

2002 ANNUAL REPORT



Presented at the Annual Meeting, January 29, 2003, Rushmore Plaza Civic Center

BOARD OF DIRECTORS

2002 BOARD

2002 Chair - Ken Kirkeby, Coldwell Banker
Vice Chair - Brian Boyer, West River Electric
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County Commission Chair - Kendra Larson
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Paul Gnirk - Table Top Ranch
Jim Lampy - American Concrete
Jennifer Landguth - Lage Development Co.
Jim Mirehouse - Genesis Equity Fund, LLC
Rob Mudge - RPM & Associates
Kent Mundon - BH Shooter Supply
Joan Uhre - Eddie's Truck Sales
Stuart Wevik - Black Hills Power

PROPOSED 2003 BOARD

2003 Chair - Brian Boyer, West River Electric
Vice Chair - Steve Flanery, Butler Machinery
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Rapid City Mayor - Jerry Munson
County Commission Chair - Ken Davis
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WDTI Acting Director - Nancy Richter
School District - Al Campbell
Chamber of Commerce Chair - Haven Stuck
Career Learning Center - Gloria Pluimer
Economic Development President - Bob DeMersseman

At Large Members:
Owen Emme - Summit Construction
Paul Gnirk - Table Top Ranch
Jim Lampy - American Concrete
Jim Mirehouse - Genesis Equity Fund, LLC
Kent Mundon - BH Shooter Supply
George Strandell - Golden West
Joan Uhre - Eddie's Truck Sales
Leo Van Sambeek - RESPEC, Inc.
Stuart Wevik - Black Hills Power

Rapid City Area Economic Development Partnership

444 Mt. Rushmore Road N., PO Box 747, Rapid City, South Dakota 57709-0747
www.rapiddevelopment.com Phone (605) 343-1880 Fax (605) 343-1916

2002 Annual Report for The Rapid City Area Economic Development Partnership

2002 Annual Report

In the midst of the economic downturn, we have been fortunate to have several significant expansions. These expansions came from local companies that have chosen to commit to a plan of growth and development. Rapid City is fortunate to have a good business environment and local businesses that are committed to the Rapid City area.

The Rapid City Economic Development program has for a good many years relied on our ability to attract companies that have made a major impact on the area's economy. Over the years we have developed an economic development program that has emphasized attraction, retention, and support of entrepreneurial efforts in the area. The lack of business expansions during the economic downturn has given us the opportunity to concentrate on a strategy that places a greater emphasis on the fostering of new businesses and those existing businesses that have growth potential.

It is our goal to continue to strengthen our support of local businesses and encourage support of business development that is linked to research being conducted in the area. Genesis of Innovation and the Western Research Alliance are organizations that identify ideas and research activities that have the potential for commercial development.

The subtle adjustments to our economic development program will prove that home grown commercial activity has a promising future, and our effort to create quality jobs for the people in the Black Hills will also expand our tax base.

We are encouraged by the partnerships formed with the West River Foundation, Genesis of Innovation, and our local universities to proceed with the construction of a business incubator to be built in Rushmore Business Park. We are also working with the Genesis of Innovation group to secure funding for a regional research facility that will be linked with universities and economic development groups in the five state area. We believe that this approach will prepare us for those opportunities that will result as an impact of the development of the National Underground Science Laboratory in the Black Hills.

ECONOMIC DEVELOPMENT PARTNERSHIP

The Economic Development Partnership staff and volunteers worked closely with Fenske Media and their development of a new state-of-the-art facility in the Rushmore Business Park. The Partnership worked with Fenske Media and the City to secure a Tax Increment Financing package that made the Fenske Media project feasible.

RPM and Associates, Inc., a local company founded by Rob and Debbie Mudge, is a local high-tech company on the leading edge of welding technology including stir welding and laser deposition welding. We welcomed the opportunity to work with RPM on the development of their new facility in the Rushmore Business Park.

Accurpress of America, a Canadian company that produces metal forming equipment, chose Rapid City as their new North American headquarters. Accurpress of America plans to conduct their research and development activities in the Rapid City plant and will eventually manufacture products in the area.

The Economic Development Partnership staff joined the Black Hills Community Economic Development Corporation to sponsor a regional labor study that was undertaken by faculty and students from Black Hills State University. We were very pleased with the product produced by the university. The labor study provides Black Hills Communities and our State Economic Development with a accurate and up-to-date picture of labor availability and other labor force characteristics.

Black Hills State University was also commissioned to undertake a project that would provide economic development organizations with the names of companies that would benefit from a location near the proposed National Underground Science Laboratory. Should this laboratory become a reality, economic development groups could use this study as contact information enabling them to encourage companies to develop a presence in the region.

RAPID FUND

Steve Zellmer, President
Gary Brown Shirley Stec
Al Cornella Steve McCarthy
Ron Johnsen Brian Iverson
Fred Thurston Linda Peterson

The Rapid Fund had another solid year of helping Rapid City's business community grow and played an important role in adding greater diversity. The Rapid Fund is geared toward the development of primary jobs in the area of manufacturing, processing, service exporting, and high tech. These kinds of jobs have historically provided higher than average wages and benefits and have acted as a stimulant to the economies in which these types of jobs are developed.

The Rapid City Economic Development Loan Fund became a reality in 1994. Since its inception, \$2,681,500 has been received and distributed to thirteen companies with over half going to local expanding companies. These companies have created directly and indirectly over 2,000 jobs, with continued growth guaranteed. In 2002, \$600,000 was approved to assist two local companies with their expansion plans. And because of the Rapid Fund commitments to date, within three to five years the Rapid City area should see an additional 120 full time jobs, and strong potential for even more above and beyond that.

Without the direct participation of the City of Rapid City, we would be far from our stated objectives. The board has begun discussions with city officials to identify monies and projects with regard to future funding.

The Loan Fund is governed and operated by the Rapid Fund Board of Directors, and is administrated by the Rapid City Area Economic Development Partnership.

FOUNDATION

Brian Boyer, President
Pat Burchill Lloyd Sohl
Randy Hamburg Bob DeMersseman
Bob Schurger Ev Hoyt
Tom Zeller Mayor Jerry Munson

The Economic Development Foundation is the organization responsible for the development and management of real estate properties. The Foundation has worked with the West River Foundation and Genesis of Innovation to secure funding for a business incubator that will be located in Rushmore Business Park. The Foundation has agreed to provide the land for the business incubator as part of the local match requirement. The Foundation is in the process of helping complete the application for funding from a number of state and federal sources. Our goal is to begin construction on the facility in the next year.

The Rushmore Business Park infrastructure project was completed in 2002 and provides a real estate inventory that will meet our needs for the next five years. We will also begin the process of citing a new business park project.

Western Research Alliance

Dan Farrington Paul Gnirk Scott Thompson
Sherry Farwell Jon Kellar Erwin Reimann
Priscillia Romkema Doug Kruse Dave Litzen
Bob DeMersseman Don Lefevre Terri Haverly

The creation of the Western Research Alliance provides opportunities for an economic impact in the areas of research and development. Several research themes have been identified and teams are being assembled to explore ideas for joint projects and related funding with the anticipated results of the development and expansion of high tech businesses in the region. In 2002 the Alliance held two public meetings relating to Value Added and the State of Research. Some recent federal funding successes include:

PACER Mining - materials research
Realtronics - communication and sensor systems
BHSU- DNA testing on Bison and Game species
Cynetics Corp - Ultra -Wideband Sensor Web for DOD and over one million dollars in SBIR funding (Department of Defense) for Rapid City research projects.

2003 Looking Forward

The Rapid City's Economic Development program has a bright future with the possible development of a business incubator in next 12 months. With the development of the incubator we can actively support the development of new high-tech businesses that spin off from research being conducted at the South Dakota School of Mines & Technology, Black Hills State University, as well as research and product development activities being conducted in the private sector. We will continue to support the activities from Western Research Alliance, Genesis of Innovation, and Small Business Innovation and Research projects that are funded by the federal government.

Although the National Underground Science Laboratory project still remains uncertain, we are preparing for the opportunities that are sure to arise from this unprecedented undertaking. We are confident that should the underground laboratory become a reality, Rapid City and the entire Black Hills area will benefit.

Senator Tom Daschle has included a regional research facility in his South Dakota First Agenda. A regional research facility will complement the regional business incubator project as well as the activities of the Western Research Alliance and Genesis of Innovation.

The Economic Development Partnership has contracted with the South Dakota School of Mines & Technology to undertake and update a study that identifies the mineral resources of the Black Hills. The new study will identify new uses and commercial process applications.

2002 Advisory Committee Activities

GUEST SPEAKERS and ACTIVITIES

- Bobbi Jo Beyer, student from SDSM&T, presented information on her studies on the effects of Global Warming and the changes that are occurring as a result of these effects.
- Julene Bailie provided information on the history of Black Hills Society of Training & Development.
- Updated the information and format of Rapid City's community profile that is provided as a snapshot of the city for business use.
- Toured Rapid City Industrial property and business parks.
- Completed follow-up of electronic business survey. Results posted at www.rapiddevelopment.com.
- Hosted 11 Learning Lunches with over 400 attending.
- Developed a Public Awareness Campaign to enhance community awareness of the Economic Development Partnership.

ECONOMIC DEVELOPMENT PARTNERSHIP ADVISORY COMMITTEE

John Carlson, 2002 Chairman

<i>Vince Braun</i>	<i>Jeff Haverly</i>	<i>Ron Kroeger</i>	<i>Loni Reichert</i>	<i>Brian Waala</i>
<i>Al Campbell</i>	<i>Terri Haverly</i>	<i>Penny Kutz</i>	<i>Martha Rodriguez</i>	<i>Bill Waugh</i>
<i>John Carlson</i>	<i>Mike Howe</i>	<i>Dave Litzen</i>	<i>Rick Rylance</i>	<i>Sonia Weiss</i>
<i>Scott Carlson</i>	<i>Cindy Howell</i>	<i>Sheryl Logan</i>	<i>Thor Sautter</i>	<i>Stuart Wevik</i>
<i>Tim Cheever</i>	<i>Kari Jagodzinski</i>	<i>Brian Madden</i>	<i>Steve Schacht</i>	<i>Wade Wilkins</i>
<i>Bob DeMersseman</i>	<i>Cecilia Johnson</i>	<i>Ron McArthur</i>	<i>Patsy Schmidt</i>	<i>Terry Williamson</i>
<i>Mel Dreyer</i>	<i>Tom Johnson</i>	<i>Mayor Jerry Munson</i>	<i>Brandie Shores</i>	<i>Don Wrede</i>
<i>Tanya Gray</i>	<i>Mark Kjellerson</i>	<i>Tom Murphy</i>	<i>Brent Vorhees</i>	<i>Eric Young</i>
<i>Ray Hadley</i>	<i>Sam Kooiker</i>	<i>Mina Patel</i>	<i>Tim Vottero</i>	

Our continued support of the West River Business Service Center is an important part of our economic development program. We feel its operation benefits Rapid City and allows us to maximize the impact of our job development program. We would like to recognize all those organizations and individuals that have committed to the long-term success of economic development in the Black Hills area.

West River Business Service Center
Service Corps of Retired Executives
Governor's Office of Economic Development
Black Hills Community Development Corporation
West River Economic Development Coalition
West River Foundation

Offices of Senator Tom Daschle, Senator Tim Johnson, and Congressman John Thune