

2005 ANNUAL REPORT



Presented at the Annual Meeting, January 18, 2006, Radisson Hotel

BOARD OF DIRECTORS

2005 BOARD

2005 Chair - Kip Larson, SymCom, Inc.
Vice Chair - Dave Schmidt, Farmers Insurance
Sec./Treasurer - Bill Gikling, BH Power Sports
Past Chair - Steve Flanery, Butler Machinery
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 - 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
Leo Van Sambeek - RESPEC, Inc.

PROPOSED 2006 BOARD

2006 Chair - Dave Schmidt, Farmers Insurance
Vice Chair - Bill Gikling, BH Power Sports
Sec./Treasurer - Pat Tlustos, Northwestern Engineering
Past Chair - Kip Larson, SymCom, Inc.
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 - Patrick Wyss
Career Learning Center - Gloria Pluimer
Economic Development President - Bob DeMersseman

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Jeff Carsrud - Winnelson Company
David Emery - Black Hills Corporation
David Hillard - Merrill Lynch
Debra Jensen - Black Hills Bagels
Jim Pahl - West River Electric
Don Patnoe - Liberty, Jeep, Chrysler, VW
Tom Rau - Remax Realtors
Rick Rylance - Dacotah Bank
Fred Thurston - Thurston Design
Ad-Hoc Board Members:
Marcia Elkins - Growth Management
Dirk Jablonski - Public Works Director

Rapid City Area Economic Development Partnership

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2005 Annual Report for The Rapid City Economic Development Partnership

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2005 marks a new chapter in the region's economic development programs. Staff and volunteers have been involved in a number of projects that will have a long-lasting impact on technology-based economic development and our economic development programs as a whole. This strengthened our working relationships with the South Dakota School of Mines and Technology (SDSM&T) as well as Black Hills State University and private sector researchers and innovators.

The Rapid City Economic Development Foundation in conjunction with the City of Rapid City has secured a complete funding package for the construction of the Black Hills Business Development Center on the School of Mines campus. The building will be completed in the spring of this year and has already had inquiries concerning occupancy. We feel comfortable that over the next few years we will be successful in completing an incubator program that will benefit not only Rapid City but also all of western South Dakota. We have partnered with the SDSM&T and the private sector entities in an effort to advance a technology-based initiative and the creation of quality jobs and investment in western South Dakota.

ECONOMIC DEVELOPMENT PARTNERSHIP

The Economic Development Partnership is responsible for the management of the Rapid Fund, the Economic Development Foundation and the Western Research Alliance. The Partnership staff -through the Foundation's membership in Black Hills Vision- is also responsible for the implementation of programs that are generated from Black Hills Vision and their partners.

The Partnership staff will combine its economic development efforts with the West River Foundation, Service Corps of Retired Executives, the Governors Office of Economic Development and Procurement Technical Assistance Center in a new facility-the Black Hills Business Development Center. We strongly feel the move will revitalize the economic development programs and allow us to serve our clientele and remain focused on our mission of creating quality jobs and investment in western South Dakota.

We continue to assist companies from inside and outside the region as they plan for expansion. Our inquiries have increased tremendously in the last six months, which is proof positive that the economy is strong.

RAPID FUND

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

The Revolving Loan Fund, formed nine years ago, provides debt financing for new and more risky projects. The Rapid Fund manages a loan portfolio for 8 loans, the majority of which are for local companies. As interest rates rise, the Rapid Fund has become a more important tool in our economic development war chest. The Rapid Fund has participated in the expansion of one local company and anticipates making a loan very soon to another. The Rapid Fund also participated with the School of Mines and the Rapid City Economic Development Foundation on financing for an exciting new technological capability on the nanoscale. This important tool will no doubt have a significant economic impact on our ability to generate new high-tech jobs with our partners.

FOUNDATION

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

Rapid City Economic Development Foundation deals with the development and management of two industrial parks and continues to provide industrial land to new and expanding industry.

The Foundation will own and manage the Black Hills Business Development Center and has hired Jim Mirehouse as the CEO of that incubator program.

The Foundation has also decided to make another investment in the Genesis Equity Fund based on the successful track record achieved by Mr. Mirehouse in the first round of funding.

WESTERN RESEARCH ALLIANCE

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

The Western Research Alliance continues to be our link with the research and development community. The technology-based economic development speakers program has been a means of recognizing and staying in touch with School of Mines graduates that have become successful in their field by providing a vision not only for our economic development programs but for our elected officials on the local, state and federal level.

The Western Research Alliance will continue to provide a public forum for topical research issues as well as a nonprofit vehicle with which to solicit funds from private and public sectors to increase the amount of research being conducted in the region.

Western South Dakota now has its own Small Business Innovation and Research (SBIR) representative. Dale Skillman has been hired to provide assistance to local inventors and innovators in their efforts to secure SBIR funding for their specific projects. Dale's well versed in research and entrepreneurial programs, which will greatly increase our exposure to federal research dollars

Western Research Alliance sponsored Rapid City's first Inventor's Congress last summer at the South Dakota School Mines campus. The Inventor's Congress was successful and attracted investors and government officials interested in technology-based economic development.

2006 LOOKING FORWARD

With the consolidation of all many regional economic organizations we will pursue our goals in the new business incubator this year. We feel that the incubator will benefit not only Rapid City but also many communities in the region.

We will continue to work with Black Hills Vision and their goal of creating a technology corridor along the eastern slope of the Black Hills. To that end we are engaged in a regional pilot project that will bring new intellectual-property opportunities to the Black Hills. The N2TEC program is an intriguing concept and will assist Rapid City & other Black Hills communities in developing a number of local teams to address these opportunities from a financial and management prospective.

Black Hills Business Development Center

The Black Hills Business Development Center will serve to promote early stage technology based companies to grow and prosper. The Center is owned and operated by the Rapid City Economic Development Foundation and its Board of Directors and is located at the South Dakota School of Mines & Technology campus. The board has hired a Chief Executive Officer to be responsible for the day-to-day operations of the Center. The Board retains exclusive oversight and approval of lease and build-out contracts as recommended by the CEO. The governance of the Center will be conducted via representative operating committees that report through the CEO to the Board of Directors. Those committees and missions are listed below.

Promotion/Program Committee: will formulate and make recommendations to the Foundation Board for programs to promote the utilization of the center and design programs that will serve to develop the Center's resources. The committee will develop annual programs, classes, promotion events to include budget estimates. This committee is expected to meet a maximum of six times per year. The CEO will provide staff support.

Finance/Legal Committee: will recommend and monitor financial and legal matters of the Center. This committee will formulate and recommend the operating budget of the Center to the Foundation Board. The CEO will provide staff support to this committee.

Admissions Committee: will review and provide a recommendation to the Foundation Board relative to the acceptance of new tenants, lease continuation, graduation or evictions at the Center. This role includes all phases of financial review, business concept evaluation, product viability and company performance. This committee will meet on an as needed basis at the call of the CEO and Committee chairperson. The CEO/Client Services Administrator will provide staff support.

Building Operations Committee: will meet on an as needed basis, not more than monthly, to discuss any facility issue. This would include process, procedure and utilization matters. The Client Services Representative will provide staff support.

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 State University
South Dakota School of Mines & Technology
Western Dakota Technical Institute
Black Hills Vision
West River Foundation

Offices of Senator Tim Johnson, Senator John Thune, and Representative Stephanie Herseth