



REQUEST FOR COUNCIL ACTION

MEETING DATE: April 4, 2022

PREPARED BY: Brett Angell, Economic Development Manager

AGENDA ITEM: Project Monarch DEED applications and city revolving loan fund allocation

PREVIOUS ACTIONS:

None.

RECOMMENDED COUNCIL ACTION:

Motion to open the public hearing for public comments on a Minnesota Investment Fund application and business subsidy for Project Monarch.

Motion to close the public hearing.

Motion to adopt Resolution No. 22-074 authorizing the city to apply to the Department of Employment and Economic Development for a Minnesota Invest Fund award for Project Monarch.

Motion to adopt Resolution No. 22-075 supporting a job creation fund application in connection with Project Monarch.

Motion to authorize the allocation of \$125,000 from the city's revolving loan fund pending formal review for Project Monarch and authorizing the Economic Development Manager to execute documents related to an award.

COMMENTS:

Project Monarch involves the relocation of a large medical-technology firm from a different Twin Cities community into Maple Grove. The business is a manufacturer of precision parts which play an integral role in numerous important medical devices, such as pacemakers. The business has been within the metro area for many years and has additional locations throughout the United States and internationally.

Due to challenges at their existing location, the business explored relocation options both within Minnesota and elsewhere. Following an extensive search, the business identified the former Caterpillar building at 11601 93rd Ave N as the preferred option. The business would occupy the entire 175,000 square foot space which has been vacant since 2020. The relocation is contingent on receiving the below mentioned incentives. Due to this contingency, the move is not yet public which is why a project name alias is being used.

The project includes the relocation of 308 existing employees to the Maple Grove location with plans to add approximately 35 additional employees within two years. Based upon the existing job numbers, the business would be in the top five for total private employment within the city. The initial capital investment into the facility is approximately \$4.2 million including equipment purchases and leasehold improvements. It is anticipated to up to 90 weeks for the full move to occur due to the amount of machinery and certification process.

DEED MIF and JCF

The Minnesota Investment Fund (MIF) program provides financing to help businesses add and retain high-quality jobs on a statewide basis with a focus on industrial, manufacturing, and technology-related industries. Local governments formally apply to the state on behalf of an eligible business, with the funds essentially being pass-through dollars from DEED to a business, with the city acting as the fiscal agent for the transaction. DEED provides a grant to a local government that then provides a loan to the business. If funds are awarded, the local government enters into a loan agreement with the business consistent with the MIF program terms.

The Job Creation Fund (JCF) program provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets. Funds are awarded based upon the number of new job created/retained and for constructing or renovating facilities and making other property improvements. JCF awards are between DEED and a business, however a resolution of support is required by the local municipality.

City revolving loan fund

In August 2003, the city established a revolving loan fund policy as a means to further incentivize business expansions within the city through the offering of low-interest loans. The policy was amended in 2018. The revolving loan fund operates as a gap financing measure and as a means to increase the ability to attract businesses offering high-quality job opportunities. The city does not currently have any outstanding loans to businesses through this program. The current balance for this program is approximately \$750,000.

Public hearing requirement

As required by the application and Minnesota State Statute, a public hearing notice was published and posted on March 25 to allow for public comment on the MIF application and an allocation from the city's revolving loan fund.

The city is requesting approximately \$400,000 in a forgivable MIF award from the DEED on behalf of Project Monarch and a \$125,000 forgivable loan award from the city's revolving loan fund. The MIF funds will allow the company to purchase machinery and equipment for their new Maple Grove facility. The revolving loan fund award will allow for additional machinery and equipment and/or workforce training.

Additional incentives

Additional to the above-mentioned items, the business is also working with Xcel Energy to be eligible for their BIS Rider program. This program is an economic development incentive offered by Xcel which provides reduced electrical rates for a two-year period. The business is also working with DEED on a potential Minnesota Job Skills Partnership (MJSP) award which provides training grants to advance workforce development efforts.

ATTACHMENTS:

Attachment A: Resolution 22-074

Attachment B: Resolution 22-075