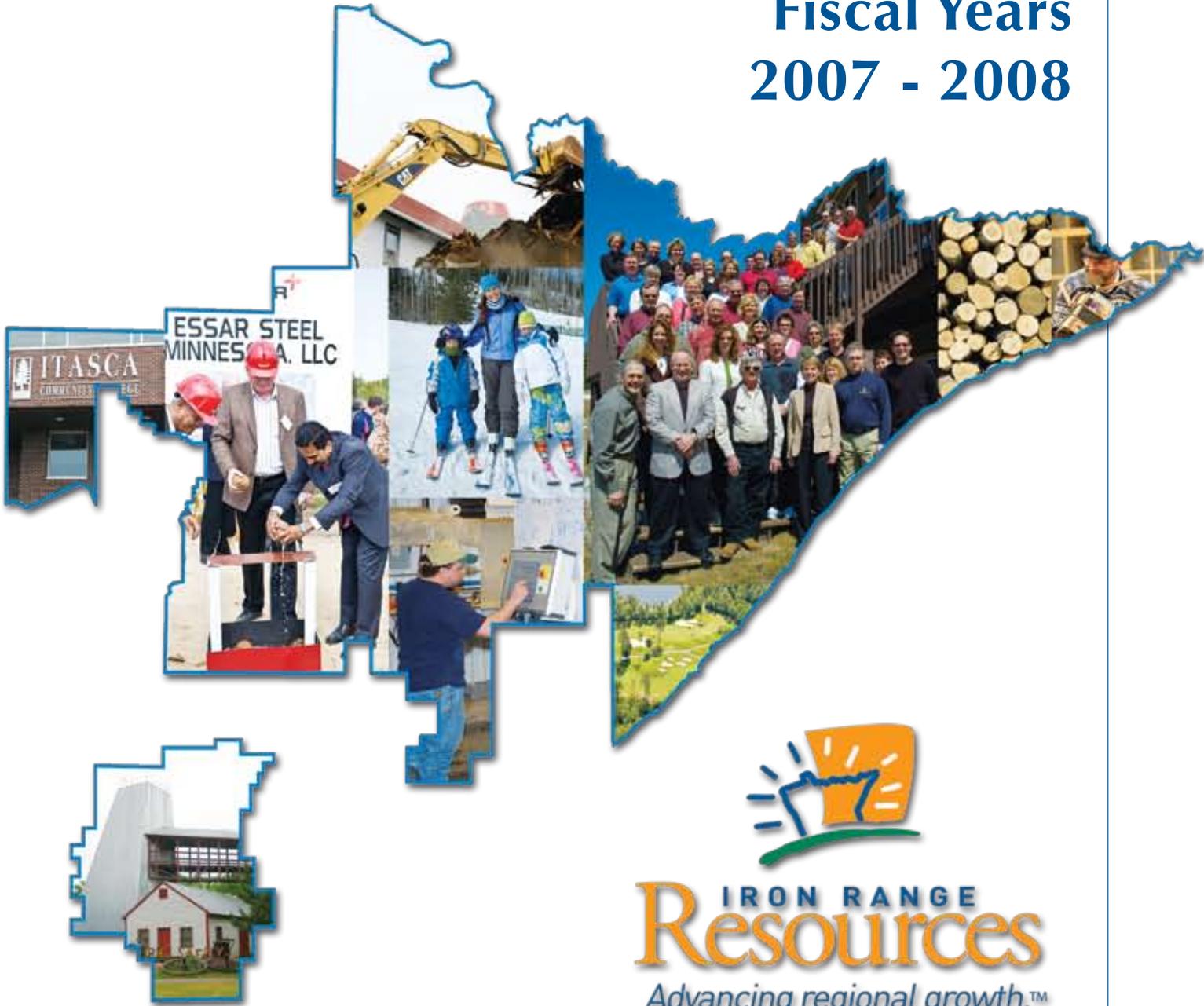


Biennial Report

Fiscal Years

2007 - 2008



IRON RANGE
Resources
Advancing regional growth.™





To the Governor and Legislature of the State of Minnesota:

It is with honor and optimism toward the economic future of northeastern Minnesota that I submit this, the thirty-third Iron Range Resources Biennial Report to the Honorable Tim Pawlenty, Governor of the State of Minnesota, and to the Minnesota State Legislature.

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

In response to a global demand for iron units, Minnesota's taconite industry operated at capacity and completed or announced \$444 million in re-starts and expansions that will produce 129 new permanent jobs, hundreds of construction jobs and an additional 5.1 million tons of iron ore pellets annually.

Construction began on Essar Steel Minnesota, LLC's \$1.65 billion iron ore, direct-reduced iron and steel slab facility near Nashwauck. When complete, the steel mill will be the largest industrial project in the state. On the eastern end of the Mesabi Iron Range, Mesabi Nugget's \$235 million iron nugget plant near Hoyt Lakes took shape toward a 2009 start-up. Together, the two projects, which will produce new higher-value products from the rich ore found within the Iron Range, create about 2,500 construction jobs, 600 permanent jobs and potentially 2,000 spin-off jobs.

The potential of a new non-ferrous mining industry that extracts copper, nickel and platinum group metals from ore reserves within the Duluth Complex could generate approximately 1,850 construction jobs, 1,450 permanent jobs and produce a new stream of revenue to local, regional and state governmental units. Energy projects such as a Cliffs Natural Resources \$15 million Renewafuel facility will produce environmentally-friendly energy cubes and 24 new jobs through the use of northeastern Minnesota's forestry resources.

Our agency's mission of helping to stabilize and enhance the region's economy was advanced with the approval of over \$11 million in business development loans during the biennium, leveraging total capital investments of more than \$96 million in the region. Over \$75 million in grants assisted northeastern Minnesota communities in building the infrastructure needed for new homes and businesses.

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

To help us understand how Minnesota can look to its forests for the fuels of the future, Iron Range Resources partnered with the Blandin Foundation to initiate and convene a statewide summit, Seizing Opportunity: Forestry and the BioEconomy. The conference, held in the fall of 2007, set the stage for multiple public and private initiatives that continue in various stages of development.

I would like to extend my sincere thanks to Governor Pawlenty, the Legislature, other state agencies and the companies who invested their time, effort and capital in this region. Thanks to the leadership, cooperation and partnership of all, the 2007-2008 biennium will go down in the long, rich history of the Iron Range as one of its brightest times.

Sincerely,

Sandy Layman, Commissioner



An Equal Opportunity Employer

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ABOUT IRON RANGE RESOURCES



Iron Range Resources office building, Eveleth.

Iron Range Resources is a unique state economic development agency headquartered in Eveleth. The agency was created in 1941 by Harold Stassen, Minnesota's 25th Governor and the state Legislature. The agency's mission – then and today – is to strengthen and diversify northeastern Minnesota's economy. Through a variety of financial assistance programs, partnerships and leadership initiatives, Iron Range Resources seeks to advance regional growth within a 13,000 square-mile geographical area known as the Taconite Assistance Area (TAA).

In addition to being northeastern Minnesota's premier development agency, Iron Range Resources is a leader in mineland reclamation, community enhancement, tourism, land planning, regional partnerships and workforce development. The agency also owns and operates Giants Ridge, an award winning year-round destination golf and ski resort in Biwabik. Ironworld in Chisholm, a museum that collects, preserves and exhibits the rich history of the Iron Range and its people, is owned by Iron Range Resources and operated by Ironworld Development Corporation, a non-profit organization.

A full-time commissioner, appointed by the Governor of Minnesota, oversees agency operations and serves as a member of the Governor's cabinet.

Commissioner Sandy Layman has led the agency since being appointed by Minnesota Governor Tim Pawlenty in 2003. A 13-member board approves budget decisions and economic development projects. The board is composed of five state senators appointed by the Subcommittee on Committees of the Rules Committee of the senate and five state representatives appointed by the speaker of the house. A majority of the senators and representatives must represent legislative districts with the TAA. Three citizen appointees from within the TAA, one appointed by the Governor, one by the senate majority leader and one by the speaker of the house, also serve on the board.



2007/2008 Iron Range Resources Board Members

Representative Tom Anzelc
 Senator Tom Bakk
 Citizen Joe Begich (Senate appointee)
 Representative David Dill
 Citizen Shelley Robinson (House appointee)
 Representative Tom Rukavina
 Citizen Jack Ryan (Governor appointee)
 Senator Tom Saxhaug
 Representative Tony Sertich
 Senator Rod Skoe
 Representative Loren Solberg
 Senator Yvonne Prettner Solon
 Senator David Tomassoni

Agency Funding

Agency funding is derived from a portion of taconite production taxes which are assessed on area mining companies in lieu of property taxes. Approximately 50 percent of the agency's budget comes from production taxes. The other half of the budget is funded by non-mining sources, including revenue from agency facilities, interest on fund accounts and loan paybacks.

Taconite production tax rates are established by the Legislature. Taconite production tax revenues are based on the level of taconite produced each calendar year by the existing six taconite mines. Taxable tonnage is calculated on a three-year average. Mining companies pay the production tax in two installments during the following calendar year. The tax rate for Fiscal Year 2007 (production Year 2005) was \$2.137 per taxable ton. The tax rate for Fiscal Year 2008 (production year 2006) was \$2.203 per taxable ton. School districts, cities, townships and counties within the TAA are the primary recipients of production tax revenue. Production tax funds are first distributed to those entities under Minnesota Statute 298.28 before Iron Range Resources receives its funding. Additional information on taconite tax distribution can be found on page 24.

Iron Range Resources also administers occupation tax funds in a Supplemental Tax Account for Koochiching and Carlton counties under Minnesota Statute 298.17. Funds from that account are disbursed for economic and environmental projects with the approval of each county.



Taconite waiting shipment at ArcelorMittal, Virginia.

Iron Range Resources Mission Statement

To advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota, Iron Range Resources' goals are to:

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

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

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

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

Range Readiness Initiative

A renaissance is underway on the Mesabi Iron Range with more than \$6 billion in taconite mine expansions, non-ferrous mining projects and energy-related developments either proposed or under construction. Together, the projects hold potential to create 2,300 new permanent jobs and about 6,000 construction jobs.

To address the issues, challenges and opportunities associated with multiple large-scale economic development projects, Iron Range Resources assumed a leadership role in the Range Readiness Initiative. The Range Readiness Initiative is an ad-hoc group of community, education, business, economic development and government leaders who meet regularly as teams. The teams apply the appropriate technical and financial resources to effectively plan for the anticipated growth within northeastern Minnesota. More information on the Range Readiness Initiative can be found at www.rangereadiness.com.

The Biofuels Future

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

Commissioner Sandy Layman co-chaired the Governor's Task Force on the Competitiveness of Minnesota's Primary Forest Products Industry, which issued recommendations regarding the future health of the forest products industry in reports presented to the Governor in December 2006 and July 2007.

In September 2007, Iron Range Resources and the Blandin Foundation co-sponsored a statewide forestry and bioeconomy conference in Grand Rapids attended by more than 140 people representing the forest products industry, renewable energy production, government, academia and economic development organizations.

In April 2008, the agency hosted a Forest Biomass Harvesting Stakeholder Forum that brought together more than 50 forest industry and state agency officials at Iron Range Resources offices in Eveleth. And Iron Range Resources partnered and coordinated actions with other state agencies such as the Minnesota Department of Natural Resources, Minnesota Department of Employment and Economic Development and Minnesota Pollution Control Agency within a forestry sub-cabinet.

In late September and early October 2008, Commissioner Layman and approximately 40 of the state's natural resources policy leaders, including Iron Range Resources Board members Senator Tom Saxhaug and Representative Loren Solberg, traveled to Finland and Sweden as part of a Blandin Foundation Vital Forests/Vital Communities Initiative. With Minnesota's forest products industry in the midst of a slowdown due to a depressed national housing market, the initiative's goal was to study forest productivity challenges and opportunities in forestry-dependent regions and countries. Tour participants also were exposed to forestry management policies and techniques in Aitkin and Itasca counties and Thunder Bay, Ontario, Canada. 

When CrossUSA, an information technology consulting company, sought a rural location for one of its technology centers, it found the Mesabi Iron Range to be the perfect home. “We found Eveleth to be a great combination of infrastructure, lifestyle and progressive communities that we seek out in our locations,” said Nick Debronsky, CrossUSA chief executive officer of the Burnsville-based company. “Our facility is a showcase for us, one that really enables us to sell our business. The communities that surround our facility have cost effective housing, a small town atmosphere and a progressive attitude towards education, community and civic involvement.”

CrossUSA was one of 14 business development projects completed by the Development Strategies Division, which carries out the agency’s economic development activities, including business recruitment and assistance, biofuels, forest products, mining, mineland reclamation and technology initiatives.

Development Strategies Division staff establish and maintain relationships with private and public sector partners to analyze and service their needs, and attract and help businesses create and retain jobs, thereby bolstering northeastern Minnesota’s economy. In 2007 and 2008, the division played a key role in assisting small businesses and multiple, large-scale economic development projects across the Mesabi Iron Range. From Mesabi Nugget, the world’s first commercial-scale iron nugget plant near Hoyt Lakes to Essar Steel Minnesota, North America’s first mine-to-steel mill near Nashauk, the division helped finance projects that are bringing thousands of construction, permanent and spin-off jobs to the region. The Mesabi Nugget and Essar Steel Minnesota projects alone will create about 2,500 construction jobs, 600 permanent jobs and potentially 2,000 spin-off jobs. Several thousand additional construction and permanent jobs are anticipated as a result of taconite plant expansions, renewable energy projects and the potential development of a non-ferrous mining industry.

During the biennium, the division supported the construction, expansion or relocation of successful businesses such as Minnesota Twist Drill in Chisholm, Premier Plastics in Hoyt Lakes, the Laurentian Energy Authority in Hibbing and Virginia, and CrossUSA.



Ceremonial breaking of the coconuts at the groundbreaking for Essar Steel Minnesota’s facility, Nashauk.

Financial Assistance

As northeastern Minnesota's premier economic development agency, Iron Range Resources offers a variety of financial assistance programs to advance regional growth within the Taconite Assistance Area (TAA).

The agency provides direct loans, employment incentive grants, training assistance and venture capital investments to qualified customers. During the biennium, the agency made more than \$11 million in business development loans. The loan portfolio currently consists of 94 loans totaling more than \$48 million. The division assisted in the start-up of Magnetation, Inc., a Nashwauk-Keewatin based company that will reclaim iron units from old natural iron ore tailings basins.

Iron Range Resources offers a Bank Participation Loan Program which provides low interest financing in partnerships between the agency and banks to eligible borrowers. Manufacturing and assembly businesses, projects which attract investment from outside the region and technologically innovative industries are targeted under all of the business financing programs. The Development Strategies Division can offer additional forms of financial assistance such as loan guarantees and grants. More than \$75 million in grants were awarded. In addition to community improvements and infrastructure development, the agency provided grants to support a University of Minnesota miners' health effects study, the filming of a Minnesota Humanities Center documentary

workshop entitled *"Minnesota's Iron Range: Building America,"* museum enhancements, historical building preservation and quality of life/recreational facility improvements.

To help meet the needs of communities growing as a result of new jobs, infrastructure grants assisted in the extension of water, sewer and roads to new housing and business developments in 22 communities. A complete listing of grant projects can be found on page 20.

Job Growth

Over the biennium, 14 agency business development projects that received Iron Range Resources support created 190 new jobs, retained 223 jobs and leveraged capital investments of about \$96 million.

With financial and technical resource support from the agency, several of the more than \$6 billion in large-scale economic development projects across the Iron Range are in development or under construction. These projects are anticipated to create more than 6,000 construction jobs, about 2,300 new permanent full-time jobs and thousands of spin-off jobs.

A complete listing of Iron Range Resources' projects can be found on page 20.



Magnetation site near Nashwauk-Keewatin.

"We can take iron from old tailings basins and leave behind ecologically functioning wetlands that will be good for the environment. It is a great combination."

*—Larry Lehtinen, Magnetation, Inc.
board chairman*



Hibbing Taconite plant, Hibbing.

Trade Shows

To reach out to potential new businesses and promote agency assistance programs, Development Strategies staff attended eight industry trade shows during the biennium. The agency also was represented at conferences sponsored by the Minnesota Department of Employment and Economic Development, Economic Development Association of Minnesota, the Collaborative, the Prospectors and Developers Association of Canada and the Society for Mining, Metallurgy & Exploration. In February 2008, staff presented at the Minnesota Air, Water, and Waste Environmental Conference.

The Development Strategies Division co-sponsored several major events including a “Seizing Opportunity: Forestry and the BioEconomy,” conference in partnership with the Blandin Foundation, the 16th Joel Labovitz Entrepreneurial Success Awards program, and an event with *Minnesota Real Estate Journal*.

Partnerships

The agency’s Development Strategies Division works hand-in-hand with statewide partners to attract new businesses and jobs to northeastern Minnesota. Key partners include the Iron Range Economic Alliance, Arrowhead Regional Development Commission, Arrowhead Business Connection, Blandin Foundation, Minnesota Power, Natural Resources Research Institute, Northland Foundation, Northspan Group, University of Minnesota Duluth Center for Economic Development, regional communities, education leaders, economic development entities, banks, private companies and others.

Energy Initiative

To meet changing energy needs, capitalize on the region’s abundant natural resources and grow jobs, the agency provided loans which supported the research and development of renewable energy.

The Laurentian Energy Authority biomass energy projects at municipal utilities in Hibbing and Virginia use regionally produced wood waste to generate steam, which produces electricity. Following a downturn in the national housing market, which impacted the region’s logging industry, a \$1,160,189 million Forest Industry Assistance Program grant was made in 2007 to the Laurentian Energy Authority to implement a program under which the authority purchased roundwood timber from established loggers to fuel biomass plants at the Hibbing and Virginia public utilities. The assistance encouraged the use of an underutilized biomass resource, retained jobs at the two utilities, promoted the use of native, renewable fuels rather than imported coal, and helped area loggers survive, thereby retaining critical supplier infrastructure needed to sustain a viable woods products industry.

Excelsior Energy’s Mesaba Project coal gasification plant near Taconite remains in development. Cliffs Natural Resources Inc., in September 2008, announced construction of a Renewafuel facility near Orr which will produce renewable energy cubes made of wood waste and agricultural feedstocks. Agency officials continue to work on additional renewable energy opportunities.

Mining and Minerals

One of the most vibrant periods in the history of Mesabi Iron Range iron mining gained strength as rapid industrial growth in Asian countries ignited a surge in worldwide and domestic demand for northeastern Minnesota's abundant iron ore resources. The global appetite for iron ore, the primary ingredient used to make steel, translated into full employment, capacity production and record revenues at northeastern Minnesota's six taconite facilities. As a result, the iron mining industry reinforced its position as a dominant force in northeastern Minnesota's economy and as one of the state's most powerful economic engines.

The Mesabi Iron Range mining industry employs nearly 4,000 full-time permanent workers and generates about 12,000 additional spin-off jobs in nearly 200 Minnesota communities. Annually, the industry contributes about \$1.9 billion to the state economy in wages, benefits, taxes, purchases and royalties. Production taxes paid by the mines benefit Iron Range communities, schools and counties, provide property tax relief and fund Iron Range Resources. Royalties paid by the mining industry fund scholarships for students at the University of Minnesota.

Iron Range Resources vigorously supports a vibrant taconite industry. Agency objectives within the minerals sector include capital investments in Minnesota's taconite industry; development of value-added iron and steel products from Minnesota iron ore; development of non-ferrous

minerals; and minerals research that encourages and supports both current and future mining activities.

Two world-class economic development projects supported by the agency and state, Mesabi Nugget near Hoyt Lakes and Essar Steel Minnesota near Nashwauk, broke ground and began construction during the biennium. With Iron Range Resources' financial assistance and significant private capital investment, the two projects expand markets by finding new uses for Iron Range taconite concentrate.

The \$235 million Mesabi Nugget iron nugget facility is expected to create about 500 construction jobs and 100 permanent jobs. The \$1.65 billion Essar Steel Minnesota facility will require about 2,000 construction workers and provide 500 permanent jobs.

Taconite industry re-starts and expansions were completed or proposed at three existing facilities, Northshore Mining Co. in Silver Bay, Keetac in Keewatin and United Taconite in Forbes. Together, the three taconite plant expansions are valued at nearly \$444 million. The projects create about 129 new permanent jobs.

The region continues to move toward development of a new generation of mining. Minnesota's non-ferrous mining industry seeks to extract and process low-grade copper, nickel and platinum group metals contained within the Duluth Complex, a 4.4 billion-ton mineral resource in northeastern Minnesota. Three major projects, PolyMet Mining Corporation near Hoyt Lakes, Franconia Minerals Corporation near Babbitt

"We are very excited to move forward to construct and operate the world's first iron nugget facility. These efforts will facilitate... economic development on the Iron Range."

*– Mark Millett, Steel Dynamics, Inc.
executive vice president.*



Mesabi Nugget plant construction progress, Hoyt Lakes.



First home demolition in the reestablished Residential Redevelopment program.

and Duluth Metals near Ely, have undertaken extensive drilling campaigns and are in exploration or the permitting process. Together, the three projects would require a capital investment of more than \$2 billion. Development of a non-ferrous mining industry is hoped to create 1,450 permanent jobs, about 1,850 construction jobs and produce a significant new stream of tax revenue into local, regional and state economies.

Taconite Economic Development Fund (TEDF)

In 1992, the Minnesota Legislature established the Taconite Economic Development Fund (TEDF) to encourage capital investments in northeastern Minnesota taconite plants. During the biennium, the TEDF furthered this goal by rebating to the mining companies 30.1 cents of the taconite production tax paid on each ton of taconite pellets produced. Iron Range Resources administers the TEDF funds in a special account. TEDF funds were used for new equipment, facility improvements and research and development of new mining technologies. From 1993 to 2007, \$133.9 million of the taconite production tax revenue has been rebated through the TEDF for taconite mining company capital investment projects.

Residential & Commercial Community Redevelopment Programs

Reestablished in 2007, the agency's Residential Community Redevelopment program partnered with

TAA cities and townships for the elimination of dilapidated residential buildings such as homes and garages. The program provides for demolition, hazardous waste and material removal, site improvements and blight elimination. The agency's removal of blighted structures is a first step in the creation of new redevelopment and jobs. In 2008, an Iron Range Resources crew removed 16 structures in Hibbing and Coleraine. In fiscal year 2008, the crew removed 34 structures in Chisholm, Coleraine and Hibbing. A companion effort, the Commercial Community Redevelopment program, awarded 12 grants for the demolition and removal of commercial buildings to make way for potential new development.

Mineland Reclamation

In 2008, the agency's Mineland Reclamation division celebrated its 30th anniversary. Since the reclamation, restoration and reforestation program began in 1978, Mineland Reclamation has grown into the TAA's leader in revegetating, restoring and reshaping mineland into safe and usable property. The program's goal is to turn mining impacted lands into a diverse regional economic development resource. Over its history, the program has completed more than 300 projects across the TAA, including pit wall reshaping, wildlife preservation, community enhancement, industrial park and public water access development and the creation of recreation areas.

Tree Seedling Production and Planting

Over the biennium, the agency's Mineland Reclamation growth chambers in Chisholm produced 233,000 seedlings that were used to reforest TAA lands affected by mining. From 1977 through 2008, more than 4.7 million tree seedlings, transplants and tree-spade trees have been planted. From 1984 through 2008, the Mineland Reclamation Division, in a partnership with the Minnesota Department of Natural Resources, Division of Fisheries, also stocked 183,370 pounds of trout in abandoned mine pits for recreational fishing.

Laurentian Vision Partnership

The Laurentian Vision Partnership (LVP) continued its leadership in a regional coalition of mining, government, business and community leaders working to promote sustainable mining and the reshaping of mining sites into productive landscapes for the future.

The Laurentian LVP's mission is 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. LVP also facilitates decision-making in the identification

of lands for economic development, recreation, or resource uses that meet existing and potential mining and community goals. Through structured workshops, LVP convenes discussions among communities, mining companies and business interests, identifying and pursuing opportunities to transform mining properties into economically productive landscapes. For more information visit the partnership Web site at www.lvpmmn.org.

Developing Communities

The agency moved pro-actively over the biennium to strengthen communities through financial assistance programs that rebuilt infrastructure and prepared communities for new business and residential growth.

With billions in economic development projects planned or underway across the Mesabi Iron Range, the agency recognized and responded to the need for new housing lots, commercial property availability and the extension of utilities to growing neighborhoods.

Community Business Infrastructure grants funded capital expenses for public infrastructure development in the creation of new jobs and retention of existing jobs. Public Works Infrastructure grants funded the needs of local units of government, such as wastewater collection and treatment, drinking water, storm sewers, utility extensions, streets, and site improvements. 🏡



Fairview Addition, Virginia.

Iron Range Resources, through its workforce development coordinator, created in a unique partnership with the Northeast Higher Education District (NHED), spearheaded efforts to foster a sustainable, long-term workforce within the region. With about 53,515 jobs anticipated to be open in northeastern Minnesota between 2004 and 2014 due to retirements or those who leave an occupation, Iron Range Resources and NHED leaders are working together to develop and offer a variety of innovative educational programs tailored to meet the region's workforce requirements.

Because of the need to replace thousands of workers – and with about 2,300 additional permanent jobs coming on line at large-scale economic development projects – workforce development is recognized by Iron Range Resources, business and educational leaders as a critical component in sustaining the region's economic health. To meet the need for new workers, Iron Range Resources, area high schools and community colleges are partnering in retaining and training youth and current workers for job openings. Increased labor force participation by older workers, by those who are currently in poverty or unemployed and efforts to increase immigration and reduce outmigration of children who grow up in northeastern Minnesota, are also identified as key to meeting the labor need.

A variety of innovative training programs in high schools and community colleges that provide customized training to prepare students for job openings within the region were implemented during the biennium. The Applied Learning Institute, a collaborative workforce development initiative involving 16 school districts and five community colleges, has about 400 high school students enrolled in specialized technical and vocational training programs. 📺



Worker at Hibbing Taconite, Hibbing.

The Marketing and Communications Division during the biennium introduced a series of new partnerships and initiatives aimed at communicating business successes, unprecedented economic growth and new job opportunities in northeastern Minnesota. The division researches, creates, produces and distributes marketing and communication materials to local, state and national media entities and agency stakeholders. The division also provides services to all of the agency's divisions in the creation and effective use of informational and promotional materials and Web site development.

Marketing

Members of the Marketing and Communications team direct the development and implementation of marketing-related communications strategies, messages and materials generated by and for the agency, its partners and its facilities. The division strategically placed advertising in regional and statewide publications, highlighting northeastern Minnesota's multiple, large-scale economic development projects, highly-trained workforce and business-friendly environment. Successful businesses that relocated or expanded within the Taconite Assistance Area (TAA) were featured in articles and in advertising within targeted publications.

The division also:

- Initiated a partnership with the Northeast Higher Education District (NHED) in the development of videos and photographs that promote the region's higher education system, job availability and innovative workforce development programs.
- Partnered with NHED in a television sponsorship highlighting student achievement at NHED institutions.
- Completed a comprehensive redesign of the Iron Range Resources Web site.
- Continued to expand and enhance the agency's "Business is Beautiful," strategic marketing plan.

Communications

Communications staff established and delivered key messages for the agency utilizing a customer-first, fully-integrated, multi-media approach. Staff provided written and graphic design support to all of the agency's operating areas, created and distributed internal and external communication documents, provided staff support to key public events, and responded on a timely basis to inquiries and information requests from weekly and daily newspapers, television, radio, business publications and major national media outlets.

Communications staff responded promptly to media requests about agency activities and provided information, materials and contact information regarding individual economic development projects.

The division also:

- Researched, wrote, illustrated and produced the agency's quarterly RangeView publication with in-house talent.
- Produced a series of business testimonial videos that were posted to the agency Web site.
- Developed and published a new communications briefing that each month updates board members on agency activities.
- Videotaped board meetings and other key public meetings for broadcast on area public access television channels.
- Coordinated communication with all agency divisions.
- Produced newspaper advertising copy and graphics.



- Designed and produced agency brochures, posters and business cards, PowerPoint presentations and slide shows.
- Recorded special events, groundbreakings and public open houses.
- Forged a new partnership with Iron Range taconite mining companies and the Iron Mining Association of Minnesota (IMA) in the production of video and still photographs of the taconite mining process for agency, mining company and IMA use.
- Coordinated the utilization of agency facilities for special meetings.

Tourism

Northeastern Minnesota’s rugged natural beauty, cultural offerings and numerous family-oriented tourism assets were highlighted and supported through agency tourism resources. The tourism program in 2007 provided a \$30,000 grant to the United States Hockey Hall of Fame in Eveleth to help the museum improve exterior lighting and signage and to acquire interactive exhibits designed to enhance the museum experience.

The historic Toimi School along the Superior National Forest Scenic Byway in 2007 received a \$9,700 grant to Lake County for a wayside rest construction project. The project includes new restrooms, drinking water access, development of a picnic area and improvements to the landscape and parking lot.

Eighteen tourism-related projects throughout the TAA in 2008 benefited from \$100,000 in Culture and Tourism grants. Children’s music festivals, museums, marketing campaigns and a family bicycle tour on the multi-use Mesabi Trail were among projects supported by the grants, which leveraged \$1.24 million in total project development. To promote the Wild North Golf Alliance, the tourism program participated in the funding of television advertising on Golf Channel broadcasts in the Twin Cities market and in the Duluth market.

Business is Beautiful

Headquartered in a portion of the state known for its stunning scenery, outstanding workforce and top quality educational facilities, Iron Range Resources during the biennium continued to build on the “Business is

Beautiful” strategic branding campaign. Agency marketing initiatives, including Web site business testimonial videos and billboards, utilized the “Business is Beautiful” message to underline its business-friendly philosophy and business success stories.



ADMINISTRATIVE SERVICES

The Administrative Services Division provides a wide range of support services and resources to Iron Range Resources' programs and facilities.

The division is comprised of Finance & Human Resources, Information Systems and Maintenance and Shop. Administrative Services supports other divisions with contracting, procurement, payroll, accounting and financial reporting services.

Finance & Human Resources

Finance is responsible for all aspects of budgeting, internal auditing, financial reporting, payroll, procurement and contracting services. These services support the agency's programs and facilities by providing resources to ensure smooth agency operation. Human Resources performs employee recruitment, employee development and labor relations services.

Finance and Human Resources:

- Operated within a balanced budget.
- Increased the scope of administrative, financial and programmatic reporting.
- Aligned human resources to fulfill the agency vision.
- Developed targeted skills through training opportunities.
- Streamlined the agency's travel management fleet.

Information Systems

Information Systems supports, maintains and keeps the agency's data, telecommunications infrastructure and computer hardware on the cutting edge.

Information Systems provides technical support, information access, project management, Internet and telephone services to agency personnel.

Information Systems:

- Implemented new technology.
- Completed an upgrade to a high-speed data network at agency headquarters and at Giants Ridge, allowing for future Voice-Over Internet Protocol.
- Assisted in the separation of Ironworld's data network and telecommunications to Ironworld Development Corporation.

Maintenance & Shop

Maintenance and Shop assists agency divisions, programs and facilities through equipment maintenance and fleet management. The program also provides building and grounds maintenance services at the agency's Eveleth headquarters.

Maintenance and Shop:

- Completed a new front parking lot at agency headquarters, improving accessibility and safety and creating a welcoming environment.
- Completed exterior enhancements to agency headquarters.
- Created new storage areas, increasing functional space.
- Installed dedicated cooling for the network servers at the agency's headquarters.
- Acquired a used tractor for the Community Residential Redevelopment Program. 🚧



Agency staff retreat, Giants Ridge.

GIANTS RIDGE

Giants Ridge, located in Biwabik, operates two award-winning 18-hole championship golf courses and the region's foremost winter sports facility.

The primary mission of Giants Ridge is to develop and promote tourism and recreational opportunities for the economic enhancement and diversification of the Taconite Assistance Area.

Giants Ridge, in 2007 and 2008, successfully added value to northeastern Minnesota's economy through the implementation of strategic long-term business planning, facility improvements, thoughtful marketing and pricing strategies and by providing first-class service to clientele.

Giants Ridge was projected to create an all-time high regional economic impact of \$45.1 million in 2008, according to a 2005 study by THK Associates of Aurora, Colorado. As the facility's reputation for quality multiplies, and the construction of single-family housing units, townhomes, villas, lodging and support facilities advances, the annual regional economic impact of Giants Ridge is forecast to grow to \$297 million over the next five years, according to the study.

The Giants Ridge recreational complex features The Legend and The Quarry golf courses, 35 alpine ski runs, a terrain park and more than 60 kilometers of groomed cross country ski trails. The complex also offers biking, hiking and access to 2,000 miles of snowmobile trails and water recreation. Giants Ridge operates under standards of service and product excellence that have maintained customer loyalty, attracted new clientele and earned the recognition of national publications.

Snowmaking in 2007 was completed prior to the Christmas holiday. Below normal temperatures and natural snow provided ideal conditions. For the first time in the history of winter operations, 99% of the ski area was open for business during the holiday season. The food and beverage department in 2008 increased revenues by eight percent over 2007; the Wacootah clubhouse, for the first time, was rented throughout the winter season for



Skiing family, Giants Ridge.

private functions and corporate parties. The Ski School continued its promotion of kid-friendly learn-to-ski programs.

During 2008, winter sports season ski revenues increased by 11 percent compared to 2007, setting an all-time winter revenue record.

Funding was approved and construction began in the fall of 2008 on an upgraded snowmaking system that will produce snow at warmer temperatures, increase productivity and save energy. The new piping system will provide adequate water and water pressure to the ski area's 32 snowmaking guns, allowing Giants Ridge to produce snow in an efficient manner. The new snowmaking system is projected to be complete in the summer or fall of 2009.

Summer also brought accomplishment and a series of national awards to the resort. In 2007 and 2008, The Quarry and The Legend golf courses received top accolades from *Golf Digest*, *Golfweek* and *Golf Magazine*. The Quarry was ranked by *Golf Digest* as the number one public golf course



The Legend golf course and The Lodge, Giants Ridge.

in Minnesota and rated the 19th public golf course in America. The Quarry also received a number one ranking in *Golfweek's* "Best Courses You Can Play," and for a fifth straight year received high rating as *Golf Digest's* "Places to Play." The Legend was ranked as the number five public golf course in Minnesota and the 59th rated public golf course in the nation by *Golf Digest*. The

Legend, for the eighth and ninth consecutive years, received high ratings in *Golf Digest's* "Places to Play."

A new cart storage building at The Legend was completed in 2008. The building houses a new fleet of electric golf carts that save fuel and create an improved guest experience.

New signage was erected in 2008 at The Quarry primary entrance, the ski area's primary entrance and the ski campus. A new Giants Ridge Web site was launched in the spring of 2008.

The resort's vast recreational opportunities and surrounding natural beauty laid the foundation for significant private real estate and housing developments. Voyageurs Retreat, a private development along Wynne Lake is a single-family housing development. Lot sales to-date include 94 lakeshore lots and 44 lake access lots. A new private sector office complex at the Villas at Giant Ridge was completed, providing a check-in area and guest services. The Lodge, another private sector development located at the base of the ski hill and adjacent to The Legend golf course, is undergoing a condominium conversion. Forty-one of 67 condominiums have been sold. Purchase agreements are pending on remaining units. The Giants Ridge Master Plan completed in 2006 is providing direction for future planning and growth. 🏡

IRONWORLD

Ironworld'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.

In 2008, Ironworld completed its second year of operation under the management of the non-profit Ironworld Development Corporation. Attendance at Ironworld in 2008 was 20,915 compared to 10,301 in 2007.

Ironworld Development Corporation manages the museum under a sublease/management agreement with Iron Range Resources. Under the management agreement, an Iron Range Resources annual operating subsidy will be reduced by 20 percent per year over a ten-year period. Ironworld also operates on the interest from a \$10 million endowment, museum revenues and grants. An Iron Range Resources challenge grant of up to \$250,000 per year for endowment fundraising over five years is available. Iron Range Resources funds Ironworld capital repairs and insurance. 🏡

APPENDIX

AGENCY INVESTMENT PLAN

	FY 2007 Budget	FY 2008 Budget
RESOURCES		
Carryforward In	\$8,425,410	\$6,929,462
Current Resources:		
Taconite Production Taxes	\$13,741,638	\$16,078,977
Investment Earnings	3,549,710	3,288,182
Loan Revenues	1,667,032	2,750,706
Facilities Revenue	5,467,514	5,454,309
Occupation Tax Region III	566,476	589,470
Subtotal Current Resources	\$24,992,370	\$28,161,644
Total Resources Available	\$33,417,780	\$35,091,106
ESTIMATED EXPENDITURES		
Operations:		
Administrative Services	\$2,517,709	\$2,673,302
Attorney General	382,772	387,647
Marketing & Communications	868,700	1,291,215
Development Strategies	1,755,630	1,808,016
Giants Ridge Golf & Ski Resort	7,059,528	8,345,978
Ironworld	2,238,015	1,963,500
Programs:		
Grants	2,600,000	3,150,000
Occupation Tax Region III	566,476	589,470
Projects:		
Development	7,003,539	7,952,516
TOTAL FY INVESTMENT PLAN	\$24,992,370	\$28,161,644
Reserves	7,000,000	6,000,000
Estimated Carryforward Out	\$1,425,410	\$929,462

Douglas J. Johnson Economic Protection Trust Fund (the "2028 Fund") Trust Account

	FY 2007	FY 2008
Beginning Balance	\$81,278,895	\$85,328,923
Taconite Tax Receipts	4,001,532	4,338,344
Interest on tax receipts prior to county distributions	48,496	42,305
Expenditures & Obligations	<u>0</u>	<u>0</u>
Ending Balance	\$85,328,923	\$89,709,572
<i>(FY Ending Date)</i>	<i>(June 30, 2007)</i>	<i>(June 30, 2008)</i>

FY07-08 Grants:

APPLICANT	PROJECT DESCRIPTION	FY	AMOUNT
AITKIN, CITY OF	RETAIL/HOUSING INFRASTRUCTURE	2007	\$150,000
AITKIN, CITY OF	LAUNDROMAT BUILDING DEMOLITION	2008	10,000
ARCELORMITTAL MINORCA MINE INC	TACONITE ECONOMIC DEVELOPMENT FUND	2007	832,880
ARCELORMITTAL MINORCA MINE INC	TACONITE ECONOMIC DEVELOPMENT FUND	2008	436,068
ARCELORMITTAL MINORCA MINE INC	TACONITE ECONOMIC DEVELOPMENT FUND	2008	416,905
ARROWHEAD REGIONAL DEVELOPMENT COMMISSION	NORTH SHORE CORRIDOR & SCENIC MANAGEMENT PLAN	2007	1,550
ARROWHEAD REGIONAL DEVELOPMENT COMMISSION	RANGE READINESS HOUSING PREPAREDNESS EXPEDITOR	2008	50,000
ARROWHEAD REGIONAL DEVELOPMENT COMMISSION	LAURENTIAN COMMUNITY GIS COLLABORATION	2008	50,000
AURORA, CITY OF	PHASE II WASTE TREATMENT UPGRADE	2007	200,000
AURORA, CITY OF	ST. JAMES PIT WALL STABILIZATION	2007	75,000
AURORA, CITY OF	IN-GROUND WATER TANK REPLACEMENT	2008	175,000
AURORA, CITY OF	RENS BUILDING DEMOLITION	2008	6,000
AURORA, CITY OF	HOUSE DEMOLITION	2008	6,600
AURORA, CITY OF	AURORA PIT WALL STABILIZATION & BIKE TRAIL EXTENSION	2008	75,000
BIGFORK, CITY OF	AIRPORT SEPTIC MOUND SYSTEM	2007	40,000
BIWABIK AREA CIVIC ASSOCIATION INC	2008 MS-TRAM BIKE RIDE	2008	3,000
BIWABIK, CITY OF	LAURENTIAN VISION CHARRETTE	2007	25,000
BIWABIK, CITY OF	4TH STREET INFRASTRUCTURE	2008	150,000
BLANDIN FOUNDATION	FORESTRY & BIOECONOMY CONFERENCE	2008	25,000
BOIS FORTE DEVELOPMENT CORP	CELLULOSIC ETHANOL BUTANOL PLANT STUDY	2007	25,000
BOVEY, CITY OF	BUSINESS PARK INFRASTRUCTURE	2007	100,000
BREITUNG, TOWN OF	RECREATION DEVELOPMENT	2007	25,000
BREITUNG, TOWN OF	BIKE TRAIL EXTENSION/RESTROOM PROJECT UPGRADE	2008	20,000
BUHL, CITY OF	STUBLER PIT LOT DEVELOPMENT	2007	80,000
BUHL, CITY OF	STUBLER PIT LOT DEVELOPMENT	2008	100,000
BUHL, CITY OF	20 UNIT ASSISTED LIVING DEVELOPMENT INFRASTRUCTURE	2008	300,000
CENTER FOR INDEPENDENT LIVING	NEW BUILDING PURCHASE	2008	50,000
CENTRAL IRON RANGE SANITARY SEWER DISTRICT	SURFACE WATER STUDY	2008	25,000
CHISHOLM, CITY OF	1ST AVE & 5TH AVE INFRASTRUCTURE	2007	100,000
CHISHOLM, CITY OF	CENTRAL AVE INFRASTRUCTURE	2008	200,000
CHISHOLM, CITY OF	ST. LOUIS COUNTY FAIRGROUNDS WATER/SEWER	2008	400,000
CHISHOLM, CITY OF	OLD UNION HALL RENOVATION FOR YOUTH IN ACTION	2008	50,000
CHISHOLM, CITY OF	BASEBALL FIELD IMPROVEMENTS	2008	75,000
CHISHOLM, CITY OF	CHISHOLM TIME THEATER DEMOLITION	2008	25,000
CLUB MESABI INC	GREAT RIVER ENERGY MESABI TRAIL TOUR	2007	10,000
CLUB MESABI INC	GREAT RIVER ENERGY MESABI TRAIL TOUR	2008	5,000
COLERAINE, CITY OF	LOCKER ROOM BAR DEMOLITION	2008	9,650
COLERAINE, CITY OF	HOSPITAL CLINIC PROJECT INFRASTRUCTURE	2008	250,000
COOK, CITY OF	NEW YOUTH FACILITY	2008	50,000
CROSBY IRONTON JOINT POWERS BOARD	CROFT MINE, DRY HOUSE ROOF	2007	50,000
CROW WING COUNTY	MILFORD MINE DESIGN PLAN	2007	7,500
CROW WING COUNTY	MILFORD MINE MEMORIAL PARK PROJECT	2008	50,000
DESTINATION VOYAGEURS NATIONAL PARK	WEBSITE DESIGN & LAUNCH	2008	3,000
DOROTHY MOLTER MUSEUM	PUBLIC REST ROOM CONSTRUCTION	2008	8,000
EAST RANGE JOINT POWERS BOARD	BUSINESS PARK INFRASTRUCTURE	2007	30,000
EDGE OF THE WILDERNESS COMMUNITY CENTER	COMMUNITY CENTER ENTRANCE ROAD PROJECT	2008	3,000
EFFIE, CITY OF	CLUSTER WASTE TREATMENT SYSTEM INSTALLATION	2008	150,000
ELY AREA DEVELOPMENT ASSOC	PROJECT FIREFLY PROGRAM	2008	50,000
ELY, CITY OF	SPRINKLER SYSTEM AT MINERS DRY BUILDING	2007	35,000
ELY, CITY OF	YOUTH FACILITY/RECREATIONAL AREAS IN NEW PARK	2008	50,000
ELY, CITY OF	48 UNIT ASSISTED LIVING DEVELOPMENT INFRASTRUCTURE	2008	400,000
ELY, CITY OF	48 UNIT ASSISTED LIVING DEVELOPMENT INFRASTRUCTURE	2008	80,000
ELY, CITY OF	MN DEPT OF REVENUE EXPANSION INFRASTRUCTURE	2008	400,000
ELY WINTON HISTORICAL SOCIETY	HANDS ON HISTORY PROGRAM	2008	2,500
EMBARRASS, CITY OF	SHOWER BUILDING & SEPTIC SYSTEM AT HERITAGE PARK	2008	20,000
EVELETH, CITY OF	WATER TREATMENT PLANT RENOVATION	2007	250,000
EVELETH, CITY OF	HEALTH SERVICES PARK DIALYSIS CENTER	2008	150,000
EVELETH, CITY OF	16 UNIT RESIDENTIAL/8 UNIT COMMERCIAL INFRASTRUCTURE	2008	300,000
EVELETH, CITY OF	ELEVATOR FOR HEALTH SERVICES PARK	2008	40,000
EVELETH, CITY OF	OLD GOLDEN RULE DEMOLITION	2008	100,000
EVELETH HEALTH SERVICES	DOORS & SAFETY IMPROVEMENTS	2007	25,000
FAYAL, TOWN OF	WATER MAIN REPLACEMENT	2008	100,000
GIANTS RIDGE MASTER ASSOCIATION	PROFESSIONAL SERVICES	2007	7,250
GIANTS RIDGE MASTER ASSOCIATION	PROFESSIONAL SERVICES	2007	6,500
GIANTS RIDGE MASTER ASSOCIATION	PROFESSIONAL SERVICES	2007	7,750

FY07-2008 Grants - *continued*

GIANTS RIDGE SKI PATROL	FIRST AID & CAPITAL SUPPLIES	2008	4,000
GILBERT, CITY OF	SHERWOOD FOREST CAMPGROUND	2007	75,000
GILBERT, CITY OF	WETLAND BANK CREDITS/OHV FENCING	2007	54,000
GILBERT, CITY OF	24 UNIT TOWNHOUSE INFRASTRUCTURE	2008	200,000
GILBERT, CITY OF	MURPHY BUILDING SITE IMPROVEMENTS	2008	30,000
GRAND MARAIS, CITY OF	SAWTOOTH COTTAGE DEVELOPMENT INFRASTRUCTURE	2008	130,000
GRAND RAPIDS, CITY OF	RAILROAD CROSSING PROJECT	2007	150,000
GRAND RAPIDS, CITY OF	7TH AVE COMMERCIAL DEVELOPMENT	2008	300,000
GRAND RAPIDS, CITY OF	INDUSTRIAL BUILDING SITE WORK	2008	100,000
GRAND RAPIDS, CITY OF	NORTH COUNTRY RECYCLING CENTER DEMOLITION	2008	150,000
GUNFLINT TRAIL ASSOCIATION	HAM LAKE FIRE CRISIS MANAGEMENT MARKETING	2008	19,650
GUNFLINT TRAIL HISTORICAL SOCIETY	CHIK-WAUK MUSEUM & NATURE CENTER	2008	10,000
HIBBING ARTS COUNCIL	DYLAN DAYS EXHIBIT	2008	10,000
HIBBING, CITY OF	28 UNIT ASSISTED LIVING FACILITY INFRASTRUCTURE	2007	100,000
HIBBING, CITY OF	FIBER TO THE PREMISE PROJECT	2007	37,500
HIBBING, CITY OF	SNOW REMOVAL BUILDING AT AIRPORT	2007	150,000
HIBBING, CITY OF	14 DUPLEX HOUSING DEVELOPMENT INFRASTRUCTURE	2008	300,000
HIBBING TACONITE COMPANY	TACONITE ECONOMIC DEVELOPMENT FUND	2007	2,427,819
HIBBING TACONITE COMPANY	TACONITE ECONOMIC DEVELOPMENT FUND	2008	2,403,720
HOYT LAKES, CITY OF	MAINTENANCE GARAGE SITE IMPROVEMENTS	2007	150,000
HOYT LAKES, CITY OF	WASTE TREATMENT PLANT IMPROVEMENTS	2008	125,000
HOYT LAKES, CITY OF	PUBLIC WORKS GARAGE DEMOLITION	2008	50,000
INTERNATIONAL WOLF CENTER	MARKETING & PROMOTION	2008	10,000
IRON JUNCTION, CITY OF	SEWER/WASTE WATER TREATMENT PLANT	2008	50,000
IRON RANGE VETERANS MEMORIAL	VETERANS MEMORIAL STATUE	2007	250,000
IRONTON, CITY OF	INDUSTRIAL PARK WATER MAIN EXTENSION	2008	30,000
IRONWORLD DEVELOPMENT CORPORATION	OPERATING EXPENSES	2007	400,000
IRONWORLD DEVELOPMENT CORPORATION	OPERATING EXPENSES	2007	471,984
IRONWORLD DEVELOPMENT CORPORATION	WATER LINE BREAK	2008	2,208
IRONWORLD DEVELOPMENT CORPORATION	ENDOWMENT MATCH	2008	6,561
IRONWORLD DEVELOPMENT CORPORATION	SERVER REPLACEMENT	2008	14,474
IRONWORLD DEVELOPMENT CORPORATION	CCC LOG MUSEUM BUILDING REPAIRS	2008	47,449
IRONWORLD DEVELOPMENT CORPORATION	FACILITY ROOF REPAIRS	2008	44,711
IRONWORLD DEVELOPMENT CORPORATION	FINAL INTEREST AMENDMENT	2008	53,751
IRONWORLD DEVELOPMENT CORPORATION	CAPITAL IMPROVEMENTS	2008	800,000
IRONWORLD DEVELOPMENT CORPORATION	ENDOWMENT INTEREST	2008	937,397
IRONWORLD DEVELOPMENT CORPORATION	OPERATING EXPENSES	2008	1,576,000
IRONWORLD DEVELOPMENT CORPORATION	ENDOWMENT TRANSFER	2008	10,000,000
ISD 0001-AITKIN	REVENUE BONDS	2007	600,000
ISD 0166-COOK COUNTY	REVENUE BONDS	2007	600,000
ISD 0182-CROSBY-IRONTON	REVENUE BONDS	2007	600,000
ISD 0316-GREENWAY	REVENUE BONDS	2007	1,100,000
ISD 0318-GRAND RAPIDS	REVENUE BONDS	2007	600,000
ISD 0319-NASHWAUK-KEEWATIN	REVENUE BONDS	2007	700,000
ISD 0381-LAKE SUPERIOR	REVENUE BONDS	2007	600,000
ISD 0695-CHISHOLM	REVENUE BONDS	2007	700,000
ISD 0696-ELY	REVENUE BONDS	2007	600,000
ISD 0701-HIBBING	REVENUE BONDS	2007	2,100,000
ISD 0706-VIRGINIA	REVENUE BONDS	2007	900,000
ISD 0712-Mt. IRON-BUHL	REVENUE BONDS	2007	700,000
ISD 2142-St. LOUIS COUNTY	REVENUE BONDS	2007	600,000
ISD 2154-EVELETH-GILBERT	REVENUE BONDS	2007	1,000,000
ISD 2711-MESABI EAST	REVENUE BONDS	2007	3,600,000
ITASCA COMMUNITY COLLEGE	COMPUTER LAB UPGRADE	2008	10,000
ITASCA COMMUNITY COLLEGE	LEAN HEALTH	2008	50,000
KABETOGAMA TOURISM BUREAU	LAND OF THE LADY SLIPPER ARTS & CRAFTS FESTIVAL MARKETING	2008	2,500
KEEWATIN, CITY OF	20 UNIT RESIDENTIAL DEVELOPMENT INFRASTRUCTURE	2008	100,000
KEEWATIN, CITY OF	LIF BORING EJ LONGYEAR SITE	2008	15,000
KEEWATIN TACONITE COMPANY	TACONITE ECONOMIC DEVELOPMENT FUND	2007	1,646,495
KEEWATIN TACONITE COMPANY	TACONITE ECONOMIC DEVELOPMENT FUND	2008	1,738,266
LAKE COUNTY	TOIMI SCHOOL WAYSIDE REST CONSTRUCTION	2007	9,700
LAPRAIRIE, CITY OF	WATER/SEWER EXTENSIONS TO INDUSTRIAL PARK	2008	30,000
LAURENTIAN ENERGY AUTHORITY	BIOMASS VIRGINIA/HIBBING PROJECT	2007	1,549,405
LAURENTIAN ENERGY AUTHORITY	FOREST INDUSTRY ASSISTANCE PROGRAM	2007	1,160,189
LAURENTIAN ENERGY AUTHORITY	FOREST INDUSTRY ASSISTANCE PROGRAM	2007	30,000
LUTSEN, TOWN OF	LUTSEN MOUNTAIN AREA INFRASTRUCTURE FOR DEVELOPMENT	2008	350,000

FY07-2008 Grants - *continued*

MACROSTIE ART CENTER	WEBSITE RE-DESIGN	2008	3,000
MARBLE, CITY OF	16 UNIT HOUSING INFRASTRUCTURE	2008	130,000
MEADOWLANDS, CITY OF	WATER/SEWER EXTENSION FOR DEVELOPMENT	2008	75,000
MESABI RANGE COMMUNITY COLLEGE	MECHANICAL TECHNICAN PROGRAM TRAINING	2008	50,000
MINNESOTA FOREST RESOURCE COUNCIL	FOREST LANDSCAPE IN NORTHEAST MINNESOTA	2008	50,000
MINNESOTA HUMANITIES CENTER	IRON RANGE DOCUMENTARY	2008	130,000
MINNESOTA IRON RANGE RETRIEVER CLUB	POND AND FIELD UPGRADE	2008	50,000
MINNESOTA WOOD CAMPAIGN INC	NORTH WOODS EDUCATION PROJECT	2007	35,000
MN DEED	TACONITE TEC AGREEMENT	2008	3,000
MNSCU BEMIDJI STATE UNIVERSITY	ECONOMIC DEVELOPMENT WEB SITE PORTAL	2007	19,400
MT. IRON, CITY OF	RIDGE BUSINESS PARK INFRASTRUCTURE	2007	150,000
MT. IRON, CITY OF	SAFETY FENCING PROJECT	2007	15,000
MT. IRON, CITY OF	WEST TWO RIVERS CAMPGROUND	2007	20,000
MT. IRON, CITY OF	16 SINGLE/6 TOWNHOUSE HOUSING DEVELOPMENT INFRASTRUCTURE	2008	200,000
MT. IRON, CITY OF	OLD GAS STATION DEMOLITION	2008	20,000
MT. IRON ECONOMIC DEVELOPMENT AUTHORITY	MESABI MOUNTAIN WIND COALITION	2007	139,000
NASHWAUK, CITY OF	42 UNIT ASSISTED LIVING FACILITY	2008	200,000
NASHWAUK, CITY OF	42 UNIT ASSISTED LIVING DEVELOPMENT INFRASTRUCTURE	2008	250,000
NASHWAUK, CITY OF	INDUSTRIAL PARK COMMERCIAL DEVELOPMENT	2008	160,000
NASHWAUK, CITY OF	ESSAR STEEL MINNESOTA PROJECT INFRASTRUCTURE	2008	250,000
NORTH AMERICAN BEAR CENTER	BEAR CENTER CONSTRUCTION	2007	50,000
NORTH HOUSE FOLK SCHOOL	CAPITAL IMPROVEMENTS	2008	10,000
NORTH SHORE SCENIC DRIVE COUNCIL	SPLIT ROCK RIVER SAFETY & ACCESS PROJECT	2008	2,950
NORTHEAST ENTREPRENEUR FUND	GREENSPAN GROUP ESTABLISHMENT	2008	35,000
NORTHEAST HIGHER EDUCATION DISTRICT	NORTHEAST MINNESOTA WORKFORCE E-FOLIO SYSTEM	2008	200,000
NORTHEAST HIGHER EDUCATION DISTRICT	60 CREDIT TECH POWER	2008	100,000
NORTHEAST HIGHER EDUCATION DISTRICT	APPLIED LEARNING INITIATIVE HIGH SCHOOL	2008	100,000
NORTHEAST SERVICE COOP #927	DS3 CONNECTIONS	2008	40,000
NORTHEAST SERVICE COOP #927	NORTHEASTNET SYSTEM	2008	90,000
NORTHERN LIGHTS MUSIC FESTIVAL	CHILDREN'S OPERA MARKETING & PUBLIC RELATIONS	2008	10,000
NORTHSHORE MINING COMPANY	TACONITE ECONOMIC DEVELOPMENT FUND	2007	1,525,894
NORTHSHORE MINING COMPANY	TACONITE ECONOMIC DEVELOPMENT FUND	2008	1,598,768
NORTHSPAN GROUP INC	ABC OPERATING COSTS	2007	25,000
NORTHSPAN GROUP INC	ABC OPERATING COSTS	2008	10,000
NORTHSPAN GROUP INC	ABC MARKETING	2008	30,000
NORTHSPAN GROUP INC	ABC OPERATING COSTS	2008	30,000
NORTHSPAN GROUP INC	WEBSITE DEVELOPMENT & COMMUNITY PLANNING	2008	35,000
PATHBLAZERS SNOWMOBILE CLUB	HWY 5 SIDE LAKE BRIDGE	2008	50,000
PATHBLAZERS SNOWMOBILE CLUB	HWY 5 SIDE LAKE BRIDGE	2008	30,000
PIKE, TOWN OF	BRITT LOUNGE DEMOLITION	2008	13,000
RANGE RECREATION CIVIC CENTER	CAPITAL IMPROVEMENTS	2007	50,000
SILVER BAY, CITY OF	MARY MACDONALD SCHOOL INFRASTRUCTURE	2008	120,000
SISU HERITAGE, INC	BROCHURE CREATION & DISTRIBUTION	2008	2,550
ST. LOUIS & LAKE COUNTIES REGIONAL RAIL AUTHORITY	WYNNNE/SABIN LAKES BRIDGE	2007	230,000
ST. LOUIS COUNTY	BIOMASS FIBER PRODUCTION	2007	53,531
ST. LOUIS COUNTY AGRICULTURE FAIR	FAIRGROUNDS CHILDREN'S BARN CONSTRUCTION	2007	10,000
ST. LOUIS COUNTY	PIKE RIVER ROAD PROJECT	2008	1,578,777
TOFTE, TOWN OF	SEPTIC SYSTEM AT BIRCH GROVE CENTER REPLACEMENT	2008	45,000
TOIMI SCHOOL COMMUNITY CENTER	HANDICAP RAMP CONSTRUCTION	2008	5,000
TOWER, CITY OF	BUSINESS PARK INFRASTRUCTURE	2007	100,000
TOWER, CITY OF	EAST TWO RIVERS PROJECT	2007	1,588,909
TOWER, CITY OF	20 UNIT NORTH STAR AREA INFRASTRUCTURE	2008	130,000
TOWER, CITY OF	EAST TWO RIVERS PROJECT	2008	1,588,909
TOWER SOUDAN HISTORICAL SOCIETY	DEPOT MUSEUM PROJECT	2008	2,500
TWO HARBORS CHAMBER OF COMMERCE	RJ HOULE INFORMATION CENTER PROJECT	2008	9,000
TWO HARBORS, CITY OF	HOUSING INFRASTRUCTURE	2007	150,000
TWO HARBORS, CITY OF	INDUSTRIAL PARK INFRASTRUCTURE	2008	250,000
TWO HARBORS, CITY OF	OLD HIGH SCHOOL DEMOLITION	2008	50,000
UNITED STATES HOCKEY HALL OF FAME MUSEUM	PURCHASE INTERACTIVE EXHIBITS & SIGNAGE UPGRADES	2008	30,000
US STEEL-MINNTAC	TACONITE ECONOMIC DEVELOPMENT FUND	2007	4,209,392
US STEEL-MINNTAC	TACONITE ECONOMIC DEVELOPMENT FUND	2008	4,137,585
UNITED TACONITE	TACONITE ECONOMIC DEVELOPMENT FUND	2007	1,246,530
UNITED TACONITE	TACONITE ECONOMIC DEVELOPMENT FUND	2008	1,590,218
UNIVERSITY OF MINNESOTA	HEALTH EFFECTS OF MINING STUDY	2008	250,000
UNIVERSITY OF MINNESOTA, DULUTH	SMALL BUSINESS DEVELOPMENT CENTER SUPPORT IN VIRGINIA	2007	32,500
UNIVERSITY OF MINNESOTA, DULUTH	SMALL BUSINESS DEVELOPMENT CENTER SUPPORT IN VIRGINIA	2008	60,000

FY07-2008 Grants - *continued*

VIRGINIA AREA HISTORICAL SOCIETY	MUSEUM ENHANCEMENTS	2008	3,000
VIRGINIA, CITY OF	B'NAI ABRAHAM SYNAGOGUE RESTORATION	2007	15,000
VIRGINIA, CITY OF	FAIRVIEW PHASE III HOUSING	2007	50,000
VIRGINIA, CITY OF	P & H MINEPRO SITE PREPERATION	2007	250,000
VIRGINIA, CITY OF	QUAD CITIES WATER & WASTEWATER STUDY	2007	10,000
VIRGINIA, CITY OF	SPECTRUM BUILDING TECH IMPROVEMENTS	2007	8,500
VIRGINIA, CITY OF	P & H MINEPRO INDUSTRIAL AREA INFRASTRUCTURE	2008	250,000
VIRGINIA, CITY OF	21 UNIT FAIRVIEW AREA INFRASTRUCTURE	2008	300,000
VIRGINIA, CITY OF	9TH AVE INFRASTRUCTURE-IDEA DRILLING	2008	200,000
VIRGINIA, CITY OF	B'NAI ABRAHAM SYNAGOGUE RESTORATION	2008	75,000
VIRGINIA, CITY OF	NELSON COLLIE BUILDING DEMOLITION	2008	30,000
VIRGINIA, CITY OF	FIRE-DAMAGED BUILDING DEMOLITION	2008	250,000
WHITE, TOWN OF	BIKE TRAIL EXTENSION	2007	75,000
WHITE, TOWN OF	VOYAGEURS RETREAT DEVELOPMENT	2008	210,000
WHITE, TOWN OF	BIKE TRAIL EXTENSION	2008	75,000
WILD NORTH GOLF INC	GOLF CHANNEL PROMOTION	2007	10,000
TOTAL GRANTS			\$75,582,845

FY07-2008 Loans

Recipient	Retained Jobs	New Jobs	Total Project Cost	Form	Agency Amount
Aitkin					
Machine and Manufacturing	0	6	\$360,000	Participation Loan	\$102,500
Cook					
Hill Wood Products	49	7	1,793,500	Direct Loan	675,000
Chisholm/Hibbing Airport					
Spec Building	-	-	835,000	Direct Loan	835,000
Crane Lake					
Scotts of Crane Lake - US Customs	10	2	416,000	Participation Loan	175,000
Eveleth					
CrossUSA	0	50	1,300,000	Direct Loan	500,000
Hibbing					
Industrial Rubber	86	20	8,800,000	Participation Loan	1,500,000
Laurentian Energy Authority*	35	30-50	62,000,000	Direct Loan	4,000,000
Hoyt Lakes					
Premier Plastics, Inc	36	4	200,000	Participation Loan	100,000
Nashwauk-Keewatin					
Magnetation, Inc	0	25	5,302,452	Direct Loan	2,000,000
Palisade					
Superior Thermowood	0	5	1,434,500	Participation Loan	225,000
St. Louis & Lake County					
Trailhead & Wynne Lake Bridge	0	0	700,000	Direct Loan	450,000
Tower					
East Two Rivers Marina	-	-	12,000,000	Direct Loan	200,000
Two Harbors					
White Bear Technologies, Inc	0	16	450,000	Direct Loan	75,000
Virginia					
Laurentian Energy Authority*	35	30-50	62,000,000	Direct Loan	4,000,000
Range Monument & Granite Works	7	5	973,000	Participation Loan	200,000
TOTAL			\$96,564,452		\$11,037,500

* Laurentian Energy Authority is a joint project between the cities of Hibbing and Virginia.

2006 Distribution of Taconite Production Tax

2005 Production Year

(Fiscal Year 2007)

Total Taconite Production Tax

\$86,852,769*

Production Tax is \$2.137 per taxable ton.
The three-year average taxable tonnage was 37,765,088 tons.

*Amount is after \$2,159,544 in tax credits have been applied. Also included is \$8,308,319 from the state general fund. (22.0 cpt)



Cities and Townships
\$10,862,719
28.8 cpt
City & Township Fund**
\$2,047,900
5.4 cpt
Taconite Municipal Aid**
\$6,454,084
17.1 cpt
Taconite Railroad
\$591,142
1.6 cpt
Mining Effects**
\$1,769,593
4.7 cpt



School Districts
\$17,534,352
46.4 cpt
Taconite School \$0.0343 Fund**
\$1,512,883
4.0 cpt***
Regular School \$1.1372 Fund**
\$5,928,663
15.7 cpt***
Taconite Railroad
\$1,106,935
2.9 cpt***
Taconite Referendum
\$4,218,742
11.2 cpt
School Bond Payments
\$4,767,129
12.6 cpt



Counties
\$13,406,340
35.5 cpt
Regular County Fund**
\$9,984,746
26.4 cpt
County Road and Bridge Fund**
\$2,637,217
7.0 cpt
Taconite Railroad
\$784,377
2.1 cpt



Property Tax Relief and Misc.
\$13,823,846
36.6 cpt
Taconite Property Tax Relief
\$13,719,754
36.6 cpt
Range Association of Municipalities and Schools**
\$104,092
0.3 cpt



Iron Range Resources
\$19,704,852
52.2 cpt
Iron Range Resources Fund**
\$3,071,150
8.1 cpt
Iron Range Resources Fixed Fund
\$1,252,520
3.3 cpt
Taconite Env. Protection Fund
\$9,417,968
25.0 cpt
Douglas J. Johnson Economic Protection Trust Fund
\$2,864,404
7.6 cpt
Grant & Loan Fund
\$3,098,810
8.2 cpt



Taconite Economic Development Fund
\$11,520,660
30.5 cpt

*** 22.6 cents per ton will be subtracted from state aids or levies a taconite school district would otherwise receive.

Guarantee Fund
M.S. 298.225
M.S. 298.293

** Payments to the funds are guaranteed at a percentage level of the base year (1983 or 1999) by M.S. 298.225 for local aids and M.S. 298.293 for property tax relief.

cpt = cents per taxable ton

Source: Minnesota Mining Tax Guide, September 2006

2007 Distribution of Taconite Production Tax

2006 Production Year

(Fiscal Year 2008)

Total Taconite Production Tax

\$93,096,939*

Production Tax is \$2.203 per taxable ton.
The three-year average taxable tonnage was 39,297,977 tons.

*Amount is after \$2,122,059 in tax credits have been applied. Also included is \$8,645,553 from the state general fund. (22.0 cpt)



Cities and Townships
\$11,087,982
28.2 cpt
City & Township Fund**
\$2,091,131
5.3 cpt
Taconite Municipal Aid**
\$6,588,041
16.8 cpt
Taconite Railroad
\$591,142
1.5 cpt
Mining Effects**
\$1,806,224
4.6 cpt
Transferred from schools for city/township levy reduction
\$11,444
0.0 cpt



School Districts
\$16,541,276
42.1 cpt
Taconite School \$0.0343 Fund**
\$1,567,083
4.0 cpt***
Regular School \$1.1372 Fund**
\$6,134,022
15.6 cpt***
Taconite Railroad
\$1,106,935
2.8 cpt***
Taconite Referendum
\$3,985,816
10.1 cpt
School Bond Payments
\$3,747,420
9.6 cpt



Counties
\$13,568,536
34.5 cpt
Regular County Fund**
\$10,112,692
25.7 cpt
County Road and Bridge Fund**
\$2,671,467
6.8 cpt
Taconite Railroad
\$784,377
2.0 cpt



Property Tax Relief and Misc.
\$14,753,800
37.5 cpt
Taconite Property Tax Relief
\$33,269
0.0 cpt
Public Works & Local Economic Development Fund (2007 Only)
\$14,720,531
37.5 cpt

Other
\$214,555
8.6 cpt
Range Association of Municipalities & Schools
\$137,886
8.4 cpt
Hockey Hall of Fame
\$76,669
0.2 cpt



Iron Range Resources
\$24,673,433
62.8 cpt
Iron Range Resources Fund**
\$3,289,341
8.4 cpt
Iron Range Resources Fixed Fund
\$1,252,520
3.2 cpt
Taconite Env. Protection Fund
\$11,537,116
29.3 cpt
Douglas J. Johnson Economic Protection Trust Fund
\$4,001,532
10.2 cpt
Grant & Loan Fund
\$3,177,818
8.1 cpt
IRR Educational Revenue Bonds
\$1,415,106
3.6 cpt



Taconite Economic Development Fund
\$12,257,357
31.2 cpt

*** 22.4 cents per ton will be subtracted from state aids or levies a taconite school district would otherwise receive.

Guarantee Fund
M.S. 298.225
M.S. 298.293

** Payments to the funds are guaranteed at a percentage level of the base year (1983 or 1999) by M.S. 298.225 for local aids and M.S. 298.293 for property tax relief.

cpt = cents per taxable ton

Source: Minnesota Mining Tax Guide, September 2007

The **2007-2008 Biennial Report to the Legislature** recaps Iron Range Resources activities from July 1, 2006 through June 30, 2008. This report has been prepared in compliance with Minnesota Statutes 1992, Section 298.22, Subdivision 2.

The report was written and designed by agency staff. Printing costs were \$3,266.



