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David C. Toland, Secretary

Laura Kelly, Governor

TO: The Honorable Governor Kelly  
House Speaker Ron Ryckman  
Senate President Ty Masterson  
House Majority Leader Daniel Hawkins  
Senate Majority Leader Gene Suellentrop  
House Minority Leader Tom Sawyer  
Senate Minority Leader Dinah Sykes  
Senate Assessment and Taxation Committee  
Senate Commerce Committee  
House Commerce, Labor and Economic Development Committee  
House Taxation Committee

FROM: David C. Toland, Secretary of Commerce

DATE: February 1, 2021

RE: Fiscal Year 2020 JCF Annual Report

The following information is for the reporting period beginning July 1, 2019 and ending June 30, 2020 (Fiscal Year 2020), and is provided to satisfy the annual reporting requirements of K.S.A. 74-50,224 in relation to the Job Creation Program Fund.

# JOB CREATION FUND

## 2020 ANNUAL REPORT

JANUARY 2021



## JCF OVERVIEW

Fiscal Year 2020

**10**

FUNDED PROJECTS

**\$8,810,000**

AWARDED

**2822**

NEW JOBS PROPOSED

**5173**

EXISTING JOBS TO  
BE RETAINED

**\$280,139,244**

CAPITAL INVESTMENT

## JOB CREATION FUND (JCF)

The Job Creation Fund is the deal-closing fund for the state. For example, if we know we are competing with the state of Washington for "Company X" and we know their incentive offer is close to ours, we will use JCF to help make an offer that will put us over the top.

JCF was created in 2011 by combining IMPACT and KEIOF. The intent behind JCF and its predecessors was to give the State of Kansas latitude to meet the needs of recruiting out-of-state jobs and businesses and also retaining companies in our State. The design is intended to be nimble, flexible and adaptable to meet the fast-paced and ever-changing needs of businesses.

Currently, at least 35 states have a deal-closing fund. Many of these funds are designed to function in the same sense as JCF, providing discretion to the economic development arm or the governor of that state to make those decisions.

Job creation funds are awarded to companies with an expectation that the company will create or retain a specific number of jobs, provide training or be used for other types of economic development. Companies who fail to meet project criteria do not receive the intended funds or are required to pay funds back depending on the structure of the agreement.

JCF funds are an integral tool for allowing the state of Kansas to be competitive regionally, nationally and globally. Because this fund is meant only as a deal-closing fund, only about 2-4% of projects that the Department handles annually receive JCF. The Secretary of Commerce considers the recommendations of Commerce staff and has final approval authority of all JCF awards.

COMPANY NAME	LOAN STYLE	NAICS CODE	COUNTY	EXISTING JOBS	RETAINED JOBS	PROPOSED NEW JOBS	PROPOSED CAP EX	AWARD AMOUNT
Great Plains Manufacturing, Inc.	Forgivable	333111	SA	0	0	200	\$10,800,000	\$375,000
Tyson Fresh Meats, Inc.	Forgivable	311611	FI	3450	3450	0	\$30,227,189	\$2,000,000
A Place for Mom, Inc.	Milestone	624190	JO	6	6	622	\$4,000,000	\$2,000,000
Johns Manville	Milestone	327993	MP	286	286	34	\$90,000,000	\$250,000
Anderson & Forrester, LLC	Milestone	332913	SG	0	0	10	\$3,000,000	\$60,000
Orizon Aerostructures, LLC	Forgivable	336413	NO	322	322	275	\$42,628,657	\$600,000
Faneuil, Inc.	Forgivable	561422	SG	669	669	31	\$10,000,000	\$300,000
Mechanized Concepts Kansas	Milestone	333111	RS	0	0	903	\$32,000,000	\$750,000
DenTec Safety	Forgivable	339113	JO	7	7	20	\$500,000	\$415,000
Fuller Industries LLC	Forgivable	333318	BT	115	115	15	\$500,000	\$60,000
Saint Luke's South Hospital, Inc.	Milestone	622110	JO	0	0	712	\$56,183,398	\$1,700,000
Hess Services, Inc.	Forgivable	332420	EL	318	318	0	\$300,000	\$300,000
<b>Totals:</b>				<b>5173</b>	<b>5173</b>	<b>2822</b>	<b>\$280,139,244</b>	<b>\$8,810,000</b>



# JCF PROJECT STYLE

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JCF agreements are structured in two ways - Forgivable Loans and Milestone Projects

## **FORGIVABLE LOANS (7 PROJECTS)**

Funds are disbursed at the time of contract execution, and forgiveness is calculated annually over a five-year period. A company is required to report jobs, payroll and capital investment annually over the term of the Agreement. One-fifth of the original balance is eligible to be forgiven annually. The Department of Commerce calculates forgiveness based on the percentage of jobs and payroll achieved each year. The blended percentage of the jobs and payroll is then used to determine a blended performance percentage. If the blended performance percentage is met, one-fifth of the loan will be forgiven for that particular year. If the blended performance is less than the amount required by contract, a shortfall payment is due.

## **MILESTONE PROJECTS (5 PROJECTS)**

A company is required to report jobs, payroll and capital investment annually over the term of the Agreement. If the company fails to achieve milestones regarding jobs and/or capital investment as listed in the Agreement, payments will be withheld. In addition, a repayment could also occur at the end of the term, if certain overall jobs and/or capital investment requirements are not met.

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# JCF PROJECT SUMMARIES

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## **GREAT PLAINS MANUFACTURING, INC. – SALINE COUNTY**

*Award Justification (2) Potential location in Kansas of the operations of a major employer.*

Great Plains Manufacturing is a wholly owned subsidiary of Japanese affiliate Kubota North America Corporation. To further invest in their Salina, Kansas operations and in support of the growing demand for Kubota construction equipment, the company will use \$375,000 in Job Creation Funds for a road expansion project. They will create 200 net new jobs and invest \$10,800,000 in capital investment over the next 5 years.

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## **TYSON FRESH MEATS, INC. – FINNEY COUNTY**

*Award Justification (4) Potential departure from Kansas or the substantial reduction of the operations of a major Kansas employer.*

Tyson Fresh Meats produces a wide variety of protein-based and prepared food products. The company is recognized as a market leader in the retail and foodservices market in the United States and in more than 130 countries. The company suffered a great loss due to a fire and is rebuilding the plant and retaining its existing workforce of 3,450. The fire could have caused production to move to another state. Instead, the Department of Commerce worked with Tyson to ensure that production would remain in Kansas. The company received a \$2,000,000 forgivable loan for this project. Capital investment is expected to be \$12,191,889.

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# JCF PROJECT SUMMARIES

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## **A PLACE FOR MOM, INC. – JOHNSON COUNTY**

*Award Justification (2) Potential location in Kansas of the operations of a major employer.*

A Place For Mom, Inc. is an online platform connecting families searching for senior care services with a team of experienced advisors providing insight-driven and personal solutions. The company will open a new operations center in Overland Park, Kansas. They will create 622 net new jobs over the next 5 years and the capital investment is expected to be \$4M. The company will receive a total of \$2,000,000 in the form of a milestone project.

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## **JOHNS MANVILLE – MCPHERSON COUNTY**

*Award Justification (1) Major Expansion of an existing Kansas Commercial enterprise.*

Johns Manville is a manufacturer of building products for customers such as Home Depot and Lowe's. They plan to expand their existing facility in McPherson, Kansas, which will include retaining 286 existing jobs, the creation of 34 net new jobs, and \$90,000,000 in capital investment costs. The company will receive \$250,000 in Job Creation Funds for this expansion in the form of a milestone project.

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## **ANDERSON & FORRESTER, LLC – SEDGWICK COUNTY**

*Award Justification (2) Potential location in Kansas of the operations of a major employer.*

Anderson & Forrester is "The One Source" for top quality replacement orifices and conversion fittings for gas-fired appliances. They are known for quality and customer satisfaction throughout the United States, Canada, Mexico, and Australia. The company relocated its operations from Colorado to Clearwater, Kansas and will create a total of 10 net new jobs over the next 5 years. Anderson & Forrester received \$60,000 in JCF and will invest a total of \$3,000,000 in capital investment.

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## **ORIZON AEROSTRUCTURES, LLC – NEOSHO COUNTY**

*Award Justification (1) Major Expansion of an existing Kansas Commercial enterprise.*

Orizon Aerostructures, LLC is an aerospace parts processing and assembly manufacturing plant serving customers such as Spirit AeroSystems, Lockheed Martin, and Northrop Grumman. Their capabilities include major aircraft subassembly manufacturing, complex monolithic machining and processing. They are expanding their aerospace operations in Chanute, Kansas. The company received a \$600,000 forgivable loan, which will be primarily used for training its workforce. The company will create 275 net new jobs over the next 5 years and invest over \$42,000,000.

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# JCF PROJECT SUMMARIES

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## **FANEUIL, INC – SEDGWICK COUNTY**

*Award Justification (1) Major Expansion of an existing Kansas Commercial enterprise.*

Faneuil provides a broad array of business process outsourcing solutions, including Customer Care/Contact Centers, Transportation, Government Healthcare, Social Programs, Commercial Healthcare, and Utilities. The company currently employs more than 4,500 professionals nationwide. Faneuil will build and staff a call center in Wichita, Kansas. Faneuil will retain 669 existing jobs and create 31 net new jobs over the next 2 years. Capital Investment for this project is expected to be \$9,000,000. The company received a forgivable loan in the amount of \$300,000.

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## **MECHANIZED CONCEPTS KANSAS – RUSSELL COUNTY**

*Award Justification (1) Major Expansion of an existing Kansas Commercial enterprise.*

Mechanized Concepts Kansas (MCK) provides consultancy, manufacturing, entrepreneurship, innovation and rural revitalization for their customers across the United States. In Russell, Kansas, Mechanized Concepts will manufacture hemp farming equipment to aid in the up-and-coming industry of harvesting hemp. MCK expects a high demand for their new harvesting machinery. The company received an award of \$750,000 to be paid out in milestones over 5 years. The company plans to create 903 net new jobs and invest \$32,000,000 in Russell, Kansas.

Update: Mechanized Concepts has ceased operations. The Department of Commerce is currently in the process of clawing back all the award dollars that have been paid out.

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## **DENTEC SAFETY SPECIALIST CORP – JOHNSON COUNTY**

*Award Justification (1) Major Expansion of an existing Kansas Commercial enterprise.*

DenTec Safety Specialist Corp is a manufacture of N95 respirators and other certified mask for the health industry. As a result of Covid-19 they are ramping up production. The company will create 20 net new manufacturing jobs over the next 5 years and will expend \$500,000 in Capital Investment. The company received a total of \$415,000 in Job Creation Funds. A portion of the funds were provided as a forgivable loan and a portion was provided as a zero-interest loan to be repaid over 7 years.

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## **FULLER INDUSTRIES LLC – BARTON COUNTY**

*Award Justification (1) Major Expansion of an existing Kansas Commercial enterprise.*

Fuller Industries, LLC (Fuller) develops private label chemicals, hard goods, automotive maintenance, and personal care products. They also design and manufacture customized brush products for a diverse range of industries, including agriculture, aerospace, bakery, commercial door, lawn and turf, machine tools, packaging and printing. Fuller provides their products to distributors across the United States as well as select international locations including Canada and the Caribbean. As a result of Covid-19, Fuller increased production of lifesaving essential EPA-approved sanitizers, and will provide onshore production and secure the supply chain that meets current and anticipated sustained demand. Fuller received \$60,000 in Job Creation Funds in order to purchase equipment and hire 15 net new jobs.

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# JCF PROJECT SUMMARIES

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## **SAINT LUKE’S SOUTH HOSPITAL, INC. – JOHNSON COUNTY**

*Award Justification (2) Potential location in Kansas of the operations of a major employer.*

This newly built facility will serve as the headquarters for a 50-bed inpatient rehabilitation hospital that will treat patients with acute stroke trauma and traumatic brain injury. The company will create 712 net new jobs and invest over \$56,000,000 over the next 5 years. The company will receive \$1,700,000 in Job Creation Funds in the form of milestone payments for this project.

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## **HESS SERVICES, INC. – ELLIS COUNTY**

*Award Justification (8) Other unique economic development opportunity.*

Hess Services, Inc. designs, fabricates, repairs, grit blasts, and paints oilfield and industrial equipment. This equipment includes storage tanks, pressure vessels, piping truck mounted service rigs, well servicing rigs, and drilling rigs. Their customer base reaches across the United States and many business segments including blasting, painting, trucking, crane and rigging service, welding and fabrication, engineering, quality control, sales, fiberglass tank manufacturing, and machining. They will use the \$300,000 for the 230th Avenue pavement project and will retain 318 existing jobs over the next 5 years.

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