

Job Creation Fund



75 Businesses • 4,586 New Jobs • A \$24 Average Wage

Three years after the state's very first pay-for-performance economic development program was proposed, the Minnesota Job Creation Fund can point to successful partnerships with 75 businesses, nearly 4,600 new quality jobs and national and state recognition as affirmation of success.

Governor Mark Dayton proposed the Minnesota Job Creation Fund to encourage job growth and provide expansion support funding to businesses. Since then, the Minnesota Legislature has allocated \$37.5 million for the program to help the state compete for new jobs and growing businesses.

The Job Creation Fund provides up to \$1 million to businesses after they meet certain performance thresholds, including minimum requirements for job creation wages and private investments. Businesses must create at least 10 full-time jobs and invest at least \$500,000 to be eligible for financial assistance. The median award has been about \$365,000.

Manufacturing and technology businesses are among the firms eligible for the program. All firms must demonstrate that the project would not proceed but for the assistance and could locate outside Minnesota. Companies must work with the local government – city, county or township – where a project is located to apply to DEED to receive designation as a Job Creation Fund business.

And no funding is provided until companies meet job creation and investment thresholds.

Minnesota's innovative approach to economic development has received national acclaim. The Job Creation Fund was recognized by the Council of Development Finance Agencies (CDFA) in 2014 for excellence in access to capital finance.

The Economic Development Association of Minnesota (EDAM) awarded the Job Creation Fund the "2015 Economic Development Initiative" award for its creative approach to economic development.



BOTTOM LINE:

Today DEED has awarded \$33.3 million for 75 business projects in Minnesota. Companies have committed to creating 4,586 full-time jobs and investing \$1.043 billion to expand. With projects split nearly evenly between Greater Minnesota (36) and the 7-county Twin Cities area (39), the program has a statewide impact.

As a state we have more work ahead to continue our economic growth and create good-paying jobs for Minnesotans. The investments made through the Job Creation Fund allow Minnesota to compete for the most attractive business expansions that produce in-demand jobs.

Job Creation Fund Success Stories



Axis Clinicals, LLC

Axis Clinicals LLC, a clinical research subsidiary of India-based Axis Clinicals LTD, works with various generic pharmaceutical companies across the globe in making medications more affordable to those in need.

In 2005, the company began doing business in South Asia. Axis expanded to Mexico in 2011 and to the U.S. in 2013.

“Axis considered various locations for our U.S. presence,” said Axis CEO Dinkar Sindhu. “We finally made the decision to make our U.S. footprint through our current headquarters in Minnesota. The city of Dilworth was very receptive to our business plan and provided incentive options such as the Minnesota Job Creation Fund, Minnesota Investment Fund, and property tax credits. This made the decision to establish our business in Minnesota much easier.”

Axis invested over \$15 million in the first phase of the project which included acquisition and construction of a former Wal-Mart site. The company has been operating from this premises

since end of 2014 and will receive up to \$779,988 from the Minnesota Job Creation Fund.

Since opening the facility in Dilworth, just east of Moorhead, Axis has worked with customers in clinical research and conducted more than 50 studies on various pharmaceutical products. Axis has trained more than 200 employees – most of them without prior industry experience – providing a valuable career pathway into the medical and bioscience industries. Currently, Axis has more than 90 employees and anticipates adding another 10 to 20 by the end of 2016.

Axis provides skill development opportunities for new graduates, contributes to city programs, and provides extra income for study participants which generates more economic activity, according to Sindhu.

The city of Dilworth awarded Axis the Star Business of the Year Award in recognition of what it has done for the city and community.

“The Job Creation Fund has helped Axis Clinicals make a significant investment on human capital and skill development programs, and we are committed in our future contributions,” Sindhu said.

Website: <http://www.axisclinical.com>



Stern Rubber Company

Stern Rubber Co., based in Staples, in central Minnesota, is the most recent addition to the list of companies approved for Minnesota Job Creation Fund support.

The company plans to double the size of its Aitkin plant – from 10,000 square feet to 20,000 square feet – moving and adding equipment, and invest \$1.26 million in doing so. The groundbreaking is July 19, and the contractor gets to work in early August, said General Manager Bob Jackson. Stern will use the extra space to create additional sizes of gate valves for municipal water systems. When the building is built, ten new employees will be hired for jobs that average \$13.50 an hour.

DEED's support is \$79,875 from the Job Creation Fund once job and investment commitments are met.

Stern Rubber Co., launched in Savage in 1969 by Donovan and Terrel Stern, is a custom rubber molder and extruder, specializing in bonding rubber to metal and other materials. The company moved to Staples in 1973 when it ran out of space in Savage. When finding enough workers in Staples became an issue, Stern added an operation in Aitkin – which didn't have much manufacturing industry employment – opening a facility in a downtown incubator building in 1998 owned by Aitkin Growth, Inc. The company relocated to the present-day 10,000-square-foot facility in the Aitkin Airport Industrial Park in 2002.

The company's top three customers include Waterous Co. in South St. Paul, Polaris Industries in Medina, and Arctic Cat in Thief River Falls.

“There are always business incentives, and other locations out of the area were being considered for the expansion,” said Jackson, “but the Job Creation Fund helped us make the decision to remain in Minnesota.”

Website: www.sternrubber.com

Job Creation Fund Success Stories

Valmont Industries

Valmont Industries focuses on engineered products and services for infrastructure and water-conserving irrigation equipment for agriculture.

The company began in 1946 when founder Robert B. Daugherty combined his \$5,000 savings and belief that business could and should be done better. Today Valmont is recognized as a world leader; the company has a presence in 23 countries and offers 27 brands from more than 90 facilities.

The Farmington facility manufactures aluminum poles and arms used in street and highway lighting and traffic control, guiding the way for drivers. Valmont has similar aluminum operations located in Indiana and Canada.

Due to an increase in demand, the company is expanding. They've invested just over \$1.1 million and hired 22 full-time employees, with the possibility of another 20, for manufacturing, scheduling, and support positions, said Manufacturing Manager Steve Tietz.

The company – among the first round of Minnesota Job Creation Fund recipients when the program was introduced in 2014 – will receive up to \$129,000.

The award may never have happened if Tietz hadn't been a commuter. "I drive 45 minutes to an hour each day to Farmington and back, and I heard about the Job Creation Program on the radio," he said. "After some additional research into the program I found it to be a perfect fit for the facility expansion project we were planning."

The company actively promotes their employees' ability to deliver results, Tietz explained, and a number of Valmont locations could have been ripe for expansion.

"Access to a skilled workforce and employees with a great work ethic in Minnesota made the Farmington project a win-win for everyone," Tietz said. "I really can't emphasize that enough."

Website: <http://www.valmont.com>



FAST Manufacturing, Inc.

Fast Manufacturing, Inc., located in Windom, is a manufacturer of sprayers and fertilizer applicators in the agricultural industry and has recently added the manufacturing of conveyor systems for package handling markets.

One of the first businesses to apply for the Job Creation Fund, FAST Manufacturing plans to invest \$4.2 million over the next five years in machinery and equipment for its manufacturing facility along with additional site improvements. The expansion will include 143 jobs paying an average wage of \$19.00 per hour. The project was approved for \$539,375 from the fund.

FAST has already met their capital investment requirement and added about 73 mostly manufacturing positions, according to Vice President Steve Hagstrom.

"We have had to be creative in our use of advertising and social media to recruit employees," he said. For visitors passing through the southwest region, FAST Manufacturing has purchased nine recruitment billboards.

The company offers a 100 percent employee stock ownership plan; referral bonus to employees who help recruit new talent; and sign-on bonus as an incentive to new employees.

Partnering with a technical college to offer training and skill-building is also an incentive for new employees. Recently, DEED awarded Alexandria Technical and Community College a \$254,094 Minnesota Job Skills Partnership grant to train 405 employees at Glenwood and Windom FAST facilities.

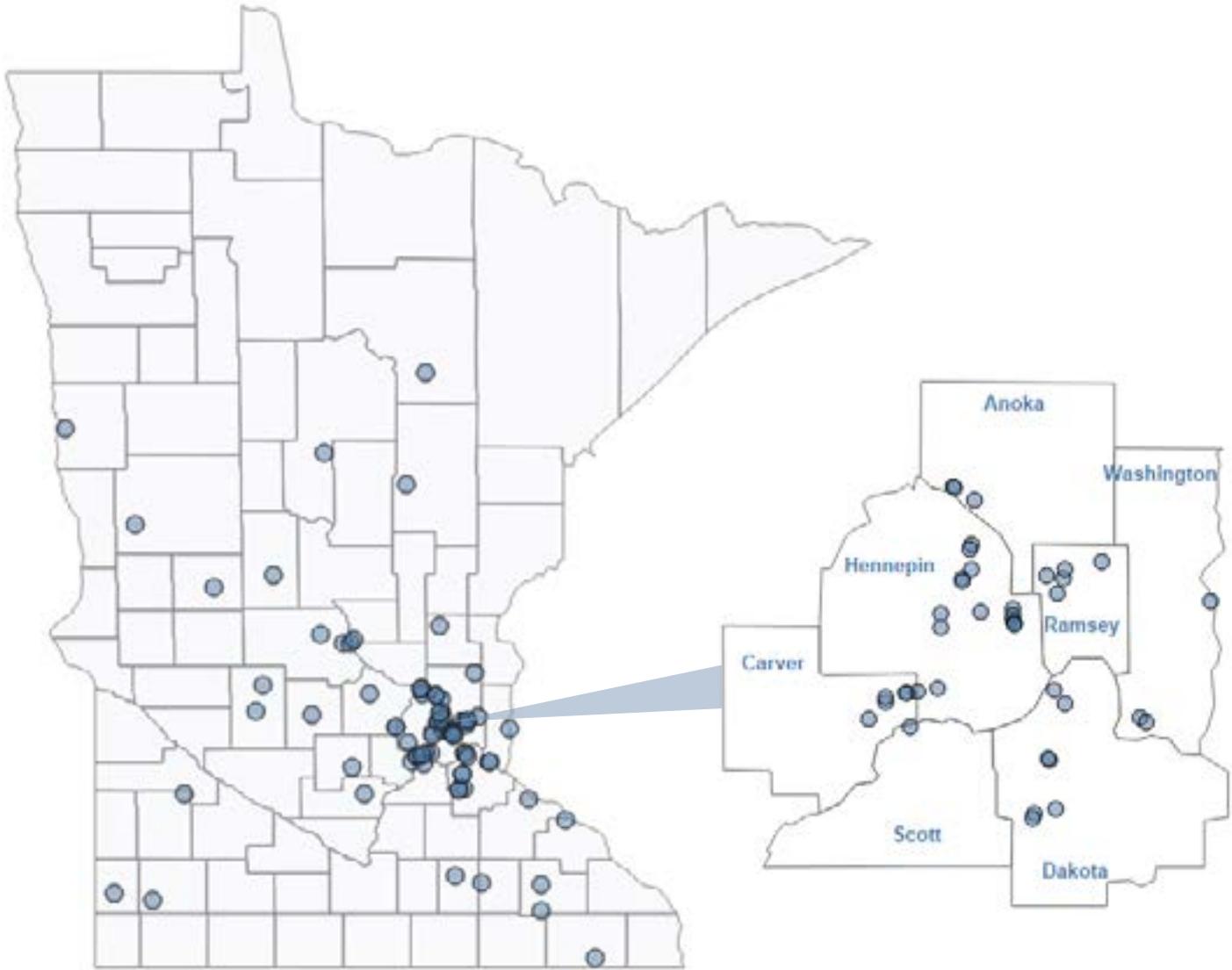
The training, to be delivered over three years, will cover Leadership Development, Process Development, Enterprise Resource Planning and Human Management System software training, and Manufacturing/Fabrication/Welding.

An added bonus: FAST trainees who complete welding coursework will earn certification from the American Welding Society.



2014 Calendar Year					
Location	Active Projects	Potential Award	Jobs Creation	Average Wage	Leverage
Twin Cities	13	\$6,704,697	713	\$27.71	\$187,553,476
GreaterMN	10	\$4,472,991	369	\$21.26	\$55,733,591
2015 Calendar Year					
Location	Active Projects	Potential Award	Jobs Creation	Average Wage	Leverage
Twin Cities	16	\$9,289,672	1504	\$25.28	\$180,815,796
GreaterMN	9	\$2,715,971	428	\$20.60	\$46,350,778
2016 Calendar Year					
Location	Active Projects	Potential Award	Jobs Creation	Average Wage	Leverage
Twin Cities	10	\$5,439,500	793	\$33.74	\$300,707,556
GreaterMN	17	\$4,674,779	779	\$16.75	\$272,271,168

Job Creation Fund Projects 2014-2016



Office of Business Finance
651-259-7430

An equal opportunity employer and service provider.

Upon request, this document can be made available in alternative formats by contacting 651-259-7114.