

# 2004 ANNUAL REPORT



Presented at the Annual Meeting, January 26, 2005, Radisson Hotel

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## BOARD OF DIRECTORS

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### 2004 BOARD

2004 Chair - Steve Flanery, Butler Machinery  
Vice Chair - Kip Larson, SymCom, Inc.  
Sec./Treasurer - Dave Schmidt, Farmers Insurance  
Past Chair - Brian Boyer, JBJ Enterprises, LLC  
Rapid City Mayor - Jim Shaw  
County Commission Chair - Ken Davis  
SDSM&T President - Dr. Charles Ruch  
WDTI Director - Dr. Rich Gross  
School District - Margie Rosario  
Chamber of Commerce Chair - Pete Cappa  
Career Learning Center - Gloria Pluimer  
Economic Development President - Bob DeMersseman

At Large Members:  
David Emery - Black Hills Corporation  
Owen Emme - Summit Construction  
Jim Lampy - American Concrete  
Jim Mirehouse - Genesis Equity Fund, LLC  
Jim Pahl - West River Electric  
Don Patnoe - Liberty, Jeep, Chrysler, VW  
Fred Thurston - Thurston Design Group  
Joan Uhre - Eddie's Truck Sales  
Leo Van Sambeek - RESPEC, Inc.

### PROPOSED 2005 BOARD

2005 Chair - Kip Larson, SymCom, Inc.  
Vice Chair - Dave Schmidt, Farmers Insurance  
Sec./Treasurer - Bill Gikling, Gikling Management Co.  
Past Chair - Steve Flanery, Butler Machinery  
Rapid City Mayor - Jim Shaw  
County Commission - Ken Davis  
SDSM&T President - Dr. Charles Ruch  
WDTI Director - Dr. Rich Gross  
School District - Margie Rosario  
Chamber of Commerce Chair - Qusi Al-Haj  
Career Learning Center - Gloria Pluimer  
Economic Development President - Bob DeMersseman

At Large Members:  
David Emery - Black Hills Corporation  
Owen Emme - Summit Construction  
David Hillard - Merrill Lynch  
Debra Jensen - Black Hills Bagels  
Jim Pahl - West River Electric  
Don Patnoe - Liberty, Jeep, Chrysler, VW  
Rick Rylance - Dacotah Bank  
Fred Thurston - Thurston Design Group, LLP  
Leo Van Sambeek - RESPEC, Inc.

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## Rapid City Area Economic Development Partnership

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# **2004 Annual Report for The Rapid City Economic Development Partnership**

## **2004 ANNUAL REPORT**

This year has seen a dramatic advance in our effort to expand our support of homegrown high-tech enterprise. Staff has worked closely with the West River Foundation and South Dakota School of Mines & Technology (SDSM&T) to forward a coordinated program of tech-based economic development. We have done this by working closely with a number of initiatives that promote the commercialization of ideas generated through SDSM&T.

The Rapid City Economic Development Foundation, in conjunction with West River Foundation, have successfully completed financial plans for the building of a business incubator center on the SDSM&T campus. The facility will provide technical support and collaboration opportunities for new and emerging commercial projects. We fully intend to be opening the Black Hills Business Development Center in late 2005.

Staff and board members have actively supported Black Hills Vision, a regional economic development initiative. This initiative supports the incubator as well as the development of a tech-based economic development effort that will ultimately create a high-tech corridor in the Black Hills. This regional effort is unprecedented and has broken new ground with respect to a comprehensive economic development plan. Rapid City Economic Development has proposed the formation of a Rapid City Futures Fund that can support the strategies outlined in the recommendations that will be forthcoming from Battelle. Battelle develops new technologies, commercializes products, and provides solutions for industry and government. Battelle and the labs it manages and co-manages has a staff of 16,000 scientists, engineers, and support specialists. Each year thousands of technology projects are in progress at Battelle's various business operations. These projects are performed for nearly 2,000 companies and government agencies. Battelle conducts \$2.7 billion in annual research and development. Typically, this work results in between 50-100 patented inventions each year.

## **ECONOMIC DEVELOPMENT PARTNERSHIP**

The Partnership staff is responsible for managing the economic development programs for the City of Rapid City. The Partnership oversees the operations of the Rapid Fund, the Economic Development Foundation and the Western Research Alliance. The staff also managed the Black Hills Vision program for a period of six months.

In 2005 the Partnership will occupy the incubator which will be located on the SDSM&T campus. The new incubator will house all of Rapid City's economic development programs as well as the West River Business Service Center. The new facility will provide space for expansion of programs in addition to research and commercialization activities.

Regional marketing efforts met with limited success during 2004. The proof of concept however was important in that we continue to feel strongly that one-on-one marketing is significantly more effective in identifying companies interested in a South Dakota location versus mass media where a shotgun approach is used. The number of inquiries has increased significantly and a good deal of interest can be attributed to the availability of space suitable for call-center operations.

## **RAPID FUND**

Gary Brown, President	Steve Zellmer	Ron Johnsen	Brian Iverson	Fred Thurston
Linda Peterson	Steve Flanery	Al Rieman	Brad Benham	

The Rapid Fund is a loan program that provides below-market interest rates to new and emerging companies. We manage a loan portfolio of approximately 14 loans, the majority of which are for local expanding companies. Because of the relatively low interest rates being provided by institutional lenders, the Rapid Fund currently provides less of an incentive than it will when interest rates begin to rise.

The Rapid Fund will be an important tool in providing early-stage financing for those projects that are generated through our business incubator and the efforts of the Western Research Alliance. We are pleased to announce the retirement of two loans within the past year. We have also experienced our first difficult loan and the process of litigating that particular issue. The Rapid Fund has been an effective tool in the past and continues to provide an important tool in providing early-stage financing in attracting financing from institutional lenders.

## **FOUNDATION**

Pat Burchill, President	Mayor Jim Shaw	Bob DeMersseman	Bob Schurger	Linn Evans
Mark Merchen	Randy Hamburg	Lloyd Sohl	Tom Zeller	Ken Davis

The Rapid City Economic Development Foundation serves as the real estate arm of Rapid City's economic development efforts. We own and operate two industrial parks in the Rapid City area and are currently negotiating with the owners of two local companies interested in expanding. We were successful in providing property that will be used for the expansion of a video production company that will provide the community a state of the art production facility and hopefully a soundstage. The new production capability should also attract additional feature productions to the Black Hills area.

The Economic Development Foundation has taken the lead in developing the Black Hills Business Development Center incubator and will hold ownership once it is completed in 2005. The Economic Development Foundation has invested in the Genesis Equity Fund and is happy report that the projects funded by Genesis are succeeding and will generate revenues and stimulate job creation in Rapid City and other South Dakota locations.

The Foundation has also made a \$50,000 investment in the Black Hills Vision program and will play an active role in its management.

## **WESTERN RESEARCH ALLIANCE**

Dr. Erwin Reimann, President	Dr. Paul Gnirk	Dr. Jon Kellar	Dr. Dan Farrington	Dr. Sherry Farwell
George "Duff" Kruse	Kirby Mellegard	Dave Litzen	Scott Thompson	Bob DeMersseman
Terri Haverly				

Western Research Alliance formed a 501(c)3 Corporation that has acted as the contracting entity with regard to Black Hills Vision and our consultants in Battelle.

The Alliance has continued its series of technology-based economic development speaker series. The series has accomplished a great deal with respect to providing public information concerning technology-based economic development and has provided a vision for what can happen when all of our economic development programs work towards the common goal of job creation through research and technical advancement. The Western Research Alliance will continue to provide a public forum for topical workshops. In 2004 two workshops were held that brought together researchers, innovators, economic development professionals and individuals interested in financial support of the development opportunities.

We were successful in lobbying state officials to create a permanent position in Western South Dakota for Small Business Innovation and Research (SBIR). An individual has been hired and has had notable success in providing information regarding the use of SBIR. We expect a significant increase in the number of SBIR projects granted to researchers and innovators in western South Dakota.

## 2005 LOOKING FORWARD

Our Economic Development planning continues to be important as it offers a strategy for progress as well as increasing collaboration - one of the most important trends in the region. The Western Research Alliance will host its initial Inventor's Congress this spring and will feature educational and networking opportunities, specifically to facilitate technology-based ideas and their development. Construction will begin late spring on the Black Hills Business Development Center, to be located on the SDSM&T campus, which will be committed to offering quality, affordable space to attract start-ups and businesses with growth potential. Workgroups are being convened to engage Rapid City and surrounding area communities to develop recommendations that will respond to key focus areas. Other planned activities include a marketing mission to California, updated labor survey, and continued support to our rural neighbors and assist development programs that will enhance regional economic development efforts to the benefit of all our residences of West River.

## 2004 ADVOCACY COMMITTEE ACTIVITIES

### GUEST SPEAKERS and ACTIVITIES

- Presentation by Dr. Chuck Ruch, President of SDSM&T, on South Dakota Tech's role in economic development
- Attended Senior Design Fair luncheon and presentations at the SDSM&T
- Toured new addition of the Public Safety Building
- Attended the ribbon cutting ceremony for the South Dakota Tech Development Laboratory
- Held nine Learning Lunches for the business community
- In 2005 the committee will turn its focus to the Partnership's second goal of providing opportunities for informed and emerging of workgroups for the business incubator scheduled to break ground in early 2005

### ECONOMIC DEVELOPMENT PARTNERSHIP ADVOCACY COMMITTEE

Tim Vottero, 2004 Chairman

<i>Vince Braun</i>	<i>Alan Hanks</i>	<i>Sam Kooiker</i>	<i>Sheryl Logan</i>	<i>Patsy Schmidt</i>
<i>John Carlson</i>	<i>Jeff Haverly</i>	<i>Rick Kriebel</i>	<i>Brian Madden</i>	<i>Jamie Stampe</i>
<i>Tim Cheever</i>	<i>Terri Haverly</i>	<i>Ron Kroeger</i>	<i>Mark Merchen</i>	<i>Bob Toms</i>
<i>Bob DeMersseman</i>	<i>Cindy Howell</i>	<i>Penny Kutz</i>	<i>Tom Murphy</i>	<i>Tim Vottero</i>
<i>Tracy Downs</i>	<i>Kari Jagodzinski</i>	<i>Mike Langerman</i>	<i>Jeff Partridge</i>	<i>Bill Waugh</i>
<i>Lorie Eickert</i>	<i>Joe Kampa</i>	<i>Kip Larson</i>	<i>Loni Reichert</i>	<i>Janine Weber</i>
<i>Dr. Rich Gross</i>	<i>Jon Kellar</i>	<i>Donna Levins</i>	<i>Martha Rodriquez</i>	<i>Don Wrede</i>
<i>Ray Hadley</i>	<i>Mark Kjellerson</i>	<i>Dave Litzen</i>	<i>Steve Schacht</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 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  
Black Hills Vision  
West River Foundation

Offices of Senator Tom Daschle, Senator Tim Johnson, and Representative Stephanie Herseth