

# 2010

annual report



# IEDC



*helping create quality jobs*

Itasca Economic Development Corporation  
12 Northwest Third Street  
Grand Rapids, MN 55744  
(218) 326-9411 • 1.888.890.5627  
[www.itascadv.org](http://www.itascadv.org)

# LETTER TO THE COMMUNITY

As we look back over the IEDC's activities in 2010, change was a common thread. Interim President Diane Weber stepped down and Joe Broking took the helm as President & CEO, thereby solidifying a vision for the lean, business-minded corporation mapped out during Diane's tenure. As Churchill stated, change is good when it is in the right direction. When combined with his deep ties to Itasca County, Joe's positive energy, global perspective and private-sector focus present the right mix of ingredients needed to usher IEDC through its next phase of development.

“ THERE IS NOTHING  
WRONG WITH  
**change,**  
IF IT IS IN THE  
RIGHT DIRECTION ”

*-Winston Churchill*

If change was the thread, opportunity was the needle. Where other communities saw economic hardship and loss of business throughout 2010, IEDC saw only new opportunity for growth. Rich in abundant natural resources, the Itasca County area continued to attract the attention of companies engaged in mining and forestry-related industries. To the western end of the county, the Itasca Eco Industrial Park honed our focus on advanced biofuels and forest products, while the iron-rich east demonstrated clear promise for new and diverse economic opportunities, now and into the future.

Through all of this, IEDC and its partners - APEX, NEF and UMD CED - continued to fine tune the "Think Regionally, Act Locally" model implemented in 2009. Working under signed confidentiality agreements, IEDC staff and consultants assisted a wide array of local companies poised to expand, in addition to individual business clients seeking one-on-one assistance.

During 2010, a total of 231 clients received assistance from IEDC, with capital investment in completed projects for IEDC clients totaling \$3.75 million. Those completed projects alone accounted for 133 retained or projected jobs and progress continues on additional projects which remain under confidentiality agreements until completed.

The IEDC staff and Board of Directors would like to take this opportunity to thank our investment partners. Without your continued support and engagement, IEDC would not be able to accomplish its mission of "helping create quality jobs." We value your vote of confidence as we stand together, looking ahead to an exciting year in 2011.

With warm regards,



Rick Lemonds  
2010 Board Chair



Joe Broking  
President



## SPECIAL INITIATIVES

### **Nelson Wood Shims**

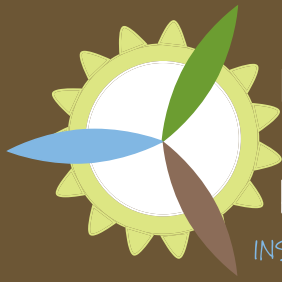
IEDC assisted Nelson Wood Shims in securing a 5-year, \$250,000 loan from Iron Range Resources in December, 2010, which will allow the Company to finance new equipment, hire seven new fulltime employees and purchase more of its wood from Minnesota's forests. Prior to receiving the loan, the Company was forced to utilize timber resources imported from outside of Minnesota for the majority of its production and a portion of its work was subcontracted to a manufacturer in China. The IRRRB loan will help this 60-year-old northern Minnesotan business remain competitive in the global marketplace while further expanding its operation in Cohasset, as it works to supply product to Menards, Home Depot, and other retail outlets world wide. Going forward, IEDC will continue to support the success of Nelson Wood Shims as the Company explores new product development and expansion opportunities.

### **Bigfork Valley Development Corporation**

IEDC continued to assist Bigfork Valley Development Corporation (BVDC) and the Bigfork Valley Resources Group, Inc. in 2010, as the two groups work to develop a 40-acre business park designed to attract medical manufacturing operations and other light-industrial and commercial businesses to the Bigfork area. Initial plans call for the development of a 20,000 sq. ft. facility to house a potential anchor tenant in the medical device reprocessing industry, which could eventually employ more than 45 people. As part of these efforts, IEDC and APEX helped to secure non-binding letters of intent from several regional hospitals and health systems, all of whom pledged to negotiate with the anchor tenant on the potential to utilize the medical device reprocessing services in their operations. Next steps will include recruitment of executive-level leadership and a detailed process engineering study for the anchor tenant. The engineering study will be funded in part by a Blandin Foundation grant which IEDC helped to secure.

### **Foreign Trade Zone**

Itasca County was included in the Duluth Port Authority's Foreign Trade Zone (FTZ) this past year. Advantages to businesses located in a FTZ include deferral or exclusion of duties on imported materials or equipment. The opportunity to be included in the FTZ was presented to IEDC through the Duluth Port Authority. IEDC worked to get UPM Blandin's support for this initiative and consequently was able to get a vote of approval from the Itasca County Board to be included in the FTZ.



# ITASCA ECO INDUSTRIAL PARK

*INSPIRED PEOPLE. CREATIVE ENERGY.*

2010 marked the first official year of development work at the Itasca Eco Industrial Park, a 226-acre mixed-use industrial park at the site of the former Ainsworth OSB mill in Grand Rapids. After gaining control of the site in 2009, IEDC set to work in 2010 on an integrated development strategy focused on creating new business opportunities in the forest products and manufacturing sectors. A taskforce of community leaders and IEDC stakeholders was formed to advise IEDC on the opportunities and threats associated with this ambitious project, and the group set to work quickly on the Phase I and Phase II environmental assessments. Remediation work was promptly completed, giving the site a clean bill of health as marketing efforts began full steam.

At the beginning of the year, the Itasca Eco Industrial Park was already under consideration by two significant prospects in the renewable energy manufacturing sector - a German wind blade manufacturer with plans for sister facilities in Duluth and Superior; and a wood pellet producer with operations in Illinois and Maine. Although both prospects looked promising early in the year, it soon became clear that neither project would materialize, as changes in management focus derailed the wind blade manufacturing project and declining energy prices stalled expansions in the wood pellet industry nationwide. Although IEDC continues to monitor both prospects on an ongoing basis, there was no change in status by the end of 2010.



In total, IEDC and APEX hosted more than 20 site visits from prospective tenants at the Itasca Eco Industrial Park in 2010, ranging from local entrepreneurial start-ups to an array of domestic and international companies involved in wood processing and/or manufacturing. One of the more promising of these leads came from an investment group which originally contacted IEDC with an interest in purchasing the old press equipment from the OSB operation. As these conversations evolved, the group revealed plans to use an innovative new technology to produce structural panel board out of wheat straw, a plentiful byproduct of the nation's wheat-growing industry.

IEDC and its affiliates went on to host a series of site visits throughout the summer with the group's management team and engineering staff, as both parties assessed the feasibility of locating a straw board manufacturing facility at the Eco Park. Unfortunately, the group encountered technological challenges at its demonstration plant in China and all further expansions - including the Grand Rapids project - were put on hold



indefinitely. Once again, IEDC continues to monitor the company's progress in addressing these hurdles, but there was no movement by the end of 2010

Despite these challenges, the year ended on a positive note for the Itasca Eco Industrial Park, with IEDC leadership executing a non-binding letter of intent with a leading producer of wood-based advanced biofuels. This prospect, which ranks among the top liquid biofuels companies in the world, first visited the Eco Park in the spring of 2010 and outlined plans for a series of production facilities around the upper midwest. Talks continued and IEDC submitted a formal response to the company's request for proposals in September, 2010. With an LOI signed in December, IEDC engaged the company in formal due-diligence activities and the project continues to show strong signs of progress. If successful, the plant will create an estimated 100 jobs directly at the site, in addition to the logging and trucking jobs associated with the company's significant wood procurement needs.

Beyond marketing activities and site visits from prospective tenants, much of 2010 was dedicated to cleaning up the Itasca



*Sen. Franken joined local officials and business leaders at the groundbreaking for the Itasca Economic Development Corporation Industrial Park in Grand Rapids on October 14, 2010.*

Eco Industrial Park and preparing the site for future use. In addition to funds awarded by various agencies for the environmental work mentioned above, the Federal Economic Development Authority (EDA) also awarded a \$1.75 million dollar grant to support demolition and reconstruction activities at the site. An official groundbreaking ceremony was hosted on October 14, 2010, with participation from the region's State and Federal policy-makers who all expressed strong support for the Itasca Eco Industrial Park project.

JDI Contracts, the project management firm providing technical support for IEDC, assembled bid documents and an engineering firm was selected to coordinate EDA-related work at the park. A preliminary round of bids was also obtained earlier in the year from demolition contractors, to help the taskforce better ascertain the value of the scrap metal at the site and the anticipated costs associated with removing some or all of the buildings. This information continues to play a vital role in negotiations with the potential anchor tenant, as both parties assess the value of the buildings and the potential to utilize part or all of the existing infrastructure. Pending the outcome of discussions with the anchor tenant's engineering team, a revised plan for demolition and reconstruction work will be submitted to the EDA in 2011.



This work will continue throughout the next year, as discussions with the potential anchor tenant continue to progress and formal agreements are established. A public announcement regarding this project is expected sometime mid-year. If all goes according to plan, IEDC will initiate a revised marketing strategy aimed at co-locating synergistic businesses at the park to share operating costs and utilize the anchor tenant's valuable byproducts, thereby realizing the integrated, multi-tenant development strategy devised in early 2010.



## STAFF CHANGES

## INVESTMENT PARTNERS

*Premier funding for Itasca Economic Development Corporation comes from the Blandin Foundation and Itasca County. Other contributions were received from the following private/public sector partners:*

*Grand Rapids EDA, Cobasset EDA, Jerry Miner Realty*

*Blandin Paper Company, Minnesota Power, American Bank, Grand Rapids State Bank, Lake Country Power, Herald Review, KOZY*

*First State Bank of Bigfork, Verta Corporation, North Itasca Electric Coop, Grand Itasca Clinic and Hospital, Paul Bunyan Telephone, Ruttger's Sugar Lake Lodge, Wells Fargo Bank, Woodland Bank, Bigfork Valley Hospital, Deer River Healthcare, Industrial Lubricant, Mike Ives Realty, Casper Construction*

*The University of Minnesota Duluth's Center for Economic Development, a regional service center, sponsors the Small Business Development Center at IEDC.*



**Joe Broking** joined IEDC in August as the new President. Broking previously held the position of Director of Operations and co-directed the implementation of the Terex Business System (lean manufacturing) at the company's Denison, Texas facility. Broking is a native of Grand Rapids and has a major in accounting from Bemidji State University financed through a UPM Kymmene/Blandin Paper Company scholarship.



In late 2009, IEDC formed a strategic partnership with **APEX**, a regional economic development firm out of Duluth, in order to better leverage the strengths of a broad-based regional economic development network. Under that contract,

**Jeff Borling** joined the IEDC team as APEX Director of Itasca Business Development, with a primary focus on securing new tenants for the Itasca Eco Park and other commercial and industrial properties throughout Itasca County. Borling holds an M.A. from UMD and has a strong background in marketing, research and communication.

A talented network of contracted consultants also worked for IEDC to provide specific consulting expertise to clients as needed.

## 2010 BOARD OF DIRECTORS

*Rick Lemonds - Chairman, Lake Country Power*

*Ron Oleheiser - Vice Chair, Grand Rapids Herald Review*

*Sue Estee - Secretary/Treasurer, Second Harvest Food Bank*

*Mike Ives - Past Chair, Mike Ives Realty*

*Rusty Eichorn, Itasca County Commissioner*

*Kris Ferraro, Broberg & Ferraro, CPAs*

*Mark Glasnapp, Newmark Enterprises*

*Bud Stone, Grand Rapids Area Chamber of Commerce*

*Rochelle VanDenHeuvel, ISD #318*



Itasca Economic Development  
Corporation  
12 Northwest Third Street  
Grand Rapids, MN 55744

218.326.9411  
1.888.890.5627  
[www.itascadv.org](http://www.itascadv.org)



## LEADERSHIP EDUCATION

IEDC, together with the Blandin Foundation and Ruttger's Sugar Lake Lodge, funded a feasibility study to explore the potential for creating a new economic sector focusing on leadership education in Itasca County. Study results indicated opportunities to leverage the Blandin Foundation's national reputation for community leadership development, as well as Ruttger's supporting role as a key venue for leadership programs.

Based on the feasibility study's recommendations, IEDC issued a Request for Proposals to develop a comprehensive plan to create a leadership education economic sector in the Itasca County Area. Dr. Stephen Cohen, Principal of Strategic Leadership Collaborative, was selected to develop the plan and a point person was retained to manage the project and facilitate local connections. The plan is anticipated to be completed by June, 2011.