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State of Minnesota

S.F. No. 1004 and S.F. No. 1159 - Creating the Rochester Higher Education Development Committee

Authors: Senator Sheila Kiscaden (S.F. No. 1004)
Senator David Senjem (S.F. No. 1159)

Prepared by: Maja Weidmann, Senate Research (651/296-4855)

Date: March 28, 2005

The language in these bills is identical.

S.F. No. 1004 and S.F. No. 1159 establish the Rochester Higher Education Development Committee to make recommendations to the Governor and Legislature regarding the postsecondary education needs of the Rochester area. The committee is composed of 11 members appointed by the Governor. The duties of the committee are delineated and the committee is directed to submit a report, with their recommendations, by January 15, 2006.

Money is appropriated to the Higher Education Services Office to support the work of the committee. The bill creates the Rochester Higher Education Development account, and money is appropriated for deposit in the account to be used for program planning and development activities.

MW:rdr

University Center Rochester

A Spectrum of Learning

University Center Rochester's (UCR) three-in-one partnership offers career pathways to meet the unique post-secondary education needs of young students, busy working adults and employers. All seek career growth, quality workforce development, and lifelong learning opportunities that are affordable and accessible.

- **Rochester Community & Technical College (RCTC)**
- **University of Minnesota Rochester (UMR)**
- **Winona State University - Rochester Center (WSU)**

UCR offers 150 programs aligned with core industry needs in business, education and social services, technology and health sciences including: 70 transfer, career and trade programs with diplomas certificates, and associate degrees ... 4 licensures ... 6 professional certificates ... 17 bachelors and 28 masters programs ... and 5 doctoral degrees.

UCR 2003 Enrollments: 9,800 students in credit-based programs ... 5,600 in noncredit, professional and workforce education, and many cultural offerings ... with hundreds of business, industry and regional institutions served.

UCR's Telecommunications & Distance Learning Hub extends access to a higher education network linking business, K-12 & regional sites, and provides an education and training foundation for the region's knowledge-based economy.

Recent University of Minnesota Rochester programs added to expand upon the RCTC and WSU degrees:

Bachelor Degrees: Manufacturing Technology, Information Technology Infrastructure, Applied Health, Human Resources Development, Radiation Therapy, Scientific and Technical Communication, Nursing, and Respiratory Care
Masters Degrees: Business Administration (MBA), Public Health (MD/ MPH / Executive MPH) and certificate, Social Work, and Instructional Systems and Technology
Doctoral Degrees: *PhD and EdD* in Adult Education and Human Resource Development
Continuing Education ranges from aviation to interpreting, law, journalism, veterinary medicine, architecture and more

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2004-2005

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GRAUC

ADVOCATES FOR HIGHER EDUCATION

GRAUC is a leading advocate for advancing the growth and excellence of public higher education at University Center Rochester to serve the needs of students and employers in the region.

GRAUC Accomplishments

Since 1987, GRAUC has worked on behalf of the greater Rochester community:

- to implement the recommendations of *FutureScan 2000* strategic plan
- to secure for the community a role in determining the future of higher education
- to expand higher education opportunities and stimulate economic growth
- to advocate for the needs of the business community

1987-1990: Assessed needs & set priorities

- Commissioned major studies to understand education needs and prioritize plans
- Supported marketing programs
- Developed the vision for a University Center

1991-1997: Supported UCR development

- Served as a catalyst for collaboration between the Minnesota State Colleges and Universities (MnSCU) and the University of Minnesota (U of M)
- Advised on academic & campus master plans
- Addressed issues of UCR governance

1998-2003: Positioned UCR for growth

- Won local sales tax referendum earmarking $20 million over 15 years for UCR campus development
- Advocated for U of M Rochester branch
- Supported *Statement of Direction* to grow the U of M Rochester (UMR) branch in areas that contribute to the economic vitality and stability of the region and state
- Initiated discussions leading to a new management agreement for UMR leadership for all new upper division, professional and graduate programs, and a comprehensive curriculum review and student services system coordination

GRAUC helped garner $52,852,000 for UCR campus growth

Science and Technology Wing (1991)	$17,825,000
Technology & Infrastructure Upgrade (1998)	$ 9,320,000
UCR Regional Sports Center* (1998)	$16,557,000
Horticulture Technology Center (2000)	$ 4,500,000
Intercampus Roadways (2000)	$ 1,200,000
23rd Ave connects Hwy 14 & Cty 9 (2000)	$ 2,000,000
Soccer / Football / Baseball Fields (2001)	$ 1,450,000
TOTAL	**$52,852,000**
State's Investment	$37,845,000
City's Contribution (roads)	$ 2,000,000
* City Sales Tax Contribution	$11,557,000
Youth Sports Contribution	$ 1,450,000

GRAUC Priorities 2003 - 2006

- Wise stewardship of resources
- Accelerate the growth of the University of Minnesota Rochester branch
- Use new technologies to deliver educational content, expand access, leverage resources, and improve services.
- Secure full funding for the UCR Health Sciences Renovation project
- Capitalize on emerging biotech opportunities
- Increase government and business commitment to quality public higher education as a long-term investment
- Promote academic industry partnerships
- Sustain GRAUC advocacy and influence

GRAUC is an investment not a program expense.

Return on investment > $28 : $1

Why support GRAUC?

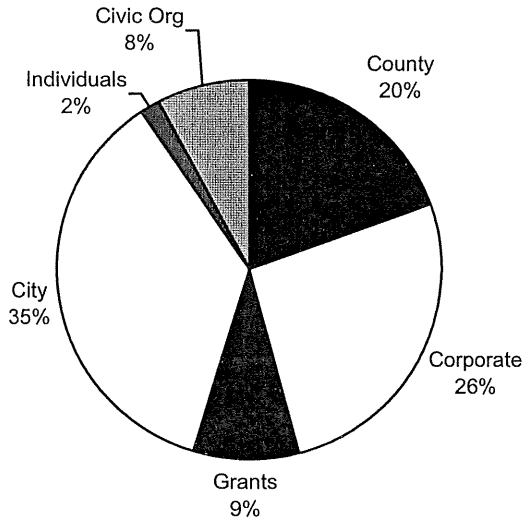
Higher education is an economic engine

- An economic impact study of public and private colleges and universities in the Rochester area demonstrated an economic stimulus accounting for:

  $ 140.1 million in sales to area businesses
  $ 61.8 million in salaries to area residents
  4,100 jobs in the area

- GRAUC is recognized by MnSCU, the U of M and the Minnesota Legislature as a powerful voice for higher education.

GRAUC Support 1987-2003



- GRAUC is committed to creating an innovative and dynamically growing institution that capitalizes on the unique health and technology resources of our community.
- A strong, knowledge-based workforce is Rochester's competitive advantage in the global economy.
- Biotech represents major opportunities for our future. We must align our resources, including higher education, to position our region for success.

MINNESOTA: A GLOBAL COMPETITOR

The Rochester community vision builds on the existing academic base at University Center Rochester and provides a significant opportunity for growth in baccalaureate and graduate programs to enhance its position as the "Southern Anchor" for Minnesota's high tech corridor.

UNPRECEDENTED GROWTH

In the past decade, Rochester has become a research & development hotbed, attracting over thirty new companies to work at the cutting edge of technological, medical and biological advances.

- Rochester is now Minnesota's 3rd largest city with a diverse population of 93,037 and a metropolitan statistical area of 172,476.
- Rochester has the highest concentration of high-tech business per capita in the U.S. *(Milken Institute Study of America's High Tech Economy)*
- Mayo Clinic, a world leader in health care, is MN largest private employer with 47,000 workers, of which 28,100 work in Rochester. In 2001, Mayo's state economic impact was $3.9 billion annually; Olmsted County's impact was $16 billion.
- IBM, a world leader in technology, employs 4,500 in Rochester; this team has earned 1300 patents.
- Over 7% of U.S. total real output for computers and office equipment is produced in Rochester.

"Rochester's confluence of world-class medicine, technology and bio-industry, including agriculture, makes it uniquely poised to be a major player in the 21st century economy. It has the potential to be for Minnesota what Austin became in the 1990's for Texas – a mecca for high-wage, high-skill scientific enterprises. But Rochester lacks one ingredient that has been key to Austin's success -- the presence of a major research university."

Excerpt from article: "U-Rochester/Investing now for high-tech gain" reprinted with permission of the Star Tribune Feb. 16, 2005

UNIVERSITY CENTER ROCHESTER

Incremental steps at University Center Rochester (UCR) have advanced higher education; however, upper division, professional and graduate programs have not kept pace with the region's economic and demographic changes.

- UCR partners Rochester Community and Technical College (RCTC), University of Minnesota Rochester and Winona State University Rochester Center deliver programs spanning certificates to graduate degrees and workforce education courses.
- UCR is Minnesota's 5th largest public campus offering four-year degrees. Combined, UCR institutions enrolled 7,229 students in credit-based programs in fall 2003; and generated 4,987 FYE in 2003-04 academic year.
- Rochester has done its share by becoming the first community in the state to pass a half percent sales tax earmarked for co-developed higher education facilities at UCR.

What got us here...can't get us there"
-- Peter Drucker

- Rochester has exhausted its local labor supply and relies heavily on commuters (~35,000) and net migration to fill labor force needs.
- By 2030, Olmsted County projections show job growth will exceed labor force growth by 26,000 workers.

A WINDOW OF OPPORTUNITY

The growing genomics and supercomputing partnerships by the University of Minnesota, Mayo Clinic and IBM are evidence of the opportunity and justify continued growth in higher education in Rochester.

- Basic premise: preserve the current academic base and grow baccalaureate, graduate and professional programs.
- Signature programs focused in health sciences, technology, business, agribusiness, and professional programs that sustain the region's economic and human development.
- Innovation in technology-enhanced learning
- Strong public-private partnerships
- Leverage strategic investments

GOVERNOR'S PROPOSAL

- **Rochester University Development Committee to research and recommend mission-driven institution to meet the needs of the state and region.**
- **Establish funds to implement recommendation and new programs**
  - **$ 200,000 research and planning**
    $ 3 million for implementation

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It's time for a leap into the educational future

By Al DeBoer

Higher education in Rochester has been newsworthy since Gov. Pawlenty announced a proposal for the "Rochester area to take greater control over its own higher education destiny."

As a member of the Rochester Area University Center (GRAUC) Board of Directors and chair of its Higher Education Task Force, let me clarify the vision we see for higher education in Rochester and invite the community to join in supporting the governor's initiative.

Over the past decade, Rochester has experienced unprecedented growth; however, funding and leadership for expanding baccalaureate, professional and graduate education programs have not paralleled the region's economic and demographic changes. The task force implementation of the GRAUC vision addresses these needs.

GRAUC's vision

The GRAUC vision features a high-quality, distinctive, focused institution offering signature programs in health sciences and technology with an applied research focus. Additional professional programs in business, including agri-business, management and areas that foster economic and human development of the region could be expanded. Projected economic spin-offs have tremendous potential to increase our region's contribution to state economic output and create new opportunities for all Minnesotans.

Our vision calls for a unique "South Bank" identity with degrees granted by the University of Minnesota. It's a significant opportunity for the U to strategically grow, enhance its position as a premier research university and create a southern anchor for Minnesota's developing high-tech corridor providing access not only to area residents, but also to students throughout the United States. This vision aligns with the U's strategic plan.

Imagine Rochester's university as an education mall with two anchors — Rochester Community and Technical College and University of Minnesota-Rochester, each distinctive in its mission and programs. There would also be "boutique" outlets that address important programs not delivered by either anchor. Example: Winona State University's nursing program fills a critical need and would be expected to continue in this higher educational marketplace.

This vision preserves the current academic base in Rochester and enhances growth of the U. The governor's proposal acknowledges preserving the base but does not presuppose the U's alignment. The governor and GRAUC both propose that RCTC continue its mission as a community and technical college and remain an open-access institution.

The challenge

This vision challenges Minnesota to allocate higher education resources strategically to leverage and maximize economic opportunities in the state. It recognizes the strong growth in our region, particularly the medical genomics and biotechnology partnership between Mayo and the U, the collaboration with IBM and Blue Gene/L, and other industries that are making this area a research and development hotbed. (Check out www.raedi.com.) This historic convergence of health sciences and technology spells opportunity for Rochester and all of Minnesota. However, this opportunity is not guaranteed. It is no secret that Arizona, Florida and others aggressively seek to replicate what we have here. Minnesota must align its higher education resources to nurture and support the advanced education, applied research and outreach needs of globally competitive industries of the future.

How will this vision be realized? First, the governor has taken a leadership role and created a process to allow our community's needs to be heard.

Second, this community needs to focus on this vision and speak with one voice. We recognize that it will not satisfy all wants. We must focus on the future.

Third, this is *not* a partisan issue. We believe our area legislators will speak unanimously in their support of this key legislation.

Lastly, resources will be required to turn this vision into reality. The governor's budget requests $200,000 for planning and an additional $3 million to begin to implement the vision. An interim board is recommended as a bridge to the planning goal. This is not a take-away from other higher educational institutions. The respective higher education institution missions and programs should stand the same scrutiny in determining how assets are allocated. We believe this vision will be judged favorably on its merits and funded accordingly.

A treasure for many

GRAUC envisions a higher education institution aligned with the U. It will be a Minnesota, even a national, treasure, serving as a magnet of excellence, extending the mission of the U and contributing in significant ways to the economic growth and vibrancy of Minnesota. We respect the work of the current University Center Rochester partners. It has produced Minnesota's fifth largest public higher education campus. However, in the words of management guru Peter Drucker, "What got us here can't get us there."

It is time for a bold, compelling, achievable quantum leap for Rochester and all of Minnesota. All of Rochester and this state must marshal the required resources and political will to accomplish this vision. The opportunity is here. The time is now.

Al DeBoer is chairman of the Greater Rochester Area University Center Higher Education Task Force.

Star Tribune Editorial
Wednesday, February 16 • 2005

Our perspective

U-Rochester

Invest now for high-tech gain

Cynics called it a political sop when Gov. Tim Pawlenty said in his State of the State message that Rochester should have its own public university. Zero-summers scoffed at the suggestion that Minnesota should expand higher education now, while existing campuses are still reeling from big state funding cuts in 2003.

They're both wrong. There's much more than politics behind the Republican governor's proposal to put more public higher education muscle in Rochester — the city's DFL trend in the last election notwithstanding. There's a fleeting economic opportunity to be seized, one Minnesota cannot afford to pass up.

Rochester's confluence of world-class medicine, technology and bio-industry, including agriculture, makes it uniquely poised to be a major player in the 21st-century economy. It has the potential to be for Minnesota what Austin became in the 1990s for Texas — a mecca for high-wage, high-skill scientific enterprises.

But Rochester lacks one ingredient that has been key to Austin's success — the presence of a major research university. The city is served by Rochester Community and Technical College, which grants two-year degrees. Nearby Winona State University offers 35 degree-granting programs in Rochester, mostly in the liberal arts, nursing, business and computer science. A number of private colleges have a smaller presence in the city too, as does the University of Minnesota.

But the university's 400-student operation is too small to fully meet the needs of Rochester's two big science-driven employers — the Mayo Clinic and IBM — and the city's many smaller science-based companies. Those companies need both top-flight graduate-level education for their employees and research collaboration close at hand as they build businesses on the cutting edges of biogenomics, bio-informatics, food science and more.

Many of those companies are footloose. They'll start and stay in a place that offers the high-tech research and education support they need, and they'll go elsewhere if it's lacking. That situation is what makes a higher education investment in Rochester particularly promising, and particularly urgent.

Rochester isn't asking for a full-fledged campus. It isn't asking for a building at all, at this stage. Rather, explains Sen. Sheila Kiscaden, I-Rochester, the community's vision is for development of a science/technology/management institute within the University of Minnesota family — not to replace the academic programs already located in Rochester, but to supplement them.

Think of the concept as a higher education mall, Kiscaden said, with Rochester Community and Technical College (RCTC) and the University of Minnesota as anchor tenants, and an assortment of other providers operating in between.

Who would be the landlord? Who would be in charge? On those points, this promising concept needs work. Those best suited to undertake it might well be the Rochester area task force that Pawlenty would entrust with $3 million in state funds over the next two years to do the planning. But the planners would be wise to invite to their circle of leaders from both the University of Minnesota and Minnesota State Colleges and Universities, the system that includes both RCTC and Winona State University. For the sake of accountability and its own stability, the Rochester higher ed "mall" must be tied to those systems, and they ought to figure prominently in the planning.

Unfortunately, the cynicism that greeted Pawlenty's proposal is clouding the Legislature's view of what could blossom in Rochester. Also unhelpful is a move to push the entire discussion under MnSCU's umbrella. That move misses the point. The education infusion Rochester wants is the sort that is the unique franchise of the University of Minnesota. Legislators should look past the naysaying, and see that the whole state will gain if Rochester's higher ed dream comes true.

MARCH 2, 2005

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Opir

Editorial

Pragmatic view from the 'U'

University president speaks through budget realities

ROCHESTER

The issue:

University of Minnesota president outlines model for a successful four-year school.

Our comment:

Bruininks won't be an outspoken advocate, but his expertise is welcome.

University of Minnesota President Robert Bruininks says he has "no capacity" to make a declarative or visionary statement of support for providing a full-fledged, U-of-M-branded university in Rochester. What he does give is nuts-and-bolts type administrative advice on how the city can turn the idea into reality.

Bruininks

In Rochester last week, Bruininks seemed content to leave the inspiration to Gov. Tim Pawlenty. It was Pawlenty who gave the idea of a four-year university its new vitality when he made it a focal point in his 2005 State of the State speech in Rochester.

Bruininks' hesitancy to back Pawlenty and Rochester on the university is not, he says, because he doesn't believe Rochester deserves or needs a university.

Bruininks has a track record of support for the U of M Rochester. Before he became president, he was a U of M administrator. As much as anybody, it was Bruininks who ensured the U of M had a foothold in Rochester.

Bruininks' pragmatism comes from tough budget times. It is this reality that shapes his suggestions about what Rochester should do next.

First, says Bruininks, focus on curriculum needs and do the research with outside consultants who can sidestep political infighting.

Curriculum matters because it does more than just fill local demands for graduate-level science and technical courses. A well-designed curriculum can make a university's cash flow.

Bruininks said any university needs to have undergraduate programs because tuition paid by lower level students supports upper-division and graduate courses. It is a financial model found at virtually all universities. In addition, undergraduate programs would be the pipelines that bring the majority of students into graduate school.

Bruininks also believes Rochester should be ready to make a financial commitment. The money could, and should, come from the city's Tax Increment Financing district.

To use this money for educational purposes, the city needs to alter legislation that limits its use on the University Center Rochester campus to sports facilities. Get this changed, said Bruininks, and then press the state to become a real financial partner.

Bruininks is not going to be a vocal champion for the city's university goals, but he has pledged the support of the U of M staff to help develop curriculum and programs. His help should be welcomed.

UND helps teach Mayo employees

By Edie Grossfield

egrossfield@postbulletin.com

It's now possible to work at Mayo Clinic in Rochester while earning a four-year degree from the University of North Dakota in Grand Forks.

The first 12 graduates of the clinical laboratory science program will receive their bachelor of science degrees during a commencement ceremony Sunday at the clinic.

The new collaborative program between UND and Mayo's Department of Laboratory Medicine and Pathology enables clinical laboratory employees with two-year associate degrees to earn B.S. degrees while they continue working at Mayo.

Seventy-five Mayo employees are expected to obtain degrees during the next five years through the program, the first of its kind at Mayo, said Susan Lehman, program director for Mayo's Clinical Laboratory Science Internship Program.

The students complete much of their coursework through online classes, and UND sends faculty down to teach six weeks of hands-on lab sessions. After those components are finished, the students go on to an internship in Mayo's labs.

Clinical laboratory scientists perform and analyze tests and examine body fluids, tissues and cells. They are in critical demand at Mayo and throughout the country, Lehman said.

The need for the lab workers is greater than the nation's nurse shortage, added Ruth Paur, program director for the UND Clinical Laboratory Science program.

Why North Dakota?

With the University of Minnesota nearby, including at University Center Rochester and the Twin Cities, why would Mayo develop a distance-learning degree with UND?

"It has everything to do with a needs assessment," Lehman said. "The University of North Dakota has been involved in distance education for at least 15 years ... They have a wealth of experience in this, and their infrastructure is supported to deliver this."

The collaboration between Mayo and UND is one example of how people in Rochester can obtain four-year degrees by piecing together education from different institutions.

Though it works for many, it's not the preferred method, said Dr. Hugh Smith, chairman of the Mayo-Rochester Board of Governors.

"Higher education in Rochester is very fragmented, and we commit something over $5 million a year in complementing tuition for our employees to get complementary education," he said. "We know that they struggle because there's no single college with a clean curriculum."

Smith said he expects IBM also faces the same challenges as Mayo.

"The need (for a four-year institution) is there, and I think it's felt by many employers in our region," he said.

Staff writer Jeff Hansel contributed to this report.

Rochester, Minnesota

MEDICINE • TECHNOLOGY • BIOLOGY

ROCKING THE CRADLE OF INVENTION

Tucked away between southeastern Minnesota's rolling farmlands and the dark waters of the Mississippi River, Rochester's midwestern charm belies its true nature as a cutting-edge center of technological, medical, and biological achievement. With the presence of such companies as IBM, Hitachi GST, Seneca Foods, Texas Instruments, and Mayo Clinic, Rochester carries the intellectual clout to attract some of the world's best and brightest minds.

Drawn by the opportunity to work at the forefront of medical and technological research, young professionals and seasoned veterans alike come for the jobs. But the area's affordable housing, quality schools, short commutes, strong community, and abundant natural beauty quickly turn visitors into residents. *Money* magazine recognized these alluring qualities by naming Rochester among the best places to live for three years running.

HAVEN FOR INNOVATION

Ever since the establishment of Mayo Clinic in the early 1900s, Rochester has been a haven for innovative companies with the common mission to improve lives through invention. In fact, Rochester has the highest concentration of high-tech businesses in the United States, according to the Milken Institute's Study of America's High-Tech Economy. And the area just keeps growing—30 new companies opened up shop within the last 10 years.

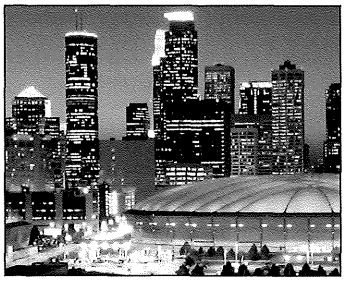
With 873.7 patents filed per 100,000 residents, Rochester has the third highest invention rate in the country.

Fueled by the convergence of science and technology, Rochester's steady economic growth has created a ripe breeding ground for business development in the city itself and within the growing communities of Austin, Byron, Chatfield, Eyota, Pine Island, St. Charles, and Stewartville. Central to this home-grown expansion is a strong community support system. One example of this is Rochester Area Economic Development, Inc. (RAEDI), which supplies emerging and expanding companies with the assistance they need to grow and flourish. Another example is Mayo Medical Ventures, which licenses medical products and treatments developed at Mayo to companies for manufacturing and marketing worldwide.

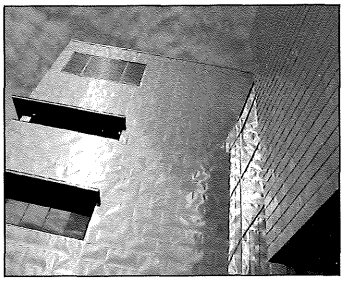
HOME SWEET HOME

The Rochester area's enticing blend of high-tech growth, cosmopolitan style, and small town sense of community make it a uniquely opportune location for business development. Perhaps that's why *Venture* magazine named Rochester one of the most hospitable cities anywhere for enterpreneurs. But whether you're moving here to start a business or start a family, you'll soon come to realize that Rochester's long history of innovation has translated into a future of possibilities.

ROCHESTER: A GREAT PLACE TO LIVE, WORK, INVEST

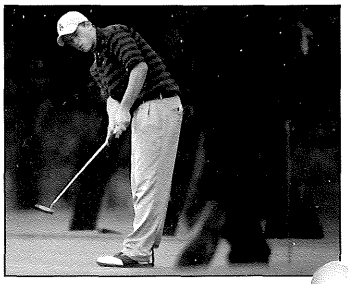


Rochester residents are a short 75-minute drive from the Twin Cities where they enjoy arts, world-class sporting events, and shopping at the Mall of America.



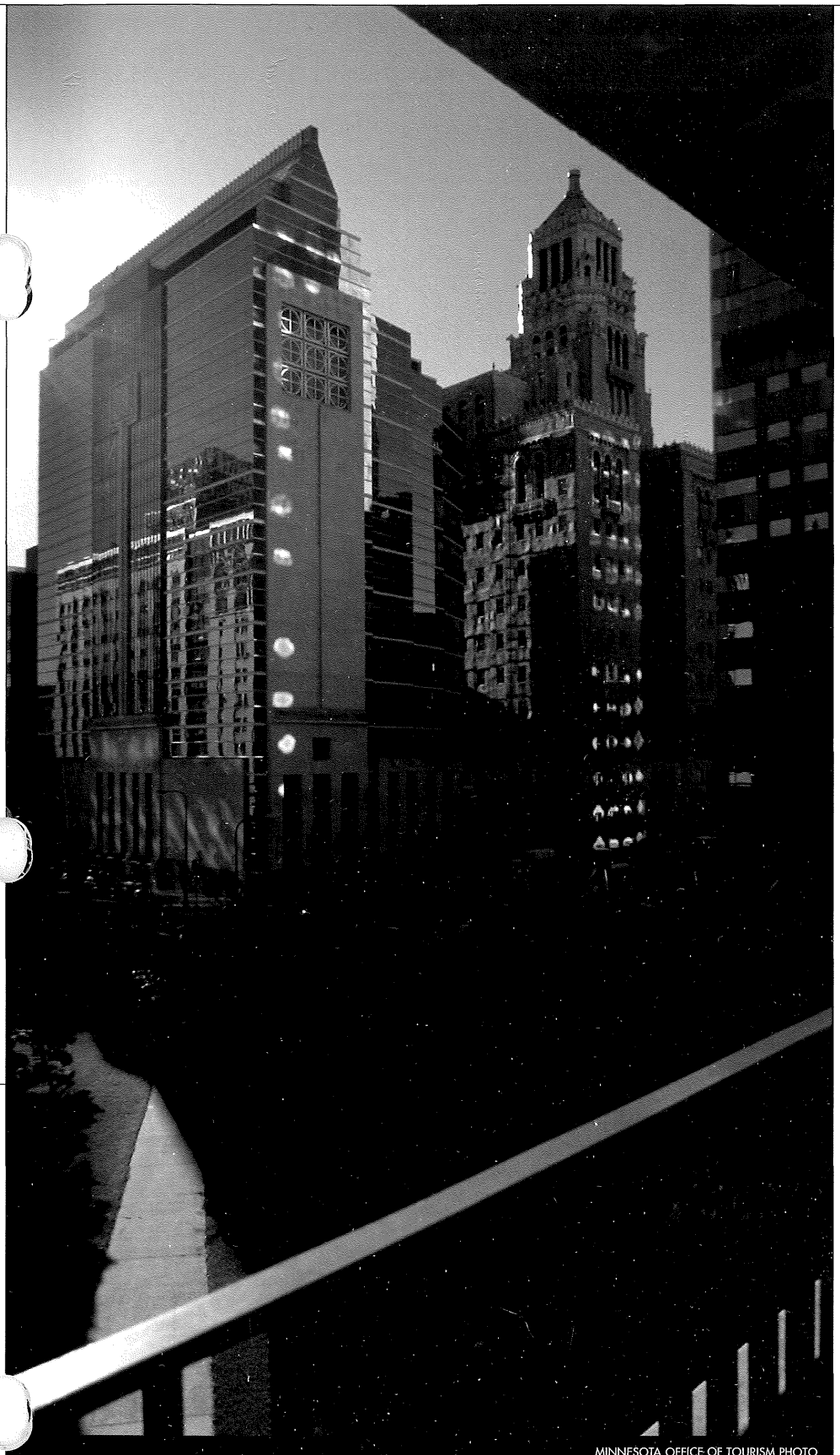
The Rochester Art Center features national and international art exhibits and provides a variety of hands-on studio classes for both kids and adults.

Rochester offers an array of dining choices from Indian buffets to California-style cuisine to down-home, award-winning barbecue.



For Rochester citizens, golf is not just a sport, it's a passion. The city plays host to over a dozen local golf courses.

PHOTOS: MINNESOTA OFFICE OF TOURISM (TWIN CITIES PHOTO), DEAN RIGGOTT (ART CENTER PHOTO), POST-BULLETIN (GOLF PHOTO)



MINNESOTA OFFICE OF TOURISM PHOTO

The Rochester area boasts all the amenities of a much larger community—without the hassles of the big city. Living in the Rochester area means clean air, low crime, and a strong sense of community and family values. According to a study by Northwestern National Life, Minnesota is one of the nation's two healthiest states.

Medicine, Technology, Biology Converge Here

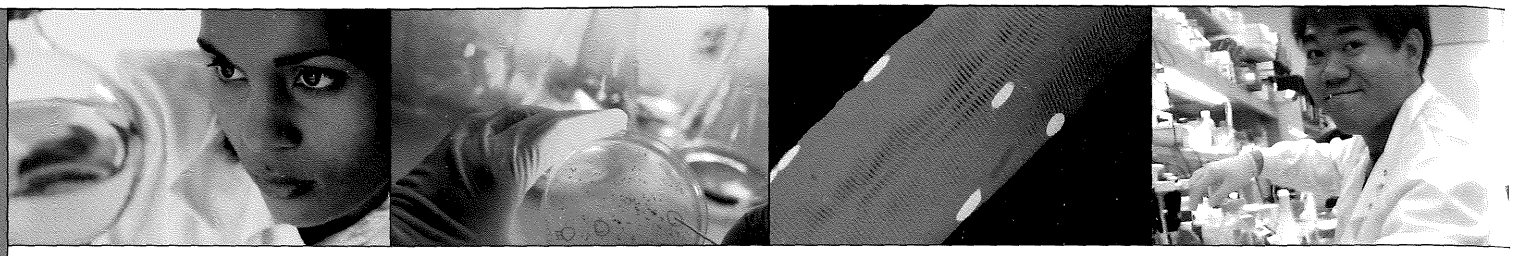
Recent collaborations between IBM, Mayo Clinic, the University of Minnesota, and an impressive roster of local companies position Rochester at the forefront of innnovation and industry convergence.

IBM and Mayo Clinic recently joined forces to create an information system that will allow the Clinic's 2,400 physicians to perform complex, cross-patient correlations across patient demographics, diagnostics, and laboratory results—for all of the 4.4 million patient histories in the Clinic's vast data warehouse. Specific queries that required months will be able to be completed in a matter of minutes.

IBM Rochester is also working on a $100 million research initiative to build the world's fastest supercomputer. "Blue Gene" will initially be used to study the folding of human proteins—one of science's great unknowns. If Blue Gene unlocks the mystery of how proteins fold, the discovery promises to launch a new frontier of biological research, one that would enable researchers to better understand diseases and their potential cures and allow pharmaceutical companies to create a new class of high-tech, prescription drugs customized for individuals.

In 2004, Minnesota's two top research facilities—Mayo Clinic and the University of Minnesota—formed The Minnesota Partnership for Biotechnology and Medical Genomics. The $4 million partnership is expected to expand biogenomic research into new realms of practical application.

But Rochester is more than just IBM and Mayo Clinic. It's an entire community of companies—many of which are featured in this brochure—working together to shape the future and make the world a better place for everyone.



MAYO CLINIC

With contributions to the Minnesota economy in 2000 totaling $3.97 billion—or 1.3 percent of the total state economy—Mayo Clinic is not just the largest employer in Rochester, it's one of the largest employers in the state of Minnesota. Currently employing 26,000 people, Mayo has created about 800 new jobs a year over the past decade and shows no signs of slowing down.

A non-profit medical center with locations in Jacksonville, Florida and Scottsdale, Arizona, Mayo Clinic is world-renowned as a leading center of patient care and medical research and education. Since beginning to patent its inventions in the 1970s, Mayo researchers are credited with having more than 300 patents on file with the U.S. Patent Office. This might explain why *Demographics Daily* ranked Rochester as one of the most inventive places in the country with 873.7 patents filed per every 100,000 residents—the third highest invention rate in the country.

A TRADITION OF INNOVATION

Research and innovation have been a tradition at Mayo Clinic since William Worral Mayo, M.D., started up his Rochester practice in the late 1800s and, with his two sons, William and Charles, created the country's first organized joint medical practice. One of their first hires, Dr. Henry Plummer, was instrumental in developing the systems that would make their vision of an integrated medical practice a reality.

In 2004, Mayo joined forces with the University of Minnesota to create the Minnesota Partnership for Biotechnology and Medical Genomics.

In 1907, Dr. Plummer introduced the idea of keeping all of a patient's medical records in one file that would be stored in a central location. He also developed a diagonostic index for accessing the files and created a conveyor system to transfer them from department to department. Plummer also designed and built the building that currently bears his name.

MODERN DAY DEVELOPMENTS

Innovation did not stop with Dr. Plummer. In addition to treating over six million people since its founding, the Clinic has continued to draw trained physicians and scientists from all over the world to an environment that applies cutting-edge research directly to clinical practice. One of 40 cancer centers in the country to be listed as a Comprehensive Cancer Center by the National Cancer Institute, Mayo Clinic received about $44 million in funding from the institute in 2001, placing it 10th among all funded institutions.

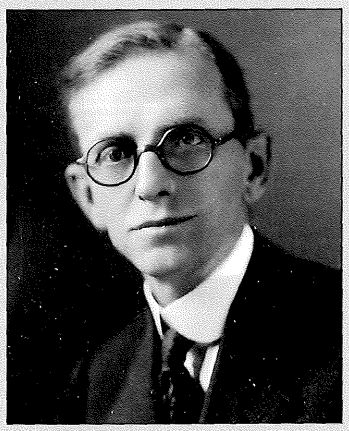
In 2000, Mayo Clinic established the Mayo Genomics Education Program, which trains medical professionals around the world on how to take advantage of new diagnoses, drugs, and lab tests that have resulted from genomic research. No other institution in the world has developed such a far-reaching program.

200 First Street SW, Rochester, MN 55905 • (507) 284-2511 • www.mayoclinic.org

HISTORY OF INVENTION

1892. First partner added to Mayo family practice, thus beginning the concept of medical teamwork. The team approach naturally leads to a division of labor with specialists in different fields working together.

1905. Dr. Louis Wilson develops a rapid way to diagnose surgical specimens (quick-frozen tissue sections stained with methylene blue), which allows Mayo surgeons to explore, diagnose, and repair, all in one operation.



Dr. Henry Plummer

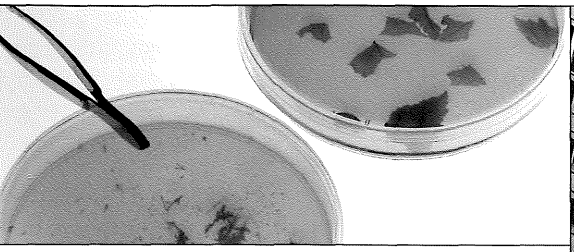
1920. Mayo develops system for grading cancer numerically, which is adopted worldwide and is still in use today.

1938. Dr. Frederick Moersch first reports median thenar neuritis (carpal tunnel syndrome).

1944. First therapeutic application of streptomycin to treat tuberculosis. Until then, the scientific community was convinced that nothing could ever kill tubercle bacilli in humans.

1950. Drs. Edward C. Kendall and Philip S. Hench are awarded the Nobel Prize for isolation and first clinical use of cortisone.

1955. Mayo is among the first to perform successful open heart surgery to repair congenital heart abnormalities after refining the



In 2002, Rochester become home to the ayo Clinic Proteomics Research Center, hich was created to study the body's hardest workers, proteins. Proteins perform such a key role in how the body functions that research is expected to result in a new era of personalized drug treatment therapies.

A HISTORIC PARTNERSHIP

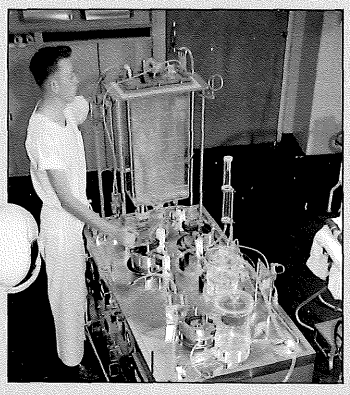
In 2004, Mayo Clinic launched a new era of research with its foray into biotechnology through a joint partnership with the University of Minnesota. The Minnesota Partnership for Biotechnology and Medical Genomics brings together the state's two top research facilities, which have already invested nearly a half-billion dollars in their own biotechnology and genomic programs.

This historic collaboration will share million in funding from the University of Minnesota, Mayo Clinic, and the State of Minnesota to launch four initial research projects focusing on cardiovascular disease, prostate cancer, Alzheimer's disease, and obesity. The results of these efforts are expected to reduce medical costs through better health and medical care and produce new opportunities for drug development within the state.

Mayo Clinic Rochester

Mayo Clinic's Rochester campus comprises Mayo Clinic, Saint Marys Hospital, and Rochester Methodist Hospital, which together treated 319,687 unique patients and saw 1,427,913 outpatient visits in 2003.

- Mayo contributes more than $2 million in free care to Minnesota residents.
- About 79 percent of patients come from Minnesota, Iowa, and Wisconsin.
- Mayo Clinic treats 3,550 patients and performs almost 30,000 laboratory tests every day.
- Mayo Clinic spends over $300 million a year on medical research at the Rochester clinic alone with the majority of outside funding coming from the National Institutes of Health.



Mayo-Gibbon heart-lung bypass machine

Gibbon heart-lung bypass machine (thereafter known as the Mayo-Gibbon heart-lung bypass machine.)

1965. Dr. Leonard Kurland introduces the Rochester Epidemiology Project, a medical records-linkage system that has made Olmsted County one of the few places in the world where the occurrence and natural history of diseases can be accurately described.

1969. First FDA-approved total hip replacement in the United States.

1973. Mayo introduces the first CT scanner in North America.

1980. Mayo researchers are among first to propose intensive insulin therapy to reduce the complications of diabetes.

1990. Mayo researchers help identify the source of illness affecting people taking the health supplement, L-tryptophan.

2000. Mayo Clinic Transplant Center opens in Rochester providing a single setting where patients receive all of their transplant services—from evaluation to follow-up.

2002. Molecular medicine researchers developed a "cancer snitch," a genetically engineered, trackable virus that can keep doctors informed about the progress of viral treatment inside a tumor.

TIMELINE AND IMAGES COURTESY OF MAYO CLINIC

PEMSTAR

Successful companies have learned that outsourcing provides strategic advantages by fostering innovation and improving time-to-market. As a world leader in electronics manufacturing services (EMS), PEMSTAR transforms technology and concepts into innovative customer solutions.

From the genesis of an idea, until a product reaches the hands of a satisfied customer, PEMSTAR provides product development, engineering, manufacturing, automation and test, and fulfillment solutions.

PEMSTAR has received numerous performance awards from leading companies in the medical, communications, computing and data storage, and industrial business markets. But the highest vote of confidence is the business PEMSTAR continues to receive from customers in these industries.

As the bioscience industry comes of age, it will face many of the same issues as the medical industry. Located within the Minnesota Bioscience Zone, close to world-renowned medical facilities and companies, PEMSTAR can provide assistance in achieving medical device regulation and clinical acceptance.

PEMSTAR has been involved in the design, development, and manufacture of Class I, Class II, and Class III medical devices, from FDA-approved drug coated stents to a pill-sized ingestible camera/transceiver.

PEMSTAR opened its first facility in Rochester in 1994. The company has grown to over a million square feet of manufacturing space within its 15 locations around the world. This global presence means cost-effective solutions and worldwide distribution. But PEMSTAR's roots remain grounded in Minnesota with the employees, customers, and shareholders who helped the company become one of the world's leading EMS companies.

Transplant Testimonial

NAME: Daniel Dion
AGE: 45
STATUS: Married, with one child.
TITLE: Industrial Designer

JOB DESCRIPTION: Delivers Industrial Design and Human Factors support for medical, industrial, communications, and computer and data storage projects.

ROCHESTER RAVES: Daniel moved to Rochester from Toronto, Canada to work at PEMSTAR in May 2001. He likes that Rochester has many of the positive features of urban living without the drawbacks. "Rochester offers excellent quality of life," he says. "It's easy to get around. There's very little traffic congestion, and the city has great parks, bike paths, and walking trails. My family and I love it here."

3535 Technology Drive NW • Rochester, MN 55901 • 888-PEMSTAR (888-736-7827) • www.pemstar.com

CENTERFIELD TECHNOLOGY

With such prestigious clients as J.P. Morgan/Chase, Baxter Healthcare, Royal Caribbean, and Tiffany & Co., privately-owned Centerfield Technology—a Rochester-based IT tools and services provider—knows the customer comes first. The result is customer loyalty and user testimonials like this one:

"Centerfield's database assessment services provided us a window into our applications that wasn't previously available," said Northwest Natural Gas's Ken Graap. "Looking through this window we were able to see how our applications were running all the way down to a single SQL statement. Using the information collected, we can now make our applications even more efficient. The process saved us countless hours of tedious manual work."

Founded in 1997, Centerfield offers AS/400 - iSeries tools and utilities that ensure high availability, performance, and access to an organization's critical business information. The company's products address application performance management and tuning, user control and diagnostics, DASD management, and an assortment of application issues.

25 percent of Centerfield's customers are international companies.

Centerfield helps companies deploy, enhance, and manage mission-critical applications and iSeries operations with a toolset focused on performance, security, user management, and control. The company has quickly grown to become the leading iSeries tools vendor providing solutions to the complex problem of managing query and database-intensive environments.

Centerfield maintains a strong relationship with IBM, is an IBM Business Partner, and a member of the IBM eServer Tools Network. For more information about Centerfield, visit the company's Web site at www.centerfieldtechnology.com.

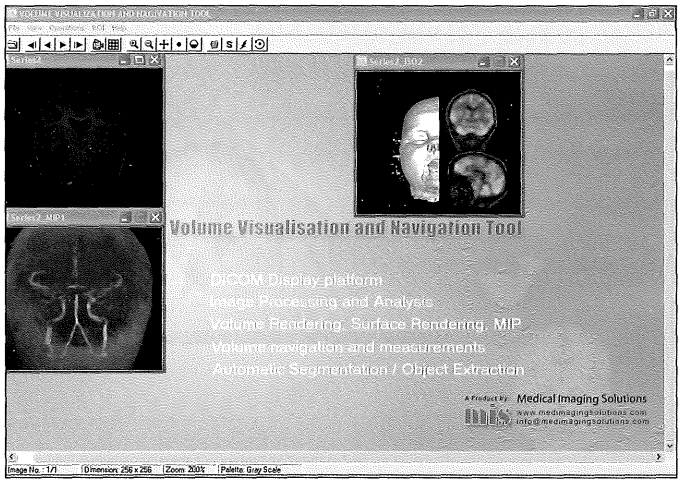
1312 1/2 7th Street NW • Rochester, MN 55901 • (888) 387-8119 • info@centerfieldtechnology.com • www.centerfieldtechnology.com

MEDICAL IMAGING SOLUTIONS

A former Mayo Clinic researcher, Medical Imaging Solutions Founder and President Ramesh Avula, Ph.D. obtained his first patent in 1999. A year later—with a doctorate degree in biomedical engineering and over 10 years of research and development in medical imaging under his belt— Avula struck out on his own to start Medical Imaging Solutions.

Best known for its advanced medical imaging research and applications development, Medical Imaging Solutions specializes in software applications used in medical research and clinical diagnosis. The company's current focus is on creating software tools to better diagnose neurological disorders such as epilepsy, Alzheimer's disease, and multiple sclerosis, as well as tools that detect and quantify tumors for radiation oncology.

Avula leverages his technical expertise and that of his staff to develop automated and semi-automated image analysis and visualization tool kits; advanced post-processing applications for multi-modality, multi-dimensional images; and Computer Aided Diagnosis (CAD) applications. The goal? To provide high quality, cost-effective solutions to industry and research institutions with a focus on long term customer satisfaction.



For more information on Medical Imaging Solutions, visit the Web site at www.MedImagingSolutions.com.

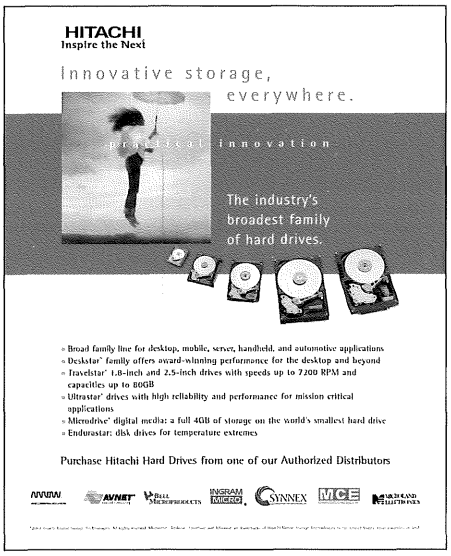
1500 Building, First Avenue NE • Suite 110E • Rochester MN 55906 • (507) 281-2117 • info@medimagingsolutions.com • www.medimagingsolutions.com

HITACHI GLOBAL STORAGE TECHNOLOGIES

The Rochester office of Hitachi Global Storage Technologies is home to some notable firsts: the company's first shipped thin film disk; the industry's first partial-response, maximum likelihood (PRML) recording channel; and the first volume shipment of MR heads in a disk drive.

Primarily responsible for hard disk drive (HDD) development, the Rochester office is also home to Hitachi GST's world-class Systems Integration Lab (SIT Lab), HDD Technical Support Center, and HDD Internal Sales and Customer Support. As one of Hitachi GST's core R&D centers, patents from the Rochester facility contribute significantly to Hitachi GST's overall IP portfolio of 3,500 storage patents—the industry's largest.

As a result of this ongoing innovation, servers and laptops—boasting roomy Hitachi GST hard disks—now offer the storage capacity of a minivan at economy car prices. Hitachi GST products have helped drive the production of smaller, faster hard drives with enormous storage capacities for use in everything from servers to digital video cameras to that tiny MP3 player you've got blasting away in your pocket.



In addition to producing state-of-the-art hard disk drives for use in computers, Hitachi GST's hard disk drives are used in a wide assortment of popular MP3 players from Dell, Creative, Archos, and others.

Established in 1976 as the hard disk drive division of IBM, the Rochester office became part of Hitachi GST in 2003 as a result of the strategic combination of Hitachi's and IBM's storage technology businesses. As a new company, Hitachi GST entered the world in January 2003 as the third largest hard disk drive supplier in terms of revenue. As a testament to its hard work and commitment to growth, the company finished the year as the second largest hard disk drive supplier with $4.2 billion in revenue to back up the claim.

PRODUCT AND TECHNOLOGY DEVELOPMENT IN ROCHESTER

Hitachi GST spokesperson Maureen Gwynn says the California-based company—with over 24,000 employees worldwide—**opened the development center in Rochester because of its rich base of technical talent and urban infrastructure.**

"With proximity to the Twin Cities of Minneapolis and St. Paul, employees benefit from a smaller city while living in an agricultural setting with convenient access to large city cultural and sporting events, shopping, and resources," she says. "Among Mayo, IBM, Hitachi GST, and other employers in the information technology sector, the people of Rochester form a culturally diverse, highly professional population."

Many of the division's 200 employees have Midwestern roots, but Gwynn says those who have joined the team from outside the area find it easy to adapt to the strong work ethic, dedication to family values, and team-oriented work environment. "Outsiders are also pleasantly surprised at how willing Minnesotans are to drop what they are doing to help their neighbors," she says.

Hitachi GST funded the top five awards at the Rochester Regional Science Fair. Employees served as judges in a local effort to encourage the type of research that has made Hitachi GST the industry leader in storage development.

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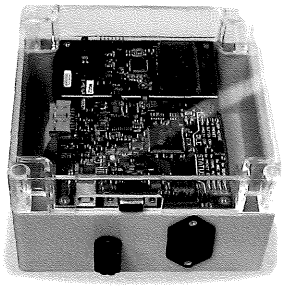
TEXAS INSTRUMENTS INCORPORATED

While Texas Instruments (TI) is probably best known for its graphing calculators and digital light processing (DLP) technology, the bulk of its revenue comes from semiconductor products that are inside many products you use every day, including cell phones and base stations, computers, digital cameras, DVD players, and televisions.

The small band of experienced engineers in TI's Rochester office assist TI's customers in applying that semiconductor technology to their own products through demonstration systems and customer-specific designs. In addition to designing these systems, the Rochester team also helps develop a family of semiconductor devices used in disk drive products and evaluation test systems for those devices.



One of the demonstration units created by TI to read meters over the power line.

With seven patents issued and several more filed, it's obvious their main goal is innovation. Within the last year, the group architected a low data rate power line communication system utilizing a technique called OFDM (orthogonal frequency division multiplexing) that had previously not been applied in the automated meter reading market. This technique promises to be more robust to communication impairments on the power line, allowing meter reading to be done reliably.

Over the last four years, TI engineers also introduced an optical wireless reference design that allows communication via directed laser beams at Ethernet speeds. Their clients transformed this reference design into products that addressed both in-the-building, point-to-point communication as well as point-to-point, building-to-building communication.

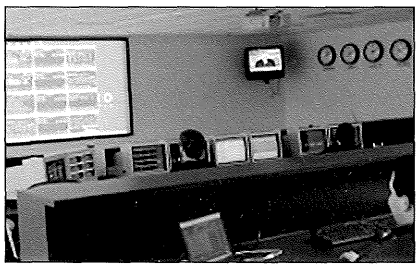
Texas Instruments Incorporated (NYSE: TXN) is a global semiconductor company and the world's leading designer and supplier of real-time signal processing solutions. The company's businesses also include sensors and controls, and educational and productivity solutions.

3535 40th Ave. NW • Suite 103 • Rochester, MN 55901 • (507) 529-1555 • www.ti.com

KINGLAND SYSTEMS

How do you stay competitive? Kingland Systems has the answer. Such pedigreed clients as Bank of America, Fidelity, AXA Advisors, KPMG, and RSM International use the company's software and Application Service Provider (ASP) solutions to stay competitive in today's uncertain world.

Founded in 1992, Kingland Systems provides mission-critical software and services to businesses and government entities. Kingland enables financial services and accounting firms to manage and demonstrate regulatory compliance; trading firms to route thousands of transactions daily to all the major U.S. exchanges; and clients to develop continuity plans in case of a disaster.



The company staffs its state-of-the-art data centers 24 hours a day, providing real-time system monitoring for its ASP, co-location, and disaster recovery clients. Kingland prides itself on its Midwest-based values and work ethic.

2900 43rd St. NW • Rochester, MN 55901
(507) 252-8855 • www.kingland.com

LOGICLIBRARY, INC.

LogicLibrary is the leading provider of software and services that make it possible for enterprises to manage and reuse software development assets (SDAs). Gartner, Inc., an influential analyst firm for technology buyers, recently positioned LogicLibrary as a "Leader" in its Magic Quadrant for Metadata Repositories in 2004.

Brent Carlson, co-founder and vice president of technology at LogicLibrary, is one of *InfoWorld's* "CTOs to Watch in 2004." Carlson, who lives and works in Rochester, also holds 17 software patents, with eight more currently under evaluation.

LogicLibrary's flagship product, Logidex, is a mapping and discovery engine that allows application developers, business analysts, and architects to quickly identify software assets that best match business and technical requirements for new application development and integration.

LogicLibrary has experienced outstanding success—in the past year, the company tripled its customer base by adding some of the world's largest enterprise organizations.

2717 Highway 14 W • Suite M • Rochester, MN 55901 • (507) 529-5700 • www.logiclibrary.com

IBM

A major development and manufacturing facility for the world's largest information technology company, IBM Rochester is best known as the main developer and manufacturer for the IBM eServer iSeries and its predecessors—highly popular, reliable, easy-to-use computing systems for medium-sized businesses. In fact, since 1988, IBM has shipped more than 750,000 Rochester-developed and -manufactured eServer iSeries and AS/400 business computing systems to customers worldwide.

But IBM Rochester is more than just a computer manufacturer. Over the years, IBM Rochester has grown into a leading research and development facility that's also responsible for advancements in engineering design, gaming technology, life sciences technology, and software and supercomputing development.

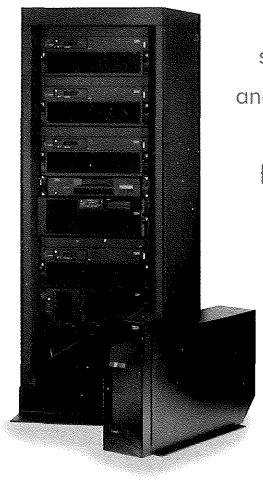
The push toward new areas of research fits in with IBM's overall strategy. The company' s 2003 annual report cited that, in just the last three years, life sciences has become a $1 billion business for IBM, more than doubling revenue each year since its formation in 2000. New clients include 25 of the top pharmaceutical and biotechnology companies.

THE MAYO CONNECTION

IBM Rochester opened its doors in 1956 with 174 employees working in a 50,000 square foot leased facility. Today IBM occupies 510 acres with about 3.5 million square feet of owned and leased space in Rochester—the largest IBM facility in the world under one contiguous roof. With 4,500 regular employees, IBM Rochester is also the second largest employer in Rochester after Mayo Clinic and the largest information technology employer in Minnesota.

But IBM and Mayo Clinic have more in common than serving as two of the state's largest employers. The two companies are working together to develop the Mayo Clinic Life Sciences System—information technology that will provide the Clinic's 2,400 physicians with on demand access to medical data that would support diagnoses and treatment decisions based on information collected from millions of informed, consenting patients.

The new system will be able to perform complex, cross-patient correlations across patient demographics, diagnostics, and laboratory results—for all of the 4.4 million patient histories in the Clinic's vast data warehouse. Medical searches by symptom, patient age,



IBM eServer i5 servers, developed and manufactured in Rochester, are the first IBM servers to use the powerful, new POWER5 process

laboratory result, drugs prescribed, and other factors—searches that once took months—will be able to be completed in a matter of minutes.

MEDICAL DEVICE INDUSTRY

IBM engineers in Rochester also collaborated with Mayo Clinic to develop and manufacture a series of magnetic resonance imaging (MRI) devices that work in conjunction with MRI scanning systems to make it easier to diagnose injuries and diseases that affect wrists, forearms, elbows, hands and fingers. Mayo has obtained FDA approval to market and commercialize these devices, making them available to other medical centers nationwide. Named Mayo Clinic BC-10 MRI Coils, these devices take detailed pictures of a particular part of the body, making it possible to more accurately diagnose injuries and diseases

IBM Rochester, a major development and manufacturing facility for the world's largest information technology company, is the largest IBM facility in the world under one contiguous roof.

and, in some cases, eliminate the need for invasive diagnostic procedures.

IBM Rochester engineers worked with Minneapolis-based Medtronic to design its Medtronic CareLink™ programmer, a tool that enables clinicians to program and review data about implantable cardiac devices in real time. Rochester engineers also developed and demonstrated a small device, called a personal wireless gateway, that captures data from a heart rate monitor and can send an alert for help through a wireless signal when the monitored person's heart rate goes out of a set threshold range.

A WORLD LEADER IN INNOVATION

In addition to its collaboration with Mayo Clinic, IBM Rochester is the key development site for IBM's worldwide Healthcare and Life Sciences industry, working with leaders in Healthcare and Life Sciences initiatives such as Johns Hopkins University, Duke University, the University of California at San Francisco, Aventis Pharmaceutical, iCAPTURE Center for Genetic Research, and H. Lee Moffitt Cancer Center & Research Institute.

IBM engineers in Rochester also worked with Xybernaut to develop the Mobile Assistant, a mobile/wearable computer for kids with special needs. The Mobile Assistant is a versatile computer system—as powerful as a desktop—that is small enough to go anywhere a student needs to go. With specialized software for educational environments, especially voice recognition applications and touch-activated icons, the system becomes a highly effective learning tool for children who are autistic, have speech difficulties, or face other physical or learning challenges.

In addition, Microsoft Corp. has entered into a semiconductor technology agreement with IBM to license leading-edge semiconductor processor technology for use in future Xbox® products and services.

Corroborating success stories like these, IBM earned 3,415 U.S. patents in 2003, breaking the record for patents received in a single year and extending its run as the world's most innovative company to 11 consecutive years. Since 1993, IBM innovations have generated more than 25,000 U.S. patents, nearly triple the total of any U.S. IT competitor during this time.

IBM inventors in Rochester have contributed some 2,500 patents to the company's portfolio. The company translates these advanced technologies into value for its clients around the world.

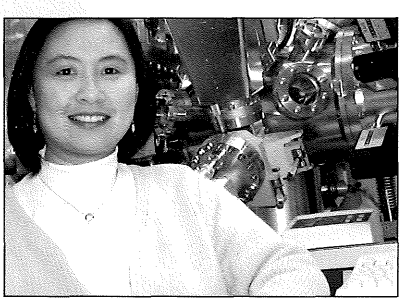
THE NEW, FORM-FITTING BLUE GENE

In one of its most ambitious research projects to date, IBM Rochester is playing a major role in the development of Blue Gene, a new family of supercomputers. Blue Gene can handle large amounts of data while consuming a fraction of the power and floor space required by today's fastest systems. Although currently a project with IBM's Research Division, Blue Gene/L is expected to be used worldwide by government and university researchers, as well as businesses, to tackle the most advanced challenges in several very different fields, including genomic research, automotive design, finance, weather forecasting, and fluid dynamics.

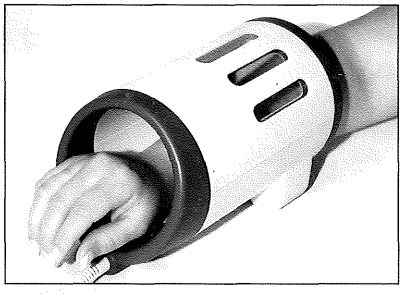
IBM inventors in Rochester have contributed 2,500 patents to the company's portfolio.

While Rochester's IBM engineers are working closely with their colleagues in IBM Research to develop and build Blue Gene/L systems, Rochester is the manufacturing and test focal point for delivering Blue Gene/L systems to Lawrence Livermore National Laboratory (LLNL) and ASTRON, a leading astronomy organization in the Netherlands. IBM and ASTRON will use IBM's Blue Gene/L supercomputer technology as the basis to develop a new type of radio telescope capable of looking back billions of years in time.

MORE THAN JUST SERVERS



Sophia Lau, Ph. D., an analytical chemist in IBM's Systems and Technology Group, is one of IBM Rochester's 4,500 employees. IBM is the second largest employer in Rochester and the largest information technology employer in Minnesota.



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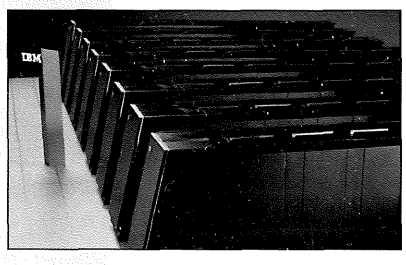


IBM and ASTRON will use IBM's Blue Gene/L supercomputer technology as the basis to develop a new type of radio telescope capable of looking back billions of years in time. This photo shows what the ASTRON Blue Gene/L supercomputer will look like when installed.

ALL PHOTOS COURTESY OF IBM

ROCHESTER MEDICAL CORPORATION

About 100,000 people a day use one of Rochester Medical's products. Not a surprise, really, when you learn that about 13 million Americans presently suffer from incontinence. As baby boomers enter into old age, even more people will need the company's solutions. Rochester Medical Corporation, a global technology leader in latex-free urological catheters and incontinence devices, is determined to make sure that people are able to manage their incontinence with dignity and avoid dangerous infections.

Rochester Medical sells male external catheters for the management of urinary leakage, intermittent catheters for the management of urinary retention, and Foley catheters for indwelling bladder drainage, as well as the FemSoft Insert, a disposable device for the management of female stress incontinence, to more than 70 countries around the world. The demand is there. Urinary dysfunction affects approximately 11 million women in the United States and an estimated equivalent number in Europe.

With 20 patents related to medical devices for bladder drainage and continence care filed in the United States—and numerous corresponding foreign patents—the company is probably best-known for its anti-infection catheters. Rochester Medical has the only drug-eluting Foley and intermittent catheter in the world marketplace. For the average consumer, this can mean significantly less risk of acquiring an infection when hospitalized.

Rochester Medical's administrative offices and primary manufacturing facility occupy a 52,000 square foot facility on a 28-acre site located in Stewartville, Minnesota—just outside of Rochester. The company, which employs over 150 people, has a second 34,000 square foot facility located on a nearby 3.5-acre site. With about $15 million in sales in 2003, Rochester Medical is one of the key players driving medical innovation in the field of urinary and incontinence devices both domestically and abroad.

Transplant Testimonial

NAME: Martyn R. Sholtis
AGE: 45
STATUS: Married
TITLE: Corporate Vice President

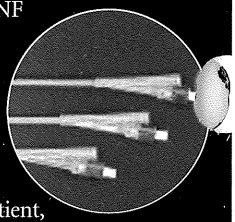
JOB DESCRIPTION: Directs and manages business development activities and worldwide sales to over 70 countries. Martyn also maintains Rochester Medical's key customer relations.

ROCHESTER RAVES: Martyn moved to Rochester from St. Louis to work at Rochester Medical in 1992. What does he like about the area? "Rochester is a unique blend of small town and big city," he says. "It has great neighborhoods to raise a family and is a well-educated professional community. Wide open spaces and outdoor recreation are only minutes from downtown and, even with the recent growth, the commute to work is minimal."

ROCHESTER MEDICAL PRODUCTS

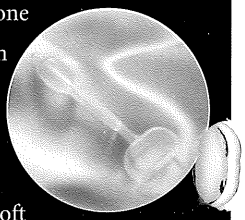
Rochester Medical develops, manufactures, and markets a broad line of innovative, latex-free urological and urinary continence care products. Here's a look at a few of their key products.

The UltraFlex is a breathable, clear and odor-free catheter with standard adhesive width. The shorter sheath Pop-On is ideal for patients with a short or retracted penis or those who prefer a shorter sheath or a different adhesive location on their skin. Other male catheter brands from Rochester Medical include the WideBand and the Natural.



The RELEASE - NF catheter is an all silicone Foley catheter with a built-in anti-bacterial agent. When placed in a patient, the RELEASE-NF catheter provides a controlled release of the antibacterial agent nitrofurazone to the tissues of the urethral tract for the duration of catheterization.

Rochester Medical also offers a line of urinary leg bags and accessories for use with male external catheters, Foley catheters, and most urinary catheters.

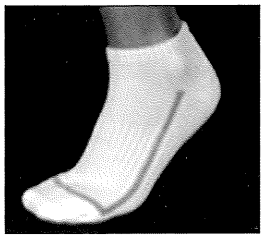


The FemSoft Insert is a small, single-use, liquid and silicone device that a woman can easily insert into her urethra. As a woman inserts the thin device, its soft sleeve slides into and conforms to the urethra, creating an effective seal at the neck of the bladder to prevent unintended urine leakage.

One Rochester Medical Drive • Stewartville, MN 55976-1647 • (800) 615-2364 • info@rocm.com • www.rocm.com

OSBORN MEDICAL CORPORATION

If you've got sensitive feet, Osborn Medical has just the pair of socks you want to slip those aching toes into. The progressive Utica, Minnesota-based company has been manufacturing and selling vascular products and equipment for over 15 years. While best-known for its Rooke Vascular Boot, a device worn on your foot and leg to promote circulation, the company's latest product is being billed as the most comfortable socks you will ever wear.



SmoothToe socks are available in black and white colors, three styles, and a full range of sizes for men and women.

After testing more than 20 different brands of socks said to be the best socks ever made for people with diabetes, and with input from podiatrists, nurses, wound care professionals, and diabetes educators, Osborn rolled out the SmoothToe seamless toe sock to broad acclaim from health care professionals across the country.

Osborn also manufactures and sells the Rooke Mitt, a device worn on your hand and lower arm to promote circulation, the Plebotest, a diagnostic piece of equipment designed to test venous blood flow in the lower extremity, and the ABI (Ankle Brachial Index) machine, a diagnostic device to detect peripheral arterial disease. To find out more about Osborn Medical and its products, visit the company's Web site at www.osbornmedical.com. To learn more about the SmoothToe brand of seamless socks, head to www.changeyoursocks.com.

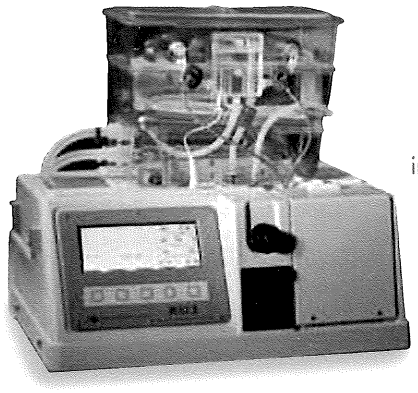
100 West Main St., P.O. Box 324 • Utica MN 55979 USA • (507) 932-5028
info@osbornmedical.com

WATERS MEDICAL SYSTEMS

For many people, Waters Medical Systems is a real lifesaver. The National United Network for Organ Sharing's waiting list includes over 55,000 patients in the United States registered to receive a kidney transplant—Waters products help ensure that those transplants, when they finally happen, are a success.

Waters Medical Systems, a division of Waters Instruments, Inc., manufactures devices that measure oxygen in whole blood as well as devices that improve kidneys for transplant. The company released its kidney preservation system in 1998, enabling surgeons to evaluate kidneys before they are transplanted and, as a result, greatly improving the success rate for kidney transplant recipients.

The company has called Minnesota home since 1960 when it was founded by Rochester native George Waters, who still lives in Rochester today. Waters is just one of a long-line of innovative Minnesotans. The actual concept for perfusing organs for transplant originated with another Minnesotan—Charles Lindbergh—and Noble-prize winning surgeon Alexis Carrel in 1938.

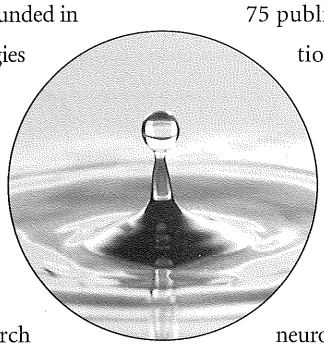


The RM3 is a pulsative perfusion device that improves the immediate function of the kidney, lowers transplantation costs, and expands the donor pool.

2112 15th Street NW, Suite A • Rochester, MN 55901 • (507) 288-7777
corpinfo@wtrs.com • www.watersmed.com

MEDCITY MEDICAL INNOVATIONS, INC.

MedCity Medical Innovations (MCMI) was founded in 2002 to develop emerging medical technologies using resources in the Rochester area and the surrounding Olmsted county community. MCMI is focused on innovation and rapid development of technologies in order to succeed in today's global market.



MedCity's co-founders bring years of scientific research and business management to the venture. Matthew Ogle, the company's vice president of research and development, has achieved international recognition with over 75 publications, patents, and presentations at major conventions. MedCity Medical President Robert Jacobson leads the company's business development efforts. His experience directing his own small companies, combined with a strong passion for medical research, has been instrumental into turning MedCity into a driver of local innovation.

Although currently focusing on cardiovascular and neurovascular projects, the company is investigating additional platforms to further the rapid development of new medical technologies.

1610 14th St. NW • Suite 100B • Rochester, MN 55901 • (507) 358-0190

HORMEL INSTITUTE, UNIVERSITY OF MINNESOTA

Anyone who has had the misfortune to undergo chemotherapy or who has been forced to watch a loved one suffer through that difficult treatment might find comfort in the knowledge that the Hormel Institute is looking for an alternative.

Hormel Institute Executive Director Zigang Dong recently received a five-year $1.2 million grant from the National Institutes of Health (NIH) to study how the sun's UVB rays cause skin cancer—the most common type of human cancer.

The Hormel Institute is an independent research branch of the Graduate School of the University of Minnesota located in Austin, Minnesota—a short 40-minute drive from Rochester. The Institute, which was founded in 1942 to conduct research and provide education in the biological sciences, continues breaking new ground in these areas today. In fact, researchers are currently looking at new ways to use discoveries in food biology to provide an alternative to chemotherapy for cancer patients.

FOCUS ON RESEARCH

Scientists at the Institute are currently focusing on six major areas of research: biophysics, cancer biology, cellular and molecular biology, cellular and developmental biology, membrane biochemistry, and nutrition and metabolism. As part of his research in cellular biology, Hormel Institute Executive Director Zigang Dong recently received a five-year $1.2 million grant from the National Institutes of Health (NIH) to gain a better understanding of how solar radiation causes skin cancer.

Almost from the beginning, the Hormel Institute has received substantial financial support from the National Institutes of Health (NIH). Today, the major portion of the Institute's funding is provided by the Hormel Foundation and the National Institutes of Health. The introduction of molecular biology to the Institute's overall program has not only opened new funding sources—especially those supporting cancer research—but has stimulated and improved many other projects and led to enhanced collaboration among Institute faculty.

BUILDING A STRONG COMMUNITY

The positive impact of the Hormel Institute's continuing research extends beyond the laboratory and into the surrounding community. The Distance Outreach and Education (DOE) program, in cooperation with the Southern Minnesota Internet Group (SMIG), provides Internet service to a large area of the southern Minnesota region bringing technology to many rural citizens.

Also, area college students spend 10 weeks each summer at the Hormel Institute as participants in the Institute's Summer Undergraduate Research Experience (SURE) program. During that time, students work with internationally known scientists on research projects that expand their knowledge of basic research and provide them with the opportunity to work with equipment and techniques not generally available to undergraduate students.

The Institute also strives to keep local residents healthy and informed by providing information on recent developments in treatment and prevention of cancer and other diseases.

For more information, visit the Hormel Institute's Web site at www.hi.umn.edu.

801 16th Avenue NE • Austin, MN 55912 • (507) 433-8804 • www.hi.umn.edu

OSEMI INC.

OSEMI (formerly Ovation Industries, Inc./DBA,Ovation Semiconductor) was formed in Rochester in the fall of 1994. The compound semiconductor company began producing high-quality wafers a year later and now sells a selection of semiconductor materials—as well as integrated circuits—to over 40 major semiconductor companies worldwide.

Committed to growth, OSEMI made a substantial investment in new equipment and CAD software in 2002 that allow it to also produce the devices, circuits, photodetectors, and lasers that are the building blocks of both wireless and optical communications equipment. In fact, OSEMI has already issued three U.S. patents for wireless communications technologies, making for a total of 35 patents issued, pending, and provisional.

OSEMI's semiconductor manufacturing equipment

Part of OSEMI's success, says OSEMI President David Braddock, stems from its location. **"Rochester is the perfect place to start a high-tech company in semiconductors, software, or biomedicine,"** he says.

"Because large high-tech companies like IBM and Mayo Clinic have been in Rochester for decades, many vendors familiar with the infrastructure needs of high-tech companies exist in Rochester," says Braddock. "Rochester is an excellent place to live—especially for young families—with good access to Minneapolis, St. Paul, Madison, and Chicago. Also, the cost of living is reasonable and commuting times are low."

300 First St NE • Rochester, MN 55906
(507) 285-4490 • www.osemi.com

Analysts International is technically very strong and helped us maximize current Internet technology. Our research also showed that they have a reputation for staying within budget—and could count on their stability to be around for the long term.

—MINNESOTA HEALTHCARE NETWORK

ANALYSTS INTERNATIONAL

Analysts International is a diversified IT services company with sales offices across the country and in Canada. In business since 1966, the company offers full service staffing, which provides high demand resources for supporting a client's IT staffing needs; business solutions and network infrastructure services; and outsourcing services, which provide onshore and offshore strategic solutions.

Analysts International offers innovative and flexible approaches that are tailored to each client's unique business environment. The company's strategic partnerships with best-in-class IT organizations allow access to a wide range of expertise, resources, and an expansive geographical reach.

The company's Rochester office, with its 50 employees, focuses on developing personal relationships with local client management to best understand their needs and how Analysts International can help. The strategy must work—Analysts International is the proud winner of several awards from IBM for the quality of its customer support to IBM's customers.

Analysts International opened its branch in Rochester in 1986, largely because of its growing national business relationship with IBM—the company is a preferred vendor and core supplier to IBM nationally. But Analysts International representatives say Mayo Clinic was also a huge draw, as were the many companies that have opened offices in the Rochester area over the last 10 years.

A-LIST CLIENTS

Analysts International's large base of over 1,000 clients includes some of the most successful companies and covers nearly every area of business and technology. These include:

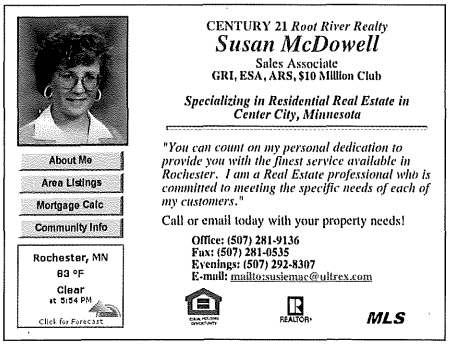
- Aerospace
- Agribusiness
- Biotechnology
- Electronics
- Finance
- Healthcare
- Insurance
- Manufacturing
- Retail
- Software
- Telecommunications
- Transportation

1530 Greenview Dr. S.W. • Suite 205 • Rochester, MN 55902 • (800) 657-0030 • www.analysts.com

TECHNOLOGY CONCEPTS, INC.

Founded in August 1993, Technology Concepts uses technology to help realtors across the country change the way they do business. The company's ULTREX™ and UltraWeb® MLS software empowers both the real estate customer and the agent by bringing customized listings over the Internet to the desktop.

When a real estate association becomes an ULTREX™ partner, it gets continual access to the latest in MLS technology as well as a wide range of professional service-based products, such as agent home pages, magazines, custom flyers, and more—all designed to increase individual agent productivity. Technology Concepts has helped real estate agents in 16 states leverage the power of the Internet by helping them design and develop their own Web sites. These sites set agents apart from their competitors while linking from their local MLS Web sites running UltraWeb®.



Technology Concepts' three flagship software packages include ULTREX™, UltraWeb®, and MyPlace Connection™. To learn more, visit www.ultrex.com or www.myplaceconnnection.com.

1027 7th St. NW • Rochester, Minnesota 55901 • (800) 290-9136 • www.ultrex.com

KERRY BIO-SCIENCE

Ever wonder why that ice cream tastes so good in your mouth? Or maybe you were curious as to how that tub of powdered lemonade survives for months in your pantry while your real lemons expire in just a few weeks?

Scientists and researchers at Kerry Bio-Science strive to create food ingredient products that not only make your food taste better, but last longer. Kerry Bio-Science is an arm of the Kerry Group, a leader in the global food and ingredients market. The Kerry Group supplies over 10,000 food, food ingredients, and flavoring products to customers in more than 120 countries worldwide. The Group has manufacturing facilities in 16 different countries and international sales offices in 20 other countries across the globe.

KERRY

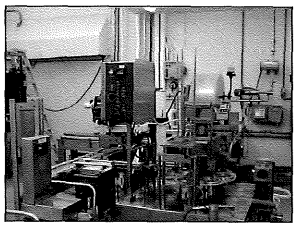
KERRY BIO-SCIENCE

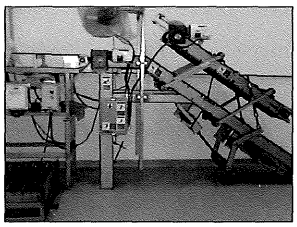
Fargo™ Alta™
Saga™ PerLac™
Lactacel™ Enrich™
Upgrade™

Formerly the Quest International food ingredients division, the Kerry Bio-Science division in Rochester is the source of all fermented ingredient products marketed globally by Kerry Bio-Science. The Rochester facility creates lactic acid bacteria for processed meat and cultured dairy products, cultured ingredients for natural shelf-life extension, and cultural dairy solids for natural stabilization and "mouthfeel" in ice cream.

In addition to manufacturing some protein and hydrocolloid products for use in the food industry, Kerry Bio-Science has spent the last 10 years developing its food ingredient product line.

Part of the Rochester community since the early '70s, Kerry Bio-Science's Rochester facility employs scientific researchers working to develop new ingredient products as well as factory personnel who manufacture these products for the company's North American, European, and Asia-Pacific markets.





2402 7th Street NW • Rochester MN 55901 • (507) 285-3400

DIETMASTER SYSTEMS

Cooking for your own family can be a chore, but cooking for an institution would be a nightmare without the type of food service management software offered by Rochester-based DietMaster Systems.

In business since 1990, DietMaster now reaches long-term care facilities in more than 20 states with its flagship software, DietMaster 2000 (DM2K). The full-featured software includes both programs and data to help manage menus and recipes, food ordering, preparation and serving, and all the personal data associated with dining in a facility.

DietMaster 2000's ease of use can be credited to the strong mix of technological and medical resources available in the Rochester area. Drawing on the experience of local programmers and relying on the leading-edge health care expertise for which the area is renowned, DietMaster was able to create the premier food service management software now used by facilities across the country.

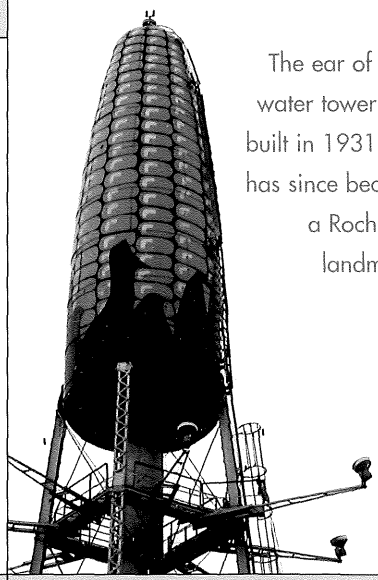
P.O. Box 6345 • Rochester, MN 55903 • (888) 475-3438 • www.dietmaster.com

SENECA FOODS CORPORATION

Scan your kitchen cupboards and you're likely to find a can or two from Seneca Foods—it's the largest producer of canned vegetables in the world. The company's Rochester facility alone produces roughly 156 million cans of vegetables and 40 million pounds of frozen vegetables a year.

Founded in 1929 by Reid-Murdock/Monarch Foods, the Rochester facility was originally built as a gift to the city and its surrounding area by a thankful Mayo Clinic patient. It was sold to Libby, McNeill and Libby in 1948 and purchased by Seneca in 1982 from Libby/Nestle. The company's "ear of corn" water tower has since become a cherished Rochester landmark.

Seneca Food's one million plus square foot Rochester facility employs almost 250 full-time and 300 seasonal employees charged with processing roughly 20,000 acres of vegetables a year. To keep in line with FDA guidelines, employees are trained in the latest technology in statistical and thermal processing for filling and seaming the millions of cans they process annually.



The ear of corn water tower was built in 1931 and has since become a Rochester landmark.

1217 3rd Ave. SE • Rochester, MN 55904
www.senecafoods.com

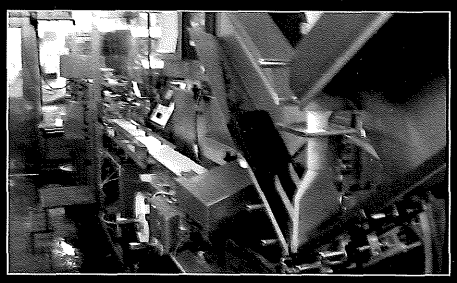
KEMPS ICE CREAM

What does Kemps, the Minnesota-based dairy provider, know about making ice cream? Just look at the numbers.

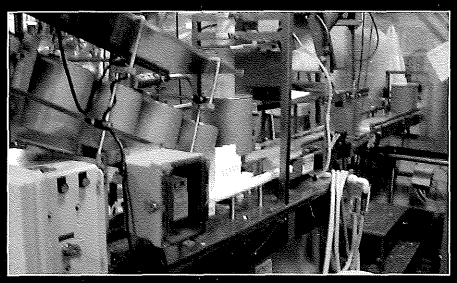
The Rochester plant—the fifth largest bulk ice cream plant in the world—churns out about 30 million gallons of ice cream, sherbet, and frozen yogurts each year, along with 3 million dozen ice cream sandwiches that it distributes to over 42 states under 34 brand names. The 218,000 square foot facility offers 183 flavors in 12 containers ranging from a pint to 3 gallons.

Established in 1928, the Kemps ice cream plant has grown to occupy two full city blocks, which house 30,000 square feet of warehouse space, a full service laboratory, a research pilot plant, and a four-bay load out dock. The dairy's six production lines run 24 hours a day, five days a week, averaging 140,000 gallons of product per day. The plant has 12 raw dairy tanks with a total capacity of 126,000 gallons, 13 pasteurized tanks that hold 92,000 gallons of mix, and three sweetener tanks that hold 60,000 gallons total. Kemps has one large high temperature short time pasteurizer that runs at 85 gallons of mix per hour.

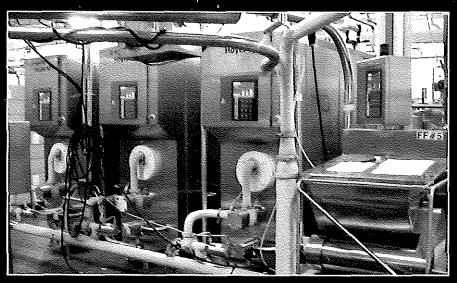
Kemps enjoys the largest market share in Minnesota and the upper Midwest because it produces great-tasting ice cream, a tasty tribute to scientific achievement. The ice cream plant's research team tests different stabilizers, flavors, and dairy ingredients to develop new flavors and improve the flavor, cost, and textures of current flavors. Who knew science could taste so good?



This machine fills ice cream sandwiches at the rate of 140 sandwiches per minute, which Kemps sells at a rate of 3 million dozen per year.



Three gallon containers, sold mainly to restaurants and dipping stores, are filled at the rate of 10 containers per minute.



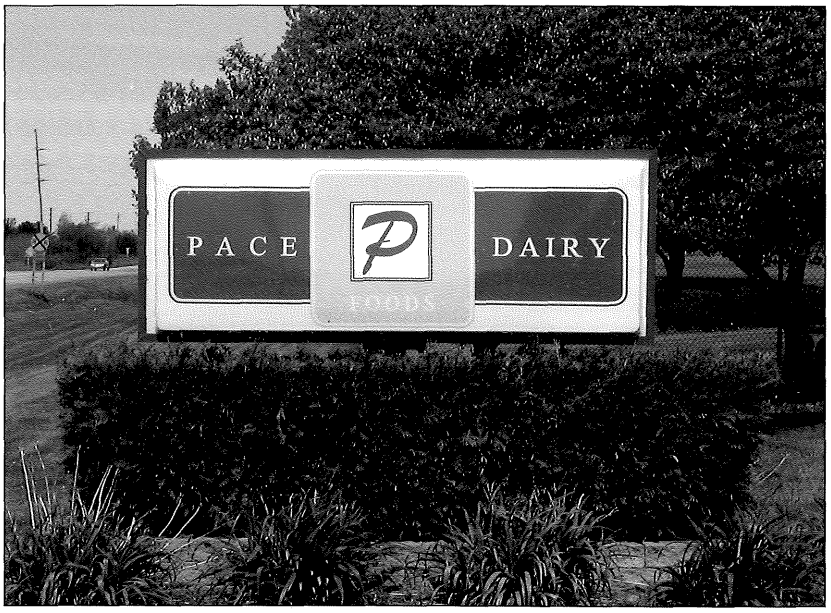
This equipment freezes the ice cream to 21 degrees (soft serve), incorporates air, and adds condiments. It runs at the rate of 2,400 gallons of ice cream per hour.

400 North Broadway • Rochester, MN 55903 • (800) 555-7301 • www.kemps.com

PACE DAIRY

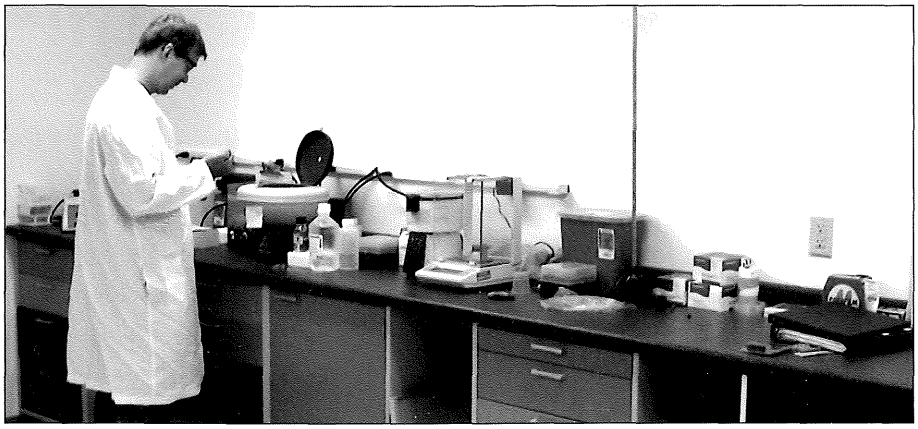
Pace Dairy, a division of Kroger, has processing cheese down to a science. Responsible for the input, processing, and distribution of a wide variety of cheeses, the Rochester plant employs the latest technologies in food processing to stock your local grocer's dairy case with everything from colby to mozzarella.

Pace performs extensive tests on moisture content, salt content, and color to ensure great-tasting products and performs strict microtests to meet requirements for food safety. The 350-person company then slices, shreds, and wraps the cheese for sale under brand names by Kroger and many others.



2700 Valley High Drive NW • Rochester, MN 55901 • (507) 281-6385

MEDICAL INNOVATIONS



Medical Innovations International Inc. (MII), previously Gauthier Medical, has enjoyed a 40-year history with Mayo Clinic. MII provides prototype development and contract manufacturing services. Recently, MII introduced the New Technologies Business Group where innovative point-of-care diagnostic testing devices are brought to life.

Medical Innovations INTERNATIONAL INC.

6256 34th Avenue NW • Rochester MN 55901 • (507) 289-0761 • www.Medicalinnovations.com

CIBER

CIBER, a multimillion dollar systems integration consultancy with more than 7,000 employees in 10 countries, has a simple mission: to help companies save money, speed time to market, and improve the quality of their software.

It's a mission that gets results. Gartner's Fast 50 report names CIBER the fifth fastest growing company in its sector. Plus the company's high sense of integrity commands a respect that turns new clients into loyal customers. Not only are CIBER customers happy with their service, but over 98 percent would recommend CIBER to their colleagues.

CIBER opened its Rochester office in 1988 because of the high concentration of technology and medical expertise in the area. Since then, the local office has grown to 200 employees who are experts at helping companies leverage technology through building, integrating, and supporting business applications.

CIBER strives to help its clients reach the most cost-effective solutions to their problems by following this four-step procedure:

- Understand the business problem and success criteria
- Form a joint customer/CIBER team to develop the most practical solution
- Offer choice in how to manage, staff, and structure the engagement
- Execute on time, within budget, and with the defined functionality

The company's services are offered on a project or strategic staffing basis and across all technology platforms, operating systems, and infrastructures.

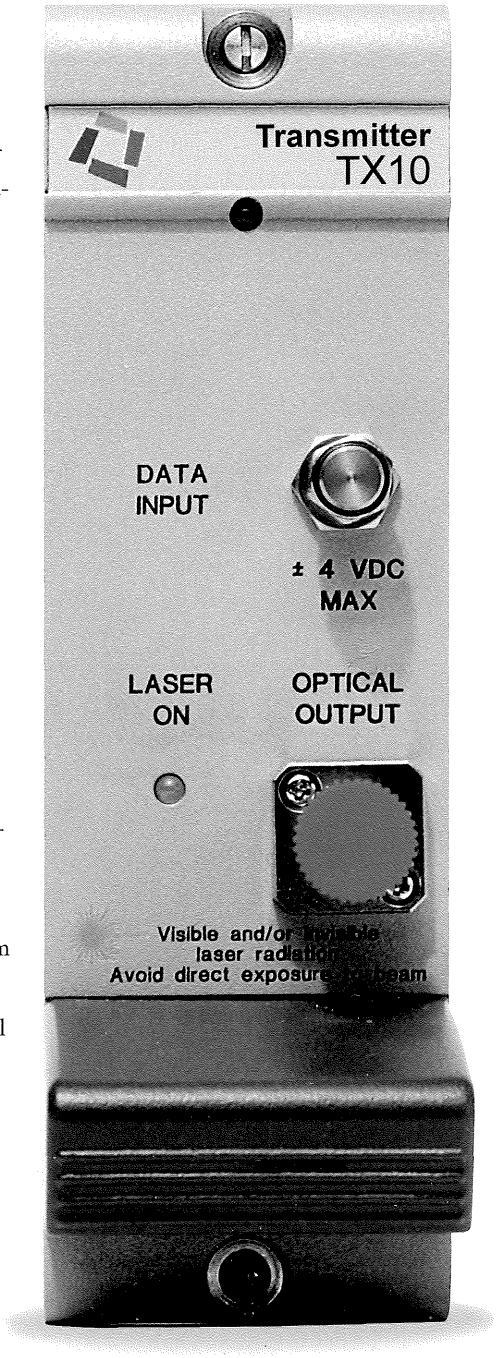
2222 18th Avenue NW • Suite 100 • Rochester, MN 55901 • (507) 280-9267 • www.ciber.com

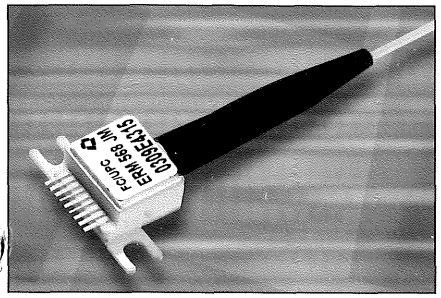
JDS UNIPHASE

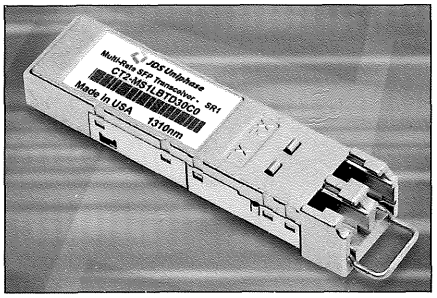
Just as the human body depends on an elaborate nervous system and cell structure, today's communications networks depend on a complex fiberoptic infrastructure that includes optical transmitters, receivers, amplifiers, multiplexers, switches, splitters, and circulators. JDS Uniphase designs and manufactures these optical components, modules, and subsystems that enable us to communicate so effortlessly over the phone, through email, and online.

In addition to creating the building blocks for today's fiberoptic communications systems, JDS Uniphase has a growing optical technology business. This arm of the global fiberoptic technology provider creates optical tools that control the properties of light for use in commercial and consumer applications, such as the light engines and displays used in projection televisions, lasers and optics used in biotech and environment monitoring, and unique optical solutions to protect everything from currencies (used on the new $20 and $50 dollar bills, for example) to pharmaceutical products from counterfeiting.

The company's Rochester facility specializes in product development, product management, and operational support of optical transceivers, which combine transmitters with receivers to generate, encode, receive, and detect signals in a single package.







Transmitter (top), Receiver (bottom left), Transceiver (bottom right)

PHOTOS COURTESTY OF JDS UNIPHASE CORPORATION

3434 Technology Drive NW • Rochester, MN 55901 • (507) 322-9222 • www.jdsu.com

SPSS INC.

It would be a lot easier to make smart decisions if only you could read the future. The good news? With software from SPSS, you can.

Well, sort of. SPSS enables its clients—including corporations, academic institutions, healthcare providers, and government agencies—to tie knowledge to action by drawing reliable conclusions about current conditions and future events through complex data analysis. The end result is that clients are able to make better, more informed decisions based on research rather than guesswork.

SPSS employees aren't fortune tellers. The company uses its predictive analytics software to explore how specific business issues relate to data describing people's characteristics, attitudes, and behavior. This data is then analyzed and used to generate models for classification, segmentation, forecasting, pattern recognition, sequence and association detection, anomaly identification, profiling, propensity scoring, rule induction, text mining, and advanced visualization.

The results vary depending on the industry. A medical researcher at a major hospital uses SPSS software to more efficiently analyze gene expression data, leading to more rapid advancements in the study and treatment of pediatric brain tumors. A leading bank, on the other hand, uses SPSS software to better focus its marketing efforts, resulting in a 50 percent increase in sales and a 30 percent decrease in key marketing costs.

Read more testimonials and learn the ins and outs of predictive analysis by visiting the company's Web site at www.spss.com.

4115 Hwy. 52 North • Suite 300
Rochester, MN 55901 • (507) 288-5922

CORPORATE ROSTER

Rochester is home to a wide array of innovative companies making a global impact on the fields of technology, biology, and medicine. The companies listed here are just a sample of the great wealth of resources available in the Rochester area.

Analysts International **15**
Centerfield Technology **7**
CIBER **18**
DietMaster Systems **16**
Hitachi Global Storage Technologies **8**
Hormel Institute, University of Minnesota **14**
IBM **10**
JDS Uniphase **19**
Kemps Ice Cream **17**
Kerry Bio-Science **16**
Kingland Systems **9**
LogicLibrary, Inc. **9**
Mayo Clinic **4**
MedCity Medical Innovations, Inc. **13**
Medical Imaging Solutions **7**
Medical Innovations **18**
Osborn Medical Corporation **13**
OSEMI, Inc. **14**
Pace Dairy **17**
PEMSTAR **6**
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Seneca Foods Corporation **16**
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Technology Concepts, Inc. **15**
Texas Instruments Incorporated **9**
Waters Medical Systems **13**

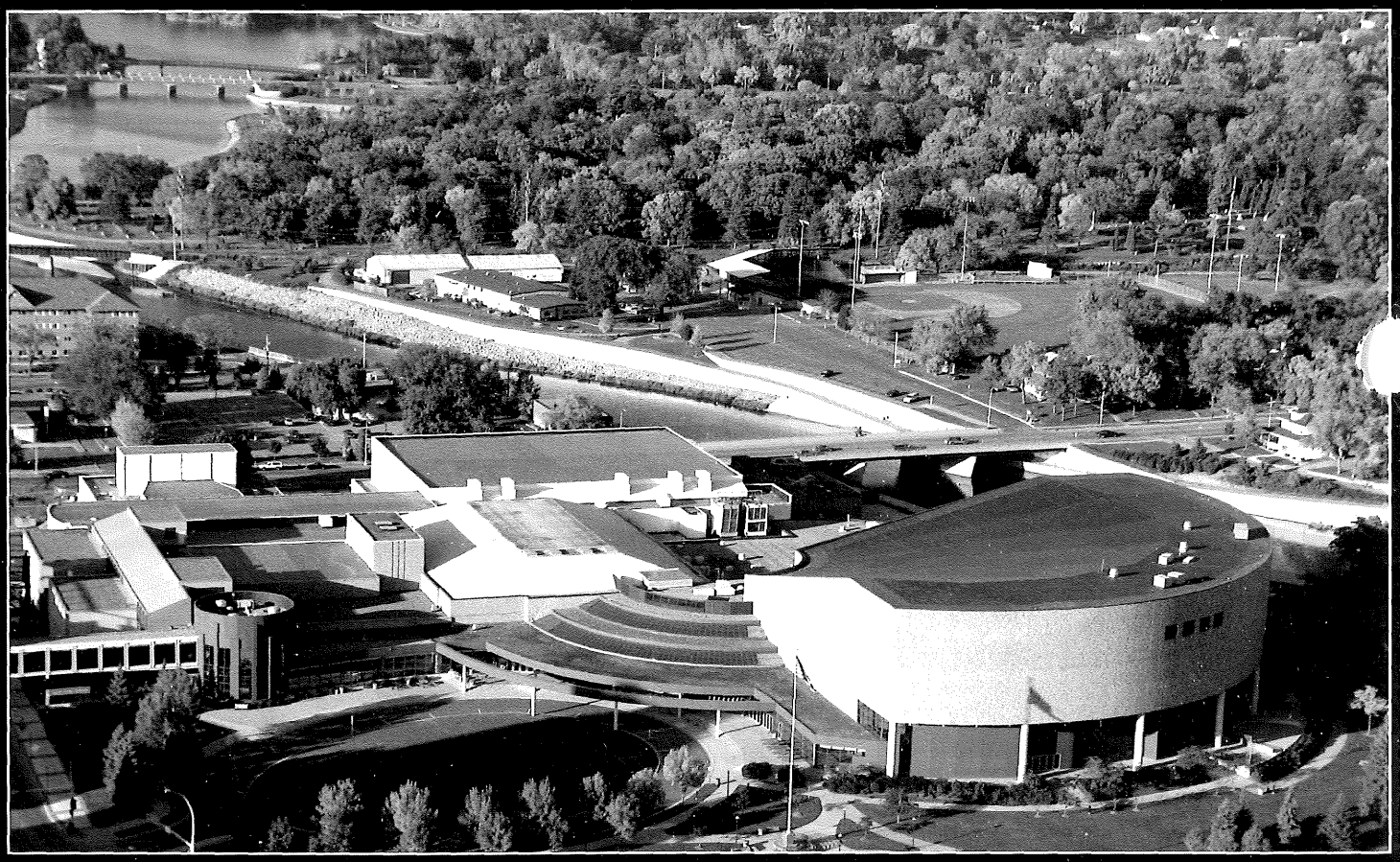

PHOTO COURTESY OF THE POST-BULLETIN

FOR MORE INFORMATION CONTACT:
Rochester Area Economic Development, Inc. (RAEDI)
220 South Broadway, Suite 100 • Rochester, MN 55904
(507) 288-0208 • www.raedi.com

RAEDI
Rochester Area Economic Development, Inc.

A bill for an act

relating to higher education; creating a Rochester Higher Education Development Committee; appropriating money.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [ROCHESTER HIGHER EDUCATION DEVELOPMENT COMMITTEE.]

Subdivision 1. [ESTABLISHMENT.] The Rochester Higher Education Development Committee is established to research and make recommendations to the governor and legislature on the creation of mission-driven postsecondary educational programs or institutions in the Rochester area that meet the educational needs of the region and the state and that capitalize on the unique opportunities for educational partnerships presented in the Rochester area.

Subd. 2. [MEMBERSHIP.] The committee is composed of 11 members, to be appointed by the governor, as follows:

(1) a trustee of the Minnesota State Colleges and Universities, or the trustee's designee;

(2) a regent of the University of Minnesota, or the regent's designee;

(3) six persons from the Rochester area representing business, health and medical sciences, and technology;

(4) the commissioner of finance, or the commissioner's designee;

(5) one person who by training or experience has special expertise in postsecondary finance and planning; and

(6) one person who by training or experience has special expertise in postsecondary academic planning and programming.

Before the first meeting of the committee, the governor shall select one person from the committee who shall serve as chair.

Subd. 3. [COMPENSATION AND REMOVAL.] Appointments to the committee are not subject to Minnesota Statutes, section 15.0597. Members of the committee are not entitled to reimbursement under Minnesota Statutes, section 15.059, subdivision 6. Members may be removed and vacancies filled pursuant to Minnesota Statutes, section 15.059, subdivision 4. The director of the Higher Education Services Office may provide administrative support to the committee.

Subd. 4. [DUTIES.] (a) The committee shall develop a recommendation for establishment and implementation of expanded higher education programs or institutions in Rochester. The committee's report must include recommendations on:

(1) the mission and focus of the programs or institutions;

(2) the nature of undergraduate and graduate programs to be offered;

(3) site and facility needs;

(4) funding sources and opportunities;

(5) operational needs;

(6) status and benefits of potential employees, including coverage under the Minnesota State Retirement System;

(7) alliances or other types of cooperative arrangements with public and private institutions;

(8) governance structures; and

(9) mechanisms to ensure that the expanded programs are aligned with the unique needs and opportunities of the Rochester area and that programs take advantage of opportunities presented by regional business and industry.

(b) The committee must consider specifically whether expansion of the University of Minnesota in Rochester is the

most appropriate method of meeting the region's needs.

(c) The committee may also research and provide recommendations on sites for the facilities and programs. The committee shall recommend any changes to Minnesota law required to implement recommendations of the committee.

Subd. 5. [REPORT.] The committee must issue a report with recommendations to the governor and the legislature by January 15, 2006.

Subd. 6. [SUNSET.] The committee expires on December 31, 2007.

Sec. 2. [ROCHESTER HIGHER EDUCATION DEVELOPMENT ACCOUNT.]

A Rochester higher education development account is created in the state treasury in the special revenue fund. Money in this account is appropriated to the Higher Education Services Office for allocation to the committee established in section 1 and the implementation activities outlined in section 3. The office shall serve as fiscal agent for the committee established in section 1.

Sec. 3. [APPROPRIATION.]

Subdivision 1. [PLANNING ACTIVITIES.] $200,000 is appropriated to the Higher Education Services Office from the general fund for fiscal year 2006, for the purposes of section 1. This is a onetime appropriation.

Subd. 2. [IMPLEMENTATION FUNDING.] $.,...,... is appropriated from the general fund to the Higher Education Services Office for fiscal year 2006. This is a onetime appropriation that must be deposited into the Rochester higher education development account. With the approval of the Higher Education Services Office, money in this account may be used to:

(1) provide additional planning and development funds, if needed;

(2) provide initial funding for academic program development; or

(3) provide funding related to academic facilities, if needed.

The appropriation under this subdivision is available until

June 30, 2009.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following final enactment.

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The appropriation under this subdivision is available until

June 30, 2009.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following final enactment.

_____ moves to amend by inserting on page 3, after line 5:

(d) The committee shall address whether any current state employees at the Rochester Center should be transferred to a new institution or program. If the committee recommends that any current state employees at the Rochester Center should be transferred to a new institution or program, the committee shall address:

1) Whether the employees will be state employees;
2) Whether the employees will be covered under the Public Employees Labor Relations Act in Chapter 179A, and if so, the bargaining unit to which they will be assigned;
3) The continuation of collectively bargained rights and benefits until a new contract or personal plan is agreed upon;
4) The effects upon transferred employees regarding accumulated sick leave, vacation time, seniority, and time towards tenure, separation or retirement benefits;
5) The appropriate pension plan coverage for employees and the effects upon employees of changing pension plans.