



Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: January 17, 2012

To: Council Member Lisa Goodman, Community Development Committee
Council Member Betsy Hodges, Ways & Means/Budget Committee

Subject: Public hearing for State Minnesota Investment Fund Application (MIF) for an equipment loan related to the Unison/Greenheck Group expansion project located at 60 28th Avenue North, Minneapolis, Minnesota.

Recommendation:

1. Authorize application to the Minnesota Department of Employment and Economic Development Minnesota Investment Fund for a \$500,000 equipment loan related to the Unison/Greenheck Group expansion project located at 60 28th Avenue North; and,
2. Subject to loan approval, accept an award of the Minnesota Investment Fund in the amount awarded of up to \$500,000.00 for equipment; and,
3. Subject to loan approval, increase the 2012 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600-Other Grants – State and Local (01600-8900900-321515) by amount awarded up to \$500,000;
4. Subject to loan approval, amend the 2012 General Appropriation Resolution by increasing the CPED Agency Fund 01600 – Other Grants - State and Local (01600-8900320) by amount awarded up to \$500,000.00; and,
5. Authorize the appropriate City officials to execute any necessary agreements to implement the transactions described in this report.

Previous Directives: None

Prepared by: Carrie Flack, Sr. Project Coordinator, 612-673-5010
Approved by: Charles T. Lutz, Deputy Director, CPED _____ Catherine A. Polasky, Director of Economic Policy and Development _____
Presenter in Committee: Carrie Flack
Funding Source and Appropriation _____
Language Reviewed by Development Finance: _____

Financial Impact

- Action requires an appropriation increase to the Capital Budget or Operating Budget
 Dept Name: CPED Business Development
 Fund Name: 01600 – Other Funds - State & Local
 Project Name & Number (if capital budget):
 Amount: up to \$500,000
- Action provides increased revenue for appropriation increase
 Dept Name: CPED
 Fund Name: 01600 – Other Funds - State & Local
 Project Name & Number (if capital budget): _____ - _____
 Amount: up to \$500,000
- Action is within the Business Plan
- Request provided to the Finance Department

Community Impact

- Neighborhood Notification – Notification of this public hearing was published in Finance and Commerce December 30, 2011.
- City Goals – Eco-focused; Jobs & Economic Vitality; Many People, One Minneapolis; A City that Works
- Comprehensive Plan – Maintaining the existing economic base of Minneapolis by emphasizing business retention and expansion is consistent with many policies in the Comprehensive Plan. Minneapolis will work with private and other public sector partners to invest in new development that is attractive, functional, and adds value to the physical environment.
- Zoning Code – The proposed project is currently in compliance with zoning code and will follow all required City processes.
- Sustainability Targets: NA
- Living Wage/Business Subsidy Agreement - Yes No
- Job Linkage - Yes No
- Other – Not applicable

Supporting Information

The Minnesota Investment Fund (MIF) was established more than 20 years ago to create jobs and foster economic development in Minnesota. The Minnesota Department of Employment and Economic Development (DEED) is the administering state agency. Applications are accepted throughout the year. No local match is required, but significant private investment and high quality job creation is required. Each city can receive low interest loan dollars of up to a maximum of \$500,000 per year based on eligible job creation projects. Funding by the Legislature has fluctuated over the years, and currently approximately \$250,000 is available for this MIF project. City Staff are seeking approval for the full \$500,000 should additional funds become available by the time this project is completed.

As required by the application, a public hearing notice was published and a public hearing scheduled to allow for public comment on the application.

Proposed Project Details

The Greenheck Group is known worldwide as the leading manufacturer of air-movement and control equipment. Its flagship ventilation products are typically found in hospitals, office buildings, hotels, shopping malls, restaurants, schools and other commercial buildings. The Greenheck Group is headquartered in Schofield, WI. Unison Comfort Technologies is a critical operating division of the Greenheck Group and consists of three business units, Innovent, Valent and Precision Coils. Unison is headquartered in Minneapolis at 60 28th Avenue North.

Greenheck decided to remain in Minneapolis, purchase the building they had been leasing, expand their local operations here, keep the jobs in Minneapolis and add new high paying jobs to the local economy. The North Minneapolis manufacturing facility leased by Unison was recently put up for sale. The Greenheck Group faced the decision to buy the building and maintain operations in Minneapolis or to consolidate their operations in Wisconsin. Eager to retain this green business with over 300 excellent jobs, City economic development staff told Greenheck executives that we would recommend to the City Council submission of a Minnesota Investment Fund (MIF) application.

The Minnesota Investment Funds will be utilized to purchase equipment for the business expansion. The new equipment, totaling approximately \$1.4 million, will be used to fabricate metal during the HVAC manufacturing process. The MIF loan of up to \$500,000 will be applied toward this equipment cost. Unison Technologies projects they will create 42 new jobs at the 60 28th Avenue North location within a two year timeframe starting from the date the equipment is installed, approximately March 2012. If those net job creation targets are not met, the full loan amount will be required to be repaid to the State. Upon achieving this requirement, twenty percent (20%) of the loan will be forgiven.

Several documents will be executed to implement the use of the MIF funds for the equipment. These documents include: the loan agreement between DEED and the City awarding the funds; a sub-loan agreement between the City and Unison Technologies that allows the City to pass these funds on to Unison; and a Security Agreement which holds the equipment as collateral for the funds. Loan terms will be set when the full application is submitted.

RESOLUTION

BE IT RESOLVED that the City of Minneapolis will act as the legal sponsor for the project(s) contained in the Business and Community Development Application to be submitted on _____ and that the Director or the Deputy Director of CPED is hereby authorized to apply to the Department of Trade and Economic Development for funding of this project on behalf of the City of Minneapolis.

BE IT FURTHER RESOLVED that the City of Minneapolis has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Minneapolis has not incurred any costs and has not entered into any written agreements to purchase property.

BE IT FURTHER RESOLVED that the City of Minneapolis has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Minneapolis, may enter into an agreement with the State of Minnesota for the above referenced project(s), and that the City of Minneapolis certifies that it will comply with all applicable laws and regulations as stated in all contract agreements and described on the Compliance Section (S-7) of the Business and Community Development Application.

AS APPLICABLE, BE IT FURTHER RESOLVED that the City of Minneapolis has obtained credit reports and credit information from Unison Technologies and the Greenheck Group. Upon review by CPED and the City Attorneys Office, no adverse findings or concerns regarding, but not limited to, tax liens, judgments, court actions, and filings with state, federal and other regulatory agencies were identified. Failure to disclose any such adverse information could result in revocation or other legal action.

NOW, THEREFORE BE IT RESOLVED that the Finance Officer or designees or their successors in office, are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the project(s) on behalf of the applicant.