Addendum A
IRRRB Meeting Minutes
Monday, June 21, 2021 – 8:00 a.m.
(In accordance with Minnesota Governor Tim Walz’s Executive Order 20-01 and due to the COVID-19 pandemic, the meeting was held via ZOOM and live-streamed through YouTube as authorized by Minnesota Statute Section 13D.021)

1) Roll Call
Senator David Tomassoni, chair, called the meeting to order at approximately 8:02 a.m. Laureen Hall took roll call. Present via ZOOM video: Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud. Excused: None. Minute Taker: Laureen Hall, Executive Aide. Also present via ZOOM video: Mark Phillips, Commissioner; Matt Sjoberg, Executive Director of Development; Al Becicka, Legal Counsel; Sheryl Kochevar, Communications Director; Bob Scuffy, Accounting Director; Janette Godec, Executive Assistant; Brian Carlson, President, Huber Engineered Woods; Wes Bowen, Managing Partner, Harvest Group, LLC; Scott Dane, Executive Director, Associated Contract Loggers & Truckers of Minnesota (ACLT); Thor Underdahl, Manager, Governmental Affairs, Minnesota Power; Greg Hagy, Mayor, City of Cohasset.

2) Approval of the June 7, 2021, Minutes
Representative Dave Lislegard moved approval of the June 7, 2021, meeting minutes. Motion carried.

Laureen Hall took a roll call vote.

Voting in Favor of the Motion: Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

Voting Against the Motion: None

Abstain: None

Excused: None

3) Huber Engineered Woods, LLC – Resolution No. 21-020
Senator Justin Eichorn moved that the Board recommend an expenditure of up to $15.6 million to Huber Engineered Woods, LLC, from the DJJ Fund Corpus which, in conjunction with a $20 million investment from the Minnesota 21st Century Fund by DEED, as authorized under Minnesota Statute Sections 116J.423-116J.424, and additional financial incentives from the State, Itasca County and the city of Cohasset, will result in the construction and subsequent operation of the Huber Project in Cohasset as more fully described in the board packet materials and as presented by staff, which materials are incorporated into and presented in Resolution No. 21-020. Seconded by Representative Spencer Igo. Motion carried.

Laureen Hall took a roll call vote.
Voting in Favor of the Motion:  Representative Rob Ecklund, Representative Spencer Igo, Representative Dave Lislegard, Representative Dale Lueck, Representative Julie Sandstede, Senator Tom Bakk, Senator Justin Eichorn, Senator Carrie Ruud, Senator David Tomassoni

Voting Against the Motion:  None

Abstain:  None

Excused:  None

IRON RANGE RESOURCES AND REHABILITATION ADVISORY BOARD
OF THE STATE OF MINNESOTA
DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND
HUBER ENGINEERED WOODS, LLC PROJECT RECOMMENDATION

Resolution No.: 21-020

WHEREAS, Minnesota Statutes Section 298.296, Subdivision 2 (c) authorizes the Commissioner to expend, within or for the benefit of the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341 (“TAA”) and after consultation with the advisory board, the corpus of the Douglas J Johnson Economic Protection Trust Fund, (the “DJJ Fund Corpus”), for projects and programs described in Minnesota Statutes Section 298.292, subdivision 1 that either (a) are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses; or (b) encourage diversification of the economy and promote the development of certain sectors of the TAA economy; or (c) for which technological and economic feasibility have been demonstrated; and

WHEREAS, Huber Engineered Woods, LLC (“Huber”), a Delaware business company with its principal headquarters in Charlotte, North Carolina, is a wood products manufacturing company that is proposing to build an 800,000 square foot oriented strand board manufacturing facility that will produce up to 700 million square feet of finished product and directly employ up to 158 full-time workers in Cohasset, Minnesota, which is located within the TAA (“Huber Project”); and

WHEREAS, the agency, in partnership with the Minnesota Department of Employment and Economic Development (“DEED”), has been in negotiations with Huber to provide financial incentives to entice Huber to locate the Huber Project within the TAA; and

WHEREAS, the parties have reached an agreement whereby the agency will provide Huber with up to $15.6 million in funding from the DJJ Fund Corpus which, in conjunction with a $20 million investment from the Minnesota 21st Century Fund by DEED, as authorized under Minnesota Statute Sections 116J.423-116J.424, and additional financial incentives from the State, Itasca County and the City of Cohasset, will result in the construction and subsequent operation of the Huber Project in Cohasset as more fully described in the board packet materials and as presented by staff, which materials are hereby incorporated into this resolution; and
WHEREAS, the technical advisory committee appointed pursuant to Minnesota Statutes Section 298.297 met on March 10, 2021, and recommended that the Board approve the Huber Project as presented in accordance with the information provided in the board packet materials; and

WHEREAS, the Board met in open session via electronic means on June 21, 2021, at 8:00 a.m. in accordance with Governor Tim Walz’s Emergency Executive Order 20-01 Declaring a Peacetime Emergency and Coordinating Minnesota’s Strategy to Protect Minnesotans from COVID-19, and the authority for such method of meeting provided under Minnesota Statutes Section 13D.021, to consider, among other matters, the Huber Project and has determined that the proposed expenditure of funds for the Huber Project will create and maintain productive, permanent skilled employment and will diversify and promote the development of the economy of the TAA.

NOW, THEREFORE, IT IS RESOLVED, that the Iron Range Resources and Rehabilitation Board recommends the expenditure of up to $15.6 million from the DJJ Fund Corpus in support of the Huber Project, as authorized under the provisions of the Douglas J. Johnson Economic Protection Trust Fund Act under Minnesota Statutes Sections 298.291-298.297.

BE IT FURTHER RESOLVED that, to the extent Board recommendation is necessary, the Board hereby authorizes and recommends the proposed expenditure of up to $20 million of DEED’s Minnesota 21st Century Minerals Fund monies.

BE IT FURTHER RESOLVED that the Board’s recommendation of all expenditures for the Huber Project is subject to the conditions set forth in the Board packet materials and the provisions customarily contained in agency financing documents and Board Resolution 96-005 that require the recipient of financial assistance to pay at least prevailing wages to workers performing work on Board recommended projects.


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<th>Member</th>
<th>Aye</th>
<th>Nay</th>
<th>Abstain</th>
<th>Excused</th>
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<td>Senator Tom Bakk</td>
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<td>Senator Justin Eichorn</td>
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<td>Senator Carrie Ruud</td>
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<td>Senator David Tomassoni</td>
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<td>Representative Rob Ecklund</td>
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<td>Representative Spencer Igo</td>
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<td>Representative Dave Lislegard</td>
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<td>Representative Dale Lueck</td>
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<td>Representative Julie Sandstede</td>
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Signed: ________________
Senator Dave Tomassoni, Chair
# Wood Products Manufacturing Company

**Cohasset, MN 55721**

**Department of Iron Range Resources and Rehabilitation Direct Loan**

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<th><strong>Applicant:</strong></th>
<th>Wood Products Manufacturing Company</th>
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| **Project Location:** | Near Boswell Energy Center  
Cohasset, MN 55721 |
| **Prospective Business:** | The prospective business that would build a manufacturing facility (“Company”) is a privately held leader in engineered wood building products with most recent year sales > $1.0 billion and approximately 1,000 employees in the U.S.. |
| **Project Description:** | To keep pace with significant increase in customer demand for its branded, specialty products, Client is pursuing expanding manufacturing capacity for its oriented strand board (OSB) products. They are considering a Greenfield option for an 800,000 square feet production facility that would require approximately 400 acres in Cohasset, MN, as well as a joint venture with an existing wood manufacturer in the Canadian region.  
This project will be the largest capital project in the Company’s history and will create 158 direct new jobs in the community. After analysis and ROI modeling, this investment is not feasible without significant assistance from state and local economic development programs to help offset the site preparation, infrastructure, rail and development costs that would be needed. Without incentive assistance, Client will either proceed with the Joint Venture opportunity in Canada or invest this capital within their existing footprint. |
| **Market Opportunity:** | According to a *Wall Street Journal* article from February 16, 2021:  
“Lumber prices have shot to fresh records, defying the normal winter slowdown in wood-product sales in a sign that the pandemic building boom is bowling into 2021.  
Records have been set across species, products and grades, according to pricing service Random Lengths. It has never cost more to buy oriented strand board, known as OSB and used for walls, Southern yellow pine, which is favored for fences and decks, or ponderosa pine, which is popular in cabinetry and interior trim. |
Many engineered wood products used in new construction, such as I-joists, are in short supply, and mills are backlogged with orders well into March, the pricing service said. Last week, its Random Lengths Framing Lumber Composite price rose to $966 per thousand board feet, exceeding the $955 high set in September.

Lumber futures have climbed 49% over the past three weeks, to more than twice the price a year earlier. Lumber for March settled Tuesday at $992.40 per thousand board feet, eclipsing a mark set in September as the highest closing price ever.

Many buyers have jostled into contracts for May delivery, which ended Tuesday at $846.50. The cheapest and most distant futures, for lumber in March 2022, start at $700, which is more than the prepandemic record of $639."

This project would allow for Client’s expansion into the Western US market, though some product may go into the Midwest as well. Client employs a specialty strategy that serves as a competitive advantage. Their brands are nationally known in the industry with their main distribution channels being distributors, wholesalers and big box retailers.

Advertising is mainly done through trade publications, company internet site and social media platforms.

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<th>Project Investment:</th>
<th>IRRR – DJJ</th>
<th>$15,000,000*</th>
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<tr>
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<td>DEED – 21st Century</td>
<td>$20,000,000</td>
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<tr>
<td></td>
<td>Partner Investor Estimate</td>
<td>$27,500,000</td>
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<td></td>
<td>Private Funding Estimate</td>
<td>$376,800,000</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$439,300,000</strong></td>
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* In addition to the $15,000,000, IRRR will invest $600,000 for workforce development/training, offered as a match to DEED’s Minnesota Job Skills Partnership (MISP) Program and Minnesota Job Training Incentive Program (JTIP) grants of $400,000 and $200,000 respectively.

| Jobs:                  | Permanent jobs | 158 full time employees |
|                       | Median hourly wage | $31/hr plus attractive benefit package |
|                       | Construction workers Needed | 300 - 400 |
Logging trucks per day | 150
Annual finished good shipments | 20,000 trucks | 330 Rail cars

**Business History:**
Company has been in operation for over 100 years.

**Past Agency History:**
None

**Contingencies:**
None

**Technical Advisory Committee Recommendation:**
The TAC recommended approval at its March 10, 2021 meeting.

**Funding Authorization:**
Douglas J. Johnson Economic Protection Trust Fund: This project is authorized under the provision of the Douglas J Johnson Economic Protection Trust Fund Act (Minnesota Statutes sections 298.291 – 298.297) pertaining to expenditures of Douglas J Johnson Economic Protection Trust Fund monies for economic development projects in that these statutes authorize small business development loans to private enterprises for the purpose of job creation and economic development within the Taconite Assistance Area defined in Minnesota Statutes Section 273.1341.

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**Term Sheet**

**Project Financing for the Huber Engineered Woods Wood Products Manufacturing Facility**

**Cohasset, Minnesota**

The terms outlined below in this Term Sheet are for discussion purposes only, and this Term Sheet does not constitute a commitment, agreement in principle or other agreement or obligation by (i) the State of Minnesota (“Lender”) or any of its subsidiaries or other affiliates to provide financing: or (ii) Huber Engineered Woods LLC (“Borrower”) to initiate the Project (as hereinafter defined). Any binding commitment by Lender or Borrower would be subject to due diligence, board approval and negotiation and mutual agreement of satisfactory definitive documentation evidencing the credit facilities described in this Term Sheet (the “Senior Financing Documents”).

**Type of Financing:**
Senior secured first priority financing (the “Senior Financing”) consisting of construction and term loans to fund part of the costs of the Project (as defined below).
Borrower: Huber Engineered Woods LLC (the “Borrower”), organized under the laws of the State of Delaware.

Guarantor: J. M. Huber Corporation.

Lender: State of Minnesota, by and through the office of the Commissioner of iron range resources and rehabilitation (“IRRRB”) and the Department of Employment and Economic Development (“DEED”), collectively referred to as “Lenders”.

Total Amount of Loans: $35,000,000.

Sources of Funds: $15,000,000 from the IRRRB DJJ Fund; and $20,000,000 from the DEED 21st Century Fund, via the IRRRB and an Inter-Agency Agreement.

Project: The Borrower, is in the business of manufacturing wood building products and is currently pursuing the construction of an approximately 800,000 square foot plant to increase capacity to meet additional demand in the industry. Specifically, it is the Borrower’s intent to manufacture its ZIP System, AdvanTech, and/or other wood products for use in the construction industry. The Borrower estimates the need for approximately 400,000 cords of feedstock annually to supply the new operation once up to full construction. The current proposed Capital Budget for the project is $442 million, including construction costs, equipment, and infrastructure. The current development schedule is: Civil/Land Preparation Q3 2021; Begin Construction and Equipment Installation Q2 2022; Initial Occupancy for Production Q3 or Q4 2024; Full Production Q1 or Q2 2025. This timeline is based upon the current anticipated timeline to obtain all environmental permits and is subject to such.

Infrastructure Budget: The costs necessary to construct all public and private infrastructure to accommodate the Project. The current Infrastructure Budget includes $6 million in public infrastructure (water, natural gas, and sewer) as well as $20 million in private infrastructure ($6 million rail line and the balance in other site development costs).

Construction Budget: The costs necessary to construct the roughly 800,000 square foot manufacturing facility. This budget includes all foundational work needed to support manufacturing equipment as well as all costs paid to a third party for soft costs including, but not limited to, engineering, architectural and other related costs.

Equipment Budget: All costs necessary to purchase and install all equipment needed for the manufacturing process in the Project.
**Capital Budget:** The sum of the Infrastructure Budget, Construction Budget and Equipment Budget. The Capital Budget is hereto attached to this term sheet as Exhibit A.

**Construction Phase:** The time period of the project when the construction of the facility as well as the delivery and installation of the equipment is taking place. It is expected that the Construction Phase of the Project will take approximately 36-48 months. The Construction Phase of the project will commence upon the issuance of all necessary building and environmental permits for the project. The Construction Phase of the Project will end upon the earlier of: notification from Borrower to Lender that construction activity has been substantially completed, it has obtained a certificate of occupancy, and begun initial production at the facility; upon production of any level of product at the facility, or: a day which is 48 months from the commencement of the Construction Phase of the project. In no event will the Construction Phase of the Project be for a longer period than 48 months.

**Additional Financing:** Prior to Financial Closing, Borrower will be responsible to show evidence that it has all of the necessary funding in place to complete the Project (which may be in the form of cash and cash equivalents and/or revolving borrowing capacity).

**Amortization Date:** The date which is the earlier of the first day of the first calendar quarter upon the end of the Construction Phase of the Project.

**Loan Term:** 72 months from the Amortization Date.

**Due Date:** A date 72 months from the Amortization Date.

**Use of Proceeds:** Lender will make periodic disbursements to Borrower to pay for costs in the both the Infrastructure Budget and the Construction Budget. Loan advances will be for a pro-rata share of costs, net of any available funds from third parties to pay for costs included in the Infrastructure Budget.

**Loan Funds Availability:** During the Construction Phase of the Project, Lender, or a disbursing agent selected by Lender, will disburse Loan funds in increments within 14 days of receiving an approved disbursement request, in a form satisfactory to it at its sole discretion, for eligible costs. Borrower will be required to show evidence satisfactory to the Lender that the Capital Budget is fully funded with each disbursement request. Disbursement requests are not to be made by Borrower on a more frequent than monthly basis.

**Closings:** Closing of this Senior Financing shall occur on or prior to July 31, 2021.
**Interest Rate:**
Interest shall accrue on all advanced Loan funds at 3% per annum. In the event of, and only during, an uncured default, all advanced Loan funds will accrue interest at 5% per annum.

**Scheduled Amortization:**
No repayment shall be required during the Construction Phase of the project. All accrued and unpaid interest will be capitalized and added to the principal balance of the Loan on the Amortization Date. Should sums of principal and interest not be forgiven per the terms of the Senior Financing Documents, as aforementioned in “Loan Forgiveness” herein, a payment equal to 20% of the principal balance of the Loan plus all accrued interest will be due and payable on the respective second, third, fourth, fifth, and sixth anniversary dates of the Amortization Date (or, if such date is not a business day, on the next succeeding business day). All unpaid principal and accrued interest will be due and payable on the Due Date.

**Employment Reporting:**
After the Amortization Date, and for the remainder of the term of the Loan, Huber will be responsible to file quarterly employment reports to the IRRRB. The “Quarterly Report” shall show the average number of active full-time direct employees for each calendar quarter, based employment count on last day of each respective month of the quarter. This report will be due one month after the end of each quarter. The Quarterly Report shall document the employment status of every active full-time direct employee along with a statement that each employee has earned a minimum of $18.00 per hour and been offered a benefit package. The Quarterly Report will also specify all active full-time direct employees who earn less than $20.00 per hour. The report should be certified by the Chief Financial Officer of Borrower.

**Loan Forgiveness:**
Huber will be eligible for forgiveness of principal and all accrued interest due at each payment date should it meet the following criteria: it has employed a minimum of 60, 70, 80, 90, and 100 direct full-time employees in each of the respective 12-month period that a payment is due, and; Huber has produced a minimum of 400,000 square feet of product in the preceding 12 months. For the purposes of potential loan forgiveness, a minimum of 90% of active full-time direct employees must earn at least $20 per hour. Lenders agree to extend the date to meet potential forgiveness for up to two years should Borrower fail to meet any of the employment thresholds.

**Security:**
The Senior Financing will have a first priority perfected lien on all Project assets. Such lien shall be perfected solely by the filing of uniform commercial code financing statements in the applicable jurisdictions.
Optional Prepayment:
Optional prepayments of the Senior Financing, in whole or in part, shall be permitted at any time at the Borrower’s option, without premium or penalty.

Conditions Precedent To Financial Closing:
The conditions precedent to Financial Closing will be customary for credit facilities of this nature (with customary qualifications), including but not limited to the following:
1. Delivery of customary legal opinions from counsel to the Borrower.
2. Delivery of all necessary environment permits to construct and operate project.
3. Delivery of base case Project projections with assumptions.
4. No event of default or event that would become an event of default with the giving of notice or passage of time or both under the Senior Financing documents (a “Default”) shall have occurred or be continuing.
5. Delivery of evidence that the Project is fully funded.
6. Execution of an Inter-Agency agreement between Lenders.
7. Delivery of evidence that insurance coverage, including without limitation, builder’s risk insurance, shall be in full force and effect.
8. Delivery of a construction schedule and budget for the Project.

Representations and Warranties:
The Senior Financing Documents will include customary representations and warranties (with customary knowledge and materiality qualifications), including but not limited to the following:
1. Corporation existence, power and due authorization, non-contravention of applicable laws, consents and approval.
2. No event of default has occurred or is continuing under the provisions of the Senior Financing Documents.
3. Accuracy of information.
4. Compliance with laws.
5. Title to Project assets
6. Perfection and priority on liens and security interests of Project assets.

Affirmative Covenants:
The Borrower will be subject to customary and usual affirmative covenants to be mutually agreed with Lender, including but not limited to:
1. Use of Proceeds exclusively for approved Project costs included in the Capital Budget.
2. The Borrower shall comply with all applicable laws and permits.
3. The Borrower shall maintain insurance of the types and amounts customary for projects of this type.
4. Lender shall receive standard inspection and visitation rights.

**Negative Covenants:**

The Borrower will be subject to customary and usual negative covenants to be mutually agreed with Lender.

**Default:**

The Senior Financing Documents will provide for customary and usual events of default, notice of default, and commercially reasonable cure opportunity and remedies.

**Financial Reporting:**

Prior to the execution of the Senior Financing Documents, Borrower will provide Lender with all required tax returns of Guarantor. Guarantor will provide Lender with all tax returns by the legal filing date, as extended should that be the case, during the term of the Loan.

**Prevailing Wages:**

In accordance with Minnesota statutes, prevailing wages will be paid by Borrower to all workers and laborers for the construction of facilities and installation of equipment during the Construction Phase of the Project.

**Business Subsidies:**

In accordance with Minnesota statutes, all agreements shall follow the business subsidies statutes as applicable.

**Additional Funding:**

DEED is willing to consider an application from Borrower for additional funding through the Minnesota Job Creation Fund, Minnesota Investment Fund, and the BDPI program that it administers. In addition, IRRRB and DEED are willing to consider workforce development grants totaling $1,200,000, in aggregate. The City of Cohasset and Itasca County are also considering Tax Increment Financing and/or a Property Tax Abatement to fund portions of the public and private infrastructure.

**Development Agreement:**

Prior to or concurrently with the closing, Borrower will enter into a development agreement with the City of Cohasset that will address issues related to the Project site, including but not limited to: size and layout of the site with ingress and egress defined; delineation of wetlands; environmental status; location of public utilities; and utility agreements including the pre-treatment of effluent.

**Fees:**

Each party shall be responsible for its own legal and related fees. Borrower shall be responsible for all fees related to perfecting a lien in the Security, which may be an eligible Project Cost.

Execution of this term sheet is merely meant to show the current intent of all parties to negotiate and enter into definitive agreements as outlined above. This term sheet is not to be construed in any way to be an agreement, binding or otherwise, with respect to the terms set forth above nor does it create any
obligation on behalf of either Lender or Borrower to continue to negotiate and/or execute any agreement with respect to the Senior Financing or the Project.

This term sheet expires December 31, 2021.

4) Adjournment

The meeting adjourned at 8:47 a.m.