

StarTribune.com | MINNEAPOLIS - ST. PAUL, MINNESOTA

Investors aim to boost Burnsville's efforts to woo medical businesses

The angel fund will almost certainly help grow the city's medical industry by luring start-ups looking for a much-needed infusion.

By [Ben Goessling](#), Star Tribune

Last update: September 18, 2007 – 10:10 AM

A group of mostly Burnsville-based investors has started an angel fund that could be key to the city's goal of attracting medical start-up companies.

South Metro Investors should complete its offering and begin making investments later this year, secretary Ken Slipka said. Once that happens, local companies looking for seed money could find a willing ally.

"Our focus when we first started was to do something for our local area," said Ken Slipka, the former CEO of Burnsville-based Force America Inc., who is now the fund's secretary. "For the most part it's a Burnsville-based effort."

Angel funds work much like venture capital funds but typically make smaller investments in even younger companies. The Burnsville fund is being organized through St. Paul's RAIN Source Capital, which has established funds throughout the Upper Midwest, including Northfield's 3C Capital.

According to RAIN Source's website, South Metro Investors has nine members and \$500,000 in capitalization. The group is only open to accredited investors, defined by the Securities and Exchange Commission as individuals who make more than \$200,000 a year or have a net worth of more than \$1 million.

Jim Marchessault -- the owner of Burnsville's Business Card Services -- is the fund's chairman. Slipka declined to name other investors, citing SEC regulations that prohibit the group from divulging details about the fund until its offering is closed.

One thing that's a virtual certainty, however, is that the group will have a sizable effect on Burnsville's push to become a hotbed for the medical industry.

Slipka said "one of the areas we're looking at is medical manufacturing and medical services." He added the group could "make an investment in Wisconsin or Wyoming or wherever."

But Burnsville economic development coordinator Skip Nienhaus said Rich Daly -- who helped start the Burnsville Medical Alliance to get more medical companies in Burnsville - - was heavily involved in getting the angel fund off the ground.

He added that South Metro Investors has been talking with a medical start-up about an investment in the near future.

"With start-ups or companies making a move to larger facilities, one of the issues they

struggle with is funding," Nienhaus said. "Having a private investor group right in our backyard and saying, 'Maybe you should talk to these folks' is one more thing that can make the difference between them selecting Burnsville and selecting another city."

And if those companies do take off in Burnsville, the angel fund stands to cash in on them.

"The beauty of our model is, in each of the communities we formed these funds, they were formed by the business leaders in that community," RAIN Source executive vice president Brian Johnson said. "There's not a good deal in the community that's going to get by those members."

Ben Goessling • 612-673-7252

Ben Goessling • bgoessling@startribune.com

© 2007 Star Tribune. All rights reserved.