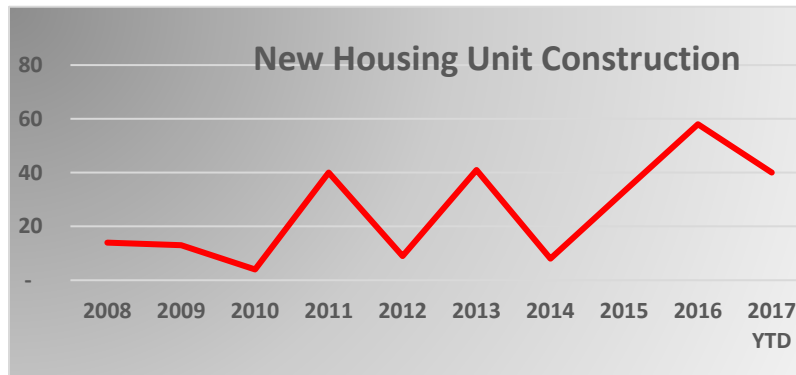


2017 Year in Review

In 2017, SEDC completed the first year of our new strategic plan by focusing on three priority areas - residential, retail and industrial development. The results are highlighted here.

Residential growth in Sturgis remained strong as housing developments underway in 2016 continued to build and sell throughout 2017.



The City of Sturgis reports 40 residential new construction permits in 2017. While less than 2016's new home peak shown here, it will likely be the second highest. Sturgis is on track to set a 10-year population growth rate of 11.9%.

Current development

- Phase II of **Sierra Vista Apartment Homes** opened in May. This 16-unit market rate lease facility offers 2-, 3- and 4-bed/bath combos, is pet friendly and a great low maintenance, economical housing option. Phase I opened in 2015. At full buildout, Sierra Vista will have 48 apartment homes. For leasing info, contact Help-U-Rent at 722-7368 or visit help-u-rent.net.
- Phase I of **Dolan Creek Estates** is nearly complete, with fewer than five lots remaining. The infrastructure on Phase II is finished and houses are already under construction. When complete, Dolan Creek will be a neighborhood of 106 single family homes. For sales or contractor info, contact Brad Hammerbeck at 605-381-4577 or bradhammerbeck@gmail.com.
- Canyon View**, a 19-home single family and townhome development on Pine View Drive in Sturgis, has only one single family lot left. Construction is complete on the other four. The second townhome is under construction and available for purchase. For sales info, contact Jeff Christians, Keller Williams Realty, at 920-0425.
- The Palisades** offers a wide variety of single family, condo and townhome units for purchase. Infrastructure on Phase II was finished in 2016 and paved the way for construction of the last 30 units. Complete buildout of the 83-home development should be complete in two years. For sales info, contact Jeff Christians, Keller Williams Realty, at 920-0425.

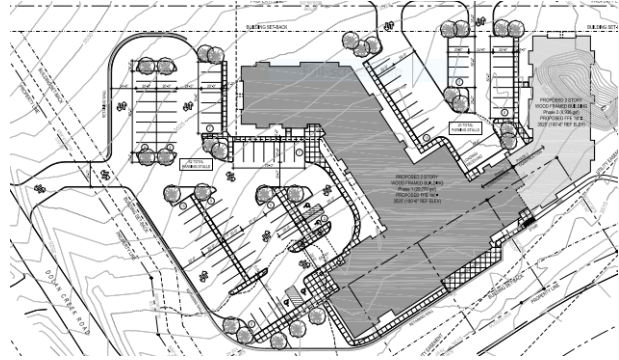
New development

Wildflower Townhomes broke ground in December on a 4-plex, the first of three such units. Each unit will offer 2-bedrooms, a 1-car attached garage and off-street parking for two vehicles. Available as lease only, tenants will enjoy carefree living with maintenance such as lawn care and snow removal included in the lease. For more info, or to get on the waiting list, contact owners Tim & Peggy Heuston at 361-563-2522 or heustonpeggy@gmail.com.



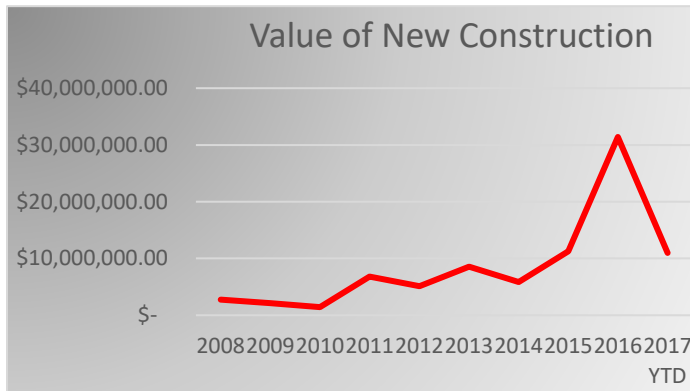
Future development

The Sturgis **senior independent living project** continues to move forward. Developer/owner David Gustafson recently shared the Phase I site plan shown here. Located at the corner of Moose Drive and Dolan Creek Road, it will have 38 apartments with a variety of sizes and configurations. It will be leased and managed by Welcov, who also manages the adjacent Aspen Grove assisted living facility. Phase II will have 22 apartments, for a total of 60. Groundbreaking should occur in Spring 2018.



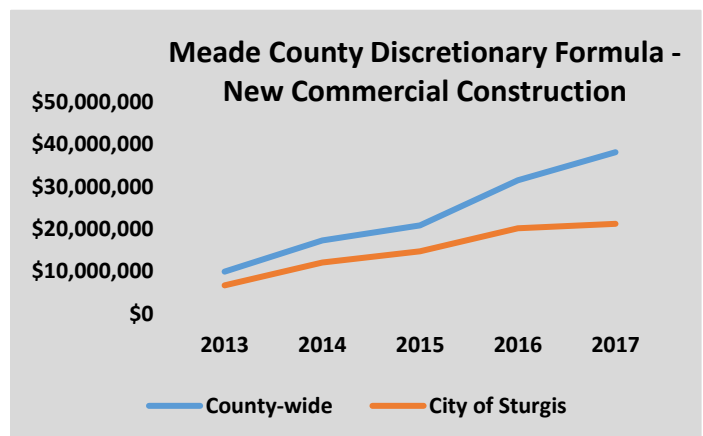
Even with all the residential developments currently underway, we need to continue to keep the pipeline full in order to meet future needs as described in the 2014 Sturgis housing study. SEDC is exploring new housing development opportunities and working on preliminary conceptual designs.

New construction in Sturgis and Meade County was strong in 2017, as shown in the charts below.



The **City of Sturgis** reports nearly \$11 million in new construction permits, 22 of those were commercial and industrial permits. This is on par with 2015. Part of the 2016 spike included the \$10+ million Sturgis Regional Hospital expansion (which will be completed in 2018), and the Meade School District's Williams administration building remodel.

Meade County's 5-year 100% tax abatement incentive for new commercial construction continues to help fuel growth. Over \$9 million in new assessments was added in 2017; over \$6 million came on the 2017 tax rolls from 2012 construction. County-wide, all new construction in 2017 totaled \$45,643,755. This is nearly \$12 million more than 2016. The County Commissioners re-affirmed use of the discretionary formula in November.



New and expanded businesses in Sturgis employ 57 in a diversity of retail, healthcare and service sectors.



Sturgis Motorsports broke ground in December on another 1,500 sq. ft. to expand their Lazelle Street location and better showcase their growing product lineup of motorcycles, ATVs, snowmobiles, and side by sides from manufacturers such as Yamaha, BMW, Suzuki, Arctic Cat®, Husqvarna®, Moto Guzzi and Textron Off Road. They employ 13.

Sturgis Chiropractic expanded their downtown Sturgis location to include 4,200 sq. ft. for additional treatment rooms to better accommodate their patients and nine-member staff, including three doctors with over 35 years combined experience. Sturgis Chiropractic has been in a mainstay in downtown Sturgis since 1998.



The **Sturgis Motorcycle Museum** broke ground in December on a 2,000 sq. ft. addition to their Main Street building to expand the rally-related portion of the museum. In August, the board also kicked off a capital campaign drive to build a state-of-the-art museum on Junction Avenue for an expanded Hall of Fame.

The Moving Guys, LLC expanded into 3,300 sq. ft. of the Sturgis Industrial Park incubator building in October. They have been in business three years and were operating out of several small locations. They employ seven.



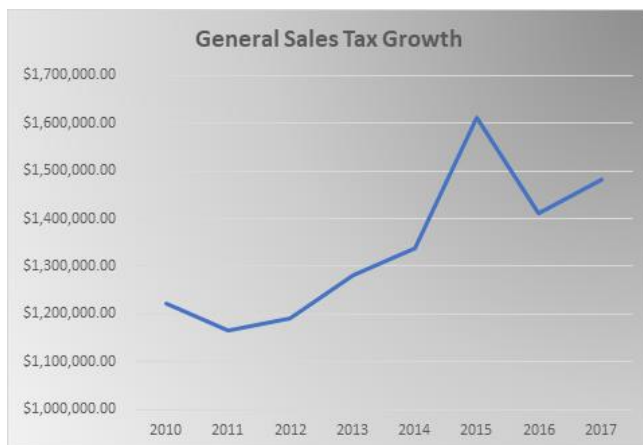
Renatus Woodworks expanded their furnishings reclamation/construction business to a new location at 1848 Main Street in July. They were the first Sturgis business awarded a Dakota Rising Fellowship grant in recognition of their entrepreneurship. They employ 12.

Sturgis Subs opened in May inside the Junction Avenue Kwik Mart and quickly expanded with salads, soups and ice cream products. The sub portion of the C-store employs six.



Dollar General opened its Sturgis location on Lazelle Street in August after a 5-year site selection process. The national retailer employs eight.

Retail sales tax numbers in Sturgis continue to trend upward, as shown below.



Sturgis sales tax revenues rise as existing retailers expand, new retailers open and locals shop locally. This chart shows revenue through November. The 2015 spike reflects the 75th Sturgis® Motorcycle Rally™.

SEDC attended the ReCon retail trade show in May. Using the demographic information provided by the Buxton study, we were able to meet with several national retailers who would be a good match for our area. Following that, we hosted on-site visits from retailers and their site selection representatives. While we are closer to bringing in national retailers than we were a year ago, we still have work to do. We will attend the RECon show in 2018 to continue to develop relationships with the retailers we met last year and establish more retail connections.

Industrial

SEDC constructed a 9,600 sq. ft. spec building in the Sturgis Industrial Park in June. It is ready to be completed to suit the specific requirements of a buyer or tenant. For more information, contact SEDC at 605-347-4906 or pat@sturgisdevelopment.com.



SEDC also completed the buildout of the 5,100 sq. ft. incubator building in the Sturgis Industrial Park. It is fully leased to two tenants – the Meade School District’s machine tool technology classroom and The Moving Guys, LLC.

The search continues for a site to build a new business park. The development of a new park is a complex process that requires many considerations such as accessibility, location, size, land cost, infrastructure, soil type, environmental checks, etc.

In closing –



In September, the International Economic Development Council recognized the City of Sturgis, in partnership with SEDC, with a gold ‘Excellence in Economic Development’ Award for multi-year recovery efforts and extraordinary accomplishments following the devastation of 2013’s Storm Atlas. This is an example of the power of partnerships.

Because of our many development partners, 2017 has been another year of positive change and growth that continues to build strong momentum. SEDC is fortunate to have the support of governments, businesses, organizations and individuals who care as deeply as we do about making the best decisions – ones that are not only good for today, but sustainable and meaningful for future generations.

On behalf of the SEDC Board of Directors, we appreciate your continued partnership and anticipate a prosperous 2018 for our communities.

Pat Kurtenbach

Pat Kurtenbach, SEDC President