

Letter from Ryan Nolander

On behalf of RAEDI, I would like to thank our RAEDI investors for their ongoing financial support. Their investment has allowed RAEDI staff to continue efforts to diversify and grow our economy by providing services for local and outside business opportunities.

Besides our traditional programming and economic development efforts, our team has been working with a consultant from Economic Development Services, Inc. on developing a comprehensive strategic plan with stakeholders from around the region. The goal is to develop a plan that will not only help guide RAEDI's work but will also include opportunities to work with our partners on pushing certain projects forward through collaboration. We are currently collecting information from our partners with the idea to move the process forward in the first half of 2020.

Business Accelerator

60 Companies served since 2013
18 Tenants
6 Companies graduated

Rochester Economic Development Fund (EDF)

\$2.3M Invested
\$129M Raised by companies
17 Companies assisted
134 Total jobs created
93 Rochester jobs created

SBA 504 Fixed-Asset Loan Program

7 Loans in 2019
131 Loans current portfolio
\$11.4M In land, building, equipment
\$51.3M Outstanding balance

SE MN Capital Fund

\$2M Funds
\$825K Invested to date
56 Investors
9 Companies received funding

On December 4, we are planning to host a Journey to Growth (J2G) event at the Stewartville Civic Center to celebrate and recognize the successes over the past five years of this regional economic initiative. Moving forward, there will be some organizational changes to J2G, but the programming developed during the past five years will continue with help from our regional partners including CEDA, the SE MN League of Municipalities, and the Diversity Council.

As most of you have heard, one of our former accelerator tenants and EDF and Angel Fund recipient, Vyriad, Inc., recently announced a strategic partnership with Regeneron Pharmaceuticals. This partnership will allow Vyriad to ramp up the development of its cancer-fighting vaccines, with plans to double its current team of 20 employees over the next few years. This is great news for Rochester! Look for more detailed information on this announcement within this newsletter.

As we near the end of 2019, and look forward to 2020, I want to say thanks again for your support of RAEDI. We are looking forward to the exciting things that lie ahead in the year to come and we can't wait to pursue those items side by side with supporters like you.

Have a great holiday season,



Ryan Nolander | President
 Rochester Area Economic Development, Inc.



R.A.V.E.

Recognizing Awarding Valuing Entrepreneurs

2019

The 6th annual R.A.V.E. Event (Recognizing Awarding Valuing Entrepreneurs) was held on Tuesday, October 22, 2019, at the Rochester Technology Campus (formerly IBM Campus) in Rochester. This year's event recognized three area entrepreneurial honorees, one lifetime achievement honoree, and a R.A.V.E. Warrior of the Year.

"We were excited to host a record number of attendees with our partners at the Rochester Technology Campus," says Ryan Noland, RAEDI President. "Clearly, the community is interested in showing their support for our entrepreneurs, and showcasing the options the campus has to offer is a bonus."

The 2019 R.A.V.E. honorees included three area businesses:

- George Coy, founder of Clean Plus, Inc., along with his son, Matthew Coy, President of Clean Plus in West Concord
- The Vogt Family, founders of Four Daughters Vineyard & Winery in Spring Valley
- Scott Snyder, Eric Snyder, and Thomas Olson, co-founders of Geneticure in Rochester

The three 2019 R.A.V.E. honorees were selected among new and emerging businesses within the area. In the last six years, R.A.V.E. has recognized 22 entrepreneurs throughout southeast Minnesota.

In addition to the R.A.V.E. honorees, a lifetime achievement award was presented to Leigh J. Johnson of Custom Alarm/Custom Communications, Inc. Finally, the 2019 R.A.V.E. Warrior of the Year went to Neela Mollgaard, Executive Director of Launch Minnesota. The warrior award recognizes an individual for contributing, advocating, promoting, and supporting area entrepreneurs. This individual also increases awareness of the value entrepreneurs play in building our local economy.

"The reality of transforming a dream into a thriving and growing business is very demanding work. We are grateful to our sponsors for allowing us to continue to offer this program free to entrepreneurs to showcase their successes," said Xavier Frigola, Director of Entrepreneurial Programming at RAEDI.

Visit www.raedi.com to view the 2019 honoree videos.



SAVE THE DATES:

Journey to Growth 5-Year Celebration

Wednesday, December 4, 2019

4:00 - 6:00 p.m. | Stewartville Civic Center

Mayo Clinic Business Accelerator Reception

Monday, December 16, 2019

4:30 - 6:00 p.m. | Accelerator in the Minnesota BioBusiness Center



Third Quarter 2019 Economic Report

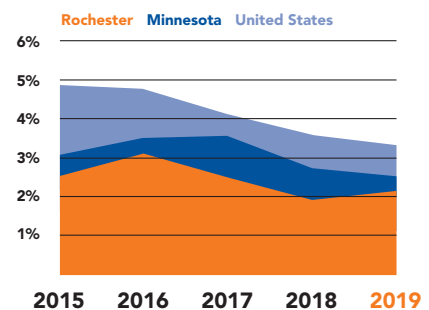
Rochester MSA Employment

Total Employment	2015	2016	2017	2018	2019
Nonfarm	118,447	119,758	121,575	123,490	123,962
Goods Producing					
Construction, Mining,					
Logging	4,798	4,776	5,011	5,133	5,243
Manufacturing	11,123	10,948	10,874	11,138	11,533
Service Providing					
Wholesale Trade	2,839	2,739	2,745	2,837	2,834
Retail Trade	12,366	12,312	12,051	12,038	12,821
Transportation/					
Warehousing	2,848	2,900	2,838	2,827	2,662
Information	2,002	1,886	1,901	1,635	1,588
Financial Activities	2,699	2,690	2,850	2,766	2,756
Professional/Business					
Services	5,953	6,061	6,020	6,153	6,301
Educational/Health	46,650	48,287	47,362	50,805	49,915
Leisure/Hospitality	11,021	10,689	11,213	11,561	11,586
Other Services	3,765	4,044	3,864	3,794	3,775
Government	12,383	12,426	12,896	12,803	12,948

Source: Minnesota Department of Employment & Economic Development

Unemployment Rates

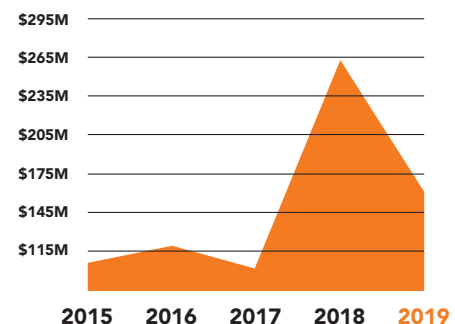
3rd Quarter	Rochester MSA	Minnesota	United States
2019	2.1%	2.5%	3.3%
2018	1.9%	2.3%	3.6%
2017	2.5%	2.8%	4.1%
2016	3.1%	3.6%	4.8%
2015	2.6%	3.1%	4.9%



Source: Minnesota Department of Employment & Economic Development

Rochester Commercial & Residential Building Permits

3rd Quarter	Valuation	Total Permits
2019	\$156,787,780	633
2018	\$263,946,865	663
2017	\$106,590,704	514
2016	\$117,122,931	680
2015	\$110,289,534	691

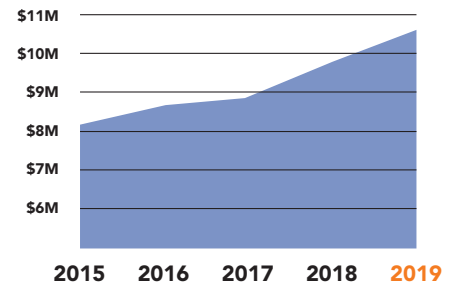


Source: Building Safety - City of Rochester

Rochester Hotel/Motel Sales Tax

Aug 2018 - July 2019	\$10,601,458.44
Aug 2017 - July 2018	\$9,959,271.05
Aug 2016 - July 2017	\$8,942,513.70
Aug 2015 - July 2016	\$8,636,874.78
Aug 2014 - July 2015	\$8,161,521.75

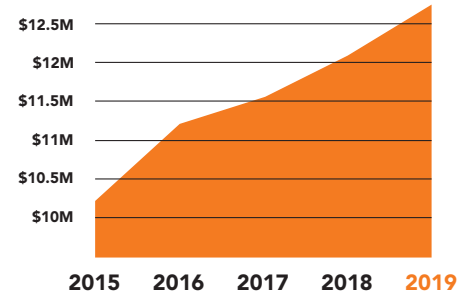
Source: City of Rochester Finance Department



Rochester Net Sales Tax

Aug 2018 - July 2019	\$12,691,876.75
Aug 2017 - July 2018	\$12,052,291.83
Aug 2016 - July 2017	\$11,596,105.06
Aug 2015 - July 2016	\$11,543,462.74
Aug 2014 - July 2015	\$11,289,035.70

Source: City of Rochester Finance Department

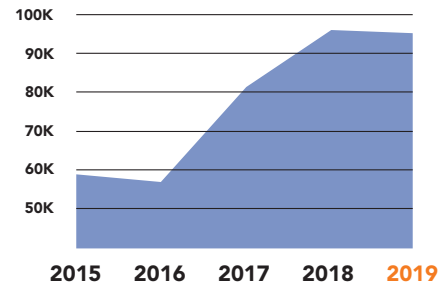


Rochester International Airport

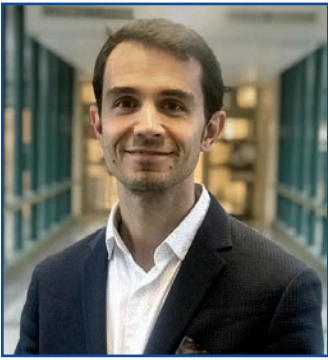
3rd Quarter	Passenger Totals
2019	95,784
2018	96,792
2017	82,836
2016	58,836
2015	59,939

Passenger totals have shown a significant increase in the last three years due to the addition of more flights offered and the Fly Local Campaign.

Source: Rochester International Airport



Frigola to Serve on Launch Minnesota's Advisory Board



Xavier Frigola, Director of Entrepreneurial Programming at RAEDI

Congratulations to Xavier Frigola, Director of Entrepreneurial Programming at RAEDI, who was selected as one of 10 individuals to serve on the advisory board for Launch Minnesota, a new statewide collaboration to support technology startups.

Launch Minnesota will provide financial incentives, training, and grants to people starting scalable innovative businesses in sectors

such as aerospace, agricultural processing, nanotechnology, and medical devices. The program provides special consideration for startups in Greater Minnesota as well as businesses started by women, veterans, and people of color. The program has an annual budget of \$2.5 million.

A key goal of Launch Minnesota is to make the risks related to starting a high technology company a little more manageable for entrepreneurs through:

- Grants to assist in attracting federal research and development funding
- Business operation grants to help entrepreneurs with capital constraints
- Child care and housing assistance
- Training in areas focused on scalable innovative businesses
- An Angel Tax Credit that incentivizes venture investment in early stage startups

The Launch Minnesota Advisory Board will help deploy these incentives to startups, ecosystem leaders, and investors across the state.



Manufacturers Open their Doors to Student Tours During Manufacturing Week

During the first week in October, RAEDI partnered with nine state and regional organizations for the second year in a row to connect area schools with southeast Minnesota manufacturers. There were 29 manufacturers who opened their doors and provided guided tours to over 500 students from 16 schools in southeast Minnesota.

Students toured facilities in Albert Lea, Blooming Prairie, Owatonna, Chatfield, Dodge Center, Fountain, La Crescent, Lake City, Pine Island, Red Wing, Rochester, Stewartville, and Winona. By participating, manufacturers not only opened their doors and showed opportunities to our local students in the manufacturing industry, but they helped their own long-term retention and pipeline development.

Southeast Minnesota manufacturing facts:

- 38,492 people are employed in manufacturing in southeast Minnesota
- 674 manufacturers in southeast Minnesota
- \$2.28 billion in total annual wages in southeast Minnesota
- \$59,238 average wage in southeast Minnesota
- 18% of southeast Minnesota employers are manufacturers

Additionally, the average manufacturing job supports another 3.24 jobs in other segments of Minnesota's economy. That's another 721,000 jobs. Combined, manufacturing supports 1,043,000 jobs of total employment in the state.

RAEDI Co-Sponsors Manufacturing Workshop

RAEDI, along with Community and Economic Development Associates (CEDA), the Stewartville EDA, Minnesota Department of Employment & Economic Development (DEED) and CRB Consulting Group co-sponsored a manufacturing workshop for regional manufacturers on October 8, 2019, at Riverview Greens in Stewartville.

The event featured a snapshot of the available workforce in southeast Minnesota and a panel of manufacturing peers discussing out-of-the-box thinking for successful navigation during a workforce shortage.



Vyriad Announces Partnership with Regeneron Pharmaceuticals

Vyriad, Inc. recently announced a research collaboration and option licensing agreement with Regeneron Pharmaceuticals, Inc. This partnership will allow Vyriad to move forward with their pipeline of anti-cancer vaccines and clinical trials while expanding their workforce in Rochester. "This is a very significant development for the Rochester area as we continue to grow and try to retain the number of spinoff companies based on local inventions and technology," said Xavier Frigola, Director of Entrepreneurial Programs at RAEDI.

RAEDI has provided support to Vyriad, and its sister company Imanis Life Sciences, since 2013. Both companies were housed in the Accelerator during their initial startup and both received funding through the Economic Development Fund and the Southeast Minnesota Capital Fund administered by RAEDI.



Frigola said RAEDI staff has watched Vyriad reach milestones and outgrow their space in the Accelerator, cheered when their first trials enrolled patients, supported them when they started planning for their new facility, and proudly attended the grand opening of their new facility at the Rochester Technology Campus.

"We know Vyriad's road is still very long, but we wanted to take a minute to applaud them, especially co-founders Drs. Russell, Peng and Naik on a job well done," said Frigola.

Deutsch Furniture Receives SBA 504 Loan for New Building in 2019

Deutsch Furniture Gallery, an Amish furniture business since 2014, serves southeast Minnesota with premium quality built Amish crafted furniture made in America. Owned and operated by Brian and Michelle Rand and Philip and Nissa Kraling, in January of 2019, the owners received a business loan through Sterling State Bank and an SBA 504 loan to assist them with the purchase of bare land and construction of a new building at the intersection of U.S. Highway 63 and 48th Street SW, Rochester. "It was a very pleasant experience working with Dwayne and Laura. They were very helpful and accommodating throughout the whole process," said Michelle Rand.

Not only has the new location provided excellent visibility to traffic with easy access, but it has also increased their floor and storage space from 7,700 sq. ft. to 12,000 sq. ft. This has given them the needed additional space for displaying and storing the furniture and has improved the flow in and out of the store.

According to Dwayne Lee of 504 Corporation, Deutsch Furniture Gallery and many other small businesses throughout Minnesota are purchasing and expanding their businesses with the real estate and equipment partially financed with 504 loans. "We really appreciated the opportunity to assist this successful business with the next step in their growth," said Lee.



www.deutschfurniturehaus.com



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SAVE THE DATE:
RAEDI Annual Meeting

Tuesday, February 25, 2020
Rochester International Event Center
11:30 am