

The Development Association INC.



Serving Superior & Douglas County, Wisconsin

2010 ANNUAL REPORT

We Gratefully Acknowledge These Investors:

DIAMOND LEVEL



PLATINUM LEVEL





The Longest Serving Development Organization in the Region.

The original purpose of the Development Association, as stated in its articles of incorporation filed by Toby Marcovich and John Chisholm on December 20, 1960, was:

Exclusively for the civic betterment and development of the City of Superior and Douglas County; for the development of natural resources within the County; the fostering and expansion of existing industries and commercial enterprises; and in cooperation with state and federal agencies, the continuing expansion of resort and recreational possibilities of the County; the establishment of a civic and economic climate that will encourage and attract new industries; and to do all things necessary to participate actively and aggressively in all matters pertaining to the social, economic and industrial welfare of the City of Superior and Douglas County.

The initial board of directors of the Association consisted of: George Jarvis, John Lynch, Lawrence Hagen, Lawrence Sinclair, Howard Underhill, Richard Nelson, Thomas Moran, L.A. Nichols, Paul Akers, Holger Modeen, James Susens and Frank Christopherson, Jr.

With the support of the City of Superior, Douglas County and its approximately 150 private sector members, the Development Association has become one of the most respected economic development organizations in the region and the longest serving economic development organization in the Northland and the state of Wisconsin.



The
**Development
Association** INC

Serving Superior & Douglas County, Wisconsin

MISSION STATEMENT

**To Retain, Expand and Create
New Business and Industry
in Superior and Douglas County, Wisconsin**

STAFF

Andrew Lisak, *Executive Director*
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BOARD OF DIRECTORS

William Stack, *President*
Mike Murray, *Past-President*
Meg Thoreson, *President-Elect*
Alan Jaques, *Secretary*
William Fennessey, *Treasurer*

Chris Trapp
Blair Mahan
Mike McCoshen
Douglas Finn
Mayor David Ross
Tom Bridge

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FROM THE PRESIDENT **William Stack**

During the past 50 years, the business community of Douglas County has learned a valuable lesson: economic and business development is crucial to the health of our entire community. With the economic issues that we are all facing not only in our region but our entire nation, economic development is now more crucial than ever.

We need to be more focused on new development that will create jobs and encourage people to remain in and move to our community. Business growth coupled with population growth will result in the expansion of our tax base and enable the cost of government to be shared among a larger number of taxpayers.

Business development, job growth and tax base expansion were three of the reasons why the Development Association was created back in 1960. The Development Association continues to place emphasis on these very important objectives of economic development. That is why the Association continues to actively pursue new and exciting opportunities for our region.

For example, the Association is taking a lead role in the development of the Parkland Industrial Park and the recruitment of businesses to the park that will complement the developments on Minnesota's Iron Range and will take advantage of the increased demand for renewable fuels and bio-energy. That is also why the Association is working closely with the Douglas County Revolving Loan Fund to secure financial support and assistance for existing businesses

through a newly adopted business retention financing program.

We owe this kind of aggressive development strategy to our motivated staff and support from both the private and public sector members. Specifically Mayor Dave Ross and Douglas County Board Chairman Doug Finn; both of whom continue to share our vision that we live and work in a truly

magnificent area that is ripe for more economic development and a sustained growth climate. This public-private sector support, which is the cornerstone of the Development Association, is critical for vibrant economic development.

With the work ethic, skilled labor, education facilities, and cooperation of the public and private sector for which our

community has become known, your Development Association continues to recruit new members, business enterprises and entrepreneurs that are eager to accept the challenge of fulfilling their dream of business ownership and providing good paying jobs to their employees and becoming a vibrant part of the business community. Don't get me wrong, there is still a lot of hard work to do and a lot of obstacles to overcome. But with the continued support of the Association's board, the business community, the public sector and the efforts of Andy and his staff, I see this association poised to excel and grasp the challenges that we will encounter as we move into 2010 and beyond to become a model DEVELOPMENT ASSOCIATION for other communities to follow.

“Business development, job growth and tax base expansion were three of the reasons why the Development Association was created ...”

FROM THE EXECUTIVE DIRECTOR **Andrew Lisak**

Congratulations on your 50th Anniversary! As I have often said over the past nine years as the Development Association's Executive Director, “economic development is a team sport.” As members of the Development Association, you should be proud to be part of one of the oldest and most respected economic development teams in the state of Wisconsin.

It has been an interesting journey since Toby Marcovich and John Chisholm filed the Association's articles of incorporation in 1960. Our local, regional and national economies have gone through numerous transformations, our political leadership has changed and our attitude toward business and economic development has evolved. Most of these changes have been for the good.

What has remained constant, however, is the Development Association's “raison d'être” which is to help make our community a better place by encouraging and assisting with the retention, expansion, start-up and attraction of businesses and industries in Superior and Douglas County. Businesses

create wealth and jobs (salaries and wages). Wealth, salaries and wages pay taxes, support nonprofit organizations and provide the fuel that powers our economy. The foundation of any healthy community is a healthy, local economy.

Although over the course of the past fifty years the Development Association has been directly responsible for creating only three jobs (the positions of Executive Director, Assistant Director and Executive Secretary), the Development Association can take credit for helping over 1,000 businesses create or retain over 10,000 jobs in Superior and Douglas County. Our role has been to provide assistance and advocacy to entrepreneurs and businesses by utilizing the many partnerships we have formed with private and public sector entities within our community and throughout our region and state.

The Development Association will always be known for the high quality assistance it provides to businesses and entrepreneurs. In 1962, the Association assisted a group of community members in the creation of Superior Memorial

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FROM THE EXECUTIVE DIRECTOR

Hospital. In 1988, we were part of the effort to bring the Veteran's Clinic to Superior and worked with veterans and community members this past year to ensure that the Clinic stayed at its current location. In 2003, the Development Association assisted the St. Mary's Hospital-Superior administration in its effort to obtain "Critical Access Hospital" designation. That designation enhanced the long-term financial security of the hospital, keeping St. Mary's Hospital-Superior a viable entity.

In 1964, the Development Association led the efforts to raise community capital as part of the start-up of Superior Fiber Products. Superior Fiber Products was purchased by Superwood Corporation, which was later purchased by Georgia Pacific. In 2001, when Georgia Pacific announced that it would be closing the facility, the Development Association organized a task force that 1) assisted Georgia Pacific employees in securing training and employment opportunities, and 2) marketed the facility to potential buyers. The facility was purchased by Jeff Foster Trucking and, operating under the name of Elkhorn Industries, has become home to a wood pellet manufacturer, a diesel fuel transload operation and Life Span Closets.

The Development Association has also been involved in some high profile recruitment efforts. In 1965, the Development Association was successful in recruiting Twin Ports Grocery (TPG) to Superior. In 1988, when Gateway Foods acquired TPG, the Development Association was part of the team that convinced Gateway to consolidate operations and build a new facility on Susquehanna Avenue. In 2003, when Fleming Foods (which acquired the facility from Gateway's successor) filed for bankruptcy, the Development Association once again organized and led a task force to help transition employees and to help find a buyer for the facility. The Association assisted AMSOIL in its purchase of the facility in 2004. The Development Association was there again in 2007 to assist AMSOIL in obtaining financing for a \$15 million expansion to the facility.

During the past twelve months, the Development Association provided assistance to Mobile Image and Belknap Plumbing as these two companies went through the process of ownership succession. These are just a few examples of the important role the Development Association has played in assisting businesses throughout every stage of the business life-cycle.

The Development Association, over its 50 year history, has had the pleasure of providing assistance to "serial" entrepreneurs - individuals that start one successful business after another. In 1998, the Association assisted Bruce Bacon, Kevin Bakke and Ken LaBounty with the start-up of Genesis Equipment and Manufacturing on Connor's Point. The Association was there in 2008 to help Mr. Bacon launch Exodus Machines, also on Connor's Point. Exodus is poised to be the industry leader in the recycled metals equipment handling industry. Exodus' first machines were shipped out

during the fall of last year.

Complementing the Development Association's business assistance role has been its willingness to actively advocate on behalf of the communities, industries and businesses within Douglas County. Since the inception of Superior Days twenty-five years ago, the Development Association has been a key sponsor and integrally involved in the formulation and implementation of issue lobbying strategy for this annual, grass roots citizen advocacy event.

The Development Association has advocated on behalf of local businesses seeking permits related to expansion projects. These include: Murphy Oil's installation of pollution control devices, Enbridge's Alberta Clipper project, CLM's (now Graymont) \$37 million expansion project and Midwest Energy Resource Company's capacity expansion. The Development Association also led the charge to increase the amount of funding for the Wisconsin Harbor Assistance Program (HAP), which provides financing for dock wall improvement projects. Local HAP recipients include: the General Mills grain elevator, Hallett Dock Company, CHS, Gavilon and Fraser Shipyards.

The Development Association is recognized as a leading voice on issues affecting Wisconsin's maritime and manufacturing industries that depend on access to and utilization of Wisconsin's Great Lakes water resource. The Association's reputation was earned in its successful efforts to ensure that Wisconsin's adoption of the Great Lakes Water Resources Compact and the recently enacted Wisconsin Vessel Ballast Water Discharge Permit protected both our precious water resource and the viability of our maritime and manufacturing industries.

Earlier this year, the Development Association gave voice to the concerns of local businesses in regard to the Wisconsin Clean Energy Jobs Act. The Association provided testimony on the potential impact of the Act on our local petroleum industry, automobile dealers, trucking firms and electric utilities.

Your Development Association's solid track record of business assistance and advocacy has been made possible by the partnerships it has formed with and the cooperation it has garnered from a large number of private and public sector partners. The effectiveness of this team approach to economic development is evident from the successes we have had over the past 50 years. It is also evident in some of the ongoing projects in which we are engaged.

The Superior Business Awards and Hall of Fame program, which was launched in 2009 and honors outstanding local businesses and entrepreneurs, would not have been possible without the support of private sector businesses and the involvement and commitment of the Development Association, the Superior Business Improvement District, the Northeast Entrepreneur Fund, The Chamber of Superior and Douglas County and the UWS Small Business Development Center (UWS-SBDC).

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FROM THE ASSISTANT DIRECTOR **Michelle McKercher**

As we all know, the Development Association is fifty years old. A very wise man once said that history is formed largely by those who participate. I have been blessed over the past twenty-three years to have worked with so very many people who have chosen to participate in the creation and evolution of our region's economic history. Participation in any organization, including this one, requires sacrifice. It is through that sacrifice that we have been able to achieve so very much in the Development Association's fifty years.

We all want to build a better future for this area, and we have made significant strides to reach that goal. Throughout the last fifty years, what was considered prudent, conventional or fashionable in the practices of economic development and retention has changed. But the commitment of this organization, its Board, staff and members has not – build an economy that will keep our children here and bring new members to our communities.

As I was doing research for this annual report, I revisited the Annual Report from 1986, my very first year with this organization. On my first day, I noticed a deep commitment to the future of this area by everyone involved with the Development Association. I can honestly say that level of commitment still exists.

When I first started at the Development Association, Mike McNamara was the Executive Director, and Mark Olson was the Assistant Developer. The offices were located on the mezzanine of the Androy Hotel.

There are literally hundreds of success stories that this organization has been involved with during my time here. However, in the interest of brevity, I would like to quickly touch on some that reflect the original guiding principals created by those twelve board members fifty years ago.

One of the projects the Development Association worked on that I am proud of is our participation, through the Douglas County Revolving Loan Fund, in the construction in 1988 of the Veterans' Clinic and then the subsequent fight to keep it here when the VA considered closing it.

After a fire destroyed a local business, Dan's Feed Bin, this organization stepped in to help the Wicklund family build a new facility and keep that part of Superior's economic history from disappearing.

Exodus Machines started life in the Superior Business Center, a facility that the Development Association has managed for almost ten years. From its humble beginnings in the SBC, Exodus has grown significantly, becoming an industry leader and moving to its own, stand alone facility on Connor's Point, employing seventeen people.

AMSOIL, which has been committed to the region for over 35 years, expanded its operations into the former Fleming building, and now employs approximately 300 people.

These are just a few of the successes that the Development Association has had in its fifty years of existence. There are many, many more. The vision of this organization is evident in these examples and what we've done this year.

University Children's Center, a day care facility with a staff of 15 people, was faced with the possibility of having to close its doors. We were able to assist them when relocating to their new location in the renovated building at 29th and Tower Avenue.

Early in 2009, the owner of the Thirsty Pagan approached us seeking assistance with his plans for expansion. The Development Association was able to help him realize his plans which included the addition of more capital equipment and seating capacity.

Most importantly, we cannot forget to mention some of our partners who may not receive as much recognition as they deserve — community minded individuals and local businesses. To be successful in economic development you need the support of your local business community. Without that support we would not exist. Those businesses interested in the betterment of our community are listed in this annual report. They are our Members!

***“To be successful
in economic
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I85Chocolat

ARAMARK Uniform Services

Arlene Coco Buscombe

DSC Communications

Environmental Consulting & Testing

Great Lakes Office Solutions

IHS Door Company

Northland Estate Planning

North Point Realty

Patrick Plys

Share

Terry's Confections

Wallace Barry

Waltco, Inc.

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FROM THE EXECUTIVE DIRECTOR

The same is true of the Lake Superior Angel Network, which was made possible due to the commitment of a core group of business people and support from the Development Association, Minnesota Power, UWS-SBDC and the Wisconsin Angel Network.

The power of partnership is also evident in the development of the Parkland Industrial Park. With financial support from the U.S. Department of Housing and Urban Development secured by Rep. David Obey, and with leadership from Douglas County, the Development Association together with the City of Superior, Superior Water Light and Power and Dahlberg Light and Power are working with an exceptional group of consultants to design and develop an industrial park that will attract high value companies.

The effectiveness of your economic development team and the tenacity of the local business community are two of the reasons why our community has weathered this current economic recession better than most of Wisconsin and most of the United States. As Bill Stack stated in his President's message, "the Development Association has an impressive fifty-year history, but there is still a lot of hard work to do as we continue to support the efforts of businesses and local entrepreneurs." By joining partnerships to assist and advocate on behalf of the businesses and individuals that generate wealth and jobs in our region, together we are working to make our community a superior place in which to live, work, invest and recreate. Once again, congratulations on 50 years of success!

SECRETARY'S REPORT
Alan Jaques

On Friday, May 1, 2009, the 49th Annual Meeting of the Development Association was held at Barker's Island Inn. The meeting was called to order at 11:45 a.m. by President Murray.

The members who served on the Board of Directors during the previous year were introduced, along with the guest speaker, Bruce Bacon, President & CEO of Exodus Machines & former Vice President & General Manager of Genesis Attachments. Murray presented plaques to outgoing board members Fred Shusterich and Richard Eisenmann.

Mr. Bacon discussed starting his new business Exodus Machines in Superior and the role the Development Association and the City of Superior plays in retaining and growing Superior's businesses.

The 2008 Annual Meeting minutes, treasurer's and secretary's reports were reviewed by the membership, and approved.

Richard Nystrom, President of the Douglas County Revolving Loan Fund, presented plaques to the past year loan recipients.

Executive Director, Andrew Lisak, spoke about the past year's events, challenges and successes of the Development Association and economic development.

Staff was recognized.

Outgoing President Murray introduced President William Stack and passed the gavel. President Stack thanked Mike Murray for his outstanding leadership service as President and presented him with a plaque.

William Stack thanked the guests for attending. A motion was made and seconded to adjourn the meeting at 1:00 p.m.

TREASURER'S REPORT
William Fennessey

The Development Association reports that for the year 2009, the Association's revenues exceeded expenditures by \$14,923. The funds were added to our year-end cash balance that totals \$222,269 as of December 31, 2009. A copy of the year end financial report is included to the left.

The revenues, which for the most part come from the City of Superior, Douglas County and business community members, are greatly appreciated. These revenues help ensure that the Association's goal of improving the area in which we live and work is realized.

**YEAR-END FINANCIAL REPORT
December 31, 2009**

Actual cash balance 01/01/09	\$207,346
REVENUES:	
Douglas County	\$65,000
City of Superior	77,966 *
Membership Contributions	68,000
DCRLF Administrative Fee	10,000
SBC Management Fee	36,667
Grants/Other	1,000
Interest Income	3,416
Total 2009 Revenue	\$262,049
Total 2009 Expenditures	247,126
YEAR END CASH BALANCE	\$222,269

*City Contributions are a total of one-percent (1%) of hotel/motel tax receipts. The City of Superior contributions are not received in the same calendar year as the Development Association. Fourth quarter hotel/motel tax payments are received in the first quarter of the following year.

DOUGLAS COUNTY REVOLVING LOAN FUND

Since 1986, the Douglas County Revolving Loan Fund has loaned or granted over \$4 million to over 60 businesses and/or organizations. The loan fund is designed to provide gap financing, incentive financing and equity enhancement for industrial projects. Repayments and interest earned has allowed the total \$1.5 million investment to revolve over two times.

The Development Association manages the fund for Douglas County. Responsibilities include ensuring that loan portfolio customers are current on loan payments, providing technical and financing assistance to new applicants, keeping loan and meeting records, developing loan contracts, collateral security filings and other pertinent information pertaining to the loan fund.

Businesses/organizations that have received financing through the Douglas County Revolving Loan Fund since its creation include:

Genesis Equipment & Manuf.	Tri-County Corridor Recreational Trail	Stardusk House
Challenge Center (Bay Produce)	Crane Song	Metalrecovery
S&S Enterprises	Solon Springs Development Comm.	Emprove
Duluth Camera Exchange	Superior Business Center	I Therapies
Anderson Fuel & Lubricants	Northwest Beverage	WI Rural Enterprise Fund
Jim's Welding	CB Mobile Truck Wash	DeMar Auto Body
Lake Superior Laundry	Starkka's Shamrock Frozen Pizza	J. R. Jensen Holdings LLC
Dan's Feed Bin	Village of Solon Springs	LeBistro
Superior Wood Systems	Village of Lake Nebagamon	Missinne Nursery*
Bridgeport Industries	UW-Superior Health Lab Study	IHS Door Company (2 loans)
Joanna Foods	River House Restaurant	J-N-J Catering
Veteran's Clinic	RACS	Clearly Superior
Garon Knitting Mills	Fish Farming Study	Sportsman's Marketing
Fentech, Inc.	Udeen Trucking (2 loans)	Old Town Woodworks
Quality Welding	The Development Assn. (for SBC start-up)	Portable Bore Repair & Jim's Welding
Spectus Systems Midwest	Husky Rustic Siding	New Horizon's Children's Corner*
Lakehead Blacktop & Material	The Development Association	University Children's Center
Superior Area Hockey Assn.	(fire emergency fund)	Thirsty Pagan
Bear Paw Products	Field Logic, Inc.	Exodus Machines
Volz Trucking	Superior Douglas County Chamber of	Mobile Image
Superior Solid Surfaces	Commerce	
Aquila, Inc.	Harmony K.C. LLC (2 loans)	*Business Plan Competition

An overview of the loan fund since 1986 is listed below. These amounts include loans and grants to the above businesses/organizations.

1987	\$770,000	1993	\$92,000	1999	\$64,000	2006	\$100,000
1988	\$65,000	1994	\$100,000	2000	\$75,000	2007	\$226,200
1989	\$444,000	1995	\$175,000	2002	\$107,000	2008	\$160,000
1990	\$10,000	1996	\$186,625	2003	\$200,000	2009	\$102,802
1991	\$100,000	1997	\$336,000	2004	\$115,337		
1992	\$324,000	1998	\$350,000	2005	\$55,000		
						Total	\$ 4,157,964

DOUGLAS COUNTY REVOLVING LOAN FUND BOARD OF DIRECTORS

Dick Nystrom, <i>President</i>	Alan Jaques, <i>Vice President</i>	Linda Helenius, <i>Treasurer</i>	Susan Sandvick, <i>Secretary</i>
James Kehoe	Bill Stack	Nick Baker	Dan Corbin
Douglas Finn	Kay Johnson	Tom Stewart	Rick Felker

DOUGLAS COUNTY REVOLVING LOAN FUND ADVISORY COMMITTEE

Dick Nystrom	James Zastrow	Bill Stack	Rick Thoreson
Robert Hall	Larry Kappes	Douglas Finn	Jan Dalbec

DIAMOND:

AMSOIL, Inc.
City of Superior
Douglas County
Enbridge
Graymont (WI) Inc.

Jeff Foster Trucking
M & I Bank
Midwest Energy Resources
Murphy Oil USA, Inc.

National Bank of Commerce
SMDC-Superior
Superior Water, Light & Power Co.

PLATINUM:

BNSF Railway

Canadian National Railway

Hallett Dock Company

Lakehead Constructors, Inc.

GOLD:

Catholic Charities Bureau
Genesis Attachments, LLC
Halvor Lines

RJS Construction Group, LLC
Superior Bank
Superior Choice Credit Union

Superior Savings Bank
Superior Telegram

SILVER:

Anderson Lubricants
Barker's Island Inn
Bridgeview Motor Inn
Charter Films
Citizens Bank

East Central Energy
Exodus Machines
Fraser Shipyards
J.R. Jensen Construction Co.
Stack Brothers, Inc.

Superior Glass
Superior-Lidgerwood-Mundy
Upper Lakes Foods, Inc.

BRONZE:

A-I Movers, Inc.
Always Available Roll-Off Service, Inc.
APEX
Aramark Uniform Services
Arco Coffee
Arrowhead Printing
Ayes Associates
Belknap Electric
Belknap Liquor
Belknap Plaza
Belknap Plumbing & Heating
Benson Electric
Bergstrom Electric
Campbell Lumber & Supply Co.
Cenex Harvest States
Central Sheet Metal Works
Chamber of Commerce
Clearly Superior
Con Agra
Conkright Dental LLCi
Cragin Machine Shop Inc.
CW Technology Group
D & N Development
Dahlberg Light & Power Co.
Dan's Feed Bin
DeVinck Pontiac-Cadillac Inc.
Douglas County Abstract
DSC Communications
Duluth Seaway Port Authority
Eikill & Schilling
Eisenmann & Associates
Field & Connolly Insurance
Fryberger, Buchanan, Smith & Frederick

Hammond Liquors
Hannula & Halom
Harmony KC, LLC
Holden Insurance
Housing Development Corp.
IHS Development LLC
J & R Sign Company
Jimmy John's
Kari Toyota-Jeep
Keyport Liquor & Lounge
Knudson, Torvinen, Jones & Kirk
Lafarge Corporation
Lagae Cosgrove Contractors
Lakehead Painting
Larson Chevrolet-Oldsmobile
LHB Inc.
LeBistro
LSALMA, Inc.
Lucius Woods Performing Arts Center
Maki, Ledin, Bick & Olson
Manion's Wholesale
Marcovich, Cochrane, Milliken,
Swanson & Kropid
Mertz-Rookey Ins. Agency
Metro Sales
Mobile Image
Northeast Entrepreneur Fund
Northern Business Products
Northern WI Building Trades Council
Northland Foods
Northwest Beverage Inc.
Northwest Outlet

NW WI Manufacturing Outreach
Center
Norwood Golf Course
Oliver Companies
P. S. Advertising & Marketing
Portable Bore Repair & Jim's Welding
RSM McGladrey, Inc.
Sailboats, Inc.
Saratoga Liquor Co.
Sauter Fairchild Insurance
School District of Superior
Solon Springs Mercantile
Superior Business Improvement District
Superior Chrysler Center
Superior Housing Authority
Superior Inn
Superior Steel
Superior Vocations Center
Telephone Associates
The Raffetto Group, LLC
Thirsty Pagan
Till, Salzer & Blank, Ltd.
Town of Solon Springs
Tri-State Business Systems
Twin Ports Testing, Inc.
Udeen Trucking
University of Wisconsin Superior
Village of Solon Springs
Westmorelandflint
Wisconsin Job Service
Wisconsin Woodchuck
WITC
Wolff's Flower Shop