



GREATER FARGO MOORHEAD ECONOMIC DEVELOPMENT CORPORATION
2011 ANNUAL REPORT

GFMEDC Mission

The mission of the Greater Fargo Moorhead EDC is to grow and diversify the economies in Cass County, N.D. and Clay County, Minn. communities by attracting, retaining and expanding primary sector businesses.

Fargo Moorhead Community Vision

- A growing, dynamic community that participates in the nation's growth sectors, competes nationally with a new and higher level of cities and provides quality opportunities for all citizens.
- A global destination for embedded systems/smart technologies and biotechnology.
- A community that:
 - Encourages and supports entrepreneurs.
 - Is on the nation's technology infrastructure map.
 - Leads our nation in math and science education reform.
 - Has globally competitive air service.

A PRIMARY-SECTOR PRIMER

A primary-sector business is one that brings new wealth into the community through the sale of its goods and services outside the trade area. This new wealth circulates and supports all other sectors of the local economy, thus making the primary sector the principle driver of economic and community growth. A growing primary sector ensures the health of the local economy and affects every other sector and every occupation in the community.



Ann McConn
2011 Chair, GFMECD Board of Directors

MAKING SMART MOVES FOR GREATER FARGO MOORHEAD

The Greater Fargo Moorhead Economic Development Corporation and our partners have been making smart moves for our extended community for years. Lately, we've seen just how important that can be.

Two years ago, the GFMECD president and chair of the board wrote in this space about how, despite the challenges of the global recession and credit crisis in 2009, "The Greater Fargo Moorhead economy is in relatively good shape...." Today I can tell you that we're in exceptional shape, even as most cities, states and regions of the country try to regain their pre-recession footing.

Our stability and growth can be attributed to exceptional cooperation among the community's civic, educational and business leaders, purposeful strategic planning, a strong economic backbone of traditional industries and step-by-step development in emerging sectors.

It's all made for an incredibly exciting year. The Growth Initiative Fund made more matching loans for PACE loans than it has in years to existing Greater Fargo Moorhead companies that expanded, added new, more efficient equipment or incorporated automated processes. We also helped many primary-sector businesses that either were new to our community or were brand new ventures. Others grew or came here on their own to take advantage of new opportunities in a market that offers exceptional infrastructure, a booming economy and the most dedicated workforce in the world. All of those companies will be creating hundreds of jobs in Greater Fargo Moorhead over the next few years. By any measure, that's a successful year of economic development.

Even as we honed in on the short-term job creation portion of our mission, we also made long-term strides in infrastructure development, college-to-career curriculum alignment and workforce development.

It's all been part of pursuing the strategic vision of the Cass Clay Economic Plan, which we began developing in 2006, and which has evolved over the years to incorporate real-world changes and economic shifts. As with any plan, the ultimate goals are forever on the horizon, but we've made strides and together, will continue to do so.

Through it all, our region and the state of North Dakota enjoyed the media spotlight, with news stories about our booming economy in major media outlets and inclusion on numerous national quality-of-life and quality-of-business lists almost weekly. You'll see many of those as you peruse this annual report.

To harness the momentum we've built ourselves and the positive energy from others, the GFMECD is launching a new marketing effort that will capitalize on the intelligence of our community, our companies and our people. We're excited about Smart Move>Fargo Moorhead and where we believe it will take us – to new heights of positive awareness and a stronger position as we vie for businesses and workers in the global marketplace. Get right down to it, and this is a smart place to raise a family, get an exceptional education, launch a successful career or turn an idea into a business. We've all known it for years; now we're going to make sure everyone else knows it, too.

Finally, we spent a good part of 2011 pounding the pavement to gain support from you, our investors, as well as from new companies. Your response has been outstanding. With your support, the GFMECD will continue to make Smart Moves in building and expanding our community, economy and workforce.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann McConn".

Ann McConn 2011 CHAIR, GFMECD BOARD OF DIRECTORS

MANUFACTURING RESURGENCE



Amity Technology

Greater Fargo Moorhead Manufacturing Jobs, Output Surge in 2011

Greater Fargo Moorhead manufacturers added hundreds of jobs, thousands of square feet of manufacturing space and dozens of cutting-edge pieces of equipment in 2011. The surge in FM manufacturing reflects what has been happening in many areas nationwide, with companies getting back to or even surpassing pre-recession workforce numbers to meet a new rise in national and global demand for their products.

Experts attribute the nationwide resurgence to three things: “re-shoring,” pent up domestic demand and increased global demand for U.S.-made products.

Re-shoring refers to companies bringing their manufacturing/production operations back to the United States from other, previously low-cost, countries. These are places where labor costs were inexpensive compared to the United States, but where those costs have now increased to the point where it’s no longer a competitive advantage.



We’re certainly seeing the effects of pent-up demand in the Greater Fargo Moorhead market. When the recession hit, domestic businesses and consumers slowed their buying, and many companies were forced to slow production in response. As demand started to pick up again, many companies reacted cautiously in case the economy took a turn for the worse. As the recovery has taken hold, companies have responded with aggressive action to catch up, including making capital expenditures to improve efficiency and capacity.

Finally, expanding populations and improving standards of living have driven worldwide demand for agricultural equipment manufactured in Greater Fargo Moorhead.

Regardless of the specific reasons that are driving growth within the sector, it’s great news for a Greater Fargo Moorhead economy that was built on, and continues to thrive on, the strength of our manufacturers and their exports.



Amity Technology

Ag Equipment Cluster Provides Manufacturing Stability, Growth



Brian and Howard Dahl, Owners, Amity Technology

► When you look at the growth and innovation, you can see that Fargo Moorhead is becoming a real center of manufacturing excellence in the world. It's happening already, and if we can keep up this level of economic activity over time, even more people and new companies will move here. ◀

Brian Dahl, Owner & Executive Vice President, Amity Technology

As manufacturing rebounded across the United States in 2011, our ag equipment companies drove an already strong regional sector further ahead by developing new global markets, forming strategic partnerships and incorporating new, advanced technologies into their products.

“Companies like ours have been doing more selling and competing globally every year,” said Brian Dahl, part owner and executive vice president at Amity Technology in Fargo. “That’s been a key for the growth in ag manufacturing here, along with the fact that we now have a strong mix of small, private businesses and big, Fortune 500 companies.”

The stronger global demand comes from expanding populations and rising standards of living in underdeveloped parts of the world. As producers need to feed more people in those countries, and as those people insist on more dependable, higher quality food sources, the producers need more sophisticated equipment to get the job done. They’re finding it in Greater Fargo Moorhead from OEMs like Amity; Case New Holland; Phoenix International, a John Deere Company; and Buhler Industries.

Many of those companies expanded or purchased new equipment in 2011 to become more efficient and meet demand. Supply chain companies like McNeilus Steel, Neal’s Industrial Painting, Weisgram Metal Fab and many others – have been expanding to keep up.

Some companies also are forming strategic alliances that will allow them to create and deliver the next generation of agricultural equipment. For example, Amity joined with Appareo Systems, Fargo, to form Intelligent Agricultural Solutions, which is based in the NDSU Research and Technology Park. The new company combines ag experience and aerospace expertise in developing electronics and software innovations for the agricultural marketplace. Amity also entered a joint venture with AGCO, Duluth, Ga., to develop air seeding equipment and tillage markets.

“When you look at the growth and innovation, you can see that Fargo Moorhead is becoming a real center of manufacturing excellence in the world,” Dahl said. “It’s happening already, and if we can keep up this level of economic activity over time, even more people and new companies will move here.”

Caterpillar Reman Drivetrain



GFMEDC Supports Automation Tax Credit

A new corporate income tax credit, which will become available to North Dakota manufacturing companies in 2013, will provide a 20 percent credit on purchases of machinery and equipment that will help them automate their manufacturing processes.

The automation tax credit will address workforce shortages and help companies become more efficient and productive. Increased efficiency and productivity are essential for competition in a global marketplace where international competitors have labor costs that are a fraction of those in the United States. Automation not only fills the gap between workforce shortages and production demands but also generates opportunities for higher-skilled positions. In addition, working in an automated environment creates a safer workplace but also requires additional training, which commands higher salaries for existing workers.

The GFMEDC assisted in drafting the bill for the 2011 session of the North Dakota Legislature. The Senate Interim Workforce and Economic Development Committee, chaired by Sen. Tony Grindberg, sponsored the bill. The GFMEDC also led the effort to educate manufacturers regarding the focus of the bill and coordinated testimony before the Legislature and various committees.

NEW MANUFACTURING BUSINESS

► Prinsco, Inc.

Prinsco manufactures a complete line of premium high density polyethylene pipe products and accessories for the agriculture and commercial construction markets. The company targets market needs related to environmental sustainability, water quality, water management and performance advancement. Prinsco was founded in 1975 in Prinsburg, Minn., with a single manufacturing plant. Since 2000, it has grown to eight manufacturing facilities throughout the United States. Prinsco is operating a temporary manufacturing plant in Moorhead while completing construction on a permanent 30,000-square-foot facility in Fargo. It will be operational by the end of 2012 and will employ up to 20 people.



James “Jamie” Duinick (left) Vice President of Sales, and Kent Rodelius, Agricultural Sales Manager, Prinsco Inc.

Photo by Mikkel Pates, Agweek

MANUFACTURING EXPANSIONS >>>



Caterpillar Reman Drivetrain

AMITY TECHNOLOGY, FARGO

Amity Technology expanded its operations with a new building adjacent to its existing facility, where the company manufactures agricultural equipment. The total investment by the company was more than \$2.4 million in both building and equipment. The company began operating in its expanded facility in the beginning of 2012. The GFMEDC helped Amity obtain a property tax incentive and a PACE loan for the project.

BRANICK INDUSTRIES, FARGO

Branick manufactures tire repair and handling equipment for original equipment manufacturers and repair shops. The GIF approved a PACE loan for the company that is helping it take a new product line to the market. Branick expects to add five jobs over the next three years.

CATERPILLAR REMAN DRIVETRAIN, WEST FARGO

In August 2011, Caterpillar began a \$50 million, 225,000-square-foot expansion of its West Fargo plant. The project will more than double the production capacity of Caterpillar's West Fargo operations. The increased capacity will help the company meet the strong demand for remanufactured drive train components for large off-highway trucks and other mining equipment. The project will create 250 new jobs over the next three years.

MARV HAUGEN ENTERPRISES, CASSELTON

Marv Haugen Enterprises develops and manufactures its own line of skid steer and forklift attachments and accessories for the agricultural and construction industries. The GIF approved a Flex PACE loan to help the company purchase 2.5 acres of land, construct a 16,000-square-foot addition with operational space and a new paint booth, and upgrade equipment. The cost of the land, building and equipment was \$1.1 million.

MCNEILUS STEEL, FARGO

McNeilus Steel manufactures a range of steel and non-ferrous metal products and delivers them throughout the Midwest with its fleet of more than 80 trucks. In 2011, the company broke ground on its third building in the Fargo Industrial Park. The new facility will help McNeilus diversify its product line and create 55 new jobs.

MINNKOTA WINDOWS, FARGO

Minnkota Windows manufactures and distributes custom-sized vinyl windows and doors for residential and light commercial applications. The company began a \$5.3 million expansion into a new location in Fargo in 2011. The GIF provided a \$160,000 PACE loan that will also allow its sister company, True North Steel, to expand its operations near the existing Minnkota Windows facility. True North Steel has seen a significant increase in its tank production division, which manufactures storage and fracking tanks for the oil and gas industry. Overall, the two companies expect to create 22 jobs over the next three years.

NEAL'S INDUSTRIAL PAINTING, WEST FARGO

NIP provides powder and liquid paint applications and sandblasting for manufacturing companies in the area. In 2011, the company completed a \$1.2 million improvement project that included the purchase of and improvements to its main facility, construction of an on-site blast facility and numerous other equipment upgrades. The improvements have allowed NIP to expand its service offerings and provide value-added services such as assembly, packaging and shipping logistics.

NORTHERN PIPE PRODUCTS, FARGO

Northern Pipe, an Ottertail Company, manufactures polyvinyl chloride plastic pipe for use in water and wastewater projects. The company needed a new building in Fargo to house two new extrusion lines. In 2010, the GFMEDC helped Northern Pipe obtain a property tax exemption, and in 2011, we helped put together a financial package – including a \$121,068 PACE loan – that allowed the company to construct a 49,500-square-foot building in the Fargo Industrial Park. Total project costs were around \$2.8 million. The company expects to add 25 new jobs over the next three years.

NORWOOD SALES, HORACE

Norwood Sales, an agricultural product distributor, is expanding its manufacturing capabilities by adding \$2.1 million worth of equipment. The company, located in Horace, is adding a state-of-the-art paint booth and also plans to add a steel roller to manufacture water tanks for the oil industry. The GIF provided a PACE loan of approximately \$101,000 to help with the overall project costs. With the upgrades, the company expects to add at least 16 new jobs over the next three years.

PHOENIX INTERNATIONAL, A JOHN DEERE COMPANY, FARGO

Phoenix International, a John Deere Company, broke ground on a \$22 million facility in Fargo in October of 2011. The new 90,000-square-foot structure will provide needed space for the company's expanding engineering staff, product design and verification labs and power electronics manufacturing. The new facility will be Phoenix's sixth in Fargo. The company currently employs more than 900 people in the Fargo area.

SJ MACHINE, CASSELTON

SJ Machine is a contract machining and job shop for local original equipment manufacturers that handles raw steel, aluminum and plastic. The company is purchasing new equipment to expand its machining capabilities. The GIF provided a \$15,000 Flex PACE loan to help the company with the cost of the \$175,000 project. The upgrades will help SJ Machine create two new jobs within three years.

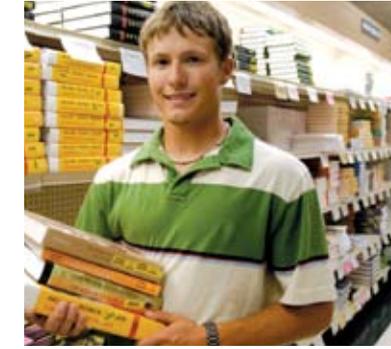
SPACEAGE SYNTHETICS, FARGO

SpaceAge Synthetics received a \$105,000 Flex PACE loan from the GIF to assist in purchasing its existing building for \$2.5 million. The company manufactures both specialty and mass-produced composite components from polyurethane and fiberglass for the marine, transportation and building products industries.

EXPANDING THE BUSINESS BASE



MinnKota EnviroServices, Inc.



When We Work Together, It All Starts to Fit

Greater Fargo Moorhead's business base grew – and grew stronger – throughout 2011. The GFMEDC played a role in assisting many new and expanded ventures and in the process helped set the stage for the creation of hundreds of new jobs in our economy.

Improving the economic base is as much about retaining businesses and helping them expand as it is about convincing new companies to locate here or making it easier for entrepreneurs to get a strong start. We collaborate with partner organizations to create the infrastructure that companies, current and future, need to thrive. We work to improve air service and align higher ed curriculum so students' qualifications match companies' workforce needs. We help people with ideas turn them into viable businesses. And we recruit companies from around the country, both those in sectors that traditionally have formed the backbone of our economy and new, emerging industries with high growth potential.

It's about fitting all the pieces together – and sometimes creating new pieces – to help businesses continue to compete, create jobs and make Greater Fargo Moorhead a great place to make a living.

Internet Retailer Set to Score in Fargo

The Leikas Group Uses Existing Data to Define Niche Markets, Retail Specialty Products



Tommy Leikas
Owner, The Leikas Group

Tommy Leikas followed his passions, and they led him straight back to his hometown.

The 28-year-old Fargo native, University of North Dakota alumnus and former North Dakota Mr. Basketball founded The Leikas Group in 2007. The company owns and develops businesses that retail specialty consumer products over the Internet.

It all started as an entrepreneurship class project at UND where Leikas developed his first revenue-generating site. It was so successful that the guard on the UND men's basketball team gave up his last two years of eligibility to devote more time to completing his degree and developing a business.

In its first two years, The Leikas Group developed and sold five online stores that retailed everything from fire pits to gaming tables to wine accessories and since then has launched two more, TopHoops.com and NightVisionGoggles.com. In 2011, Leikas brought his venture home, and he plans to launch three to five more online specialty stores from Fargo in 2012.

Before he even gets to the point of developing a site, Leikas tracks search results to determine what niche products are in demand and by how many people. "The beauty of the Internet is that it's so transparent," he said. "You can have a well-defined snapshot of the

market before you even enter it, thanks to information you can gather from free research tools like Google's Keyword Tool."

The company's strongest competitive advantage is in how it drives traffic to its sites using search engine optimization (SEO), pay-per-click advertising, comparison shopping engines, social media, blogs and email subscriptions. SEO brings the greatest return on investment, Leikas said. When done well, it can get a website to rank highly in the free search results of the major search engines. TopHoops.com, for example, recently held the number one and two positions out of more than 4.4 million search results for the term "basketball hoops."

Another advantage is that The Leikas Group avoids inventory warehousing costs by buying from manufacturers that drop-ship or send products directly from their facilities to end users. "We don't buy products until they've already been sold," Leikas said. "Instead of having three or four products on display and a bunch more in the back room, we display 500 and don't have any on hand. In terms of capital and cash flow, that can be a huge deal."

As far as locating in Fargo, Leikas said why not? You can run an Internet-based business from anywhere, so home is the perfect place.

The GFMEDC submitted **50 proposals** for projects in 2011. Requests originated with companies from outside the area, entrepreneurs, local sources, site selectors, the Minnesota Department of Employment and Economic Development and the North Dakota Department of Commerce. We also recruited companies at trade shows and marketing events.

PROPOSALS/MARKETING OPPORTUNITIES

Growth Initiative Fund to Provide \$2 Million Match for CBRP

Funds to Help Construct Lab Space, Recruit Talent

The NDSU Center for Biopharmaceutical Research and Production (CBRP) needs a physical space where it can help entrepreneurs, create jobs and conduct research with its partners. To help build one, the Growth Initiative Fund (GIF) is providing a \$2 million match to North Dakota Centers of Excellence funding.

Overall, the CBRP will receive about \$9 million from various sources, in both in-kind and cash contributions, to construct a state-of-the-art wet lab and office space in the Batcheller Technology Center, which is in the NDSU Research and Technology Park. The CBRP also will use a portion of the funds to continue recruiting top-notch talent.

One of the CBRP's goals – and the GFMEDC's – is to help people working in the biopharmaceutical sector transition research or ideas into viable concepts and then into clinical trials. That will help us make progress on a main component of the Cass Clay Economic Plan, which is to grow a cluster of biotechnology companies.

BUSINESS EXPANSIONS

CARGILL, WEST FARGO

Cargill is replacing its existing equipment and its 30-year-old oilseed processing plant with a new facility in West Fargo. Total project cost is approximately \$50 million, and the GFMEDC assisted in putting together a financial package that included local and state programs. The new equipment will increase Cargill's capacity in West Fargo from 350,000 metric tons to more than 500,000 metric tons. Construction is expected to begin in 2012 and be completed by the 2013 harvest season. Cargill currently employs close to 90 people.

MINNKOTA ENVIROSERVICES, INC., FARGO

MinnKota Recycling collects materials and sorts, grades, bales or packages and then ships reclaimed materials all over the United States. The company obtained a \$43,000 Flex PACE loan to make building improvements, add 15,000 square feet of new warehouse/production space and purchase new equipment, including an in-feed conveyor system, electromagnetic and Eddy current separators, weigh hoppers, a pneumatic handling system and an 80-foot truck scale. The new equipment and upgrades improve MinnKota's efficiency and allow the company to process higher volumes and more types of materials. Total costs were nearly \$1.8 million.

OFFICE SIGN COMPANY - FARGO

Office Sign Company purchased a building in downtown Fargo to accommodate the growth of its business, which is producing high-quality interior signage for national and international companies. Total project costs are estimated at about \$700,000 and the GIF awarded the company a \$44,000 PACE loan. With the new expansion, which was completed in 2011, the company expects to create at least 12 new jobs over the next three years.

PRECISION DENTAL LABORATORIES, FARGO

Precision Dental Laboratories expects to complete a \$1.05 million equipment expansion and several building improvements in 2012. The project will allow the company to improve its facilities and purchase new equipment. With the new equipment, Precision Dental will have the ability to produce titanium implant abatement components and milled plastic models that are used in the construction of dental prosthetics. Precision Dental expects to create 10 new jobs within three years.

Big Year for PACE, Flex PACE

The GFMEDC's Growth Initiative Fund (GIF) Board of Directors approved local community match funding for seven PACE (Partnership in Assisting Community Expansion) and five Flex PACE loans in 2011. The GIF provided more than \$895,000 and that helped leverage more than \$18.5 million in total investment for new and expanding businesses. The companies that received PACE loans expect to create 87 jobs over the next three years. The North Dakota PACE and Flex PACE Programs, administered by the Bank of North Dakota, help communities expand their economic bases by providing for new job development and capital investments.

2011 Approved	11 loans	\$895,150	87 jobs
2011 Funded	8 loans	\$645,017	72 jobs
SINCE 1993	181 loans	\$9.1 million	1,369 jobs



Ben Braaten (left) and Dan Ewert
Founders, Krisara Engineering

Keeping FM Flying High

Continuously Pushing for Expanded Air Service

The GFMEDC continues to support retention and expansion of air service for more global connections, more business-friendly schedules and more affordable fares. For example, we contributed matching funds that helped the Fargo Airport Authority secure a \$750,000 Small Community Air Service Development Grant. The Department of Transportation approved the grant in September 2011. With local matches from the Fargo Airport Authority, the GFMEDC and the Fargo Moorhead Convention & Visitors Bureau, there is more than \$1 million that the Airport Authority can use to convince American Airlines to add an additional route to and from Dallas/Fort Worth. Under the terms of the grant, it can solicit service to Seattle as an alternative option.

NEW BUSINESSES

➤ Catalyst Clinical Research

Catalyst Clinical Research serves FDA-regulated businesses involved in early-stage clinical research, typically Phase I and II trials. It provides comprehensive biometrics solutions, including clinical SAS programming, data management, statistical analysis, clinical report writing and quality assurance services. The company will be located in the incubation space of the Center for Biopharmaceutical Research and Production in the NDSU Research and Technology Park. Catalyst currently employs eight and expects to add four to six more people in 2012.

➤ DISTek Integration

DISTek Integration is a technology-driven company with three cores businesses: Automation and Test, Modeling and Simulation, and Embedded Systems. The company has its headquarters in Carthage, Ill. and its primary development center is in Cedar Falls, Iowa. DISTek also has employees in Dubuque, Iowa, Moline, Ill., Charlotte, S.C. and Fargo. The company has six software engineers in Fargo working on-site at Phoenix International. They are offering a variety of engineering services within the Manufacturing Test Design, Test Support and Product Verification groups.

➤ Consumer Health Technologies

Consumer Health Technologies is a consumer-driven health-care software company. Its comprehensive, web-based platform allows health-care payers, administrators and financial institutions to better manage self-directed health benefit accounts. The company, which is headquartered in Fort Lauderdale, Fla., currently has five employees in Fargo who perform client support functions.

➤ Krisara Engineering

Krisara is developing a proprietary technology for a new kind of pacemaker that will not need wires (leads) to connect the pacing controller to the heart. The target is patients with disorganized heart contraction who may respond to cardiac resynchronization therapy. Currently, the treatment requires a pacemaker with two pacing leads. Without them, more sites in the heart will be able to be paced and more people may benefit from the therapy. In addition, the new technology reduces the potential for major complications. NDSU engineering professors Dan Ewert and Ben Braaten founded Krisara with assistance from the North Dakota Center for Biopharmaceutical Research & Production and the GFMEDC.

➤ Loyalty Builders Technology Company

Loyalty Builders, a pioneer in the booming field of customer and marketing analytics, opened its office in Fargo in July 2011. The company also has a corporate office in Portsmouth, N.H. Loyalty Builders' predictive analytics solution, which is based on customer transaction data, gives direct marketers actionable and individualized customer insights to increase their companies' revenue from existing customers. Loyalty Builders currently has four employees in Fargo who focus on sales, marketing and account management. The company expects to add 10-12 people over the next 18 months.

➤ The Leikas Group

The Leikas Group relocated its corporate offices from Minneapolis to Fargo in 2011. Leikas is a parent company of e-commerce firms that sell a range of products, from basketball hoops to night-vision goggles. With assistance from the North Dakota Development Fund and State Bank and Trust, Fargo, the company plans to develop and launch up to five new specialty retail sites in 2012 and expects to add eight to 10 new jobs over the next two years.

➤ Midco Connections

Midco Connections expanded its operations into Fargo in September 2011. The Sioux Falls, S.D.-based company is a wholly-owned subsidiary of Midcontinent Communications that specializes in serving clients in the catalog and e-commerce industry. Midco currently employs 42 people in Fargo and expects to add 150 more by 2014.

➤ MTI

MTI is a Mohall, N.D.-based telecommunications solutions provider that delivers its clients a broad spectrum of turnkey services, from customer service to lead generation to outbound and inbound sales. The 22-year-old company has done business in 11 North Dakota communities and, with its expansion into Fargo, expects to add 50 jobs to the region over the next three years.

➤ Somahlution

Somahlution is a privately-held development-stage life science company focused on advancing the science of organ and surgical conduit transplantation. The company's lead product candidates are currently being prepared for clinical evaluations in heart transplant, kidney transplant and Coronary Artery Bypass Graft Surgery (CABG), as well as peripheral vascular surgical procedures. Somahlution's administrative headquarters are in Fargo, N.D., and its R&D offices and laboratories are in Jupiter, Fla. The company currently employs four people in Fargo and expects to add up to five more over the next two years.

BUILDING THE WORKFORCE PIPELINE



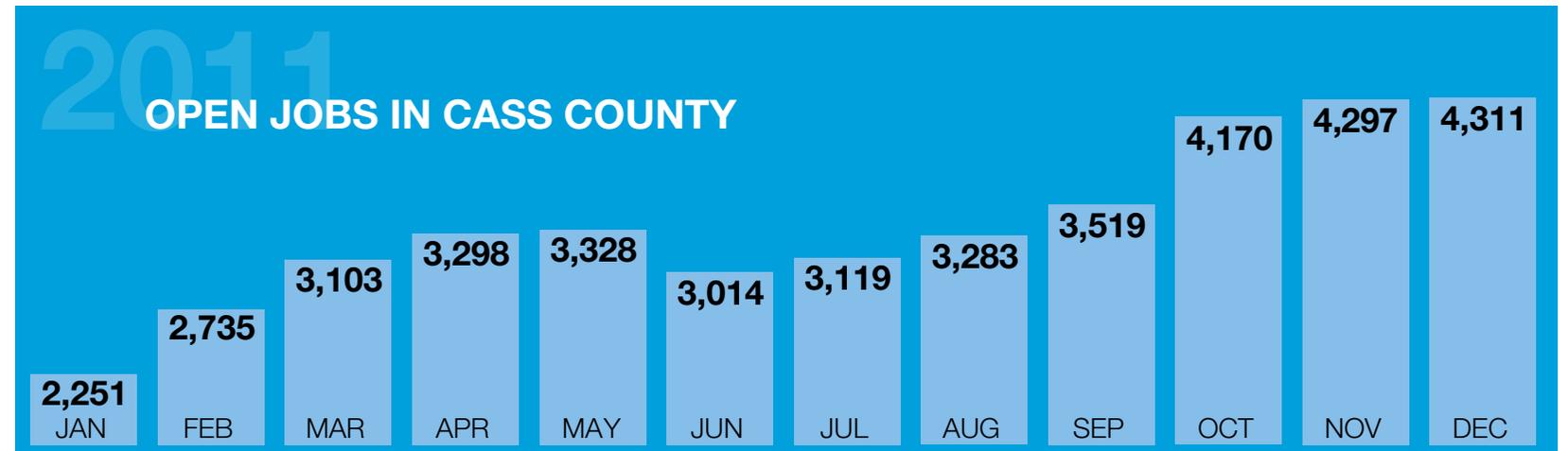
Holly Erickson
First Participant in the Teachers in Industry Internship Program

GFMEDC, Partners Work to Meet Short- and Long-Term Workforce Needs

We hear it again and again – there just are not enough qualified people to fill positions that Greater Fargo Moorhead employers’ have today, let alone to support projected growth. The challenge is no mystery; it’s right there in black and white every month that the Fargo Moorhead Metropolitan Statistical Area has one of the lowest, if not the lowest, unemployment rates in the nation. Meanwhile, to recruit companies, support expansion and compete in growing industries within the global economy, we need people who are highly trained, creative and innovative with their heads and their hands for a range of industries. The GFMEDC leads or participates in several initiatives to develop our existing workforce, to recruit new workers and to grow the pipeline to match employees with tomorrow’s demand.

NEW JOBS TRAINING PROGRAM

The GFMEDC entered into 11 contracts in 2011 to facilitate the creation of 437 jobs over the next 10 years. Since 2002, the GFMEDC has entered into 99 contracts for the creation of 4,530 jobs.



Developing a Homegrown Biopharmaceutical Workforce

GFMEDC Funds MSUM Scholarship Program to Connect Curriculum and Careers

A new program funded by the GFMEDC is developing biopharmaceutical workers for Fargo Moorhead's growing biopharmaceutical cluster.

In April 2011, the GFMEDC provided Minnesota State University Moorhead a \$54,000 grant to fund the new Biopharmaceutical Industry Apprentice Scholarship. The first two \$3,000 scholarships for undergraduate Biochemistry-Biotechnology (BCBT) students were awarded in the summer of 2011, and by 2014 the GFMEDC contribution will fund scholarships for nine BCBT majors. Each of them could qualify for up to \$6,000 over two years.

Overall, these scholarships will directly support the growth and presence of a highly-qualified, technically-trained workforce for the biopharmaceutical industry. For the students, the program will ensure they are prepared to enter a career upon graduation. The apprenticeship requirements also will provide them important industry experience and help them make connections so they can start their careers in Fargo Moorhead.

The scholarships are also a continuation of the GFMEDC's efforts to realize the goals outlined in the Cass Clay Economic Plan, one of which is to increase the intellectual and research capacity of the Tri-College University institutions.

Students in the program will be apprenticed to either a BCBT faculty member at MSUM or a Fargo Moorhead biopharmaceutical company or organization representative. They also are required to work for at least six hours a week for a biopharmaceutical company, which will guarantee a minimum of two years of research experience for upper-class apprentices. In addition, they are required to earn a BCBT industry certificate. Doing so will introduce them to working in regulated industries.

The expectation is that the program will be self-perpetuating, with increased interest from students providing an impetus for local biopharmaceutical companies to provide funding needed to move the program beyond the four years covered by the GFMEDC grant.



Harrison Pantera (foreground) and Alex Novak
First Recipients of the MSUM Biopharmaceutical Industry Apprentice Scholarship

Teachers in Industry

Innovative Internship Brings STEM Closer to the Classroom

Rockets with eggs packed carefully into the fuselage blasting 800 feet in the air, then gliding safely back to earth with their fragile cargo intact. Innovative systems installed in vehicles to stop texting and driving. And toothpick bridges supporting 90 or more pounds.

Holly Erickson's students at the West Fargo STEM (science, technology, engineering and mathematics) Center have designed and built all of these and more in 2011-12 using the engineering design process (EDP). Erickson, a 7th grade math teacher, honed her own understanding of EDP in the summer of 2011 while working on several advanced electronics projects at Phoenix International, a John Deere Company, in the NDSU Research and Technology Park.

Erickson's experience was a pilot for what has become the Teachers in Industry Internship, which is sponsored by the GFMEDC, North Dakota State University and the South East Education Cooperative. In the summer of 2012, four more teachers will complete internships at Fargo Moorhead companies.

The internship began with a meeting between Lisa Gulland-Nelson, GFMEDC communication coordinator, and Tabatha Joyce, former STEM Center principal. Joyce suggested the idea and Gulland-Nelson worked with NDSU and Phoenix to get the pilot off the ground. The group selected Erickson for the pilot; Bradley Bowen, NDSU assistant professor of education, developed the curriculum and was her advisor, and Scott Torgerson, senior program manager at Phoenix, was her day-to-day supervisor.

"The goal is to allow teachers to gain a better understanding of how EDP is used in a real-world design and project-based technological environment," Bowen said. "When they're done, they will have the knowledge, curriculum materials and a lesson plan that will allow them to implement authentic, trans-disciplinary and project-based STEM activities in their classrooms."

The curriculum combines the Reasoned Action Model (RAM) for teacher education with the steps and concepts of EDP – define a problem, research it, brainstorm possible solutions, choose the best, test it, communicate it and redesign as necessary.

"In the next 10, 15, 20 years there's going to be a shortage of people who know how to do math and science and can help us keep creating innovative products. This as an opportunity for Phoenix to educate teachers on what really goes on in industry and how we create products. Holly's done a really nice job of taking that back and applying it with her students," Torgerson said.

"The experience helped me realize that I want math students who can solve problems in many ways, and that having a thorough student is better than having one who can always give the correct answers," Erickson said. "Now I have tools to help them get to that point."

Summer 2012 internships will be at Phoenix, Microsoft, Sanford Health and Bobcat. Teachers will earn a \$2,000 stipend and three continuing education credits.



CAREER EXPO

Seventy-five Fargo Moorhead companies gave more than 2,000 high school freshmen a feel for professions ranging from health care to the skilled trades during the 9th annual Health Tech & Trades Career Expo at the FargoDome on Dec. 8, 2011. The GFMEDC has been sponsoring the event since 2006.



Innovative Recruiting for Manufacturing

Manufacturing Workforce Council Implementing Short- and Long-Term Strategies

For the first time in its history, the GFMEDC has assembled a group to address the workforce needs of a specific industry sector.

The Manufacturing Workforce Council, created in March 2011, is working on strategies to build the pipeline for area manufacturers, both to help meet their immediate needs and to create a pool of talent for the future. Led by Sharon Miller of Dynamic Business Cultures in Fargo, the Council includes representatives of several Fargo Moorhead manufacturers, K-12 and higher education, Job Service North Dakota and the Dakota Manufacturing Extension Partnership.

➤ **It's a unique opportunity for our organization to be part of a group that brings together business, education and community leaders so we can share ideas and drive the initiative. Even though some of us are competing for the same workers, everyone involved tries to check their company-specific egos at the door and work together to get more people interested in manufacturing jobs.** ◀

Matt Hanson, HR Representative
Caterpillar Reman Drivetrain

Based on feedback from manufacturers in the region, there are several hundred jobs available for people in the skilled trades right now. And, with an aging workforce, the industry's long-term needs are even greater.

"When you are faced head on with a talent shortage, you're not going to solve it overnight," Miller said. "We're implementing approaches to reach people who are already in their careers and are looking for a change and young people who need to understand this is a viable and exciting career option."

In its first three projects, the Council is reaching out to people who influence kids and their decisions, to young adults and to early- and mid-career employees.

In February 2012, Council members traveled to Bismarck to address the North Dakota Counseling Association. The Council also is partnering with North Dakota State University Distance and Continuing Education to host an interactive experience in the summer of 2012 for young adults, ages 18 and above, who are in transition and not sure what school or work options to pursue. It will include speakers from industry, tours of local manufacturing facilities and hands-on opportunities. In the fall of 2012, the group is planning a job fair that will target people who are looking for a career change.

Miller notes that, with just two years of post-secondary education, people can enter a manufacturing career with a starting salary as high as \$50,000. "The kinds of people that these companies are looking for are really at the core of the manufacturing process, so this is a tremendous opportunity," she said. "The money is there, jobs are available right now and will be into the foreseeable future, and prospects for individual advancement are excellent. We're working to make sure people understand that."

PRIMARY-SECTOR EMPLOYMENT

Industry	Number of Companies	Full Time 2010	Full Time 2011	+/-	Projected 2012	Percent Change
Back Office	16	3,145	2,942	-203	442	-6%
Corporate Headquarters	9	1,571	1,606	+35	82	+2%
Distribution	10	776	825	+49	24	+6%
Information Technologies	24	2,138	2,173	+35	131	+2%
Life Sciences	7	397	358	-39	51	-10%
Manufacturing	62	5,691	6,392	+701	386	+12%
Physical Sciences	4	139	120	-19	6	-14%
Value-Added Agriculture	12	1,036	1,041	+5	26	0%
TOTAL	144	14,893	15,457	564	1,148	4%

83% Reporting

Black Friday Career Fair Brings Engineers Back Home

The best deals for NDSU engineering alumni on Black Friday 2011 were jobs to be had at local firms. Five companies with a strong need for engineers, especially electrical engineers, participated in the 1st Annual Black Friday Career Fair along with Job Service North Dakota and Spherion Staffing Services. The GFMEDC and the NDSU Career Center sponsored the event, which drew 34 job seekers who were home for the holidays or who live in the area but were seeking a career change.



➤ **The Black Friday Career Fair exceeded our expectations. We had a constant flow of candidates to visit with who were interested in moving back to the area and being part of the Bobcat team. The majority were experienced engineers who will make a good fit for some of our current or future openings.** ◀

Tina Amerman
Human Resources Manager, Bobcat



Branding Effort Stakes Claim to “Smart Community” Position

Greater Fargo Moorhead is a Smart Move.

That’s the encompassing message of Smart Move>Fargo Moorhead, a marketing theme that ties together all our messaging and positions our community as smart, regardless of the audience.

Ground-breaking and globally competitive companies, innovative entrepreneurs, tight-knit families, renowned researchers, bright students of all ages and one of the most dependable workforces on the planet together all equal a Greater Fargo Moorhead that is just plain smart. We know it, and now we’re going let our target markets know it, too, in the most literal and direct terms. In the process, Smart Move>Fargo Moorhead will give the GFMEDC and our partners a stronger position for consistently and effectively selling Greater Fargo Moorhead and its benefits for people and companies.

The GFMEDC incrementally introduced Smart Move elements and messaging in 2011. For example, we made a significant effort for the Bio International Convention in Washington, D.C. in June 2011. For that show, we created a Smart Move Biopharma section to our website. The microsite wrapped the Smart Move look, feel and messaging around the benefits of Greater Fargo Moorhead for biopharma entrepreneurs and companies. In addition, we created an online ad for MedCity News, the show’s

primary online publication, Smart Move handouts, nametags and iPad covers. All the materials were designed to drive traffic to the microsite and did so effectively.

As we begin more concerted efforts directed toward specific audiences, campaign elements will include everything from regularly updated content on our new website to direct marketing for workers in targeted industries to regular e-based communications to thought leaders around the country. There also will be Smart Briefings for investors, Smart Alerts for thought leaders in targeted sectors and so on.

Over time, our target market members – internal and external – will connect Smart Move to Greater Fargo Moorhead, which will position our extended community as a smart place, no matter what you want to accomplish.

Greater Fargo Moorhead. Always a Smart Move.

Smart Move in Action

Two simple words tied it all together for these events and marketing initiatives:

- Bio International Convention – microsite, Smart Move handouts, name tags, iPad covers
- Life Science Alley – printed and e-based direct mail
- Big Iron – trade show banners featuring CareerFM.com
- Black Friday Career Fair – print ad, printed and e-based direct mail, signage, banners
- Updated Tri-College University Recruiting Brochure
- Updated Business in GFM Brochure

Ongoing Activities

Planning, research and development of a new website.



OUR INVESTORS MAKE IT POSSIBLE

Primary-sector, retail and service-oriented businesses in Greater Fargo Moorhead provide approximately 45 percent of our funding. We are able to fulfill our mission thanks to support from the following organizations.

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