

EXPAND ♦ RECRUIT ♦ FINANCE

EAU CLAIRE AREA ECONOMIC
DEVELOPMENT CORPORATION

2013

ANNUAL REPORT

ALTOONA
AUGUSTA
EAU CLAIRE
FAIRCHILD
FALL CREEK

OUR
SERVICE
AREA



ESTABLISHED
IN 1984

INNOVATE ♦ TALENT ♦ EQUITY

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PRESIDENT'S MESSAGE

It is with great pleasure that we present to you the 2013 Annual Report of the Eau Claire Area Economic Development Corporation.

Now that the economy is starting to pick up steam, the EDC restructured its staffing model to increase the business recruitment outreach efforts and to increase assistance for go-to-market strategies of early stage products and service ideas.



Joseph Mirr,
2013 EDC Board President

A major undertaking in 2013 was the release of a report titled "Narrowing the Skills Gap: A Regional Workforce Initiative." The EDC staff and Critical Talent committee facilitated a taskforce that worked for 14 months to provide key findings and five recommendations. This effort included over 20 partners and involved over 175 individuals. New partnerships and initiatives were developed that will evolve into regional joint efforts including educational institutions, workforce development agencies, chambers of commerce, and economic development organizations.

In 2013, as part of Business Expansion efforts, the EDC began organizing activities to assist local businesses with securing equity investment. In addition, the staff facilitated diverse business expansion projects to spur investment across the county working with start-up manufacturers, established manufacturers, research and development organizations, and distribution firms.

I would like to thank the Board of Directors, committee members, and all the volunteers who have dedicated their time to make the EDC the successful organization that it is. I also wish to express our gratitude to the many investors in the EDC – the work accomplished through the Eau Claire Area Economic Development Corporation is possible because of their generosity.

A special thank you to our retiring board members: Len Madsen and Paula Kimbllin; your expertise and leadership truly added value to the organization.

It has been gratifying to have seen all the partnerships and accomplishments of the EDC in 2013. I am excited to see what 2014 will bring for the businesses, residents and economy of the Eau Claire Area.

Sincerely,

Joseph Mirr,
2013 EDC Board President

ABOUT THE EDC



Our Services

- Business Expansion Assistance
- Business Recruitment
- Financial Packaging and Loans
- Early-Stage Business Formation
- Equity Investment Recruitment
- Research and Publish Market Statistics

2013 CORPORATE GOALS

Equity Investor Events/Investment

The EDC will implement event(s) to introduce business investment opportunities to accredited investors/businesses securing over \$500,000 in private equity investment.
Accomplished

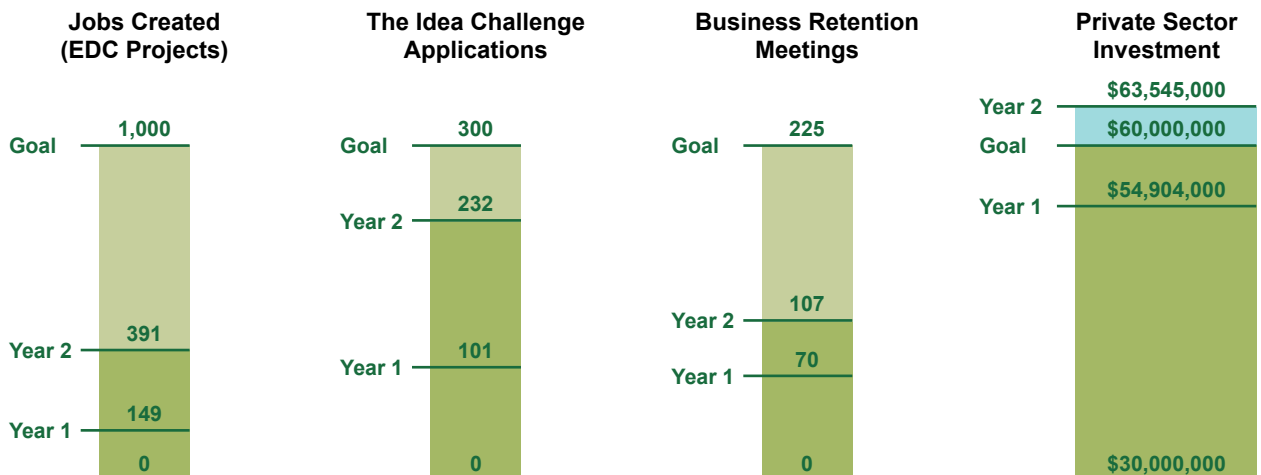
Near Equity Loan Program

Execute Near Equity Loan(s) in 2013 that leverage over \$500,000 in new private equity investment.
Not Accomplished – loan approved by committee but final terms were not accepted by company

Incubation Service Delivery

Work with incubation partners to consider service delivery models that make incubation services more self-sustaining, while providing enhanced services to tenants.
Ongoing – progress made

2012–2014 MEASUREMENTS





THOR WINS 2013 IDEA CHALLENGE

John Gustafson's idea—THOR Mini Quick-Tach™—was the grand prize winner of the 2013 Idea Challenge. A check for \$5,000 to be reimbursed towards business expenses was presented to Gustafson on behalf of the EDC and Northwestern Bank during the last round of the Idea Challenge on December 4th, after the five finalists in the Idea Challenge had presented to a panel of judges. In addition to winning the grand prize, Gustafson had previously been awarded \$500 cash and \$1,000 in technical assistance during the first two rounds of the Idea Challenge.

The THOR Mini Quick-Tach™ is a universal quick-attach system for sub-compact utility tractors that allows the operator to switch from one attachment to another safely and securely in a matter of seconds. THOR's product line includes several attachments such as a fork, snow blade, ballast box, tree spade, ripper, scoop, leveler, utility box, boom-lift, and a carry-all. Receiver plates that allow individuals to build their own attachments are also available.

There were four other finalists in the 2013 Idea Challenge. Thomas Johnson manufactured a rotating door stand to solve the issue of space experienced by construction and carpenter workers. Jim Gordon produced a retractable strike indicator for ice fishing. Zach Miller designed a safety glove for the construction industry that detects electricity. Pat Thoney made a portable security device to be used when traveling.

All Idea Challenge finalists received a \$500 cash award for their idea. Zach Miller and Pat Thoney were also awarded \$1,000 in technical assistance for their ideas.

A record number of 131 applications were submitted to the Idea Challenge this year. Of these, 25 applicants were selected to present their ideas to the Idea Challenge Partners. The five finalists were selected from this group. In addition to the finalists, the EDC and its partners continue to work with several other applicants whose ideas are feasible product concepts.

Thank you to the partners of The Idea Challenge for their ongoing commitment of time and knowledge. A special thank you to The Idea Challenge sponsor, Northwestern Bank.

"I think the most valuable aspect of this program is that it required me to go through the process of formalizing the presentation of my product. This will be very beneficial as I move forward in trying to sell the concept to manufacturers."

John Gustafson, THOR Mini Quick-Tach™

HI-CRUSH PROPPANTS, LLC RECEIVES 2013 PARAGON AWARD

In February 2013, Hi-Crush Proppants, LLC was presented the 2013 Paragon Economic Impact Award. Hi-Crush Proppants, LLC is the first frac sand operation in Eau Claire County. In recent years, Hi-Crush acquired land for a mine in the town of Bridge Creek and a processing plant in the City of Augusta. Their business model targets many projects such as mining, processing, rail and reserves—all on-site. By conducting all operations on-site, Hi-Crush is able to alleviate truck traffic on local roads.

Hi-Crush has invested approximately \$100 million in state-of-the-art facilities including: wet plant, dry plant, conveyor system, rail yard, and an administration building. Since starting operations in 2012, Hi-Crush has employed 60 Wisconsin residents, with 30 of the employees having local zip codes. An additional 10 to 15 employees were projected to be hired, bringing Hi-Crush's payroll to approximately \$3 million.

The Paragon Award has been annually awarded to a local business that demonstrates excellence and positive economic impact in the Eau Claire Area since 2002. Thank you to the continuing sponsor of the Paragon Award, Royal Credit Union.

"Since the decision to site a plant in Eau Claire County, our company has been very impressed with the quality and work ethic of the Chippewa Valley workforce—one of many reasons that almost all of our new employees are from Wisconsin. We are pleased this facility has directly resulted in 60 new jobs—in addition to jobs created at our local suppliers."

Bob Rasmus, CEO, Hi-Crush Proppants, LLC

BUSINESS RECRUITMENT

During 2013, the EDC targeted industry sectors including: early-stage businesses and technologies, data centers, research and development, and advance manufacturing. As part of the business recruitment marketing initiative, proposals to businesses that were looking to expand or relocate were submitted as opportunities arise.

Relationship Management with the broker community in Minneapolis, Chicago, and private sector management staff is an important tool that the EDC used to understand current and future opportunities. This initiative resulted in three call trips and produced face-to-face meetings with brokers, business management staff, and foreign consulates.

Available location campaigns were implemented to targeted audiences based on specifications of a particular property. Four different properties were marketed during the 2013 year: Gateway Business Park, 3M building, Hutchinson Technology, and Indianhead Warehouse.

Additionally, the EDC collaborated with Momentum West to help staff a tradeshow booth at MDM in Minneapolis, MN. A call trip with Momentum West/ROI appointments in Chicago was coordinated and resulted in meeting with three potential leads generated by ROI.





SKILLS GAP INITIATIVE

A report titled “Narrowing the Skills Gap: A Regional Workforce Initiative” was released late October by the EDC and over 20 partners, and signified the culmination of over 14 months of collaborative work by representatives of area educational institutions, businesses, business organizations, government, workforce agencies, and non-profits. The goal behind this effort was to understand how the Eau Claire Area’s skills and education align to the staffing needs of regional employers.

A steering committee oversaw the research, developed key findings, and supported development of actionable recommendations. The EDC facilitated the process.

The report outlines the following four key findings:

1. Individuals entering the workforce do not necessarily possess critical skills.
2. Local labor market information and trends are not easily accessible to consumers of education.
3. Communication, coordination of information, and outreach efforts are not aligned to effectively address the skills gap.
4. Targeted resources are needed to support efforts to narrow the skills gap.

The report also offers five actionable recommendations:

1. Gather timely local labor market information.
2. Communicate local labor market information based on data generated in recommendation 1.
3. Reduce educational and training barriers for students with economic challenges.
4. Develop a regional strategy to recruit individuals trained in disciplines not available through area educational institutions.
5. Address outreach barriers impacting placement of students and adults in career exploration and work experiences.

For each recommendation, project leads and supporting partners were identified and will actively lead next steps towards implementation. In 2014, a monitoring task force will be formed to oversee progress and support the workgroups in addressing barriers to success. Please view the full report online: <http://eauclaire-wi.com/skillsgap>

“I applaud the Eau Claire regional workforce initiative for recognizing and acting on the need to collaborate with both private and public sectors to address regional talent. Their efforts demonstrate a strong, forward-thinking commitment to their communities and youth.”

Robin Kroyer-Kubicek, DPI
Career Pathways Consultant

REALITYWORKS EXPANDS PRODUCT OFFERINGS

Realityworks provides products and services to improve and enhance social, emotional, and physical health through the use of interactive technology. The company seeks to improve the human condition around the globe by enabling educators to show the probable outcomes of behaviors and choices. Realityworks has a robust US and International IP Strategy that limits competition worldwide.

Realityworks operates and sells experiential learning products in 50 countries and has developed a pipeline of new product lines that will grow and diversify their customer base and student population.

Realityworks' new product lines are:

- A welding simulator to help develop and train welders for the manufacturing industry
- CNC and an Introduction to Manufacturing course to attract students into manufacturing jobs
- Measurement math and blueprint reading program that can be utilized for construction, fashion design, interior design, welding, machining, etc.
- Obesity education

To support the development and sales of these new products, Realityworks was awarded \$217,000 in Wisconsin Economic Development Tax Credits to assist with expanding their workforce to accommodate their growing line of products.

Realityworks will create 33 new jobs over the next three years to earn the tax credits. Of those new jobs, 85% will pay over 250% of the federal minimum wage. The new positions will support the product launch and sales of new products.

During the course of an Eau Claire Area EDC business retention call, the opportunity to utilize Wisconsin tax credits to support and enhance Realityworks research and development, operational and product release goals were identified. The EDC assisted Realityworks through the process by developing the application and coordinating interactions between Realityworks and WEDC representatives.





INDIANHEAD FOODSERVICE DISTRIBUTOR INC. EXPANSION

“The support from the EDC was invaluable. They assisted with the completion of the applications and provided the necessary understanding of the required economic data. Through it all, the EDC staff hung in there with us to ensure all necessary pieces were in place. I will consider the EDC to be one of our business partners from this point forward as we strive to execute our growth strategies.”

Tom Gillett, President, Indianhead Foodservice Distributor, Inc.

Indianhead Foodservice Distributor, Inc. (IFD) began an expansion project that will place the company in a position to grow their diverse product line and expand distribution in Wisconsin and Minnesota. IFD has over 65 years of experience in the foodservice industry, currently provides over 11,000 food and food-related products, delivers more than 9 million pounds per month, and ships out 27 trucks daily.

The project will cost \$4.5 million, create up to 50 new jobs, and will be

done in two phases. Phase one, the construction of a 30,000 square foot dry goods warehouse addition with racking and warehouse management software, is currently underway. The second phase is scheduled to begin in 2015 and will consist of the construction of a freezer warehouse addition that will incorporate offices for operations and logistics personnel. “The expansion of our warehouse will provide the space needed to continue adding new items relevant to our customer base and maintain the superior level of quality service

our customers expect,” said Tom Gillett, president of IFD.

The EDC assisted IFD in securing \$220,000 in tax credits from the Wisconsin Economic Development Corporation to support the expansion. The tax credits will be distributed annually in direct relation to the number of jobs retained and the 50 new jobs created over a three-year period.

COATING TECH SLOT DIES IS LAUNCHED AT APPLIED TECHNOLOGY CENTER

Since 2010, Coating Tech Slot Dies has provided consulting services including project management, process engineering, and technical service within the precision slot die industry. In 2013, the firm made the investment to begin manufacturing custom slot dies to serve the adhesives, aerospace, construction, energy, filtration, graphics, medical and optical film industries. To spur the launch of their manufacturing division, the company committed to investing \$1,080,355 and is estimating the creation of 14 jobs.

To support the growth of this industry sector, the EDC worked with the company to advance their business model by providing assistance in the development of a financial strategy and by assisting in the completion of the necessary applications. Additional services provided by the EDC included: site selection and equity recruitment event. Coating Tech Slot Dies submitted and received loans from the following economic development organizations:

Wisconsin Economic Development Corporation (WEDC)—Technology Business Development Investment Loan for \$160,000. This type of loan is for Wisconsin



companies to facilitate research and development and commercialization of technology products.

Regional Business Fund—Revolving Loan Fund for \$120,000 to purchase equipment for the manufacturing division. The Regional Business Fund, Inc., (RBF, Inc.) is a non-profit economic development corporation whose purpose is to promote business and economic development in west central Wisconsin. The RBF, Inc. offers low-interest loan funds to businesses that expand within the region, diversify the economy, add new technology, and create quality jobs and capital investment in the region.

Coating Tech Slot Dies began accepting orders for custom slot die manufacturing and remanufacturing after securing the financing to purchase the necessary equipment.

EDC LEADERSHIP

BOARD OF DIRECTORS

Larry Accola, Security Financial Bank
Bruce Barker, Chippewa Valley Technical College
Paula Kimbllin, Xcel Energy
Peter Farrow, Group Health Cooperative of Eau Claire
Miriam Gehler, Marshfield Clinic
Dan Hanson, Town of Pleasant Valley
Kerry Kincaid, Eau Claire City Council
Randy Lieble, National Presto
Janice Lemminger, Manpower
Len Madsen, Village of Fall Creek
Tom McCarty, Eau Claire County
Joe Mirr, RuderWare, LLC
Gregg Moore, Eau Claire County Board
Tim Pabich, Royal Construction, Inc.
Natasha Plank-Ottum, Plank Enterprises
Tom Pulse, Ayres & Associates
Dan Riebe, Peoples Bank Midwest
Dr. James Schmidt, UW-Eau Claire
Lynn Thompson, Eau Claire Energy Cooperative
Russell Van Gompel, City of Eau Claire

BOARD OFFICERS

Joe Mirr, President
Lynn Thompson, EDC Vice President
Tom Pulse, Treasurer
Brian Doudna, Secretary

BOARD ADVISORS

Karman Briggs, Western Dairyland/CAA
Jeff Halloin, Gateway Corporation
James Hanke, Xcel Energy
Linda John, Visit Eau Claire
Robert McCoy, Eau Claire Area Chamber of Commerce
Mike Schatz, City of Eau Claire

EXECUTIVE COMMITTEE

Paula Kimbllin, Xcel Energy
Tom McCarty, Eau Claire County
Joe Mirr, RuderWare, LLC
Tom Pulse, Ayres & Associates
Lynn Thompson, Eau Claire Energy Cooperative
Russell Van Gompel, City of Eau Claire

STAFF

Brian Doudna, Executive Director
Luke Hanson, Project Manager
Christina Wasson, Marketing Manager
Angie Niska, Strategic Communications Manager
Pat Trowbridge, Office Manager
Brittany Menor, Graphic Design Intern



FINANCIAL REPORT

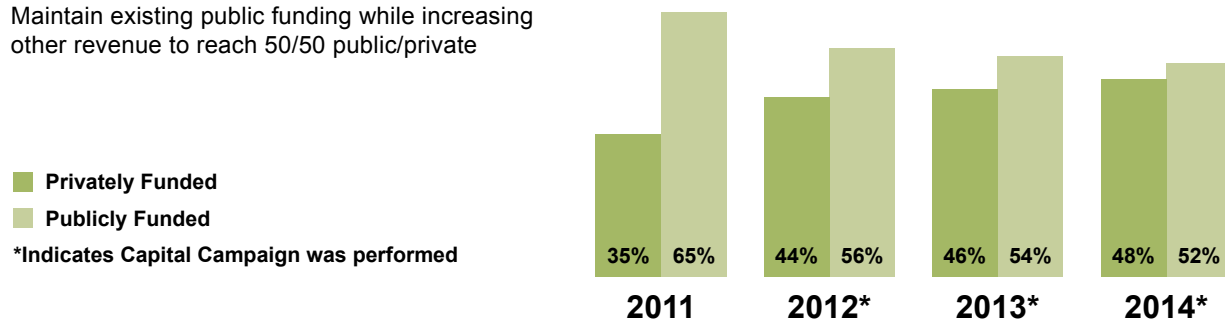
REVENUE	ACTUAL	BUDGET
Public Sector	\$192,400	\$192,600
Private Sector	\$138,483	\$135,050
Services*	\$28,800	\$33,174
Total Revenue	\$359,683	\$360,824
EXPENSES	ACTUAL	BUDGET
Administrative	\$241,653	\$243,609
Operations	\$55,735	\$54,295
Programs	\$54,276	\$62,920
Capital – Equipment	\$823	\$0
Total Expenses	\$352,487**	\$360,824

* Management contract with Chippewa Valley Innovation Center (CVIC). Transferred administrative contract for the Innovation Foundation of Western Wisconsin to Dowell Management in April, 2013.

** \$7,000 from 2013 dedicated to website development will be expended in 2014

2012–2014 BUDGET GOAL & FUNDING SOURCE

Maintain existing public funding while increasing other revenue to reach 50/50 public/private



EDC INVESTORS



SILVER

Alliance Bank
AT&T – Wisconsin
Ayres Associates*
Banbury Place, Inc.
Citizens Community Federal
Global Finishing Solutions*
Keystone Corporation
Group Health Cooperative
of Eau Claire
Market & Johnson
Nestlé Nutrition
Peoples Bank Midwest*
US Bank
Wells Fargo
Wipfli

BRONZE

Access Commercial Real Estate
Associated Bank
Bauman Construction of Chippewa
Falls, Inc.
CURT Manufacturing
Durand Builders
Erv Smith Services Inc.
Impact Advertising
JB Systems, LLC
McDonough Manufacturing Company
Nortrax
Peters Real Estate & Development,
LLC
Realityworks
United Bank
UW–Eau Claire
Walmart

COPPER

A.F.T. Real Estate, Inc.
Anderson–Moessner Appraisals, Inc.
Automation Displays
B&B Electric Inc.
Baker Tilly Virchow Krause, LLP
Bauman Associates
Bernicke & Assoc., Ltd.
Blaschko Ent./Supreme Graphics
Bourget Law
Bremer Bank
Chippewa Valley Home Builders
Chippewa Valley Technical College
Choice Products USA, LLC
CliftonLarsonAllen, LLP
Coldwell Banker Brenizer, Realtors
Commonweal Development
Mega Co-Op
Documation
Eau Claire Area Chamber of Commerce
Eau Claire Co-Operative Oil Co.
Express Employment Professionals
Fabco Equipment, Inc.
Haselwander Co.
Herrick & Hart, S.C.
Huebsch Services
Imagineering, LLC
Indianhead Foodservice Distributor, Inc.
J.C. Norby & Associates, Inc.
Johnson, Runkel & Anderson, Inc.
KRM Information Services, Inc.
Kurth Heating & Cooling
L&M Mail Service
L.E. Phillips Career Development Center Inc.
Landmark Company
Lasker Jewelers
McCabe Construction, Inc.

Menomonie Street Dental
Monarch Paving
NEI Electric
Park Ridge Distributing
PESI
Phillips and Donnellan Real Estate
Plank Enterprises
RBC Wealth Management
Re/Max Real Estate Group
Richie, Guettinger & Manydeeds, S.C.
Ruder Ware
SDS Architects
Security Financial Bank
Senn Blacktop, Inc.
Silver Spring Foods, Inc.
Sterling Water/Culligan
Telephone Specialists, Inc.
Town of Pleasant Valley
Weld, Riley, Prenn & Ricci, S.C.
WESTconsin Credit Union
Wisconsin Business Development
Finance Corporation

SUPPORTING

Accu-Tech
Benedict Refrigeration Services, Inc.
Cedar Corporation
Diversey, Inc.
E.O. Johnson Company
EnviroTech Coating Systems, Inc.
Florian Gardens
Hovland's Inc.
Minton Financial Services, LLC
Overhead Door Company
Roshell Electric
UW–Stout STTI-NWMOC
Village of Fairchild

*Indicates Capital Campaign participants

ADVANCING ECONOMIC PROSPERITY

.....THROUGH.....

BUSINESS

JOB GROWTH



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