

## 2012 RAEDI Board of Directors

### Officers

Melissa Brinkman, Custom Alarm/Custom Communications -  
Chair  
Dave Oeth, McGladrey, Vice Chair  
Elaine Garry, People's Energy Cooperative, Secretary/Treasurer  
Norm Doty, Express Employment Professionals - Past Chair

### Board Members

John Benike, Alvin E. Benike, Inc.  
Jim Bier, Olmsted County  
Mark Bilderback, City of Rochester  
Mary Blair-Hoeft, City of Byron  
Mayor Ardeell Brede, City of Rochester, Ex-Officio  
Ken Brown, Olmsted County  
Paul Bucher, Dunlap & Seeger, P.A.  
Randy Chapman, Post-Bulletin Company  
Lisa Clarke, Mayo Clinic  
Karen Doll, Pine Island Economic Development Authority  
Doug Eaton, CenturyLink  
Bruce Gudlin, U.S. Bank  
Mark Hayford, C.O. Brown Agency  
Jenny Hosfeld, Think Bank  
Ed Hruska, City of Rochester  
Larry Koshire, Rochester Public Utilities  
Chancellor Stephen Lehmkuhle, U of M-Rochester  
Melissa Morris, Charter Communications  
Jim Oeltjenbruns, Eastwood Bank  
Randy Quint, City of Rochester  
Bill Schimmel, City of Stewartville  
Steve Sherwood, Southeast Minnesota Association of Realtors  
Mark Utz, Wendland Utz, Ltd.  
John Wade, Rochester Area Chamber of Commerce  
Sue Reinke Walch, Minnwest Bank  
Greg Walters, Minnesota Energy Resources, Inc.  
Jerry Williams, Rochester Public Utilities  
Mike Zinser, Wells Fargo Bank

### RAEDI Staff

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

## 2012 RAEDI Investors

A.B. Systems, Inc.  
Alvin E. Benike, Inc.  
Associated Bank  
Bouquet Companies  
CenturyLink  
C.O. Brown Agency, Inc.  
Charter Communications  
City of Byron  
City of Pine Island  
City of Rochester  
City of Stewartville  
Custom Alarm/Custom Communications, Inc.  
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  
Haworth & Company, Ltd.  
Heartman Insurance  
HGA  
Home Federal Savings Bank  
Johnson Printing Company  
Kahler Hotels  
Kane & Johnson Architects, Inc.  
Knutson Construction Services  
Kruse Lumber  
KTTC Television, Inc.  
Mayo Clinic  
McGhie & Betts  
McGladrey LLC  
Merchants Bank  
Minnesota Energy Resources, Inc.  
Minnwest Bank  
North Central States Regional Council of Carpenters  
Olmsted County  
Olmsted Medical Center  
Olmsted National Bank  
People's Energy Cooperative  
Post-Bulletin Company  
Premier Bank  
Ready Mix Concrete Company, LLC  
RE/MAX of Rochester  
RSP Architects  
Rochester Area Builders, Inc.  
Rochester Area Chamber of Commerce  
Rochester Public Utilities  
Rochester Sand & Gravel - Division of Mathy Construction  
Root River State Bank - Chatfield  
Schmidt Goodman Office Products, Inc.  
Smith, Schafer & Associates  
Southeast Minnesota Association of Realtors  
Think Mutual Bank  
Titan Development  
U.S. Bank  
Weis Builders, Inc.  
Wells Fargo Bank  
Wendland Utz, Ltd.  
Yaggy Colby Associates



# 2012 Annual Report

### RAEDI Mission Statement

Retain, grow and diversify the Rochester area economy.

**RAEDI**  
Rochester Area Economic Development, Inc.



## Economic Development Fund

Voter approval to extend the Rochester sales tax in November 2012 provided \$10 million to establish economic development funds for the City of Rochester and area communities. Rochester's fund will be capitalized with \$5 million. The Rochester City Council and the RAEDI Board of Directors have since approved an agreement that authorizes RAEDI's administration of the fund. As part of this process, the board established an Investment Committee that has developed program guidelines and an application process. We expect to consider applications for funding within the first quarter of 2013. RAEDI was instrumental in lobbying the legislature for including the \$10 million in the bill authorizing the sales tax.

## Business Accelerator Center

RAEDI has partnered with Mayo Clinic and the City of Rochester to create a Business Accelerator Center within the Minnesota BioBusiness Center. Companies licensing Mayo technology will be given priority for space. Mayo Clinic, the city, and RAEDI all contributed funds to pay for the Center's buildout and operations. The facility will open March 1, 2013, with tenants occupying 5 of 6 offices and 4 of 6 workstations.



Six-person workstation in accelerator center.

## FedEx Ground



FedEx building in Schumann Industrial Park, Stewartville

In 2008, RAEDI was visited by a real estate consulting group who was representing a logistics company looking to locate a Regional Logistics Center. RAEDI prepared a list of area sites that met the company's location criteria. We then provided them a driving tour of each site selected for review. As the economy slipped into recession, this project was put on hold but resurfaced again late last year when the City of Stewartville was contacted and began the process of securing the location of FedEx Ground. The facility, now nearly completed, is located just west of Kwik Trip on the north end of town. FedEx expects to begin operations at the new site in the second quarter of 2013. The 60,000 square foot facility, over time, could employ as many as 60 people.

## RAEDI Board Task Groups Established in 2012 by RAEDI Board

The RAEDI Board of Directors established three task groups during 2012. The Business Retention Task Group was established to make routine calls on area businesses whose primary customers are located outside of the immediate area. These businesses are important because their success helps to determine how many dollars are actually available within the local economy. The task group calls on these businesses to thank them for their investments and to learn of any opportunities we might have to be of service to them. The Entrepreneurial Task Group was established to identify strategies and actions RAEDI can take to facilitate creation and sustaining of an entrepreneurial friendly "eco system." Establishment of the local economic development fund and the business accelerator are two outcomes directly related to the work of this group. Finally, the Growth Task Force formed a joint-planning committee with the Rochester Area Chamber of Commerce to strategize and plan for our organizations' long-term collective role with regard to economic development.



## Zip Rail

RAEDI retained the highly-regarded firm of R.L. Banks & Associates, Inc. to quantify the local, regional, and state-wide economic impact of Zip Rail, a high-speed passenger rail project linking the economic centers of Rochester and the Twin Cities metropolitan area. The analysis suggests that the economic benefits of Zip Rail could easily exceed both the initial capital cost and the long-term operating cost of the project. Zip Rail has the potential to produce over \$27.5 billion of statewide economic benefits as well as 8,000 new jobs statewide. Based on these potential economic benefits, the study concluded that further study of the Zip Rail's feasibility makes sense.

## SBA Loan Origination

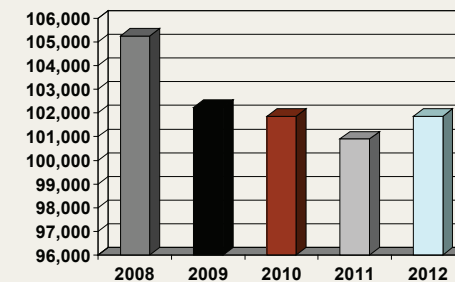
During 2012, RAEDI, through the SBA 504 program, funded 18 loans for a total investment of \$31.5 million. The servicing portfolio today has a total of 112 loans with an outstanding balance of about \$46 million. RAEDI anticipates 2012 activity not only to result in new business investment but additional tax base and approximately 109 new jobs.



Assisted Sontes with SBA building financing.

## Economic Trends For Last 5 Years

Total Employment for Rochester MSA 2008-2012

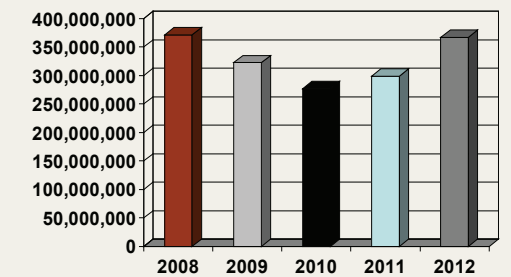


Total Employment Last 5 Years

2012	101,862
2011	100,990
2010	101,855
2009	102,236
2008	105,241

December year-end figures

Home Sales 2008-2012



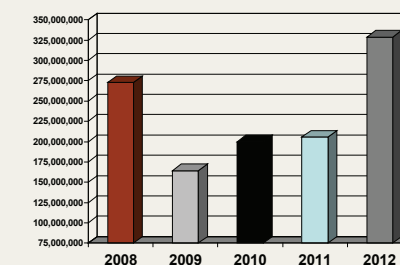
Homes Sales Last 5 Years

	Total Sales	Average Sold Price	Units Sold
2012	\$366,902,970	\$175,191	2,042
2011	\$298,836,293	\$174,859	1,651
2010	\$277,021,212	\$171,074	1,569
2009	\$322,220,148	\$171,688	1,831
2008	\$370,901,716	\$187,369	1,935

Commercial & Residential Last 5 Years

2012	\$329,039,136
2011	\$205,584,912
2010	\$199,855,733
2009	\$163,969,709
2008	\$272,812,191

Commercial & Residential Permits 2008-2012



Unemployment Rates Last 5 Years

### Rochester

2012	4.5%
2011	4.8%
2010	5.8%
2009	6.4%
2008	5.4%

Rochester Unemployment Rate 2008-2012

