

Shovel-ready status of \$525M expansion gave Polar an edge in CHIPS Act funding

■ BRIAN JOHNSON

Polar Semiconductor isn't wasting any time getting started with the \$525 million expansion of its manufacturing facility on Old Shakopee Road in Bloomington, a project that's advancing with help from a familiar construction partner and \$195 million in recently announced federal and state money.

In fact, crews are already working on the ambitious project and construction will play out over the next 18 to 24 months, Tim Maloney, Polar Semiconductor's senior director of supply chain, said in an interview Wednesday.

Maloney said the ability to move forward quickly gave the company an edge in competing for money from the federal CHIPS and Science Act, which was signed into law in August 2022. This week, the Biden administration announced up to \$120 million in CHIPS Act funding for the project.

Other projects seeking federal money involve new construction, which can take three to five years to complete, Maloney said, adding that "one of the big attractions from the Commerce Department was that we had the ability to double our output within a much shorter timeframe."

A U.S. Department of Commerce spokesperson said in an email to Finance & Commerce that the "principal objective" of the CHIPS Incentives Program is to advance "U.S. economic and national security."

"That is the primary lens through which we are looking at applications," the spokesperson added. "We've also laid out additional criteria we'll use to evaluate projects, including commercial viability, financial strength, project technical feasibility and readiness, workforce development, and broader impacts."

Polar says the project will double the company's U.S. production capacity of semiconductor "wafers," expand and modernize the facility with new automation and AI capabilities, and create more than 160 new jobs, including 60 construction jobs.

Semiconductors produced at the facility benefit end users in the automotive, aerospace and defense industries.

Most of the construction will take place within the existing footprint of Polar's facility at 2800 E. Old Shakopee Road, a fixture in Bloomington since 1969. That means "clean room expansion within the four walls," Maloney said.

Polar's project team includes Mortenson Construction and in-house designers. Mortenson worked with the company on previous projects, "so they really understand the unique requirements of building out a clean room," Maloney said. "And they have previous knowledge of our clean rooms."

Besides the CHIPS and Science Act money, other project funding sources include private investors and \$75 million from the Minnesota Forward Fund.



Construction is already underway on an expansion at Polar Semiconductor's manufacturing facility on Old Shakopee Road in Bloomington.

A new Minnesota Department of Employment and Economic Development program, the Minnesota Forward Fund invests \$400 million to provide matching funds for federal programs and attract new companies to Minnesota, according to a press release.

Polar said it also plans to claim a federal tax credit, which is expected to cover "up to 25% of qualified capital expenditures."

Bloomington Mayor Tim Busse said the Polar Semiconductor expansion is a big deal for the city and the United States as a whole.

"It's especially big because Polar is the first company in Minnesota to receive money through the CHIPS and Science Act," Busse said in an interview. "The semiconductor industry is a priority, both in Bloomington and of course in the United States, as evidenced by the CHIPS and Science Act."

"They're going to be building out their facility and buying some really expensive pieces of equipment"

From a construction standpoint, Polar and Mortenson have "committed" to using a Project Labor Agreement, according to a press release.

The U.S. Department of Labor defines a PLA as a "pre-hire collective bargaining" agreement negotiated between unions and contractors that establishes "terms and conditions of employment for construction projects."

"The construction professionals we represent are excited to get to work on building this project with Mortenson Construction," Dan McConnell, president of the MN Building and Construction Trades Council, said in an email. "Together, we will create the infrastructure needed to re-shore our country's manufacturing base. This will increase our national security, create domestic jobs, and create training opportunities for the next generation of workers."