



Legislation Text

File #: Res. 2020-002, **Version:** 1

City Council Meeting Date: January 7, 2020

To: Mayor and City Council
City Administrator

From: Nate Carlson, Economic Development Coordinator

Consider Resolution of Support for Minnesota Investment Fund Application.

Action Requested:

The Northfield City Council is requested to approve the attached resolution in support of the Economic Development Authority's application for the Minnesota Investment Fund incentives through the Department of Employment and Economic Development (DEED) for the expansion project of All Flex Flexible Circuits, LLC.

Summary Report:

All Flex Flexible Circuits, LLC is requesting \$300,000 in a forgivable Minnesota Investment Fund (MIF) Loan from the Minnesota State Department of Employment and Economic Development (DEED) to assist with a planned expansion of their Northfield manufacturing plant. The company, working through a consultant, has provided a partial application for the funds, which can be found attached to this report. The application has several parts that include Northfield Economic Development Authority (EDA) and business participation, which is why the application is partially complete at this time.

All Flex senior management has been working for several years to hone the parameters of their potential expansion. The company operates out of three locations, two primary locations in Northfield and the third in Bloomington. They employ over 200 people throughout their three locations with wages ranging from \$17.50 per hour to \$36.50 per hour. The company began operating in Northfield over twenty-five years ago. As stated in their company history, All Flex is a full line, low to medium and high volume manufacturer, providing value add services such as surface mount and through whole assembly, testing, design, and engineering support through flexible circuit technology.

For the past three years, Economic Development Coordinator, Nate Carlson, has been working with the company to identify potential resources for their expansion. All Flex has identified fiscal year 2020 as a prime opportunity to expand its Northfield main location located at 1705 Cannon Lane, Northfield, MN. The company wishes to expand from a 25,500 square foot facility to a 40,000 square foot facility with investment in capital equipment and an increase in employment of 35-40 new jobs. Working with the regional DEED representative, Natalie Siderius, we have identified the Minnesota Investment Fund and Job Creation Fund as the two programs that could assist with this major expansion effort. Total cost for the Northfield expansion is estimated to be \$6.4 million between construction and capital equipment. All Flex has identified a gap in financing of roughly \$400,000 to \$500,000. Private financing is still being secured.

At this time, All Flex is requesting a \$300,000 forgivable MIF loan from DEED with the applicant being the

Northfield Economic Development Authority. The MIF program is a “re-lending” program with funds originated from the State of Minnesota, dispersed to a local government unit through an agreement and then finally lent out to the business from the local government unit. There are no city funds that are originated through this program. Hence, the joint application between the EDA and business. Staff has completed the due diligence for credit review and is awaiting the financial analysis report from City’s Financial Advisor, Nick Anhut of Ehlers. Currently, there is no cause for concern that All Flex Flexible Circuits, LLC would be unable to make payments on potential debt.

In addition to the proposed forgivable MIF Loan, the EDA has the opportunity to take part in this expansion effort by offering a low-interest loan to supplement the application. DEED encourages local support when scoring the application. The EDA pledged a low-interest \$50,000 revolving loan to All Flex should DEED approve the MIF application.

In order for All Flex to secure MIF funding, the EDA held a public hearing on the application and approved resolution supporting the EDA’s application for the funds. This occurred on December 19, 2019. There is no recourse for the EDA from DEED should the project not materialize. The EDA will be charged with annual reporting on the business, however. The City Council must also approve resolution supporting the EDA’s application.

Alternative Options:

Not applicable.

Financial Impacts:

Not applicable to City Council. The EDA will be the financial conduit for these state funds. The EDA has also pledged a \$50,000 revolving loan to this project should the MIF funds be awarded.

Tentative Timelines:

The application will be submitted to DEED following Council approval of the Resolution.