

2013 RAEDI Board of Directors, Investors & Staff

Officers

Dave Oeth
McGladrey
Chair

Elaine Garry
People's Energy Cooperative
Vice Chair

Mark Hayford
C.O. Brown Agency
Secretary/Treasurer

Melissa Brinkman
Custom Alarm/Custom Communications
Past Chair

Board Members

Dan Beck
Think Bank

Adam Benike
Alvin E. Benike, Inc.

Jim Bier
Olmsted County

Mark Bilderback
City of Rochester

Mary Blair-Hoeft
City of Byron

Mayor Ardell 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 EDA

Norm Doty
Express Employment Professionals

Doug Eaton
CenturyLink

Bruce Gudlin
U.S. Bank

Ed Hruska
City of Rochester

Larry Koshire
Rochester Public Utilities

Melissa Morris
Charter Communications

Jim Oeltjenbruns
Eastwood Bank

Randy Quint
IBM

Jim Rogers
Mayo Clinic

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

Joel Young
City of Chatfield

RAEDI Investors

A.B. Systems, Inc.
Alvin E. Benike, Inc.
Bouquet Companies
CenturyLink
C.O. Brown Agency, Inc.
Charter Communications
City Centre, LLC
City of Byron
City of Chatfield
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
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
Kraus Anderson Construction Company
Kruse Lumber
KTTC Television, Inc.
Mayo Clinic
McGhie Betts -
A Division of WSB & Associates, Inc.
McGladrey
Merchants Bank
Minnesota Energy Resources, Inc.
Minnwest Bank
Olmsted County
Olmsted Medical Center
Olmsted National Bank
People's Energy Cooperative

Post-Bulletin Company
Premier Bank
Ready Mix Concrete Company, LLC
RE/MAX Results
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
Sterling State Bank
Think Mutual Bank
Titan Development & Investments
U.S. Bank
Weis Builders, Inc.
Wells Fargo Bank
Wendland Utz, Ltd.
Yaggy Colby Associates

RAEDI Staff

Gary Smith
President

Xavier Frigola
Accelerator Coordinator

Dwayne Lee
Director of Business Development
(504 Corporation-Rochester)

Molly Schmidt
Marketing Specialist

Tonya Bernard
Administrative Assistant

Laura Hart
Loan Services Specialist
(504 Corporation-Rochester)

Mary Oudekerk
Senior Business Development Officer
(504 Corporation-Mankato)

2013 RAEDI Annual Report

“Retain, grow and diversify the Rochester area economy”



RAEDI
Rochester Area Economic Development, Inc.

2013 Economic Development Fund Projects

RAEDI began taking applications in 2013 for our Economic Development Fund (EDF) created as a result of Rochester voters reauthorization of the local sales tax. Five projects have been approved so far.

Status of Economic Development Fund Balance January - December

		Funded to Date
Total Economic Development Funds	\$5,000,000	
City Approved Grants:		
Construction of Mayo Business Accelerator	\$ 100,000	\$100,000
Accelerator Coordinator Position	\$ 165,000	\$ 82,500
Approved Business Loans:		
Xcede Technologies	\$ 145,000	
Imanis Life Sciences	\$ 50,000	
Envirolastech	\$ 250,000	
Total Fund Obligations	\$ 710,000	
Total Funds Available	\$4,290,000	
Total Current Fund Balance	\$4,817,500	

Rochester Home Infusion



RHI's state-of-the-art clean room

In September 2013, Rochester Home Infusion (RHI) became a new tenant of the Minnesota BioBusiness Center. They have since completed their build-out and have begun serving patients in southern Minnesota. RHI provides specialized intravenous medications in the comfort of a patient's home. RHI coordinates patient care with medical professionals and health insurance to ensure a seamless transition to everyday life.

Xcede Technologies

Xcede Technologies was formed in January 2013 to develop a high-strength, fast-acting combination hemostat/sealant device with a broad surgical indication. Local inventor, Daniel Ericson, PhD, developed this device as a solution to complications caused by bleeding. RAEDI made a commitment in 2013 to invest \$145,000 of EDF funds in Xcede.

Imanis Life Sciences

Imanis Life Sciences was formed to develop non-invasive in vivo imaging and biosensor technologies that are critical to biomedical research, the development of pharmaceuticals, and ultimately to clinical practice. Imanis hopes to revolutionize the in vivo imaging industry with Non Invasive Solutions (NIS) reporter genes, which are state-of-the-art imaging solutions for scientists conducting pre-clinical trials. RAEDI approved a \$50,000 EDF loan to Imanis Life Sciences in 2013 to support the construction of their office/lab facility in the Minnesota BioBusiness Center.

Envirolastech

Envirolastech is a development-stage company planning to create a fully-integrated waste reprocessing company in the Rochester area. The company will use its proprietary technology to yield commercial-grade construction products. They will leverage their technology to convert land-fill and recycled waste to manufactured extruded thermoplastic material. RAEDI has approved a \$250,000 EDF loan to support Envirolastech's construction of a facility within the City of Rochester.



Paul Schmitt,
Co-Founder & CEO

Economic Growth in the Rochester Area in 2013

Charter Communications Adds Jobs & Expands



Photo courtesy of
Charter Communications

During 2013, Charter Communications announced they would add 140 jobs to its business-to-business division in Rochester. Charter employs more than 1,200 people throughout Minnesota. The additional jobs will add to the 800 Charter employees already based in Rochester. The company has invested more than \$25.1 million in their infrastructure since 2008 throughout Minnesota. Charter has leased 40,000 square-feet of space located on the IBM campus in northwest Rochester to provide the space needed for this expansion.

Rochester Medical Acquired by C.R. Bard, Inc. Expands

In November 2013, Rochester Medical Corp., Stewartville's largest employer and catheter maker, was acquired by medical device maker C.R. Bard, Inc. of New Jersey. The merger represents a great opportunity for the combined companies to create a broad product portfolio by offering a more-comprehensive range of high-quality urological and continence care products to its customers. Their new 54,000 square-foot production facility, on the main campus in Stewartville, will open in 2014.



Photo courtesy of
C.R. Bard, Inc.

Olmsted Medical Center Expansion Projects

In 2013, Olmsted Medical Center (OMC) began construction of a \$28 million, 80,000 square-foot Women's Health Pavilion addition to OMC's hospital in southeast Rochester. It is projected to open in late 2014 and will include an updated and renovated BirthCenter and will also offer services including endocrinology, preventive care and wellness coaching, diagnostic radiology, psychiatry, nutrition services and physical rehabilitation.

OMC also opened brand-new branch clinic facilities in Spring Valley in January 2014, and in Cannon Falls in August 2013. Additionally, OMC added a \$3.3 million, 15,000 square-foot Sports Medicine and Athletic Performance facility on land immediately west of its Rochester Northwest Clinic. OMC's investment in the sports medicine facility is a result of positive financial performance, the economic strength and continued growth of Rochester, as well as increasing community interest in these services.



Women's Health Pavilion rendering

EZ Fabrication Expands in Chatfield



Photo courtesy of the
Post Bulletin/Jerry Olson

EZ Fabricating of Chatfield is expanding into a new location and plans to add 17 new jobs with the help from the City of Chatfield and the Minnesota Investment Fund. The company makes everything from finished chrome furniture parts to industrial railings. They also offer laser cutting, welding, machining and powder coating.

EZ will combine various locations in Chatfield to one location after purchasing a building from Tuohy Furniture's St. Albans Place which includes 7.7 acres. Additionally, they plan to include a 19,000 square-foot expansion so everything can be under one roof.

SBA 504 Project

During 2013, RAEDI, through the SBA 504 program, funded 9 loans for a total investment of \$15.7 million. The servicing portfolio today has a total of 109 loans with an outstanding balance of about \$44 million. RAEDI anticipates this activity not only to result in new business investment but additional tax base and approximately 59 new jobs.



Watson Recycling receives
504 loan in 2013

Accelerator Tenants in 2013



Conference room at Accelerator

Sandlerling Ventures - founded in 1979, Sanderling is among the oldest investment firms dedicated to building new biomedical companies.

Social+Capital Partnership - venture capital firm specializing in growth investments. It targets investing in health-care, education, financial services, mobile, and technology with a focus on internet technologies.

Versant Ventures - a venture capital firm specializing in investments in game-changing medical devices, biopharmaceuticals and other life science opportunities.



Event at the Accelerator

VitalHealth Software Corporation - founded to develop cloud-based eHealth solutions with emphasis on solutions for people with chronic diseases such as diabetes, chronic obstructive pulmonary disease, depression, cancer and Alzheimer's.

Walker Reading Technologies - focuses on real-time software tools that readers can use anywhere to improve their reading performance.

Zumbro Discovery - developing a treatment for resistant hypertension, a growing problem worldwide that contributes to heart failure, myocardial infarction, and stroke and kidney failure. Mayo physicians John Burnett Jr., M.D. and Horng Chen, M.D. are co-founders of Zumbro Discovery.

Mayo Clinic Treasury Services - manages Mayo Clinic's financial and other non-operating assets. Provides service to Mayo Clinic and its operating affiliates in the areas of cash management, investments and risk financing and works closely with several venture capital partners to help support entrepreneurship and Mayo start-up companies at the Mayo Clinic Business Accelerator.

Mayo Clinic Ventures - responsible for commercializing Mayo's intellectual property. Receives approximately one invention disclosure each day and has active technology files and licensing agreements with commercial industries in the fields of biomedical engineering, imaging, personalized medicine, medical devices, investigational new drugs, diagnostics, therapeutics and focused efforts in technology-based ventures and start-ups.

MedidaMetrics - a healthcare-performance solutions company that provides the next generation of financial performance solutions for the healthcare industry. The Exact Cost software system gives customers the ability to know real costs of doing business by extracting information from data systems in a low-cost and easy-to-implement way.

Resoundant - a medical technology company dedicated to commercializing magnetic resonance elastography (MRI) and making it available to patients and the world.

Plans to Diversify Area Economy Evolve

RAEDI, among others, participated in local, regional and state public forums during 2013 to promote passage of DMC. Its successful implementation, over the next 20 years, is expected to result in \$6 billion of new investment and thousands of new jobs. We are excited about DMC and the growth opportunity it represents but also believe the region must devote considerable time, effort and resources to ensure the Rochester area economy becomes more diverse. Partnering to this end, RAEDI and the Rochester Area Chamber of Commerce engaged Atlanta-based Market Street Services to facilitate preparation of a plan. This effort, soon to be known as "The Journey to Growth," will be completed and rolled out in 2014.

In the end, this plan will be complementary to DMC, the City of Rochester and Olmsted County's Comprehensive Plan, and any number of local and regional planning efforts that will launch in the coming months and years.



Downtown Rochester

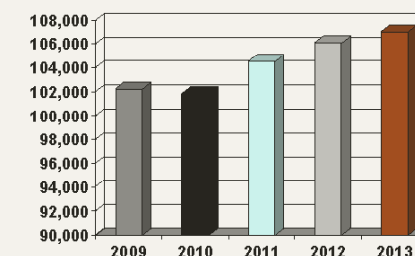
Economic Trends For Past 5 Years

Total Employment

2013	107,035
2012	106,103
2011	104,549
2010	101,855
2009	102,236

December year-end figures

Total Employment for Rochester MSA 2009-2013

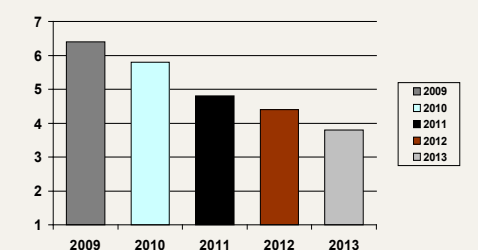


Unemployment Rates

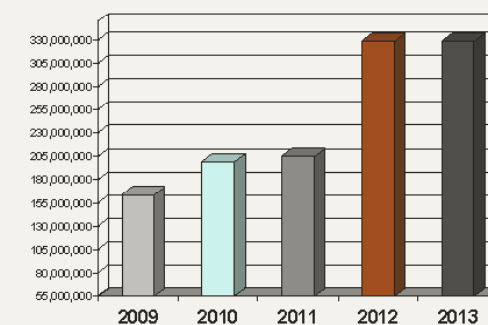
Rochester MSA

2013	3.8%
2012	4.4%
2011	4.8%
2010	5.8%
2009	6.4%

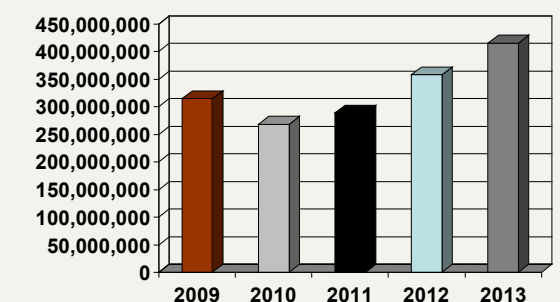
Rochester Unemployment Rate 2009-2013



Commercial & Residential Permits 2009-2013



Home Sales 2009-2013



Homes Sales Past 5 Years

Commercial & Residential Permits

2013	\$329,111,548
2012	\$329,039,136
2011	\$205,584,912
2010	\$199,855,733
2009	\$163,968,709

	Total Sales	Average Sold Price	Units Sold
2013	\$415,276,440	\$187,061	2,220
2012	\$357,740,200	\$175,191	2,042
2011	\$288,693,713	\$174,859	1,651
2010	\$268,416,212	\$171,074	1,569
2009	\$314,361,084	\$171,688	1,831

Thanks to our Mayo Clinic Business Accelerator Sponsors



Mayo Clinic Business Accelerator Opens Doors in 2013



Ribbon cutting & grand opening March 1, 2013

In March 2013, the Mayo Clinic Business Accelerator opened its doors with nine tenants including promising local start-ups. The Accelerator is a partnership between RAEDI, the City of Rochester, and Mayo Clinic. The 2,200 square-foot space is located on the second floor of the Minnesota BioBusiness Center. RAEDI is handling the management and leasing of the space.

After one year, the Accelerator has 21 tenants which include biotechnology businesses, medical device makers, software start-ups, venture capitalists and healthcare consultants.

During the summer months, three MBA students were housed in the accelerator and worked to further Rochester start-ups including Accelerator tenants.

Imanis Life Sciences, founded by Mayo Clinic researchers, is the first biotech start-up that will be “graduating” from the Accelerator in 2014. Imanis’ new headquarters will be a separate 1,736 square-foot office space on the first floor of the Minnesota BioBusiness Center.

“We are not only extremely pleased with the number of businesses leasing space in the Accelerator, but we are equally happy with the quality of people, which is a mix of talented entrepreneurs, experienced business people and venture capital firms, says Gary Smith, president of RAEDI.

“Our goal is to bring together like-minded entrepreneurs, investors and advisers to share ideas, resources and expertise, and by doing so, we hope to build a unique ecosystem that supports the spirit of entrepreneurship in Rochester,” says Jim Rogers, chair of Mayo Clinic Ventures.

Accelerator Events



Event at the Accelerator

The Accelerator hosts events aimed at educating and promoting entrepreneurial activities in Rochester. These events were attended by over 400 local entrepreneurs and business professionals. In 2013, events included five venture series with venture capitalists and Accelerator tenants including Flagship Ventures, Social+Capital Partnership, Sanderling Ventures, and Icon Venture Partners as well as an investment series on “Introduction to Angel Investing.” During Global Entrepreneurship Week in November, events attracted over 100 people and included a presentation by Preventice, Inc. on “Local Mobile Tech and the FDA,” and demonstrations from Rochester and Minneapolis based biobusinesses.

Accelerator Coordinator



Xavier Frigola

In November 2013, RAEDI hired Xavier Frigola as the new Coordinator of Accelerator and Entrepreneur Programming. In addition to leading the day-to-day operations of the Accelerator, Xavier is organizing, coordinating and managing entrepreneurial events, building networks and education programs that effectively accelerate company growth and growing local infrastructure. He is also serving as a resource to the Accelerator’s existing tenants as well as recruiting additional tenants and developing a plan for building and sustaining the accelerator program long-term.

Accelerator Tenants in 2013



Reception area at Accelerator

Ambient Clinical Analytics - a software platform for analytics-based decision support tools for the intensive care unit, operating room and emergency department. Ambient’s business model is supported by software license fees, SaaS, Cloud and system integration revenue.

Audebl Sports - a sports technology company that has developed an electronic display tool, software and e-Health package for team-based sports.

Boston Scientific Corporation - a global medical technology leader that advances science for life by providing a broad range of high performance solutions that address unmet patient needs and reduces the cost of healthcare.



Workstation area at Accelerator

Brandix i3 - an IT and consulting company that offers software development services and Infor M3, HCM and process consulting to customers in the U.S. and across the world.

Clear Vision Consulting - provides resource services and consultation to the medical device, biologics and pharmaceutical industries. Expertise includes all aspects of project and product development, quality assurance and compliance as well as regulatory and clinical affairs.



Office space at Accelerator

Evidentia Health - a healthcare information technology company that delivers evidence-based knowledge to providers and patients. The company has licensed expertise and medical content from Mayo Clinic and the University of Minnesota and piloted its novel technology at these institutions in 2013.

Healthcare Operational and Performance Excellence (HOPE) - works with healthcare organizations to achieve and sustain excellence in quality improvement, performance excellence and process redesign to hospitals and healthcare systems.

Icon Venture Partners - an early-stage venture capital firm focused on high-growth enterprise technology companies primarily at the seed or series A stage of financing. The main area of interest is emerging technology markets, big data, cloud technologies, infrastructure software, mobile, SaaS, security and storage.

Imanis Life Sciences - a life sciences company with a vision to dramatically accelerate progress in the fields of regenerative medicine, cancer therapy and biomedical science by providing ready access to novel reporter gene imaging technologies that can be used to follow the fate of these treatments in the body.