

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[Gerdau Saint Paul Steel Mill Project]**

WHEREAS, the Port Authority of the City of Saint Paul (the "Authority") has received a request from Gerdau Ameristeel US Inc. (hereinafter referred to as "Company") that the Authority consider the issuance of its revenue bonds (which may be in the form of one or more notes) to finance the acquisition and installation of a solid waste disposal facility consisting of a caster and related equipment necessary for the formation of liquid steel into WIP/billet form, together with the construction of the building in which it will be located, all at the Company's facility located at 1678 Red Rock Road in the City of Saint Paul, Minnesota (the "Project").

WHEREAS, the Port Authority desires to facilitate the selective development of the City of Saint Paul and the metro east community, to retain and improve its tax base and to help it provide the range of services and employment opportunities required by its population, and the Project will assist in achieving that objective by increasing the assessed valuation of the metro east community, helping to maintain a positive relationship between assessed valuation and debt, and enhancing the image and reputation of the metro east community.

WHEREAS, the Project will result in the retention of employment and additional employment opportunities in the City of Saint Paul (the "City") and the metro east community.

WHEREAS, the Port Authority has been advised by representatives of the Company that long term conventional, commercial financing to pay the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced, and that it has been acting to date in anticipation that the Port Authority would favorably consider this financing proposal.

WHEREAS, the Project has received an allocation of bonding authority from the State of Minnesota Department of Finance.

WHEREAS, the Port Authority has previously adopted a resolution giving preliminary approval to the proposed issuance of revenue bonds for the Project.

WHEREAS, pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and pursuant to a notice published by the Port Authority not less than 15 days prior to the public hearing, a public hearing has been held on the date hereof on the issuance of the Bonds, at which public hearing all persons were given an opportunity to speak.

WHEREAS, the Bonds will be issued and secured by the terms of an Indenture of Trust (the "Indenture"), between the Port Authority and Wells Fargo Bank, as trustee (the "Trustee").

WHEREAS, the Company and Port Authority will enter into a Loan Agreement dated the same date (the "Loan Agreement") between the Port Authority and the Company, in which the Company agrees, among other things, to make payments to the Port Authority to cover debt service on the Bonds.

WHEREAS, the Bonds and the interest on the Bonds shall be payable solely from the revenue and collateral pledged therefor, and shall not constitute a debt of the Port Authority within the meaning of any constitutional or statutory limitation of indebtedness, nor shall the Bonds constitute or give rise to a pecuniary liability of the Port Authority or the City or a charge against their general credit or taxing powers and shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Port Authority or the City other than its interest in said Project.

WHEREAS, it is intended that interest on the Bonds be excluded from gross income of the holders thereof for federal income tax purposes.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, AS FOLLOWS:

1. On the basis of information available to the Port Authority it appears, and the Port Authority hereby finds, that: the Project constitutes properties, used or useful in connection with one or more revenue producing enterprises engaged in any business within the meaning of Minnesota Statutes, Sections 469.152 to 469.165 (the "Act"); the Project furthers the purposes stated in the Act; and it is in the best interests of the port district and the people of the City and in furtherance of the general plan of development to assist the Company in financing the Project.

2. For the purpose of financing the Project, and paying certain costs of issuance and other expenses in connection with the issuance of the Bonds, and provided that the Project and its financing receive approval by the Department of Employment and Economic Development ("DEED"), the Port Authority hereby authorizes the issuance, sale and delivery of the Bonds in an aggregate principal amount not to exceed \$51,000,000. The Bonds shall bear interest at such rates, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, and shall be in such form and have such other details and provisions as may be prescribed in the Indenture, substantially in the form now on file in the offices of the Port Authority.

3. Neither the Bonds, nor the interest thereon, shall constitute an indebtedness of the Port Authority or the City within the meaning of any constitutional or statutory debt limitation; nor shall they constitute or give rise to a pecuniary liability of the City, the Port Authority or a charge against their general taxing powers and neither the full faith and credit nor the general taxing powers of the City or the Port Authority is pledged to the payment of the Bond or interest thereon.

4. Forms of the following documents have been submitted to the Port Authority for review and/or approval in connection with the sale, issuance and delivery of the Bonds:

- a. the Indenture;
- b. the Loan Agreement;
- c. a Guaranty from Gerdau SA in favor of the Trustee, securing payment of the Bonds;
- d. the Bonds;

e. the Preliminary Official Statement used to market the Bonds (the "Official Statement");

f. the Tax Regulatory Agreement to be entered into among the Port Authority, the Company and the Trustee; and

g. the Underwriting Agreement to be entered into among the Company, the Port Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter").

(collectively, the "Documents").

5. It is hereby found, determined and declared that:

a. The issuance and sale of the Bonds, the execution and delivery by the Port Authority of the Documents, as applicable, and the performance of all covenants and agreements of the Port Authority contained in the Documents, and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Documents and the Bonds valid and binding obligations of the Port Authority in accordance with their terms, are authorized by Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act");

b. It is desirable that the Bonds be issued by the Port Authority upon the general terms set forth in the Documents, as applicable;

c. Under the provisions of and as provided in the Documents, the Bonds are not to be payable from or a charge upon any funds other than the revenues pledged to the payment thereof; no holder of the Bonds shall ever have the right to compel any exercise by the City or the Port Authority of its taxing powers to pay the Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the City or the Port Authority except the interests of the Port Authority and the City which have been pledged to the Trustee under the Indenture; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City or the Port Authority except the interests of the Port Authority which have been pledged to the Trustee under the Indenture; the Bonds shall each recite that they are issued without moral obligation on the part of the State or its political subdivisions, and that the Bonds, including interest thereon, are payable solely from the revenues pledged to the payment thereof; and the Bonds shall not constitute a debt of the City or the Port Authority within the meaning of any constitutional or statutory limitation.

6. The forms of the Documents and exhibits thereto are approved substantially in the forms submitted and on file in the offices of Port Authority, with such subsequent changes as may be approved by Port Authority management and Bond Counsel as contemplated by paragraph 8. The President and Chief Financial Officer of the Port Authority, or such other officer as may be appropriate in the absence of either the President or Chief Financial Officer, are hereby authorized and directed to execute the Documents (to the extent the Port Authority is a party thereto) in substantially the forms submitted, as modified pursuant to paragraph 8, and any other documents and certificates which in the opinion of Port Authority management and Bond Counsel are necessary or desirable to the transaction herein described, provided that the Bonds shall be

executed by the Chair and Secretary of the Port Authority. The execution of any instrument by the appropriate officer or officers of the Port Authority herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. The execution of any documents necessary for the transaction herein described by individuals who were at the time of execution thereof the authorized officers of the Port Authority shall bind the Port Authority, notwithstanding that such individuals or any of them has ceased to hold such office or offices prior to the authentication and delivery of the Bonds. Copies of all of the documents necessary to the transaction described shall be delivered, filed and recorded as provided herein and in the Indenture.

7. The President and other officers of the Port Authority are authorized and directed to prepare and furnish to the Underwriter and Bond Counsel certified copies of proceedings and records of the Port Authority relating to the issuance of the Bonds and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Bonds and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Port Authority as to the truth of all statements contained therein.

8. The approval hereby given to the various Documents referred to above includes approval of such additional details therein as may be necessary and appropriate, and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Port Authority's President and Chief Financial Officer; and includes approval of, among other things:

- a. establishment of the final principal amount of the Bonds;
- b. the establishment of the interest rate or rates, maturity schedule and call provisions to be applicable to the Bonds; and
- c. such related instruments as may be required to satisfy the conditions of any purchaser of the Bonds.

9. The Port Authority hereby consents to the distribution of the Official Statement, as such Official Statement is finalized with the participation of Port Authority management and Bond Counsel. The proposal of the Underwriter to purchase the Bonds upon the terms and conditions set forth in the Underwriting Agreement is hereby found and determined to be reasonable and are hereby accepted.

10. The authority to approve, execute and deliver future amendments to financing documents entered into by the Port Authority in connection with the issuance of the Bonds and the other transactions herein contemplated, is hereby delegated to the President of the Port Authority, provided that: (a) such amendments either do not require the consent of the holder of the Bonds or such consent as may be required has been obtained; (b) such amendments do not materially adversely affect the interests of the Port Authority as the issuer of the Bonds; (c) such amendments do not contravene or violate any policy of the Port Authority; and (d) such amendments are acceptable in form and substance to Bond Counsel. The execution of any instrument by the President of the Port Authority shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

11. No covenant, stipulation, obligation or agreement contained herein or in the Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board of Commissioners of the Port Authority, or any officer, agent or employee of the Port Authority in that persons individual capacity, and neither the Board of Commissioners nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Adopted: September 25, 2012

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary