

# Minnesota's legislative auditor will investigate IRRRB

By [Jennifer Bjorhus, Minneapolis Star Tribune](#) Today at 8:29 p.m.

**S**T. PAUL – Minnesota Legislative Auditor Jim Nobles is launching an investigation into the Iron Range Resources and Rehabilitation Board, following Star Tribune stories about the agency's spending of public money.

The state economic development agency is one of seven investigative targets the Legislative Audit Commission chose Friday, a lineup that includes mental health services in county jails and the Minnesota Department of Transportation's project selection. Reports will be issued in early 2016.

In an interview Friday, Nobles said the investigation into the IRRRB, as the Range agency is known, will be a broad-based look at the organization and its policies and practices. He said his office frequently examines the state's various economic development activities.

"It's such an important activity of government. We spend a lot of money on it," he said.

IRRRB Commissioner Mark Phillips disagreed with the characterization of the inquiry as an investigation. "This is a program evaluation," he said. "That's all this is, and we haven't had one since the 1980s, and I'm looking forward to it."

He said such evaluations are about "continuous improvement."

A backgrounder on the IRRRB probe said the legislative auditor would look at the Range agency's investments and its effectiveness in bringing jobs to the area. It mentioned the loans that the IRRRB made to a call center with extensive ties to the Democratic Party.

Nobles said at the time that he would examine the loans to a defunct call center company, called Meyer Associates, to determine whether an investigation was warranted.

Phillips disagreed that the evaluation had anything to do with the loans to Meyer Associates.

Lawmakers are also considering a bill that would prohibit state agencies from making grants or loans to political entities.

The auditor's description of its investigation also mentioned the IRRRB's ownership of the Giants Ridge Golf & Ski Resort, a destination in Biwabik the IRRRB owns. The Star Tribune reported this month that Giants Ridge has lost nearly \$40 million in the past decade.

Nobles said his office will also look at the \$9.5 million the IRRRB loaned to Minneapolis-based Excelsior Energy in the early 2000s to build a gasified coal power plant, a project that did not materialize. The Range agency has extended the loans and not written them off.

The IRRRB, based in Eveleth, has a mission to diversify the Range economy in Northeastern Minnesota and lessen the region's dependence on taconite mining. That has proved a monumental challenge over many decades.

The IRRRB is unusual in being a state agency run by a board made up of lawmakers from the region, with a commissioner appointed by the governor.

The state agency does not get money from the state's general fund but from a tax on taconite production that mining companies pay to the state agency in lieu of property taxes. The tax is administered by the State Department of Revenue, and the IRRRB has broad discretion in spending the public funds. It spent about \$40 million last year.

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