

Chairman's Report



Dick Landwehr

Without question, good economic news is getting harder to find. The news locally is mixed but better than most other metro areas. While our area's unemployment rate reached a record level of 5.4% at the end of 2008, it remained well below state and national rates of 6.8% and 7.1%. The good news is that employment data also reveals there were more people working in the Rochester area than the previous year. While the number of unemployed persons increased, so did the number of those who were employed. There was also good news relative to the construction industry; building permits for residential and commercial properties were up 2.5% from 2007.

Construction of the Minnesota BioBusiness Center remains on schedule for a ribbon cutting this spring. Leases are signed, and the list of businesses expressing interest in locating there continues to grow. In 2008, RAEDI facilitated approval of 11 SBA business loans representing over \$13 million of new investment. We also worked with the City of Rochester to facilitate the expansion of Bowman Tool. Despite deteriorating national and state economic conditions, business inquiries are on the rise with several firms considering the Rochester area in their expansion plans. Time will tell if this interest converts to actual projects. Combined, all of these projects have the potential to create more than 500 new jobs.

We remain committed to promoting the Rochester area as an emerging BioBusiness Center. To this end, the RAEDI team, led by Mayor Ardele Brede, attended the "World Bio 2008" conference in San Diego, California, and met with 14 businesses who expressed interest in learning more about the Rochester area as a place to live, work, and invest.

In spite of the current economic climate, we remain optimistic about our prospects for future economic growth! We would like to thank our private and community investors for their continued support as we aggressively pursue our mission of facilitating the continued growth and diversity of our local economy.

Dick Landwehr, 2008 RAEDI Chairman

Area 2008 Projects



Bowman Tool Plans to Expand

Bowman Tool purchased the former Kmart building located at 37th Street Northwest and plans to relocate their Rochester operations to this site by fall of 2009. RAEDI worked with Bowman, the City of Rochester, and the Minnesota Department of Employment and Economic Development to designate the facility as a JOBZ zone. Bowman currently employs 59 people and plans to double that as a result of this project.



New Charter Communications' Complex

Charter Communications started building a \$5 million complex on the northwest side of Rochester in the fall of 2008. The 31,000 square-foot facility will include a warehouse and garage for the company's truck fleet. About 200 of the company's 600 employees in Rochester will move into the complex upon its completion. The new site will serve about 350,000 subscribers in Minnesota and Nebraska.



New Minnesota Energy Resources' Building

Minnesota Energy built a 10,100 square foot state-of-the-art office and a 7,500 square foot warehouse on the northwest side of the city on Technology Drive in 2008. The cost of the project was about \$2.5 million. The new building combined the Rochester office, warehouse, and Kasson work center into one building resulting in improved efficiency and reduced operating costs.

Minnesota BioBusiness Center

The city has signed leases with Mayo and Kardia Health Systems, and the list of potential tenants continues to grow. Mayo's Office of Intellectual Property is the facility's anchor tenant. Kardia Health Systems Inc. signed a lease for half of one floor and took an option on the remaining half floor. The city is currently negotiating with one other medical device firm.

There is a little over 31,500 square feet available in the BioBusiness Center building to lease and another 7,500 square feet under the parking ramp. About 12,000 square feet of this is frontage on the first floor which is reserved for retail use.



504 Corporation Projects



Avalon Music, Rochester



AmericInn, Kasson



Cabin Coffee, St. Charles

RAEDI provides management services including operations, loan packaging, closings, and servicing for the 504 Corporation. Normally, the 504 loan program leverages a bank and an SBA 504 loan to finance up to 90 percent of project costs. With a smaller down payment and a low 20-year fixed interest rate, businesses are better able to expand their operations by utilizing cash for working capital.

In 2008, 11 SBA 504 loans totaling \$4.8 million were approved for area businesses. These projects represented total investments of almost \$13.2 million from the SBA, banks, and businesses. The 504 Corporation's year-end loan portfolio included 93 loans with an outstanding balance of \$32 million.

2008 RAEDI Board of Directors

Officers

Dick Landwehr, Mariah Group Inc. - Chairman
Gary Moore, Member-At-Large - Vice Chairman
Deb Sutherland, IBM Corporation - Secretary/Treasurer
Mark Utz, Wendland, Utz, Stahl & Mintz, Ltd. - Past Chairman

Board Members

John Benike, Alvin E. Benike, Inc.
Jim Bier, Olmsted County
Mayor Ardell Brede, City of Rochester, Ex-Officio
Melissa Brinkman, Custom Alarm/Custom Communications
Paul Bucher, Dunlap & Seeger, P.A.
Randy Chapman, Post-Bulletin Company
John Crowley, Charter Communications
Norm Doty, Express Employment Professionals
Mike Fogarty, C.O. Brown Agency, inc.
Bruce Gudlin, U.S. Bank
Dennis Hanson, City of Rochester
Gerald Henricks, City of Byron
Ed Hruska, City of Rochester
Karen Jochen, Qwest
Larry Koshire, Rochester Public Utilities
Dr. Stephen Lehmkuhle, U of M-Rochester
Scott Ordahl, Wells Fargo Bank Minnesota
Chuck Palmer, RSM McGladrey, Inc.
Dave Perkins, Olmsted County
Sue Reinke, Associated Bank
Bill Schimmel, City of Stewartville
Steve Sherwood, Southeast Minnesota Association of Realtors
Steve VanNurden, Mayo Clinic
John Wade, Rochester Area Chamber of Commerce
Greg Walters, Minnesota Energy Resources, Inc.

RAEDI Staff

Gary Smith, President
Tonya Bernard, Administrative Assistant
Molly Schmidt, Marketing/Communications Specialist
Dwayne Lee, Director of Business Development
Jim Snackenber, Senior Business Development Officer
Laura Hart, Loan Services Specialist

RAEDI
220 South Broadway, Suite 100
Rochester, Minnesota 55904
(507) 288-0208 • Fax (507) 282-8960

RAEDI 2008 Investors

A.B. Systems, Inc.
Alvin E. Benike, Inc.
Associated Bank
Bouquet Companies
Byron, City of
C.O. Brown Agency, inc.
Charter Communications
Custom Alarm/Custom Communications, Inc.
Davies Printing
Dunlap & Seeger, P.A.
Eastwood Bank
Edina Realty Home Services
Elcor Realty
Express Employment Professionals
First Security Bank - Byron
Fox Hill, LLC
G & L Insurance Group
General Growth Properties, Inc.
Hamilton Real Estate
Haworth & Company, Ltd.
Heartman Insurance
HGA
Home Federal Savings Bank
Johnson Printing Company
Kane & Johnson Architects, Inc.
Knutson Construction Services
Kruse Lumber
KTTC-TV
Mariah Group Inc.
Mayo Clinic
McGhie & Betts
McGladrey & Pullen LLP
Merchants National Bank
Minnesota Energy Resources, Inc.
Olmsted County
Olmsted Medical Center
Olmsted National Bank
People's Cooperative Services
Post-Bulletin Company
Premier Bank
Qwest
Realty Growth Inc.
Ready Mix Concrete Company, LLC
RE/MAX of Rochester
Rochester Area Chamber of Commerce
Rochester, City of
Rochester Public Utilities
Rochester Area Builders, Inc.
Rochester Sand & Gravel - Division of Mathy Construction
Root River State Bank - Chatfield
Schmidt-Goodman Office Products, Inc.
Smith, Schafer & Associates
Sunstone Hotel Properties
Southeast Minnesota Association of Realtors
Stewartville, City of
Titan Development
U.S. Bank
Weis Builders
Wells Fargo Bank Minnesota
Wendland, Utz, Stahl & Mintz, Ltd.
Yaggy Colby Associates

2008 Annual Report



**Minnesota BioBusiness Center
Rochester, Minnesota**

RAEDI

Rochester Area Economic Development, Inc.

www.raedi.com