a Glance



Project Funding Overview

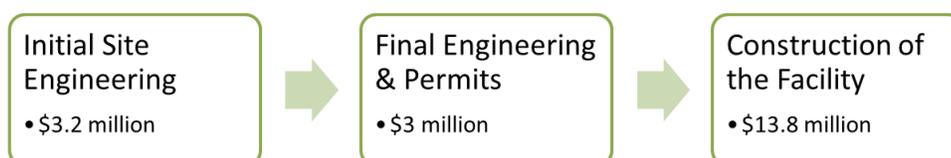


IRRRB will be funding a \$20 million dollar loan from the Douglas J. Johnson Trust Fund. The DJJ fund, as it is commonly known, is a trust fund of local Iron Range tax dollars established in 1977 that supports projects that stimulate employment and encourage diversification of northeastern Minnesota’s economy. The DJJ Fund is to be used for the following purposes:

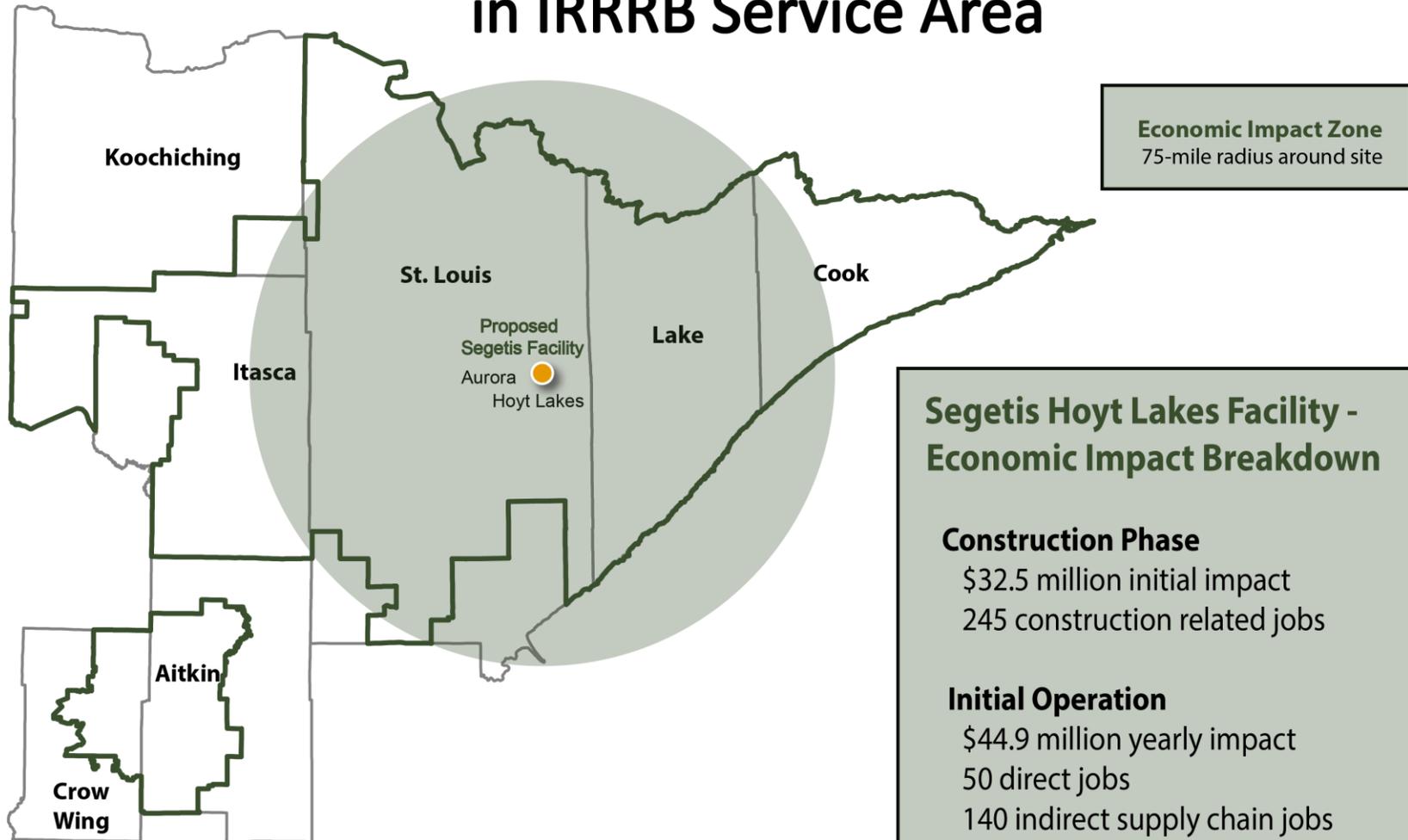
- (1) projects and programs that are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses;
- (2) projects and programs to encourage diversification of the economy and to promote the development of minerals, alternative energy sources utilizing indigenous fuels, forestry. . . .

The Segetis project is an ideal fit for both northeastern Minnesota and the DJJ fund as it will create skilled and innovative jobs, diversify the economy while utilizing forest capacity, and is a sustainable, value-added resource opportunity.

\$20 million IRRRB Loan Release – Sequential 3 Steps



Proposed Segetis Hoyt Lakes Facility - Economic Impact in IRRRB Service Area



Segetis Hoyt Lakes Facility - Economic Impact Breakdown

Construction Phase

\$32.5 million initial impact
245 construction related jobs

Initial Operation

\$44.9 million yearly impact
50 direct jobs
140 indirect supply chain jobs

Conversion to Wood

\$55.1 million yearly impact
Additional 20 direct jobs
230 total indirect supply chain jobs



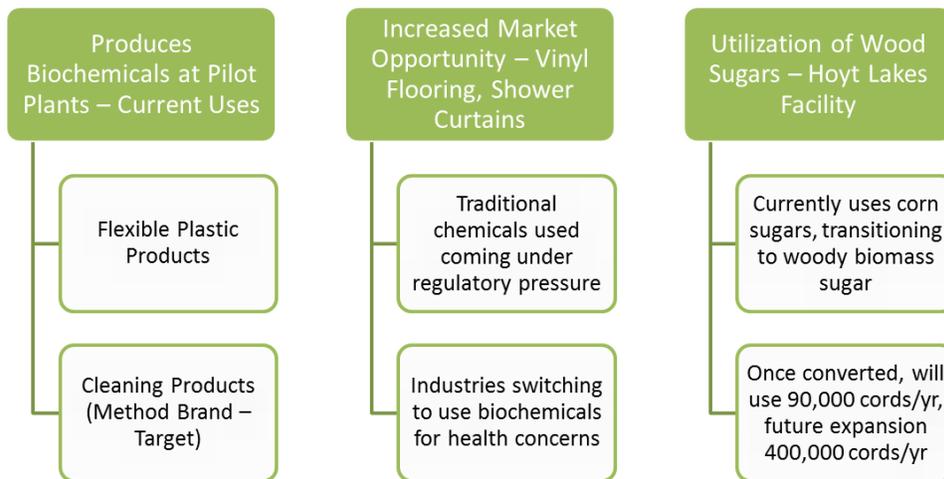


Founded in 2006, Segetis is a renewable biochemical company producing high performance, sustainable materials, reducing the world's dependence on fossil fuel-based petrochemicals. Segetis transforms simple carbohydrates into a chemical building block recognized as a "top 12 value-added chemical from Biomass" by the U.S. Department of Energy.

Segetis' bio-based technology platform is used in flexible plastic products, cleaning products, and a variety of other consumer goods. Method Products, Inc., a manufacturer of home cleaning and laundry products, uses Segetis' materials in a variety of its products that can be purchased at Target stores.

High consumer demand for environmentally friendly and safe chemical products has created a market opportunity of over \$50 billion for these versatile bio-based chemicals. In order to capitalize on this market opportunity, Segetis is proposing to establish their first commercial scale plant in Hoyt Lakes,

Segetis – Products, Opportunity, Facility



Segetis currently has 30 employees; 23 have technical degrees and seven have PhD's. Segetis has developed broad formulation capabilities across a range of markets supported by in-house expertise.

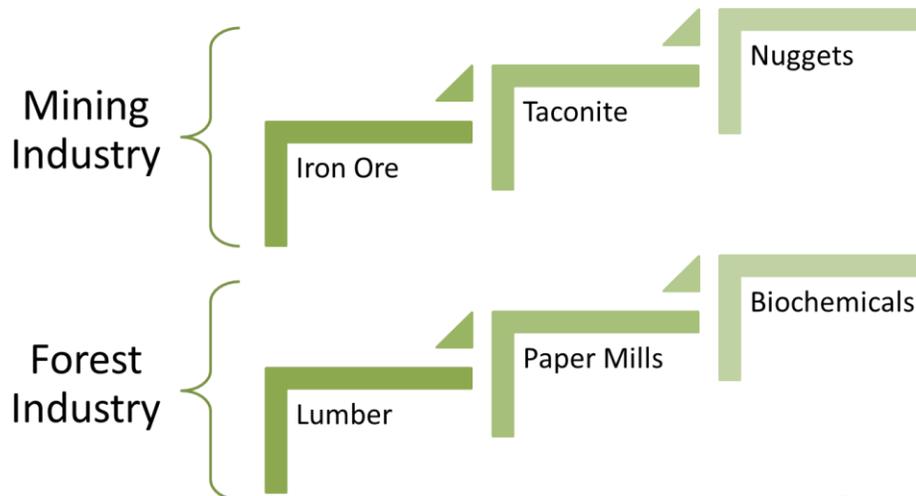
Projected Jobs – Hoyt Lakes Facility



History: IRRRB Investing in Value-Added Natural Resource-Based Industries

Northeastern Minnesota has a legacy of revolutionizing technology to sustain natural resource-based industries. IRRRB has played an instrumental role in this rich history by investing in value-added natural resource-based opportunities throughout our region. Just like the evolution of the mining industry from iron ore to nuggets, the forest industry has expanded to sustainable value-added wood based biochemical opportunities.

Northeastern Minnesota – Natural Resource Technology Evolutions



As biochemical development has continued to emerge, IRRRB identified this industry as a main target in the agency's mission to diversify the economy. This industry is an ideal fit for northeastern Minnesota in many ways. IRRRB's history in the biochemical industry dates back nearly two decades, with an investment in Larex, Inc in 1995. Larex was acquired by Lonza Group in 2006, which continues to produce biochemical ingredients for food and dietary supplements in Cohasset.

Why Biochemicals in northeastern Minnesota?

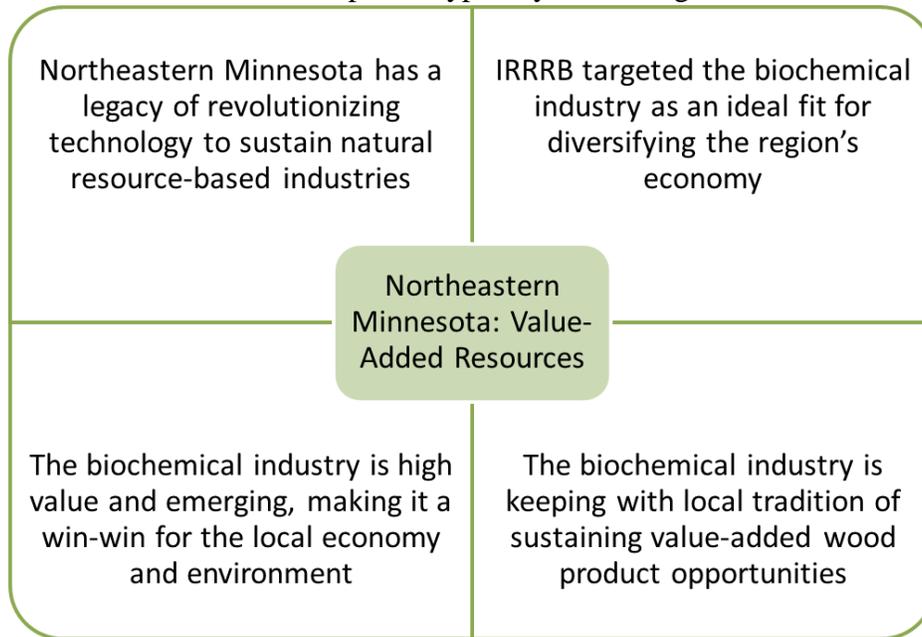
Abundant
timber
resources

Sound
environmental
stewardship in
region

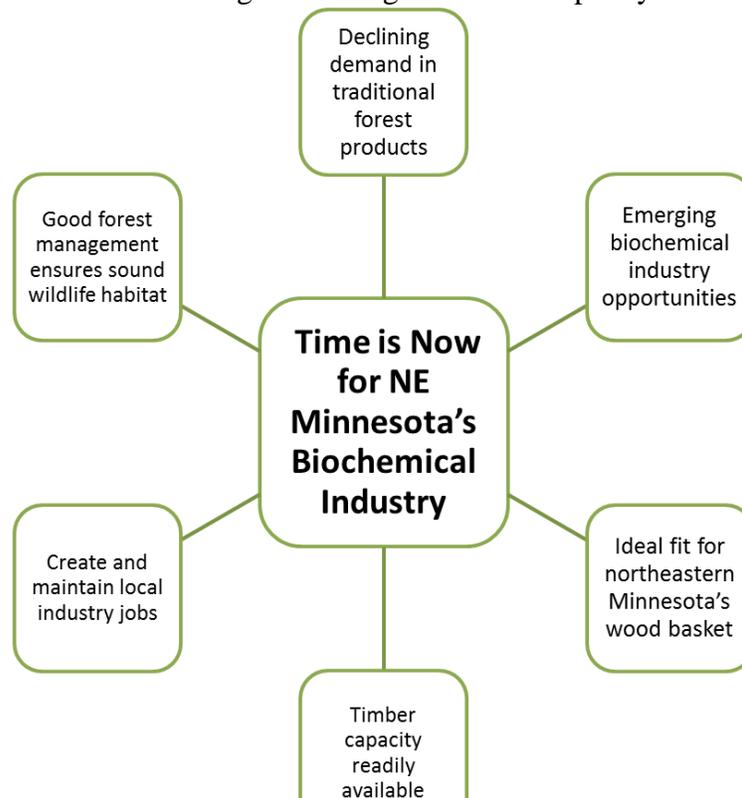
Commercial-
scale
manufacturing
enormous
economic
opportunity

Co-location of
supply chain
(companies
cluster
together)

Good forest management ensures the continuation of many benefits to the region. These include improved water quality, wildlife species and habitat diversity, recreation, timber, aesthetics and air quality. In addition to these forest and environmental benefits for our region, the emerging economic opportunities from commercial scale biochemical products are an idea fit for northeastern Minnesota as similar companies typically cluster together.



It isn't news that traditional forest products, such as lumber and paper, have seen declining demand in recent years. With a large portion of the state's forest resources in our own backyard, northeastern Minnesota has felt the forest product industry's struggle the hardest. However, this has also provided the area with a strategic advantage as timber capacity is readily available.



SEGETIS
680 Mendelssohn Avenue N.
Golden Valley, Minnesota 55427

IRRRB Direct Loan Program

Applicant:	Segetis, Inc.	
Project Location:	Laskin Energy Park Hoyt Lakes, Minnesota 55750	
Principal(s):	Atul Thakrar, President & CEO Andrew Skinner, Vice President, Operations	
Project Description:	Establish a commercial-scale bio-chemical plant. The facility will initially use corn sugars and will transition to using sugars from woody-biomass as its feedstock to produce 25 million pounds of levulinic acid, 9 million pounds of formic acid and 7.5 million pounds of bio-char annually. The transition to use of wood is expected by 2018 and will require 90,000 cords of wood. Construction of the facility is expected to be completed in 2015.	
Market Opportunity:	<p>Segetis has secured letters of interest from current and potential customers for greater than 75% of the planned production of this project.</p> <p>Their primary product, levulinic acid, was classified as one of the top 12 building blocks derived from biomass by the U.S. Department of Energy in 2004. Segetis will use the majority of its levulinic acid in the manufacture of levulinic ketal monomers for use in downstream products. The initial market for this project is the PVC plasticizer market, estimated to be \$14B annually.</p> <p>Strong domestic and foreign markets exist for formic acid and Bio-char.</p>	
Project Investment:		
Private:	Company cash investment	36,800,000
	Commercial debt	37,000,000
	Allete	3,000,000
Public:	IRRRB Direct Loan (20 years at formula rate)	20,000,000
	IRRRB Non-Recourse Loan to Hoyt Lakes (20 years at formula rate)	1,200,000
	DEED 21 st Century Fund Grant	7,100,000
	TOTAL	\$105,100,000

Jobs Projected:	
Construction:	245 construction related jobs estimated at \$12,500,000 total.
Initial operation:	10 new warehouse and support staff jobs at \$33,000 to \$45,000. 30 new skilled craft and plant operator jobs at \$55,000 to \$65,000. 10 new management jobs at \$80,000 to \$130,000. 140 indirect supply chain jobs estimated at \$7,800,000 annually.
Conversion to wood:	20 additional jobs at the project at \$55,000 to \$65,000. 230 indirect supply chain jobs estimated at \$11,900,000 annually.
Collateral:	IRRRB will hold a mortgage on equipment for our first \$6.2 million advanced until the \$37 million of commercial debt is committed. At that time we will release the equipment and receive 5% warrant coverage on our \$15 million remaining to be advanced.
Business History:	Segetis was founded in Golden Valley, MN in 2006 and currently has 30 employees; 23 have technical degrees and 7 have PhD's. Over the past 5 years, Segetis has raised over \$60 million in capital from outside investors for technology, product and market development.
Past IRRRB History:	IRRRB has been in contact with Segetis since 2006.
Contingencies:	IRRRB funds will be restricted to 40% of project costs and disbursement will be contingent on the project reaching certain milestones. \$3,200,000 will be available at the outset of the project for equipment and to complete initial site engineering. When initial engineering is complete, up to \$3,000,000 will be available for final engineering and permitting. This will allow the project to be bid-out on guaranteed prices. At this point, commercial debt funding can be accessed and the remaining \$13,800,000 of IRRRB funding will be available on the 40/60 ratio. Hoyt Lakes applications for infrastructure grant and non-recourse loans must be approved by the Hoyt Lakes City Council and presented to IRRRB.
Technical Advisory Committee Recommendation:	Approval recommended April 17, 2014.
Funding Authorization:	\$7,100,000 - Minnesota Minerals 21 st Century fund \$20,000,000 - DJJ fund (corpus) \$1,200,000 – Current projects budget

PREPARED FOR THE IRRRB
Economic Contribution of Proposed Segetis Facility in Hoyt Lakes, Minnesota

University of Minnesota Extension, with funding from the Great Plains Institute, is in the process of completing a study of the estimated economic contribution of 14 potential bio-based industrial product facilities in Minnesota. Seven proposed facilities were selected as case studies. Each case study was analyzed individually, using data provided by the company proposing the project. One of the facilities included in the analysis was the proposed Segetis facility in Hoyt Lakes, Minnesota. Since Extension had already collected the data and analyzed the information, Extension was asked to compile this short summary report for internal use by the Iron Range Resources and Rehabilitation Board.

SUMMARY OF FINDINGS

Once the Segetis facility in Hoyt Lakes is operating at its full capacity, it is expected the plant will employ 70 individuals and pay \$3.1 million in wages, salaries, and benefits to its workers (table 1). As a result of the activity, an estimated 225 jobs in the 7-county region will be supported. Those jobs will contribute an estimated \$11.5 million in wages, salaries, and benefits to residents of the region.

This analysis is based on the full operations of the facility. The facility is expected to take three years to reach full production. These impacts will be on-going on an annual basis as long as the plant maintains the level of production. Impacts are based only on purchases predicted to be made from local companies.

Table 1: Estimated On-Going Annual Potential Economic Contribution of the Operations the Proposed Segetis Hoyt Lakes Facility on the Economy of the 7-County IRRRB Region

Impact Type		Employment	Labor Income (millions)	Output (millions)
Direct	At the facility	70	\$3.1	\$20.3
Indirect	Business-to-business supply chain	140	\$7.8	\$22.8
Induced	Business-to-consumer supply chain	15	\$0.6	\$1.8
Total		225	\$11.5	\$44.9

Estimates by University of Minnesota Extension Center for Community Vitality. Data for the analysis submitted to Extension by Segetis, no analysis of feasibility was completed by Extension.

Before operations begin, the proposed facility will need to be constructed. While operation impacts will be on-going when the facility begins production, construction impacts will be a one-time impact. Construction impacts will dissipate when construction is completed. It is anticipated construction will occur over a two-year period.

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Segetis estimates construction of the facility will cost \$62.0 million. We assumed all construction contract work would be done by local businesses. Land acquisition is not included in economic impact analysis. Since the major equipment for the facility is highly specialized, it was assumed the equipment would not be purchased locally. Therefore, total construction expenditures by Segetis would total \$21.7 million in the region. According to the model, 155 construction workers would be employed to complete the work and be paid \$8.9 million in compensation (table 2).

During the construction phase, the Segetis project would support an estimated 245 jobs and an estimated \$12.5 million in labor income in the region.

Table 2: Estimated One-Time Potential Economic Contribution of the Construction of the Segetis Hoyt Lake Facility on the Economy of the 7-County IRRRB Board Region

Impact Type		Employment	Labor Income (millions)	Output (millions)
Direct	At the facility	155	\$8.9	\$21.7
Indirect	Business-to-business supply chain	40	\$1.6	\$4.6
Induced	Business-to-consumer supply chain	50	\$2.0	\$6.2
Total		245	\$12.5	\$32.5

Estimates by University of Minnesota Extension Center for Community Vitality. Data for the analysis submitted to Extension by Segetis, no analysis of feasibility was completed by Extension.

POTENTIAL IMPACTS OF WOOD-BASED SUGAR AS A FEEDSTOCK

The proposed Segetis facility in Hoyt Lakes is anticipated to begin operations using sugar from corn. The corn-based sugar would be imported into the region from southern Minnesota. If available, the plant could use wood-based sugar in its production process. Corn production in the region is not predicted to increase as a result of the facility operating. However, if the plant used a wood-based sugar, logging could potentially increase in the region.

Therefore, we ran the analysis assuming 90,000 cords of wood were converted into sugar for use in the plant. The results are shown in table 3. We assumed 80 percent of the wood used would be logged in the 7-county region.

Table 3: Estimated On-Going Annual Potential Economic Contribution of the Operations the Proposed Segetis Hoyt Lakes Facility on the Economy of the 7-County IRRRB Region Using Wood-Based Sugar

Impact Type		Employment	Labor Income (millions)	Output (millions)
Direct	At the facility	70	\$3.1	\$26.6
Indirect	Business-to-business supply chain	230	\$11.9	\$26.7
Induced	Business-to-consumer supply chain	15	\$0.6	\$1.8
Total		315	\$15.6	\$55.1

Estimates by University of Minnesota Extension Center for Community Vitality. Data for the analysis submitted to Extension by Segetis, no analysis of feasibility was completed by Extension.

ASSUMPTIONS AND CAUTIONS

- Findings are based on information submitted to Extension by Segetis. The construction and operation costs are valid as of 4/3/14. Extension did not explore the feasibility of the proposed project or vet the proposed expenditures.
- Construction activities were assumed to be performed by local contractors. Land purchases are not included in the analysis. Specialized equipment purchases are also not included in the analysis.
- No additional production was modeled for corn-based sugar feedstocks (i.e. corn production would not increase, rather corn would be diverted from other uses).
- All efforts were made to include only operational purchases that would likely be made from companies located in the 7-county region. For example, utilities are typically provided by a local service provider. On the other hand, the facility purchases goods through a wholesaler located outside the region. Those purchases are not included in this impact.
- Profits were not modeled in the economic impact.
- The research was conducted following standard input-output theory and methodology. This methodology does not consider long-term price or long-term market changes.
- The input-output model IMPLAN (IMPLAN Group LLC) was used in this analysis. We used version 3.0 and 2012 data.

PREPARED BY

Brigid Tuck, Economic Impact Analyst, University of Minnesota Extension, tuckb@umn.edu, or 507-389-6979

APPENDIX 1: DEFINITION OF TERMS

Output

Output is measured in dollars. Direct output is equal to total expenditures by the company in the 7-county region.

Employment

Employment includes full- and part-time workers and is measured in annual average jobs. Total wage and salaried employees as well as the self-employed are included in employment estimates in IMPLAN. Because employment is measured in jobs and not in dollar values, it tends to be a very stable metric.

Direct Impact

The direct impact is equivalent to the initial change in the economy by the facility. Here it is spending directly by Segetis in the 7-county region.

Indirect Impact

The indirect impact is the summation of changes in the local economy that occur due to **spending for inputs** (goods and services) by the industry or industries directly impacted. For instance, if employment in a manufacturing plant increases by 100 jobs, this implies a corresponding increase in output by the plant. As the plant increases output, it must also purchase more of its inputs, such as electricity, steel, and equipment. As it increases its purchase of these items, its suppliers must also increase their production, and so forth. As these ripples move through the economy, they can be captured and measured. Ripples related to the purchase of goods and services are indirect impacts.

Induced Impact

The induced impact is the summation of changes in the local economy that occur due to **spending by labor** - by the employees in the industry or industries directly impacted. For instance, if employment in a manufacturing plant increases by 100 jobs, the new employees will have money to spend to purchase housing, buy groceries, and go out to dinner. As they spend their new income, more activity occurs in the local economy. This can be quantified and is called the induced impact.

Total Impact

The total impact is the summation of the direct, indirect and induced impacts

11) Adjournment

The meeting adjourned at 12:53 p.m.

Exhibit B – FY15 IRRRB Budget Narrative

FY 2015 Budget



**Iron Range Resources &
Rehabilitation Board**

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***The IRRRB’s mission is to promote and invest in
business, community and workforce development
for the betterment of northeastern Minnesota.***

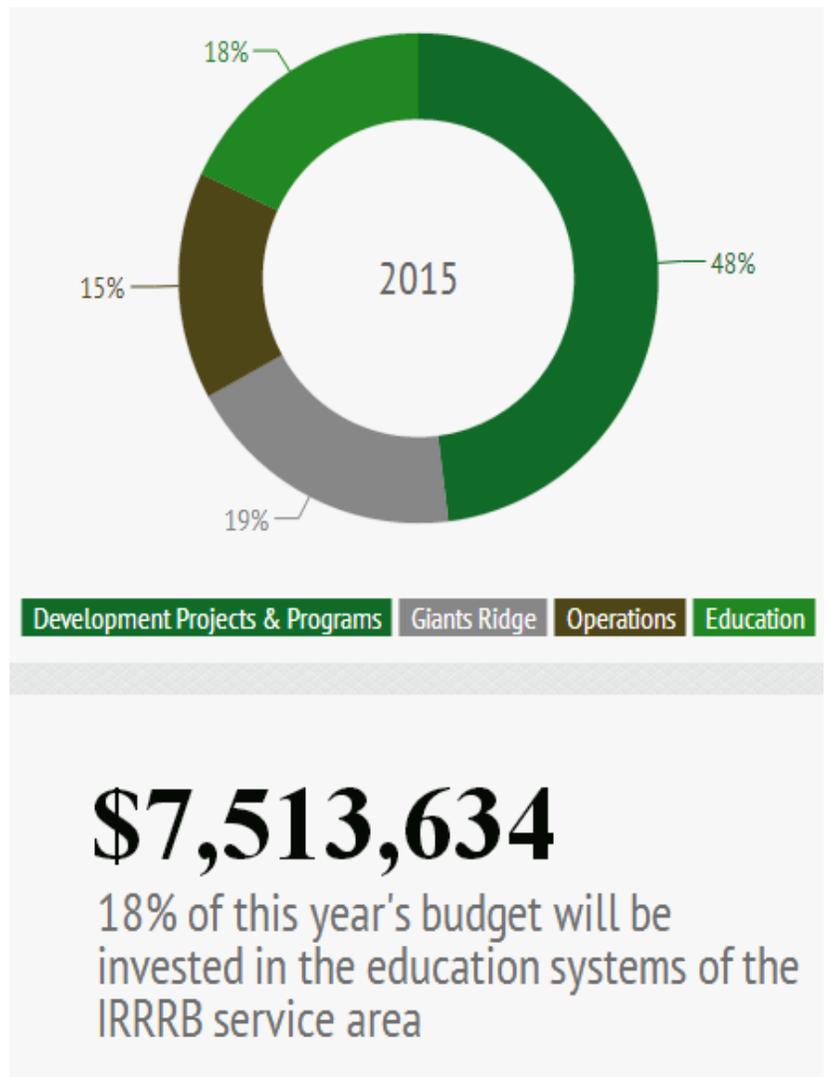
Introduction

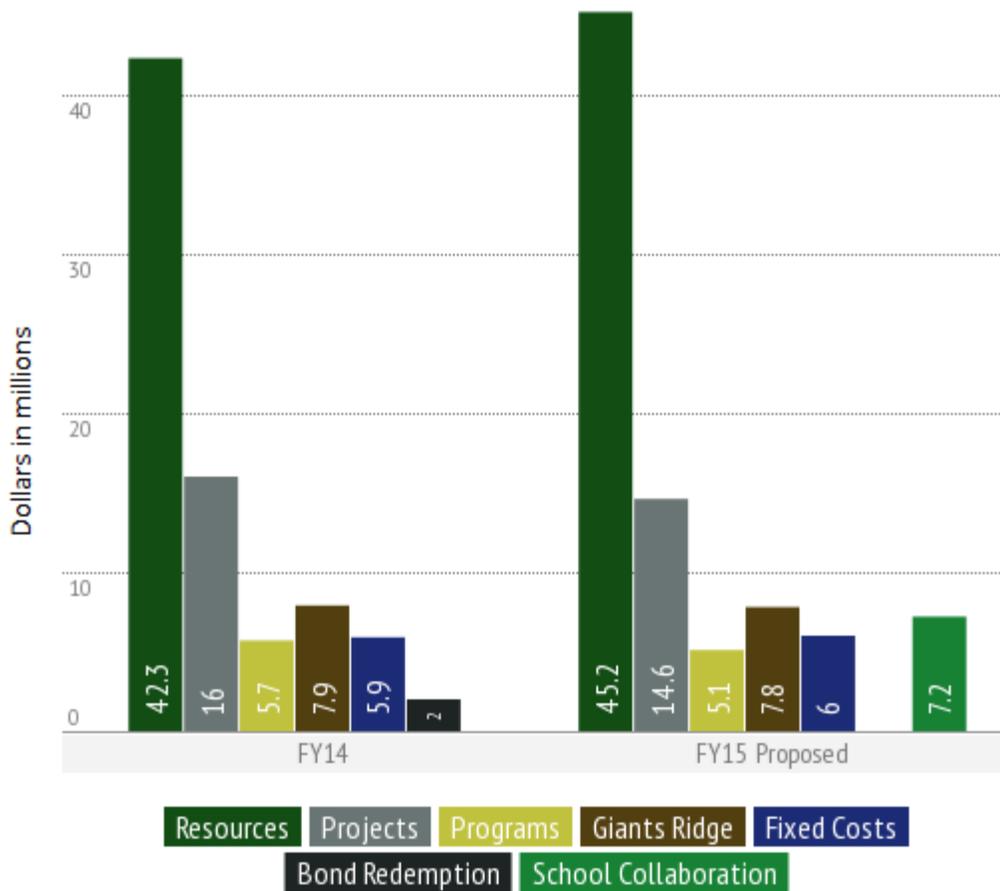
FY15 July 1, 2014 – June 30, 2015

This proposed budget reflects IRRRB's commitment to investing in a better future for northeastern Minnesota. Development projects and programs and education are first priority, accounting for 66% of agency investments. Investments in the Giants Ridge Recreation Facility and agency operations comprise the rest.

Legislative funding for an Iron Range school account is a new resource that supports innovation in education, collaboration and bricks and mortar needs across the service area. It is an important addition to the agency's investment tool box, intended to grow the next generation of residents and workforce.

Legislatively dedicated infrastructure funding of \$2.5 million will help townships with improvements critical to serving rural areas. This effort recognizes the broad geographic distribution of our residents, both town and country.





➔ \$40.9 Million

FY15 spending levels down slightly, with increased resources dedicated to legislative initiatives.

Additional investments in development projects last year resulted in a \$5.7 million spend down in carryforward, reducing this year’s estimate to \$6 million.

This budget is presented in seven parts, starting with a high level financial overview of resources and expenditures, followed by six budget sections and companion narratives. Note the addition of year-end reports in the Appendix, highlighting agency program results.

FY15 Budget

Iron Range Resources & Rehabilitation Board	FY 2014 Original Approved Budget	FY 2014 Modified Approved Budget	FY 2015 Budget Request
Resources			
Carryforward In	\$12,511,670	\$19,682,758	\$6,085,554
Current Resources			
Taconite Production Taxes	\$21,384,480	\$21,384,480	\$21,251,632
Investment Earnings	494,116	494,116	550,116
Loan Revenues	2,552,311	2,552,311	2,772,094
Facilities Revenues	4,806,250	4,806,250	4,231,768
Occupation Tax Region III	574,655	574,655	594,116
Taconite Homestead Credit Transfer	0	0	2,574,505
Iron Range School Collaboration	0	0	7,213,634
Subtotal Current Resources	\$29,811,812	\$29,811,812	\$39,187,865
Total Resources	\$42,323,482	\$49,494,570	\$45,273,419
Estimated Expenditures			
Projects			
Development Projects	9,000,000	12,447,000	9,050,000
Infrastructure	7,000,000	7,865,000	5,574,505
Total Projects	\$16,000,000	\$20,312,000	\$14,624,505
Programs			
Program Grants	5,131,572	5,631,572	4,595,000
Occupation Tax Region III	574,655	574,655	594,116
Total Programs	\$5,706,227	\$6,206,227	\$5,189,116
Giants Ridge	\$7,996,901	\$8,896,901	\$7,862,536
Operations & Development Fixed Costs	\$5,993,888	\$5,993,888	\$6,099,179
Giants Ridge Bond Redemption Repayment	\$2,000,000	\$2,000,000	\$0
Iron Range School Collaboration	\$0	\$0	\$7,213,634
Total Budget	\$37,697,016	\$43,409,016	\$40,988,970
Estimated Carryforward Out	\$4,626,466	\$6,085,554	\$4,284,449

Projects

Development Projects - \$9,050,000

A total of \$9,050,000 is designated for economic development projects to promote business development opportunities and attract new investments to the region. In an effort to streamline approvals, improve timeliness, and better serve businesses, the Commissioner will be authorized to approve loans up to \$500,000 for projects that meet the following conditions:

- Qualify for IRRRB financing under established guidelines.
- Approval by the Technical Advisory Committee (TAC).
- Sign-off by the IRRR Board Chair.

All projects over \$500,000 will be brought before the IRRR Board for approval at a subsequent meeting.

Infrastructure - \$5,574,505

Infrastructure grants help cities, townships, airport authorities, hospital boards, utility commissions and collaborative organizations complete projects that support community and economic development. Eligible projects include publicly owned infrastructure such as wastewater, drinking water, storm water and utility systems, health care and airport facility improvements and renewable energy or energy efficiency initiatives.

Projects Budget

Development Projects	FY 2014 Original Approved Budget	FY 2015 Modified Approved Budget	FY 2015 Budget Request
Development Projects	\$9,000,000	\$12,447,000	\$9,050,000
Infrastructure	7,000,000	7,865,000	5,574,505
Total Development Projects	\$16,000,000	\$20,312,000	\$14,624,505

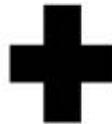
\$14 Million

Invested in communities

\$9 MILLION

Invested in Development

Promotes business growth
Attracts new investments
Job creation
Leverages private funding



\$5 MILLION

Invested in Infrastructure

Supports business development projects
Keeps property taxes down
Generates new tax revenue and tax base
Creates construction jobs



Programs

Grants

Community Development

Commercial Redevelopment - \$750,000

Commercial Redevelopment grants fund the demolition and removal of commercial or publicly-owned structures, or the clean-up of brownfield sites, making way for new development.

Residential Redevelopment - \$350,000

Residential Redevelopment grants help create cleaner and safer communities and encourage new construction by assisting in the demolition of dilapidated residential structures.

Business Energy Retrofit - \$500,000

Administered by AEOA and in partnership with municipal and state energy conservation programs, Business Energy Retrofit provides IRRRB funding assistance for energy conservation, efficiency and installation of renewable energy systems. IRRRB grants defray one-third of the cost of an individual businesses' investment. The remaining two-thirds come from an owner match or a low interest private loan. The program is aimed at helping existing businesses save money on energy expenses and create jobs in the construction sector.

Development Partnerships - \$250,000

This program funds the agency's partnerships with regional development entities. Past partnerships include: APEX - Northforce, East Range Joint Powers Board, Enterprise Minnesota, Entrepreneur Fund, Northland Connection regional economic development website, and Quad Cities Small Business Development Center. These partnerships match agency funds on development programs and initiatives that are consistent with IRRRB objectives.

Community Comprehensive Plan Updates - \$150,000

Grants help communities fund the development and adoption of comprehensive plans. The plans will better enable communities to make strategic long-term development decisions and will also aid IRRRB in making funding decisions.

Education/Workforce Development - \$300,000

Workforce Development Grants - \$300,000

Grants assist in workforce development by funding programs for industry, industry clusters, schools or collaborative partners that build capacity, responsiveness or innovation to address workforce needs. Funding is also available for secondary and post-secondary educational institutions to develop

and deliver curriculum that prepares students for a seamless transition from high school or post-secondary education to the workforce.

Mining & Mineland Reclamation

Mining & Mineland Reclamation - \$285,000

FY15 funded projects and programs will include mine pit fish stocking (\$15,000), emergency safety projects and repair (\$20,000), Mining and Mineral Development (\$100,000), and the Mining Impact Grant Program (\$150,000) that will stimulate communities to proactively address current and future conflicts with mining.

Laurentian Vision Partnership - \$200,000

Laurentian Vision Innovation project grants encourage and help fund collaborations between mining companies and local governments. Eligible projects advance the Laurentian Vision Partnership's goal to create post-mining landscapes that benefit Iron Range communities.

Culture and Tourism

Culture and Tourism - \$185,000

Culture and Tourism grants help non-profit organizations undertake projects that stimulate tourism and enrich communities through artistic, heritage-related or recreational activities.

Minnesota Discovery Center - \$1,350,000

Minnesota Discovery Center'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."

Through FY 2016 the Sublease/Management Agreement provides an annual \$1,000,000 operating subsidy, the interest on an endowment fund and a \$250,000 challenge grant for operating or endowment fund raising. In addition to these financial terms, the budget includes \$100,000 for building capital improvements.

Commissioner Program - \$250,000

Grants under the Commissioner Program allow the agency to respond quickly to emergency situations or to support development opportunities that may not meet other program requirements.

Application Fund - \$25,000

The agency reimburses communities, non-profits and educational organizations for up to one-half of the cost of applying for funding from other state, federal or private grant programs.

Programs Budget

Program Grants	FY 2014 Original Approved Budget	FY 2014 Modified Approved Budget	FY 2015 Budget Request
Community Development			
Commercial Redevelopment	\$1,000,000	\$1,000,000	\$750,000
Residential Redevelopment	350,000	350,000	350,000
Home Energy Improvement	500,000	500,000	0
Business Energy Retrofit	0	500,000	500,000
Development Partnerships	250,000	250,000	250,000
Community Comprehensive Plan Updates	200,000	200,000	150,000
Total Community Development	\$2,300,000	\$2,800,000	\$2,000,000
Education/Workforce Development	\$300,000	\$300,000	\$300,000
Mining and Mineland Reclamation			
Mineland Reclamation and Restoration	\$285,000	\$285,000	\$285,000
Laurentian Vision Innovation Projects	250,000	250,000	200,000
Total Mining and Mineland Reclamation	\$535,000	\$535,000	\$485,000
Culture & Tourism			
Culture & Tourism	\$150,000	\$150,000	\$185,000
Minnesota Discovery Center	1,321,572	1,321,572	1,350,000
Total Culture & Tourism	\$1,471,572	\$1,471,572	\$1,535,000
Commissioner Program	\$500,000	\$500,000	\$250,000
Application Fund	\$25,000	\$25,000	\$25,000
Total Program Grants	\$5,706,227	\$6,206,227	\$4,595,000

Region III

State law directs IRRRB to serve as the fiscal agent for Carlton and Koochiching County (Region III) grants from occupation taxes for economic and environmental development projects. IRRRB does not make any funding decisions, but funds pass through under the following provisions:

- The 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.
- The amount for both counties in FY14 was \$574,655, from which IRRRB 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.

Region III Grant – Carlton/Koochiching	FY 2014 Original Approved Budget	FY 2014 Modified Approved Budget	FY 2015 Budget Request
Region III	\$574,655	\$574,655	\$594,116

GIANTS RIDGE EVENT CENTER



ECONOMIC IMPACT FOR IRRRB SERVICE AREA

\$4.8 Million

The event center is forecasted to collect an average of just over \$4.8 Million in revenue

\$7.9 Million

This will generate \$7.9 Million in annual output spending in St. Louis County

Job Creation



Construction Jobs: 62 Full Time Equivalent: 28 Retained Jobs: 120

100,000+

Giants Ridge attracts over 100,000 visitors annually from Minnesota, the United States and Canada

Giants Ridge Recreation Facility

The mission of Giants Ridge is to develop and promote tourism and recreational opportunities for the economic enhancement and diversification of the IRRRB service area. Giants Ridge features 36 holes of championship golf and a winter sports area.

The Giants Ridge recreation area is comprised of 10,000 acres of land of which IRRRB owns 1,850 acres.

FY15 budget support includes transition costs for construction of a new Giants Ridge event center. This shovel-ready project will create a multi-use, year-round destination attraction that supports area tourism and local residents. It will replace a 30-year old facility with aging and energy inefficient infrastructure.

The proposed event center will provide:

- recreation services
- winter sports school
- winter/summer equipment rentals
- banquet and conference space
- food and beverage venues

Giants Ridge Budget

Giants Ridge	FY 2014 Original Approved Budget	FY 2014 Modified Approved Budget	FY 2015 Budget Request
Revenues			
Admissions	\$2,433,422	\$2,433,422	\$2,564,228
Facility Rental	116,495	116,495	43,406
Other Revenue	215,117	215,117	146,186
Retail Sales	1,706,425	1,706,425	1,203,157
Total Revenues	\$4,471,459	\$4,471,459	\$3,956,377
Expenses			
Cost of Sales	\$ 829,846	\$ 829,846	\$ 558,953
Salaries & Benefits	3,896,256	3,896,256	3,933,959
Utilities	312,552	312,552	315,465
Advertising & Marketing	505,332	505,332	495,488
Equipment Rental	161,515	161,515	5,450
Management Fees	138,963	138,963	127,572
Maintenance & Repairs	505,973	505,973	597,378
Supplies	409,276	409,276	380,268
Insurance	101,874	101,874	107,698
Purchased Services	564,031	564,031	399,664
Capital and Non-Capital Assets	469,926	1,369,926	537,274
Total Operational Expenses	\$7,895,544	\$8,795,544	\$7,459,169
Non Operational Expenses			
Interest	\$101,357	\$101,357	\$3,367
Event Center Transition Costs	0	0	400,000
Total Non-Operational Expenses	\$101,357	\$101,357	\$403,367
Total Expenditures	\$7,996,901	\$8,896,901	\$7,862,536

Operational Costs

Operational costs include day-to-day general and administrative expenses for running the agency: payroll, purchased services, indirect costs, supplies, materials, repairs and maintenance. Personnel expenses include all Operations and Development employees.

Operational Costs Budget

Operational Costs	FY 2014 Original Approved Budget	FY 2014 Modified Approved Budget	FY 2015 Budget Request
Payroll			
Wages and Benefits	\$3,458,179	\$3,458,179	\$3,752,907
Retirement Insurance	252,555	252,555	179,000
Unemployment Compensation	100,000	100,000	100,000
Workers Compensation	137,000	137,000	120,000
Other Payroll Costs	15,400	15,400	16,500
Total Payroll	\$3,963,134	\$3,963,134	\$4,168,407
Purchased Services			
Rentals and Utilities	76,780	76,780	60,220
Printing and Advertising	62,814	62,814	44,400
Professional/Technical Services	280,700	280,700	470,400
Computer and Computer Services	95,800	95,800	113,500
Communications	131,300	131,300	145,560
Travel	177,150	177,150	214,200
Employee Development	44,300	44,300	43,500
Total Purchased Services	\$868,844	\$868,844	\$1,091,780
Supplies and Equipment	\$439,570	\$439,570	\$417,400
Repairs and Maintenance	\$339,740	\$339,740	\$184,000
Indirect Costs			
Statewide Indirect Costs	\$106,000	\$106,000	\$44,592
Attorney General Costs	120,000	120,000	15,000
Total Indirect Costs	\$226,000	\$226,000	\$59,592
Other Operating Costs	\$156,600	\$156,600	\$178,000
Total Operational Costs	\$5,993,888	\$5,993,888	\$6,099,179

APPENDIX

Program Reports

The Appendix materials begin on the next page and feature:

- A memo highlighting IRRRB business assistance trends
- FY14 reports for each agency grant program



Iron Range Resources & Rehabilitation Board

P.O. Box 441
4261 Highway 53 South
Eveleth, Minnesota 55734-0441
(218)735-3000 • 800-765-5043
Fax: (218)735-3047

To: Iron Range Resources and Rehabilitation Board

From: Tony Sertich
Commissioner

Date: June 13, 2014

Re: BUSINESS ASSISTANCE TRENDS

IRR RB’s business assistance programs are focused on helping businesses retain and grow jobs, expand and diversify northeastern Minnesota’s economy. The past two fiscal years (FY13 – FY14) have seen an increase in local businesses assisted. The following highlights notable business assistance trends over the past five years.

IRR RB Business Loans - Past Five Years (millions)



**Note: Includes projects funded from the DJJ Trust*

Past Two Years - Large Project Highlights

\$7.5 Million

Chisholm-Hibbing Airport
(DMR)

\$5.9 Million

Delta Airlines

\$21.2 Million

Segetis

Past Two Years - Projects \$2 million and under

QUICK FACTS



Total businesses assisted: 56



Average jobs created: 11

\$675,000

Average loan amount

IRRRB Businesses Assisted - Past Five Years



Loan Guaranty Program - \$1 Million Dollars



LOCAL BUSINESS LOAN GUARANTY PROGRAM

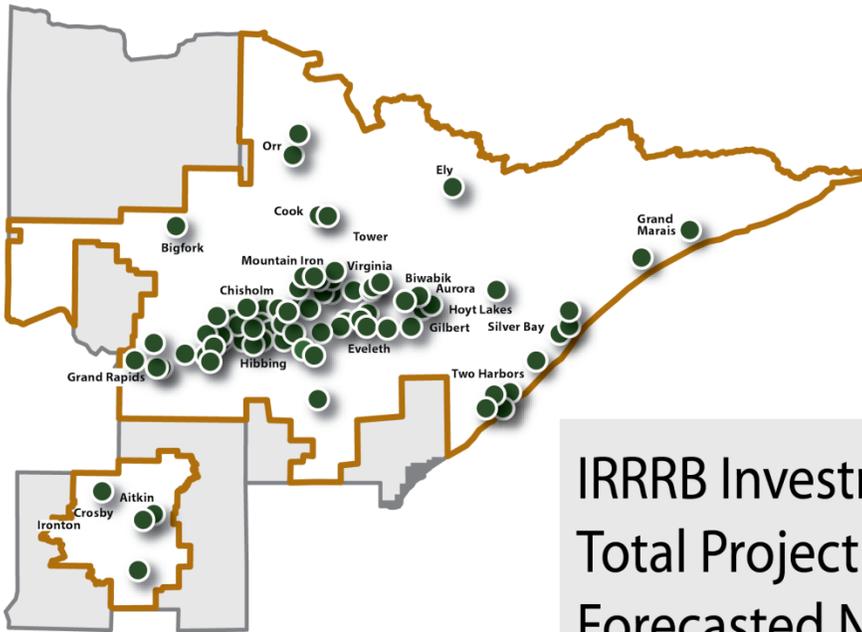
BORROWER	LOAN AMOUNT	IRRRB GUARANTY
JPJ Engineering, Inc.	\$150,000	\$75,000
Aysta Water, Inc.	\$30,000	\$15,029
Lenci Enterprises, Inc.	\$175,000	\$72,000
KMDA, Inc.	\$100,000	\$75,000
Amptek, Inc.	\$50,000	\$0
Parrk Paving, Inc.	\$60,000	\$31,699
Ciao of Side Lake, Inc.	\$55,950	\$39,233
Pure Driven, LLC	\$100,000	\$61,580
Premier Plastics, Inc.	\$114,960	\$0
Cherish, LLC	\$30,000	\$0
David A. Olson Logging	\$25,000	\$18,750
Tek-Car Metal, LLC	\$100,000	\$65,300
Sullivan Candy & Supply	\$12,000	\$6,892
Atrium Restaurant, Inc.	\$15,000	\$8,535
Ryan's Rustic Railings	\$40,000	\$0
MNStar Technologies, Inc.	\$150,000	\$75,000
Guyer's Corner Store	\$100,000	\$75,000
Spectrum Housing	\$100,000	\$75,000
Derek Gustafson, D.D.S.	\$85,000	\$63,750
Silver Lake Floral	\$18,000	\$13,500
As of June 12, 2014	\$1,510,910	\$771,267
	Budget	\$1,000,000
	Available	\$228,733

Recommendations

The loan guaranty program has invested almost \$800,000 to-date. Each loan guaranty timeframe is dependent upon the term of the loan, up to five years. In order for the loan team to continue on this positive trend of businesses assistance, it is necessary to have the funds available to support future business expansions. As noted above, we've invested over \$1 million dollars a month in business loan support alone to businesses. Not including Segetis, we've spent a little less than \$9 million a year for the past five years.

The Loan Guaranty Program and the Desk Approval for Loans under the specified dollar amount are necessary tools for Fiscal Year 2015 and need to be continued.

IRRRB Business Assistance - Past Two Years



IRRRB Investment: **\$44 million**

Total Project Investment: **\$164 million**

Forecasted New Jobs: **797**

(FTE Construction: 245 Permanent: 552)

Purpose

To help cities, townships, airports, hospitals and collaborative organizations complete infrastructure projects that support community and business development.

Why is this important?

- Supports business development projects
- Keeps property taxes down
- Generates new tax revenue and tax base
- Creates construction jobs

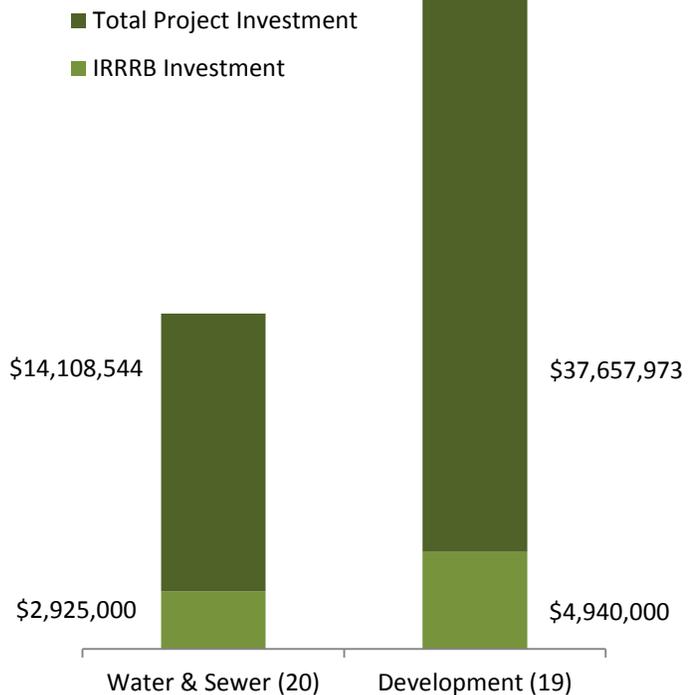
How are we doing?

- \$7,865,000 program budget
- 100% allocated
- 39 grants awarded (35 communities)
- \$52,930,274 total project investment

What are we doing?

The grant program invested \$7,865,000 in 35 communities for 39 development or water and sewer projects. Projects included new business development, business expansion, new housing development and replacement of water and sewer lines for cities and townships.

FY14 Program Investments





Commercial Redevelopment Grant Program FY14 Report

Purpose

To assist in the demolition of commercial buildings, publicly-owned structures, or the cleanup of Brownfield sites to make way for new development.

Why is this important?

Communities struggle with problems associated with aging buildings that become dilapidated or abandoned. Dilapidated buildings decrease property values and increase public health and safety hazards.

How are we doing?

- \$1,000,000 program budget
- \$585,963 allocated
- 11 buildings demolished and removed
- 4 new or expanded businesses

What are we doing?

The current program reimburses communities up to two-thirds of the total cost of each project. It can be challenging for cities faced with larger commercial demolition projects to obtain necessary funding, therefore, we will continue to work with cities to align additional funding from DEED and CDBG.

FY14 Program Investments





Residential Redevelopment Grant Program FY14 Report

Purpose

To assist in the demolition of dilapidated residential structures to create cleaner, safer communities and to encourage new construction.

Why is this important?

The projected rate of growth of dilapidated structures was estimated at 60 per year in 2013. We anticipate the need for removal in participating communities will exceed the original estimated rate of growth.

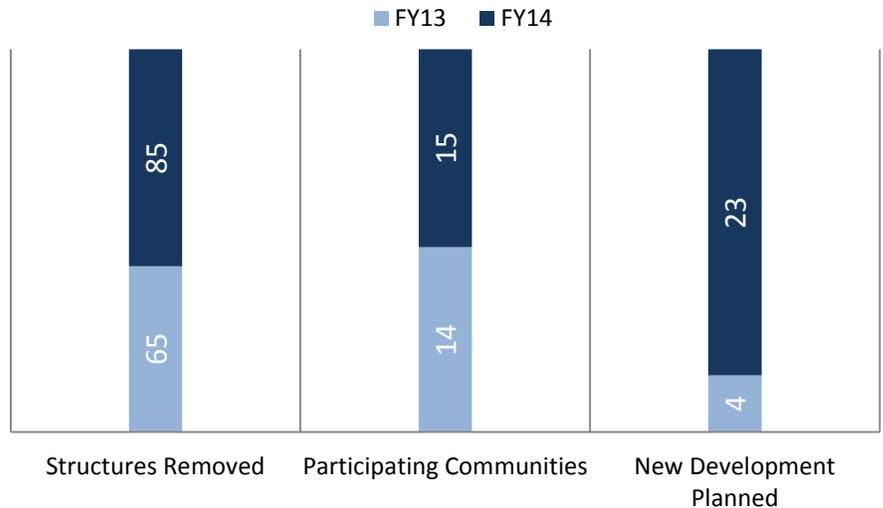
How are we doing?

- \$350,000 program budget
- 100% budget allocated
- 17 grants awarded to communities

What are we doing?

In FY14, the program reimbursed communities \$3 per square foot for the removal of basements and has been well received by participants. For projects located in St. Louis County, the St. Louis County Lands & Minerals Department has been a good partner by helping pay for asbestos inspection and removal costs, on a case-by-case basis, for tax-forfeit residential structures.

FY13 & FY14 Program Results



Purpose

Administered by the Arrowhead Economic Opportunity Agency, grant funds are provided for energy conservation, efficiency and installation of renewable energy systems. The program is aimed at helping businesses save money on energy expenses and create jobs in the construction sector.

Why is this important?

The BER Program provides multiple benefits to both participating businesses and to the community:

- Businesses save money on energy every day, every month and every year
- Jobs are created for contractors and vendors
- Improvements go directly to businesses and are available for all sectors and sizes
- Improvements help businesses to be more competitive, maintaining or increasing employment levels

How are we doing?

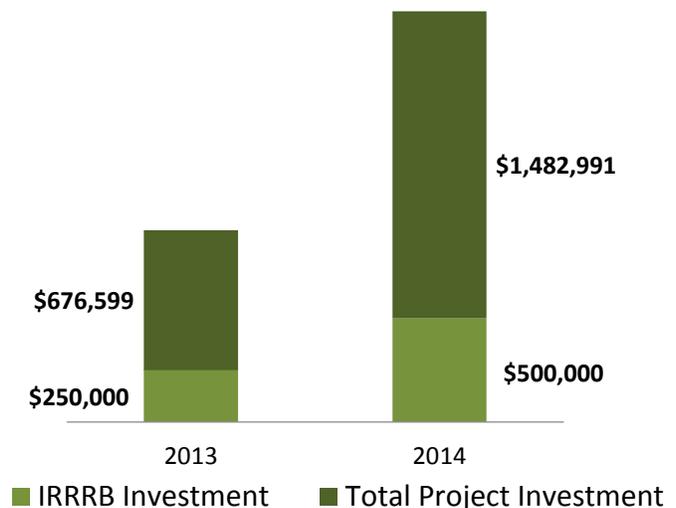
- \$500,000 program budget
- 100% allocated
- 34 project grants awarded
- \$1,482,991 total project investment

What are we doing?

This program has been a great local success story. Main street businesses are seeing the results of the energy investments and improvements. Local contractors are providing energy improvements to businesses.

AEOA currently has 46 applications from business owners anticipating program funding for 2015. There are an additional 15 businesses who have contacted AEOA and are interested in the program.

FY13 & FY14 Program Investments





Development Partnerships Grant Program FY14 Report

Purpose

To provide funds for research, education, and development-based initiatives, which support the long-term economic growth of northeastern Minnesota.

Why is this important?

IRRRB collaborates with regional economic development partners to help expand and attract businesses. By collaborating with other public and private sectors, we can initiate, implement, and innovate programs that promote business and community development.

How are we doing?

- \$250,000 program budget
- \$238,933 allocated
- 7 grants awarded to program partners
- \$683,000 total program investment

FY14 Program Highlights

Business Development Representative

- Funded a business development representative through the University of Minnesota Duluth Center for Economic Development, who assists area businesses and entrepreneurs with business plan development, feasibility and financial analysis, market research, loan packaging and more.

Wood Fiber Study

- Funded a comprehensive wood fiber study in partnership with Minnesota Power, Allete Clean Energy, Great River Energy, and APEX. The study focused on three 75-mile market areas covering NE MN and NW WI. Study findings have aided in recruiting new businesses, such as Segetis, to the area.

What are we doing?

IRRRB works with regional partners on a variety of activities including project financing, matchmaking and networking, site selection and entrepreneurial efforts.

Purpose

To assist communities in the development and adoption of comprehensive plans.

Why is this important?

A comprehensive plan provides a long-range guide to the future for each community or region in the IRRRB service area and defines the way a community wishes to grow and develop. Planning helps produce better communities, environments and economies.

How are we doing?

- \$250,000 program budget
- \$129,837 awarded
- 12 grants awarded

What are we doing?

IRRRB requires all cities within the service area to develop or update their comprehensive plan to qualify for future funding. The program reimburses communities up to one-half of the total cost of each project. The comprehensive plans will provide community leaders and IRRRB with a guide to making long-term development decisions.

FY14 Program Participation



Purpose

To support programs that emerge from industry, industry clusters, schools, or collaborations that build capacity, increase responsiveness or innovation to address workforce needs. Funds may also be granted to secondary and post-secondary education institutions to develop and deliver curriculum that prepares students for a seamless transition from high school or post-secondary school to the workforce.

Why is this important?

- Regional employers require an innovative, highly skilled and technologically advanced workforce to remain competitive in an ever changing global economy
- Many small to medium size companies lack access to workforce development training funds
- Students require industry specific post-secondary training and education to gain employment

How are we doing?

- \$300,000 program budget
- \$114,800 allocated

What are we doing?

Working with regional companies and organizations to address workforce and training needs of mining, manufacturing, healthcare, power generation, pulp/paper and customer service sectors. The program also funds the development of new sector specific academic programs designed for industry partners, regardless of size.

Enrollment



2,532

Superior Innovations Project:
completion rate of 97%

Provided local access to college education and training in the North Shore region



321

Healthcare Simulation Training
Modules: Completion rate of 100%

Trained regional healthcare workers on a state-of-the-art, mobile "SimLab" semi-truck

Purpose

To provide funding to address emergency safety projects, support mining and mineral development activities, help communities identify and resolve issues resulting from mining impacts and stock rainbow trout in the mine pits.

Why is this important?

Mining-related activities, such as mineral exploration, development, extraction, and processing, impact the region. Mining impact funds help to proactively identify existing or potential mining influences on the region's communities.

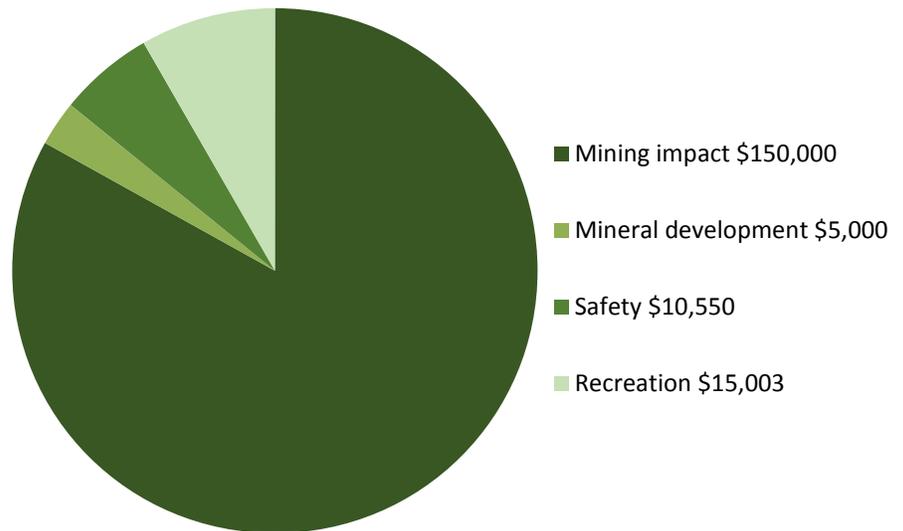
How are we doing?

- \$285,000 program budget
- \$180,553 allocated

What are we doing?

In FY14, the Mining Impact grant budget was spent on two projects – Deceleration Lane for Hwy 169 near Coleraine and the Hibbing Taconite expansion's land issues. In addition, when an underground mine shaft in McKinley became exposed creating a safety hazard, the agency promptly constructed a fence around the site to prevent accidents. For recreational purposes, rainbow trout were stocked in six mine pits across the Mesabi Iron Range.

FY14 Program Investments



Purpose

To assist collaborations between mining companies and local governments. Eligible projects advance the Laurentian Vision Partnership’s goal to create post-mining landscapes that benefit Iron Range communities.

Why is this important?

- **Preserve** lands necessary to sustain current and future mining
- **Promote** landscape options for post-mining uses
- **Identify** and discuss new development opportunities
- **Provide** the tools to achieve these goals

How are we doing?

- \$250,000 program budget
- \$168,000 awarded
- \$578,285 total project investment

What are we doing?

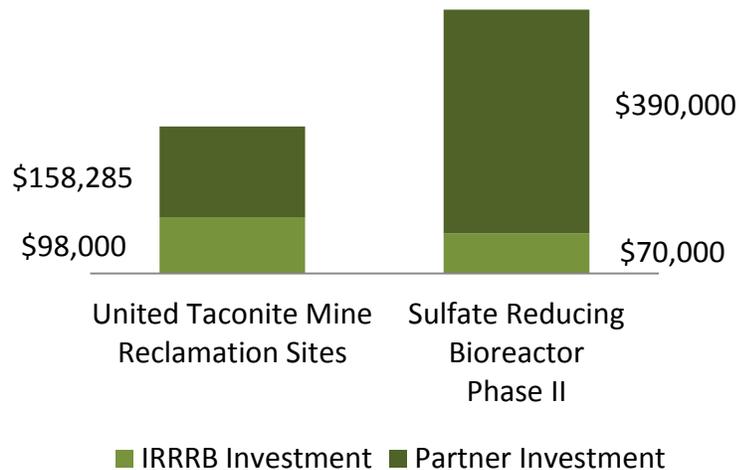
The program supported two projects in FY14:

1. Reclaimed two mine sites to a natural landscape through sloping and tree planting.
2. Funded the Sulfate Reducing Bioreactor Phase II Testing with goals for increased volumes, greater efficiencies and demonstration of year-around feasibility.

Projects by Key Performance Area 2006-2014



FY14 Program Investment



Purpose

To stimulate tourism and enrich communities through support of artistic, heritage-related, tourism or recreational activities.

Why is this important?

Cultural arts, tourism and recreational activities support local economic vitality by attracting new and visiting populations.

Key performance areas

- Presence of opportunities for cultural participation at events, venues and parks
- Improvements to or construction of exhibits, structures or recreational amenities; and
- Support for marketing and promotion initiatives.

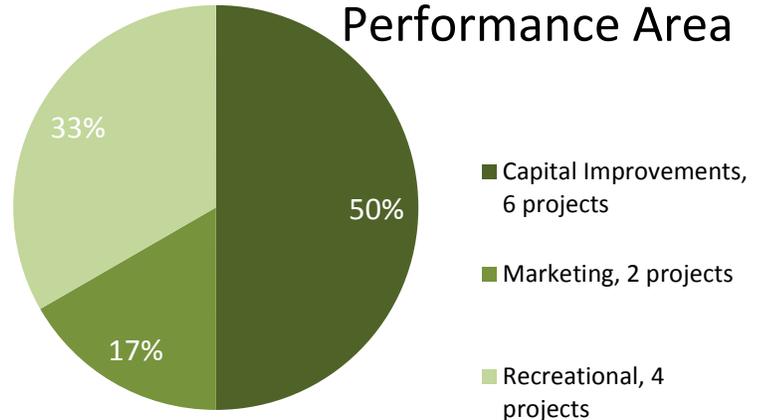
How are we doing?

- \$150,000 program budget
- \$145,466 allocated
- 12 grants awarded
- \$516,082 total project investment

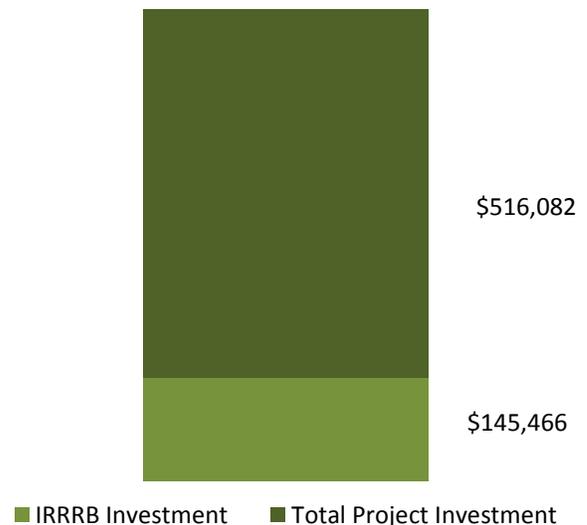
What are we doing?

Instead of an annual application deadline, grant applications are now accepted throughout the year so the number of grants awarded to date in 2014 varied from previous years. We expect to receive new applications, equal to or exceeding 2013 requests through the end of fiscal year 2014.

Projects by Key Performance Area



FY14 Program Investments



Purpose

To reimburse communities, non-profits and educational organizations for up to one-half of the cost of applying for funding from other state, federal or private grant programs.

Why is this important?

Communities face competition for grant and loan assistance. Most communities rely on regional consultants to prepare applications for funding, and the costs associated with grant writing can be substantial. For a minimal investment by IRRRB, the return for a community receiving grant funds can be very significant.

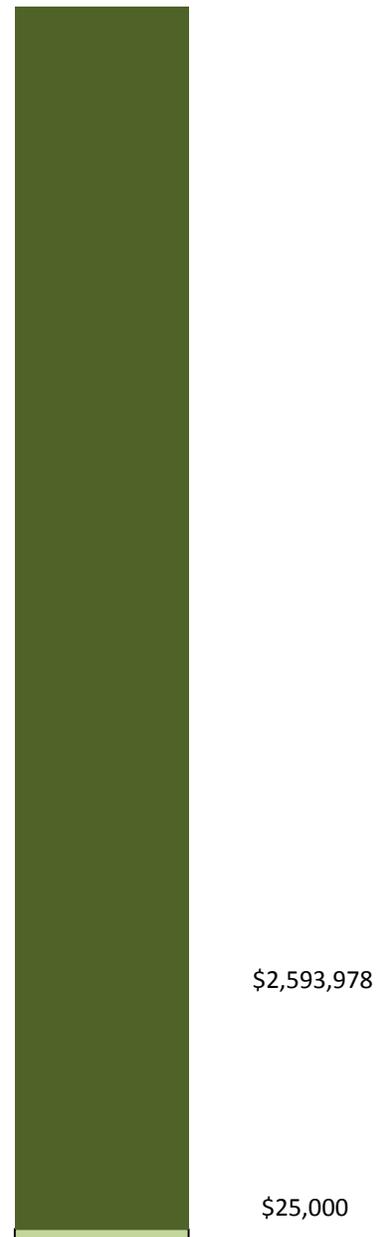
How are we doing?

- \$25,000 program budget
- 100% allocated
- 10 grants awarded
- \$2,593,978 total grant dollars received

What are we doing?

The program is helping our communities receive grant dollars to complete community and business development projects.

FY14 Program Investments



■ Total Grants Received from Other Sources
■ IRRRB Investment