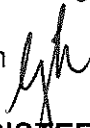


SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(September 25, 2012 Regular Meeting) DATE: Sept. 17, 2012

FROM: Laurie J. Hansen 

SUBJECT: GERDAU AMERISTEEL- PUBLIC HEARING
AUTHORIZATION FOR AN APPROXIMATE \$51 MILLION TAX EXEMPT
BOND ISSUE
RESOLUTION NO. 4440

Action Requested:

Approval of an approximate \$51 million tax-exempt bond issue for the financing of the Gerdau Saint Paul mill new caster and ancillary buildings.

Public Purpose:

The investment of \$51 million by Gerdau in the Saint Paul mill provides for the viability of this location for the next 40 years and retains nearly 400 jobs in Saint Paul. The Saint Paul mill recycles steel and, therefore, qualifies as a Solid Waste Facility eligible for tax exempt financing under the Federal tax code.

Business Subsidy:

N/A

Background:

Attached is a report outlining the terms of the tax-exempt bond issue.

Policy Exceptions and Workforce Implications:

There are no exceptions and the workforce implications are not applicable.

Disclosure:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks of facts you may be aware of that would affect the probability of repayment on these bonds.

Recommendation:

We recommend approval of the issuance of approximately \$51,000,000 of tax-exempt conduit bonds.

LJH:ca

Attach.

GERDAU AMERISTEEL

Action Requested: Approval of final resolution authorizing the issuance of an approximate \$51,000,000 conduit bond issue for Gerdau Ameristeel Saint Paul Mill.

Project Summary: Series 2012-7 - \$51,000,000

Type: Fixed rate tax-exempt revenue bonds

Term: 30 Years

Issuer: Saint Paul Port Authority

Borrower: Gerdau Ameristeel Saint Paul Mill

Guarantor: Gerdau S.A (parent company)

Trustee: Wells Fargo

Underwriter: Bank of America Merrill Lynch

Borrowers Counsel: Greenberg Traurig LLP

Underwriter's Counsel: Fulbright & Jaworski LLP

Bond Counsel: Leonard Street & Deinard

The Company: Gerdau SA (Gerdau) is a 100-year old steel company based in Brazil with facilities/subsidiaries throughout the world. Gerdau Ameristeel US Inc. is a wholly owned subsidiary of Gerdau AS. Gerdau is the leading producer of long steel in the Americas and is one of the world's largest suppliers of specialty long steel. The Saint Paul Mill is one of its North American electric steel mini-mills and employs approximately 400 individuals. The company serves customers throughout the U.S. and Canada, offering a diverse and balanced product mix of merchant steel, rebar, structural shapes, fabricated steel, flat rolled steel and wire rod.

The Project: The Bond proceeds will be loaned to the borrower and used to construct a new caster and ancillary buildings.

**Estimated Sources
And Uses of Funds:**

Sources of Funds

Bond Proceeds	\$51,000,000
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Use of Funds

Construction	TBD
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Capitalized Interest and Financing Costs	
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Debt Service Reserve	
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Cost of Issuance	
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Total	\$51,000,000
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The Bonds:

The Bonds will be fixed rate, tax-exempt bonds in the approximate total principal amount of \$51,000,000.

Fees:

The Port Authority will receive a fee of .225% of the principal amount of the bonds at closing (estimated to be \$114,750), .05% of the principal amount of the bonds on each anniversary of issuance.

Conduit Financing:

The bonds will be a conduit financing of the Port Authority and will not constitute or give rise to a liability of the Port Authority, the City of Saint Paul, or the State of Minnesota or a charge against their general credit or taxing powers.