



Successful Fund Development Matches Projects with the Right Resources

The new Paulbeck's County Market and branch office of Security State Bank of Aitkin are welcome additions to Aitkin, Minn., providing residents and visitors with convenient access to groceries and financial services. They also are part of a budding commercial-retail hub on the south side of town. Located on busy Highway 169, the new development opens the door for future economic growth, with roads and utilities in place to support additional businesses.

The key to this project's success was a clear vision, solid local support, and a creative funding package that combined a \$338,841 Redevelopment Grant from the Minnesota Department of Employment and Economic Development (DEED); \$150,000 Infrastructure Grant from Iron Range Resources; and tax abatement financing to pay for public infrastructure improvements. The Northspan Group (Northspan) helped developers and local units of government identify

appropriate funding resources and prepare a compelling case for support.

"Northspan has a track record of helping communities our size bring projects to completion," said developer Hugh Janzen, President, Security State Bank of Aitkin and Security State Agency of Aitkin, Inc. "It also has worked with the City of Aitkin in the past, so it made sense for us to contact them."

Over its 21-year history, Northspan has participated in hundreds of successful project and funding development initiatives. Its work in 2006 continued that tradition. For example, it helped the City of Cloquet secure a \$1.15 million Economic Development Administration grant from the U.S. Department of Commerce for a new business park; assisted developers in Sandstone by delivering a \$649,000 Redevelopment Grant from Minnesota DEED for a new retail complex; and advanced the

Duluth Heritage Sports Center at Clyde Industrial Park by securing a \$935,075 Redevelopment Grant from Minnesota DEED for site improvements, helping to leverage additional state funding for a total of \$2.9 million.



Northspan President Randy Lasky (second from left) participated in the Cloquet Business Park groundbreaking. Photo courtesy Pine Journal.

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Northspan helped Aitkin developers put together a creative funding package to pay for infrastructure improvements near Highway 169. The first new commercial building on the site now houses a grocery store and branch office of a bank. Photos courtesy Michael Paulbeck Photography and Bremer Bank.

"Northspan was at the table from the very start and helped us work through potential funding mechanisms for the Cloquet Business Park—the largest being a \$1.15 million Federal EDA grant, which we received in 2006."

Brian Fritsinger, City Administrator, Cloquet



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Fund Development (cont.)

“Every project is different, and it is important to match them with the right combination of grants, low-interest loans, or other forms of creative financing,” said Northspan President Randy Lasky. “There are alternative resources out there, but, to be successful, you have to know how to

find them and determine whether a particular project is eligible and competitive. We don’t recommend that clients spend the time and money applying to a funding source unless we are pretty confident that we can deliver.”

“(Northspan President/CEO) Randy Lasky has been part of our project team since the very beginning and helped define the vision for the Duluth Heritage Sports Center. He and Northspan have assisted us in preparing grant applications that secured more than \$2.9 million from the State of Minnesota for site and utility improvements.”

Dick Loraas, President, Duluth Heritage Sports Center Corporation



Developers hope to transform the former Clyde Iron industrial complex into a mixed-use development that will include the Duluth Heritage Sports Center. Conceptual drawings by DSGW.

Laurentian Vision

Sees Productive Landscapes on the Horizon

Mining companies on the Iron Range are collaborating with communities, businesses, environmentalists, state agencies, residents, and other stakeholders to create healthy, productive landscapes for future development.

For the past several years, The Northspan Group has facilitated the Laurentian Vision Partnership on behalf of Iron Range Resources, bringing regional interests together on a regular basis to discuss plans for the future. Among the issues being discussed are ways to transition depleted mine pits into useful recreational, industrial, residential, and lakeshore property. The process has included a series of public design workshops, called charrettes, to help participants visualize goals and ways to achieve them.



Northspan provides strategic planning, organizational support, and facilitation services to clients across the region, helping groups focus on issues and opportunities so they emerge with proactive plans of action.

“Older Than America”

Brings New Attention to the Northland



Scenes from 2006 filming of *Older Than America* in Northeast Minnesota

Northeast Minnesota welcomed the cast and crew of a contemporary Native Indian drama called *Older Than America* in late 2006. The independent film, which explores the painful history and lasting legacy of Native Indian boarding schools, was shot primarily in Cloquet and the surrounding area. The Upper Minnesota Film Office (UMFO), a program of The Northspan Group, supported the project in many ways.

“(UMFO Program Director) Riki McManus understands the film industry and was extremely valuable as a liaison between us and the community,” said Coproducer Andrew Peterson. “She helped us make vital connections and introduced us to the right people and resources.”

The film had a budget of just over \$1 million and had an estimated economic impact of \$500,000 to \$600,000 on the region.

“It is very exciting to see another community in our area become film savvy and enjoy the economic benefits,” McManus said. “Carlton County and the city of Cloquet welcomed this production with open arms, and the Fond du Lac Tribal Community was a wonderful partner. Shooting took place mostly in those areas as well as in Duluth and St. Louis County. Word spreads in movie circles when the experience is this positive.”

Word also is spreading about the reinstatement of Minnesota’s Snowbates incentive. UMFO lobbied the State Legislature to pass the legislation, which offers filmmakers a 15% rebate on money spent in Minnesota. It is working with Iron Range Resources and other partners to offer filmmakers

additional, regionally based incentives.

“This film industry is all about incentives and what a location has to offer,” McManus said. “The return of Snowbates definitely will make Minnesota more competitive. If we can offer additional rebates, it will bring a lot more production to this area.”

Producers expect to show *Older Than America* at film festivals in 2007, with wider release possible in 2008. UMFO is working with other filmmakers who have expressed interest in Northeast Minnesota locations. It also continues to pursue commercial and television productions and assisted crews shooting segments for Discovery Health, HGTV, and Discovery Science channels in 2006.

“Northeast Minnesota has a unique look and a diversity of locations,” McManus said. “*North Country* gave our region national attention, and people in the industry are taking us seriously.”

“We searched all over the state and the Cloquet area provided exactly what we needed: a small town, close to an Indian reservation, with access to locations and services only a community like nearby Duluth could provide. The combination was great, and the experience was wonderful.”

*Andrew Peterson, Coproducer
Older Than America*



Business owners Jennifer Madill Hagen and Dustin Hagen purchased and renovated a new facility for their dance center with help from the Minnesota Community Capital Fund.

MCCF Helps Business

Grow by Leaps and Bounds

The new Madill Dance Center in Duluth is alive with creative energy. Dancers of all ages and levels of experience fill its studios each day, learning everything from classic ballet to salsa, hip-hop, and belly dancing. Program offerings have expanded significantly since the business moved into its new facility in 2006, aided by a loan from the Minnesota Community Capital Fund (MCCF).

“We had outgrown our space and needed to find a larger facility in order to accept more students,” said Jennifer Madill Hagen, who owns the business with her husband, Dustin Hagen. Financing from Pioneer National Bank and MCCF allowed them to purchase and renovate a former health club facility to accommodate their plans for growth—without a lot of song and dance. Minnesota Power sponsored the \$150,000 MCCF loan.

“Receiving the MCCF loan was great,” said Dustin Hagen. “It gave us a chance to hire more teachers, add programs, and bring people into the Lincoln Park neighborhood. We hope

to keep growing.”

MCCF itself has grown significantly in recent years. In 2006, it approved 23 loans, totaling over \$10.7 million. Seven of those loans, totaling \$3.7 million, assisted projects in Northeast Minnesota, including a manufacturer in Grand Rapids, a wood-products company in Aitkin, a grocery store in Ely, and a commercial greenhouse in Cohasset.

“Inquiries continue to grow, and the demand for MCCF loans is steady,” said Northspan Senior Business Developer Bob Palmquist, who provides loan officer support services for MCCF on behalf of the Northland Institute. “We are seeing more repeat requests and inquiries from members, banks, and communities.”

The New Markets Tax Credits (NMTC) program, designed to spur investment in distressed communities, is proving to be a valuable tool. It allows MCCF to provide fixed, below-market-rate loans at extended terms for qualifying projects.

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MINNESOTA COMMUNITY
CAPITAL FUND

TCCCF Supports Growth in Metro Area



The acquisition of a printing business in Brooklyn Park, renovation and expansion of a sports bar and grill in St. Paul Park, and purchase and construction of a commercial building in Norwood Young America are among projects to receive gap financing from the Twin Cities Community Capital Fund (TCCCF) in 2006.

The fund was established in 2005 to help banks in the seven-county metropolitan area better serve their small business

customers. It began distributing loans in 2006, totaling more than \$1.8 million to date.

“Banks really are starting to understand the program and recommend projects that fit TCCCF’s capabilities and guidelines,” said Bob Palmquist of Northspan. He provides loan officer services that include screening of applications and projects, credit review and analysis, and loan recommendations on applications for projects in member communities.

NorthlandConnection.com Yields Results

Phase II Development Planned to Enhance the Site



IPS Worldwide opened a locomotive crane repair shop in Proctor, Minn., after searching for properties on NorthlandConnection.com and working with staff to find an appropriate site.

When IPS Worldwide of St. Paul began looking for a site to locate its new locomotive crane repair facility, staff logged on to **NorthlandConnection.com** and searched for property in the region. They followed up by contacting Chris Maddy of Northland Connection (formerly Arrowhead Business Connection), who manages the Web site, to investigate locations. IPS Worldwide eventually chose a Canadian National Railway facility in Proctor, and the first crane arrived for repairs in July 2006. The company hopes to employ 15 to 20 mechanics within two years.

This successful business recruitment story is just one example of how NorthlandConnection.com is showing measurable results. Launched in 2005, the site has become a well-

respected and highly utilized tool, averaging more than 5,300 individual hits from more than 790 different Internet Service Providers per day. Visitors include business owners, real estate and site location professionals, and economic development partners seeking fast, accurate, targeted data about the Northland's real estate, business resources, leading employers, financial incentives, and quality of life.

During the past year, staff has studied ways to enhance the site by incorporating exciting new tools and features into a second phase of development:

- **GIS Mapping Application:** Will allow users to combine site data with information from third-party sources, enhance graphics, and streamline data analysis.
- **Report Creation Tool:** Will allow creation of customized reports for printed and electronic distribution.
- **Real Estate Database Interface:** Will allow property managers and real estate agents to input and manage their own listings, while improving the search function for users.
- **MSA Cost Comparison Tool:** Will provide "apples to apples" comparisons to other Metropolitan Statistical Areas in several key categories.

"Phase II will make it easier for us to obtain data, manage information, and update the site faster and more efficiently," said Lisa Bonow, Executive Assistant, Northland Connection. "The more timely, accurate information we can provide, the better it is for everyone."

ABC Grows Into New Name: Northland Connection

Arrowhead Business Connection (ABC) is now **Northland Connection**, a program of **The Northspan Group, Inc.** The name change reflects a broadening geographic focus, which now includes seven counties in Northeast Minnesota and Douglas County, Wisconsin, and builds upon the brand, resources, and capabilities of NorthlandConnection.com.

"Given the regional context of NorthlandConnection.com and the growing importance of the Internet, Northland Connection will focus its energies on this amazing tool and accentuate its core strength of providing the region an information warehouse and distribution point for high

Northland Connection Director Chris Maddy and Executive Assistant Lisa Bonow with Randy Lasky, President/CEO of The Northspan Group.



quality economic development information and images," said Jennifer Hawkins, Senior Economic Development Analyst, Minnesota Power, and a Northland Connection advisory board member.

In 2006, Northland Connection staff responded to more than 100 requests for economic development and real estate information, and researched and produced 10 profiles. The program currently is working with two prospects considering expansions into the region.



2006 Activities and Accomplishments

Community Development, Facility and Infrastructure Development Assistance

- Prepared an Economic Development Administration (EDA) Public Works final application for \$904,900 to construct a 20,000 s/f Cohasset Technology and Innovation Center Building in the Cohasset Business Park. Estimated cost of \$1.8 million. Federal approval pending.
- Prepared a Minnesota Redevelopment grant application for the Duluth Heritage Sports Center Redevelopment Project – a proposed \$11.8 million development in the Clyde Iron Business Park. State awarded \$935,075 grant.
- Prepared a Minnesota Redevelopment grant application for the City of Sandstone Retail Complex Project – a proposed redevelopment of the former high school athletic fields into a new retail complex. State awarded \$649,000 grant.
- Prepared Minnesota Redevelopment and Iron Range Resources grant applications for the City of Aitkin, South Highway 169 Infrastructure Development Project, with a total project cost of \$2.2 million. State awarded \$338,841 Redevelopment Grant. Iron Range Resources awarded a \$150,000 Community Infrastructure Grant. The project was structured within an economic development tax abatement area for up to a 20 year abatement period.
- Providing public funding development and application packaging to the City of Hoyt Lakes and White Township to provide a new rail and supporting infrastructure for a proposed manufacturing facility in Laskin Energy Park. Prepared an EDA Public Works grant for \$1.8 million (pending), secured a Minnesota Business Infrastructure Development grant \$500,000 (awarded) and are preparing a Minnesota Investment Fund grant/loan request (in process).
- Duluth Airport Authority and Lake

Superior College – Advanced Aviation Training Center and new aviation maintenance/parts distribution business. Project grant funding development and packaging for infrastructure development from the federal EDA (preapplication pending), City of Duluth, St. Louis County and the Minnesota Department of Employment and Economic Development (DEED) – Redevelopment application pending.

Business Development Project Financing Assistance

- Prepared a SBA 7a Loan Guaranty application to support a \$230,000 bank loan which provided financing for an established retail menswear business in Duluth.
- Prepared a SBA 7a Loan Guaranty application to support a \$595,000 bank loan, which provided financing to purchase a 100% ownership in a Duluth area title and abstract business.

Economic Strategic Planning and Organizational Support Facilitation

- Laurentian Vision Partnership and Coordinating Committee
- Duluth Defense Adjustment Planning Team (BRAC)
- The Duluth Bethel Board Strategic Plan 2006-2009
- UDAC Strategic Plan 2006-2007
- Iron Range Economic Alliance Strategic Plan 2006-2007
- Residential Services Inc. of Northeast Minnesota – Strategic Plan 2006-2007
- Floodwood Services and Training Organizational Development Strategy
- Kandiyohi County and City of Willmar Economic Development Commission 2006-2008 Strategic Plan Update
- Natural Resources Research Institute Advisory Board and Management Team Strategic Plan Update

- City of Moose Lake Strategic Plan 2007-2011 – City Council and staff
- Regional County Based Purchasing - Joint Powers Agreement facilitation
- Continued participation in the Arrowhead Growth Alliance

Staffing and Technical Assistance provided to Development Organizations and Units of Government

- Continued to staff and administer the Arrowhead Regional Development Commission's Regional Revolving Loan Fund. Since inception have made 83 loans totaling \$4.2 million. Original loan capitalization of \$1.667 million.
- Provided ongoing technical assistance and loan fund administration for the St. Louis County Septic Loan Program and Lake Superior Clean Water Protection Loan Fund.
- Provided loan officer services to the Minnesota Community Capital Fund approving 23 loans valued at \$10.7 million in 2006.
- Provided loan officer services to the Twin Cities Community Capital Fund approving 5 loans valued at \$1.8 million in 2006.
- Assisted the Northland Institute in the preparation of a Community Development Financial Institution (CDFI) Certification Application to the U.S. Department of Treasury. Approval is pending.
- Provided staffing for Great River Energy's Business Loan Program and economic and community development assistance to its 28 electric cooperative members. Total capitalization of \$6 million.
- City of Moose Lake Technical Assistance for business and community projects including ALCO retail store development, sanitary sewer system funding development, and expansion of state correctional facilities infrastructure needs.