

**IRRRB Meeting Minutes**  
**Tuesday, May 19, 2015 – 10:00 a.m.**  
**State Office Building, Room 300 South**  
**St. Paul, Minnesota**

**1) Roll Call**

Representative David Dill, Board chair, called the meeting to order at approximately 9:59 a.m. Present: Representative Tom Anzelc, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni. Excused: Senator Rod Skoe. Minute Taker: Lauren Hall, Executive Assistant. Also present: Mark Phillips, Commissioner; Mary Finnegan, Deputy Commissioner, Joe Radinovich, Assistant Commissioner, Al Becicka, IRRRB Legal Counsel; Steve Peterson, Executive Director of Development; Linda Johnson, Director of Giants Ridge; Chris Ismil, Community Development Representative, Bob Scuffy, Accounting Director; Sheryl Kochevar, Media Coordinator; Marianne Bouska, Chief Operating Officer; Brian Hiti, Senior Policy Advisor on Mining; Dave Kallio, Accounting Officer Principal.

**2) Approval of the February 10, 2015, Minutes**

*Action required: Approval requires a simple majority of the quorum*

Senator Tom Bakk moved approval of the February 10, 2015, minutes. Seconded by Representative Dale Lueck. Motion carried.

**Voting in Favor of the Motion:** Representative Tom Anzelc, Representative David Dill, Representative Carly Melin, Representative Jason Metsa, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Rod Skoe, Senator David Tomassoni

**3) FY2016 IRRRB Budget – Resolution #15-021**

*Action required: Approval requires a simple majority of the quorum*

Senator Tom Saxhaug moved to approve the FY 2016 IRRRB Budget as presented in Board Packet materials (Exhibit A) and Resolution #15-021. 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, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
FISCAL YEAR 2016 AGENCY BUDGET APPROVAL**

**Resolution No.: 15-021**

**WHEREAS**, the Commissioner, pursuant to the provisions of Minnesota Statutes Section 298.22, Subdivision 11, has submitted to the Board for its consideration and approval a proposed fiscal year 2016 ("FY16") budget for the funding of operational expenditures, programs and projects of the agency during the State's FY16 which covers the period of time from July 1, 2015, through June 30, 2016 (the "**Proposed FY16 Budget**"); and

**WHEREAS**, the Board met in Room 300 South of the State Office Building in St. Paul, Minnesota, on Tuesday, May 19, 2015, at 10:00 a.m. to consider, among other matters, the Proposed FY16 Budget; and

**WHEREAS**, the Board, after careful deliberation of the current and future resources anticipated to be available to the agency, has concluded that it would be in the best interests of the agency and the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 ("**TAA**") to approve the Proposed FY16 Budget and to approve the requested expenditures of funds made available to the Commissioner under the provisions of Minnesota Statutes Section 298.22 ("**Board Account**"), Section 298.223 ("**Taconite Area Environmental Protection Fund**"), Sections 298.291 through 298.294 ("**Douglas J Johnson Economic Protection Trust Fund**") and Section 298.17 ("**Occupation Tax Funds**") for the projects and purposes, in the amounts, and to the extent requested for final approval authorization in the Proposed FY16 Budget.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Board approves the Proposed FY16 Budget and the expenditure authorizations therein requested from the Board Account, Taconite Area Environmental Protection Fund, Douglas J. Johnson Economic Protection Trust Fund and Occupation Tax Funds to fund the operational expenditures, programs and projects of the FY16 Budget, subject to the understanding that the Board at subsequent meetings during FY16 will approve, on a project-by-project basis, the expenditure of the funding designated in the projects section of the Budget except as otherwise provided in the Budget, and subject to the understanding that the Commissioner's authority to approve loans up to \$500,000 as described in the Project section of the Budget does not extend beyond June 30, 2016 without further Board approval.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19<sup>th</sup> DAY OF MAY 2015.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator David Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative David Dill	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Carly Melin	<b>X</b>			
Representative Jason Metsa	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

Signed: \_\_\_\_\_  
 Representative David Dill, Chair

**4) FY16 Infrastructure Projects – Resolution #15-022**

*Action required: Approval requires a simple majority of the quorum*

Representative Jason Metsa moved to approve the expenditure of TEPF Public Works Funds for certain community and economic development projects not to exceed \$1,625,000 as presented in Resolution #15-022. Seconded by Senator David Tomassoni. Motion carried.

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

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Rod Skoe

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

**Resolution No.: 15-022**

**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 fiscal year 2016 ("FY16") Budget includes the allocation of up to \$6,000,000 for Public Works Projects from TEPF Funds (“**TEPF Public Works Funds**”); and

**WHEREAS**, the Commissioner has received proposals for the expenditure of up to \$1,625,000 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 May 19, 2015, in Room 300 South of the State Office Building located 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 \$1,625,000 of FY16 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 FY16 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 FY16 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 19<sup>th</sup> DAY OF MAY 2015.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator David Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative David Dill	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Carly Melin	<b>X</b>			
Representative Jason Metsa	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

Signed: \_\_\_\_\_  
 Representative David Dill, Chair

**City of Cook****Grant Amount: \$200,000**

Infrastructure, site work and the construction of a new Emergency Services Facility for the Lake Vermilion Fire Brigade. The Lake Vermilion Fire Brigade supports fire, search and rescue, and emergency medical situations within a 61 sq. mile service area, including several townships and unorganized townships that lack fire or medical emergency services. The project is expected to create 3 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Site Work	\$27,886	IRRRB	\$200,000
Building	385,000	Lake Vermilion F.B.	212,886
<b>TOTAL</b>	<b>\$412,886</b>	<b>TOTAL</b>	<b>\$412,886</b>

**City of Cook****Grant Amount: \$50,000**

Infrastructure, site work and construction for a new 4500 sq. ft. Community Center. The community of Cook has undertaken this Cook Community Center Development Project for the last five years and has raised over \$257,000 and additionally had over \$200,000 in volunteer construction labor. This is a grass roots project supported by the community of Cook and surrounding townships.

<u>USES</u>		<u>SOURCES</u>	
Site Work	\$75,000	IRRRB	\$50,000
Building	512,696	Legislative	50,000
		St. Louis County	5,130
		City	482,566
<b>TOTAL</b>	<b>\$587,696</b>	<b>TOTAL</b>	<b>\$587,696</b>

**City of Ely****Grant Amount: \$200,000**

Infrastructure, roads and site work for the expansion of the Ely Business Park. The city is investing in the development of a new business park on Miners Drive. The current business park recently sold its last lot to Steger Mukluks' Manufacturing Facility as part of their business expansion. Currently, there are 7 businesses with 178 jobs in the business park and currently there are no lots available for new development. The new business park will be used for light industrial/manufacturing type businesses and is located on reclaimed railroad and mining property that was acquired by the City of Ely when the mine closed over 50 years ago. The project is projected to create 6 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$815,000	IRRRB	\$200,000
A&E	125,000	DEED	200,000
		City	540,000
<b>TOTAL</b>	<b>\$940,000</b>	<b>TOTAL</b>	<b>\$940,000</b>

**City of Grand Marais****Grant Amount: \$100,000**

Water, sewer, utilities extension, and site work for renovation and expansion of the Cook County North Shore Hospital & Care Center, which is a 16-bed critical access hospital and 37-bed Skilled Nursing Facility located in the city of Grand Marais. In addition to the hospital and care center, the organization also operates a home health agency and an ambulance service, and is the largest employer in the region with 150 jobs. The proposed project is the addition of one hospital patient room wing, two care center resident room wings, and extensive remodeling to the existing hospital and care center building. The construction of additional space will be 26,150 square feet and the renovation of 42,680 square feet will include every area of the existing hospital and Care Center. The project is projected to create 3 permanent jobs and 146 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$ 1,156,715	IRRRB	\$ 100,000
A&E	1,529,472	DEED	250,000
Equipment	1,806,500	USDA	24,357,500
Facility Renovation/Addition	20,214,813		
<b>TOTAL</b>	<b>\$24,707,500</b>	<b>TOTAL</b>	<b>\$24,707,500</b>

**City of Hibbing****Grant Amount: \$300,000**

Water, sewer, utilities, roads, and site work for a new 32-unit housing development project. The Hibbing HRA currently owns and operates 252 units of public housing and will own and operate the new 32 town home units. Forest Park East will consist of 8 town home units located across from Vic Power Park and Forest Park West will consist of 24 town home units located on West 47<sup>th</sup> Street across from the Real Life Co-op Senior Apartments. The project is expected to create 45 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and roads	\$686,080	IRRRB	\$300,000
Land	327,500	MHFA	691,000
Town Homes	4,980,326	Hibbing HRA	440,910
A & E	778,500	Federal Tax Credits	5,172,305
Contingency	204,530	SLC HRA	250,000
<b>TOTAL</b>	<b>\$6,976,936</b>	<b>TOTAL</b>	<b>\$6,976,936</b>

**City of Mt. Iron****Grant Amount: \$75,000**

Sewer, force main pipe, and a new lift station to service five businesses and the development of 45,000 sq. feet of new commercial development on Miners Drive. The project is expected to create 7 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Lift station, sewer and force main	\$ 120,000	IRRRB	\$ 75,000
A & E	20,000	City	65,000
Building	1,000,000	Private	1,000,000

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**TOTAL**    \$1,140,000                      **TOTAL**    \$1,140,000

**Nashwauk Township**

**Grant Amount: \$150,000**

Infrastructure, site work, and construction for a new 5000 sq. ft. town hall. The current town hall has structural and safety issues, as well as lacking handicap accessibility. The cost to update the current hall exceeds the value in investing in a new modern town hall facility. The project is expected to create 5.5 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Water, sewer and site work	\$76,000	IRRRB	\$150,000
Land	47,500	Blandin	50,000
A & E	33,000	State	198,000
Building	626,760	Township	385,260
<b>TOTAL</b>	<b>\$783,260</b>	<b>TOTAL</b>	<b>\$783,260</b>

**City of Virginia**

**Grant Amount: \$250,000**

Infrastructure and site work for a new development on 9<sup>th</sup> Street North in Virginia. A new 15,000 sq. ft. Chrysler Dealership will be built on the former East Range Clinic site. The project is expected to create 20 permanent jobs and 16 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Utilities and site work	\$ 444,000	IRRRB	\$ 250,000
Building	1,992,000	Private	2,243,770
A & E	45,000		
<b>TOTAL</b>	<b>\$2,488,725</b>	<b>TOTAL</b>	<b>\$2,488,725</b>

**City of Virginia**

**Grant Amount: \$300,000**

Phase II of the Joy Global Expansion Project includes the continued site development at the Joy Global Facility in the Virginia Business Park. When Joy Global moved to Virginia they built a \$25 million facility and started with 45 permanent jobs. They have created an additional 27 permanent jobs and are looking at future expansion. The expansion of the Joy Global production yard will allow for immediate business growth. The project is expected to create 3 permanent jobs and 6.5 construction jobs.

<u>USES</u>		<u>SOURCES</u>	
Site work	\$930,000	IRRRB	\$300,000
A & E	120,000	DEED	250,000
		City	600,000
<b>TOTAL</b>	<b>\$1,050,000</b>	<b>TOTAL</b>	<b>\$1,050,000</b>

5) **Other**

a) **Cornerstone Loan Guaranty – Resolution #15-023**

*Action required: Approval requires a simple majority of the quorum*

Senator David Tomassoni moved to approve the expenditure of up to \$350,000 of TEPF Business Development Funds to provide a two-year loan guaranty that will enable Cornerstone Villa, a 44-bed skilled nursing facility with 64 employees located in Buhl, to refinance high interest debt as presented in Resolution #15-023. 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, Representative Dale Lueck, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD  
OF THE STATE OF MINNESOTA  
TACONITE AREA ENVIRONMENTAL PROTECTION FUND  
CORNERSTONE LOAN GUARANTY PROJECT**

**Resolution No.: 15-023**

**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 fiscal year 2015 ("FY15") Budget includes the allocation of \$3,550,000 of TEPF Funds for Business Development Projects (“**TEPF Business Development Funds**”) of which \$700,000 remains available for expenditure; and

**WHEREAS**, the Commissioner has proposed the expenditure of up to \$350,000 of the TEPF Business Development Funds to provide a two-year loan guaranty that will enable Cornerstone Villa, a 44-bed skilled nursing facility with 64 employees located in Buhl, to refinance high interest debt as more specifically presented to the Board at its meeting (the “**Cornerstone Loan Guaranty Project**”); and

**WHEREAS**, the Board met in open session at 10:00 a.m. on May 19, 2015, in Room 300 South of the State Office Building located in St. Paul, Minnesota, to consider, among other matters, the Cornerstone Loan Guaranty Project, and has determined that the expenditure of up to



\$350,000 of TEPF Business Development Funds for the Project would be in the public interest and help promote economic development within the TAA.

**NOW, THEREFORE, IT IS RESOLVED**, that the Board hereby approves the expenditure of up to \$350,000 of FY15 TEPF Business Development Funds for the Cornerstone Loan Guaranty Project.

**PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 19<sup>th</sup> DAY OF MAY 2015.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator David Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative David Dill	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Carly Melin	<b>X</b>			
Representative Jason Metsa	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

Signed: \_\_\_\_\_  
 Representative David Dill, Chair

**b) Highway 1 Corridor Account Project – Resolution #15-024**  
*Action required: Approval requires a simple majority of the quorum*

Senator Tom Bakk moved to approve the expenditure of up to \$140,000 of Highway 1 Corridor Account Funds for an economic development project in the City of Tower to provide financing for an existing employer to improve its business, as presented in Resolution #15-024. Seconded by Representative Dale Lueck. Motion carried.

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

**Voting Against the Motion:** None

**Abstain:** None

**Excused:** Senator Rod Skoe

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

**Resolution No.: 15-024**

**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 \$140,000 of such Highway 1 Corridor Account Funds for an economic development project in the City of Tower 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 May 19, 2015, 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 \$140,000 of the Highway 1 Corridor Account Funds for a grant to the City of Tower for an economic development project, consistent with the proposal presented at the meeting.

**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 19<sup>th</sup> DAY OF MAY 2015.**

<b>Member</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Excused</b>
Senator Tom Bakk	<b>X</b>			
Senator Tom Saxhaug	<b>X</b>			
Senator Rod Skoe				<b>X</b>
Senator David Tomassoni	<b>X</b>			
Representative Tom Anzelc	<b>X</b>			
Representative David Dill	<b>X</b>			
Representative Dale Lueck	<b>X</b>			
Representative Carly Melin	<b>X</b>			
Representative Jason Metsa	<b>X</b>			
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

Signed: \_\_\_\_\_  
Representative David Dill, Chair

## **6) Adjournment**

The meeting adjourned at 10:29 a.m.

EXHIBIT A

FY16 Budget Narrative

# **FY 2016 Budget**



**Iron Range Resources &  
Rehabilitation Board**

# FY 2016 Budget Table of Contents

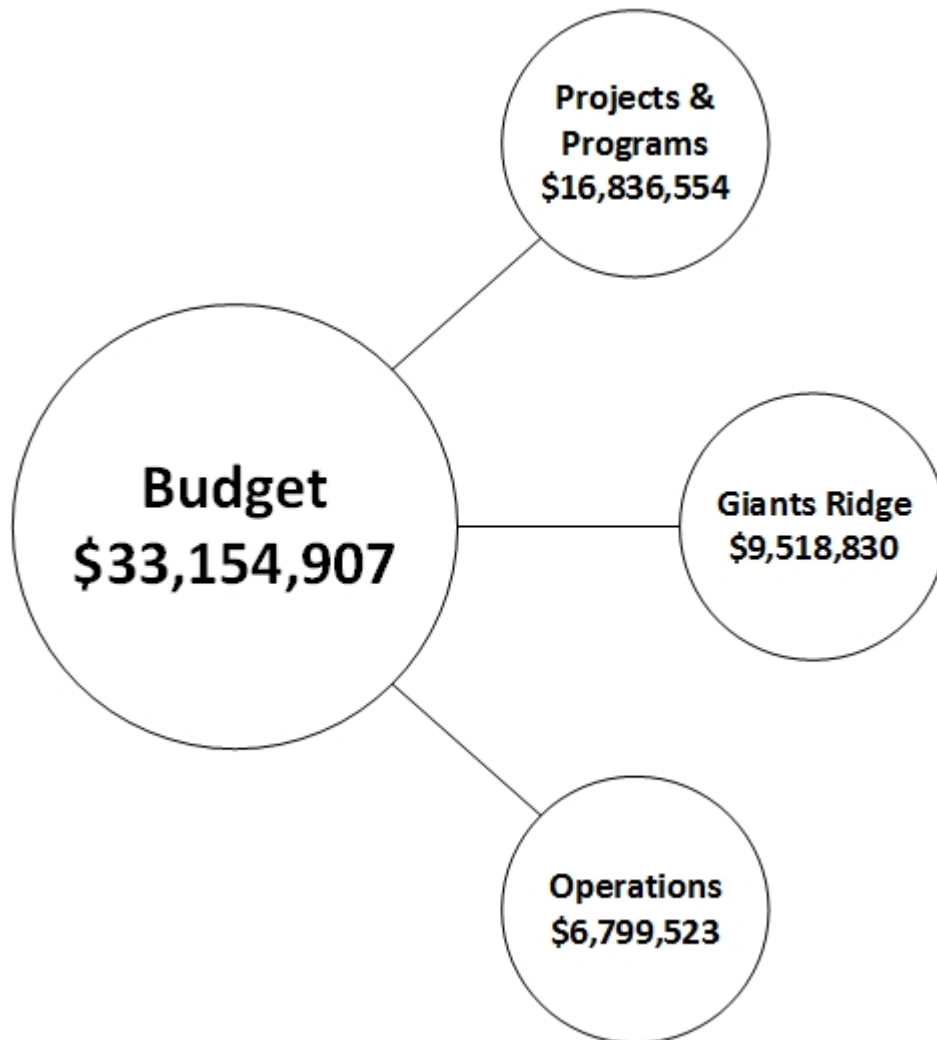
<b>INTRODUCTION .....</b>	<b>3</b>
<b>FY16 BUDGET .....</b>	<b>4</b>
<b>PROJECTS.....</b>	<b>5</b>
<i>Development Projects .....</i>	<i>5</i>
<i>Projects Budget .....</i>	<i>5</i>
<b>PROGRAMS.....</b>	<b>6</b>
GRANTS .....	6
<i>Community Development.....</i>	<i>6</i>
<i>Education/Workforce Development .....</i>	<i>6</i>
<i>Mining and Mineland Reclamation .....</i>	<i>7</i>
<i>Culture and Tourism .....</i>	<i>7</i>
<i>Commissioner Program .....</i>	<i>8</i>
<i>Application Fund .....</i>	<i>8</i>
<i>Programs Budget .....</i>	<i>8</i>
<b>REGION III .....</b>	<b>9</b>
<b>GIANTS RIDGE.....</b>	<b>10</b>
<i>Giants Ridge Budget.....</i>	<i>11</i>
<b>OPERATIONAL COSTS.....</b>	<b>12</b>
<i>Operational Costs Budget.....</i>	<i>12</i>

# Introduction

## FY16 July 1, 2015 – June 30, 2016

This proposed FY16 IRRRB budget represents the agency’s commitment to investing in a better future for northeastern Minnesota. It is organized in order of funding priorities - public investments in development projects and programs, Giants Ridge, and operational costs.

Development projects and programs account for 51% of the agency’s spending; Giants Ridge 29%; and operations 21%.



## FY16 Budget

<b>Iron Range Resources &amp; Rehabilitation Board</b>			
	<b>FY 2015 Budget</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
<b>Resources</b>			
Carryforward In	\$6,085,554	\$8,479,607	\$6,788,566
Current Resources			
Taconite Production Taxes	\$21,251,632	\$21,251,632	\$21,273,530
Investment Earnings	550,116	587,155	587,155
Loan Revenues	2,772,094	4,632,022	2,157,268
Facilities Revenues	4,231,768	4,110,817	4,177,513
Occupation Tax Region III	594,116	594,116	591,554
Taconite Homestead Credit Transfer	2,574,505	2,574,505	0
<b>Subtotal Current Resources</b>	<b>\$31,974,231</b>	<b>\$33,750,247</b>	<b>\$28,787,020</b>
<b>Total Resources</b>			
	<b>\$38,059,785</b>	<b>\$42,229,854</b>	<b>\$35,575,586</b>
<b>Estimated Expenditures</b>			
Projects			
Development Projects	9,050,000	9,050,000	5,000,000
Public Works	8,249,010	8,249,010	6,000,000
<b>Total Projects</b>	<b>\$17,299,010</b>	<b>\$17,299,010</b>	<b>\$11,000,000</b>
Programs			
Program Grants	4,595,000	4,470,000	5,245,000
Occupation Tax Region III	594,116	594,116	591,554
<b>Total Programs</b>	<b>\$5,189,116</b>	<b>\$5,064,116</b>	<b>\$5,836,554</b>
Giants Ridge			
	<b>\$7,862,536</b>	<b>\$7,751,006</b>	<b>\$9,518,830</b>
Operations & Development Fixed Costs			
	<b>\$6,099,179</b>	<b>\$5,327,155</b>	<b>\$6,799,523</b>
<b>Total Budget</b>			
	<b>\$36,449,841</b>	<b>\$35,441,287</b>	<b>\$33,154,907</b>
<b>Estimated Carryforward Out</b>			
	<b>\$1,609,944</b>	<b>\$6,788,566</b>	<b>\$2,420,679</b>



# Projects

## Development Projects - \$5,000,000

A total of \$5,000,000 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, with approval of the IRRR Board Chair, will be authorized to approve development projects of \$500,000 and less for projects that meet the following conditions:

- Qualify for IRRRB financing under established guidelines.
- Approval by the Technical Advisory Committee (TAC).

## Public Works - \$6,000,000

Public works grants help cities, townships, airport authorities, hospital boards, utility commissions and collaborative organizations complete projects that support community and economic development. Eligible projects include, but are not limited to, 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

<b>Development Projects</b>	<b>FY 2015 Budget</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
Development Projects	\$9,050,000	\$9,050,000	\$5,000,000
Public Works	8,249,010	8,249,010	6,000,000
<b>Total Development Projects</b>	<b>\$17,299,010</b>	<b>\$17,299,010</b>	<b>\$11,000,000</b>

# Programs

## Grants

### Community Development

#### **Commercial Redevelopment - \$900,000**

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.

#### **Development Partnerships - \$250,000**

The grant program funds partnerships with regional development entities for research, education, and development-based initiatives which support long term economic growth within the region and are consistent with IRRRB strategies. Past and present partnerships include: APEX, Northspan, East Range Joint Powers Board, Enterprise Minnesota, MN Power, MN Logger Education Program, Arrowhead Manufacturers & Fabricators Association, and Quad Cities Small Business Development Center.

#### **Community Comprehensive Plan Updates - \$150,000**

The grant program helps communities fund the development and adoption of comprehensive plans. Comprehensive plans provide a long range vision for how each community desires to grow and develop. The plans will better enable communities to make long term development decisions and will also aid IRRRB in making funding decisions.

### **Education/Workforce Development - \$300,000**

Grants assist in workforce development by funding sector specific customized training programs for industry, industry clusters, schools or collaborative partnerships 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 and Mineland Reclamation**

### **Mining & Mineland Reclamation - \$435,000**

FY16 funded projects and programs will include mine pit fish stocking (\$15,000), emergency safety projects and repair (\$20,000), the Mining Impact Grant Program (\$150,000) that will stimulate communities to proactively address current and future conflicts with mining, and the Drilling Incentive Grant Program (\$250,000) to stimulate additional exploration in Minnesota – primarily for manganese and gold.

### **Laurentian Vision Partnership - \$200,000**

The Laurentian Vision Partnership Innovation Grant Program assists cities, townships, mining companies or joint powers boards with projects to promote the LVP vision and mission of “transforming pits and piles to living lakes and landscapes...our legacy for the future.” Grant funds are used to preserve lands that sustain current and future mining, promote landscape options for post-mining uses, identify and discuss new development opportunities, and provide the tools to achieve these goals.

### **Business Energy Retrofit - \$750,000**

The Business Energy Retrofit (BER) Program is a partnership with Arrowhead Economic Opportunity Agency (AEOA) and assists business owners with clean energy improvements to their buildings by delivering technical expertise, project management, and grants for 1/3 of project costs up to \$20,000. The program is in high demand, and currently there are 90 applicants waiting for funding.

## **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.

### **Film Production Incentive Program - \$200,000**

The Film Production Incentive Program supports projects which create jobs and result in economic impact in the IRRRB service area. IRRRB will reimburse 20% on eligible expenditures in its service area.

### **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 \$150,000 challenge grant for operating or endowment fund raising. In addition to these financial terms, the budget includes \$200,000 for building capital improvements.

**Commissioner Program - \$150,000**

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 grant program 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**

<b>Program Grants</b>	<b>FY 2015 Budget</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
Community Development			
Commercial Redevelopment	\$750,000	\$750,000	900,000
Residential Redevelopment	350,000	350,000	350,000
Development Partnerships	250,000	250,000	250,000
Community Comprehensive Plan Updates	150,000	150,000	150,000
<b>Total Community Development</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$1,650,000</b>
Education/Workforce Development	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>
Mining and Mineland Reclamation			
Mining & Mineland Reclamation	\$185,000	\$175,000	\$435,000
Laurentian Vision Innovation Projects	200,000	185,000	200,000
Business Energy Retrofit	500,000	500,000	750,000
<b>Total Mining and Mineland Reclamation</b>	<b>\$885,000</b>	<b>\$860,000</b>	<b>\$1,385,000</b>
Culture & Tourism			
Culture & Tourism	\$185,000	\$185,000	\$185,000
Minnesota Discovery Center	1,350,00	1,350,000	1,350,000
Film Production Incentive	0	0	200,000
<b>Total Culture &amp; Tourism</b>	<b>\$1,535,000</b>	<b>\$1,535,000</b>	<b>\$1,735,000</b>
Commissioner Program	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$150,000</b>
Application Fund	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>
<b>Total Program Grants</b>	<b>\$4,595,000</b>	<b>\$4,470,000</b>	<b>\$5,245,000</b>

## 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 FY15 was \$594,116, 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.

<b>Region III Grant – Carlton/Koochiching</b>	<b>FY 2015 Budget</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
Region III	\$594,116	\$594,116	\$591,554

## **Giants Ridge**

Giants Ridge supports and promotes tourism and recreational opportunities for the economic enhancement and diversification of the IRRRB service area, while improving the quality of life for area residents. The Giants Ridge recreation area includes: a snow sports area with alpine and Nordic skiing, and snow tubing; two golf courses; mountain bike trails; hiking trails; disc golf; lake access and private sector lodging and residential development.

The FY16 budget support includes site work for the new event center, including parking lots, outdoor lighting, and landscaping. When completed in 2016, the event center will house space for recreation services; a snow sports school; winter and summer equipment rentals; banquet and conference spaces; and, food and beverage venues.

## Giants Ridge Budget

<b>Giants Ridge</b>	<b>FY 2015 Budget</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
<b>Revenues</b>			
Admissions	\$2,564,228	\$2,450,260	\$2,585,210
Facility Rental	43,406	14,512	2,000
Other Revenue	146,186	173,305	121,213
Retail Sales	1,203,157	1,197,829	1,222,299
<b>Total Revenues</b>	<b>\$3,956,377</b>	<b>\$3,835,905</b>	<b>\$3,930,722</b>
<b>Expenses</b>			
Cost of Sales	\$ 558,953	\$597,164	\$594,370
Salaries & Benefits	3,933,959	3,718,382	4,301,144
Utilities	315,465	308,676	313,738
Advertising & Marketing	495,488	381,354	504,200
Equipment Rental	5,450	14,787	6,650
Management Fees	127,572	127,244	133,843
Maintenance & Repairs	597,378	545,280	990,181
Supplies	380,268	342,639	397,846
Insurance	107,698	96,528	106,707
Purchased Services	399,664	422,003	513,055
Non-Capital Assets - 471	537,274	690,833	414,500
<b>Total Operational Expenses</b>	<b>\$7,459,169</b>	<b>\$7,244,890</b>	<b>\$7,681,874</b>
<b>Non Operational Expenses</b>			
Interest and Financing	\$3,367	\$3,367	\$27,171
Event Center Costs	400,000	502,748	1,215,415
<b>Total Non-Operational Expenses</b>	<b>\$403,367</b>	<b>\$506,115</b>	<b>\$1,242,586</b>
<b>Total Expenditures</b>	<b>\$7,862,536</b>	<b>\$7,751,005</b>	<b>\$9,518,830</b>

## 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 2015 Budget	FY 2015 Projected	FY 2016 Budget
Payroll			
Wages and Benefits	\$3,752,907	\$3,546,712	4,106,231
Retirement Insurance	179,000	162,892	158,422
Unemployment Compensation	100,000	44,473	100,000
Workers Compensation	120,000	119,428	120,000
Other Payroll Costs	16,700	19,249	17,700
<b>Total Payroll</b>	<b>\$4,168,607</b>	<b>\$3,892,754</b>	<b>\$4,502,353</b>
Purchased Services			
Rentals and Utilities	\$60,220	\$63,374	\$53,280
Printing and Advertising	44,400	37,461	58,700
Professional/Technical Services	470,400	267,571	448,800
Computer and Computer Services	113,500	68,461	248,460
Communications	145,560	163,803	17,780
Travel	214,200	169,474	256,900
Employee Development	43,500	26,999	46,800
<b>Total Purchased Services</b>	<b>\$1,091,780</b>	<b>\$797,143</b>	<b>\$1,130,720</b>
Supplies and Equipment	<b>\$417,400</b>	<b>\$282,310</b>	<b>\$551,050</b>
Repairs and Maintenance	<b>\$184,000</b>	<b>\$110,959</b>	<b>\$364,000</b>
Indirect Costs			
Statewide Indirect Costs	\$44,592	\$38,887	\$49,500
Attorney General Costs	15,000	803	10,000
<b>Total Indirect Costs</b>	<b>\$59,592</b>	<b>\$39,690</b>	<b>\$59,500</b>
Other Operating Costs	<b>\$177,800</b>	<b>\$204,297</b>	<b>\$191,900</b>
<b>Total Operational Costs</b>	<b>\$6,099,179</b>	<b>\$5,327,154</b>	<b>\$6,799,523</b>