

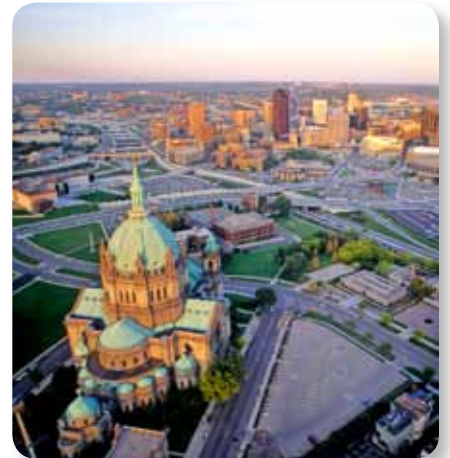
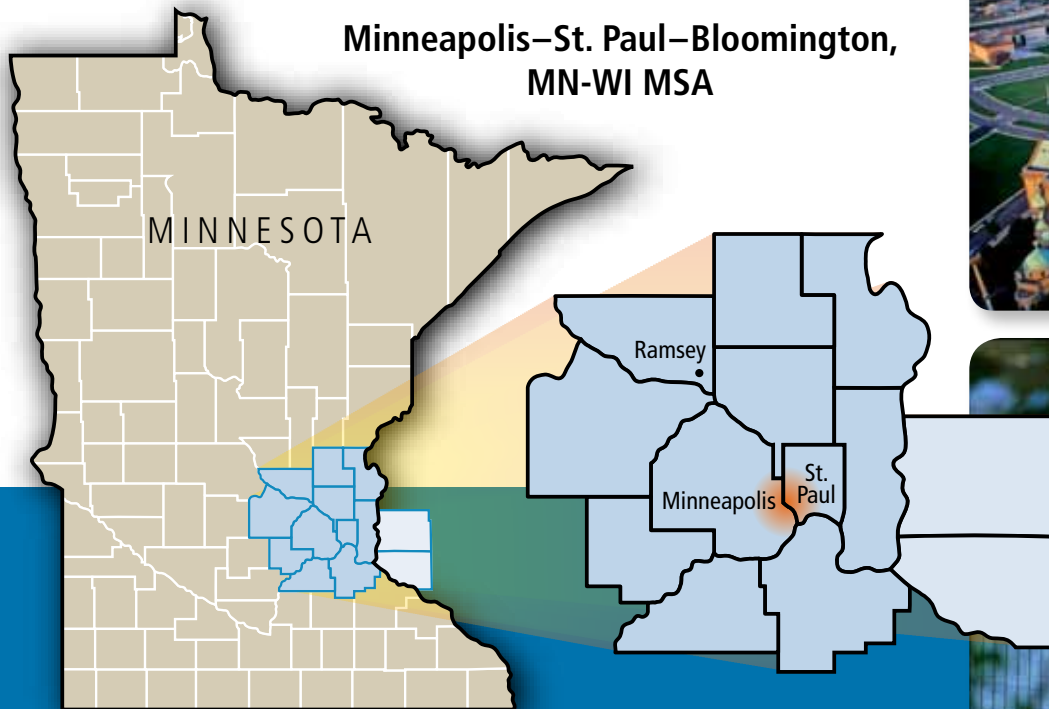


MINNESOTA'S PROPOSAL TO METAL-MATIC, INC.



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Why Minnesota?



Minnesota offers the best mix of human resources, infrastructure, technology and security—critical variables for business productivity and success—ranking among the top five states in the U.S. for long-term competitiveness.

- Minnesota ranked among the **top 5 in the overall 2010 Beacon Hill State Competitive Index**, which measures long-term competitiveness in an area. Illinois is among the least competitive states in the U.S ranking 34th on the Index, while Indiana was 37th, Ohio 43rd, Michigan 33rd and Wisconsin 23rd.
- The Twin Cities metro has been among the **top five “Best U.S. Cities for Business,” according to MarketWatch**, since rankings began. Chicago ranks a distant 26th.
- Forbes lists Minnesota among the **top 15 Best States for Business and Careers 2010**, while Illinois placed 37th, Indiana 29th, Ohio 38th, Wisconsin 43rd and Michigan 47th.
- Minnesota’s **business taxes rank among the 16 lowest in the nation**, compared to Illinois’ and Wisconsin’s 17th, Indiana 10th, Michigan 31st and Ohio’s 34th place ranking, according to a report by Ernst & Young and the Council on State Taxation, 2009.
- Minnesota **is among the top five states nationwide in the 2010 Camelot Index**, according to State Policy Reports, based on our economy, health, education, crime, society and government.
- **Supportive state and local partners will assist your company** in securing the financial and workforce development resources for the project to be a success.
- Minneapolis-St. Paul **is one of the most logistics friendly areas nationwide**, according to Expansion Management, receiving five stars and ranking high in crucial indicators such as road conditions, trucking and warehousing.
- Minnesota’s **favorable income apportionment factors and the absence of a throwback provision reduce effective tax liabilities, benefiting companies with significant sales outside the state**. This makes the corporate income tax system in the state very competitive with others across the country.
- Minnesota **exempts personal property like inventory and machinery from the property tax**, resulting in a lower effective tax rate for businesses. As a result, businesses whose equipment and inventory values are high relative to the real estate value pay a lower effective tax than in states that impose such taxes.
- Minnesota’s **electric and natural gas services are dependable and moderately priced**, providing a competitive edge to businesses.
- The Twin Cities’ **quality of life is enviable**, as evidenced by a wide range of impartial rankings such as CQ Press’ ranking of Minnesota among the **top four most “Livable States,”** for more than a decade.

“As the firm continues to look for new opportunities to expand, Minnesota is a perfect fit for our model and future expansion plans,”

— Donan Engineering Co. Inc.

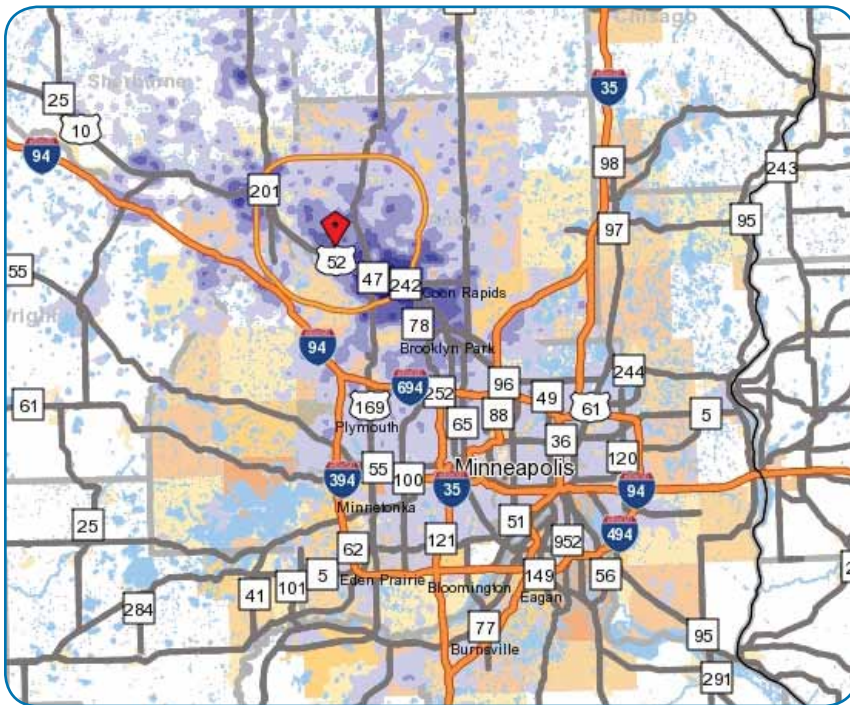
Minnesota offers a strong workforce, state and local support, and great communities that will help your firm achieve its goals for extraordinary growth and profitability.

Workforce

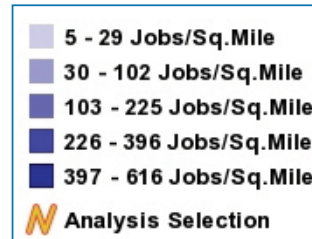


- The Twin Cities area is located in a state ranked as having the **second most competitive workforce** in the nation, according to the Beacon Hill Institute, 2010. Wisconsin ranked 8th, Illinois ranked far below at 26th, Indiana was 33rd, Ohio ranked 28th and Michigan 35th.
- Minnesota **attracts people from across the country at a higher rate than Illinois, California and New York.** In 2008, the U.S. Census Bureau found that 1.9 percent of Minnesotans had come to the state within the last year.
- Workers stay in Minnesota. **Less than 1 percent of Minnesotans left the state** between 2007 and 2008.
- Minneapolis-St. Paul area workers have **one of the nation's fastest commutes**, outperforming other big markets. The Twin Cities is the only top 20 metro on the list with a population of more than 3 million. Chicago was among the three cities with the worst commute times.

Where Workers Live Who Are Employed in the Ramsey, MN Area of the Twin Cities



- The Twin Cities outstanding commute time means **workers come from across the entire metro.** As an example, workers who commute to the Ramsey area of the metro are shown on the map at left, and span the entire region.



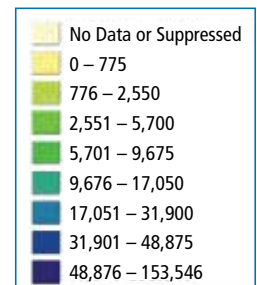
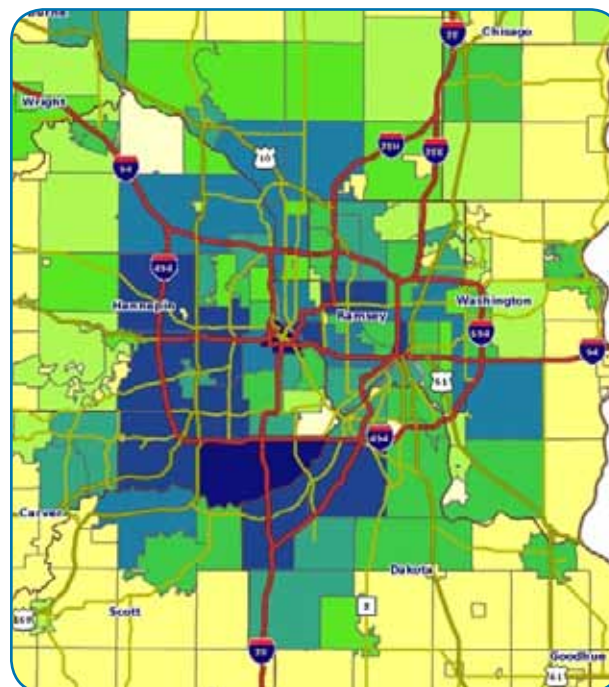
Your firm can tap into the Twin Cities' large pool of skilled workers and be assured of a growing supply of potential hires.

Workforce



- Minneapolis–St. Paul ranks **first in the nation and third in the world for human capital** economic activity, according to the World Knowledge Competitiveness Index 2008.
- Minneapolis–St. Paul is **among America’s Top Three Best Cheap Cities for 2009**, according to Forbes, and has one of the highest rankings for cultural activities.
- Minnesota is among the **top 15 most productive states per capita**. Minnesota workers add more value to the products they produce than most other states.
 - ▶ 36 percent more than Michigan
 - ▶ 23 percent more than Indiana
 - ▶ 22 percent more than Ohio
 - ▶ 17 percent more than Wisconsin
 - ▶ 3 percent more than Illinois
- A worker in Minneapolis making \$30,000 would need a comparable salary in Chicago of \$31,596:
 - ▶ Housing will cost: 15% more
 - ▶ Utilities will cost: 12% more
 - ▶ Transportation will cost: 12% more
 - ▶ Healthcare will cost: 3% more
- Currently, 92.3 percent of the labor force in the Ramsey, MN market area is employed and 7.7 percent are unemployed. Over 10,000 workers are employed in the manufacturing industry within a seven mile radius surrounding the city.

Where Workers are Concentrated in the Minneapolis-St. Paul Metro Area



The expansion is fantastic. It has made it easier to get things done. Morale went way up and my stress level went way down.”

— Nordic Ware

With a strong work ethic and high labor force participation rate, your firm is sure to find the quality workers it needs.

Workforce

■ The Minneapolis-St. Paul metro offers a labor pool of over 1.7 million workers.

■ Minnesota's hard-working ethic is reflected in the fifth-highest labor force participation rate in the nation.

Labor Force for Selected Metros, 2009	
Location	Employment
Chicago-Naperville-Joliet, IL-IN-WI	4,099,878
Minneapolis-St. Paul-Bloomington, MN-WI	1,656,702
Detroit-Warren-Livonia, MI	1,647,435
Cincinnati-Middletown, OH-KY-IN	956,678
Indianapolis, IN	827,148
Milwaukee-Waukesha, WI	778,778

Labor Force Participation Rates, 2009		
State	Labor Force Participation Rate	Rank
Minnesota	71.9%	5
Wisconsin	70.2%	12
Illinois	66.8%	22
Ohio	66.0%	25
Indiana	65.1%	31
Michigan	63.1%	41

Employment for Selected Production Occupations by Location

Occupation	Minneapolis-St. Paul-Bloomington, MN-WI	Chicago-Naperville-Joliet, IL-IN-WI	Cincinnati-Middletown, OH-KY-IN	Indianapolis, IN	Milwaukee-Waukesha-West Allis, WI	Detroit-Livonia-Dearborn, MI
General and Operations Managers	20,930	47,190	7,210	510	8,080	5,770
First-Line Supervisors/Managers of Production and Operating Workers	8,410	22,780	5,190	450	5,530	3,970
Structural Metal Fabricators and Fitters	670	1,650	660	na	550	na
Assemblers and Fabricators All Other	7,480	9,870	2,020	170	2,160	5,220
Forging Machine Setters Operators and Tenders Metal and Plastic	200	1,090	60	na	na	150
Rolling Machine Setters Operators and Tenders Metal and Plastic	370	3,660	700	na	240	290
Cutting Punching and Press Machine Setters Operators and Tenders Metal and Plastic	3,410	9,100	2,030	420	3,590	2,860
Grinding Lapping Polishing and Buffing Machine Tool Setters Operators Metal and Plastic	1,590	3,090	760	120	1,720	490
Milling and Planing Machine Setters Operators and Tenders Metal and Plastic	320	1,400	130	na	170	160
Metal-Refining Furnace Operators and Tenders	220	960	na	na	170	na
Model Makers Metal and Plastic	110	440	na	na	100	120
Molding Coremaking and Casting Machine Setters Operators Metal and Plastic	3,310	4,490	1,050	na	2,750	440
Multiple Machine Tool Setters Operators and Tenders Metal and Plastic	760	3,160	1,160	na	1,440	890
Tool and Die Makers	1,380	3,270	640	110	1,460	1,630
Welders Cutters Solderers and Brazers	4,370	9,090	2,310	na	3,330	1,380
Welding Soldering and Brazing Machine Setters Operators and Tenders	260	1,020	1,260	na	390	na
Heat Treating Equipment Setters Operators and Tenders Metal and Plastic	120	1,010	na	40	440	200
Lay-Out Workers Metal and Plastic	40	160	40	na	50	na
Metal Workers and Plastic Workers All Other	660	1,970	510	na	280	160
Production Workers All Other	5,730	21,100	2,140	380	1,480	4,050

na: not available.

Source: U.S. Bureau of Labor statistics, Occupational and Employment Statistics, May 2009.

Workforce

- The Twin Cities has an incredible **manufacturing sector that encompasses 177,000 workers**, with an additional 123,000 elsewhere in the state. In addition, the state has over 69,000 workers in management of companies.

Median Wages for Selected Production Occupations by Location						
Occupation	Minneapolis-St. Paul-Bloomington, MN-WI	Chicago-Naperville-Joliet, IL-IN-WI	Cincinnati-Middletown, OH-KY-IN	Indianapolis, IN	Milwaukee-Waukesha-West Allis, WI	Detroit-Livonia-Dearborn, MI
General and Operations Managers	\$100,360	\$107,420	\$97,850	\$97,990	\$102,860	\$100,080
First-Line Supervisors/Managers of Production and Operating Workers	\$56,170	\$56,230	\$55,430	\$49,190	\$57,370	\$63,300
Structural Metal Fabricators and Fitters	\$40,840	\$38,050	\$33,690	na	\$41,370	\$32,060
Assemblers and Fabricators All Other	\$27,330	\$24,070	\$28,630	\$40,730	\$42,570	\$58,420
Forging Machine Setters Operators and Tenders Metal and Plastic	\$37,500	\$37,670	\$35,370	na	\$35,350	\$34,090
Rolling Machine Setters Operators and Tenders Metal and Plastic	\$41,180	\$46,150	\$31,700	na	\$32,750	\$38,890
Cutting Punching and Press Machine Setters Operators and Tenders Metal and Plastic	\$34,250	\$29,060	\$30,320	\$25,420	\$33,370	\$56,260
Grinding Lapping Polishing and Buffing Machine Tool Setters Operators Metal and Plastic	\$34,740	\$30,770	\$35,040	\$29,420	\$29,170	\$61,640
Milling and Planing Machine Setters Operators and Tenders Metal and Plastic	\$36,130	\$38,340	\$36,870	na	\$39,820	\$36,230
Metal-Refining Furnace Operators and Tenders	\$36,390	\$47,000	\$34,120	na	\$34,920	na
Model Makers Metal and Plastic	\$56,760	\$54,720	\$37,350	na	\$54,950	\$53,730
Molding Coremaking and Casting Machine Setters Operators Metal and Plastic	\$30,150	\$29,090	\$30,590	na	\$29,120	\$28,450
Multiple Machine Tool Setters Operators and Tenders Metal and Plastic	\$35,870	\$33,710	\$34,300	\$32,060	\$29,690	\$32,090
Tool and Die Makers	\$48,210	\$51,710	\$44,900	\$39,060	\$50,460	\$67,660
Welders Cutters Solderers and Brazers	\$41,320	\$33,870	\$36,550	na	\$36,010	\$36,520
Welding Soldering and Brazing Machine Setters Operators and Tenders	\$37,750	\$29,660	\$33,540	\$28,910	\$37,030	na
Heat Treating Equipment Setters Operators and Tenders Metal and Plastic	\$32,990	\$31,360	\$40,550	\$24,910	\$29,090	\$28,130
Lay-Out Workers Metal and Plastic	\$37,600	\$39,890	\$29,490	na	\$42,990	na
Metal Workers and Plastic Workers All Other	\$32,740	\$34,540	\$32,740	na	\$41,530	\$32,980
Production Workers All Other	\$27,320	\$28,990	\$26,450	\$20,680	\$25,660	\$55,860

na: not available.

Source: U.S. Bureau of Labor statistics, Occupational and Employment Statistics, May 2009.

Education



- Minnesota ranks **second among states** in the percentage of the population aged 25 years or older that has a high school diploma.
- **Minnesota's population is one of the most educated in the nation.**

Percentage of Population with Bachelor's Degrees and High School Diplomas, 2009

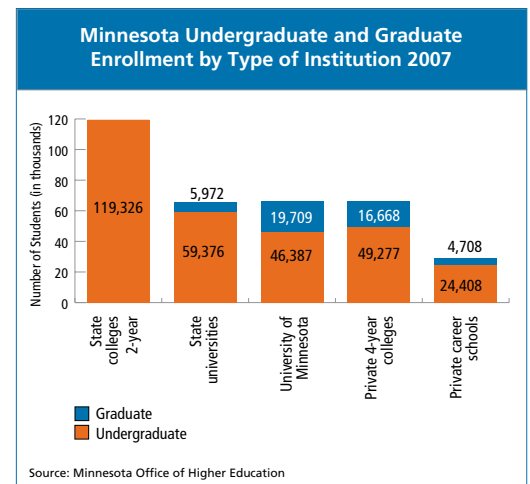
State	Bachelor's Degrees	High School Diplomas
Minnesota	31.5	91.5
Illinois	30.6	86.4
Wisconsin	25.7	89.8
Michigan	24.6	87.9
Ohio	24.1	87.6
Indiana	22.5	86.6

Source: Ranking Tables, 2009 American Community Survey 1-Year Estimates, U.S. Census Bureau.

- Of the **over 272,000 high school students in Minnesota** in 2009-10, **nearly 149,000 (or 55 percent) were located in the Twin Cities.** Over 25,000 more students are located in the ring of counties surrounding the Twin Cities, 9 percent of the state total.
- Minneapolis-St. Paul ranks **fourth in the nation in the education power index**, a measure of educational attainment.
- **Cities in Minnesota are among the most literate in the nation with Minneapolis ranking third and St. Paul seventh**, according to the "America's Most Literate Cities, 2009" report by Central Connecticut State University.
- **Minnesota's average ACT composite score of 22.7 was the highest in the nation** among the 27 states in which more than half the college-bound students took the test in 2009. Only 7 percent of seniors take the SAT but they had a mean grade point average of 3.68 and 76 percent ranked in the top 20 percent of their high school.

College Enrollment Overview

- In fall 2007, there were **397,059 students enrolled** in all types of postsecondary institutions in the state.
- Minnesota ranked **ninth in the nation with 68 percent** of the state's high school graduates enrolling in college directly from high school in 2006.
- Minnesota had **545 graduates in precision metal working** across 19 technical and state colleges in 2009.



The Twin Cities is a magnet for people from throughout the country, drawing talented and skilled workers.

Education

Statewide Production-Related Training Programs		
Program Title	College Name	Degree/Award
Advanced Pipefitting Apprenticeship	Saint Paul College	Certificate
Advanced Welding	Anoka Technical College	Certificate
Basic Welding	Anoka Technical College	Certificate
Entry Level Welder	Mesabi Range Community and Technical College - Eveleth	Diploma
Entry Level Welder	Ridgewater College - Willmar	Certificate
Fabricator	Anoka Technical College	Certificate
GMAW Production Welder (MIG)	Hennepin Technical College - Brooklyn Park	Certificate
GTAW Production Welder (TIG)	Hennepin Technical College - Brooklyn Park	Certificate
Gas Metal Arc Welding	Dunwoody College of Technology	Certificate
Gas Metal Arc Welding Production Welder	Lake Superior College	Certificate
Gas Tungsten Arc Welding	Dunwoody College of Technology	Certificate
Gas Tungsten Arc Welding Production Welder	Lake Superior College	Certificate
Industrial Technology Welding Specialist	Minnesota State College - Southeast Technical - Winona	Certificate
Industrial Welding	Ridgewater College - Willmar	A.A.S.
Industrial Welding	Ridgewater College - Willmar	Diploma
Integrated Manufacturing Technology - Welding	Lake Superior College	Diploma
Manufacturing Welding Technician	Central Lakes College - Brainerd	Diploma
Manufacturing Welding Technician	Central Lakes College - Staples	Diploma
Pipe Welder	Anoka Technical College	Certificate
Pipe Welding	Saint Paul College	Certificate
Pipefitting	Saint Paul College	Diploma
Pipefitting Apprenticeship Building Trades	Saint Paul College	Diploma
Pipefitting Apprenticeship Service	Saint Paul College	Diploma
Pipefitting Construction	Saint Paul College	Certificate
Production Welding	Northland Community and Technical College - Thief River Falls	Certificate
Structural Iron and Repair	Hennepin Technical College - Brooklyn Park	Certificate
Welder	Ridgewater College - Hutchinson	Certificate
Welding	Anoka Technical College	A.A.S.
Welding	Dunwoody College of Technology	Certificate
Welding	Hennepin Technical College - Brooklyn Park	Diploma
Welding	Mesabi Range Community and Technical College - Eveleth	Diploma
Welding	Ridgewater College - Hutchinson	Diploma
Welding	Ridgewater College - Willmar	Diploma
Welding	Riverland Community College - Albert Lea	Certificate
Welding	Saint Paul College	Certificate
Welding - Metal Fabrication	Saint Paul College	Certificate
Welding Fabrication	Saint Paul College	Diploma
Welding Process Technology	Northland Community and Technical College - Thief River Falls	Certificate
Welding Process Technology	Northland Community and Technical College - Thief River Falls	Diploma
Welding Technologies	Dunwoody College of Technology	Certificate
Welding Technology	Alexandria Technical and Community College	Diploma
Welding Technology	Central Lakes College - Online	Certificate
Welding Technology	Dakota County Technical College	Diploma
Welding Technology	Minnesota State College - Southeast Technical - Winona	Diploma
Welding Technology	Northland Community and Technical College - East Grand Forks	Diploma
Welding Technology	Northland Community and Technical College - Online	Certificate
Welding Technology	Northwest Technical College - Online	Certificate
Welding Technology	Pine Technical College - Online Campus	Certificate
Welding Technology	Saint Paul College - Online	Certificate
Welding Technology	St. Cloud Technical and Community College - Online	Certificate
Welding and Fabrication	Central Lakes College - Brainerd	A.A.S.
Welding and Fabrication	Central Lakes College - Brainerd	Diploma
Welding and Metal Fabrication	Dunwoody College of Technology	A.A.S.
Welding and Metal Fabrication	Minneapolis Community and Technical College	Certificate
Welding and Metal Fabrication	MRC-Minnesota Resource Center	CEU
Welding/Fabrication	St. Cloud Technical and Community College	Diploma

The state's higher education sector is a critical driver in building and maintaining a competitive workforce.

Logistics

- An efficient and ever-growing freight system is essential for Minnesota businesses. **The state is home to 21 Fortune 500 companies, including 20 in the metro, and 32 Fortune 1,000 companies**, 12 of which are in the metro.
- Prominent companies such as **Supervalu, CHS, General Mills, Land O'Lakes, Hormel Foods, Polaris Industries, Target, Nash Finch, Best Buy, Cargill, C.H. Robinson and Toro** are headquartered in the state.
- Minnesota is a **global competitor** that exports to nearly 200 countries, ranking ninth for outbound interstate shipments. Two-thirds of all freight tonnage moving in Minnesota crosses the state's borders.
- Minnesota was **ranked among the top 12 states for transportation infrastructure** by CNBC for 2009.

Highways and Trucking

- The Minneapolis-St. Paul metro is considered one of the **largest trucking centers in the United States** and is a hub for more than 150 motor freight companies that provide overnight and four- to five-day delivery throughout the country.
- Businesses in Minneapolis-St. Paul have quick, efficient access to workers with some of the **quickest commute times in the nation** — and **the fastest commute time for a metro of over 3 million**.

“Unassuming yet consistently innovative... ranking first in transportation, Minneapolis features intelligent transportation solutions like highway sensors, electronic surveillance of intersections and ramp meters on 61 percent of its roads and highways.

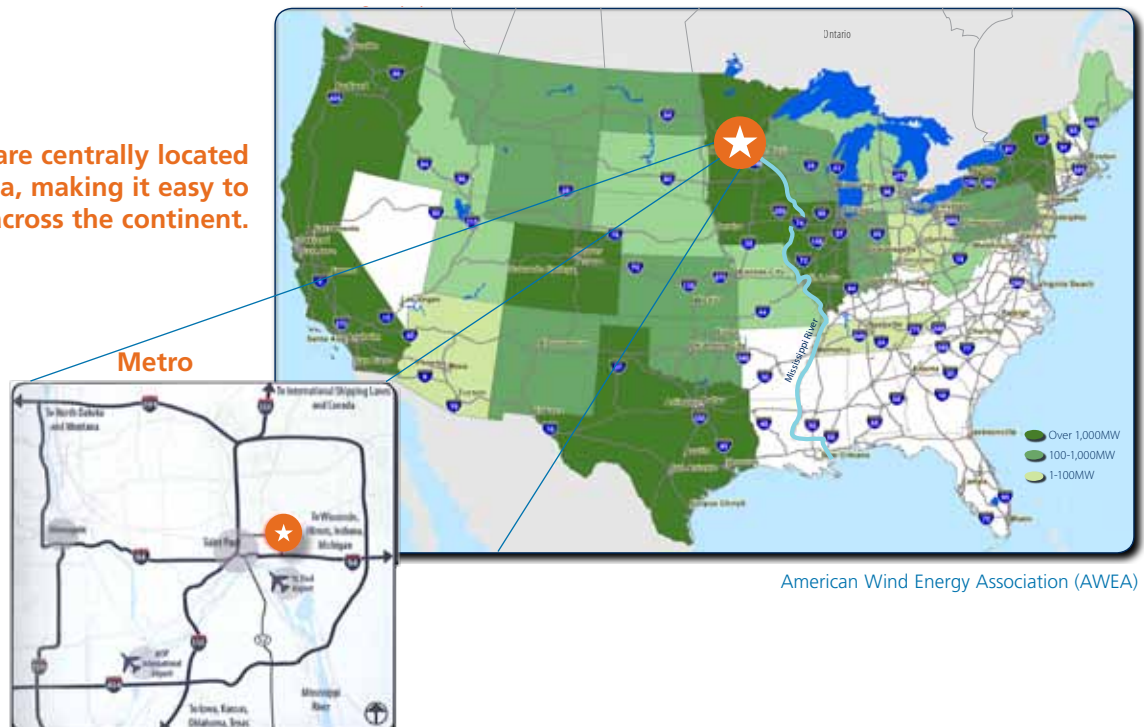
— Popular Science

Commuting Times			
Metropolitan Area	Population (2008)	Average commuting time to work (minutes)	Rank
Milwaukee, WI	1,550,451	22.16	5
Cincinnati-Middletown, OH-KY-IN	2,158,643	23.75	12
Indianapolis, IN	1,720,796	23.93	15
Minneapolis-St. Paul-Bloomington, MN-WI	3,237,612	24.13	16
Detroit-Warren-Livonia, MI	4,423,781	26.06	35
Chicago-Naperville-Joliet, IL-IN-WI	9,515,636	31.08	50

na: not applicable
Source: Business First ranking of 52 major markets.

Interstate Highway System

The Twin Cities are centrally located in North America, making it easy to ship across the continent.



American Wind Energy Association (AWEA)

As the headquarters to many prominent companies, Minnesota has tremendous transportation networks.

Logistics

Rail

- Six rail lines in the state are integrated with both the U.S. and Canadian railway systems, offering competitive rates to companies that use rail service.
- Rail accounts for about 33 percent of freight tonnage in Minnesota. **Twenty-three railroad companies and three private industries** haul rail freight in the state.

River Shipping

- Minneapolis-St. Paul is served by two waterway systems — the **Mississippi River and the Great Lakes/St. Lawrence Seaway**. These bodies of water provide a low-cost and effective means of transporting goods.
- The Mississippi River system connects Minnesota with the international port of New Orleans. Barge tows and diesel towboats haul a wide range of commodities.
- The **Port of Duluth**, an international seaport, is located two hours north of the Twin Cities. It is the western terminus of the Great Lakes/St. Lawrence Seaway and connects the region to the East Coast and world markets beyond.



Major Railroads



American Wind Energy Association (AWEA)

Metro



Your firm would be connected to U.S. and global locations through top-notch infrastructure and logistical advantages.

Logistics

Airports

- Minneapolis-St. Paul International Airport (MSP) was recognized as the **Best Airport in North America** among airports serving between 25 million and 40 million passengers a year in 2009, and ranks as the **third Best Airport in the World** in that size category, according to Airports Council International.
- There are 14 airports in Minnesota that support scheduled air cargo operations. An additional 18 airports provide on-demand charter operations for air cargo.
- Minneapolis-St. Paul International is **among the top cargo operations airports in the country**, ranking 23rd with 1.2 billion pounds of landed cargo.
- MSP airport serves **148 nonstop markets**, including 122 domestic and 26 international markets, ranking second for non-stop markets per capita in the nation.
- MSP ranked **12th in the country and 15th in North America in passenger traffic**, serving 32 million people, according to Airports Council International.

Ranking of Major Airport On-Time Arrival Performance Year-to-Date Through December 2010

January 1 - April 30, 2010	%	Rank
Minneapolis/St. Paul, MN (MSP)	78.59	19
Chicago, IL (ORD)	77.97	23
Detroit, MI (DTW)	77.79	24
Indianapolis, IN	not among the major airports	
Cincinnati-Middletown, OH	not among the major airports	
Milwaukee, WI	not among the major airports	

Source: U.S. Bureau of Transportation Statistics.

Selected Non-Stop Destinations from MSP Airport



Minneapolis-St. Paul International Airport offers safe, efficient and reliable access to customers and suppliers.

Transportation



Northstar Commuter Rail Line and Ramsey, Minn.

- Northstar, **Minnesota's first commuter rail line, has a proposed rail stop in Ramsey, Minn.** It provides fast, convenient, hassle-free service in one of the region's fastest growing corridors. The 40-mile line operates between Big Lake and downtown Minneapolis, with stops in Elk River, Anoka, Coon Rapids and Fridley.

Light Rail

- The 12-mile Hiawatha line, **linking downtown Minneapolis, the Minneapolis-St. Paul International Airport and the Mall of America,** provided 10 million rides in 2008, an average of 30,500 per weekday.
- The Twin Cities long-range transportation plan calls for developing additional bus and rail "transitways" in six corridors by 2020. The plan includes construction of the region's second light rail transit line in the Central Corridor between **downtown St. Paul and downtown Minneapolis,** connecting there with the Hiawatha light rail line and the Northstar commuter rail line.

Northstar Commuter Rail Line



The 11-mile Central Corridor light rail line between St. Paul and Minneapolis will open for passenger service in 2014.

Business Costs



Minnesota Business Taxes are Very Competitive

- **Minnesota's business taxes rank among the 16 lowest in the nation**, according to a report by Ernst & Young and the Council on State Taxation, which assessed business taxes as a share of private sector gross state product for fiscal year 2009. Minnesota's tax ranking was better than that for California, Texas, New York, Ohio and Illinois.
- **Minnesota is among the Top States for Business 2009, ranking sixth overall**, according to a CNBC report. That report found that Minnesota's economic competitiveness was better than such states as California, Pennsylvania, New Jersey, New York, Ohio, Georgia, North Carolina, Massachusetts and Illinois.

Corporate Income Tax

- **Minnesota's lack of a throwback rule** (sales to states without income taxes "thrown back" to the taxing state for apportionment purposes) **reduces net income, and a generous carryforward period helps reduce tax liabilities.**

"...the move solidifies GE's 'center of excellence' in Minnesota and its commitment to growing its \$300 million business here for the long term".

— GE Water & Process Technologies

Corporate Income Tax					
State	Corporate Income Tax Rate	Apportionment Formula (sales/property/payroll)	Throwback Rule	Carryforward	R&D Credit
Minnesota	9.80%	90/5.0/5.0*	No	Yes (0 back, 15 forward)	Yes
Illinois	4.8% (plus 2.5% personal property replacement tax)	One-factor sales	Yes	Yes (0 back, 12 forward)	Yes
Ohio	Commercial Activity Tax (CAT) on gross receipts: \$150,000 - 1 million = \$150; over \$1 million = \$150 plus 0.26% multiplied by 100%.	Triple weighted sales	No	Yes (0 back, 20 forward)	Yes
Indiana	8.50%	One-factor Sales	Yes	Yes (2 back, 20 forward)	Yes
Michigan	4.95% Michigan Business Tax (MBT) and modified gross receipts tax of 0.8% on receipts of \$350,000 or more.	One-factor sales	No	Yes (0 back, 10 forward)	na
Wisconsin	7.90%	One-factor Sales	Yes	Yes (0 back, 15 forward)	Yes

na: Not applicable.

*Minnesota is phasing in a single sales apportionment by 2014.

Source: 2011 State Tax Handbook, CCH Inc. A Practical Guide to Research and Development Tax Incentives, Second Edition, CCH Inc. State websites.

Because of Minnesota's favorable tax provisions, bottom-line tax liability is very competitive.

Business Costs



Sales and Use Tax

- **Minnesota exempts capital equipment used in the manufacturing process from the sales tax, and there are several other major exemptions for businesses, including fees for equipment installation and repair, and most services.** Also exempted are utilities, chemicals and gases used in industrial production. In Minnesota, only certain services are taxable.

Sales and Use Tax				
State	State Sales and Use Tax Rate	Maximum Local Sales Tax Rate	Total State and Local Sales Tax Rate	Tax on Manufacturing Machinery
Illinois	6.250%	3.5% (Chicago)	9.750%	No
Minnesota	6.875%	0.9% (Minneapolis), 0.25% (Ramsey)	7.125%	No*
Ohio	5.50%	1.25% (Middletown)	6.75%	No
Indiana	7.00%	1.0% (Indianapolis)	8.00%	No
Michigan	6.000%	0.0% (Detroit)**	6.000%	No
Wisconsin	5.000%	0.6% (Milwaukee)	5.600%	No

*Refunded.

**A local income tax is assessed.

Source: 2011 State Tax Handbook, CCH Incorporated.

Commercial and Industrial Property Tax

- **Minnesota exempts personal property like machinery and inventory from the property tax,** resulting in a lower effective tax rate for real and personal property. As a result, businesses whose equipment and inventory values are high, relative to their real estate value, pay a lower effective tax rate than in states that impose such taxes.

Property Tax Base			
State	Tax on Personal Property	Tax on Intangible Property	Tax on Inventories
Minnesota	No	No	No
Illinois	No	No	No
Ohio	Yes	No	No
Indiana	Yes	No	No
Michigan	Yes	No	No
Wisconsin	Yes	No	No

Source: 2011 State Tax Handbook, CCH Incorporated.

- **The effective tax rate for industrial businesses in Minneapolis (1.294 percent) is lower than those of other cities in the Midwest such as Detroit (2.723 percent); Kansas City (2.158 percent); and Des Moines (1.740 percent).**

Property Tax on a \$2.5 Million-Valued Urban Industrial Property, Payable Year 2009				
State	City	Net Tax	Effective Tax Rate	Rank
Indiana	Indianapolis	\$51,900	2.076%	7
Minnesota	Minneapolis	\$32,342	1.29%	24
Illinois	Chicago	\$28,331	1.13%	32
Ohio	Columbus	\$22,226	0.889%	42
Michigan	Detroit	\$68,072	2.72%	2
Wisconsin	Milwaukee	\$26,039	1.04%	37

Source: Minnesota Taxpayers Association, "50-State Property Comparison Study," April 2010.

Business Costs



Workers' Compensation Insurance

- Minnesota's workers' compensation costs are **30 percent below** the median total cost per claim among a 15-state sample, according to a 2010 report by the non-profit Workers Compensation Research Institute (WCRI).
- Employers generally arrange workers' compensation coverage with private insurers at a market rate. Minnesota's insurance industry is very competitive, allowing for substantially reduced market-rate premiums.

Workers' Compensation Insurance			
State	Overall Cost per \$100 (rank)	Office Worker Cost per \$100 (rank)	Mfg Assembly Cost per \$100 (rank)
Minnesota	\$2.27 (16)	\$0.25 (39)	\$5.48 (13)
Illinois	\$3.05 (3)	\$0.31 (23)	\$8.69 (2)
Ohio	\$2.24 (17)	\$0.32 (19)	\$10.74 (1)
Indiana	\$1.16 (50)	\$0.20 (44)	\$2.69 (45)
Michigan	\$2.12 (23)	\$0.26 (36)	\$3.64 (31)
Wisconsin	\$2.21 (19)	\$0.28 (31)	\$3.04 (42)

Source: Oregon Workers' Compensation Premium Rate Ranking 2010, February 2011, Oregon Dept of Consumer and Business Services.

Unemployment Insurance Tax

- Minnesota companies with the most favorable employment histories received an unemployment insurance base tax rate of 0.5 percent in 2010.

2008 Unemployment Insurance Tax		
State	Tax Rate as Percent of Taxable Wages	Average State Tax Per Worker at Tax Base
Minnesota	2.98%	\$209
Illinois	2.92%	\$263
Ohio	2.14%	\$278
Indiana	3.60%	\$288
Michigan	2.39	\$299
Wisconsin	3.65	\$438

Source: ETA 205 Unemployment Insurance Service, Employment and Training Administration, U.S. Department of Labor.

Utilities



Electricity Cost

- Minnesota's **low electricity costs** give you a competitive advantage. Minnesota's low rate is comparable to areas with a far smaller supply of skilled workers.
- The average electricity price for industrial consumers in Minnesota is **17 percent lower** than Illinois, 13 percent lower than Michigan, and 6 percent lower than Wisconsin.

Electricity Average Retail Price for Industrial Customers, 2009		
State	Cents per Kilowatthr	Rank
Indiana	5.72	15
Minnesota	6.28	24
Ohio	6.69	28
Wisconsin	6.70	29
Michigan	7.17	34
Illinois	7.53	35
U.S. Average	6.84	

Source: U.S. Department of Energy, Energy Information Administration.

Connexus Energy

- Connexus Energy is the Ramsey, MN energy provider. If Metal-Matic moved to a location in Ramsey, it is probable they will qualify for a 5-year discounted electric rate. To encourage economic development, Connexus is offering this discounted rate to new or expanding large electrical users taking firm service (i.e. large users being greater than 1,000 kW peak demand). Based upon Metal-Matic's required service of 2,000 amps at 480V, they will likely meet the "large user" criteria. The discounted rate is a customer specific contract based on their pro forma load profile. As an example, the discount will be approximately 25% year one, then decreasing each year with year five being a 5% discount.

Connexus Energy's current average rate by load factor is reflected in Table 1.

Table 1

2011 Rates	
Load Factor	Average \$/kWh
50%	\$0.084
60%	\$0.078
70%	\$0.073
80%	\$0.069

- An estimate of the first year discounted rate (i.e. the approximate 25% discount) as applied to current rates is reflected in Table 2.

Table 2

Estimated Year 1 Discounted Rate	
Load Factor	Average \$/kWh
50%	\$0.063
60%	\$0.059
70%	\$0.055
80%	\$0.052

- Connexus Energy also offers an expansive portfolio of energy-efficiency rebates. The rebates provide capital upfront to offset the incremental expense of installing high efficiency equipment.

Utilities



Natural Gas Cost

- The natural gas price for industrial consumers in Minnesota was 40 percent lower than Michigan, 30 percent lower than Wisconsin, **22 percent lower** than Illinois, 42 percent lower than Ohio, and was **among the 10 lowest** in the nation for 2009.
- Natural gas is mostly supplied by pipelines entering the state from Canada and North and South Dakota. The state ships over four-fifths of the natural gas it receives to Iowa and Wisconsin, on the way to other markets in the Midwest.
- Minnesota does not charge a sales tax on energy/chemicals used in the manufacturing process.

Natural Gas Average Retail Price for Industrial Customers, Annual 2009

State	Price (Dollars per Thousand Cubic Feet)	Rank*
Ohio	9.88	34
Michigan	9.64	33
Wisconsin	8.12	24
Illinois	7.29	22
Indiana	6.20	16
Minnesota	5.71	10
U.S. Average	5.27	

*Among those states with available data.

Source: U.S. Department of Energy, Energy Information Administration.

Quality of Life



Quality of Life

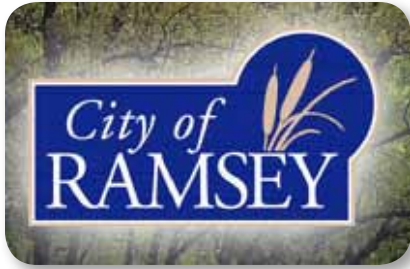
- Minneapolis is one of **America's best long-term real estates bets, ranking fourth nationwide, according to Forbes**. The magazine evaluated the 40 largest metropolitan areas, using 25 years of data from the National Association of Home Builders.
- Minneapolis was called **"Design City" by Newsweek** due to stunning buildings such as the Guthrie Theater, the Minneapolis Central Library, the Walker Arts Center and the Minneapolis Institute of Arts.
- Minneapolis is the **Safest City In America** according to Forbes magazine.
- Minneapolis was rated among the **top 10 Fun Cities** by Portfolio.com.
- **No other state in the nation has five cities among the top 20 in Money Magazine's annual list of America's Top 100 Best Places to Live**. All five are located in the Twin Cities. Eden Prairie is ranked first in the nation, Plymouth 11th, Woodbury 13th, Eagan 15th and Apple Valley at 20th.
- Minnesota is the **healthiest state in the country**, according to 2008 annual rankings by CQ Press. The state has been among the top five states since 1996 and among the top three since 2006.
- According to the 2009 Forbes' Most Wired Cities report, Minneapolis **ranks seventh among the 30 most wired cities in the country**. Across Minnesota, more than 76 percent of individuals use the Internet, ranking fourth in the nation.

Attractions

- Minneapolis-St. Paul **ranks among the top seven cities nationwide for recreational opportunities**, according to Places Rated Almanac. The Twin Cities have more than 150 golf courses, about 63,130 acres of recreation areas, 192,000 acres of lakes and rivers, nearly 150 professional sporting events annually, more than 530 movie theater screens, two zoos and three amusement parks.
- **The Mall of America features over 400 stores and more than 2.5 million square feet of shopping**. It draws more visitors than any other tourist attraction in the country.
- The Twin Cities area offers a **wide variety of family entertainment**, including the Minnesota Zoological Gardens, Como Zoo and Conservatory, the Children's Museum, and the Science Museum of Minnesota.
- **More than 8 million people visit Minnesota's state parks annually**. Minnesota's state park system includes 72 state parks and recreation areas, eight waysides, one state trail and 54 state forest campgrounds and day-use areas totaling 267,000 acres.
- **Minneapolis was named the top vacation spot in the nation** by National Geographic, putting the city at the top of their "10 Best Trips of Summer 2011" list. The area has endless summer celebrations, farmers' markets, miles of bike trails, the Twins and their new stadium and many museums that create a "welcoming Midwest vibe".

International and U.S. magazines are saying what Minnesotans already know: The state is one of the best places to work and live.

Why Ramsey



Overview:

- In 1998, the city of Ramsey began a comprehensive planning process that resulted in the launching of a 400-acre development referred to as the COR (Center of Ramsey). The COR has created significant energy for Ramsey and is resulting in a number of new developments in recent years. These developments have resulted in \$15 million in current construction. This **construction includes both the Allina clinic and the VA clinic** which are terrific additions to the city and a benefit to the employment base.
- An additional element to Ramsey's continued growth is the **Northstar Commuter Rail Station stop** for the COR area. Final design of this stop is complete and six funding sources are identified for this \$13.5 million project that is expected to provide transit options to and from Minneapolis for residents. In addition, Legacy Christian Academy, a private interdenominational K-12 school, has agreed to purchase 80 acres for a 225,000 square foot campus and is scheduled to begin construction in 2011.
- Of particular note for Metal-Matic is the **close proximity of the Anoka Technical College (ATC)**, a two-year technical college on Highway 10. This educational facility is less than two miles from the proposed location for Metal-Matic in Ramsey. Its biggest single core concentration is manufacturing and construction. ATC offers degrees and certificates in areas such as CNC Machining, CNC Manufacturing Technology, Mechanical CAD Drafting, Fabrication, Pipe Welding, Electronic Engineering, Computer Servicing, etc. ATC also works with businesses through its Corporate Center to create training programs for existing workers.
- The City of Ramsey is located within the seven county metropolitan area and enjoys many of **the amenities of a large city while retaining the benefits of a small community**. By highway, access is approximately thirty minutes to downtown Minneapolis and thirty-seven minutes to downtown St. Paul.

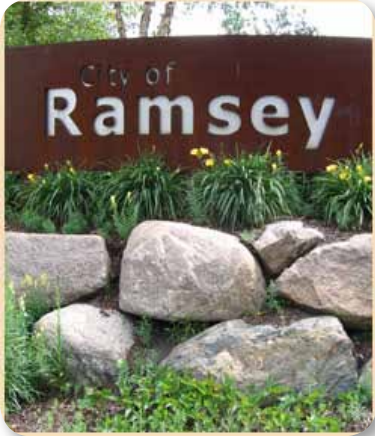
Energy Costs:

- Electricity for the proposed site will be provided by Connexus Energy. Connexus Energy is the largest electric distribution cooperative in the state of Minnesota. The attached letter defines the terms of the discounted electrical rate proposed over the initial 5 years for users needing greater than 1,000 kW during peak demand in addition to the 2011 standard rates. For Metal-Matic and other new high capacity users, Connexus Energy is proposing a **rate of \$.063 \$/kWh in year one** that reflects a 25% discount over standard low rates. This discount will then reduce by 5% for each subsequent year over a five year period.

Demography:

- Located in Anoka County, the City of Ramsey recorded a 2010 population of 23,668. Average household size within Ramsey is approximately 3.0 people and over 85% of all houses are owner occupied and the rental market makes up close to 15%. The median age for the area is approximately 34 years of age and over 40% of the population over 25 has earned a post-secondary degree. The city of Ramsey is young, vibrant, well-educated and vested in making the city a great place to raise a family.

Why Ramsey



- In terms of population growth over the past ten years, Anoka County grew by 11% and the city of Ramsey grew by 28%. This growth rate represents the highest rate of growth of any city in Anoka County with a population of at least 10,000. The city of Ramsey's median household income in 2009 was \$78,418 versus the statewide average of \$55,616. Ramsey has one of the highest household incomes within Anoka County.

Employers:

- Anoka County has the **highest percentage of employees working in manufacturing jobs within the seven county metropolitan area**. Approximately 23% of males and 13% of female residents within the city of Ramsey work in manufacturing industries. Fully 13 of the top 15 largest private employers within the city are manufacturers. This confirms Ramsey's support for manufacturers within the city. Life Fitness is the largest employer with about 500 workers, followed by Vision Ease with 400 and Connexus Energy with 230.

Proposed Site:

- The site being proposed for Metal-Matic is city-owned and is used by Bury & Carlson, a processor of aggregates. This site is 19.88 acres and will allow for a total facility build-out of approximately 300,000 square feet. The site is also properly zoned and surrounding neighbors support and complement Metal-Matic's proposed use.
- The city of Ramsey proposes to sell the Bury & Carlson site to Metal-Matic. The city currently leases the land to Bury & Carlson. The city of Ramsey purchased the property from Bury & Carlson for \$1,756,400 in March of 2008. With early termination costs of the lease amounting to \$446,000, the city will have invested around \$2.2 million into the 19.88 acre parcel, or approximately \$2.54 per sq. ft. To facilitate Metal-Matic's expansion, staff will recommend setting up a TIF district to make the site extremely cost effective.

Why Minneapolis



Strong, Diversified Business Community

Minneapolis has one of the most robust business climates in the country. The city's diverse economic base is built on companies—large and small, young and established, traditional and cutting edge—in areas of finance, merchandising, healthcare, education, professional services, manufacturing, and distribution services. Minneapolis and the surrounding 11-county region consistently rank among the best places to do business in the U.S.

Proposed Site: Highway 47 and 37th Ave NE



State and Local Assistance



“We are very excited to expand our medical device technology design and manufacturing facilities in St. Paul. This expansion will position us well to continue to bring value to the growing medical device market while also enhancing our presence and impact in the local community,”
— Minnetronix

Financial Assistance

- **Minnesota’s Office of Business Development has a program with financing of up to \$500,000.** Depending on the number of jobs added to Minnesota within two years of the plant’s opening, the Minnesota Investment Fund could provide for fixed assets such as machinery and equipment. Availability of this program depends on the funding the department has at any given time in its fiscal year.
- **Minnesota Job Skills Partnership** — Minnesota companies have extensively used the Job Skills Partnership Program through educational partners in Minnesota to create and implement training programs. DEED will eagerly pursue any options that call for customized training.
The maximum grant is \$400,000, which is awarded to the educational institution to help underwrite the cost of developing curriculum and delivering it. Training can be done on your premises. Access to the full available grant depends upon formulation of the training package that would use the full amount and be matched by your company with a cash or in-kind contribution.
- **Tax Increment Financing** — In Minnesota, cities and development authorities may use tax increment financing to help finance costs of real estate development. TIF uses the increased property taxes that a new real estate development generates to finance up-front costs of the development.

City of Ramsey staff members are recommending the following to the City Council. However, this is subject to City Council review and approval.

1. The City would sell the Bury & Carlson site for \$950,000. This equates to a net cost to Metal-Matic of \$1.10 per sq. ft for the land.
2. The City would set up a TIF district to cover the difference between the purchase price paid by Metal-Matic and the investment made by the City.
3. The write-down on the cost of the land is predicated on Metal-Matic building a 100,000 sq. ft. manufacturing facility and employing 40 people by the end of 2011.
4. The sale of the property is dependent on City Council approval of a “Development Agreement” between the parties and the establishment of a TIF District encompassing the property.
5. The City Council by “Findings of Fact” must determine that the Metal-Matic project is eligible for Tax Increment Financing at the selected site.
6. Sale of the property is dependent on the timely relocation of the existing lessee of the property (Bury & Carlson).

State and Local Assistance



“The Minneapolis area is rich with resources vital to a biotechnology company’s growth needs...”.

— Biovest International, Inc.

Financial Assistance

- **Foreign Trade Zones** — Currently there are eight General Purpose Zone sites in Minnesota including six in the Minneapolis/St. Paul area (FTZ#119) one site in Duluth (FTZ#51) and one site in International Falls (FTZ#259).

The locations for the sites are as follows:

- ▶ Minneapolis Convention Center
- ▶ St. Paul
- ▶ Eagan Industrial Park
- ▶ The Greater Airport Bloomington Site
- ▶ Mid-City Industrial Park
- ▶ Seaway Port Authority of Duluth
- ▶ International Falls
- ▶ Bloomington Central Industrial Area
- ▶ Subzones

While it is easier and less expensive for a company to realize benefits by utilizing the General Purpose Zones in the Twin Cities area, any company in Minnesota can apply to make its existing facility a Subzone of FTZ #119.

FTZs can help business by minimizing duty payments.

- **The Innovative Business Development Public Infrastructure Program** provides grants to local governmental units on a competitive basis statewide for up to 50 percent of the capital cost of the public infrastructure necessary to expand or retain jobs.

The projects must be publicly owned infrastructure related to new development, including projects that target manufacturing, technology, warehousing and distribution, research and development, innovative business incubator, agricultural processing; or industrial, office, or research park development that would be used by an innovative business.

Funds from this program can also be used for land acquisition and preparation, telecommunications, bridges, parking ramps, demolition, hazard remediation, pre-design, construction, equipment and furnishings.

- **The Minnesota Office of Business Development partners with MetCouncil Environmental Services** to work with companies to lower their overall sewer access charges (SAC) through SAC transfers from communities or by lowering the up-front cost by amortizing the expense over a 10-year period at 2 to 4 percent interest.

State and Local Assistance



Positively Minnesota

- **Minnesota's Office of Business Development** coordinates metro area projects in concert with the many local community and economic development partners in the area.
- **Industry Specialists** — Provide information to businesses in targeted industries on financial programs, supply sources, business planning assistance, trade opportunities, strategic partners and venture partners. In addition to technical assistance with proposed projects, specialists actively market Minnesota and provide information on markets, technologies, buildings and sites, transportation and other Minnesota advantages in response to your inquiries and at industry gatherings (www.PositivelyMinnesota.com/bizdev/industryspecialists.htm).
- **MetroMSP** — MetroMSP.org is a powerful economic development and site selection tool covering the 11-county Minneapolis/St. Paul region. It has two sides that are seamlessly linked so users can go back and forth with ease.
 - ▶ The static, narrative side makes a business case for locating or expanding in the MSP region (MetroMSP.org).
 - ▶ The interactive, data side makes it easy for users to identify the ideal site on which to locate or expand a business in the 11-county region.
- **Minneapolis-St. Paul Regional Economic Development Partnership** — The REDP is a Private-Public Partnership (501C3), funded by business, institutions, and government, whose mission is to stimulate economic growth and prosperity, and a resultant higher quality of life for all citizens of the Minneapolis — St. Paul Metropolitan Region (MSA). Its primary role is to be a value-added resource to all economic development organizations and activities in the region. The efforts of the REDP, and the resulting investment and prosperity, will lessen the burden of government and contribute to a brighter future for all residents of the region.
- **DEED Business Service Specialists Support** — These specialists are your personal connection to a comprehensive statewide network of information and resources, including:
 - ▶ Recruitment — Provide help with posting vacancies online via MinnesotaWorks.net, sourcing applicants, interviewing and other services.
 - ▶ Connect you with WorkForce Center staff that can advise on job fair participation — booth logistics for easy resume collection, networking and conducting all-important first interviews.
 - ▶ Training — Identify state and local resources for basic and customized training.
 - ▶ Planning and Consulting — Offer information about state financing options, employment law, income tax credits, hiring incentives and business workshops.
- **Minnesota Trade Office** — The Minnesota Trade Office (MTO) promotes and assists in the expansion of exports that contribute to the growth of the Minnesota economy. The MTO's services are tailored for new exporters as well as experienced international companies, and include education and training, information and marketing, and counseling.

The MTO also sponsors and coordinates trade missions to targeted countries, including missions led by the governor. Participating companies find these events an excellent way to establish trade contacts and gain firsthand knowledge of new markets.



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