

Letter from Ryan Nolander

On behalf of RAEDI, I would like to thank our RAEDI Investors for their continued financial support. With your support, RAEDI staff can continue to sustain our efforts to provide locational and financial services for local and outside business opportunities, as well as prepare market data and other reports for those who are interested in living, working, and investing in the Rochester area.

Your funds also support other programming like the administration of the Mayo Clinic Business Accelerator, Rochester Economic Development Fund (EDF), SBA 504 Loan Program, and the Southeast Minnesota Capital Fund. Below are current statistics on these programs:

Business Accelerator

51

Companies
served since 2013

19

Tenants

6

Companies
graduated

Rochester Economic Development Fund (EDF)

\$1.8M

Invested

\$72M

Raised by companies

15

Companies assisted

90

Jobs created

SBA 504 Fixed-Asset Loan Program

21

Loans in 2018

130

Loans current portfolio

\$30.5M

In land, building,
equipment

\$51.5M

Outstanding balance

SE MN Capital Fund

\$2M

Funds

\$600K

Invested to date

56

Investors

6

Companies received
funding

Because of your support, RAEDI can continue to provide a variety of programming, and engage and pursue business projects that help diversify and grow our economy. For over 30 years, RAEDI has helped secure new business investment, thousands of new jobs, and millions of new state and local tax dollars in Rochester and southeast Minnesota, and we couldn't do it without you. Thank you!



Ryan Nolander | President
Rochester Area Economic Development, Inc.



R.A.V.E.

Recognizing Awarding Valuing Entrepreneurs

R.A.V.E. 2018 Entrepreneur Honorees

RAEDI, Journey to Growth and 504 Corporation hosted more than 200 people for the R.A.V.E. Event on November 5th at the DoubleTree in Rochester. This year's entrepreneur honorees included Dr. Stephen Russell & Dr. Kah-Whye Peng, co-founders of Vyriad, Krystal and Patrick Campbell, co-founders of Sprouts Childcare & Early Education Center, and Vince Robichaud, founder of Trailtopia Adventure Food.

Vyriad is a clinical stage biopharmaceutical based in Rochester. The company started operations in the Business Accelerator with plans to move its expanding business to the new Rochester Technology Campus on the former IBM property in December 2018.

Sprouts Childcare opened in the Schumann Business Park in October 2018 to serve a growing need for more childcare options in Stewartville and the surrounding area. The center is licensed to serve up to 99 children ranging in age from 6 weeks to 12 years old.

Trailtopia Adventure Food, based in Byron, is a family-run company serving up a full-line of freeze dried and dehydrated breakfast, lunch, dinner, and desserts for backcountry enthusiasts. The company started operations in 2014.

R.A.V.E. 2018 Lifetime Achievement

Congratulations to **Steve and Umbelina Cremer** of Harmony Enterprises and Harmony Kids Learning Center for receiving the 2018 Lifetime Achievement Award for their long-term business success in Harmony, Minnesota. Harmony Enterprises started in 1962 and Steve is a third-generation family member leading the company which manufactures balers for cardboard boxes. Their product lines focus on recycling and environmental-friendly products such as stationary compactors, indoor packers, Smart-Packs, horizontal balers, and more.

In 2016, Steve and Umbelina opened Harmony Kids Learning Center on the Harmony Enterprises property to fulfill a need for their employees and the community because of the lack of daycare. They envisioned that making daycare more accessible would help bring more families to Harmony and make the town more attractive to the younger generation. The center serves up to 99 children from infants to 12 years old and employs 17 people.



R.A.V.E. 2018 Warrior Award

Every year during R.A.V.E., the Warrior Award is presented to an individual who has gone "above and beyond" to foster entrepreneurship in our region. The 2018 "Warrior Award" was given to the Southeast Minnesota Capital Fund Angel Members for their contribution to advocate, promote, and support entrepreneurship in the region, as well as increase awareness of the value that entrepreneurs play in building our regional economy. The Southeast Minnesota Capital Fund supports the growing number of startup companies in the medical and technology fields and has closed 6 regional investments in 2018.



Third Quarter 2018 Economic Report

Rochester MSA Employment

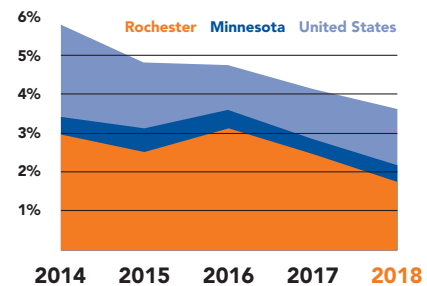
Total Employment	2014	2015	2016	2017	2018
Nonfarm	115,298	118,282	119,204	120,652	121,133
Goods Producing					
Construction, Mining, Logging	4,564	4,798	4,776	5,000	4,826
Manufacturing	11,242	11,123	10,948	10,734	10,725
Service Providing					
Wholesale Trade	2,594	2,839	2,737	2,663	2,693
Retail Trade	11,988	12,366	12,312	12,053	11,867
Transportation/ Warehousing	2,792	2,848	2,900	2,821	2,961
Information	1,998	2,002	1,886	1,878	1,893
Financial Activities	2,775	2,699	2,690	2,776	2,794
Professional/Business Services	5,959	5,788	5,507	5,433	5,633
Educational/Health	45,133	46,650	48,287	49,184	48,533
Leisure/Hospitality	10,277	11,021	10,689	11,258	12,042
Other Services	3,735	3,765	4,044	3,957	4,036
Government	12,241	12,383	12,426	12,895	13,102

Source: Minnesota Department of Employment & Economic Development

Unemployment Rates

3rd Quarter	Rochester MSA	Minnesota	United States
2018	1.9%	2.2%	3.6%
2017	2.5%	2.9%	4.1%
2016	3.1%	3.6%	4.8%
2015	2.6%	3.1%	4.9%
2014	3.0%	3.4%	5.7%

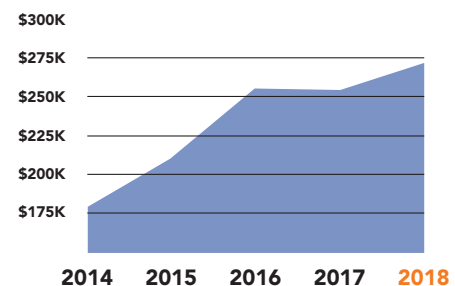
Source: Minnesota Department of Employment & Economic Development



Homes Sales for Rochester MSA Past 5 Years

3rd Quarter	Total Sales	Home Price	Units Sold
2018	\$272,282,604	\$258,577	1,053
2017	\$252,607,277	\$228,397	1,106
2016	\$253,915,565	\$212,837	1,193
2015	\$218,796,278	\$198,185	1,104
2014	\$176,584,310	\$191,315	923

Source: SE MN Association of Realtors

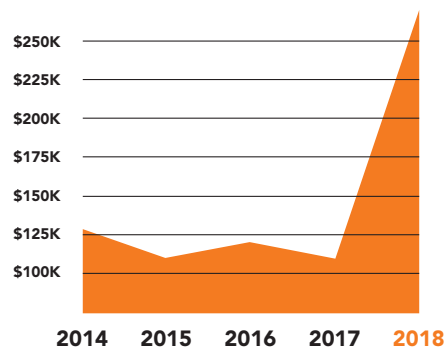


Rochester Commercial & Residential Building Permits

3rd Quarter	Valuation	Total Permits
2018	\$263,946,865	663
2017	\$106,590,704	514
2016	\$117,122,931	680
2015	\$110,289,534	691
2014	\$127,766,600	680

During 3rd quarter 2018, the significant increase in valuations over 2017 was due to a large number of multifamily units being built (685) and valued at \$137,593,946.

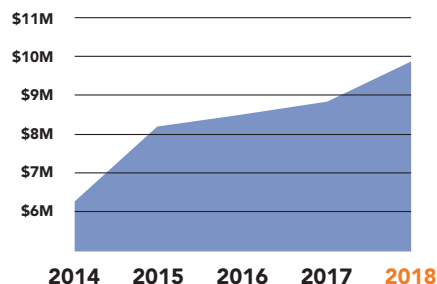
Source: Building Safety - City of Rochester



Rochester Hotel/Motel Sales Tax

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
Aug 2013-July 2014	\$6,282,427.80

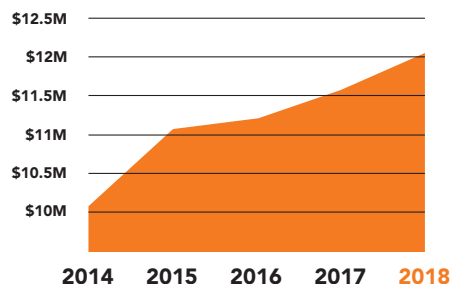
Source: City of Rochester Finance Department



Rochester Net Sales Tax

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
Aug 2013-July 2014	\$10,212,154.74

Source: City of Rochester Finance Department

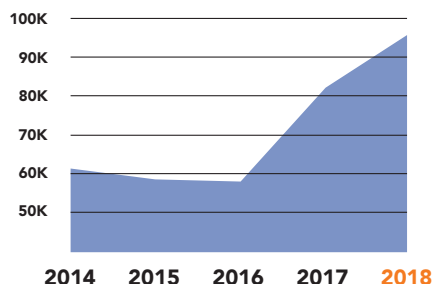


Rochester International Airport

3rd Quarter	Passenger Totals
2018	96,792
2017	82,836
2016	58,836
2015	59,939
2014	61,155

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

Source: Rochester International Airport



Rochester Technovation Receives \$10,000 Award

Congratulations to the Rochester Technovation group that participated in this year's MN Cup and was awarded \$10,000 from Sunrise Banks for Best Innovation in Financial Wellness. The team was recognized at the awards ceremony in October at the University of Minnesota. The team created the B.A.S.I.C. Balsa and their Bridge app. The app's goal is to bridge the gap between immigrants and their new communities by connecting them to resources that will allow them to thrive. Technovation[MN] was formed to bring the global Technovation

Challenge to Minnesota to inspire and enable Minnesota teen girls to dream, design, code, and pitch mobile phone apps. Rochester Technovation teams meet and collaborate at the Mayo Clinic Business Accelerator that is administered by RAEDI.



Global Entrepreneurship Week (GEW)

This year marked the 6th Entrepreneurship Week in Rochester, under the Global Entrepreneurship Week umbrella. A total of 21 events for entrepreneurs were held between November 5-9. The events included networking opportunities, lectures, learning about startups, how an invention at Mayo Clinic became the Cologuard cancer-screening test, entrepreneurial movies, workshops, and more. The City of Rochester also recognized the

importance of entrepreneurship and issued a proclamation to formally recognize the week as Entrepreneurship Week. Xavier Frigola, Director of Entrepreneurial Programs at RAEDI, presented to a group of entrepreneurs during Global Entrepreneurship Week in the Business Accelerator on November 7. Frigola discussed how to develop an effective pitch deck for your startup and raise the first funds to start your company.



Pilot Project Connects Manufacturers and Students During Manufacturers Week

Manufacturers Week kicked off at **Geotek** in Stewartville the first week in October. A Governor's Proclamation was delivered by the Minnesota Department of Employment and Economic Development. Over 300 students visited 24 manufacturers throughout 17 southeastern Minnesota communities during the week. "We were excited to be participating in this pilot project," said John Double, Albert Lea Area Schools. "There is a lot of misconception about manufacturing, the variety of opportunities, and the excellent careers available for our students considering what they want to do when they graduate." The pilot project was spearheaded and coordinated by Journey to Growth, CEDA, RCTC, Southeast Minnesota Perkins, STEM, Southeast Service Cooperative, Workforce Development, and Zumbro Education District. Next year, the committee hopes to include all 42 school districts in southeast Minnesota.





504 Corporation Assists Little Thistle Brewing Co.

Steve and Dawn Finnie opened Little Thistle Brewing Company in Rochester during the summer of 2018. With the help of an SBA loan provided through the 504 Corporation, and financing with ONB Bank, the Finnie's received loan proceeds for their business to purchase the building, renovations, and brewery equipment

The 5,200-square-foot building, formerly a truck loading dock with multiple garage doors, was the ideal location for their business. "A lot of people in Minnesota and around the country are utilizing warehouses for a brewery," said Steve, a homebrewer of 20 years and professional brewer for the last four.

The nearly 2-acre lot is situated at the end of 14th Street NW – to the west of the Valley High Drive Post Office and directly east

of the Cascade Trail/Douglas Trail. "We wanted to buy a place that was bike accessible with a lot of parking and not downtown," said Dawn. The brewery does not serve food but local food trucks are on a rotating roster in the parking lot. A 600 square-foot private meeting space is also available for rent in the facility.

The Finnie's installed a 10-barrel brewhouse with the goal of brewing a variety of beers including pales, IPAs, stouts, porters, sours, and several experimental beers. "This space allows us to do many things that we have enjoyed from some of the best breweries we've seen, including family friendly, music, events, games, festivals, food, and outdoor events," said Steve.

For more information on this dog friendly, family friendly and bike friendly business, go to www.littlethistlebeer.com



Photo by Joseph Alton, The Growler



RAEDI
Retain. Grow. Diversify.

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**Mark your calendars for the
RAEDI Annual Meeting**

Wednesday, February 26, 2019
Rochester International Event Center
11:30 a.m. - 1:00 p.m.