

2021 *Virtual* ANNUAL MEETING

Thursday | March 18 | 2021 | 12 p.m. – 1 p.m.



RAEDI
Retain. Grow. Diversify.

A Look Back on 2020



Consider this a round of applause.



Thank you for the important work you are doing supporting and advancing innovation and entrepreneurship in our community. We appreciate your efforts and will continue to do our part as well.



Keynote Speaker



Clark C. Otley, M.D., is a consultant in the Department of Dermatology at Mayo Clinic in Rochester, Minnesota. He joined the staff of Mayo Clinic in 1996 and holds the academic rank of professor of dermatology, Mayo Clinic College of Medicine and Science.

After receiving his undergraduate degree from Williams College in religion, Dr. Otley completed medical school at Duke University School of Medicine, followed by an internship in internal medicine at Brigham & Women's Hospital, and a residency in dermatology at Harvard University, serving as chief resident. Upon finishing residency, Dr. Otley completed a fellowship in Mohs micrographic surgery and cutaneous oncology at Mayo Clinic.

Dr. Otley serves as the chief medical officer for Mayo Clinic Platform and is also the medical director for Department of Business Development, which advances Mayo Clinic's mission through proactive business partnerships, mergers and acquisitions, and the commercialization of Mayo Clinic technologies for the benefit of patients worldwide while generating revenue to support clinical practice, research, and education at Mayo Clinic.

Dr. Otley also serves as vice president of the Destination Medical Center Economic Development Agency, a 20-year economic development initiative to position Rochester, Minnesota, as the world's premier destination for health and wellness.

Dr. Otley has published widely in the areas of cutaneous oncology, particularly in organ transplant patients. He is the founding president of the International Transplant Skin Cancer Collaborative and has served as a director of the American Board of Dermatology. Dr. Otley received the Mayo Distinguished Clinician Award in 2015.

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Message from RAEDI Interim President John Wade

As I reflect on 2020, I am struck by how our region has persevered despite the many challenges we confronted, and many continue to face. Through it all, we have stood with you in our commitment to the well-being and vitality of the Rochester area economy. The response to COVID-19 from our leaders in the area communities and counties has been inspiring, and we are honored to have helped them in their efforts. We thank you for supporting our work through your investments and your volunteer roles on our board and committees, thereby strengthening these communities where we live and work.

Over the past 30+ years, RAEDI has built a solid economic base that has served us well during this time of uncertainty. As we move into the future, RAEDI is committed to supporting existing businesses, driving investment, and retaining and creating quality jobs while diversifying the economy.

This past year saw cooperation rise to confront the adversity we jointly faced. RAEDI partnered with Olmsted County to administer three rounds of grants totaling over \$6.7 million in support of local small businesses. The Mayo Clinic Business Accelerator welcomed Collider Coworking and its members as they outgrew their first location with the arrival of Google to Minnesota. RAEDI partnered with several other local organizations to create a front door for economic development for the Rochester area that will be truly welcoming to all members of our communities – stay tuned for an announcement soon. The Southeast Minnesota Capital Fund put in its last capital call and looked to the future with a second fund to build on the success of the first. In addition, the City of Rochester's Economic Development Fund invested strategically in both local startups and existing businesses helping to retain some of our largest employers in the area.

We're particularly excited to have started aiding businesses through our innovative "RAEDI, Set, Grow" development process, a one-stop model that brings together private and public partners including city, county, and statewide stakeholders to jumpstart expansion and retention of local businesses. RAEDI will continue to be a catalyst for economic growth and prosperity for the City of Rochester, Olmsted County, and the entire Rochester Metropolitan Statistical Area (MSA). RAEDI's 2021 goals are to strategically pursue job creation and business attraction, support a vibrant entrepreneurial ecosystem, and enhance and create collaboration between the public and private sectors - particularly with the creation of a new economic development center for the Rochester area.

We cannot do this work without the leadership of our cities and counties, all our partners, and our investors. Thank you for the opportunity to serve this great community.

RAEDI Team



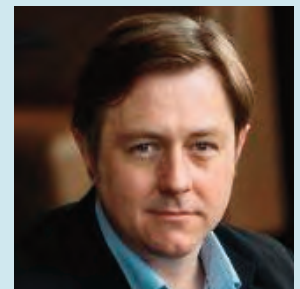
John Wade
Interim President



Tonya Bernard
Business Manager



Molly Schmidt
Marketing & Communications
Specialist



Sean Williams
Director of Entrepreneurial
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Annual Meeting Agenda

Thursday | March 18 | 2021 | 12 p.m. – 1 p.m.

- 12:00 p.m.** Welcome by John Beatty, RAEDI Chair
"A Look Back at 2020"
- 12:10 p.m.** Remarks by John Wade, RAEDI Interim President
"Moving Forward in 2021"
- 12:20 p.m.** Introduction of Keynote Speaker by John Wade
- 12:25 p.m.** Keynote Speaker, Clark C. Otley, M.D.
Chief Medical Officer, Mayo Clinic Platform
Medical Director, Department of Business Development
Keynote Address: *"Partnering for Growth"*
- 12:50 p.m.** Q & A
- 1:00 p.m.** Adjourn

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2020 COVID-19 Grant Programs

Olmsted County CARES Act Grant Programs

In August 2020, Olmsted County contracted with RAEDI to administer the Olmsted County Small Business Relief Grant Program funded by the CARES Act. This grant program was put in place by the federal government to assist businesses that were impacted by the COVID-19 pandemic. RAEDI administered two rounds of CARES Act grants totaling \$3.889 million (about 97% of the original \$4 million), which was awarded to 251 small businesses who had less than 50 employees.

Round 1

Awarded in
September
2020

308

applications
received

202

eligible businesses
awarded grants

80

(40% of awardees)
received full amount
of \$25,000

138

(68% of awardees)
employed six or fewer
full-time equivalents

87

(43% of awardees)
majority-owned by
women

40

(20% of awardees)
majority-owned by
racial or ethnic
minorities

10

(5% of awardees)
majority-owned
by veterans

Round 2

Awarded in
November
2020

116

applications
received

57

eligible businesses
awarded grants

36

(63% of awardees)
received full amount
of \$15,000

35

(61% of awardees)
employed six or fewer
FTEs

25

(44% of awardees)
majority-owned by
women

10

(18% of awardees)
majority-owned by
racial or ethnic
minorities

1

majority owned
by veterans



2021 COVID-19 Grant Programs

State of Minnesota County Relief Funding Program

In January 2021, Olmsted County contracted with RAEDI once again to administer the Olmsted County State of Minnesota Small Business Relief Grant Program for small businesses and certain nonprofits impacted by the governor's executive orders related to the COVID-19 pandemic. For this program, RAEDI administered \$2,891,847.75 in grants to small businesses and food/beverage-serving 501(c)(8) and 501(c)(19) non-profits.

A total of
169

small businesses met the eligibility criteria and were awarded grants. Of the businesses receiving awards:

74

restaurants, bars, or other places of public accommodation

67

classified as "other"

12

indoor event companies or entertainment venues

10

gyms, fitness centers, or other indoor or outdoor exercise facilities

4

were organized sports (adult and youth) businesses

2

outdoor events or entertainment venues (non-drive-in)

8

veteran owned (5%)

44

women-owned (26%)

51

minority-owned (30%)



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Economic Development Fund Activity in 2020

What is the Rochester Economic Development Fund (EDF)?

The EDF was created as a result of the City of Rochester's 2012 half-cent sales tax re-authorization, which raised \$5M to provide funds for business development that facilitated growth and diversification of the local economy. EDF investments of up to \$250,000 are intended to be made in projects resulting in business investment, creation/retention of living wage jobs, and generation of property tax revenue thus facilitating growth of the local economy.

During 2020, the EDF Committee and RAEDI Board of Directors recommended funding for four companies that were approved by the Rochester City Council:



Pace Dairy

Received a \$200,000 EDF investment in June 2020 for a 2021 expansion project to add a shredded cheese line at their Rochester plant. They currently employ 275 people and their \$7.5M expansion is expected to add 20 new full-time jobs.



Cytotheryx

A biomedical research company in Rochester, focused on the development of high-quality sources of primary human liver cells, received a \$200,000 EDF investment in the fall of 2020.



FlowSIGMA

A leading vendor of Intelligent Process Automation and Workflow Orchestration software solutions and professional services for medical imaging specialties received a \$100,000 EDF investment in March 2021.



Nanodropper

Developed a patented adapter that reduces eyedrop size which in turn reduces cost, increase access, and promotes eye health. They received a \$125,000 EDF investment in March 2021.

EDF Stats

4

new investments in the past year

13

COVID-19 emergency loans

40

total loans or investments since 2013 - in 33 companies

\$145M+

in funding raised by portfolio companies (61X EDF amount received)

\$3M+

dispersed since 2013

\$875,000

dispersed in the past year

138+

direct jobs created, 96 in Rochester

\$6.3M+

in yearly payroll paid by portfolio companies in Rochester - over \$65,000 in yearly salary per employee

58%

are women or minority led

53%

have product sales

71,000

square feet of space occupied by companies in Rochester

Businesses with EDF Funding Since Inception in 2013

Ambient Clinical Analytics
Craniovation
Cytotheryx
FlowSIGMA
Geneticure
Grey Street Systems
GoRout
HB Healthcare Safety

Hunhu Healthcare
Imanis Life Sciences
LAGen Laboratories
LiquidCool Solutions
KypHEZE
Marblehead Medical
Nanodropper
OmniTier

Pace Dairy
ReGen Theranostics
Smart LabHood Solutions
Sonex Health
Spark DJ
Xcede Technologies
Vyriad



Emergency EDF Funding

On March 16, 2020, the Rochester City Council approved using \$250,000 of the Economic Development Funds (EDF) funds for RAEDI to administer an emergency loan program due to COVID-19. It was created for small businesses with 25 employees or less and had a \$25,000 cap. The loans are a 3-year, low-interest (1%) loan with no interest or payments until the Governor's executive order has been cancelled. If the loan is paid back within 6 months, interest is waived. Two companies have already repaid their loans in full.

Recipients:

Chocolate Stam
Eastman Auto Repair
Exercisabilities
Express Car Wash
Fagan Studio

Great Harvest Bread Company
Hair Studio 52
Junge Flooring
Paxton Electric
Posh Facial Esthetics

Rochester Golf Carts
Rochester Trolley
Threshold Arts

Southeast Minnesota Capital Fund (SEMCF)

\$2M
fund

56
investors

200+
investments
considered

14
investments in 11
companies since
fund inception,
totaling \$1.38
million invested as
of the end of 2020

\$1.6M
current portfolio
investment value



The Southeast Minnesota Capital Fund is a regional angel investment fund created in 2017 by RAEDI that provides financial support to the growing number of startups in the region.

In 2020, SEMCF made two follow-on investments in companies already in our portfolio:

OMNIA FISHING

Omnia Fishing, Inc. is an ecommerce site which uses lake-specific information to tell you what type of tackle to use to catch different types of fish in your lake of interest.



Ambient Clinical Analytics provides decision support tools developed at Mayo Clinic for hospital intensive care units, operating rooms and emergency departments to reduce overall health care costs and improve patient outcomes.



Since its inception in 2017, SEMCF has invested in the following companies:

- **AbiliTech Medical**
Developed arm assist devices to help muscular dystrophy and stroke patients.
- **Ambient Clinical Analytics**
Provides decision support software for ICU's and ER's.
- **DyaMX**
Developed a device based on Mayo Clinic technology to treat Type 2 Diabetes.
- **Geneticure**
Tests to help hypertension patients find the right treatment based on their integrated physiology and genetics.
- **Marblehead Medical**
Developed improved balloon catheters to treat strokes.
- **Occulogica**
Developed technology to generate objective data based on eye-movement to diagnose and manage concussion and traumatic brain injuries.
- **Marani, Inc. (formerly Odonata, Inc.)**
Developed fetal heartrate monitoring garments to be worn by the expecting mother and remotely connected to their healthcare providers.
- **Omnia Fishing**
An e-commerce site which uses lake specific information to tell you what type of tackle to use to catch different types of fish in your lake of interest.
- **Sonex Health**
Developed a new, ultrasound-guided device to treat ligament injuries (carpal, cubital and tarsal tunnel repair) faster, safer and less expensive than current approaches for these injuries.
- **Subiomed**
Developed orthotic inserts to absorb energy at heel strike and return the power at toe-off to provide a more comfortable and powerful gait.
- **Vyriad**
Uses viruses to attack cancer cells but leaves untouched the healthy tissues surrounding the tumor.

Preliminary discussions about a potential second fund are underway.

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