



## Legislation Text

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**File #:** RES PH 12-138, **Version:** 1

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Authorizing an application to the Department of Employment and Economic Development under the Minnesota Investment Fund Program for Gerdau Ameristeel US Inc. to assist in the financing of their expansion at 1678 Red Rock Road.

WHEREAS, the City of Saint Paul has partnered with state and local governmental entities to address the needs of Gerdau Ameristeel US Inc. in their expansion efforts to occur in either Minnesota or elsewhere in North America; and

WHEREAS, the proposed expansion project meets the purpose and criteria of the Minnesota Investment Fund (MIF) Program of the Department of Employment and Economic Development; and

WHEREAS, the Board of Commissioners of the Saint Paul Port Authority will consider providing a tax increment forgivable loan to Gerdau Ameristeel US Inc. at their upcoming May, 2012, meeting; and

WHEREAS, the Board of Commissioners of the Saint Paul Port Authority may further consider establishing a new economic development tax increment district to provide assistance to Gerdau Ameristeel US Inc. at a future meeting, which action will then be heard before the City Council of the City of Saint Paul; and

WHEREAS, the City of Saint Paul finds that the expansion would not occur solely through private investment within the reasonably foreseeable future or would occur in another state without funding from the Minnesota Investment Fund (MIF) Program and the Saint Paul Port Authority; and

WHEREAS, the Gerdau Long Steel plant in Saint Paul is the largest mini-mill steel producer in North America with a current manufacturing capacity of approximately 420,000 tons of finished steel products annually that all comes from recycled scrap metal; and

WHEREAS, due to demand in the automotive sector and rebar demand in other geographic areas, investment in the new caster equipment is critical to keeping the Saint Paul mill competitive not only in the world-wide market place, but relevant in the network of other Gerdau Steel Mills in North America; and

WHEREAS, without the investment of the new caster equipment, the current mill will become obsolete and will exhaust its economic viability within 5 years, risking plant closure and the loss of 377 jobs; and

WHEREAS, with the loss of 1 job at this site, another 5 jobs would be affected in down line production and processing facilities and with the caster equipment investment, these jobs would be retained; and

WHEREAS, this investment is expected to provide another 40 years of competitive production and job stability at this site as well as the continuation of the second largest metal recycling site in North America; and

WHEREAS, the anticipated total investment at this facility by Gerdau Ameristeel US Inc. is over \$50 million with up to \$250,000 of this requested in the Minnesota Investment Fund Program Application to be used solely toward the purchase of the new caster equipment; and

WHEREAS, a public hearing on the proposed application for funding from the Minnesota Investment Fund Program was held on May 16, 2012 after publication of notice thereof.

NOW THEREFORE, BE IT RESOLVED, that the City of Saint Paul, Minnesota, act as the legal sponsor for the project contained in the Minnesota Investment Fund Application to be submitted about May 23, 2012 and that the City of Saint Paul is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of Gerdau Ameristeel US Inc., a wholly owned subsidiary of Gerdau S.A.

BE IT FURTHER RESOLVED that the City of Saint Paul has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Saint has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Saint Paul, may enter into an agreement with the State of Minnesota for the above-referenced project, and that the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements and described on the Compliance Section (S-7) of the Minnesota Investment Fund Application.

BE IT FURTHER RESOLVED that City of Saint Paul has obtained credit reports and credit information from Gerdau Ameristeel US Inc., a wholly owned subsidiary of Gerdau S.A. for its North America operations. Upon review by the City of Saint Paul and the City Attorney's Office, the credit reports and credit information do not disclose any adverse findings or concerns regarding, but not limited to, tax liens, judgments, court actions, and filings with the State of Minnesota. Failure to disclose any such adverse information could result in revocation or other legal action.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and the City Clerk of the City of Saint Paul, are hereby authorized to execute such agreements and amendments thereto, as are necessary to implement the project on behalf of the applicant.