

# 2011 annual report



# IEDC



*helping create quality jobs*

Itasca Economic Development Corporation  
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“action IS  
THE FOUNDATIONAL  
KEY TO ALL SUCCESS.”

*- Pablo Picasso*

“Action is the foundational key to all success”, so said Picasso...and ACTION would aptly describe the year 2011 for IEDC and the Itasca Eco Industrial Park. With five Letters of

Intent – four of them for the Eco Park and one for the Itasca Technology Exchange – opportunities abound.

IEDC’s Board of Directors and staff have worked hard this year to assist these and other companies with their preliminary needs, including conducting a detailed wood fiber analysis to study the volume of harvestable timber available in close proximity to the IEIP and working with state and local agencies to discuss financing options for new high-potential projects in Itasca County.

A rebound in the mining industry has also created a surge of action for local manufacturers and mining suppliers, not to mention companies from outside the region who are interested in establishing roots in the area. IEDC consultants have worked with numerous smaller companies experiencing a need to expand as a direct result of the mining operations, with a goal of helping these companies manage growth effectively and retain their competitive edge in the global marketplace. Site selection services are also gaining steam, as new and expanding companies look to call Itasca County home.

All in all, IEDC and its partners are proud to report that we assisted 210 individual clients in 2011, ranging from pre-venture startups and local expansion projects, to the recruitment of larger companies meeting demands not currently served in the local economy. IEDC directly assisted twelve companies in obtaining nearly \$10 million in financing, with total projects financed exceeding \$80 million. As a result of these efforts, we have seen nearly 300 new jobs created in Itasca County in 2011 alone.

Yet, with overall economy performance and unemployment rates still below desired levels, it is understandable that the glass may appear half empty; but if action truly is the foundational key to all success, then we at IEDC know the glass is half full and ready to overflow. We look forward to building upon the foundation of 2011 and sharing many new success stories with you, our partners, in 2012.

With warm regards,



Rick Lemonds - 2011 Board Chair



Joe Broking - President



## 2011 SPECIAL INITIATIVES

### TAC

IEDC's interest in the technology industry and Sandy Layman's involvement in it go back to Sandy's tenure as president of IEDC. With her assistance, the Itasca Technology Exchange was formed. Recently, IEDC began the process of developing a comprehensive strategy for expanding the IT/computer sciences business cluster in Itasca County. A series of meetings were held resulting in the formation of the IEDC Technology Advisory Committee (TAC). Though still in the early stages, the committee will continue to meet to work out a strategy for expanding and attracting tech-based businesses to Itasca County.

### Midwest Manufacturing

IEDC assisted Midwest Manufacturing with growth-related financing and other business needs during the second half of 2011. The result was \$550,000 in approved loans, including the IRRRB approving \$273,800 in a participation loan. This funding will help to expand the company's building by 6,000 square feet and purchase more equipment. Midwest Manufacturing plans to hire 17 additional workers allowing them to meet the current market potential.





# 2011 INVESTMENT PARTNERS

We would like to thank our premier funders, the Blandin Foundation and Itasca County, for their continued support and confidence in IEDC.

We would also like to extend our appreciation to the following private/public sector investment partners:

- American Bank
- Bigfork Valley Hospital
- Blandin Paper Company
- Cohasset EDA
- Deer River HealthCare
- First State Bank of Bigfork
- Grand Itasca
- Grand Rapids EDA
- Grand Rapids State Bank
- Great River Energy
- Hawkinson Construction
- Industrial Lubricant
- Jerry Miner Realty
- Lake Country Power
- MDI
- Midwest Manufacturing
- Minnesota Power
- North Itasca Electric Coop
- Wells Fargo
- Woodland Bank

**In-kind contributions** were received from JDI Contracts, Grand Rapids Herald Review and KOZY

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

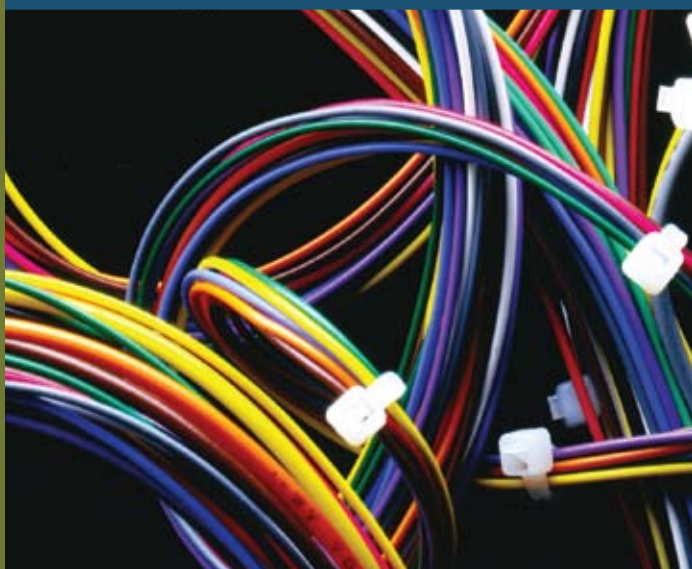
## OTHER 2011 PROJECTS

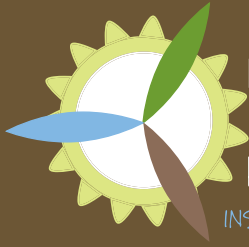
### **Meditasca**

Mike Andrews, consultant for IEDC, continued to work with Bigfork Valley Development Corporation as they worked toward making Meditasca Manufacturing a reality. Meditasca is a startup business with a vision to be a premier manufacturer, reprocessor and distributor of medical device products and services. The company is in the funding stage.

### **MNStar Technologies**

MNStar Technologies, a local company that produces a wide array of electrical systems and wire harnesses for the automotive, heavy equipment, commercial truck and marine industries sought assistance from IEDC early in 2011. IEDC's consultant, Kathleen Kolp, assisted owner, Mike Rhodes, as they developed a long-term strategy for managing cash flow challenges, resulting in opportunities for growth and stability.





## ITASCA ECO INDUSTRIAL PARK

*INSPIRED PEOPLE. CREATIVE ENERGY.*

### **Itasca Eco Industrial Park**

2011 was an extremely busy year at the Itasca Eco Industrial Park, as the IEDC team worked to create an attractive environment for emerging producers of wood-derived advanced biofuels and chemicals, while further promoting the IEIP as the most competitive site option available in the Minnesota wood basket.

In fulfillment of a non-binding letter of intent executed with a potential anchor tenant in late 2010, IEDC set out to conduct a detailed analysis of the region's timber resources, aimed at measuring the actual volume of harvestable timber available in close proximity to the IEIP, while further identifying those feedstocks which are not currently in demand by existing employers in Itasca County. The results of this study showed that with the closure of the three OSB mills in Grand Rapids, Bemidji and Cook, there has never been more wood available to new industries in Itasca County.

By September, 2011, the completion of the detailed wood fiber analysis proved that the IEIP was capable of sustaining a commercial-scale advanced biofuels production facility without infringing upon the State's well established sustainable harvest limits put in place to manage and protect timber resources for many years to come.

This resulted in a more detailed memo of understanding to be executed with the potential anchor tenant IEDC had been working with since late 2010, thereby designating the IEIP as the preferred location for the Company's next commercial-scale production facility and committing the IEDC to suspending talks with other competing interests nationwide. Since that time, due-diligence activities have progressed and the project is expected to be announced sometime in mid-2012, barring any unforeseen roadblocks related to other aspects of the project development.

Meanwhile, the IEDC team has engaged in conversations with several other entities interested in locating smaller operations onsite or near the IEIP, in support of the integrated development strategy IEDC hopes to deploy around the ever-changing forest products sector. These include manufacturers of next-generation building products, suppliers to the emerging biofuels and green chemical industries, and a whole host of local manufacturers and wood products-related companies in need of expansion.

## Mining & Manufacturing Activities

As the large mining-related projects picked up steam during the latter half of 2011, two things happened: the rumor mill quieted and the work began. Buildings were constructed, new permits were issued, and Minnesota saw the beginning of what promises to be hundreds of new jobs created and millions of dollars invested in the resurgence of the Western Mesabi iron ore industry.

Although IEDC's involvement in projects like Magnetation, Essar Steel Minnesota and others has lessened as the projects gained in maturity, IEDC has been busy working with suppliers to the Iron Mining industry in effort to help Itasca County realize the fullest potential impact these projects stand to deliver. This has meant deploying consultants to work with local companies like Midwest Manufacturing and Champion Steel, as they work to raise capital and develop new financial management systems aimed at supporting growth in coming years.

The IEDC has also engaged with several suppliers and equipment manufacturers eager to establish a presence in Itasca County, allowing them to better serve their mining customers in Minnesota and throughout North America. With a skilled and highly productive workforce, competitive wage rates, and some of the

most affordable electric utility rates in the nation, these companies understand that northeast Minnesota is an attractive place to do business when competing in the global economy.

Of course, along with opportunity, growing pains also abound. As we look ahead to 2012, there will be a drastic need for new and highly innovative workforce attraction and development initiatives to ensure that we have the workers we need to meet growing demands, while also helping to mitigate the upward pressure these developments are sure to have on the region's median wage rates.

We also have a rather unique challenge in Itasca County when compared with larger metro areas, in that we do not currently have a large inventory of vacant industrial buildings ready to house new and expanding businesses, not to mention a large inventory of vacant homes for new workers to obtain. While this challenge speaks to the overall strength of the economy in Itasca County, our stakeholders can expect to see IEDC getting more involved in 2012 in the outstanding workforce, housing and construction development activities led by our many partners throughout the State.



# MEETING THE NEEDS OF OUR CLIENTS...

An integrated approach to meeting the needs of our clients continued through IEDC's partnerships with UMD's Center for Economic Development, the Entrepreneur Fund and the Area Partnership for Economic Expansion ("APEX"). As a whole, this collaboration of organizations offer support to companies of all sizes and help to provide streamlined assistance for various business opportunities and challenges.

IEDC's Small Business Development consultants are Mike Andrews, Kathleen

Kolp and Diane Weber, while consultants commissioned on a project basis are Sandy Layman and Kelly Hain. Each consultant offers an area of expertise essential for a well rounded suite of services allowing IEDC to meet the broad or specific needs of our clients.

A passionate advocate is critical to growing or attracting business in our region. Jeff Borling, Director of Itasca Business Development for APEX continued to shine in 2011. Jeff secured multiple projects in the Itasca area throughout the year and provides a great conduit for regional information sharing, regional project development and global issues impacting our area.

Nicole Wilde, Director of the Women's Business Center for the Entrepreneur Fund, was new to the scene in 2011. Nicole met monthly with clients in the early startup stage, as well as with clients looking for business financing. Her experience in marketing as well as her understanding of small business has proven to be an asset to our clients.



## 2011 BOARD OF DIRECTORS

Rick Lemonds - *Chairman, Lake Country Power*

Ron Oleheiser - *Secretary/Treasurer*

Rusty Eichorn - *Itasca County Commissioner*

Mike Ives - *Mike Ives Realty*

Mark Glasnapp - *Newmark Enterprises*

Sandy Layman - *Layman Consulting*

Bud Stone, *Grand Rapids Area Chamber of Commerce*

Rochelle VanDenHeuvel, *ISD #318*

Diane Weber



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