



REQUEST FOR COUNCIL ACTION

MEETING DATE: January 17, 2023

PREPARED BY: Brett Angell, Assistant Community & Economic Development Director

AGENDA ITEM: Project Next Minnesota Investment Fund and Job Creation Fund DEED applications

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 Next.

Motion to close the public hearing.

Motion to adopt Resolution No. 23-014 authorizing the city to apply to the Department of Employment and Economic Development for a Minnesota Investment Fund award for Project Next.

Motion to adopt Resolution No. 23-015 supporting a Job Creation Fund application in connection with Project Next.

COMMENTS:

Project Next involves the relocations of multiple locations for a medical-technology firm from a different Twin Cities community into Maple Grove. The business collaborates with healthcare agencies and device partners to manufacture medical devices. The business has been within the metro area for many years and has additional locations throughout the globe.

The existing locations for the business throughout the Twin Cities metro are scattered across a few different communities. The proposed location within Maple Grove would relocate all operations under one roof and allow for the continued expansion of the business. The business explored relocation options both within Minnesota and elsewhere. Following an extensive search, the business identified the fourth Arbor Lakes Business Park building as the

preferred option. The business would occupy approximately 110,000 square feet (50% of the building). The business anticipates build-out of the space would begin as soon as the shell of the building is completed in mid-2023. 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 188 existing employees to the Maple Grove location with plans to add approximately 33 additional employees within the first three years. Of the new jobs created, it is anticipated that the hourly wage for each position would exceed \$54/hour. The initial capital investment into the facility is approximately \$8 million including equipment purchases and leasehold improvements. The Maple Grove facility would serve as the business's headquarters.

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. The business is eligible to request an award of up to \$297,000 in JCF funding.

Public hearing requirement

As required by the application and Minnesota State Statute, a public hearing notice was published and posted on January 6th to allow for public comment on the MIF application.

The city is requesting a MIF award of up to \$1,000,000 from the DEED on behalf of Project Next. The potential award is dependent on the businesses choice of applying for a \$1,000,000 repayable award or \$260,000 forgivable award. The MIF funds will allow the company to purchase machinery and equipment for their new Maple Grove facility.

ATTACHMENTS:

Attachment A: Resolution 23-014

Attachment B: Resolution 23-015