

JOB CREATION FUND

2023 ANNUAL REPORT

JANUARY 2024



BY THE NUMBERS

Fiscal Year 2023

9

FUNDED PROJECTS

\$4.7M

AWARDED

445

NEW JOBS
PROPOSED

694

EXISTING JOBS TO BE
RETAINED

\$137M

CAPITAL INVESTMENT
GENERATED

JOB CREATION FUND (JCF)

The Job Creation Fund (JCF) 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 Investments in Major Projects and Comprehensive Training (IMPACT) and Kansas Economic Opportunities Initiatives Fund (KEOIF). 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 everchanging needs of businesses.

Currently, at least 23 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 that fail to meet performance standards 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 *	ELIGIBILITY CRITERIA **	COUNTY	RETAINED JOBS	PROPOSED NEW JOBS	PROPOSED CAP EX	AWARD AMOUNT
Coffey County	M	8	CF	0	0	\$250,000	\$250,000
Galaxy Technologies, Inc.	F	1	CL	138	85	\$2,000,000	\$250,000
Galloway & Company, Inc.	F	1	SG	7	20	\$60,000	\$50,000
Hill's Pet Nutrition, Inc.	M	1	SN & JO	375	110	\$50,750,000	\$3,000,000
McCarty Dairy, LLC	M	1	TH	116	27	\$82,410,697	\$500,000
Novacoast Inc.	M	1	SG	34	10	\$75,000	\$100,000
Pinnacle Aerospace, LLC	F	2	SU	14	155	\$500,000	\$250,000
Tesseract Ventures, LLC	M	1	JO	10	38	\$0	\$50,000
Wichita State University	M	8	SG	0	0	\$1,690,468	\$250,000
Totals:				694	445	\$137,736,165	\$4,700,000

*M = Milestone F = Forgivable

**Eligibility Criteria

1 = Major expansion of an existing Kansas commercial enterprise

2 = Potential location of the operations of a major employer

8 = Other unique economic development opportunity



JCF PROJECT STYLE

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

FORGIVABLE LOANS (3 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 (6 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.



JCF PROJECT SUMMARIES

Coffey County

In response to the global shortage of semiconductors, Coffey County is expected to be a hub for Tier 1 chip suppliers over the next few years. The county will invest over \$250,000 to build a semiconductor industrial park to support future projects within the industry. The park is initially expected to support a cluster of seven companies that are planning to locate there to collaborate and work together in the production of semiconductors and related products. These companies are expected to invest almost \$5B and create over 2,800 net new jobs over five years.

Galaxy Technologies, Inc. – Cowley County

Galaxy Technologies, located in Winfield near the heart of the Air Capital, is a major supplier for the design, manufacturing, and assembly of production tooling for the aerospace, defense, and plastic markets. Their major customers include Boeing, Spirit Aerosystems, Northrop Grumman, Lockheed Martin, Rubbermaid and Coleman. Galaxy will invest \$2M to expand its Winfield facility, and it will create 85 net new jobs over the next five years.

Galloway & Company, Inc. – Sedgwick County

Galloway, a nationally recognized industry leader, supports municipalities, the federal government, local developers, national expansion programs and offers comprehensive architecture, engineering and land survey services for local and nationwide projects, ranging from half-acre sites to master-planned communities. The company has selected Wichita as the location for its new midwest operation, which will result in a \$60,000 capital investment and 20 net new jobs over the next five years. The valuable services provided by the company will help support current and future growth projects occurring in Kansas.

Hill’s Pet Nutrition, Inc. – Shawnee County/Johnson County

Hill’s Pet Nutrition is an American pet food company that produces dog and cat foods and was founded in Topeka in 1907. The company was sold to Colgate-Palmolive in 1976 and is still a part of that organization today. Hill’s has relocated 375 existing headquarter positions to Johnson County, along with the creation of 50 net new jobs over the next five years. The headquarter project will include a \$33.5M capital investment. In addition, the company will create 60 net new jobs and invest \$4.25M in capital investment at the Pet Nutrition Center in Topeka. The company will also invest \$13M for its Kansas warehouse facility in Wyandotte County.

JCF PROJECT SUMMARIES

McCarty Dairy, LLC – Thomas County

McCarty Family Farms was founded more than 100 years ago in northeast Pennsylvania, and it is now headquartered in Colby. The family farm is owned and operated by fourth-generation dairy farmers, and it has grown to include five dairy farms, a milk condensing plant, and a grain storage facility. McCarty is a leader in sustainable and regenerative farming practices while operating humanely and transparently. McCarty is investing \$82.4M to expand its operations in Rexford, which will also result in the creation of 27 net new jobs. All of McCarty Dairy's milk, cream and condensed milk is non-GMO and helps supply Danone North America's non-GMO yogurt product lines.

Novacoast Inc. – Sedgwick County

Novacoast is an international cybersecurity company specializing in IT services and software development. With a 25+ year history in the industry, Novacoast has built and maintains IT security solutions for some of the world's largest private and public organizations. Novacoast previously relocated its Security Operation Center (SOC) from California to Wichita in 2021. It will now relocate its headquarters to Kansas and consolidate its operations at its current facility in Wichita. The global headquarters relocation project will result in \$75,000 in additional capital investment and 10 additional net new headquarters jobs. It also strengthens Kansas as a hub for cybersecurity companies, and Novacoast's critical cybersecurity expertise will continue to protect not only Kansans but industries and businesses across the globe.

Pinnacle Aerospace, LLC – Sumner County

Pinnacle Aerospace, a new aerospace parts manufacturing company, purchased an existing facility in Wellington that was previously occupied by TECT Aerospace. Pinnacle's leadership team has over 150 years of manufacturing experience and its machinists average over 26 years of manufacturing experience. Pinnacle will specialize in large complex hard metal machined parts and assemblies utilizing its experienced talent, best in cutting edge technology, and multi-pallet efficiency. Pinnacle is investing \$500,000 in capital and will create 155 net new jobs.

Tesseract Ventures, LLC – Johnson County

Tesseract Ventures is a homegrown Kansas technology company which enables businesses and governments to defy the boundaries of space and time through next-generation technologies. Through advanced research and development, manufacturing, and deployment of cutting-edge innovations, Tesseract is bringing revolutionary changes to diverse industries, such as cyber defense and security, agriculture, utilities, transportation and construction. Tesseract will expand its facility in Overland Park and will create 38 net new jobs over five years.

JCF PROJECT SUMMARIES

Wichita State University – Sedgwick County

This project is part of a “Build Back Better” initiative of the U.S. Economic Development Administration (EDA) that is designed to empower the equitable adoption of productivity-enhancing emerging technologies for sustainable, precision manufacturing competitiveness and profitability. Wichita State University received an EDA Governance and Evaluation award, and it will invest \$1.7 million to support future-focused manufacturing initiatives, including the adoption of smart manufacturing technologies, to help drive Kansas industries forward. Led by the National Institute for Aviation Research (NIAR) at Wichita State University, the project will serve a consortium of industry, government, and economic development leaders representing 27 counties in South Central Kansas.

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