LAKEWINDS CO-OP'S GROWTH STORY EMPLOYERS MUST DRIVE HEALTHCARE CHANGE QUARTERLY ECONOMIC INDICATORS





\$5.99 0.5

implications.

Behind great Minnesota landmarks, you'll find Briggs.

BRIGGS

Let's raise a glass to an iconic piece of the Twin Cities skyline, shining again for the first time in 20 years. Our law firm helped restore the historic Grain Belt sign on the Mississippi River for our client, August Schell Brewing Company. Just another way we've propelled our community forward for more than a century.



WALKER ART CENTER

WE LOVE OUR CORPORATE CONTRIBUTORS!

The Walker Art Center gratefully acknowledges the following corporate contributors whose extraordinary support helps us maintain our reputation as one of the leading contemporary art centers in the United States. It is only with their generous contributions that the Walker continues to connect visitors from around the world with the art and artists of our time.

PREMIER PARTNERS

A DELTA

CORPORATE MEMBERS

FOUNDERS (\$50,000-\$99,999) Ameriprise Financial General Mills

BENEFACTORS (\$25,000-\$49,999)

3Mgives Cargill Foundation Room & Board Thrivent Financial U.S. Bank Foundation Wells Fargo Foundation Minnesota

PATRONS (\$10,000-\$24,999)

Briggs and Morgan, P.A. The Dorsey & Whitney Foundation Estée Lauder, Inc. Faegre Baker Daniels Foundation The Piper Jaffray Foundation Tennant Foundation

ADVOCATES (\$5,000-\$9,999) The Boss Foundation Emerson Mayo Clinic Mortenson Construction Rahr Corporation Robins, Kaplan, LLP Stinson Leonard Street, LLP

FRIENDS (\$2,000-\$4,999) Business Data Record Services, Inc. Common Sense Building Services HGA Architects and Engineers KPMG, LLP Okabena Advisors

Parsons Electric

Peregrine Capital Management, Inc. Fund of The Minneapolis Foundation Zelle LLP

ASSOCIATES (\$1,000-\$1,999)

Archetype Signmakers Arthur J. Gallagher & Co. Brock White Company, LLC Federated Insurance Companies Floyd Total Security Securian Foundation Sit Investment Associates Foundation TEGRA Group UHL Company Wiley

MEMBERS (UP TO \$9,999) Anonymous Après Party & Tent Rental Culligan Water Conditioning The Cultivist National Checking Company Smith Foundry Company Thomas Printworks

SPONSORS

\$100,000 AND ABOVE

Target U.S. Bank

\$50,000-\$99,999 The Medtronic Foundation United Health Foundation

\$25,000-\$49,999 Best Buy and Best Buy Foundation

BMO Private Bank Love Your Melon Polaroid Thomson Reuters University of Minnesota UCare Wells Fargo

\$10,000-\$24,999

Abbot Downing Blu Dot Blue Bunny BMW of Minnetonka Citi Private Bank Ftix Faegre Baker Daniels HGA Architects and Engineers Minnesota State Lottery Minnesota United FC Mortenson Construction Phillips Prairie Organic Spirits Shinola Summit Brewing Company Thrivent Financial US Trust Bank of America Private Wealth Management The Waters Senior Living

UP TO \$9,999

Cambria Carlson Companies Chu Vision Institute Eide Bailly LLP Empirehouse Lindquist & Vennum, LLP Martin Patrick 3 MG McGrath, Inc. Mutual of America My Sister NetJets, Inc. Nordstrom, Inc. Park Nicollet Subaru of America Wedge Community Co-op

IN-KIND GIFTS

3M Accenture Blu Dot City of Minneapolis City Pages Clear Channel Outdoor Delta Air Lines Fallon General Mills Google, Inc. Le Méridien Chambers Minneapolis Microsoft Minneapolis Park & Recreation Board Minnesota Public Radio Mono Mpls.St.Paul Magazine/MSP Communications Nina Hale, Inc. NordicClick Peter Krembs, LLC Prairie Organic Spirits Room & Board Shapco Printing, Inc. Star Tribune Toro

MATCHING GIFTS

Ameriprise Financial Apple Bank of America Best Buy Estée Lauder, Inc. General Mills Foundation **IBM** Corporation Medtronic Microsoft Pfizer Foundation Piper Jaffray Thomson Reuters Thrivent UnitedHealth U.S. Bank Wells Fargo

walkerart.org

CONTENTS

MAY 2018

FEATURES

28

Organic Growth

Lakewinds Natural Foods Co-op grows and thrives in the suburbs, despite the hottest grocery sector competition in decades. By Beth Dooley



TCB Q&A: Michael Guyette

The departing leader of Blue Cross and Blue Shield of Minnesota discusses diversification and the future. By Burl Gilyard



Edina: Nowhere to Go But Up

The density controversy that's coming to a lot near you. By Burl Gilyard



TRENDING

Banking + Finance | New Tax Order While federal tax changes will benefit many businesses, accountants and other financial experts are still deciphering the unintended consequences. By Nancy Crotti

46

Law | They Won't See You in Court More Minnesota businesses are avoiding expensive litigation and resolving disputes through mediation and arbitration. By Gene Rebeck



6

- Starters
- Stand Up! Records sticks to comedy on vinylTwo iconic signs that are no more
- Why prominent Minnesota CEOs are leaving
- Dinkytown businesses ordered to vacate

10

DEPARTMENTS

Concierge Open season for creativity By Melinda Nelson

11 Dive

Plugged In Top networking opportunities *By Amanda Ostuni*

13 Amped Up

How three emerging companies are shaping the future of agriculture *By Kate LeRette*



D Editor's Note Bump stocks versus mass murder By Dale Kurschner

16 Planting Seeds The evolving role of business education By Rajiv Tandon

18

COMMENTARY

Performing Philanthropy Linking curriculum to workforce needs By Sarah Lutman

21

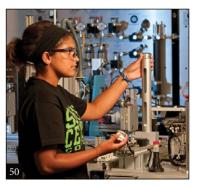
Explanation of Benefits Employers should stop paying for inefficiency *By David Burda*

22

It's All Relative Building emotional equity By Tom Hubler

64

Open Letter What we all can learn from John Nasseff By Vance Opperman



PLUS

23 Quarterly Economic Indicators The need for talent and the difficulty finding it are at the highest levels yet.

Special Regional Section

Mighty Mankato

With one of the fastestgrowing economies in the state, a revitalized downtown and a growing mix of dining and entertainment venues, residents, visitors and businesses are thrilled with the area's economic exuberance. See page 50

TWIN CITIES BUSINESS, Vol. 25, No. 9 © 2017 MSP Communications. The opinions of columnists are their own. Unsolicited manuscripts or artwork will not be returned unless accompanied by a self-addressed, stamped envelope. Telephone 612-339-7571. Fax 612-339-5806. E-mail: edit@tcbmag.com. TWIN CITIES BUSINESS (ISSN 1072-673X) is published monthly by MSP Communications, 220 S. Sixth St., Suite 500, Minneapolis, MN 55402-4507. Subscriptions available for \$24.95 per year; foreign subscriptions, \$169.00 per year; back issues, \$10.00. To subscribe or change address, visit tcbmag.com/subscriptions.aspx. For back issue requests, contact tcbservice@tcbmag.com or 612-339-7571. Periodicals postage paid at St. Paul, MN, and at additional mailing offices. POSTMASTER: Send all UAA to CFS. (see DMM707.4.12.5); NON-POSTAL AND MILITARY FACILITIES: send address corrections to TWIN CITIES BUSINESS, Subscription Processing, P.O. Box 5846, Harlan, IA 51593.

Commercial banking with **Minnesota** vision.



BMO Harris Commercial Bank is in Minnesota, with a banking team that has deep, statewide roots and expertise in a range of industries. Combined with our decades working locally, and supported by strong cross-border capabilities, we're uniquely positioned to help companies uncover more possibilities here at home and all the places you do business.

Phil Krump 612-293-7912 phil.krump@bmo.com

bmoharris.com/commercial







The Sign of a Great Conversation?

When one cup isn't enough.

Great business relationships are not born overnight. They are built on a level of trust that comes through a mutual understanding of goals and objectives. Your CPA firm should know you and your business, provide year-round attention, and adapt to meet your needs. So how do you find that relationship?

The conversation starts here. 651-255-9327 | contact@redpathcpas.com



55 Fifth Street East, Suite 1400, St. Paul, MN 55101 | www.redpathcpas.com ©2017 Redpath and Company, Ltd. All Rights Reserved.

Twin Cities Business Magazine SVP/Owned Media

Jayne Haugen Olson

Editor in Chief Dale Kurschner dkurschner@tcbmag.com Publisher Shelly Elmore selmore@tcbmag.com

Executive Editor Adam Platt aplatt@tcbmag.com Trending Editor Liz Fedor lfedor@tcbmag.com Associate Editor Kate LeRette klerette@tcbmag.com Senior Writer Burl Gilyard bgilyard@tcbmag.com Online & E-Newsletter Editor Sam Schaust sschaust@tcbmag.com Online & E-Newsletter Associate Editor Amanda Ostuni aostuni@tcbmag.com Northern Minnesota Correspondent Gene Rebeck grebeck@tcbmag.com Copy Editors Judy Arginteanu judarg@gmail.com Ellen Burkhardt ellenburkhardt@gmail.com

Design Director Chris Winn cwinn@tcbmag.com

Account Director Traci Auger tauger@tcbmag.com, 612-336-9214 Senior Account Manager Rian Heaslip @tcbmag.com, 612-336-9215 Senior Account Manager Andrea Shapiro @tcbmag.com, 612-336-9211 Marketing Associate Jessica Scheu jscheu@tcbmag.com, 612-373-9584

Contributing Writers David Burda > Nancy Crotti > Beth Dooley > Tom Hubler > Don Jacobson > Sarah Lutman > Melinda Nelson > Vicki Stavig > Rajiv Tandon

MSP Communications

CEO & General Counsel Vance K. Opperman CFO Charles F. Thell COO Nathaniel Opperman President Gary Johnson SVP, Operations Mary Authier

Credit Manager Dave Gschlecht Office Manager Amy Coulombe Senior Accountant Anne McPhillips Administrative Assistant Patty Mikres Production Manager Tim Dallum Production Supervisor Paul Marihart Graphic Designer Allison Cook Digital Prepress Group > Steve Mathewson

> Bill Sympson
Production Assistant J.J. Jaworski
Senior Web Developer David Waters
Web Developer Ricky Hannigan

SVP, Owned Media Jayne Haugen Olson SVP, MSP-C Deborah Hopp VP, Finance & Administration John Bienias VP, Project Management Frank Sisser VP, Client Strategy Kevin Dunn

E-Newsletter Developer Lauri Loveridge Network Administrator Steve Swanson Assistant Network Administrator Josh Krouze Audience Development Director Bea Jaeger Fulfillment Coordinator Valerie Asante Creative Marketing Group > Katie Shaw > Janice Hamilton > Joy Wagner

Contact Us

To subscribe > tcbmag.com/subscribe > tcbservice@tcbmag.com > 612-339-7571 To change an address or renew > tcbmag.com/myaccount > tcbservice@tcbmag.com > 612-339-7571 For back issues or missing issues > tcbservice@tcbmag.com > 612-339-7571 For reprints, PDFs > jscheu@tcbmag.com > 612-373-9584 For permission to copy > dkurschner@tcbmag.com > 612-336-9299 To make event reservations > gfamestad@tcbmag.com > 612-336-9288 To advertise > see account executive listings > or contact jscheu@tcbmag.com > 612-373-9584 To submit a press release > edit@tcbmag.com To pitch a story > see editorial staff listings or contact dkurschner@tcbmag.com > 612-336-9299

Twin Cities Business is a publication of MSP Communications 220 S. 6th St., Suite 500, Minneapolis, MN 55402-4507 612-339-7571, fax 612-336-9220





EDITOR'S NOTE by Dale Kurschner

Gun Violence

116,255

Americans shot each year

17,102

Children shot each year

38,000

Americans shot dead each year

2,727

Children shot dead each year

25

Times by which U.S. gun homicide rate is higher than that of any other developed country



Mass Shootings

Of the 156 that occurred between 2009 and 2016:

54% Were related to domestic or family violence

42%

Involved a shooter who exhibited at least one red flag prior to shooting

34%

Involved a shooter who could not legally own a gun

25% Of fatalities were children

Shaping Our Future

eeing someone dying unexpectedly isn't pretty. It's slow. Seconds feel like minutes; hope gives way to helplessness; the physicality of it all loses significance as you feel the loss of a spirit, and a stillness descend on the body like nothing you've experienced.

Imagine this happening to your daughter—lying on a high school floor after a kid opens fire; in her apartment, shot by an unstable boyfriend; or at work, the victim of a disgruntled ex-employee.

Every day in this country, 318 people are shot; 96 die. Every day, 46 children are shot; seven die. About 60 percent are suicide-related. But increasingly, kids are being picked off in school like fish in a barrel. And while school shootings are a small percentage of these already tragic statistics, they're increasing at an alarming rate.

The sense that it won't happen here is long since gone: It was only six years ago this September when seven people died and one was injured in a mass shooting at Accent Signage Systems in Minneapolis. Thirteen years ago in March, 10 died and five were injured at a high school on the Red Lake Indian reservation. In recent months, high schools in Orono and Minneapolis have had scares serious enough to lock down the school or increase security and require all students to show ID before entering each morning. We need to do something to stop this insanity.

AR-15s, which can easily be converted into assault rifles by using bump stocks and high-capacity magazines, have been the weapon of choice in 14 mass shootings in this country since 1984. Of note: All but two have occurred just in the last six years, with four involving kids in schools, such as the shooting that killed 17 at Marjory Stoneman Douglas High School in Parkland, Fla., in February.

Of equal note: In all but three of the 14 mass shootings involving the AR-15, other guns were used as well. The No. 1 group-killing gun in this country is the 9mm handgun, according to a recent *Washington Post* analysis.

So our problem is the ease with which certain rifles can be turned into assault weapons, and also the ease with which people can buy handguns. We can't regulate or restrict a person's mental health, but we can do that with weapons.

Federal law only requires background checks for gun sales at licensed dealers, although 19 states and Washington, D.C., now require background checks on all handgun sales. In states that have done this, 47 percent fewer women are shot to death by their intimate partners, 53 percent fewer law enforcement officers are killed with guns, and gun trafficking in cities drops by 48 percent, according to the Everytown for Gun Safety Support Fund.

I support the right to legally own a gun. But we don't need rifles that can be easily turned into assault rifles. The Second Amendment is there to protect democracy, our families and our property, not cheap thrills for those who want to play with guns by shooting multiple rounds of ammunition per trigger pull.

Nor is there any sane reason why we continue to allow people to buy guns at gun shows and other venues without any type of background check, and allow no-ID-required internet sales of guns, ammunition and bump stocks or other parts to convert semi-automatic guns to automatic. So, I'm asking you to join me in supporting politicians in favor of making bump stocks illegal, eliminating the ability to sell rifles that can be converted into assault types, and requiring all gun sales to include background checks.

I know some of you are opposed to my viewpoints. Normally I'd say, "That's fine; we can agree to disagree" and leave it at that. But please consider the 17,000-plus kids getting shot every year; if you have a better solution, let's hear it. But don't just sit there and do nothing.

Exit, stage left!

And with that, this is farewell, as I leave the journalistic podium that our owner, Vance Opperman, and president, Gary Johnson, entrusted me to speak from for the last seven-anda-half years. Sometimes this column has highlighted great achievements and attributes of our state; other times it's been to take on serious social issues such as gun safety.

The same has been true of our overall mission as a brand. We've celebrated all that's wonderful across Minnesota—the businesses and the people leading them, exploring their challenges and highlighting their successes. And we've taken *Twin Cities Business* to new levels, including increasing the percentage of women reading the magazine from 28 percent to 41 percent.

We've looked at complex issues that affect our business community, such as the entry of more Muslims in workplaces and the ensuing cultural dynamics; the lack of diversity in our top corporate ranks; why more post 9/11 veterans aren't getting hired; how Pheasants Forever became the top recipient of Legacy Amendment funding; and more. And we've had fun, whether exploring regions such as Greater Bemidji, publishing creative features (the alter egos of ordinary business people was one such story), and introducing new events such as Person of the Year and People to Know.

Today, *TCB* is the financially healthiest it's been since before the Great Recession, and the quality of its content is at its strongest point in years—all due to the awesome team I've had the opportunity to work with. As such, it's the perfect time for me to leave to pursue new challenges and opportunities.

For the last several weeks, we've been working on transition plans, and the *TCB* team is well-positioned to continue delivering award-winning content produced with a deep passion and an unparalleled dedication to quality. A heartfelt thank you to Jayne Haugen Olson, Adam Platt, Liz Fedor, Burl Gilyard, Sam Schaust, Kate LeRette, Chris Winn, Gene Rebeck, Judy Arginteanu and others who have worked with me on *Twin Cities Business*. And a special thanks to Shelly Elmore, who continues to be the best person in the industry at knowing how to sell objective business content to advertisers, sponsors and strategic partners.

Last but not least, thank you to the business, civic and nonprofit leaders I've had the privilege of spending time with. As I've said many times at our events, you honor us by sharing your time, insights and stories with our audiences, and without you, there would be no *Twin Cities Business* nor would there be the strong Minnesota economy and culture that we all enjoy. tcbmag

STARTERS

NEWS | TRENDS | PERSONALITIES | EDITED BY ADAM PLATT

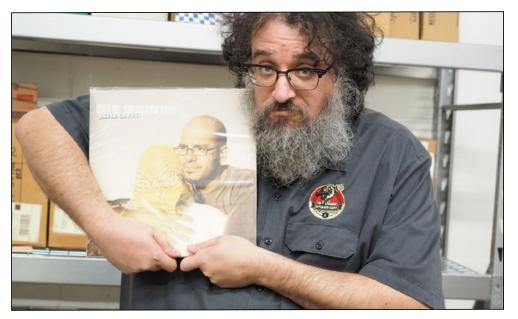


Stand Up! Records is sticking to comedy on vinyl, despite the challenges. an Schlissel isn't blind to the fact his comedy record label falls within a niche of a niche. The owner and sole full-time employee of Minneapolis-based Stand Up! Records—best known for its 2007 Grammy for producing Lewis Black's *The Carnegie Hall Performance*—has been printing stand-up comedy albums on vinyl since 2001—arguably the nadir of the record business. But the tables have turned:

vinyl album sales topped 14.3 million units last year (up 9 percent), while CD sales shrunk to about 103 million units (down 16.5 percent). Despite this rise, comedy on wax makes up less than 1 percent of the \$1 billion vinyl business.

"Literally, there is no money to be had in vinyl," Schlissel says of his label's miniscule market. "After you include the freebies for the artist and their people, if you sell the whole run, then you didn't lose money. But you probably made only \$100 or \$200."

Streaming and downloads are where the money is. Digital sales of Stand Up!'s nearly 200 comedy albums make up about 70 percent of its revenue and are roughly 10 times the cash



Dan Schlissel still makes comedy LPs.

generator that its vinyl side is. CDs make up the rest, and it's the profitability of that digital business that allows Schlissel to support vinyl.

"The main reason I do it is I want [comedy on vinyl] to exist," says Schlissel, who produces between 12 to 20 comedy records in a given year. "As I dig through the comedy bins at record stores across the country, I notice that all the classics are there; and I know that some of the stuff that I did . . . should be with the classics, and the only way they would be is if they were on the same format."

About half of Stand Up!'s vinyl discography is originally produced content (rather than the

albums Schlissel licenses from other labels or comedians to bring to vinyl for the first time). Artists like David Cross, Hannibal Buress and Patton Oswalt have asked Schlissel to handle the record-printing process. The six-month to yearlong process ends with comedians receiving records to sell on the road and, for Schlissel, another release his label can sell in record stores nationwide, although most vinyl sales come from Stand Up!'s online store.

Despite the disparity in sales, Schlissel doesn't see vinyl disappearing from his discography any time soon. "My aim is to preserve comedy that I think is worth a damn." -Sam Schaust



Healthcare IT firm **Ability Network** is being purchased by Marylandbased healthcare technology company **Inovalon** for \$1.2 billion. Ability's HQ will remain in Minneapolis.

Optum named former GlaxoSmithKline CEO Andrew Witty as its new CEO. He replaces current CEO Larry Renfro on July 1, as Renfro transitions to a role at Optum's investment arm.

Bloomington-based Bridgewater Bancshares went public in March, the first Minnesota-based bank to do so in 25 years.

Maple Plain-based **Protolabs** purchased a 152,000-square-foot Brooklyn Park manufacturing facility with plans to hire 150 workers primarily for equipment machining.

SALPH WINN



Signs of Those Times

Arby's hat and the Broiler's flames fell this winter.

At its core, a business sign is just a marker, telling people which parking lot to turn into, which door to enter.

But they can also be works of art and "an important part of a built environment," says Aaron Hanauer, Minneapolis senior city planner. They create a sense of place and become waypoints that signify a street or neighborhood. The ones that endure can eventually eclipse the businesses they herald.

Less than a month apart this winter, iconic neon signage from St. Paul's St. Clair Broiler—which closed last year—and the neon cowboy hat for the recently closed Arby's in Uptown Minneapolis were removed. Both losses were lamented on social media, and thousands even showed up to a rather ironic candlelight vigil at the Arby's site.

In some cases, signs are protected from removal. Minneapolis' Grain Belt Beer sign and the Town Talk Diner are listed for preservation by federal and city statute, respectively.

Some are not so lucky, and their significance only becomes apparent when they're gone.

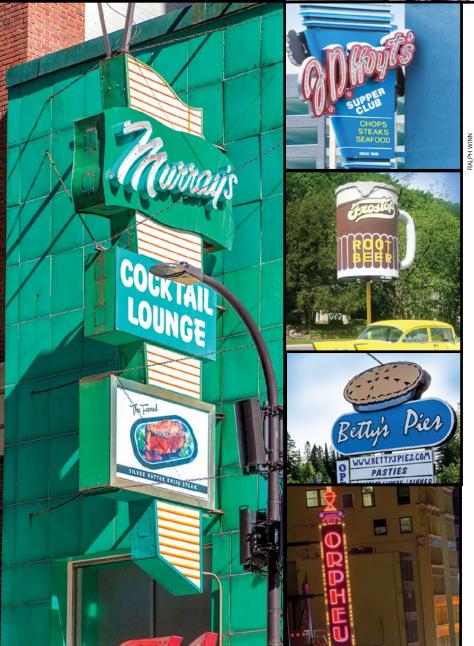
"When you drive to work, you don't necessarily think about what you see, but the brain is using all these landmarks—and business signs become part of it," says David Lanegran, professor emeritus of urban, human and geographic education at Macalester College. "People are mourning their loss of a sense of a place."

Hanauer says Minneapolis has never designated a sign for preservation (versus the entire building), but it is within its authority. Former Mayor Betsy Hodges asked on Twitter whether anyone made an application for the Arby's sign, but Hanauer says nothing was set in motion in time.

At press time TCB was still waiting for comment from representatives of the Broiler and Arby's on their signs' fate.

The Minnesota Historical Society did not pursue the Broiler sign (and had no interest in the Arby's sign, of which there are still dozens around the country), though it has acquired signs from Tiger Jack's Shack and Dayton's Oak Grill restaurant, among others, says Adam Scher, senior curator. The organization keeps the signs in environmentally controlled storage areas with safe levels of illumination. In some cases, they do restoration work and use them in exhibitions. The collection includes signs from restaurants, clothing stores, movie theaters, a stained-glass studio and more.

"It's a way of being able to interpret the history of the business itself," explains Scher. "If these businesses were in a particular location for an extended period of time, they became a landmark. Signs are a part of the environment. It's important to preserve them." —*Amanda Ostuni*



Stall of Entertainment?

A highly touted Albertville theme park proposal appears stymied.

Ambitious plans to develop a "Mall of Entertainment" in the metro area made splashy headlines in January 2016. The vision called for creating a destination theme park with an indoor amusement park, a hotel and a water park on a site next to the Albertville Premium Outlets retail center. Front-page press reports at the time outlined plans for breaking ground that summer, with an opening in late 2017, before the Super Bowl in Minneapolis.

But more than two years later, there's no sign that construction on the proposed project will start anytime soon; the city of Albertville has yet to receive a formal development application for the project.

Otsego-based Darkenwald Corp. leads the development team. In late January, Casey Darkenwald of landowner Darkenwald Holdings Ltd. said he was moving ahead, but provided no details.

There has been some progress. Environmental review of the project was completed last fall; the city signed off on the potential scale of the overall concept.

"The city has processed an AUAR [Alternative Urban Areawide Review] and approved it," says Alan Brixius, Albertville's planning director. "So we have a master plan that's been approved."

City documents outline two possible development scenarios on the site, identifying "Concept Plan A" as the developer's preferred option.

It calls for 260 units of multifamily housing (180 apartments, 80 senior units), 294,000 square feet of retail and restaurant



space, and 170,000 square feet of office and medical office space. The Mall of Entertainment itself calls for a 275-room hotel, an indoor theme park, a water park and conference facilities. (Albertville is roughly halfway between Minneapolis and St. Cloud along Interstate 94.)

Initial media reports indicated that Sony Pictures Consumer Products would be involved with the project, but city documents related to the AUAR do not mention Sony.

Gov. Mark Dayton expressed support for the plan when it was announced. In March, the governor's office referred questions to the Minnesota Department of Employment and Economic Development. DEED spokesman Shane Delaney says that the agency's economic development staff had no information. —Burl Gilyard

The 1300 Mystery

Why is a Dinkytown building evicting all its commercial tenants?

□ The fate of a nearly century-old building is on the minds of Dinkytown denizens after its longtime commercial tenants were summarily evicted from 1300 Fourth St. SE, next to the Varsity Theater.

The news came as a surprise to tenant Dinkytown Optical. Owner Jason Davis says the business has been in the neighborhood since 1972. "Serving the community as long as we have, people know us. Plus, a huge part of our customer base is college students; we are the go-to for people with glasses who go to the U."

He will be leaving, along with longtime barber shop Milo's on Fourth and several other neighboring businesses. All were notified by their landlord, Brett Naylor, that they have to vacate by July 31, even though Davis says many have active leases.

"The economics of Dinkytown are changing dramatically," says Randal Gast, president of the Dinkytown Business Alliance. "The business landscape used to be mostly ma-and-pa private businesses. Today, about half are chain operations." (Longtime Dinkytown tenants Vescio's and the Library Bar closed recently.)

1300 tenant Underground Printing has been in Dinkytown for about 10 years, but co-owner Rishi Narayan says the news was not surprising: "We had had discussions with the [building] owner, so we knew it would eventually happen."

What remains unknown is the fate of the two-story commercial building. "It's been a mystery," says Gast, adding that it's uncommon for landlords in the area to force businesses out.



Naylor has developed a number of student housing projects in Minneapolis, including the apartment building at 1301 University Ave. SE. Naylor did not respond to interview requests.

While it's unclear what will happen to the Dinkytown building, "it cannot be altered or torn down without a permit from the city," says Jack Byers, manager of long-range planning for Minneapolis' Community Planning and Economic Development (CPED) department.

The structure was designated part of the Dinkytown Commercial Historic District by the city's Heritage Preservation Commission in 2016. As of late March, no applications had been submitted for the property. —*Kate LeRette*



Sunset Clause Why are so many prominent Minnesota CEOs leaving?

□ In 2017, Richard Davis left his CEO job at U.S. Bancorp, and a few months later Ken Powell gave up the CEO reins at General Mills, as did Stephen Hemsley at UnitedHealth Group. On July 1, Inge Thulin will step down at 3M Co.

Why are so many prominent local CEOs heading for the exits? Since 2016, seven of Minnesota's 15 largest public companies announced CEO departures.

"We're going through major generational change with CEOs in the Twin Cities," says Bill George, former Medtronic CEO and a senior fellow at Harvard Business School.

Still, "there is turnover in people, but not necessarily turnover in business strategy and community engagement," says Paul Vaaler, a business and law professor at the University of Minnesota. That's because five of the seven corporations decided to promote executives from within their ranks. That's the case with U.S. Bancorp, General Mills, UnitedHealth and 3M. At Hormel, James Snee was promoted from the president's position to succeed Jeffrey Ettinger as CEO.

An effective CEO must assemble the right team, be able to expand the business and have the "vision to understand where the company needs to go in a new era," George says. He argues that a new CEO is poised to succeed when the person rises from within the company.

Vaaler notes that the CEO changes were much different at Supervalu and Patterson Cos.; each recently hired external candidates as leaders, and each has struggled. Mark Gross took the helm at Supervalu in 2016 after leading Surry Investment Advisors; he's charged with turning the grocery business around. Patterson chose Mark Walchirk, a McKesson veteran, to become CEO in 2017 and address issues within the dental business. The previous Supervalu CEO served three years, and Patterson had an interim CEO.

For U.S. CEOs who left S&P 500 companies in 2016, the average tenure was nine years, according to a national report by the Conference Board. Davis, Ettinger, Hemsley and Powell each served a decade or more, and were ready to pass the baton.

George is encouraged that many of the departing Minnesota CEOs have groomed their successors to play leadership roles in the community. The new CEOs should "work closely with the mayor, the City Council, United Way and arts organizations," he says, as well as business groups that advocate for good schools, health care and quality of life. *—Liz Fedor*

EARNING **THE #1 NOD FROM BARRON'S IS**

MORE

take the notion of financial advocacy to obsessive, highly personalized new heights. The result? A continuous, comprehensive and coordinated wealth management experience that puts your needs first. That aligns you with a customized team of specialists who will sit on the same side of the table as you - even when you're not in the room. And will

It began with a revelation nearly 40 years ago. To champion for you, every day. Today, we proudly announce that Richard S. Brown (CEO) and JNBA have been recognized as Minnesota's top financial advisor and top Registered Investment Advisor by Barron's. And JNBA as one of Barron's top 1,200 advisors, nationwide, for the ninth straight year. Ready to experience the JNBA revelation firsthand? Learn more about better at JNBA.com.

MINNEAPOLIS: 952.844.0995

DULUTH: 218.249.0044

JNBA.COM

*As seen in the 2/22/10, 2/21/11, 2/20/12, 2/18/13, 2/24/14, 2/23/15, 8/24/15, 3/7/16, 8/29/16, 3/6/17, 9/18/17 and 3/12/18 issues of *Barron's*. Rankings and/or recognition by unaffiliated rating services and/or publications should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if JNBA Financial Advisors, Inc. is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of JNBA Financial Advisors, Inc. by any of its clients. Rankings published by magazines. and others, generally base their selections exclusively on information prepared and/or submitted by the recognized advisor. Rankings regenerally limited to participating advisors. *Barron's* a trademark of Dow Jones & Company, Inc. All rights reserved. JNBA's Chief Compliance Officer remains available to address any questions regarding rankings and/or recognitions, including providing the criteria used for any referenced ranking. Visit www.JNBA.com/disclosures for more information.



Make more **better**.

BUSINESS LIVING

THE MONTH'S BEST CHOICES FOR VIP GUESTS, NETWORKING AND ENTERTAINMENT

CONCIERGE

Open Season for Creativity

f you've been challenged to help your clients drive creativity across their organization, call a meeting of the minds in May. While creativity, like the mighty Mississippi, churns through the Twin Cities all year round, this elusive force always crests in the springtime, prompting local parks, theaters, art galleries and ms to burst into bloom with captivating festivals, irreverent shows and other inspiring.

museums to burst into bloom with captivating festivals, irreverent shows and other inspiring, out-of-the-box experiences. -Melinda Nelson

In the Heart of the Beast Puppet and Mask Theatre MayDay Parade, Ceremony and Festival



Saint Paul Art Crawl

If your clients need super-sized inspiration for their Herculean creative challenges, take them to this exuberantly theatrical spring celebration in Powderhorn Park. Now in its 44th year, this beloved community event is the result of months of planning, with public brainstorming sessions and 16 art workshops, free and open to the public. Don't miss the Tree of Life Ceremony, with towering puppets representing Prairie, Sky, River and Woods, borne by people on stilts. *May 6, hobt.org*

Art-a-Whirl

If your client's creative process could benefit from some cross-pollination, invite them to Art-a-Whirl, the largest open-studio tour in the country. Now in its 23rd year, this kaleidoscopic weekend hosted by the Northeast Minneapolis Arts Association offers a unique opportunity to meet at least 700 painters, jewelers, photographers, woodcarvers and other makers in galleries, ateliers, storefronts and collaborative work spaces. May 18-20, nemaa.org

Skyline Mini Golf

Inspire your clients to think differently with a design-centric evening at the Walker Art Center on the terraces overlooking the Minneapolis Sculpture Garden. As you play 10 artist-designed holes on the Skyline Mini Golf course, point out the Philip Johnsondesigned IDS Center, the César Pelli-designed Wells Fargo Center and other local landmarks that punctuate the downtown skyline. *May 22-September 2, walker.org*

Age Against the Machine: BNW's Greatest Hits

Remind your clients that improvisation and irreverence are vital to the creative process with tickets to Brave New Workshop (BNW), the longest-operating satirical theater in the country. In celebration of the theater's 60th anniversary, *Age Against the Machine: BNW's Greatest Hits* features a curated mix of the theater's most memorable, laugh-out-loud moments. *Through June 16, bravenewworkshop.com*



Slake Your Creative Thirst

Ideation is thirsty work. Rehydrate on the patio at these colorful local watering holes.

■ Cuban coffee at Victor's 1959 Café, victors1959cafe.com

Sky-Five Midwest Coast IPA at Bauhaus Brew Labs, bauhausbrewlabs.com

An Old Cuban at Aster
Café, astercafe.com

■ Mai Tais at Hola Arepa, *holaarepa.com*

■ Grain Belt Premium at W.A. Frost, *wafrost.com*

BUSINESS LIVING PLUGGED IN





TCB's 2017 Forum

TCB's Commercial Real Estate Forum

Join industry leaders as they discuss how they are tackling rising land and construction costs in a rapidly changing market. Panelists are Spencer Finseth of Greiner Construction, Michael Hille of Kraus-Anderson, Mike Ohmes of Cushman & Wakefield, Matt Rauenhorst of The Opus Group and Bob Solfelt of Mortenson Development. 2:45 p.m., \$60, Loews Minneapolis Hotel, 612-336-9288, tcbmag.com





Purple Gala

Now in its 26th year, this Alzheimer's Association event features a reception and silent auction, gourmet dinner, live entertainment and more. Proceeds go toward raising awareness and funding for Alzheimer's care, support and research. 5:30 p.m., \$275, The Depot, Minneapolis, 952-857-0545, alz.org/mnnd

Professional Career Fair

Whether you're looking for a new career or simply a new job, this fair offers employment options in sectors ranging from financial services to government. Attendees can casually network as well as meet face-to-face with recruiters from employers who are actively hiring. 10 a.m., free, Minneapolis Marriott City Center, 877-573-6691, nationalcareerfairs.com



Business Connection Breakfast

Come with an appetite and business cards, leave with valuable professional connections at this speed networking-style breakfast. It involves both structured networking and open networking elements. 7:30 a.m., \$20 to \$40, Neighborhood House, St. Paul, 651-223-5000, saintpaulchamber.com

-Amanda Ostuni

HITTING THE ECHNOLOG 9.13.2018

SAVE THE DATE **REGISTRATION OPENS IN JULY** marco

2018 TECHNOLOGY TRADESHOW SEPTEMBER 13 MYSTIC LAKE CENTER

GET IN ON THE DEAL

Come party with us at Marco's Technology Tradeshow! Join us this September to hit the jackpot in the latest technology trends, connect with industry leaders and experience a private concert by REO Speedwagon.

- Keynote Speaker, Arlin Sorensen, VP of Peer Groups at ConnectWise
- Attend informative breakout sessions on technology hot topics
- Visit exhibitor booths from industry leaders
- Network with top IT professionals
- Enjoy happy hour and entertainment by REO Speedwagon

MARCONET.COM

Media Sponsor

CONNECT WITH US

FOR YOUR DAILY DOSE OF MINNESOTA BUSINESS NEWS



FACEBOOK facebook.com/twincitiesbusiness







Entertain Your Clients, Prospects, and Employees!

SPECIALTY SEATING

CHS Field provides many unique areas for your group to enjoy a Saints baseball game!





\$40/person (includes game ticket, meal & soft serve ice cream)

Great view of St. Paul Skyline

651-644-6659 groups.saintsbaseball.com

BUSINESS LIVING | BEYOND THESE PAGES



2018 CFO Forum

Join *Twin Cities Business* on **June 5** at the Metropolitan Ballroom for our annual discussion with four local chief financial officers about the current challenges and opportunities facing their companies. Topics will include the impact of rising wages and increased capital expenditures for technological advances, and how the likelihood of rising interest rates is leading to a new focus on corporate debt and possible M&A activity. This year's panelists are **Barry Gisser**, CFO, Science Museum of Minnesota; **Andrew LaFrence**, vice president of finance and information systems and CFO, Surmodics; **Lois Martin**, CFO, Mortenson; and **Jeff Pellegrom**, executive vice president and CFO, Minnesota Wild.



Today's News

Statewide news and perspectives on business-related expansions, shakeups, successes, wrongdoings and more. *Go online to:* **tcbmag.com**



E-newsletters

Catch the latest business news—and explore what it means—every Tuesday and Thursday in *Briefcase*. Our monthly Minnesota startup and small business e-newsletter, *Adrenaline*, provides features, tips and insights for entrepreneurs across the state. *To sign up, go online to*: **tcbmag.com/newsletter-sign-up**



On the Air

Tune in to 830 WCCO-AM every Monday at 10:35 a.m. to hear *TCB*'s take on the week's top business and economic news and trends, and KARE 11 every Wednesday at 5 p.m. and Thursday at 11 a.m. for perspective on the state's most significant business developments.

Go online to: kare11.tv/2gVzLvo





Linkedin: linkedin.com/company/twin-cities-business YouTube: tcbmagvideos

AMPED UP

THE INNOVATIVE, FAST-PACED WORLD OF EMERGING BUSINESSES. | BY KATE LERETTE

Doing More with Less

How three Minnesota companies are shaping the future of agriculture. griculture is the largest consumer of water, accounting for 70 percent of the world's freshwater use. As the Earth's natural resources become scarcer and world population continues to grow, implementing sustainable farming practices and improving efficiency is key.

That's where ag tech comes in. From drones and autonomous robots to analytics and cloud-based software, farmers are turning to technology to make better-informed decisions and maximize production.

With more than 73,000 farms and 400,000 jobs tied to the ag industry, according to the Minnesota Department of Agriculture, the state is a breeding ground for ag tech innovations. Here are three Minnesota companies using technology to change the future of ag.

In the two-and-a-half years since the FAA granted Sentera permission to operate commercial drones, business has taken off. The Richfield-based company has doubled revenue every year since 2015 and has more than doubled its staff, from 12 to 28. Today, it's one of the leading providers of ag data collected from drones. Founded in November 2014, Sentera supplies drones, software and analytics to the agriculture, infrastructure and public safety industries, although its primary

focus is agriculture.

"We found a niche to go after," says CEO Eric Taipale. "Today, there are 750 locations throughout the U.S. reselling Sentera's products." He projects this year's revenue to be \$8 to \$10 million.

Equipped with high-quality sensors, Sentera's drones collect data and images for customers, which can be used for a number of applications, including crop management, terrain assessment and exterior building inspections.

"The most basic model is less than \$4,000; it's a great starter drone," says Reid Plumbo, director of product management. For a top-of-the-line drone with high-precision sensors, the price jumps to around \$50,000.

Through FieldAgent, the company's image

and data management software, customers can store photos, generate elevation and 3-D maps, use analytics tools and share data with anyone. The platform is available on desktop, web and mobile channels, so users can access their data from anywhere. With the mobile app, farmers, for instance, can document crop growth, weed growth and storm damage, among other information.

Sentera is working with the University of Minnesota to bring to market a universitydeveloped technology that helps growers more precisely apply nitrogen fertilizer to corn. Using drones to capture aerial images of their field, farmers can use the university-developed technology to analyze color patterns—crops deficient in nitrogen are more yellow—to determine how much nitrogen each crop needs, minimizing overapplication of the nutrient. Once Sentera completes field testing this summer, the Nitrogen Deficiency Detection Analytics technology will be rolled out through

> Sentera's FieldAgent platform for the 2019 growing season. The U of M is one of 53 partnerships Sentera has with research universities. "Our goal is to get to a

point where growers can manage their crops on a plant-by-plant basis," says Taipale, "and generate data points as rapidly and efficiently as possible."



Minneapolis-based mental-health startup Learn to Live raised \$4.3 million in seed funding, which it will use to expand into new markets.

Zivix, a Minneapolisbased software developer focused on music education, raised \$1.4 million in its latest round of funding.

Minneapolis-based UroCure raised \$2.5 million from angel investors to fund product development and pursue regulatory clearances for it urethral slings designed to treat urinary incontinence in women.

Minneapolis-based big data startup **phData** Inc. closed on a **\$2.5 million** round of funding, which it will use for product development and to ramp up hiring efforts.

Extempore, a St. Paulbased education startup that developed an app to assist foreign language teachers, closed on a **\$420,000** seed funding round led by Minneapolis' Syndicate Fund.



Company: Sentera

Launched: 2014

Location: **Richfield**

VELLS FARGO

Helping build businesses



No matter what stage your business is in, Wells Fargo may be able to help you with the financing you need. We have lending options, including:

- Lines of credit
- Term loans
- Vehicle financing
- Commercial real estate financing
- Equipment financing
- Business credit cards with rewards

By getting to know you and your business, our experienced bankers can tailor options to help meet your specific financial needs.

Talk to a banker today about financing the growth of your business.

wellsfargo.com/businesscredit





All credit decisions subject to credit approval. © 2018 Wells Fargo Bank, N.A. All rights reserved. Member FDIC. LENDER NMLSR ID 399801 IHA-22398

AMPED UP



Rowbot

Launched: 2012

Location: **Minneapolis** Nitrogen deficiency is one of the most common problems affecting crops. As crops grow taller, applying the essential nutrient becomes more difficult and, in some cases, impossible. Three brothers with backgrounds in robotics, farming and agricultural engineering have teamed up to find a solution: a self-driving robot.

Called Rowbot the small, autonomous vehicle travels between rows of corn applying nitrogen fertilizer. The Rowbots are deployed in teams to maximize efficiency.

In-season nitrogen management is a widely recognized best practice, but crop height and uncertain field conditions often prevent farmers from carrying out the task, says CEO Kent Cavender-Bares. Although the USDA doesn't collect data on in-season nitrogen application, "it's likely that at least 50 percent of all corn acreage doesn't receive nitrogen application during growing season."

Rowbot also can seed cover crops before corn is harvested. Cover crops protect the soil during the off-season and keep excess nitrogen in the soil

Founded in 2012, Rowbot has seven employees, five of whom came from Carnegie Robotics, a company founded by Kent's brother John. Up until last year, Carnegie Robotics had been supplying Rowbot with engineering support, but without a robotics team in the company, investors were hesitant. Last year, Carnegie Robotics took a bigger stake in Rowbot and moved a small team to the ag tech company.

Now COO and CTO of Rowbot, Brian Beyer led the development of Rowbot's first prototype while at Carnegie. This summer the company will launch its second version of Rowbot and a third will be released next year.

Rowbot is pre-revenue; the company is still perfecting its product and has been conducting field trials for the last three seasons. The seasonal component of agriculture slows down



Conservis

Launched: 2009

Location: **Minneapolis** From Australia to California, Minneapolisbased Conservis is helping farmers make smarter decisions and improve efficiency. Founded nearly a decade ago, its enterprise farm-management platform assists growers with everything from planning and budgeting to purchasing, inventory management, analytics and reporting.

"Today, over 9,000 fields in 300 counties are managed on our platform," says CEO Sherman Black. "We are the ERP [enterprise resource planning] software for farms."

The cloud-based software allows growers to streamline their data as well as develop operational plans, manage production activities, and track and trace harvest. After expanding its platform capabilities last year, Conservis now serves growers in both the permanent crop (almond trees, grape vines, etc.) and row crop



the development process, says Cavender-Bares, "but if we can provide an easy [solution] that does a hard job well, uptake will be pretty fast."

To date, Rowbot has raised \$1 million in outside capital, and is the market to raise several millions more. The company was selected by Google to showcase its technology to investors at Google's Demo Day in Silicon Valley in March. (It was nominated by local co-working space Fueled Collective, formerly COCO.) As part of the criteria for the event, participating startups had to be actively seeking to raise \$1 million to \$5 million within six months of the event.

The autonomous vehicle is only a part of the company's plan. "It's a foundational building block," says Cavender-Bares. Eventually, Rowbot will be equipped with sensors, enabling the machine to tune the nitrogen application rate based on each plant's need. It also will have multiple functions for different crops and applications.

"Our goal is to make a big impact on agriculture," says Cavender-Bares. To do so, "we are building an independent business that will provide robotics solutions to help growers with a bunch of jobs, as well as help growers collect data to do their jobs even better."

(corn, soybeans, etc.) markets.

The company is unique in that it was developed from the eyes of a farmer, says Black: "It was created with farmers, for farmers."

Since Black joined the company in 2016, Conservis has experienced a surge of growth. "We are really seeing adoption take off," he says. "New bookings doubled from 2016 to 2017."

Last year was a big year for Conservis. In addition to expanding into the permanent crop market, the company added machine data integration capabilities, reducing the amount of manual data entry. Conservis also raised \$9.5 million last



summer, which it used for product development and to scale its sales and marketing operations.

Black wouldn't disclose revenue; he says the company has between 50 and 100 employees. He's hoping to raise more capital this year to expand faster into new crop types and to widen the company's geographic reach.



The Catholic Community Foundation of Minnesota recognizes and thanks the following organizations and individuals for their generous support of the Foundation's 25th Anniversary Celebration Event.

John & Susan Morrison



Catholic Charities of St. Paul and Minneapolis CliftonLarsonAllen Drake Bank Parametric Relevant Radio[®] 1330 AM Media Sponsor Rothschild Asset Management Stagetime Productions U.S. Trust - Bank of America Mike and Michele Traeger





PLANTING SEEDS by Rajiv Tandon





The fastest-growing business segment of the future is the business of one. We should all be preparing for a "1099 economy."

The Evolving Role of Business Education

A new model is emerging for educating a new generation of business people.

echnology, which has already devastated factory jobs, is beginning to affect middle- and uppermiddle-class jobs. A majority of the jobs today's elementary school students will be working at do not even exist today. Are today's business curricula preparing students with the required skills?

Business programs were designed to serve the needs of large corporations. Today, many schools are abandoning the MBA program. The market is signaling that these programs are past their prime.

The fastest-growing business segment of the future is the business of one. We should all be preparing for a "1099 economy." Educational institutions should broaden the narrative to prepare people with entrepreneurial essentials, even if they may not see themselves as unicorn-builders.

The next-generation problem-solving ecosystem will coalesce around a university. More and more universities have caught the entrepreneurial bug. While their leadership emphasizes the value of entrepreneurship, their pedagogical approach and organizational infrastructure are inconsistent with the entrepreneurial process. Traditional curricular and co-curricular activities don't fit. A significant opportunity exists to train creative and talented people who can function in the emerging environment.

A panel of entrepreneurial educators in the Twin Cities recently discussed the opportunity of mass education of skills for the emerging economy. Some key observations:

- A need to define entrepreneurship and prepare tools to teach it.
- Getting beyond the fads (lean startup, human-centered design, etc.) to the basics. These include:
 - Critical thinking and problem-solving
 - Collaboration across networks and leading by influence
 - Agility and adaptability
 - Initiative and entrepreneurship
 - Effective oral and written communication
 - Assessing and analyzing information
 - Curiosity and imagination
- Delivery of these basics tailored to students arriving with a wide variety of skills.
- Integration of these basics into the core curriculum at both the graduate and undergraduate level.
- Merging vocational skills with business acumen.
- Linking with high schools that are focused on entrepreneurship.

The academic program design itself should have some key features:

- Flexibility: Changing the core program based on its effectiveness.
- Practice: Providing a growth mindset augmented with practical learning. We need to go beyond introduction to terms and add essential skills and competencies—details such as how to start a business, developing the persis-

tence to overcome failure, etc.

- Execution: Imparting superior execution skills; most new companies will not be based on new technologies.
- Self-reliance: Avoiding over-dependence on venture capital.
- Academic and practical perspective: Value both to tease out best practices.
- Ecosystem hub: This can be a gateway between the resources of a university and a smaller business. It should bring together fragmented activities by collaborating with various related entities such as funders, creative types, engineers, etc.
- Maker spaces, incubators, accelerators: Providing places for hands-on experimentation and building from the idea up.
 - Co-curricular activities:
 - Business plan competitions
- Links with mentors
- Internships with community entrepreneurs
- Peer-to-peer learning activities
- Opportunities for global awareness through international projects
- Educating parents on the value of entrepreneurial education beyond traditional courses.
- Delivery: Vetted content from a variety of sources through online programs.
- Mastery-based progression: Rather than the traditional progress based on time spent in a course.

This is the panel's wish list. To achieve even a fraction of this, many obstacles will need to be removed. They are:

- Unstable funding: Be part of a university's strategic plan and on a sustainable fundraising path. Without such an endowment the program will forever be chasing tuition dollars and fighting other disciplines for access.
- Narrow base: Growth in entrepreneurship should be university-wide, in liberal arts as well as engineering and other sciences. Without other skills, entrepreneurial education is not sufficient preparation.
- Confinement to the business school: Accreditation requirements fold entrepreneurial education under business school rules. To gain university-wide adoption, this program should be outside the business school. Attendees should be able to find a problem that is within their own chosen domain; the task is to educate them and develop skills to execute on that. This will require links with the broader faculty and enough funding that the program can stand on its own feet.

Chances are a majority of your students are not going to start a venture. The criteria for success should be measured by performance in the marketplace—whether starting a business, finding a job or doing well. tcbmag

Rajiv Tandon is executive director of the Institute for Innovators and Entrepreneurs and an advocate for the future of entrepreneurship in Minnesota. He facilitates peer groups of Minnesota CEOs. He can be reached at rajiv@mn-iie.org.



We are a full service agency specializing in ecommerce and strategic digital experiences.



LET'S HAVE A STRATEGIC DIGITAL EXPERIENCE.



PERFORMING PHILANTHROPY By Sarah Lutman

Linking High School Curriculum to Workforce Needs

Hutchinson's TigerPath program stands out among Minnesota schools.

innesota's current and growing labor shortage has been the subject of numerous reports and regionwide initiatives. A recent Minnesota Compass report showed little or no expected change in the working-age population (18 to 64) across the state between now and 2030. For growing businesses that need more workers, competition for talent will intensify.

Further, our state will need to prepare Minnesota youth to become part of the state's future workforce. Our educa-

tion systems and pathways to employment need to function at a high level, connect to future jobs and become more successful across all socioeconomic, geographic and demographic cohorts.

In response to what it describes as an acute shortage of workers in the region, the Southwest Initiative Foundation, based in Hutchinson, has created the Grow Our Own program. Noting that more than one in six children in southwest Minnesota lives in poverty, the foundation wants to intervene in the region's educational and child devel-

opment sectors to ensure that all children are prepared to succeed in the workforce.

In February, several hundred children's advocates, service providers and policymakers gathered for the Children and Youth Issues Briefing, the state's major annual youth policy forum. They heard about components of the Hutchinson-area effort that take a cradle-tocareer approach to the area's youth. Among these is a seemingly radical approach to high school called TigerPath Academies. (Hutchinson's school nickname is the Tigers.)

TigerPath merges traditional high school education with hands-on experiences tied to workforce opportunities in the region. In collaboration with area employers, the Chamber

of Commerce and Hutchinson's Economic Development Authority, Hutchinson High School encourages every student to enroll in courses that offer skill development.

Each student has an individualized "TigerPath" that maps high school coursework to completion of a diploma. Subject areas are clustered into TigerPath "Career Academies" to offer students well-rounded exposure to components of future jobs. There are four academies: STREAM (Science, Technology, Writing, Engineering, Arts and Math), Sci HI (emphasis on science, with courses such as anatomy), Human Services, and Business. Within the Human Services academy is the Triple H, or Hutchinson High Honors, offering, which is a four-year liberal arts preparatory pathway.

Working with area employers, students also participate in site visits, on-location training, mentorship and exposure to work opportunities in their community. With about 950 students enrolled in the high school, coordinating the program's activities is a mission for Patrick Walsh, the high school's principal.

"When I got to Hutchinson, the chamber, local business, our schools, post-secondary institutions, nonprofits, state government—we were all looking to solve the same workforce issues, but we didn't know it," Walsh says. "Schools have to be relevant to the local community in order for people to pay any attention to us. Through our career pathways program, the whole community is engaged."

"Only 30 percent of our kids are going to need a college degree to succeed in the jobs we have available," Walsh continues. "How are we going to be sure that kids are exposed to and learn the skills needed for the jobs that will exist? That's what we are working on every day, and the whole community is involved."

Tom Mayer, a 3M engineering technology manager, says, "3M has found [the TigerPath] approach to be effective in providing students with career awareness in areas such as advanced manufacturing, and provided an opportunity for 3M to begin developing our future workforce." He adds: "Formal education alone does not always develop the skills necessary for today's skills-based economy."

Why was there a focus on Hutchinson at the statewide forum on children and youth? "We wanted to showcase an innovative education leader who is helping students engage early in career pathways programming that leads to immediate employment opportunities with local businesses," says consultant Frank Forsberg, who helped organize the event.

"We prepare students for all professions," Walsh says. "Students are only 13 to 14 years old when they make their initial TigerPath choice."

Several early skills courses—including woodworking, drafting, first aid and welding—have had more than 100 student enrollments during a calendar year. "This allows for a large cohort of students who can travel deeply into a skills area," Walsh says.

It's important to think about how metro schools can benefit from similar innovation and partnerships involving schools, nonprofits and businesses.

And for this high school graduate, I wish I could have taken some of the skill-building courses offered along the TigerPath. It could have made high school both more interesting and more useful. Drafting I, anyone? You'd be joining a full class of students in Hutchinson. tcbmag

Sarah Lutman is a St. Paul-based independent consultant and writer for clients in the cultural, media and philanthropic sectors.





In Hutchinson, the TigerPath program merges traditional high school education with hands-on experiences tied to workforce opportunities in the region.

SIGNAL PLANNING IS HERE TO STAY. REST IN PEACE, DEMOGRAPHICS.

With limitless opportunities to consume media, your customers could be watching videos on YouTube, enjoying the current season of American Idol, or binging the latest Netflix series. They also have the ability to skip or block ads with DVRs or apps on their mobile devices. So it's no surprise navigating the paid media landscape today can be overwhelming to modern marketers.

But the fragmented media landscape isn't the only challenge being faced. Many brands still define their consumers based on demographics, the outdated metrics of age, gender, income, and education. The glaring problem with this longstanding approach is that it severely limits your ability to truly understand who your customers are and what motivates them to buy your products or services.

Whether you're the CMO of a Fortune 500 company or just launching your first small business, you should think twice about basing your efforts on this sort of oversimplified information. If your goal is to engage consumers at the right time and place, it's time to finally put demographics out of their misery and embrace a better solution. Luckily, The Media Kitchen has a shiny new model to successfully help businesses, of every size, engage current and potential new customers in meaningful ways based on smart data.

WELCOME TO THE AGE OF SIGNAL PLANNING.

The concept is simple. In today's world, every consumer gives off signals.

AGE

They can be digital, from websites they're visiting or content they're sharing online. Or they can be non-digital, which includes things like running in Grandma's marathon, attending an auto show, or even going up north to the cabin. You can use these signals to successfully decide when, where, and how to engage consumers.

First, prioritize strengthening connections with your current customers. After all, you already have positive relationships with them, and many are strong advocates for your brand. Behaviors like visiting your website or store, searching for your brand online, or attending your events, make their signals easy to identify.

Engaging with them can be as simple and low cost as developing an email database to send out branded content. Even with a small budget, you can synchronize this database with platforms like Facebook and Google to deliver the right offer at the right time. There are no budget minimums, and you can learn quickly what works and what doesn't through simple A/B testing.

Facebook ads are even able to inform you if someone who clicked on your ad came to your store and made a purchase. That's a lot more sophisticated than blanket targeting everyone who falls within a generic set of demographics, wouldn't you agree?

Beyond reaching current customers, you can also track signals from new prospects. These signals may include demonstrating an affinity for competitor brands by visiting their websites, liking them on Facebook, becoming a member of their loyalty club, or visiting their stores.

The Media Kitchen 📟

Signals can also reveal consumers' life events such as marriages, moves, and new jobs. Remember: all these signals are actionable data points that can be used for targeting and messaging.

OF COURSE, NOT ALL SIGNALS ARE CREATED EQUAL.

Keep in mind, of all the signals you are able to detect, some are stronger and more reliable than others. It's important to ask yourself a few questions about the signals before using them to deploy targeted messaging. Like: "Is your media plan feasible, scalable, and costeffective?" There's no sense in targeting signals that only represent a few potential customers.

Finally, all of this is only relevant if the outcomes are measurable and actionable. This means establishing goals for success upfront, and understanding which metrics you can measure before, during, and after your campaign.

Most media partners will share industry benchmarks to see how your campaign stacks up. On the back end, you can also review engagement metrics to better understand how consumers acted when they came to your website or visited your store.

Listening for and acting on the signals consumers give off every day has the power to accelerate measurable growth for any business. So, let's talk. What are your customer's signals?

MEDIAKITCHEN.COM



The Media Kitchen is a full-service media

agency and a Yamamoto partner.

STEVE WENDLING

Media Director The Media Kitchen swendling@ mediakitchen.com

INCOME

GENDER

EDUCATION

HEALTH BEAT

THE LATEST DISCOVERIES FROM PROVIDERS, PRODUCT DEVELOPERS AND PAYERS. | EDITED BY KATE LERETTE

U of M Technology Gives Athletes a Competitive Edge

a new software tool that can "score" athletes' body mass composition and connect it to performance. Developed by U of M kinesiology professor Don Dengel and exercise physiologist Tyler Bosch,

he University of Minnesota recently reached a deal with a Massachusetts med-tech company to distribute

the Dexalytics software uses a proprietary algorithm to interpret data generated by a new scanning technology that uses dual-energy X-ray absorptiometry. Also known as DXA scans, they provide detailed information on bone, muscle and fat.

Coaches and trainers can use Dexalytics' scoring system to track how athletes' bodies change over the course of a season and to evaluate the effectiveness of a nutrition or training regimen.

Marlborough, Mass.-based Hologic Inc. will be the exclusive provider of the Dexalytics cloudbased software product throughout North America. Hologic makes its own DXA scanner, the Horizon, which it touts as "the standard for precise body composition assessment."

Dengel, who is also the director of the university's Laboratory of Integrative Human Physiology, said in a statement that the agreement will make the innovation widely available in the sports medicine market. Dengel's lab is part of the Consortium for College Athlete Research, an alliance of five universities from the Big Ten and other college athletic conferences that pool their DXA data to publish position- and event-specific normative DXA values for a variety of collegiate sports.



Hologic's leaders believe Dexalytics' analytical software creates a market opportunity among sports teams seeking to give their athletes a competitive edge. Its capabilities allow coaches and trainers for the first time to directly connect body mass composition measurements to competitive strategies, said Pete Valenti, Hologic's division president of breast and skeletal health solutions.

"This partnership presents an opportunity for our best-in-class technology to be used in impactful ways with new audiences," said Valenti, "and helps differentiate elite athletic programs on the collegiate and professional levels by providing them with a cutting-edge tool to set their organizations and players apart from the pack." *—Don Jacobson*

New Angel Fund Makes First Investments

The newly established Southeast Minnesota Capital Fund made its first two angel investments, naming two medical technology firms as the recipients.

The fund was launched in August by Rochester Area Economic Development Inc. (RAEDI), a nonprofit devoted to growing new businesses in the city, and the Journey to Growth Partnership, a five-year economic development plan spearheaded by RAEDI to expand Rochester's economic growth into the surrounding counties of southeastern Minnesota.

Since then, the fund has grown to \$1.4 million, with 41 investors under its umbrella.

"Our investors are incredibly excited to make our first investments in these two companies," fund chairman David Herbert said in a statement. "They have unique solutions and show great promise for growth, job creation and an interest in staying in our region and state." One recipient is Rochester-based Sonex Health LLC, maker of the SX-One MicroKnife, a surgical device that allows physicians to perform carpal tunnel release surgery through a single micro-incision using ultrasound guidance. The company was founded in 2014 and is a tenant in the Mayo Clinic Business Accelerator, which is operated by RAEDI.

The other recipient was New York-based Oculogica Inc., founded by Hennepin County Medical Center neurosurgeon and University of Minnesota professor Uzma Samadani. The company developed EyeBOX, the only concussion diagnosis tool that uses eye-tracking to determine how cranial nerves have been affected by a blow to the head.

Investment amounts were not revealed, but RAEDI told TCB last year its investments would likely be in the \$50,000-per-company range. —Don Jacobson



Outstrip Resources

A new report from the Healthcare Information and Management Systems Society (HIMSS) says hospital IT departments will have more on their plate this year but will have fewer resources to do the job.

The 2018 HIMSS U.S. Leadership and Workforce Survey is based on responses from 224 health IT leaders working primarily at hospitals, as well as long-term care facilities and ambulatory care sites.

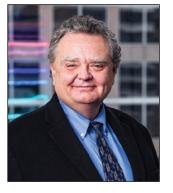
The respondents' top three health IT priorities this year are:

Patient safety
Privacy, security and cybersecurity

Process improvement, workflow and change management

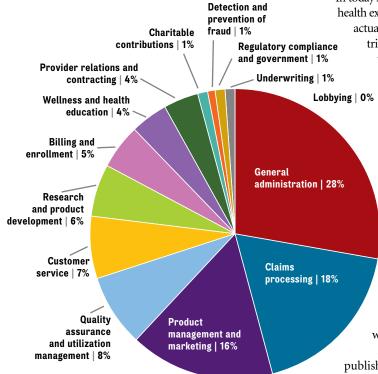
As more issues battle for center stage, the money to address them may be hard to find. Some **43 percent** of the respondents said they expect their IT operating budgets to decrease this year. Meanwhile, extra manpower has been hard to find. Some **22 percent** said their health IT workforce is smaller.

Overall, **51 percent** said workforce challenges will have a negative impact on pursuing their health IT priorities this year. *—David Burda*



EXPLANATION OF BENEFITS By David Burda

Administrative Spending by Minnesota Health Plans in 2016



Employers Should Stop Paying for Health Care's Inefficiency

Will all disruptive innovation and digital transformation put an end to inflated medical bills?

've got a thing about efficiency. It comes from watching my dad spend hours searching for a tool for a fiveminute fix-it project at our house. Invariably, he'd go to the hardware store to buy a new tool to replace the one that was "missing." It wasn't until years later, after he passed away, that I realized that his inefficiency was a ruse to go to the hardware store, hang out with the other dads with "honeydo" lists and shop for new gadgets that someday would go missing from his workbench.

As anyone who's used our health care system knows, the system is woefully inefficient. In a 2012 report, the Institute of Medicine, now known as the National Academy of Medicine, estimated that 30 percent of the U.S. health care bill in 2009 was spent on "unnecessary services, excessive administrative

costs, fraud and other problems." (bit.ly/2F9UKr1)In today's dollars, based on the latest national
health expenditure projections from federal
actuaries, that 30 percent would be \$1.1compliance
ment | 1%trillion. That's trillion, with a "t." And
you know who's paying for most of
that "t"—you, the employers who
provide health insurance benefits
to your workers.

A few recent studies and reports reveal a lot of what you're spending your premium dollars and medical claim dollars on: inefficiency.

Researchers from the Duke University School of Medicine and the Harvard Business School looked at the time and costs incurred by a "large academic health care system in North Carolina" to prepare and send bills to health insurers for payment (bit. ly/2sKIeIW). (I presume the system was Duke University Health System.) According to the researchers, who published their results in the *Journal of*

the American Medical Association, it took the system:

- 13 minutes and \$20.40 to bill for a primary-care visit.
- 32 minutes and \$61.54 to bill for an emergency room visit.
- 73 minutes and \$124.26 to bill for a general inpatient stay.
- 75 minutes and \$170.40 to bill for an outpatient surgical procedure.
- 100 minutes and \$215.10 to bill for an inpatient surgical procedure.

Assuming the "large academic health care system in North Carolina" isn't going to eat those costs or hand out rebates, someone is paying for that overhead as part of an inflated bill for medical services.

Closer to home, a recent report from the Minnesota Department of Health found that administrative spending by

health plans here is on the rise (bit.ly/2F0YTga). The report said health plan administrative costs per insured Minnesotan rose 6.5 percent, to \$343, in 2016, from \$322 in 2015. Total administrative spending by health plans increased 7.1 percent over the same period, to more than \$1.8 billion. The largest chunk of that was for general administration (28 percent) followed by claims processing (18 percent) and product management and marketing (16 percent).

Though administrative spending as a percent of total health plan costs inched up to 7.7 percent from 7.6 percent, it was the variation in that percentage among 50 health plans in the report that caught my eye. It ranged from a low of 2 percent to a high of 36.2 percent. That's a lot of room for improvement—room that you're likely paying for in higher premiums.

The best line in the report: "Health plans were provided an opportunity to review and comment on the data included in this report. MDH received no comments from health plans." Speaks volumes.

The business community also is paying a little more because the medical care provided to your workers and their families by hospitals, doctors and others isn't as effective or safe as it should be. That's so much the case that the Leapfrog Group, an employer-based health care coalition, created the Hidden Surcharge Calculator that figures out how much extra you're paying for subpar hospital care (bit.ly/2pBXYXV). The group estimates that you pay nearly \$8,000 more per inpatient stay when your employee goes to a hospital with an average patient safety score.

Researchers from George Washington University, Emory University and the Health Care Cost Institute found that hospitals that had their payments cut by Medicare for missing specific performance targets got at least some of that money back by negotiating higher rates charged to private health insurers. On average, each hospital recouped \$82,000 of \$146,000 in penalties by getting an extra \$155 per hospital stay because it raised its prices (bit.ly/2oGDBLg).

Employers are the victims of all this inefficiency, paying inflated bills because of it. But employers also are the reason everyone else has gotten away with it. The business community rarely, if ever, has held health plans and providers accountable for their inefficiency. It's easier to pay a little more, and, if that rises too much, we'll just make employees pay a little more.

I mean, it's not like the hardware store was going to remind my dad that he already bought two sets of channellock pliers or a hot glue gun.

On the plus side, health plans and providers know they're inefficient. They don't acknowledge it publicly, but their self-awareness is clear from the disruptive innovation and digital transformation projects at health care systems, incubators and accelerators around the country. Employers should demand to see the fruits of that labor reflected in lower premiums and employee medical bills. tcbmag

David Burda (twitter.com/@davidrburda) is the former editorial director, health care strategies, for MSP-C.



IT'S ALL RELATIVE By Tom Hubler

Building Emotional Equity

Healing sibling resentments and blending two generations of children requires open communication.

an Simpson's family real estate business was operating smoothly. He took great pride in the fact that his four adult children were part of his company.

Son Chad managed a division in Texas. Dan Simpson (not his real name) was happy with his son's leadership.

Children Eric and Jackie worked in the South Carolina home office. Eric was eager to take over his father's leadership. Jackie was more patient and accommodated her father's wishes.

Daughter Sally worked on special projects for the business from her home in Colorado. Although geographically removed from where the business operated, she was an active owner and regularly communicated with her siblings

about business issues and concerns.

Dan realized he needed a succession plan that would continue the real estate company's success and maintain family harmony. The need was practical and straightforward. But human feelings complicated things. What started as a business decision to plan for the future soon uncovered issues that involved how people felt about each other and their places in the company.

Dan's four adult children were worried

that his mental acuity was weakening. Their father, now in his early 70s, didn't show the drive, determination and zest for the business that had been his hallmark. He was not as cognitively sharp. They knew he was sleeping a lot and worried he might be depressed.

To complicate matters, 10 years ago Dan had married a woman from South America he met online and they had a 5-year-old son, Antonio. Maria was 30 years Dan's junior and spoke little English. She kept to herself and spent most of her time raising their son.

Dan's adult children were concerned that if Dan didn't update his will, Maria and the young child could end up owning the business. Family feelings interlaced with business issues.

Given these circumstances, what would you do?

A family business planning meeting was held, which gave the adult children a platform to encourage Dan to meet with his attorneys to update his will. At first, he was reluctant, but eventually recognized his adult children's concerns. He met with his attorney and updated his estate plan to provide for Maria and their son, Antonio. At the same time, he gifted his real estate business to his four adult children. So far, so good.

But he made other changes, too. He chose daughter Jackie to succeed him and manage the primary business in South Carolina. This upset Eric so much that he left the business. His siblings bought him out, but the division was raw and deep.

The three siblings decided that Chad would keep running the Texas subsidiary and report to Jackie in the home office. They also agreed that Sally would continue doing special projects and also report to her sister. The business elements were beginning to fall into place. But the family members needed more inputs to maintain a balance among them and avoid further hurt feelings.

To accomplish this, they activated a board of directors. This was a major act to move the company forward. Although Eric was no longer participating, business advisors worked with Dan, Jackie, Chad and Sally to develop a document that permitted only two members of the family to sit on the board, with Dan as chairman. They also recognized the importance of selecting three outside advisory members, who were chosen based on their ability to add value to the business. Family harmony was developed and enhanced by each member's commitment to building the emotional equity of their group.

To support the emotional equity, the family strengthened their communication skills. They restarted neglected family rituals such as Friday-night family dinners. They learned ways to listen to each other, support each other and worked together to resolve issues. This helped mend family wounds. Eric slowly began to forgive his dad. Reluctant to participate at first, he started to join in family gatherings last year. Sally continued her close communication with the family and participated in special occasions.

Because the succession planning process included ways to build the family's emotional equity, both the family as well as the business benefited. For example, Dan's adult children took positive steps to include Maria in family activities. They are consciously working to draw her in and help her feel that she is a part of the family.

The family is reaching a new level of love and trust. On the business side, the real estate company has never been more successful. tcbmag

Tom Hubler (tomh@thehublergroup.com) is president of Hubler for Business Families, a family business consulting firm.



Business Optimism Still Strong But Concerns Are Growing

Chief among them: finding and keeping good talent, and intensifying trade conflicts



The economic forecast for Minnesota this quarter: steady as she goes, with a slight pull

back in business investments, continued desire to hire more people and increased concerns over finding talent foreign trade policies in Washington, according to TCB's Quarterly Economic Indicator study conducted in late March.

Fewer of the 245 business leaders responding to the study this quarter say they expect business conditions nationally and globally to improve during April, May and June. Forty-one percent express optimism-down from a record 52 percent last quarter and before President Donald Trump began a trade conflict with China.

Meanwhile, 20 percent of respondents now expect conditions to worsen, up from only 10 percent responding about anticipated conditions during the first quarter.

Economic optimism cools a bit when getting closer to home: 32 percent of respondents expect economic conditions in Minnesota to improve in the months ahead-about the same as the sentiment heading into the last quarter. But 20 percent expect conditions to worsen, which is twice that of last quarter's. This also could be due to Trump's recent foreign policy initiatives that attack NAFTA and China: Minnesota's three largest export countries are Canada, Mexico and China.

TCB's findings of higher economic confidence in the previous quarter (January through March) was similar to what Creighton University found with its ninestate Mid-America Business Conditions Index released April 2. Its research found Minnesota manufacturers' production, order and hiring levels through March were the strongest they've been since June 2017.

But it also found economic confidence began to slip here and elsewhere in the ninestate Midwest region during that month as trade concerns began to increase.

Minnesota's greatest economic concern continues to be finding qualified talent. TCB's study found 61 percent of respondents expect finding qualified talent will become more difficult this quarter --- the highest percentage recorded since this survey started in the summer of 2011. Only 0.8 percent said they thought it would become easier, which is also a new record

Nonetheless, 44 percent say they plan to increase hiring in the second quarter, compared with a trailing average of 36 percent; only 5 percent plan to reduce. Fifty-four percent say they plan to increase wages, the second-highest percentage since TCB began tracking this

Key Forward-Looking Indicators

At right, percentage of respondents

> anticipating increases or

improvements in

these areas during the second quarter

of 2018.

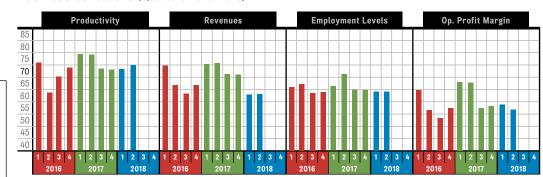
Note: this is

negative

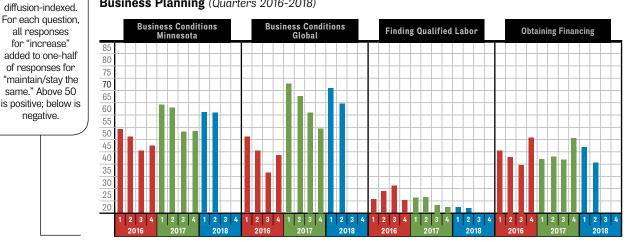
Business Conditions (Quarters 2016-2018)



31% % (slightly below last quarter's 32.1%) The governor's approval rating amongst Minnesota business leaders decreased from 33.5 percent a year ago at this time. The percentage of those who disapprove of the governor came in at 56.3 percent, about the same as last quarter and one year ago. Slightly more people are "unsure" today than in the previous periods.



Business Planning (Quarters 2016-2018)





Minnesota Economic Outlook Index

Survey responses are used to compile TCB's Minnesota Economic Outlook Index, which comes in at 52 this quarter. This is down from last quarter's 53.4, and last year's second quarter (53.7). An index above 50 indicates healthy business growth; below signals slowing business growth. This indicator compares with a 26-quarter average of 52.4.

Minnesota Economic Outlook Index Drops (Quarters 2015-2018)

47	46	48	53	54	49	50	53	52
Q2•2016	Q3•2016	Q4•2016	Q1•2017	Q2•2017	Q3•2017	Q4•2017	Q1•2018	Q2•2018

B R A N D MATTERS



MORE THAN A GAME

LEVERAGING SUPER BOWL LII TO KICK OFF A NEW STATE IDENTITY

A MUST-SEE PRESENTATION DELIVERED BY MAUREEN BAUSCH, CEO, MINNESOTA SUPER BOWL HOST COMMITTEE

JOIN US TUESDAY, MAY 8

SCHEDULE

Breakfast 7:30am | Program 8:00am | Q&A 9:00- 9:30am

LOCATION

3M Auditorium, Carlson School of Management University of Minnesota, 321 19th Ave S., Minneapolis, MN

RSVP

By Friday, May 4th at carlsonschool.umn.edu/BrandMatters

COST

Admission + Parking is \$25

CARLSON SCHOOL

YAMAMOTO



FOR MORE INFORMATION, VISIT GO-YAMAMOTO.COM/NEWS

INTELLIGENCE REPORT



A record-high 61 percent of business leaders say they expect finding qualified talent to become even more difficult this quarter.

since the end of 2016.

Revenue is expected to grow at 55

percent of businesses responding to the

survey, about the same as last quarter

and above the 26-quarter trailing aver-

age of 50 percent. Profit margins are

expected to increase at 34 percent of

a trailing average of 29 percent.

respondents to tell us what they

challenge in the second quarter.

with nearly half of the answers

steel and aluminum."

other issues:

expect to be their greatest business

Finding good employees topped the

list among the 198 written responses,

expressing this concern. Among the

"Increased costs due to tariffs on

"Employee productivity enhance-

responding businesses, compared with

TCB's quarterly study also asks

indicator at the beginning of 2016 (it was highest last quarter). Meanwhile, 45 percent of employers say they expect to keep wages the same.

Among other indicators, capital expenditures are expected to increase at 40 percent of the companies responding to the survey. This compares with a trailing average of 33.8 percent. But 10 percent of respondents now plan to reduce spending, up from only 7 percent from last quarter and the highest since fourth quarter of 2016.

Twenty-seven percent of business leaders plan to increase R&D spending, higher than in recent quarters but slightly below 28.1 percent a year ago at this time. Here, too, more plan to retract: 10.8 percent plan to reduce spending, which is the highest level

Who's Investing, By Industry

Full-time employee count 53 IT Services/Software/Telecom 48 Manufacturing 45 Wholesale Trade Other 35 Marketing/Adveritsing/Comm 35 28 Retail 19 Banking/Finance Real Estate Construction Legal Services Percent of 245 Minnesota Capital outlays/infrastructure investments businesses. by industry, Wholesale Trade that Other anticipate Construction increases in these Marketing/Adveritsing/Comm areas during 33 Retail the second 27 IT Services/Software/Telecom quarter of 2018 25 Manufacturing 19 Banking/Finance 18 Real Estate **Research and Development** Marketing/Adveritsing/Comm 41 40 IT Services/Software/Telecom Wholesale Trade 27 Other 27 Manufacturing 19 18 Construction 8 Legal Services 7 Real Estate 6 Banking/Finance 6 Retail

ments."

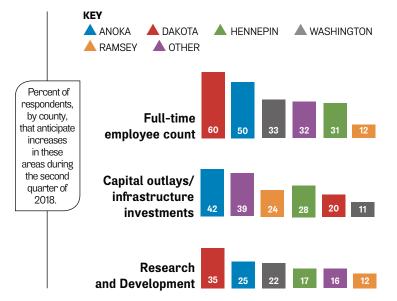
- "Inflation. We have started to see significant increases in prices on raw materials."
- "Minnesota taxes. 83% high school graduation rate. Met Council. Minneapolis involvement in employee matters."
- "Finding motivated individuals with the necessary skill levels. The school systems no longer have shop classes and [support a] culture of anti-interactivity with others on a face-to-face setting."
- "Finding 'qualified' employees is not nearly as difficult as finding people 'interested' in working.'
- "Political uncertainty, primarily out of Washington, D.C., but also at the state level."

"New business. With the current tax structure in Minnesota, our potential clients are moving to low personal and business tax states."

Given a chance to add their opinion on any other issue, 38 respondents chimed in. Here are a few of their responses:

- "Our politicians brag about the state budget surplus but young Minnesota families can't find affordable housing. Where are our priorities for the future?"
- "We need less welfare benefits to bring employees back to the working environment. We need our education system to realize that the product of their efforts [is] not employable."
- "Trump's tariff games could throw us into a manufacturing recession very quickly. This has

Who's Investing, By County



Methodology

Twin Cities Business

conducts its survey quarterly to provide a look at business planning and sentiment among leaders across all industries in Minnesota. An email link to an online survey was sent to 13,185 Minnesota business leaders in mid-March, and reminder emails were sent the following two weeks to those who had not yet completed the survey. The Minnesota Chamber of Commerce provided some of the email addresses used in this outreach. As of March 26, 245 leaders responded, resulting in a 1.9 percent net response rate.

influenced my answers to the above questions."

"Overall, corporate tax and especially 'S-Corp' tax structure is not competitive in this state. Looking to expand in more tax-friendly states and eventually will move." Another question asked

whether those businesses that plan to expand will do so in Minnesota. This quarter, 55 percent indicated they will, down from 59 percent last quarter and the same as one year ago at this time; 28 percent said they won't-the highest level since second quarter of 2016. tcbmag

COMMERCIAL REALESTATE TWIN CITIES BUSINESS FORUM



Industry leaders share how they're thriving in a rapidly changing market with rising land and construction costs, higher interest rates, rising retail bankruptcies, the battle of higher density vs. NIMBY and more.



Principal





· Finseth Greiner Construction

Executive Vice President

Michael Hille Kraus-Anderson

Mike Ohmes Managing Principal Cushman & Wakefield



Matt Rauenhorst Vice President Real Estate Development The Opus Group

Thursday, May 3 Loews Minneapolis Hotel

Register Today! tcbmag.com/CRE18

Bob Solfelt

Senior Vice President,

Mortenson Development







ACG Minnesota 2018 UPPER NDVEST ADIAL CAPITAL





#CAPCON2018



KEYNOTE SPEAKER

LEE SCHRAM, Chief Executive Officer, Deluxe Corporation

Lee Schram was named Chief Executive Officer of Deluxe Corporation in May 2006. Since then, he has led a transformation initiative to significantly reposition Deluxe from primarily a check printer to a marketing solutions and other services provider. By harnessing the entrepreneurial spirit of the company's 5,900 employees, Deluxe currently serves over 4.5 million small businesses and 5,100 North American financial institutions.

FOR MORE INFORMATION & SPONSORSHIP OPPORTUNITIES

Contact Nicki Vincent, Executive Director at nicki@acgmn.org or 612.590.1041 The 2018 Upper Midwest ACG Capital Connection® provides a unique opportunity to network with more than 500 representatives of leading corporations, private equity groups, mezzanine lenders, senior lenders, investment bankers, attorneys, accountants, and other M&A advisors and service providers from both the local and national markets.

MONDAY, JUNE 4, 2018

GOLF TOURNAMENT

The golf tournament will be hosted at the Minneapolis Golf Club. The club's premiere golf course was designed by Willie Park, Jr. and Donald Ross. Opening in 1916, the club hosted the U.S. Amateur in 1950 as well as the PGA Championship in 1959, which Bob Rosburg won.

LAWN BOWLING

For those who would rather not golf, enjoy an afternoon of lawn bowling on the 10,000 square foot green at Brit's Pub, a legendary bar in the heart of downtown Minneapolis.

OPENING NIGHT RECEPTION

All attendees are invited to join us for a reception at Renaissance Minneapolis Hotel, The Depot. The event features breweries, wineries, distilleries and local vendors showcasing their wares at tables with investment bankers. It's a great atmosphere for informal networking.

TUESDAY, JUNE 5, 2018

CAPITAL CONNECTION

The Capital Connection is a unique opportunity for all attendees to network with representatives from more than 60 leading private equity firms, hedge funds, and mezzanine debt providers from both the local and national markets.

DEALSOURCE

During this afternoon session, registered Capital Connection exhibitors will meet with investment bankers registered for DealSource to discuss acquisition and divestiture opportunities and criteria. Meetings will be arranged in advance via an online scheduling tool.



BAKER TILLY

More than 2,700 talented and passionate individuals strong in 147 territories, Baker Tilly is a top 15* full-service accounting and advisory firm with specialized private equity and investment banking professionals who connect with you and your business through refreshing candor and clear industry insight.

* From Accounting Today's Top 100 2017



FREDRIKSON & BYRON, P.A.

Fredrikson & Byron has built a reputation as a go-to law firm for national and regional private equity funds representing some of the most active middle market funds in the country. Leveraging a competitive Midwest rate structure, our dynamic and growing team closed 71 transactions for 21 different sponsors in 2017.



TWIN CITIES BUSINESS

Minnesota's leading provider of business news, insight, and analysis. *Twin Cities Business* discusses today's most pressing issues, examines trends and outlooks, and provides the context, perspective, and information leaders have come to depend upon.



rganic Growth

Lakewinds Natural Foods Co-op grows and thrives in the suburbs, despite the hottest grocery sector competition in decades.

By Beth Dooley

• Lakewinds Natural Foods Co-op, founded as the Minnetonka Buying Club in 1972, is one of the country's first grocers to sell organic and natural foods. With locations in Minnetonka, Chanhassen and Richfield, Lakewinds is one of the largest natural food co-ops in the Midwest. Given its suburban competition—Target, Kowalski's, Lunds & Byerlys, Hy-Vee, and now Fresh Thyme Farmers Market, a Chicago-based natural food chain—Lakewinds' durability in the most competitive era in local grocery retailing is no small feat.

Given the urban nature of most local co-ops, Lakewinds' success in the 'burbs is improbable and owes much to Dale Woodbeck, who leads the enterprise. Woodbeck, with a background in start-ups, founded and sold his own manufacturing firm, Formative Engineering, at age 44. Now at 61, in what he defines as his "third career," he is an unexpected co-op mogul.

"I like taking risks, investing in a business and then creating something of value in an uncertain marketplace," he says. "Being innovative and staying ahead of the curve is exciting; it means getting your hands dirty, understanding the nuts and bolts and problem-solving. I've had my share of failures, walked away from one business. But learning when to take risks, based in data, not intuition, is key," he says.

"I told my wife, Ann, when we were first married that I wanted to make enough money that when we turned 45, I could do whatever I want. Right out of college, I went to law school because I wanted to work in civil rights and change the world, but I dropped out after a year. Ironically, the co-op is a good fit."

Lakewinds operates in one-sixth the space of a new 90,000-square-foot Hy-Vee. "We operate Lakewinds on five pillars: locally sourced healthy foods, irresistible stores, environmentally friendly practices, community partnerships and an awesome workplace," says Woodbeck. "Many of our customers buy their staples and paper goods at other stores, but then come to us to shop the perimeter of the store. That's where we shine."

Competition is stiff. If you include the expansion of

Target, Walmart and Costco into grocery, there's been a 50-percent increase in grocery retail space in this region over the past 10 years. All are expanding their organic and natural offerings.

Those conventional grocers have expanded into the organic, natural foods niche Lakewinds once owned. "It was easy for them; they had the infrastructure and just needed to change the product mix," says C.E. Pugh, COO of National Co+op Grocers, a purchasing cooperative serving food co-ops.

Co-op stores were created by member-owners and guided by the shared mission of providing whole, healthy, organic and local foods from farmers and producers that use sustainable practices, pay fair wages, use fair trade and contribute to the local economy. Their ability to continue to drive growth with substantially smaller stores and more limited selections of all manner of goods than their commercial rivals is due to their mission-driven approach. "Conventional stores are marketing organics," says Kevin Edberg, executive director of Cooperative Development Services, an advisor to co-ops. "Co-ops do more than sell product; their value proposition is relationships—relationships with members, employees, the community and the environment."

That value proposition drew Woodbeck to Lakewinds' board of directors in 2005. He was a newcomer to the grocery business and the opposite of a co-op lifer. Soon after, Lakewinds' recently completed Chanhassen store was off to a slow start and the board was challenged to make adjustments, address costs and update systems and marketing. By 2010, senior management was ready to move on, and Woodbeck seized the opportunity.

Organics everywhere

• Forty years ago, if you wanted a locally grown organic apple, you had to shop a co-op. The Twin Cities, home to one of the first natural food co-ops, continues to host the most co-op food businesses per capita in the nation: 20 natural-food retail grocery stores, two restaurants,



1972

Lakewinds founded as Minnetonka Buying Club.

1975

Becomes a co-op, located behind St. Luke Presbyterian Church, Minnetonka.

1995

Moves to the corner of Highway 101 and Minnetonka Boulevard.

2005

Opens second store in Chanhassen; Dale Woodbeck joins board of directors.

2006

Minnetonka store expands.

2010

Woodbeck assumes leadership of co-op.

2014

Richfield location opens.

three bakeries and one distribution warehouse.

Natural and organic are hot eating trends, especially among millennials, and now 44 percent of all natural products are sold by conventional grocers according to trade publication Natural Food Merchandiser.

The unique market position co-ops

44% of all-natural

products are sold by

conventional grocers.

occupied was driven by a different business model and product mix. The former was hard to copy, but the latter quickly became fashionable. By 2010, conventional grocers

had jumped into the niche and saw a 20-percent spike in organic and natural food sales.

"When North Country Co-op, on the West Bank in Minneapolis, closed in 2006 after a 35-year run, it was a wake-up call for all of us working in coops," says Sean Doyle, general manager of Minneapolis' Seward Co-op. North Country, one of the country's first co-ops, had not updated its facility or systems, and relied heavily on volunteermembers rather than staff. "We knew we had to become more businesslike."

By 2012 local co-ops had begun making changes in management, creating tighter strategic plans and updating facilities. "The co-ops got smarter with advertising and social media. There were changes as many of the original leaders retired or moved on," Edberg says. "All in all, the co-ops were more secure when competition got really tough."

Good feelings aren't enough

• "We are first and foremost a business," notes Woodbeck. "We are not a nonprofit; we function as businesses. I remind my staff at every meeting: 'No money, no mission."

And by national industry standards, Lakewinds is a very good business. Last year, it realized a 4-percent increase in sales. In 2017, Lakewinds purchased products from 230 local farmers and producers and realized \$9.8 million in sales. Profits were \$1.54 million (before tax and patron dividends) up nearly 1 percent last year. So far, the outlook for FY18 is positive: "Right now, we're seeing an overall 4.5-percent uptick from this time last year," Woodbeck says.

Woodbeck has attracted a team from the corporate world to management positions in marketing, finance and

operations, and given them the authority to structure and run their part of the organization. Take Amy Campbell, Lakewinds' director of marketing and communications, who brought extensive experience at General Mills and Target to member engagement through events, outreach, and vibrant and interactive social media campaigns.

> "Lakewinds, like all co-ops, is under downward price pressure and upward wage pressure in a niche market within the grocery marketplace,"Woodbeck explains. "So we keep a relentless focus on the

customer experience. This means investing in technology for online shopping, delivery, click-and-collect and loyalty programs. We spend time finding and analyzing trend information to innovate and improve the in-store shopping experience."

Woodbeck draws on the skills honed as an entrepreneur to guide Lakewinds' management team. An avid gardener and outdoors enthusiast, Woodbeck enjoys the professional friendships he's cultivated with farmers, growers and producers, and has become a leader in the local food industry and an advocate for sustainable farming practices.

"While many of our employees were drawn to the co-op because of its values, few understand the grocery business," Woodbeck notes. To educate and engage the staff, he relies on what he calls "open-book management." Every week, employees are encouraged to gather at the loading dock to review performance on a big whiteboard: "We track sales, labor, gross margins so that employees see how income is divided among member-owners, the business and the staff." Participatory

management creates a positive and vibrant work environment. "Our employees are great at helping us improve operations," Woodbeck continues.

"For example, an employee committee helped us reduce waste removal costs significantly through composting."

74% of Twin Cities co-op

sales are to members

Empowerment is a deliberate goal. "We're more powerful when power is distributed," Woodbeck notes. "The goal for everyone in the organization is to know how their actions and decisions contribute to the overall goals and objectives of the co-op, including how they relate to our values and our financial position.

"Employees know members' names and they know the products we carry," Woodbeck continues. "Cashiers can direct a customer to the right aisle to find what they're seeking. Produce staff do more than stack apples-they know the different varieties and the names of the orchards," he says. "Shelves don't sell product, people do. Our staff is better at telling our story than any advertising; they take pride in their workplace."

Growth mode

• As a member-owned institution, Lakewinds is under pressure to make patronage refunds while continuing to grow at a rate faster than inflation. "Our growth strategy includes increasing membership and adding new stores," Woodbeck says. "There are opportunities in the southwestern metro because land is still available; though, as in the residential market, it's overpriced."

Lakewinds financed its Richfield store, completed in 2014, with a mixture of loans from members and banks. "Members loaned money with four-, sixor eight-year terms at interest rates based on the length and amount of the loan," says Woodbeck. "Our members have told us that they're proud of the store they invested in, that it's in line with their commitment to Lakewinds' values."

Lakewinds is now paying down its bank loans, thanks to the store's rapid success. "Running my own business, I learned a lot about risk management," Woodbeck says. "So before we commit to any new project, we spend a long time on sales projections and market analysis. We co-ops can learn a few lessons from traditional grocers in the fundamentals. For example, we're still learning to access and use data to inform good business decisions.

> "We are always looking for new ways to gather information-trend information that might help us make decisions about capital investments that are innovative and improve the

in-store shopping experience," Woodbeck continues. "We're studying ways to expand online shopping and delivery. We take member requests seriously. For example, in response to surveys about purchasing foods in bulk, we installed a scale that weighs and prices items at the bulk bins. This improves the whole process; it's now quicker, cleaner and speeds up the checkout so lines are shorter."

The ultimate goal is deepening the



We're more powerful when power is distributed. The goal for everyone in the organization is to know how their actions and decisions contribute to the overall goals and objectives of the co-op, including how they relate to our values and our financial position.

-Dale Woodbeck, general manager, Lakewinds Natural Foods Co-op

Lakewinds' Richfield store.

pool of members, the source of the bulk of sales. "As the grocery business becomes more consolidated, and stores become larger and larger," says Pugh, "co-ops are increasingly focused on the role of members and on growing membership,"

Rooted

 To provide high-quality, local and organic products, along with transparency on how the food is sourced and produced, Lakewinds works closely with local and organic farmers, ranchers and processors in a variety of partnerships. Unlike most grocery produce buyers, who can switch vendors or brands on a dime, Lakewinds produce buyers commit to purchasing quantities ahead of the growing season. This provides the farmer with reliable income and helps Lakewinds secure specialty crops, while sharing the farmer's risk. "Investing in our purveyors is good business strategy," Woodbeck says. In addition to these buying partnerships, Lakewinds distributes grants to its most promising growers through the Lakewinds Organic Field Fund.

In March, Lakewinds distributed \$63,000 in grants to 11 farms. "It was such a privilege to call each of our grantees," Woodbeck says. "This is capital that small farmers just don't have access to because there's no direct ROI. But it's critical to running a farm. For example, one farm will be able to purchase moveable fencing for its hogs; another will install a concrete floor in the packing shed; another will add a high-tunnel house

for season extension. This is the power of local economic development, and the results are tangible. It may sound small, but an \$8,000 grant will strengthen that small business and ensure it will remain viable year after year."

Along with investing in growers, Lakewinds supports local producers who use local produce.

co-ops in America,

130 of them

founded within

the past 10 years.

Maker to Market, Lakewinds' partnership with the Good Acre, a nonprofit food hub, is an innovative local food business accelerator. Good Acre supplies the local produce, the commercial kitchen space for pro-

cessing and warehouses, and distributes the products to Lakewinds' three stores. Lakewinds advises the vendors on labeling, packaging, pricing and marketing while helping them navigate the labyrinth of regulations and health codes that can hamstring food-business startups. Maker to Market connects the dots between the co-op scene, the "maker" culture and the network of local growers. "This is the first full-circle, farm-to-shelf retail program in the country," says Campbell.

The impact of Lakewinds on the local economy is greater than the sum of its spending. A portion of the money spent locally recirculates, creating a multiplier effect. The \$1,000 a shopper spends at one of the metro-area co-ops generates \$1,604 dollars in local economic activity-\$239 more than if

that person had spent the same amount at a conventional grocer in the same community, according to the National Co+Op Grocers. Co-ops buy from farmers, who use the money to buy local supplies, hire local technicians, purchase goods and services from local retailers.

Woodbeck believes educated consumers are the linchpin of

Lakewinds' long-term There are **330** food growth and outperforming the growing commercial market for natural and organic foods. Twin Cities co-ops were the first to provide markets for organic farmers. "Co-ops have always had

> high product standards that underline our emphasis on quality," Woodbeck says.

"Today's consumer wants to know where and how their food is produced, and many are willing to pay more in order to support the environment, animal welfare and small local farms, while keeping dollars in the community," says Pugh. "Consumers are voting with their dollars, buying from places they feel are transparent."

"Because our profits stay in the co-op and in our communities, we are able to plan for and invest in the long term," Woodbeck adds. And, that, he believes, is the co-op's competitive edge. tcbmag

Author Beth Dooley writes on food, agriculture and cooking from a Midwestern perspective.

Food Co-ops By the Numbers

o-ops are not nonprofits, though this is a common misconception; they are business entities that are owned and governed by members. (Land O'Lakes is a farmer-owned co-op.) Each store's surplus is reinvested in the business and returned to the owners each year as patronage dividends. "Now that the corporate tax rate has been cut to 20%, though, coops lose the little advantage they once had over corporate grocers," says C.E. Pugh of National Co+op Grocers, a business-services nonprofit serving food co-ops. (That same bill gave farmers an enormous tax break on sales to co-ops.)

Owners benefit when the business Three-quarters of the metro's co-ops' sales are to members. A one-time household membership fee ranges from \$75 to \$100. On average. a co-op adds about three new household memberships a day.

Community investment is evident in the business model.

Co-ops spend **24%** of revenue on wages and benefits vs. 16% at conventional grocers.

21% of a co-op's products come from local or cooperative producers vs. 2% in conventional stores.

■ The average co-op recycles 81% of its plastic waste and composts 74% of its food waste vs. 29% of plastic waste and **36%** of food waste, respectively, for corporate grocers.

SOURCE: NATURAL CO+OP GROCERS

Membership creates loyalty. prospers; they also enjoy special discounts, classes and events.



Guyette

The departing leader of Blue Cross and Blue Shield of Minnesota discusses diversification and the future.

By Burl Gilyard

Michael Guyette did not run a Minnesota-based Fortune 500 company, but he did lead a business on that scale. He served as president and CEO of Eagan-based nonprofit Blue Cross and Blue Shield of Minnesota, the state's largest health insurer, for five years.

Guyette brought deep industry experience to Minnesota. Before joining BCBS of Minnesota in 2013, he was president of national accounts for Connecticut-based Aetna Inc., one of the nation's largest for-profit insurers. He also worked at Blue Cross and Blue Shield of Florida for eight years. In 2010, Guyette served as chairman of the Consortium of Health Plans, a coalition of 21 Blue Cross and Blue Shield plans across the U.S. For 2017, BCBS of Minnesota had revenue of \$12.5 billion and a net profit of \$148.3 million; including a \$52 million profit for individual health plans after years of losses.

In mid-February, Guyette stepped down to become CEO for California-based VSP Global, which focuses on vision-related coverage, products and services. He will also leave the board of Eagan-based Prime Therapeutics, a for-profit pharmacy benefit manager owned in part by BCBS. It also owns Further, a health savings plan administrator.

Twin Cities Business sat down with Guyette before he announced his departure. His comments remain relevant, speaking to the big-picture business landscape of health care.

TCB: How concerned are you about for-profit competitors entering the Minnesota health insurance market?

MG: We've been competing against some of the nationals for quite a while. They've already been in this marketplace for national account business and some of the Medicare business as well. Minnesota is a very attractive marketplace, but I believe Blue Cross Blue Shield of Minnesota is prepared and will continue to prepare for additional competition. What's important to note, though, is they are most likely not going to play in the individual [health plan] market. I think the original intent to allow for-profits to come into the marketplace was to get additional competition in the individual marketplace. And as far as I know, none of them are entering the individual market.

Q What do deals like the proposed CVS/Aetna merger mean for the industry?

What you're seeing there is a convergence of retail, pharmacy and health insurers coming together into one entity. In this marketplace we're sitting here with [customer service centers] and our partnership with our [pharmacy benefit manager] Prime Therapeutics, which is also Minnesota-based, [which] sets us up to compete with some of the changes that may be happening in the environment.

Q Why create those storefront customer service centers (in Edina, Roseville and Duluth)?

It really puts local presence into the community that we serve. It gives people access to us in a way they didn't have access to us before. Now they can walk in and talk to somebody. The main reason people go in is to get additional service. They may have questions about claims, questions about coverage. It's [also] a community access point for some of the nonprofits. We invite the community in. We have a community room in all three of the stores.











For us it's about not necessarily how much [you invest in startups], because then you make bad decisions. If you say, "Put \$100 million in the marketplace," then you start spreading money in the wrong places. We believe we put money in the right places and look for the right companies that are going to help our customers.



Q How many for-profit subsidiaries do you have?

We have two wholly owned ones right now. One is called Further, and it's a health savings account administrator, so it's really a financial services arm. It's been growing significantly; [it] just added another Blue Cross and Blue Shield plan called CareFirst, which serves the Maryland, northern Virginia and [Washington] D.C. area. Select Account has been doing a great job of expanding nationally.

The other one that we have is called ClearStone Solutions. ClearStone offers Medicare Part D [prescription drug] coverage, not just in Minnesota but also in the Midwest. We just added Michigan and North Carolina. They're continuing to grow as well. They partner with other Blue Cross plans.

Q How long have these businesses been up and running?

They've been here before I came on board. We have focused on diversification as a strategy to help provide stability to our health plan. We do have part ownership in Prime Therapeutics and then we have part ownership in a company called Availity, which is a national claims transaction clearinghouse. The other owners of those entities are Blue plans.

Q Prime Therapeutics seems to be growing fast.

They're growing significantly. Jim DuCharme is the current CEO and is doing a fantastic job growing that company. We recently created a joint venture with Walgreens Boots Alliance around mail-order and specialty drugs, [which has] been driving costs down for the plans. We recently picked up the specialty drugs [business] for the federal employee program, which covers federal employee workers throughout the country. They just added another Blue Cross group of states to their customer list including Oregon, Utah, Idaho and Washington state.

Q Is expansion out of state a conscious business strategy?

Very conscious, yeah. We actually renamed our holding company—our parent company—Stella to make it more consumer-facing, consumeroriented, and to give us a national view; because with the Blue Cross and Blue Shield of Minnesota name we are confined on the health-plan side here in Minnesota, but with our other companies we can go outside of Minnesota.

Q Do you have any other investments?

Another company we just invested in is a company called Livio Health Group. Livio is a local company that we invested in that delivers health services to the underserved. We show up at homeless shelters and we help the Medicaid population, getting them services that, frankly, they would [otherwise] go to the emergency room for. We do these pop-up clinics that really have a positive impact on people, where they're getting access to care in places where they are instead of them having to hop in an ambulance and off to the ER.

Another one that we're invested in is a company called Learn to Live. It offers online behavioral health consulting, helps people with anxiety and depression; as a matter of fact, the University of Minnesota has just enrolled their 50,000 students in it.

Q Sounds like a venture capital firm. Do you have an investment division?

We do. The way we're structured is we have our holding company at the top and then we have Blue Cross and all the health insurance on one side, and then on the other side we have our diversified businesses. We have an innovation incubator in downtown [Minneapolis]. It's called TreeHouse [Health] and we are one of the anchor partners there. We help support health care startups. These great startup companies will come through, they're looking for advice, they're looking for capital, they're looking for access to our customers or our members to see if they can offer services, and we're in there helping this innovation lab and this incubator really take off.

Q You're looking for growth potential?

You want growth potential, but you also want to make sure it's going to help your core business.

Q Do you have a fund with a specific amount of money for investments?

For us it's about not necessarily how much, because then you make bad decisions. If you say, "Put \$100 million in the marketplace," then you start spreading money in the wrong places. We believe we put money in the right places and look for the right companies that are going to help our customers.

Q And your for-profit companies help the overall bottom line?

We are a nonprofit at the very top and will remain nonprofit. We end up with some for-profit entities because capital comes in a variety of ways, and it also gives us an opportunity to grow them and add additional partners. But you're exactly right. It's ultimately to serve our mission, which is to make sure that people have quality access to health care throughout the state. And for us to do that, if we have some [for-profit] companies over here that are doing well, we can reduce the burden on the health care side. Again: It's not just about the money that it makes, but it's the services that they provide to make health care easier.

Q Your top-line revenue for 2016 was up. What drove that increase?

Two things. One is the growth in our Medicaid business. We picked up additional counties for Medicaid and picked up additional [accounts] for Medicaid; about another 100,000 Medicaid accounts came on board. We also saw growth in our Medicare product, as well as some of our commercial lines.

Q But your bottom line was hit by individual health plans?

Most of our lines of business are operating very well. Individual has been volatile for the last three years. We felt our mission was to make sure we were able to provide coverage for all Minnesotans, no matter what segment of the population they were in, and unfortunately that meant we took some negative operating income—more than expected—on the individual side. Not unusual—you saw that across the country, for the most part.

Q What big-picture fixes are needed for health care?

We've been so focused on the cost of health insurance and the access to health insurance over the last four years. That should have been a one- or two-year discussion; instead, it went on for four years. What we should be focusing on is the cost of care and the delivery of care. In other words, getting people to the right place for the right treatment, the right care that they need.



I've had the good fortune of working in different parts of the country. What Minnesotans do really well is work together and they solve problems together... they collaborate, they work through issues.



Q The number of urgent care clinics is growing. Could that be a factor in bringing health care costs down?

I think when you think about how care will be delivered in the future, it'll be less in hospital beds. People want to have their care delivered at home or they want to have it outpatient. I do think as long as the right care is delivered at the right time and [with] the right services, it could bring costs down.

Q How do you plan for the unknown?

We are constantly doing scenario planning. From our strategic planning perspective, we'll run through various wargaming exercises or potential scenarios out there to look at what would happen if different legislative changes happen or if new competitors enter the market or if Amazon enters the market.

Q Are there other players out there? Does Amazon really want to get into the pharmaceutical business?

You always have to look at the nontraditional players, whether it's Google or Microsoft or Amazon, whether they're looking to exchange data or provide services or product. I think everybody is looking constantly at the non-traditional moves. Even the Amazon potential of getting into pharmacy—what are they talking about? The actual product or the distribution? It's going to have an effect; maybe it's [on] pharmacies themselves, or will it actually have an effect on pharmaceutical manufacturers? Or insurers? Nothing's safe right now as far as nontraditional [competition].

Q Minnesotans believe the state's health care is excellent. Is that really the case, or is that just Minnesota exceptionalism?

I've had the good fortune of working in different parts of the country. What Minnesotans do really well is work together and they solve problems together. I would say what Minnesotans do better than other parts of the country is they collaborate, they work through issues.

Here's where I'd say Minnesotans think they're great and they're not: There are health care disparities in this state that continue to grow and widen. Just because an average says we have good health in this state does not mean we have good health in North Minneapolis or in parts of Mankato or parts of Bemidji. We have socio-economic issues, we have social determinants of health that are impacting the underserved and, frankly, the minority populations in this state.

So if you're a Caucasian you might have really good health, but if you are a minority and living in some of those neighborhoods you may not have good access to food, you may not have good access to neighborhoods that the kids can play in or exercise in. That's widening even further and further, and to me that should be of great concern to all Minnesotans and we all need to work together to figure that out.

Q What did you learn from your industry mentors?

If you focus on doing the right things for the right reasons, everything else follows to the benefit of the company, the community, the employees and even your own career. It really matters. tcbmag

Burl Gilyard is TCB's senior writer.





Edina Nowhere to Go But

The density controversy that's coming soon to a lot near you.

By Burl Gilyard he Estelle was going to be like nothing Edina had seen before, a \$250 million project with two towers—26 stories and 22 stories, respectively—at 69th and France, across the street from the Galleria, the region's most upscale shopping mall.

The city's first condo project in a decade, it offered 170 units and had a waiting list of about 150 "very interested" potential owners, according to its developer, Luigi Bernardi, president of Edina-based Arcadia LLC. The project was designed to appeal to Edina emptynesters who wanted to stay in the city but didn't have other appealing options. It also was designed to appeal to the general public: The Estelle included pedestrianfriendly design elements at the ground level with "walkable tree-lined interior streets, plazas, green space and generous setbacks from France and 69th," according to a press release from the development team.

If such a project had been floated in downtown Minneapolis, it likely would have been heartily embraced by city leaders as another strong sign of the area's strength and vitality. But in Edina, it quickly ran into a buzz saw of strong objections from neighbors in the singlefamily residential neighborhood just west of the proposed towers. Homeowners banded together to speak out against it, and petitions circulated citing concerns about the buildings' height and density, and a potential increase in traffic.

At an emotional mid-October meeting of the Edina City Council that ran past midnight, a proposed amendment to the city's comprehensive plan that would have cleared way for the project was voted down. In similar cases, developers might come back to the city with revised plans in an effort to secure approval. But not here; Bernardi abandoned his plans for the Estelle.

The 'D-word'

The "D-word"—density—looms over many debates about new multifamily housing. In its simplest terms, density means more people on the same amount of land. Strategies for achieving density include constructing taller buildings, making housing units smaller and redeveloping infill property sites that had









 A proposal for the site at 7250 France Avenue calls for a six-story building with 135 apartments. 2) The Loden, which offers 246 apartments, opens in May.
A proposal would add an 18-story tower on the Guitar Center site. 4) Nolan Mains, now under construction, will add 100 apartments on Market Street.
The Grandview proposal calls for an apartment tower and adjacent artist lofts. 6) Aria will have 184 apartments on a former Best Buy retail site.

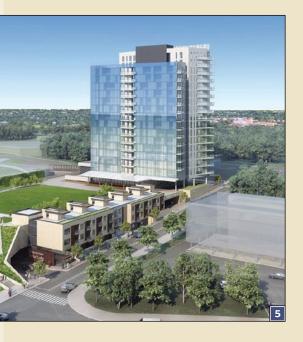
been home to non-residential uses.

The debate over density is intensifying throughout the Twin Cities, and even in outstate locations such as Rochester. "As a region, we're becoming more dense; you can see it happening everywhere. We developed as a prairie land-use pattern, and after the [financial and residential real estate] crash, the market shifted substantially," says Caren Dewar, executive director of Urban Land Institute Minnesota. As the population continues to rise, younger and older generations are opting to rent at record levels. People increasingly want to live closer to work, stores and other services, says Dewar. They don't necessarily want to have to get in the car to go everywhere.

"Before the crash, you could build anything anywhere and it would sell," she says, recalling a time when developers kept pushing farther and farther from the metro core, buying up comparatively cheap agricultural land for projects. "The market has changed, and developers are responding to that."

The trend is expected to continue. Statistics from the Metropolitan Council show that between 2009 and 2016, multifamily construction in the metro increased more than 500 percent. The bulk of the permits issued in 2016 were concentrated in 30 large-scale projects with more than 100 units each. Meanwhile, more than 6,000 new apartments are expected to open in the Twin Cities in 2018, with the potential for more than 7,000 units in 2019, according to Minneapolis-based research and advisory firm Marquette Advisors.

Increasingly, those units are showing up in the suburbs. While Marquette Advisors expects half of the new units in 2018 to be in Minneapolis and St. Paul, they



Edina's Apartment Pipeline

Tracking the 2,500 apartments and seniorhousing units completed, under construction or proposed.

COMPLETED PROJECTS

One Southdale Place

Arguably the project that kicked off the new era of Edina multifamily development. A joint venture between Southdale owner Simon Property Group and Bloomington-based StuartCo, the project added 232 apartments in three buildings on the southeast corner of the Southdale site. Completed in 2014.

71 France

A three-building project with 241 units located on a reconfigured site steps from the new Lunds & Byerlys. The project opened in phases in 2015 and 2016.

Onyx

The 240-unit project opened in phases in 2016 and 2017 on a site across from Southdale that was once home to a Wickes Furniture store.

Aurora on France

Completed in late 2016, the project includes 192 units of senior housing. The property is skyway-connected to Fairview Southdale Hospital.

UNDER CONSTRUCTION

The Loden

Minnetonka-based Opus Development Co. is putting the finishing touches on a 246-unit apartment project on a former office site along Highway 169 in the southwestern corner of Edina. Opens this month.

Aria

184 apartment units on the former Best Buy site near Southdale. Bloomington-based Doran Cos. is part of the development partnership. "It will be very comparable to our Mill & Main," says Kelly Doran, principal, comparing it to one of his firm's Minneapolis apartment projects.

Nolan Mains

As part of an update to the 50th & France shopping district, a joint venture between Saturday Properties and Buhl Investors is developing 100 apartments with retail space along Market Street (formerly West 49½ Street).

Edina School bus garage site

Dallas-based Trammell Crow Co.'s project is under construction, with 165 units of senior housing at 5150 and 5220 Eden Ave. It's set to open in 2019.

PROPOSED PROJECTS

Guitar Center site

Lund Real Estate Partners is proposing an 18-story tower with 186 apartments on the site, east of France Avenue on Hazelton Road.

The Millennium

Florida-based DLC Residential LLC has proposed approximately 375 apartments at the northwest corner of 66th Street and Xerxes Avenue. The site is currently home to two medical office buildings.

7250 France

The latest proposal calls for a six-story mixed-use building with 135 apartments. The site is on the west side of France Avenue, next to the site of the rejected proposal at 7200 France Ave.

Grandview

The proposal outlines a 17-story tower with 147 apartments and 27 artist lofts in an adjoining building. The vacant, city-owned site is near 50th Street and Highway 100.

France & Sunnyside

Preliminary plans have been floated for a project with approximately 52 apartments.

4040 W. 70th

Minneapolis-based nonprofit Aeon is in the preliminary stages of a concept for 80 to 90 units of mixed-income affordable housing.



l understand Edina is changing, but I think it needs to be well-planned and respectful." –Nora Davis, 40-year Edina resident say that ratio is expected to fall to about 30 percent in 2019. Also likely to continue: residents opposing higher-density projects, especially when proposed for properties near or adjacent to their own.

Perhaps nowhere is the conflict more publicly evident than in Edina, a firstring suburb that borders Minneapolis to the west. Since 2014, more than 900 new multifamily units have been added in Edina. Nearly 700 apartments are currently under construction, and more than 900 additional units have been proposed there. Edina ranked eighth in the metro for the total number of multifamily units permitted between 2014 and 2016.

"I don't think in our history we've seen anything like this from a commercial or multifamily standpoint," says Edina Mayor Jim Hovland.

Nora Davis has lived in the Lake Cornelia neighborhood west of France Avenue for more than 40 years. She was among the

residents who organized to oppose the Estelle proposal. She says neighbors garnered more than 700 resident signatures against the project. She was originally concerned about additional traffic and lights on the tower, but ultimately objected to "just the massiveness of the building."

"It was just too much in that location. We are a neighborhood of single-family

homes. It was like 400 feet to our homes in a lot of places," says Davis. "I understand Edina is changing, but I think it needs to be well-planned and respectful."

The Estelle's lone supporter on the Edina City Council was Hovland, now in his fourth term. "It was going to be a magnificent sort of project, and I think a lot of people on the council thought the same thing—they just thought it was in the wrong place," he says.

France Avenue has emerged as the dividing line for taller project proposals; the Estelle might have stood a better chance if it had been on the more commercial east side of France Avenue, farther from residential neighborhoods. "My overall view is 'Was it good for the city?" "Hovland says. "And I thought it was."

Meanwhile, the density debate didn't end with the rejection of the Estelle. Hovland expects to see more proposals for tall buildings, such as the one for the Guitar Center site (see p. 38), where plans have been floated for an 18-story apartment tower.

Too high, too dense, too everything

Fights over tall buildings are nothing new in Edina. During the condo boom, plans for a tower on the eastern end of the Galleria prompted heated debates. The 18-story tower, which combines the Westin Edina Galleria hotel with condo units, was completed in 2008.

"That was pretty nasty. It was quite a brouhaha at the time," recalls Hovland. He says the issues were the same as those that residents had about the Estelle condos: "Too much height, too much density, people didn't want to look at it."

Hovland says the fractious debate over the Westin led to such a schism on the City Council that the city had to hire a facilitator to help mend fences. But today, Hovland says, people in Edina

> recognize the Westin as a strong asset: "It's added great value."

More recently the Minneapolis-based Boisclair Corp. floated a comparatively modest redevelopment plan for 7200 France. Plans called for replacing an unremarkable 1960s-era office building with a six-story mixed-use project including 160 apartments, some affordable-housing units and ground-floor retail space. (The existing

building is three stories, but one is below grade.) The plan stalled on the City Council. Among the concerns was that it called for too many units and might set a precedent for future development. As with the Estelle, the proposal was for a site on the west side of France Avenue.

"It was a difficult process," says Lori Boisclair, president of Boisclair Corp., of wrangling with the city. "It's just such a wonderful location and the city still is ambiguous as to what they would approve there."

Frustrated by the uncertain development future of the site, Boisclair sold her interest in the property in March.

"Despite what people say, Edina is an urbanized area, and we're going to see development," says City Councilman Mike Fischer. Fischer was among the majority that did not support the Estelle. He says that he liked everything about the condo tower plan except its location overshadowing the residential neighborhood. But

Edina: Getting More Crowded

Population statistics tell the story of Edina's growth. From 1970 to 2010, population growth was modest. According to Census data, the city's population didn't change at all in the 1980s.

But from 2010 to 2016, the city added as many residents nearly 3,900 people—as it had in the previous 40 years.

Met Council estimates show Edina added 612 single-family detached homes between 1990 to 2016, a 5 percent increase in its inventory. Over the same period, total multifamily units (buildings with five or more units) increased by 21.4 percent, to 8,816 units.

Edina Population		
1970	44,046	
1980	46,073	
1990	46,070	
2000	47,425	
2010	47,941	
2016	51,804 [estimate]	

ource: U.S. Census Bureau, Metropolitan Counci

he sees other locations as good options for future development.

"If you look at the Southdale area, it's a lot of big parking lots," says Fischer. "Developers find [Edina] a desirable place to build, and that's a good thing."

While the Southdale area is drawing the largest number of projects, there is development in other corners of Edina. Along Highway 169 in the city's southwestern corner, Minnetonka-based Opus Development Co. is close to finishing construction of the Loden, an apartment project with 246 units. The site was home to an office building. While the project is only four stories high, it still prompted some debate. There are residential neighborhoods to the east and south of the site.

"There were some reservations about 'Is this too high?'" says Phil Cattanach, Opus senior director. Striking the "right balance" between a developer's goals and residents' concerns was a key part of the process. "You have to get enough density to make the economics work while being sensitive ... to how is it going to work with the overall community."

That appears to be happening with the old Guitar Center retail store, a one-story, largely windowless bunker east of France Avenue on Hazelton Road (effectively 71st Street) dating to the mid-1970s. Veteran developer Tom Lund is pitching an 18-story tower with 186 apartments for the site. While he has not secured final approvals, the response from Edina so far has been encouraging. The site is mostly surrounded by retail properties.

"The city of Edina had seen a couple of the proposals on the west side of France, and I think they had made it pretty clear ... that they were going to push taller properties to the east side of France. So that gave us confidence," says Lund, owner of Edina-based Lund Real Estate Partners. "They've been very supportive of the project. This is where they want to see density."

The Edina Planning Commission approved the plan in late March.

"Where Tom Lund is proposing his project makes perfect sense," says Fischer.

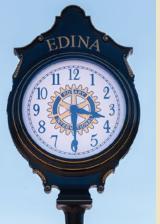
The new project also would be just steps away from a new Lunds & Byerlys grocery store and 71 France, a three-building apartment complex with 241 units that opened in phases in 2015 and 2016.

Retail replacements

Lund's plan underscores the trend of new residential development displacing vacant retail properties on some Edina sites.

A development team including Kelly Doran of Bloomington-based Doran Cos. is now under construction on Aria, a 184-unit apartment project on the site of a former Best Buy store at the southeast corner of 66th Street and York Avenue. Not far from there, the new 240-unit Onyx apartment project stands on a site long occupied by a Wickes Furniture store. One Southdale Place, a 232-unit apartment development, opened in 2014 on the southeast corner of the Southdale site. The 71 France project was made possible when Lunds & Byerlys exited its former store on that site, opening up land for residential development.

Southdale remains an iconic property in Edina. When it opened in 1956, it was the first enclosed shopping mall in the U.S., and became a symbol of sorts of the migration from Minneapolis to the sub-



inneapolis-based Ryan Companies US was slated to build the nowdoomed Estelle project and would have owned a minority stake. This spring, it teamed again with Estelle developer Arcadia LLC to propose another big project: a 39-story condo tower along the Mississippi River in downtown Minneapolis. After a first look at the plans, the land use committee of the Downtown Minneapolis Neighborhood Association unanimously approved the concept.

urbs. While some observers contend that Southdale is not the retail jewel that it once was, the mall's owner, Indianapolisbased Simon Property Group, is piloting several new developments on the site to raise its profile.

"We used to be a retail real estate company and now we are a real estate company," says Michael McCarty, Simon's chief operating officer for its malls. "Now we're talking to residential developers, we're talking to office developers, we're talking to hotel operators."

As brick-and-mortar retail atrophies, McCarty says it opens up avenues for new development on Southdale's site. "One of the things that malls have today is these huge asphalt fields of parking," says McCarty, who notes that Simon is developing hotels at several malls within its portfolio.

Simon formed a joint venture with Bloomington-based StuartCo to develop One Southdale Place on the southeast corner of the 95-acre site, an area previously home to overflow parking spaces. The 232-unit One Southdale Place drew coverage from the Wall Street Journal when it opened in 2014. The story said that Edina "has long been considered the quintessential American suburb."

At the northeast corner of the mall's site, a 146-room Homewood Suites by Hilton hotel is nearing completion and is set to open this fall. At the southwest corner, plans call for a four-story standalone

store for Restoration Hardware, slated to open in 2020. The northwest corner will be home to a new location for Shake Shack, the national burger chain.

There's still plenty of room on the site for more. "We're not done yet," says McCarty. "It's easy to invest in a market that is as strong and vibrant as Edina. We think that there's a good future still there. It's really kind of an example of what we're looking at all over the country, it's just happened there sooner.

"If the only reason to come to one of our properties is to shop," he says, "then we've got some work to do."

Population explosion

One challenge facing developers is that Edina, like many cities in the sevencounty metro area, is in the process of updating its comprehensive plan, as required every 10 years by the state's Metropolitan Land Planning Act. "Comp plans" are reviewed by the Metropolitan

Council, which can require cities to modify plans if "the council concludes that the plan is more likely than not to have a substantial impact on or contain a substantial departure from

metropolitan system plans." The Met Council is also encouraging more density, especially affordable housing, and some cities such as Minnetonka are capitalizing on this by building such projects in exchange for funding assistance from the council.

What's driving the push for more housing density? The simplest answer is ever-increasing population. Statistics from the Metropolitan Council indicated that in 2016, there were about 1.17 million more people living in the seven-county metro area than in 1970. For many years, local development trends encouraged sprawl, with new development pushing progressively outward from the core.

Between 1970 and 2010, the population of the seven-county metro area increased 52 percent, to 2.85 million people. For 2016, the Met Council estimated the population of the seven-county metro at 3.04 million. But by 2040 that number is



Edina, 1950s

expected to climb to 3.74 million-double the population in 1970.

"The idea is development is likely to occur in the area, so let's develop a plan for how we'd like to see it take place," says Cary Teague, Edina's community development director.

"We don't want to be downtown Minneapolis. We don't want to be Uptown," adds Hovland. Referring to ongoing debates about height and density, "we haven't figured out how to have that conversation yet as a community," he says.

But the tensions remain. While neighbors who opposed the Estelle said that it was out of whack with the city's comprehensive plan, the developers believed that they had a project that met many of the city's stated goals for the Southdale area, with strong attention to walkability, open space and landscaping at ground level.

"We felt we fulfilled all those requirements," says Bernardi, who is scouting to find another site in Edina for a revised version of the Estelle. "I'd like to use the same plan because I spent so much money ... we're trying to see if we can reutilize those plans on another site." Bernardi did not elaborate on how much he spent on the Estelle proposal.

The demand is still there in Edina for new luxury condos, he adds. "We haven't given up yet." tcbmag

Burl Gilyard is TCB's senior writer.

7,678

The Multifamily Metro Building Boom

Developers keep building more and more apartments across the Twin Cities.

As the Great Recession took hold, 2009 was a low point for construction. The current building boom took off in 2012, when the number of permitted multifamily housing units more than doubled in a single year. Except for a dip in 2014, the annual number of such units keeps rising in the seven-county metro area.

> 1,201 units

2009





While federal tax changes will benefit many businesses, accountants and other financial experts are still deciphering the unintended consequences.

By Nancy Crotti

he new federal Tax Cuts and Jobs Act is the biggest revision of federal tax law since 1986, and its implications for businesses have only just begun to unfold. Some of the major questions about the impacts hinge on the type of business being taxed—a pass-through or C corporation; small, medium or large business; or domestic or multinational company.

The federal government taxes passthrough companies, such as sole proprietorships, LLCs and S corporations, not as businesses but on the income of the owners as individuals. The new tax law slashed the federal corporate income tax rate from 35 percent to 21 percent, while the top individual tax rate dropped from 39.6 percent to 37 percent. This leaves owners of pass-through businesses clamoring to know whether they should switch entities and become C corporations, which would be subject to the new 21 percent tax rate.

Plus, C corporations can write off their state taxes. What's not to like?

Pass-through or C corp?

Possibly, a great deal. Tax attorneys, accountants and bankers alike are warning that many factors besides a lower tax bill must be taken into account.

"You need to determine what's your plan for the business in the next 10 years," says Todd Jackson, a tax partner with accounting firm RSM in Minneapolis.

An S corporation that has excess cash flow can distribute that money to the owners and investors, but as a C corporation, the company and the individuals would both pay taxes on those earnings, Jackson says.

"It's a very tax-inefficient way to make distributions out of a company," he says. "That's why we say if the business has had a history of making these additional distributions to the shareholders, and you convert to a C corporation, you need to take that into account—that it actually gets more expensive ... because you're going to be double-taxed on that."

That double-taxation also counts when an owner sells a C corporation and distributes the proceeds to shareholders, says David Bahls, a tax attorney and principal at Gray Plant Mooty in Minneapolis.

C corporations also are subject to the federal accumulated earnings tax. If they retain too much cash at the corporate level, they must make dividend distributions or pay a penalty. When they make those distributions, the shareholders pay at a rate of 24 percent. Pass-through entities pay only one level of tax when they sell, Bahls adds.

"Ultimately it's not a cookie-cutter answer," he says. "You have to model out all of these and see what makes sense."

Companies that do make the switch from pass-through to C corporation cannot switch back without paying a major penalty, these experts say.

To make up for the difference between the C corporation and passthrough tax rates, the new federal law includes a maximum 20 percent qualified business tax deduction for certain passthroughs, excluding personal service providers such as accountants and attorneys, and other businesses that rely on the skill and reputation of an employee, such as a chef. This provision expires in 2025.

"It's one of the most complicated provisions in the tax act," says Mark Salsbury, a tax attorney with the Minneapolis office of Ballard Spahr. "It is, for small businesses, the most important tax benefit," he says. "There might be some structuring that might be considered to maximize the benefit."

"The IRS has said they will issue

additional guidance for this," Bahls adds. "There's a lot of ambiguity for what will qualify."

The overarching advice from Jeanne Crain, CEO of Bremer Bank, is for clients to carry on for now, focusing on growing revenues and controlling expenses while making sure they're taking advantage of what they can from the changes in tax law.

"Work with your tax professional and make sure that your corporate tax structure is appropriate based on your expected income for 2018," she says. "Who knows how permanent these changes might be? You can't make a change in corporate structure purely on what will happen in 2018. It's a longerterm decision."

Companies that stand to benefit from the lower 21 percent corporate tax rate are wondering about opportunities to diversify and grow, according to Kate Kelly, PNC Bank regional president for Minnesota.

New optimism

"In general, I think people are at a new level of optimism compared to what we called cautious optimism before," Kelly says. "Something got done."

Some large companies responded to the new tax law immediately by upping wages, adding to pension plans, paying dividends and executing stock buyback programs. Paying lower federal taxes could spur merger and acquisition activity or otherwise alter companies' business strategies, possibly by boosting investments in data analytics or robotics, or by increasing their investments in talent.

"I think the largest companies will have a real pressure to grow now," Kelly says. "And even mid-size companies will say, 'What have we been waiting for?""

The new law will limit the amount of interest expense that companies with annual revenue topping \$25 million can deduct, which could lead those companies to limit the amount of debt they use for acquisitions, Jackson notes. "That would be a provision that is not super-friendly to the business world," Jackson says. "It's one of the ways they were [using] to help pay for the decrease in tax rates, which is by limiting the deductions."

Smaller to mid-size companies will benefit from the new law's provision that



Jeanne Crain Bremer Bank



Mark Salsbury Ballard Spahr



Kate Kelly PNC Bank

Kevin Smith

KPMG



Todd Jackson RSM

Paying lower federal taxes could spur merger and acquisition activity and lead to increased investments in talent and data analytics.

ACG Minnesota

UPCOMING EVENTS

May 3 May 15 May 23	Young Professionals: Eat Street Social Mixology Monthly Luncheon: Artificial Intelligence Twins Game
June 4 & 5	Capital Connection: Golf, Lawn Bowling, & DealSource
June 7	Corporate Connections
June 7	New Member Luncheon
June 14	Women's Series Luncheon: Barbara Lupient
July 25	Young Professionals: Saints Game
Aug 22	Young Professionals: Lawn Bowling

To register, visit www.acg.org/minnesota

Questions, contact nicki@acgmn.org or 612-590-1041 Attire: Business/Event Appropriate \$35 Members | \$75 Non-Members

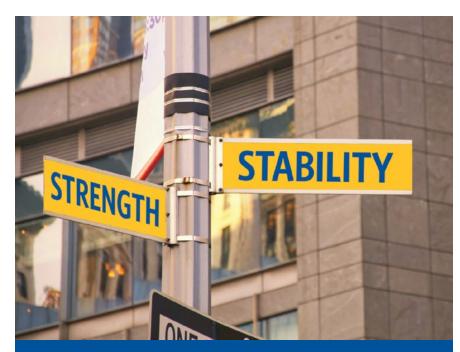


Having personal relationships with a bank that understands your needs, while offering great advice, is something I value with Stearns Bank.



Fast and friendly service. We Get the Job Done!® Visit StearnsBank.com today





Your Bank. For Strength & Stability.

Anchor Bank is now Old National Bank. You can rely on our experienced bankers, local decision making and nearly two centuries of financial stability to help you achieve your goals. As we continue to build partnerships with Minnesota businesses, we look forward to introducing new services and technologies to help your company grow. Most importantly, we will continue to be a community bank, passionate about serving our clients and our community today and into the future.



Serving Minnesota with 18 locations.

oldnational.com | 800-731-2265 | Member FDIC

allows a 100 percent write-off for purchases of tangible property other than real estate. This bonus depreciation portion of the law could spur businesses to invest in capital equipment.

"The exciting part of this is that under the law prior to this, there was a 50 percent bonus depreciation, but it only applied to new property," Bahls says. "This one will apply to used property as well."

This provision will likely result in more companies buying the assets of businesses rather than the stock, and might lead to sellers getting higher prices for their companies because buyers can write off the tangible portion of the purchase in the first year rather than over a period of years.

Such activity will probably take place sooner rather than later, because the 100 percent write-off drops to 80 percent in 2023 and by another 20 percent each year until it expires in 2027. "Certainly for businesses with a lot of assets, this is a big benefit," Bahls says.

The new federal law has many implications for companies that have foreign subsidiaries. Under the old federal law, these companies were allowed to defer paying taxes on income earned in a foreign country until they brought that income into the United States, if ever. Not anymore.

"One of the significant tax law changes is that all of that deferred income is being forced to be recognized as taxable income by the federal tax law change," Jackson says.

That income will be taxed at a rate of 15.5 percent for cash, equities and receivables, and 8 percent for reinvested foreign earnings, according to the nonprofit Tax Foundation.

The new law also encourages U.S. companies that have foreign profit-making functions, particularly intangibles such as intellectual property, to bring them home, according to KPMG partner Kevin Smith. The World Trade Organization views this as anticompetitive and will lobby against it, he adds. KPMG is advising clients to hold off on doing this.

Minnesota businesses also will have to wait and see how the state Legislature will respond to the new federal tax law, which includes provisions that change the definition of federal taxable income. Those changes, such as the suspension of deductions or exclusions, increase federal taxable income.

Minnesota is one of a handful of states that taxes individuals and businesses based on their federal taxable income. Bottom line: Unless the Legislature changes this, Minnesotans' taxable income will go up, generating nearly \$850 million in state revenue in the current fiscal year and nearly \$1.5 billion in fiscal 2020-2021, according to state Department of Revenue estimates.

Gov. Mark Dayton released a tax proposal in late March that would provide some tax relief for families, but the governor's plan has been criticized for penalizing businesses.

If the Minnesota Legislature doesn't conform to the new federal law, there would be many differences between what is and isn't deductible, Jackson says. "The more things are different, the more complexity you have," he says. "This will be an issue that every state will have to deal with, not just Minnesota. Just about every single state has to deal with this."

The different states' responses also could put Minnesota at a competitive disadvantage, he adds.

Political observers expect Dayton, a DFLer, and the Republican-controlled Legislature to take action in response to federal tax changes, but it's unclear what elements will be in the final tax package. "I think it'll be fascinating to see what they're going to do," Bahls says.

Accountants, tax attorneys and bankers are cautioning clients to wait and see how these changes to federal and Minnesota tax laws shake out. First, they'll need to wait for more guidance from the Internal Revenue Service, which could take several months to come out. Then there's the Minnesota legislative response. Plus, even though the federal business tax changes are now law, they could be altered if there's a new political environment in Washington, D.C.

"If the balance of power in Congress changes and the presidency changes, I certainly could see a situation where the corporate tax benefits are modified," says Salsbury, who has been practicing law since 1995. "There will need to be some time to see how they all play out and how they will all be interpreted." tcbmag

Nancy Crotti is a St. Paul-based writer and editor.



Those who break the mold redefine how we live, work and play.

Bold leaders are courageous, inventive and determined.

Our panel of independent judges for the Heartland program understands the boldness needed to change our world in the most unexpected ways. They will select the next generation of entrepreneurial leaders the Entrepreneur Of The Year® 2018 finalists and winners.

Heartland finalists named – April 20, 2018 Heartland awards gala – June 14, 2018

For ticket information, contact Jennifer Delagrange at jennifer.delagrange@ey.com.

ey.com/us/eoy/hl

Judges



Benson Healthcare Enterprises at Centene Corporation



Amy Nelson Accurate Home Care, LLC







bbert JAG Portfolio Services



Greg Twardowski Whelan Security Viasystems Group, Inc.



cott G

3M Ventures

Founded and produced by



Nationally sponsored by





Regionally sponsored by



Locally sponsored by





They Won't See You in Court

More Minnesota businesses are avoiding expensive litigation and resolving disputes through mediation and arbitration. By Gene Rebeck

aul Smith, a veteran business litigation attorney, says it wasn't so long ago when businesses in legal disputes would pony up for the big legal fights. The instant response by many companies was: I'm going to find the biggest, baddest lawyer and go to war with the other side.

That's no longer often the case. "What I think businesses have figured out is that if you're going to get into that battle, it's going to be expensive," says Smith, shareholder in the litigation practice group at Bloomington-based law firm Larkin Hoffman Daly & Lindgren Ltd.

Smith is by no means the only Twin Cities litigator who's seen that decline. Brooke Anthony, a shareholder in Minneapolis-based Anthony Ostlund Baer & Louwagie PA, says that her business clients have also discussed whether litigation makes sense when faced with a dispute. She, too, cites the costs.

And those aren't just fees. "There also are electronic discovery obligations that are extremely expensive, with email and computer systems and backup tapes and servers; and just the volume of documents that now exist on any given subject matter in any company is huge," Anthony notes. "The cost of finding and producing those documents, which you'd need to do in litigation, is very high." That doesn't include what Jason Asmus, 16year litigator at Minneapolis firm Briggs and Morgan PA, calls the "soft costs" of business disruption and the time employees spend digging up old documents and emails.

These days, when it comes to legal issues, companies are turning less often to pit bulls and more often to golden retrievers. They and their counsel are looking to other forms of resolution to settle disputes. And businesses are increasingly protecting themselves from expensive litigation by building those forms of resolution into the deals they sign. Still, there are times when taking the fight to court is the better tactic—or at least an unavoidable one.

Keep your cool

Over the past 10 years, the U.S. District Court, Minnesota District, has registered an overall decline in the number of business conflicts litigated there. For the year ending June 2016, there was a sharp drop in total civil lawsuits over the previous year, falling from 5,440 to 4,006. There has been an increase in the number of suits since then. But the long-term trend clearly suggests that fewer Minnesota businesses are taking their disputes to court.

"Litigation historically has had ebbs and flows," Anthony says. "It used to be when the economy was good, everyone was suing each other because the money was there. Then when the economy was down, everyone was suing each other because they want the money." But she believes that the length and depth of the recent recession "caused a lot of companies to think really hard about how they were spending their money and where they were spending it." The recession "was a pretty serious lesson for a lot of companies."

Companies are now more strategic when it comes to litigation, Anthony says. For many businesses, litigating disputes "isn't what allows them to succeed."

With the cost of litigation going up, businesses that have a legal issue with another company are looking for ways to settle out of court, such as alternative dispute resolutions, or ADRs. The most common forms of ADR are mediation and arbitration. With mediation, the



WE MOVE IN ONE DIRECTION FOR MOVE AND A CONTRACTION

WINTHROP & WEINSTINE

Put the law to work.

MANUFACTURING FORUM TWIN CITIES BUSINESS

SAVE THE DATE

Join us as four CEOs discuss how they're keeping up with the times, including learning how to use data analytics, real-time feedback from customers and Wi-Fi-sent signals from the production line (IoT) to improve output speed and quality. We'll also examine other challenges and opportunities facing Minnesota manufacturers today including finding and retaining talent, and the increasing use of robotics.

> Metropolitan Ballroom 5418 Wayzata Blvd Golden Valley, MN 55416

Registration // 2:45 pm Panel Discussion // 3:00 pm - 4:30 pm Networking Cocktail Reception // 4:30 pm - 6:00 pm

TUESDAY | **JUNE 26, 2018**

Register Today | tcbmag.com/MFG18



TRENDING | LAW

disputing parties, typically working with attorneys, negotiate a settlement with a neutral third party. In arbitration, the dispute is brought before an arbitrator, who is in most cases an expert in the disputants' industry.

Mediation is a voluntary facilitated settlement process that's defined by "freedom of choice and self-determination," says Jeffrey Ansel, litigation shareholder at Minneapolis-based Winthrop & Weinstine. In mediation, he says, no one can force the parties to make a deal.

To Ansel, arbitration is more akin to litigation. It is a "quasi-trial" process. It is not a negotiation. In both arbitration and litigation, it's more of a battle—and it's the judge and jury, or the arbitrator, who makes the final determination, not the parties.

Arbitration has some advantages over litigation. For one thing, the parties can stay out of court and keep the dispute private. "Because arbitration requires that there be an agreement to arbitrate, there's some measure of self-determination in arbitration," Ansel says. Contracts between the two parties can include arbitration in the deal, and the rules for such an arbitration can also be agreed on.

Another key point: Minnesota court rules require the parties to look at an ADR process during the litigation and before trial. Those state requirements describe all the different ADR processes available, Ansel says, explaining "with very rare exceptions, you have to pick one [of the processes] and do it." Most often, he adds, people select mediation.

In short, Ansel advises, the best way for a company to avoid litigation is to make sure that their business agreements are clear and unambiguous. Just in case, he recommends the contracts include some form of ADR with specified rules, procedures and limits. However, the parties could still end up in court.

"Businesses are doing a much better job of doing a cost-benefit analysis," Smith says. One question they're asking: Will the thousands of dollars they're spending on litigation be a worthwhile investment? In a great many cases, the answer is no. Many law firms, he adds, are changing to reflect this, and are helping clients look for ways to avoid court. Yet, Smith says, "The reality is, it takes two to tango." If the other side doesn't want to arbitrate or mediate, a dispute could end up being litigated.

Given their advantages, are arbitration and mediation always better options than litigation? Not necessarily.

Time for court?

"A lot of people think arbitration is a panacea," Ansel says. But "arbitration, in the conventional sense, is very much like a trial, and very much like a lawsuit or a litigation," he adds. "Over the years, my experience has been that arbitration is not materially less expensive or faster than litigation." Indeed, Ansel says, sometimes an arbitration proceeding ends up looking like a court trial, with depositions taken and other costly practices.

"Before you know it, the only difference is that an arbitration is a private process and a litigation is a public process," Ansel says. To avoid or at least minimize this scenario, he says the parties have to agree on how to streamline the case. It's best to have dispute resolution provisions in the contract that the parties signed when they decided to do business together.

There are few general rules about when to mediate, arbitrate or litigate. Attorneys say that decision depends upon the case and the client. But they note factors that would make taking the fight to court the smarter strategy.

One of the drawbacks of arbitration "is that you've lost the rules of evidence," Smith says. The judicial system, he adds, "has spent a long, long time honing evidentiary rules in an effort to make trials a fair forum for resolving disputes." In arbitration, those rules are typically lost.

Smith cites the American Arbitration Association's commercial arbitration rules, which say that conformity to legal rules of evidence "shall not be necessary." For example, arbitrators will often permit hearsay evidence. Such evidence isn't presented under oath, and it's not subject to cross-examination. As a result, "the parties will have acquiesced to arbitrators potentially deciding disputes based upon evidence which courts would consider insufficiently trustworthy," Smith says.

What's more, if an arbitrator's decision goes against you, that's the end of the story: You lose your right to appeal. If your business dispute is resolved via arbitration, Smith says, "you're really giving up quite a lot." Ansel says the three dispute resolution options are quite different. "If parties prefer self-determination and control of outcomes, mediation is the best choice," Ansel says. "If parties prefer private proceedings with less formal processes and are willing to give up certain legal rights such as the right to a jury or the right to appeal to a higher authority, arbitration may be best. If a party is interested in a legal issue being clarified or determined or wants to be on more traditional footing in resolving a dispute, litigation may be the way to go."

There are disputes worth fighting in court. "You are always going to have what I call your true 'bet the company' litigation," Asmus says. "This is where two businesses are at odds with one another and if one side loses, it's done." The company could go out of business. Trade secret misappropriation is one example; patent infringement is another.

"If you're the financially stronger party in a transaction, it may be to your strategic advantage to resolve the dispute through the traditional litigation process," argues Todd Wind, a litigation division co-chair with Minneapolis-based Fredrikson & Byron PA. The cost of litigation "won't necessarily scare you off," he says, and it "may deter the weaker financial party." And if a business is the weaker party financially? In most cases, it pays to settle as quickly as possible in order to keep costs low.

Wind recommends pre-suit mediation for businesses that are the weaker financial party. "I like the idea of the executives being required to meet and exchange proposals and see if they can work out a business solution. Oftentimes, that will result in something and avoid a lawsuit."

Wind also suggests that companies set up a board committee that reviews disputes and takes a hard look at the front end. This committee would review cases when they arise, looking at the risks and costs to decide which cases should be settled and which ones defended. This approach to business disputes, he says, helps "take the emotion out of it."

Get an early start

When a business does face a legal dispute, litigators recommend that it meet with an attorney as quickly as possible to map out a strategy. "The earlier a lawyer gets involved, the more likely it is that there won't be a misstep, like an email that shouldn't have been sent or an angry phone call that shouldn't have been made," Anthony says.

It's true—not all litigators are snarling pit bulls eager to get into court. In fact, a great many litigation attorneys see themselves as business advisors as well as trial lawyers. "While litigation filings might be down, that doesn't mean that all litigators are going to go out of business," Anthony says. "It just means that we're going to be providing potentially more pre-suit advice than we have in the past."

"It's still important to have outside litigation counsel because they help you to evaluate the risks and the likelihood of success [in a business dispute]—and even the cost, to a certain extent," she says. When it comes to actual litigation in court proceedings, many of Anthony's clients are questioning the "value proposition of going down that road."

And, as Asmus notes, the earlier a business addresses the dispute, "the better chance you have to avoid what I call transaction costs." This is especially true if a business is playing defense, as it will always be reacting and putting out fires as they arise. "The next thing you know, you're

six months into litigation and you're looking at numerous requests for your electronic data," Asmus says. "That means you're engaging an outside vendor and incurring tens of thousands of dollars, and potentially more, in electronic discovery costs."

Playing catch-up in litigation means "you can't make fully informed decisions on the strategies you should execute, the costs you should incur and what path you should take," Asmus says. Getting in touch with a legal adviser as early as possible gives a business a chance to weigh what Asmus calls "the bad facts and the good facts."

These days, more companies caught in business disputes are keeping their cool. More are incorporating arbitration and mediation clauses in their contracts. That doesn't mean that a business shouldn't be prepared to fight in court, if necessary. But in most cases, it pays to play nice. tcbmag

Gene Rebeck is a Duluth-based freelance journalist who writes monthly for Twin Cities Business.

EXTRAORDINARY Measures

BLOWING THE WHISTLE TAKES YOUR COURAGE AND OUR EXPERTISE.

Experiencing retaliation? LET'S TAKE A STAND.

halunenlaw

nalunenlaw.com | 612.605.4098

2018 Nonprofit Event Calendar



May

9 | Wednesday | Aeon Beyond Bricks & Mortar Breakfast

Learn how you can help meet the urgent need for affordable homes in our community at this free fundraising breakfast. 7:30-8:30 a.m. at The Depot Minneapolis.

aeonmn.org/bbm

10 | **Thursday** | **YWCA** *Circle of Women*

Listen to YWCA SHEroes share stories of triumph, shop the purse/experience auction, network and invest in bold goals to build an equitable world. 10:30-1:15 at Minneapolis Convention Center.

ywcampls.org/events/signature_events/circle_of_women/



ooking for the hottest economic region in Minnesota? Drive about an hour southwest of the Twin Cities and you'll find it in Greater Mankato.

With one of the fastest-growing economies in the state, a revitalized downtown and a growing mix of restaurants, retail, entertainment venues and everything else a big city offers—without the traffic jams—residents, visitors and businesses are thrilled with the area's newfound economic exuberance.

As a result, Mankato's rejuvenated downtown scene is attracting businesses at the fastest rate the city has seen in decades. One of the first to relocate is ISG, an architecture, engineering, environment and planning consulting firm that moved to Mankato's city center in 2011. Since then, around 25 stories of downtown office space has been and is being built there, says Chad Surprenant, ISG's president and CEO. "Young people want the hustle of something; [they] want to see the energy of a more urban setting." And young talent is just what ISG and other area businesses hope to attract as they grow their businesses. Of the company's 265 employees, 100 work in downtown Mankato.

50 TWIN CITIES BUSINESS tcbmag.com MAY 2018

Greater Mankato by the Numbers

100,000 POPULATION

1.49 MILLION SQUARE FEET OF DISTRIBUTION SPACE

12 MINUTES AVERAGE COMMUTE TO WORK

25,000 STUDENTS ENROLLED IN THE AREA'S HIGHER-EDUCATION INSTITUTIONS

2,593 PRIVATE SECTOR BUSINESSES

> \$1.5 BILLION GENERATED ANNUALLY IN RETAIL SALES

WE PUT OUR ENERGY INTO DELIVERING MORE THAN ENERGY AROUND HERE.



The energy we deliver comes from lots of places, and goes to lots of places too. But this community isn't just a place to us. We live here, we work here, and we make it our business to make the towns and counties we serve in Minnesota better places to do both of those things. So we invest in our communities, and strive to give back to the places we're proud to call home. Visit **xcelenergy.com/Community** to learn more.

ALWAYS delivering.





"Most of what we need and want is in Mankato," Surprenant says. That includes a diverse economy, myriad entertainment and recreational opportunities, an enviable public and private school system and five area colleges that enable employees' future growth. What's more remarkable is how the efforts of a relatively small but diverse group of Mankato business and civic leaders has, within the last five to 10 years, ignited this region's economy in unique ways.

In 2016, Greater Mankato had the highest gross domestic product (GDP) growth rate in the state—and third highest in the Upper Midwest.

Another sign of success: From 2014 through 2016, the Greater Mankato area had more than \$491 million in capital investments, through 284 projects. And the area has one of the lowest unemployment rates in the nation—2.7 percent in December, according to the U.S. Department of Labor.

Meanwhile, accolades keep coming, for everything from schools and health care to quality of life and affordability (see Greater Mankato Area Accolades). Schools.com ranks Greater Mankato second on its list of the 25 best college towns in America, citing its job potential for the 5,000 students who graduate each year from Minnesota State University Mankato, South Central College, Gustavus Adolphus College, Rasmussen College and Bethany Lutheran College.

Contributing to the area's growth is a well-educated and diverse population. According to Bukata Hayes, executive director of the Greater Mankato Diversity Council, 44 different languages are spoken in the area. By 2030, he says, the white population is expected to grow by approximately 3 percent, the non-white population by approximately 117 percent.

The Greater Mankato Area Accolades

For five consecutive years, the area has been listed in the top 40 on Forbes Best Small Places for Business and Careers, and has been ranked:



5th **Best Small City in America**, based on economic health, affordability and quality of life (nerdwallet.com, 2015)



3rd in the nation for **Affordable Health Care** (livability.com, 2014)

7th in **Cities Attracting Millennial Homebuyers** (Ellie Mae, 2017)



7th **Best Hockey Town in the Country** (smartasset. com, 2016)



9th **Best Town to Raise a Family in Minnesota** (Niche, 2015)

Greater Mankato Growth

Source:

POWERING BRANDS. DELIVERING SOLUTIONS.

Family-owned since 1975, Taylor is proud to be based in the Greater Mankato Region. We're dedicated to being an *Employer of Choice* that creates opportunity and security for our employees. We believe in being a good neighbor and supporting the communities where we live, work and play.

Above all, we are deeply committed to our clients. Our unmatched array of communication products, services and technologies enable us to create solutions that help our clients improve customer experience, drive efficiencies and grow revenue.



taylorcommunications.com

Staying put

When you consider the charm of the city, located in the scenic Minnesota River Valley, and factor in the number of graduates who remain to start their own businesses or provide growing businesses with the talent they need, it's not surprising that the area continues to prosper.

According to Minnesota State Mankato, 20 percent of its graduates stay in the area, a figure that has been relatively consistent over the past five years.

Jim Beal is a prime example. Although he didn't graduate, he grew up in nearby Pipestone, studied at Minnesota State Mankato for two years, then joined the Navy. After his discharge in 1972, he and his wife returned to the area, settling in North Mankato and later building a house in Eagle Lake, where he served as mayor from 2000 to 2004. Today, he and his son Jason are partners in Mankatobased JBeal Real Estate Group.

Like many of the area's businesspeople, Beal wears more than one hat, also serving as chairman of the Regional Economic Development Alliance (REDA). That organization is composed of the cities of Mankato, North Mankato, Eagle Lake, Lake Crystal and St. Peter, as well as Blue Earth and Nicollet counties, all of which share a common goal: to grow development in the region.

"REDA allows smaller cities to sit at the same table with Mankato, North Mankato and the two counties," Beal

says. With the Greater Mankato area's designation in 2008 as a Metropolitan Statistical Area (MSA), more people have been inquiring about the area, he says. "Companies around the world, when they want to build a plant, for example, start with the list of MSAs to find a good place with available workers." Facilitating the col-

laboration between the cities and counties is Greater Mankato Growth Inc., formed in 2007. Today, the organization has four business units: Greater Mankato Growth (the area's Chamber of Commerce and economic development organization), Visit Mankato, City Center Partnership (Mankato and North Mankato's downtown development group) and GreenSeam, which promotes investment in ag-related businesses in southern Minnesota and northern Iowa.



Located in downtown Mankato, U.S. bank center was recently renovated by Neubau Holdings

"It's very unique; it's one of the only business development organizations in the state," says Jonathan Zierdt, GMG president and CEO. "We're just a player; we help bring people together to identify new opportunities."

New development

Growth has boomed in the city centers

of Mankato and North Mankato in recent years, which had 113 commercial and industrial building projects totaling \$43.6 million in 2016 alone.

"Our city center, over the past 10 years, has really blossomed," says Mankato city manager Pat Hentges. "It's spurred entertainment downtown and, with the Tailwind project, our downtown is the place to be with a corporate presence."

He's referring



For over 125 years, the professionals at Stifel have predicated their success on the success of our clients and the communities in which we live and work.

Simply, we believe that as individuals, businesses, and public entities come together, we reach common goals.

(507) 625-3127 (800) 395-3445 toll-free

Union Depot 112 S. Riverfront Drive Mankato, Minnesota 56001

Stifel, Nicolaus & Company, Incorporated Member SIPC & NYSE | www.stifel.com



to Profinium Place, part of a long list of projects by the Tailwind Group, a Mankato-based development firm that has been a leader in downtown development in Mankato and North Mankato. The seven-story multi-tenant office tower is home to several professional services firms, including Tailwind. The project spurred development of two additional buildings: Ridley Tower, a four-story office building, and Block 518, which includes retail space and approximately 20 residential units.

"The presence of many strong local businesses, regional shopping and entertainment, and higher education [institutions] are great contributors to making Mankato a great place for Tailwind," says Michael Sather, director of finance and a partner in the firm.

Also developing projects in both downtowns is Mankato-based Brennan Cos., which consists of Brennan Construction and Brennan Properties. It was the general contractor for the Children's Museum of Southern Minnesota in Mankato and was involved in five other projects that are adding new energy to the downtown areas, including the historic Landkamer building.

"The size of Greater Mankato means new projects continue to keep us busy, yet the close community means that we get to see the benefits of great projects

like the Children's Museum impact our friends and neighbors," says Mike Brennan, president of Brennan Cos. Another

project, which is awaiting City Council approval, is the Eide Bailly Center, a \$21.8 million, seven-story,

73,000-square-foot

mixed-use building that would include retail and office space, with a restaurant, rooftop event center, patio and adjacent parking ramp. If approved, construction is expected to begin this year; it would be led by local commercial developers Rob Else and Tony Frentz, partners in Neubau

Based in Mankato, Neubau Holdings started its first project in 2008 and now owns and manages six buildings, four of which underwent extensive



Holdings.

Blues on Belgrade in North Mankato

renovations. Before completing work on the historic Graif Building, built in 1892, Frentz and Else purchased and renovated the adjacent property, a six-story, 44,000-square-foot building known today as the U.S. Bank Center.

"The company was founded with the intention of creating something positive and purposeful in downtown Mankato to assist in the revival of the city center," says Frentz.

Coldwell Banker Commercial Fisher Group, is another major player in the revitalization of downtown Mankato. The company is redeveloping the Ridgely Building into a combination of offices and apartments, and doing the same with a former auto shop.

"We've been a part of downtown for many years and continue to play an active role there and in Old Town," says president, broker and owner David Schooff. "It's important to keep the city center going. I like to see these buildings brought back to life."



Honored to help drive a \$3.6 billion industry from right here in the Mankato area.



As much as we're dedicated to creating jobs and helping support the more than 25,000 soybean growers in Minnesota who produce over 300 million bushels of crop throughout the state from greater Mankato, that's only half our story.

We're also proud of how Minnesota soybeans help make all our lives better by reducing emissions with biodiesel fuel, economically feed our livestock and provide added health benefits in so many of our foods. Now that's using the old bean!

Visit mnsoybean.org to learn more. 📑 У 🖸

The Man Behind the Curtain: Jonathan Zierdt

just play a violin in the orchestra."

That's how Jonathan Zierdt describes his role as president and CEO of Greater Mankato Growth (GMG), the region's chamber of commerce and economic development organization.

Zierdt hadn't planned on living in Mankato and he certainly hadn't planned on leading its economic development organization. But when GMG's predecessor, the Greater Mankato Economic Development Corporation, lost its executive director to a heart attack, folks in the area pointed to Zierdt to fill the position.

Zierdt had long been active in community development, having

held executive positions with the Boy Scouts of America, United Way and the Owatonna Chamber of Commerce. He also had his own organizational consulting firm.

"I resisted at first," he says, "but they were persistent, and in the fall of 2004 I started as executive director."

That move has been a good one, both professionally and personally. "I work with a great team of professionals who are making a great impact," he says. "It's a pleasure to help steer that."

Zierdt is justifiably proud of GMG, which he helped form in 2007. "It's rare to find an organization like ours," he says. "About five years ago, we changed our investment model and went from just over 700 members to more than 1,000, a growth of about 5 percent a year. About 40 percent of all the businesses in the region belong to our organization. We've been successful because we keep adapting to our environment. For instance, our public affairs initiative arose to address the lack of visibility the region was receiving."

While Zierdt has worked hard to create positive impact, life is never perfect. In 2014, he was diagnosed with prostate cancer, and later with kidney cancer. Multiple surgeries and chemo treatments have occasionally slowed him down but have done nothing to diminish his zest for life, or the time and energy he devotes to GMG.



"This community and our organization have never asked me to take a leave," he says. "I only disconnect from the work when I'm under anesthesia."

Business-critical information needs to be secure, visible and retrievable. An effective document management solution captures, stores and moves data efficiently throughout an organization.

Emerge from the clutter with a digital transformation.



COPIERS • PRINTERS • IT SOLUTIONS DOCUMENT MANAGEMENT • CLOUD SERVICE

WWW.LOFFLER.COM • 507-344-6400 1715 Commerce Dr., North Mankato

TRANSFORM

your paper-filled office to digital.





Vibrant downtown

The reinvigoration and redevelopment of the city centers in Mankato and North Mankato is the focus of the City Center Partnership. "We are the bridge between the city and the business community for both cities," says director Megan Flanagan. "It's two cities, but one downtown connected by Veterans Memorial Bridge. It's a high-energy place [that's] drawing new businesses and residents."

The downtown area has also attracted many visitors in search of dining and entertainment opportunities to Old Town, Belgrade Avenue and South Front Street. North Mankato's Belgrade Avenue hosts several exciting events, including Blues on Belgrade, Beer on Belgrade, and Bells on Belgrade, a family holiday event with Santa Claus and horse-drawn rides. "Five or six years ago, we had downtowns all over the region. Today, downtown Mankato is the urban center for the entire region," says GMG's Zierdt.

Events such as Alive After Five, which offers free evening concerts in August at the Civic Center Plaza, and attractions such as the CityArt's Walking Sculpture Tour, which features sculptures throughout the downtown area, continue to attract increasing numbers of residents and visitors to downtown Mankato.

"We started the Public Art Initiative in 2011, and we've put up more than \$2 million of art since then," Flanagan says. "Public art has brought a lot to the community; it's a source of pride, improves aesthetics and brings people downtown. The city's collection now consists of 17 permanent sculptures, some purchased by the city,

others by area businesses and residents who then donated them to the city." Verizon Center, which is owned and

operated by the City of Mankato, is anoth-

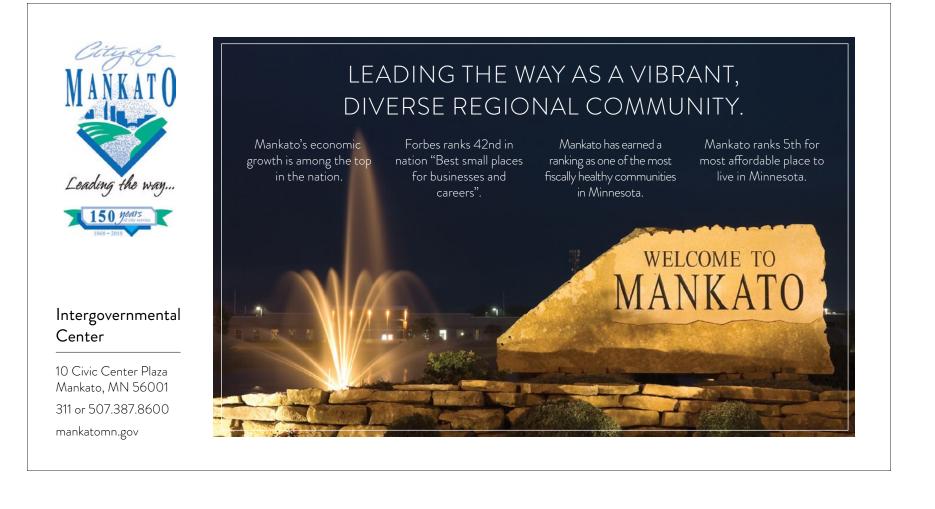


The city will host its ninth annual Mankato Marathon this fall

er popular attraction. The 5,000-capacity arena hosts the Minnesota State Mankato's Mavericks hockey team.

Built in 1995, Verizon Center "was a major impetus for growth in the downtown Mankato area," says Burt Lyman, executive director. "There are nearly 25 restaurants and bars within walking distance of the Verizon Center, and it is estimated the center and surrounding dining establishments draw between 300,000 and 400,00 visitors to the area and generate an excess of \$41 million in economic impact annually."

The center's staff also manage and *Continued on page 58*



Flying high

A lthough it doesn't offer scheduled air service, the Mankato Regional Airport serves everything from small propeller aircraft and corporate jets to military aircraft and medical flights. The 1,000-acre airport about 5 miles north of Mankato supports more than 126,000 flights annu-

ally, making it the busiest airport in the state outside of the Twin Cities metro area.

The Mankato airport includes a 15,000-squarefoot terminal, 74 small hangars and 14 large hangars. "We have two runways, which is sufficient," says airport development consultant Jason Ceminsky, "and



we're looking at adding an air traffic controller during the next five years. GMG also is polling the business community to see what their needs are for cargo. We have several big businesses here, and that would be a nice advantage for them."

The majority of flight activity is for training purposes; corporate aircraft make up the next

Mankato Regional Airport supports more than 126,000 flights annually

biggest percentage, says Ceminsky. Flight training for students in Minnesota State University Mankato's aviation program is provided by North Star Aviation, which has 15 aircraft

and is one of seven aviation-related businesses operating from the airport.

"That program has been booming for the last five years or so, with the huge national demand for pilots," says Ceminsky. Currently, Minnesota State Mankato has 270 students training to become pilots.





neighborhoods where we live, work, and play. Powered by our employee-owners and ESOP structure, each of ISG's 9 offices, including Minneapolis/St. Paul, embody a spirit of innovation with clients and communities. ISG's flexibility and accountability make it possible; the firm's focus and innovative solutions make it happen.



f 🍠 in www.is-grp.com



schedule the 4,000-seat Vetter Stone Amphitheater in nearby Riverfront Park. Each year the facility hosts a four-day RibFest. In 2014, the *Star Tribune* named it the No. 4 outdoor venue in the state.

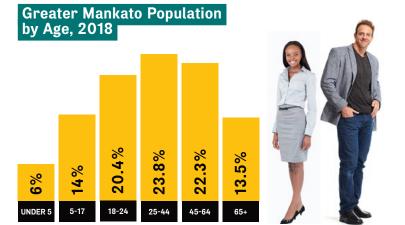
In October, the city will host its ninth Mankato Marathon, which brings in more than 4,000 runners from Minnesota and surrounding states. "In 2014, Trip Advisor named this among the best marathons to travel to," says Anna Thill, president of Visit Mankato. "Through events like this, it's an opportunity for people to see what we have; we're looking for bounce-back visitors."

Addressing the challenges

"Mankato has changed dramatically during the 22 years I have been city manager," says city manager Hentges. "Employment has grown partly because our economy is very diverse; manufacturing, services, medical and government are almost all equal. That has provided a certain amount of stability in our population, which has grown an average of 2 to 2.5 percent per year. We're growing at a higher rate than most regional centers throughout the state."

That growth has brought with it a need for housing. "We're building 150 single-family homes now," Hentges says. "We run a little below some of the other regional centers in terms of income level, but the [26,000-plus] students in the [Greater Mankato] population influence those numbers." On the other hand, he says, a single person earning \$13 to \$14 an hour could purchase a home in the city, where the average single-family home costs \$190,000.

The problem: A worker who needs child care would need to earn \$23 to \$24 an hour to pay for a mortgage, day care and transportation. In fact, lack of affordable day care is a statewide challenge, often preventing parents from entering the workforce. Southern Minnesota needs 27 percent more licensed child-care providers to meet demand, according to the



Center for Rural Policy and Development.

To address the shortage, Blue Earth County recently launched a program to provide grant-funded forgivable loans for new child-care providers, and the Southern Minnesota Initiative Foundation is partnering with organizations to provide support, grants and loans to individuals who want to start child-care programs.

Like elsewhere in the U.S., the Greater Mankato area is working hard to create, attract and retain talent. For the first time since 2001, there are more job vacancies in the area than the number of unemployed people, says Shane Bowyer, talent initiative consultant for GMG.

By 2020 the area will need 3,000 more workers to replace retiring employees and to fill new jobs, according to GMG's Zierdt.

GMG is attempting to fill those vacancies by matching jobseekers with job openings through greatermankatojobs. com and GreenSeam Talent Exchange.



economic development tourism downtown vitality agribusiness talent attraction regional livability

greatermankato.com 507.385.6640



GMG's Executive Talent Council, made up of local business leaders, also is working with area school districts and colleges to help students identify career paths and opportunities in the region.

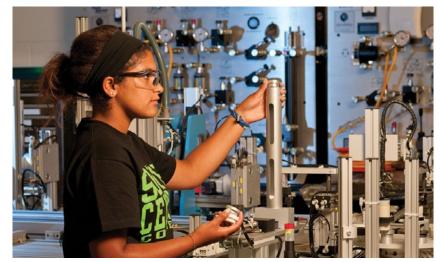
Helping spread the word about the Greater Mankato area is moremankato.com, which launched in November and had an impressive 11,270 hits in its first two months, including from as far away as Hawaii, New York, Florida and Washington.

"Our overall goal is to showcase our community in a way we haven't done before," says Bridget Norland, GMG's director of marketing and communications. "The site is a living, breathing thing. It has nine virtual tours now, but we would like to double that."

Ag is king

The cornerstone of the Mankato area's economy is agriculture and ag-related businesses—everything from farming, manufacturing and technology to biology, marketing and engineering.

"It's a huge part of our economy," says Sam Ziegler, director of Green-



South Central College offers several workforce development programs

Seam. "Our goal is to see businesses that are here thrive and expand and to see new companies start up. In the past 20 months or so, there's been half a billion dollars invested here."

Agribusiness represents \$36 billion in economic activity and drives \$1 out of every \$3 in the area's economy, adds Ziegler. The Mankato area is home to two of the largest soybean-crushing facilities in the world —CHS and ADM—and processes almost 300 semi-loads of soybeans a day.

"Almost 1,000 business here are connected to ag through products, services and technology," says Ziegler. "And 28 percent of the workforce is employed in ag-related businesses."

GreenSeam works with local schools and colleges to ensure that the area attracts and retains students who become part of the ag workforce. "That's one of our biggest challenges," Ziegler says. "We're working with K-12 and higher education to make sure parents and students understand the opportunities in ag. They don't have to have their fingers in the dirt or be controlled by what Mother Nature does." A college student, for example, can earn a degree in IT, accounting or engineering and land a job that is connected to agriculture.

The future workforce

The Greater Mankato area boasts K-12 and higher education options that any area would envy. "We have a 92 percent, four-year [high school] graduation rate; the goal of the state is to be at 90 percent," says Mankato Public Schools superintendent Sheri Allen. "Why is it so high? I think it's about our talented staff, our community partnerships and the value of education in our region."

One program that helps students suc-



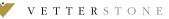
We pride ourselves on your prosperity.

CITY FMinnesota

Helping people prosper is what we do in North Mankato. Their success and happiness brings our community great pride. Opportunities abound in our Northport Industrial Park for new or expanding businesses. It is perfectly located near the interchange of Hwy 14 and Hwy 169 with sites that are fully serviced and ready to build on. Call 507.625.4141 to learn more.

Come prosper with us in North Mankato.

northmankato.com



ALABAMASTONE

PROUD SUPPORTER OF GREATER MANKATO GROWTH, INC.



QUARRIED AND CRAFTED IN THE USA SINCE 1884. FAMILY OWNED.

CALL US: 507.345.4568 | EMAIL US: VSC@VETTERSTONE.COM



Industry and **Education** Partnering for Success

Learn Work Earn is a state-wide program created to help close the skills gap in Minnesota. The program was designed with the help of industry to ensure college graduates are ready to start their career in advanced manufacturing armed with the sought after skills employers need.

- Consistent core curriculum shared among multiple Minnesota State colleges
- Industry-recognized credentials
- Apprenticeships and dual-training options
- Flexible career pathways for current and future employees
- · Courses that can be taken at the job site with video conferencing and live instructors through a program call +CONNECT

507-389-7486

For more information on how employers, employees and others can benefit from Learn Work Earn, visit

www.mnamp.net

MINNESOTA STATE

* M

South Central College, a member of the Minnesota State system

A member of the Minnesota State system, an equal opportunity employer and educator. This workforce solution was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. South Central College is the lead institution of the Minnesota Advanced Manufacturing Partnership



ceed is the district's Youth Employ-

ment Acceleration Program (YEAP). The earn-as-you-learn program was established in 2013 with three local businesses: EI Microcircuits, MTU Onsite Energy and Kato Cable, and offers students 2,000 hours of experience at those companies.

SPECIAL REPOR

"They designated people within their businesses to work with us," Allen says. "Students and parents love it; it's helped engage them differently," and students can move right into employment.

EI Microcircuits is a contract manufacturing company with three facilities in the area and has acquired additional land for future expansions. The company has had five students participate in its YEAP program; two of them became full-time employees

after graduation.

The company also provides internships for area college students and is a founding contributor of the mechatronics program at South Central College. Since the program's inception in 2009, the company has had an average of 12 students a year, who earn credit while gaining realworld experience.

ISG is another local business that's partnering with higher education. The company helped start a civil engineering program at Minnesota State Mankato and eagerly hires its graduates.

"Creating connections to industry is critical for the university and our students," says Minnesota State Mankato president Richard Davenport. "The main mission of our

Top Five Employers

Taylor Cos. (2,400 employees) Mayo Clinic Health System (1,830 employees) Minnesota State University Mankato (1,700 employees) Mankato Area Public Schools (1,200 employees) MRCI (1,200 employees)

Business Before Hours is a monthly networking opportunity for Greater Mankato Growth members to connect



Local Success: Glen Taylor

Taylor Corp. has long been a major player in the Greater Mankato area business community. Founded in 1975 by Glen Taylor, the company has made a name for itself as a leading provider of printed products, and in the last few years has become a leading communication-solutions provider that counts among its clients more than half of the Fortune 500 companies.

Today, Taylor Corp. reports more than \$2 billion in sales and has more than 80 subsidiaries under its umbrella. Many financial



Glen Taylor

institutions and health care providers use Taylor to process and deliver client communications, which includes processing and delivering hundreds of millions of invoices and statements via print, e-delivery and on-time access.

"Because of our strong affinity for this community, Taylor often consolidates operations in this area," says executive vice president Greg Jackson. "With more than 12,000 employees worldwide, Taylor maintains more than 35 percent of its jobs in Minnesota, with more than half of that group in the Mankato-North Mankato area."

Glen Taylor, who grew up in Comfrey, Minn., and attended Minnesota State University Mankato, is the epitome of "local boy makes good." In 1994, he became the majority owner of the Minnesota Timberwolves. Five years later, Taylor became the owner of the Minnesota Lynx and, in 2014, he bought the Star Tribune.

Strategic Partnerships division is to connect with the business community to provide career opportunities and experiences for our students, while sharing the expertise of our faculty and staff and our university resources with the business world."

Minnesota State Mankato's largest programs include nursing, psychology and communication studies, and it is the only college in Minnesota to offer a four-year degree in aviation.

In 2016, 94 percent of Minnesota State Mankato graduates were employed, with 88 percent working in fields relating to their majors and 13 percent continuing their educations.

Like Minnesota State Mankato, South Central offers customized training for area businesses, working with them to identify gaps and develop training programs to meet specific needs.

"If you look at new technology that an industry needs to implement to stay competitive, we can provide it," says South Central College president Annette Parker. "For example, we can update farmers on technology that will help them get better yields. With our customized training programs, we are pretty much in every county in Minnesota."

South Central College is a community and technical college with campuses in North Mankato and Faribault. Founded in 1946, it was the first technical school in the state. Today, it's home to approximately 5,000 students and

IT'S WHAT SEPARATES US FROM THE PACK

When it comes to commercial real estate, nothing is given. The day goes to whoever works harder-goes the extra mile-rolls up their sleeves and does whatever it takes to close the deal. At Coldwell Banker Commercial, we are looking for leaders with drive. Individuals who take charge, to work with clients and complete the transaction no matter the size or the obstacle in the way.

COMMERCIAL TO THE CORE ™ // CBCFISHERGROUP.COM

Visit www.CBCFisherGroup.com if you have the drive to be a Coldwell Banker Commercial agent.





CONNECTING BUYERS & SELLERS IN SOUTHERN MINNESOTA SINCE 2002.

JBEALHOMES.COM | 507.385.1313 | MANKATO, MN 😩 🕮



evening of celebration as we recognize five of Minnesota's most accomplished business leaders.

Thursday, July 26 Hilton Minneapolis

· · · · ·

Cocktail Reception5:30 pmDinner6:30 pmAwards Dinner7:30 pm

To purchase tickets, visit: tcbmag.com/H0F18

PRESENTED BY



SILVER SPONSORS







works with another 11,000 students through its workforce development programs.

South Central also partners with area businesses through apprenticeships and internships, providing its students the opportunity to learn on the job while working toward a degree. The college's job placement rate for fiscal 2016 was 93 percent.

Healthy living

As the Mankato area has grown, so too has the need for health care. That need is met by several health care providers, including the Mayo Clinic Health System, which has five facilities in the Greater Mankato area.

During the next 18 months, Mayo will invest more than \$75 million in its Mankato campus, says Dr. James Hebl, regional vice president of the Mayo Clinic Health System.

Mayo also has a helicopter base at the Mankato Regional Airport, which allows it to transfer patients to the Mayo Clinic in Rochester. "Full, comprehensive care can be provided





Problem Solving: Bolton & Menk

Bolton & Menk, founded in 1949 by John Bolton and Martin C. Menk Jr., moved from St. Peter to Mankato in 1966. Today, it has almost 500 employees in 18 locations in Minnesota, Iowa and North Dakota. Its services now include all facets of municipal planning and civil engineering, and it has worked with more than 350 communities and public agencies throughout the Upper Midwest, providing infrastructure planning and engineering for projects ranging from water and wastewater treatment plants to airport facilities and highways.

In 2016, Bolton & Menk completed work on the City of Mankato's water treatment plant after it identified a significant loss of water during the drinking water treatment process. Each day the distribution system was consuming 450,000 gallons of useful water that could be retreated and returned to the supply rather than being discharged directly into the sanitary sewer system. The amount of water saved is equivalent to the daily use of 5,000 residents.

The project earned the city an award from the National American Public Works Association.



Mankato is located in the scenic Minnesota River Valley

in Mankato," Hebl says, "but for the more complex, acute needs, we connect with Rochester."

Like other businesses in the area, Mayo partners with area colleges for the employees it needs. That includes working with Minnesota State Mankato amd Bethany Lutheran, South Central and Rasmussen colleges to provide education and clinical rotations for their nursing students, and partnering with Minnesota State Mankato to develop curriculum and provide clinical instruction for the Simulation Center at the university's new Clinical Sciences Building.

"This is a good area for us," Hebl says. "It's the second-fastest-growing Metropolitan Statistical Area in the Upper Midwest, and it's a key area for a regional medical center."

Mankato's health care providers also include the Mankato Clinic, which is owned by 95 physicians. "We also have about 60 advanced practice providers, so we have more than 150 providers and a total of 780 providers and staff," says CEO Randy Farrow. "We cover 28 different specialties, and we have a strong pediatric and OB-GYN practice, along with all the '-ologies.'"

Mankato Clinic has 12 sites in five communities in the area, including a sleep center, a children's center and its main clinic, which is attached to the hospital. The *Star Tribune* listed the Mankato Clinic among its top 150 workplaces in Minnesota in 2015 and 2016. "People come and they stay; that translates to good care for our patients," says Farrow.

A unique culture

GMG chair Ron Vetter credits the area's success to the spirit of collaboration among its communities. "I think we've got a unique culture," he says. "There's an inherent expectation that leaders embrace; they do what's best for the greater good rather than for them personally. If you're here, you're included and you give back."

Residents and business leaders are committed to maintaining the area's status as an economic hot spot and a great place to live. In planning for its future, city leaders turn to members of its Young Professionals group: people under 40 years old who are emerging leaders, says Vetter. "We want to know what they want the community to become, and a lot of what we do is in answer to their needs and desires. We want them to stay here and lead us into the future, to shape the community as we go forward." tcbmag

Vicki Stavig is a Bloomington-based freelance writer.



GREATER MANKATO IS AN INCREDIBLE COMMUNITY TO START & BUILD A BUSINESS.

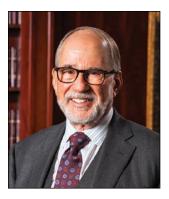
We have a great workforce base, full of creative minds and a strong work ethic. A wonderful environment to raise a family and build lifetime friendships.

Dan and Angie Bastian, Founders of Angie's BOOMCHICKAPOP





mayoclinichealthsystem.org



OPEN LETTER by Vance K. Opperman



Vance Opperman was counsel and, later, president of West Publishing. **John Nasseff** worked at West for 50 years. A scholarship fund for immigrant and low-income students has been established in his memory at the Aim Higher Foundation. For more information contact *jhoughton@ aimhigherfoundation.org.*

RIP: What We All Can Learn From John Nasseff

To: Helene Houle Nasseff St. Paul, Minn.

Dear Helene:

Open Letters are not usually used to express sympathy. In this case, we have all benefited from John (and your) philanthropy, so this seemed appropriate. The John Nasseff story is about the son of an immigrant family born into (financial) poverty who had to drop out of school in ninth grade because of his father's illness. John served in the Army in the World War II's Pacific theater and, on returning home, went to work for the only employer he ever knew, West Publishing Company.

Much has been made of John Nasseff's philanthropy: his rebuilding of churches, his establishment of the

Nasseff Heart Center, the work he and you have done helping orphanages and health and dental clinics around the world (Mexico and Lebanon), and the contribution that made possible the Rowan Police Training Center. Many of those stories have emphasized that John became wealthy upon the sale of West Publishing. A big wallet can help a person be a big philanthropist—but it also takes a big heart, and that is certainly what John Nasseff had.

So one thing we learned from John is that an immigrant's striving is one element to his and our success. But other things are needed too. An allegory I like is to think of a taxicab during a rainstorm picking up a drenched customer on Wall Street. A customer gets in the cab, notices the driver, ascertains that he is an immigrant from Pakistan and sees on the seat next a well-thumbed college calculus text. When the driver is asked about it, he replies, "I want to be ready when luck shows up."

John Nasseff had some luck—luck to be employed by West Publishing Company and luck that he had a manager who would listen to his ideas about making the company more efficient. Not content with the job, and perhaps because he had just come from fighting a war, John wanted to make some of his own luck at West.

He noticed that the unloading of boxcars and the way paper was handled in preparation for printing seemed inefficient. So on his own time, he talked to some people at Burlington Northern Railroad and observed how paper was handled at the St. Paul Pioneer Press. As a former member of the 1884th Engineers Aviation Battalion, John had worked building huge runways and supporting structures in preparation for bombing Japan. He knew you could learn a great deal from observing people who were actually doing the work. Taking this experience, and what he observed, he went to his manager, Lee Slater, and suggested a number of changes in the way West handled its printing paper. This approach to solving problems-seeing people who actually do the work and asking them for suggestions, building on previous experience-is the way John built all of the facilities that

West owned, including its campus in Eagan.

So it helps to have luck, and John had it. But it also helps to be ready when luck shows up, and John was always ready.

To be ready when luck shows up requires skills or education, and the opportunity to use them. In John's case, the education and experience came as the result of working in the Pacific in World War II. Tom Brokaw wrote the book *The Greatest Generation*. That book profiles that cohort of Americans who grew up during the Great Depression and went on to win in World War II and come back from the war and build peacetime America. John was part of that greatest generation. And in John's case, notice that skills training is not always best bestowed on those who have graduate certificates.

It also helps to be smart. As all of us know from school, not everyone is smart. As all of us who have graduate certificates from various schools have also observed, having a graduate certificate doesn't necessarily mean that the holder of that certificate is smart, either. People who are smart and who can use skills, wherever acquired, come from all manner of backgrounds. They can even be from a poor Lebanese immigrant family, drop out of school in ninth grade and find themselves helping to build runways in the Pacific Ocean during World War II. It is a lesson we should never forget.

John also never forgot a friend. Friendship was not always offered, and one of John's governmental foes referred to him as "a tough guy." But to be a friend was a lifelong benefit and honor. John commanded the loyalty, hard work and devotion of the people who worked for him, and that is a very essential skill in making any corporation grow. He built teams of loyal and dedicated employees at every level at West Publishing.

Ramsey County paid millions of dollars to demolish all of the old West Publishing buildings in St. Paul last fall. John passed away some six months later. You had the sense that a large part of the foundation of what made St. Paul a unique community had just disappeared. If we can learn the lessons that John Nasseff's life teaches us welcoming immigrants, educating people, being lucky and smart—this unique culture will continue. There will never be another John Nasseff in these parts, but there may be others who would be like John. tcbmag

Sincerely,

Vance Honored to be a friend

Vance K. Opperman (vopperman@keyinvestment.com) is owner and CEO of MSP Communications, which publishes Twin Cities Business.

Is Your Bank Getting **Too Big?**

SWITCH TO A LOCAL BANK THAT CARES FOR YOUR LOCAL BUSINESS

VISIT OUR NEW METRO BRANCH 1621 East Hennepin Ave., Suite 200 Minneapolis, MN 55414 (612) 234-6301

RIVERLANDBANK.COM





MARK BRIOL. A FIGHTER IN THE COURTROOM. + CASES TRIED TO AWARD OR VERDICT. CTED AS LEAD COUNSEL IN 27 STATES. BOUTIQUE FIRM, NATIONAL REACH.

yer Laryers

MARK L. BRIOL

Complex Commercial Litigation • High Asset Marital Dissolutions • Securities Litigation • Arbitration Appeals • Employment Contract Disputes • Oil & Gas Investments • Trust & Estate Litigation Minority Shareholder Disputes • Internal Investigations • Bet-the-Company Litigation

Briol & Benson, PLLC. Your other outside counsel.



3700 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402 www.briollaw.com 612.756.7777