



Itasca Economic Development Corporation First Quarter 2012 Newsletter

Key Performance Indicators

	YTD	2012 Annual Target
Total Clients Served at IEDC Facility	68	200
Business Recruitment Leads	6	25
Total Project Investment – Completed (> 10 MM)	\$75 M	\$20 M
Total Project Investment – Completed (< 10 MM)	\$1.2 M	\$5 M
IEDC Assisted Project Investment – Completed (> 10 MM)	\$5 M	\$5 M
IEDC Assisted Project Investment – Completed (< 10 MM)	-	\$5 M
Total Project Investment – In Progress (> 10 MM)	\$1.01 B	\$250 M
Total Project Investment – In Progress (< 10 MM)	\$8.5 M	\$5 M
IEDC Assisted Project Investment – In Progress (> 10 MM)	\$75 M	\$10 M
IEDC Assisted Project Investment – In Progress (< 10 MM)	-	\$5 M
Actual or Projected New Jobs – Completed Projects	120	75
Actual or Projected New Jobs – Projects in Progress	719	250
Jobs Retained	89	25

Broking Resigns/Borling Takes the Helm

On February 7, 2012, the IEDC Board of Directors accepted the resignation of Joe Broking, President & CEO, and voted unanimously to name Jeff Borling as Interim President & CEO. Joe informed the Board of Directors and IEDC Investment Partners of his plans to resign, after accepting a new role as Chief Financial Officer for Magnetation, Inc.

During the past 18 months, Broking has served as an invaluable asset for IEDC, leading several new business expansion and attraction initiatives on behalf of the organization and its partners from throughout the region. Although he will be missed, we know that he will continue to have a positive impact on the local economy through his work with Magnetation, a long-time IEDC client, and we wish him all the best in his new position.

Jeff Borling has served as Director of Itasca Business Development for APEX and IEDC since February, 2010 and has led countless initiatives on behalf of the two organizations under a collaborative agreement. Borling assumed the President & CEO role on an interim basis beginning March 2nd.

An Executive Search Committee has been formed and interviews are now being conducted. The Board anticipates hiring a permanent replacement in Q2 2012.

Eco Park Updates

The first quarter of 2012 was an exciting time at the Itasca Eco Industrial Park (IEIP), with several significant decisions made by the IEDC Board of Directors to fine-tune and solidify plans for returning this remarkable site back to productive, industrial use. These actions represent a continuation of the bold leadership shown by the Board since IEDC first acquired the former Ainsworth OSB plant in 2009.

At that time, when most looked at the shuttered mill as a problem, the IEDC Board and executive leadership saw an asset and an opportunity to position Itasca County to usher in a new generation of wood product development. As stewards of this property, IEDC has ensured that the property would remain a dynamic industrial site and an ideal location for the production of value-added goods made from the region's abundant timber resources. Our mission is to help create quality jobs, both at the plant site and throughout our region's logging and transportation industries.

So where are we today? IEDC is pleased to report that plans have been finalized for the environmental remediation, building repair and equipment removal work that will be required prior to any new owner taking control of the site. These plans have changed significantly since 2010, when IEDC secured a grant from the Federal EDA and drafted plans for demolishing certain buildings and reconstructing others as a multi-tenant leasable property for heavy and light industrial operations.

However, the 2010 process ultimately proved the cost of the demolition project and subsequent build-out of individual lease spaces exceeded the budget afforded under the EDA grant, and the commitment required of IEDC to remain the owner of that property for the next several decades threatened to push the organization beyond the bounds of our core mission as an economic development corporation. Plus, in 2011 IEDC was pleased to have executed a detailed memo of understanding with a wood processing company interested in purchasing the existing buildings and much of the surrounding land for their own use.

These factors combined resulted in a decision in early 2012 to return the Federal EDA grant and revise the scope of the site preparation project. Rather than conducting a full-scale demolition as proposed in 2010, IEDC staff and leadership have instead focused on the core actions required to address the environmental issues at the site and prepare the interior of the buildings for a new company to take ownership and build out their own operations.

Under this revised plan, all buildings will remain standing and the IEDC has sought to broker the sale of existing equipment into used equipment and scrap metal markets. By leveraging the revenue generated from the equipment sale, combined with generous grants from the Minnesota Dept. of Employment and Economic Development (DEED) and Iron Range Resources and Rehabilitation Board (IRRRB), IEDC will succeed in completing the required environmental remediation and building repair work at little or no cost to the organization.

Plans call for this work to begin in May and to be completed by October 31, 2012, during which time IEDC will work simultaneously to negotiate a proposed purchase agreement with the industrial wood processing operation mentioned above, based on the terms and the timeline specified in the 2011 MOU. If successful, this project will have a tremendous impact on the regional economy, with at least 50 direct jobs created at the plant and countless other employment opportunities in the region's logging sector and related industries.

We thank our supporters and project stakeholders for their ongoing commitment and support for our work with the Itasca Eco Industrial Park. If you have any questions or if you would like to discuss the project in greater detail, please contact Jeff Borling at (218) 326-9411.

IEDC Strategic Partner Meeting

February 29th marked IEDC's first Strategic Partner meeting of 2012. While the weather tried to put a damper on the event, over thirty IEDC partners were in attendance. The agenda included an address from outgoing president, Joe Broking and the introduction of Interim President, Jeff Borling, before hearing from the keynote speaker, Matt Lehtinen of Magnetation.

Matt presented a history of Magnetation and provided an update on the current status and future projections for the Company. It was a very informative presentation, detailing the potential for nearly 500 jobs to be created by 2015. IEDC would like to take this opportunity to thank Matt for a job well done. Thank you also to Joe Broking for his leadership at IEDC and our best wishes are extended to Joe as he begins his career as CFO for Magnetation.

Jeff Borling took the opportunity to outline IEDC's new funding model, which is set to roll out later this year. Under the new structure, our funding partners will have the opportunity to appoint or elect a representative to serve on the IEDC Board of Directors. With membership levels ranging from Bronze to Platinum, the highest level of contributors will appoint one Director to hold a board seat, while other membership levels vote collectively to elect one or two representatives, depending on the level. The goal of this new structure is to provide our strongest contributors with more direct input into shaping our strategies and to secure their engagement in a more involved manner.

IEDC will kick off its new investment-based funding model this year, with the new Board of Directors taking the reins in 2013. If you are an IEDC investment partner, expect a call soon from an IEDC Board member who will be explaining the new model and asking for your continued investment support. If you are not a contributing partner but would like to know what is involved, please call Jeff Borling at 326-9411.

ICC - Skogforsk

In early March, it was announced that the Forestry Research Institute of Sweden, Skogforsk, will enter into a joint collaboration with Itasca Community College (ICC) to develop an applied research program focused on developing effective methods, systems and technology within the forest-based bioenergy supply chain in Minnesota.

This is a result of the ongoing work IEDC is engaged in with its partners at ICC and the BioBusiness Alliance of Minnesota (BBAM), with an objective of building out the forestry and engineering program curriculum to train future workers on the latest forest management and combustion engineering technologies being utilized in the international forest biomass supply chain.

ICC is developing a campus strategy that in a first phase seeks to integrate more components covering biomass to energy measures as well as creating workforce development and training programs in the bioenergy sector. The collaboration with Skogforsk will help to further develop ICC's ambitions through the leveraging of established capabilities and knowledge developed by the Institute. In a future phase, ICC also plans to demonstrate the effective use of woody biomass as a fuel source through the enhancement of its already existing wood-fired boiler that serves the campus district heating loop.

"We see a great opportunity for cooperation around education, technology and innovation to increase efficiency and quality in the biomass supply chain. The conditions in Minnesota are similar to those in Sweden, and there are good opportunities for fruitful exchange of experiences" said Tomas Johannesson, researcher at Skogforsk.

Skogforsk (the Forestry Research Institute of Sweden) is the central research body for the Swedish forestry sector and is financed jointly by the government and the members of the Institute. Skogforsk pursues demand-driven applied research in a wide variety of fields, including forest technology, raw-material utilization, environmental impact and conservation, forest tree breeding and organizational structures. Please visit www.skogforsk.se/en for further information.

"A partnership with Skogforsk is a tremendous opportunity for Itasca Community College", stated Bart Johnson, Instructor and Wood Boiler Project Lead at ICC. "The benefits of this partnership position ICC to better meet the educational needs of our region, especially in the woody biomass field. Through this project, ICC is working to help strengthen the wood products industry in Northern Minnesota."

The educational collaboration is supported by the bioenergy partnership between The BioBusiness Alliance of Minnesota (BBAM) and the Swedish Bioenergy Association (SVEBIO). The bioenergy partnership is made possible by the Swedish Energy Agency, the Minnesota Department of Employment and Economic Development, and the Blandin Foundation as well as Itasca Economic Development Corporation and the Area Partnership for Economic Expansion.

To learn more about the project, please contact Jeff Borling at (218) 326-9411.

Broking's Transport

In late 2011 and into early 2012, IEDC provided business planning and consulting support for Broking's Transport, as the Company developed plans to acquire Figgins Transport, its primary competitor in the Grand Rapids area. Through this agreement, Broking's has taken title of the Figgins fleet of 35 trucks, 85 trailers and 15 owner/operators, thereby expanding its capabilities in service to a wider array of customer needs.

Broking's Transport has been in business for over ten years. They bring to the new operation more than 35 existing employees and a transportation fleet consisting of 30 trucks and 45 trailers. With a strong customer base in the beverage and paper/pulp industries, Broking's Transport is a secure business poised for growth.

IEDC was eager to engage in this project, as it presented a unique opportunity to provide an exit strategy for one set of company owners, while helping another find a path for future expansion. In doing so, the Grand Rapids area maintained its leadership position in regional shipping, with Broking's assuming control of the Figgins site in La Prairie and with most of the Figgins employees remaining a part of the team. By providing a successful exit strategy for ownership to transfer to another local company, IEDC was pleased to see these jobs and related investment activities remain in the area.

Going forward in 2012, IEDC will focus its efforts on working with Broking's Transport, the City of La Prairie, and our partners at Iron Range Resources and Rehabilitation Board to secure funding and connect the property to City utilities, in support of further growth and expansion.

Please join us in congratulating Broking's Transport on this successful milestone!

Entrepreneur Fund

The Entrepreneur Fund is pleased to announce that two local entrepreneurs received business financing in March. Laurie Howard from Laurie's Automotive and Luke Popham from Anytime Fitness both have secured funds to assist in the growth of their businesses.

Greenstone Group, an initiative of the Entrepreneur Fund, recently had four Grand Rapids area entrepreneurs complete the Be Strategic: Grow Your Business series in March. The series offers local entrepreneurs who have both opportunities and a desire for growth the chance to gather over the course of six months to build their skills, develop a growth mindset, build a network, and come away with a strategic business plan to meet their goals. This is the second group of graduates from the community: Laurie Howard from Laurie's Automotive, Dan Brown of Itasca County Farm Service, Dr. Ryan Davis of Davis Chiropractic Health and Wellness Center and Bonnie Henriksen from Life Song Professional Coaching. Be Strategic: Grow Your Business groups will be forming again in fall 2012.

Industrial Space and Technology Space/Services Available

Seven thousand square feet of flexible use space is available in the IEDC industrial building located on Airport Road in Grand Rapids. The space includes an office, lunch room, overhead truck access and a large open area that can be configured for a range of uses including manufacturing and assembly. IEDC has contracted with Rennix Corporation to manage the Airport Road Building and they can be reached at 326-3730.

Space is also available for business start-up or expansion at the Itasca Technology Exchange (ITE) located in Central Square Mall in downtown Grand Rapids. The 1,200 available square feet can be made available in various configurations to suit. Data Center services with secure multiple collocation cabinets are available with redundant network connectivity and power supply. You don't need to be an ITE tenant to utilize Data Center services. Please call Rennix Corporation at 326-3730 for more information.

IEDC has two great sources of information about doing business in Itasca County. Check these out. Better yet, send links to a business decision maker you know and encourage them to consider the Itasca area for their next venture!

www.itascadv.org

<http://www.youtube.com/watch?v=xjQsb1T6smc>