

N.D. Rural Economic Area Partnership Zones

REAP Impact Report

1999-2006



In 1995, two United States Department of Agriculture (USDA) pilot revitalization Rural Economic Area Partnership (REAP) Zones were created in north-central and southwestern North Dakota. They were created to address critical issues related to out-migration and constraints in economic activity. The two North Dakota REAP Zones were named CONAC (Center of North America Coalition for Rural Development) and Southwest. REAP funding commenced in 1999 as a result of federal earmarked funds from U.S. Senator Byron L. Dorgan.

Creating Jobs or Wealth in Rural North Dakota Since 1999



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Dear Reader:

The following REAP Impact Report is a document that I wish everyone in North Dakota would read!

The North Dakota Rural Economic Area Partnership (REAP) Zones were established in 1995 to address rural poverty and out-migration. This report shows how fourteen of North Dakota's counties and two Native American Reservations have teamed together since funding began in 1999 to address these issues. How on a county by county basis they have leveraged \$5.7 Million into \$17.0 Million. How they have created or retained 446 jobs within our state. How these fourteen counties and two reservations completed 388 various projects in economic development, community betterment, technology, education, health and housing. And, as pointed out in the summary, how the real "Impact" is the encouragement the REAP Zones have instilled in community spirit and the common belief that rural America is important!

Because future USDA funding is decreasing, the two REAP Zones and the REAP Investment Board are finding new and innovative funding sources to continue providing financial resources to new projects. To achieve this independence from government assistance, the REAP Zones and the REAP Investment Board have been working to create self sustainability by leveraging resources (low or no interest loans) and direct investment participation. This "for-profit" funding will provide new funds and partners.

I want to say "Thank You" to the many, many volunteers who made the nearly 400 various projects successful and are employing almost 450 North Dakotans through REAP Zone participation. I also want to thank everyone who participated in the compilation of this report.

Sincerely,

*Curtis L Jacobson
Chairman – REAP Investment Board*

On behalf of the REAP Investment Board, we would like to express our gratitude to the Regional Councils and volunteers who assisted in the preparation of this report. We have made every attempt to provide accurate information and we apologize for any errors or omissions that may have inadvertently occurred.

Jim Belquist and Laura Every

North Dakota REAP Zones' Results 1999-2006

MISSION:

Research and invest in opportunities to attain economic and social improvements within the North Dakota Rural Economic Area Partnership Zones.

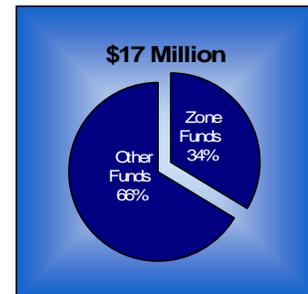
Major Impacts Since 1999:

\$5.7 Million Leveraged to \$17 Million

The two REAP Zones tripled the initial federal investment to over \$17 million dollars, creating larger project investments and results.

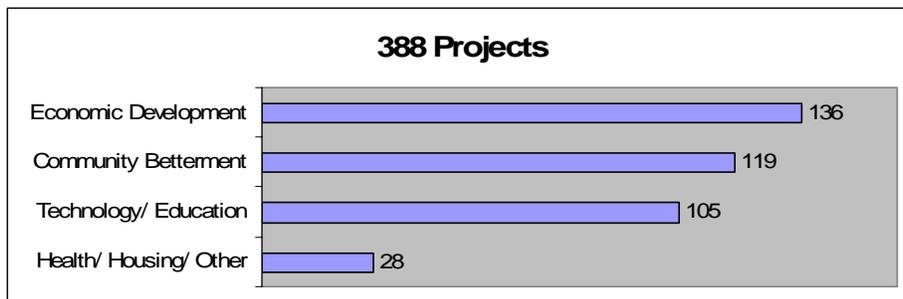
446 Jobs Created/Retained

Investments in communities and companies in the two REAP Zones have created and/or retained 446 jobs in 14 counties. The new jobs helped retain employees in economically-stressed areas and kept families in the regions.



388 Projects Completed

The projects include a broad range of activities, including assistance in keeping local restaurants, grocery stores and other vital rural businesses in operation via the REAP Revolving Loan Fund, to projects involving feasibility studies, strategic planning, and creating wellness and computer lab centers throughout the Zones.



50 New Business Start-ups Established

The CONAC and SWREAP Zones created a priority on business development to enhance the overall region. The Zones also funded micro-loans that continue to be available to start-up businesses and employers to enhance and grow their communities.

64 Studies Completed

The Zone boards have funded and provided technical assistance for community and county-wide strategic planning. The planning has assisted communities in leveraging their resources for additional services.

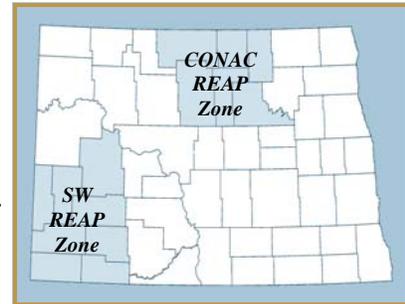
Background

Poverty in North Dakota rural areas requires a different definition from other communities and regions that are typically considered poverty stricken. The defining features of rural poverty that are not recognized by government entities include communities separated by distance from large metropolitan centers, aging populations, dependence on agriculture as the sole economic engine and continued population and skilled employee loss by out-migration.

North Dakota continues to be a “rural place,” but the increasing modernization of agriculture requires less people to work the land. Additionally, more land is required to provide a family living. Today, after decades of decline, less than 2 percent of the nationwide population lives on rural area farm areas. By contrast, more than 50 percent of the population lives in metropolitan areas exceeding a million people. As a result, North Dakota’s rural areas continue to struggle to both create economic opportunity for the remaining residents and provide basic services. Consequently, North Dakota’s continuing population loss contributes to a cycle of poverty.

North Dakota REAP Zones Established in 1995

To address rural poverty and out-migration, ND Senator Byron L. Dorgan and the United States Department of Agriculture (USDA) Rural Development advocated a pilot concept for rural revitalization and community development called Rural Economic Area Partnership (REAP) Zones. The REAP Initiative was established in two North Dakota areas in 1995 to address critical issues related to constraints in economic activity and growth, low density settlement patterns, stagnant or declining employment, and isolation that has led to disconnection from markets, suppliers, and centers of information and finance.



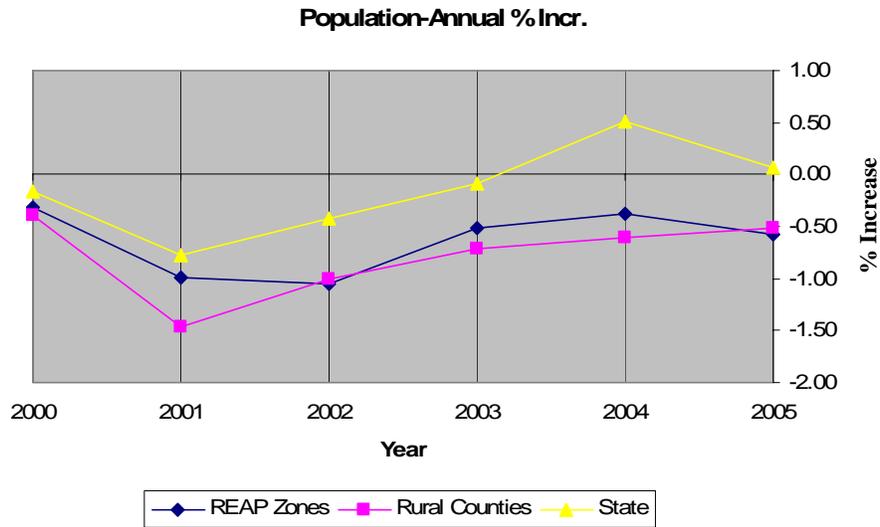
Through local efforts in strategic planning and community action, state, federal, private and non-profit assistance were made available to create economic and public benefits for the communities within the North Dakota REAP Zones. These benefits were intended to improve the economic viability, diversity, and competitiveness of the local economy and enhance its participation in state, national and global markets; assist local communities to develop cooperative strategies that maintained and expanded essential community functions, basic infrastructure, education, health-care, housing, and telecommunications; and provide financial and technical assistance to implement citizen-built strategic plans.

One of the goals of the project was to curb the drastic out-migration of people from rural North Dakota. Decreasing populations indicated skilled and professional labor were departing the state, leaving the rural areas with little to attract new and expanding business or economic opportunities.

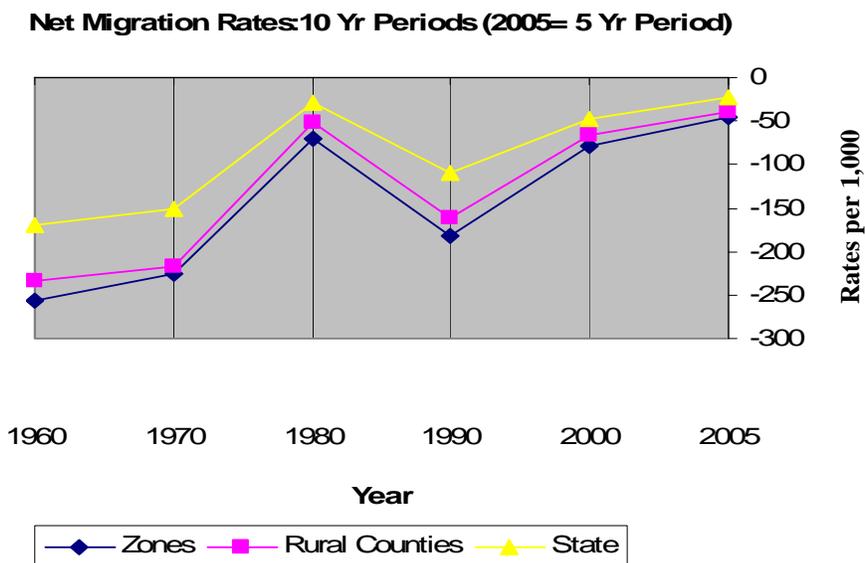
Population and Net Migration

The estimated 2005 population of the state declined .9% since 2000. Over the same period, rural North Dakota population declined 4.6%, while the REAP Zones' experienced less decline at 3.8%.

Net migration, although still occurring, has slowed for the state, rural areas and the REAP



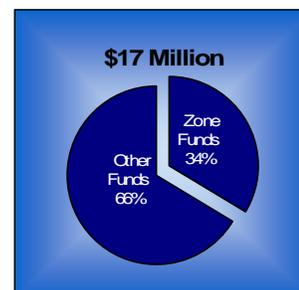
Zones. Most importantly, the REAP Zones have narrowed the net migration gap versus the state and rural entities over the last five years.



Major Impacts Since 1999

\$5.7 Million Leveraged to \$17 million

By creating leverage, the two REAP Zones were able to capitalize the 1999-2006 \$5.7 million federal investment with an additional \$11 million private and public funds to create 388 projects in eight years. Nearly all of the investments have some form of financial and technical assistance match with state, regional and local resources, thereby creating larger project investments.



An example of the REAP Zones utilizing leverage is the Center of North America Capital (CONAC) Fund created by the CONAC REAP Zone. The CONAC Fund is a community development venture capital fund that provides seed, early-stage and expansion-stage equity investment to promising businesses located in rural North Dakota. The CONAC Fund is a for-profit fund that is owned by its investors, including individual accredited investors, banks, cooperatives and investor-owned utilities and other institutional investors.

The CONAC Fund has made four investments totaling \$215,000. The investments include a truck-cover manufacturer, an organic mill, a value-added food company and a technology company developing degradable plastic for use in injection molded enclosures, conductive fibers and pellets for the electronics industry. The CONAC Fund has had a significant impact within the region, helping to retain investable capital in the region and benefiting the communities by providing seed money necessary to assist businesses and create new jobs.

Early stage investments made by the CONAC Fund have been leveraged with other equity and debt. Outside equity, from qualified investors, in these ventures has totaled approximately \$1.1 million, while debt from both local/regional banks and USDA programs total \$1.4 million. These dollars, over \$2.5 million, impacted the growth of the identified businesses and provided jobs within the state.

446 Jobs Created/Retained

The two REAP Zones' investments in communities and companies have created or retained 446 jobs in fourteen counties. Not only are new jobs vital, but the retention of employees in poverty-stressed areas has helped lower the net migration in the REAP Zones. A common misconception suggests that low-income areas are high unemployment areas. North Dakota's low unemployment, however, has been the result of low income and declining population. Without people, there are no employers, thus low unemployment.

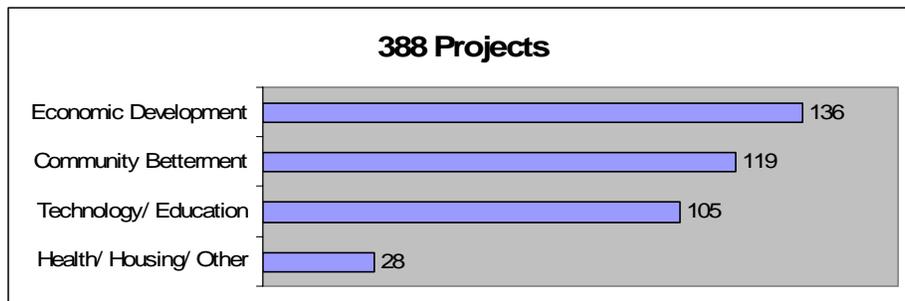
The REAP Zones have approached job creation in a variety of ways. The zones became a channel for economic development by partnering with local or county political subdivisions to create economic development professionals. The local developers were directly connected to the areas they served and were able to monitor and grow based on the existing resources and talents of the community in which they lived.

An example of REAP Zone job creation is TechLink, Inc., a company purchased by the REAP Investment Board in September 2004. TechLink, Inc. is a 26 employee data-processing company located in Dickinson. Since the purchase, the "for profit" company has expanded its

business to include customer call-center activities. The REAP Investment Board's long-term strategy includes expansion of TechLink, Inc. into other REAP Zone communities and, subsequently, use a portion of the net income towards sustaining the REAP Investment Fund, Inc.'s other activities.

388 Projects Completed

The projects, capitalized by the REAP Zones, include a broad range of activities, including assistance in keeping local restaurants, grocery stores and other vital rural businesses in operation via the REAP Revolving Loan Fund, feasibility studies, strategic planning and creating wellness and computer lab centers throughout the Zones.



Economic Development

The CONAC and SWREAP Zones created a priority on business development that enhanced the community and overall region.

The Zones funded a \$200,000 micro-loan program that continues to be available to start-up businesses and employers to enhance and grow their communities. A total of twenty-six low-interest loans averaging almost \$5,000 each have been utilized by a variety of businesses throughout the REAP Zones to help them in marketing, purchasing equipment, start-up costs, renovation and production costs.

The Richardton Development Company received a grant to study the feasibility and create a business plan for an ethanol plant. Throughout 2004, the group diligently worked to raise \$25 million in capital investments. Within one year, the firm had the capital and in early 2007, the Red Trail Energy Ethanol Plant employed 34 people with an estimated \$1.5 million annual payroll.

In 2003, the REAP Investment Board (RIB) identified the need for a Procurement Technical Assistance Center (PTAC) to assist the rural businesses in trying to obtain a portion of the huge federal contracts awarded to small businesses each year. (ND is one of only 3 states without a PTAC). In 2004, a pilot project between SW REAP, local development corporations and local businesses was started in southwestern North Dakota to test the opportunity for growth.

The PTAC pilot project showed potential and in 2005, the REAP Investment Fund, Inc. approved a project to provide PTAC services for both REAP Zones (14 counties and 2 reservations). In 2006, the RIB once again expanded the area to include PTAC services to the entire state of North Dakota. With a small staff and in only two years, the PTAC has been successful in obtaining several federal contracts for North Dakota communities. The PTAC has also estab-

lished a working reputation with both the national association of PTACs and with various agency and business procurement officers throughout the state.

Funding also went to Young Entrepreneur programs where youth under the age of 25 could start or grow a business in their home communities. The SW REAP Zone Business Challenge program provides scholarships to enable students located within the Zone to attend a week-long entrepreneurial business experience at Dickinson State University. Students become better prepared to make career choices and work within the free-enterprise system.

A young entrepreneur from Velva, North Dakota took advantage of the REAP Zone's Young Entrepreneur program to start Lil' Diggers Tilling Service. With the assistance of the CONAC Zone and local economic development company, he was able to pay back his loan the first summer. He expects to continue and expand his services.

Community Betterment

Creating jobs is important in reduction of poverty, but creating a quality of place is just as important to retain the employee and keep families in safe and enjoyable environments. This assistance is one of the few accessible resources communities have in order to grow attractive, diverse business and family-friendly regions.

In 2000, the REAP Zones provided significant funding to encourage local communities to hire economic developers for their cities. Seven years later, local developers continue to be employed by their communities and provide valuable local economic development support.

The SW REAP Zone has supported thirteen community strategic plans. As a result, over ninety-one projects have been undertaken in the communities, including new housing, a car-wash, a new library, parks' improvements and adult computer classes.

The CONAC REAP Zone provided matching grants to create nature-based tourism plans for Bottineau, Rolette and Towner counties. Funds were also provided to assist in the preparation of a tourism booklet depicting automobile routes to observe North Dakota birds in various CONAC REAP Zone communities. Matched grant funds were also provided to emphasize the regional tourism capabilities within the SW REAP Zone.

The SW REAP Zone helped sponsor the 2006 tourism conference in Dickinson, which attracted over 100 people from the region, to learn how tourism can be used to diversify farming and ranching operations.

Technology/Education

The North Dakota REAP Zones matched funds with schools, counties, universities and local development corporations to create seventeen computer labs accessible to the general public. Accessible community computers are presently available in all REAP Zone counties, as well as the Spirit Lake and Turtle Mountain Reservations. By creating partnerships with higher education, private business and community leaders, computer labs have played an important role in poverty reduction for the residents that want to stay in the rural community.

By cooperating with Dickinson State University, six rural communities in the SW REAP Zone created the Southwest Pipeline of Information for Communities and Education. This project was partially funded by the SW REAP Zone and allows each school in the area to

benefit through advanced education. The communities and businesses in the region now have access to global information with video conferencing technology.

The SW REAP Zone provided matched funding to allow the community of Halliday to offer a welding technology program, targeted to retain jobs and people throughout the region.

A future shortage of master plumbers in the SW REAP Zone, identified by a survey, resulted in a master plumber teaching a fourteen-week class to future plumbers. The Southwest REAP Zone partnered with local Economic Development Corporations and schools to provide the teacher, facility and materials.

Health/Housing/Other

The CONAC Zone granted \$34,208 to Prairieland Home Healthcare, a nonprofit health-care company that provides services to an eleven-county region. The grant provided equipment and supplies, which enabled Prairieland Home Healthcare to provide in-home services such as blood pressure, pulse and temperature monitoring for patients located in rural areas. The Tele-health process has become essential in providing quality patient care in rural North Dakota.

The communities have also used distance learning and local community colleges to help train residents in areas of need, such as licensed practical nurses and computer technology. The CONAC Zone helped fund the Bottineau Technology Center, where medical training is given to people throughout the region for a variety of jobs. The project helped the community by creating a skilled workforce that remains in the area, working in the hospitals and nursing homes in the region.

64 Studies Completed

In order to maximize funding, the REAP Zone boards spent time developing planning documents for their operation and funded a variety of strategic and planning opportunities for the counties and communities in the REAP Zones.

Communities have leveraged a variety of REAP Zone plans for additional resources included community betterment and economic development. In all cases, resources were used to create a broad plan that considered the strengths and weaknesses of the entire area for the future.

Planning assistance has also been applied in professional developer assistance and feasibility studies for emerging economic industries which will diversify and grow the agriculture and existing industries. These partners, including the state, federal and local economic development organizations, were catalysts for long-term growth.

An example of REAP Zone planning that resulted in direct business creation/retention is the creation of Renaissance Zones in several communities. Since 2005, the cities of Bottineau, Rugby and Velva made use of the REAP Zone planning funding to create Renaissance Zones for a 20-block area of their communities. As of January 2007, the communities have five new or expanded businesses that have benefited from the creation of Renaissance Zones, resulting in new or retained jobs.

Summary

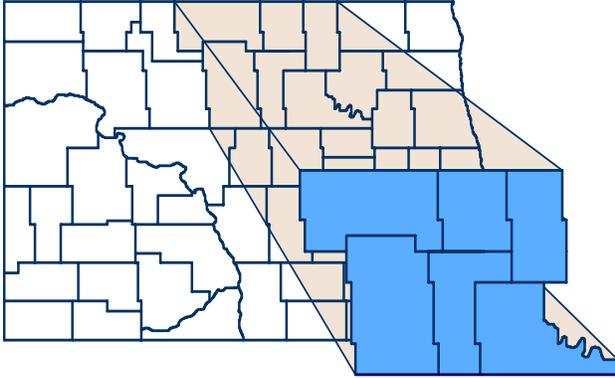
The REAP Investment Board (RIB)'s future main objective is to seek opportunities to increase jobs or create wealth within the Rural Economic Area Partnership Investment Fund's communities, while simultaneously developing ways in which the organization can become self-sustaining. The purchase of TechLink, Inc. in late 2004 is an example of a "for-profit" company owned by the REAP Investment Fund to both create jobs and create self-sustaining funding for the RIB. TechLink recently expanded into call-center activities, allowing the company to access more opportunities towards meeting the jobs and self-sustaining funding objectives. The company presently has 26 employees and expects to grow rapidly during the second half of 2007.

The RIB's investment with other investors in Northern Tier, LLC is seeking to access future technology products. The investment has a dual objective of providing jobs within the REAP Zones and providing self-sustaining funds. Northern Tier expects to begin manufacturing products in a REAP community in late 2007, resulting in potential profits to the REAP Zones in 2008.

As the REAP Boards continue to seek new businesses, they remain committed to the principles of the Community Empowerment Initiative that put strong emphasis on the critical importance of broad-based citizen participation in all phases of the development, implementation, and evaluation of the strategic plan, with special emphasis placed on welcoming members of the community (minorities, low income citizens) who are traditionally excluded from the process. The CONAC, SW and REAP Investment Boards meet monthly to plan, interact and evaluate their projects. The constant interaction has provided a mechanism for collaboration on a regional, rather than on a local and competitive basis.

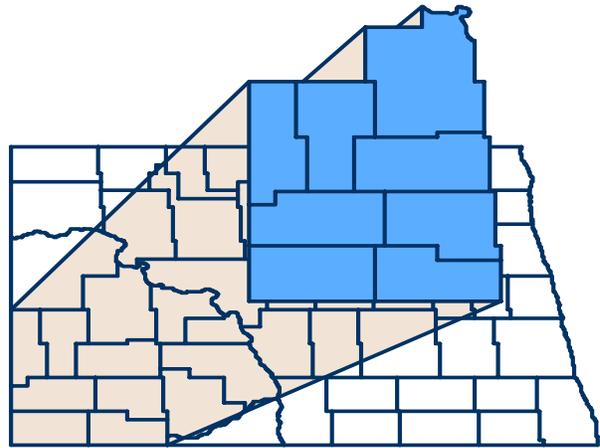
In every process of planning, quality of life and job creation, collaborators from all aspects of development have stressed the importance of having representation from a variety of interests. Success has been shown both on and off Native American Reservations through economic projects employing people and planning for the future of the rural areas in the state.

The impact of the REAP Zones in the southwest and north-central counties of North Dakota has been immense. The impact can be measured in jobs, economic development, community spirit and the common belief that rural America is important.



CONAC REAP Zone

Counties of: Benson, Bottineau, McHenry, Pierce, Rolette and Towner; Spirit Lake and Turtle Mountain Reservations.



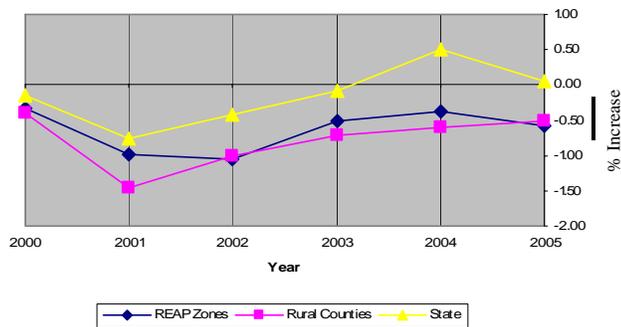
Southwest REAP Zone

Counties of: Adams, Billings, Bowman, Dunn, Golden Valley, Hettinger, Slope and Stark.

TOTAL

\$5.7 Million Leveraged to \$17 Million
446 Jobs Created
388 Projects Completed
50 New Business Start-ups
64 Studies Completed

Population-Annual %Incr.

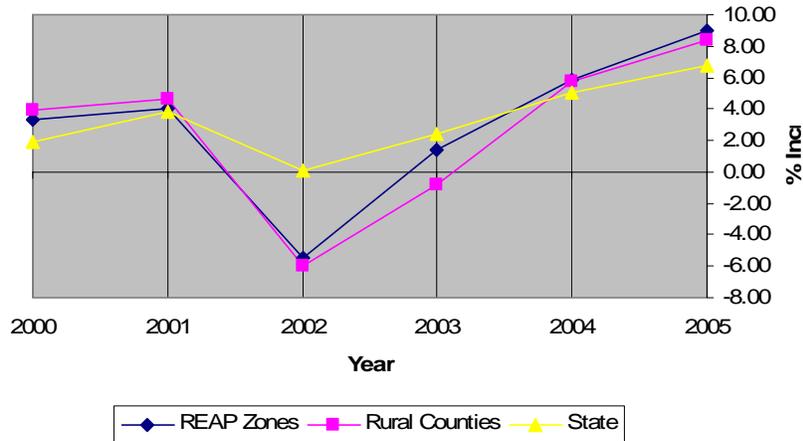


Population

	Est. 2005	% Increase Vs. 2000
REAP Zones	76,693	-3.8%
ND Rural Counties		-4.6
State		-.9

- **Population percent decrease lower vs. Rural Counties; higher vs. State**

Taxable Sales and Purchases-Annual %Incr.

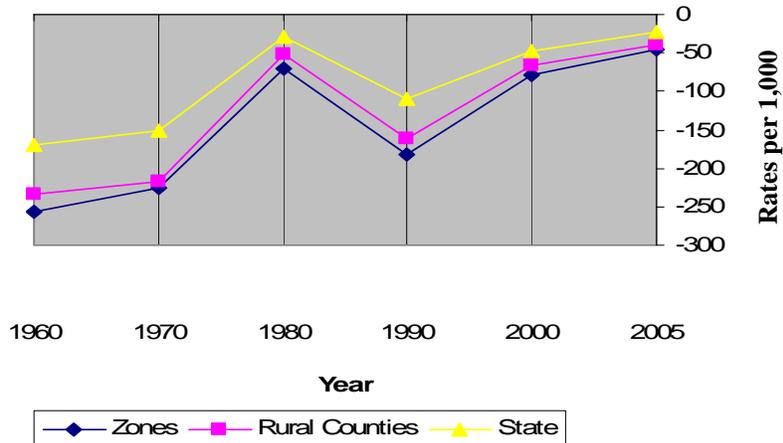


Taxable Sales and Purchases

	2005 (Mil)	5-Yr. Avg. Annual % Incr.	3-Yr. Avg. Annual % Incr.
REAP Zones	\$491.7	3.0%	10.7%
ND Rural Counties		2.4	9.3
State		3.6	8.9

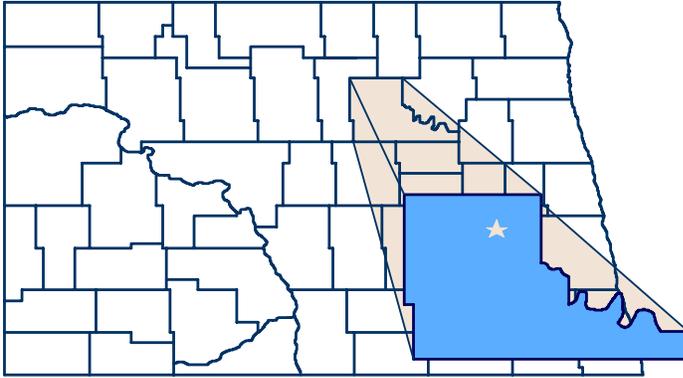
- 5-Yr. Avg. Annual percent increase higher vs. Rural Counties; lower vs. State
- 3-Yr. Avg. Annual percent increase higher vs. Rural Counties and State

Net Migration Rates:10 Yr Periods (2005= 5 Yr Period)



Net Migration Rates per 1,000

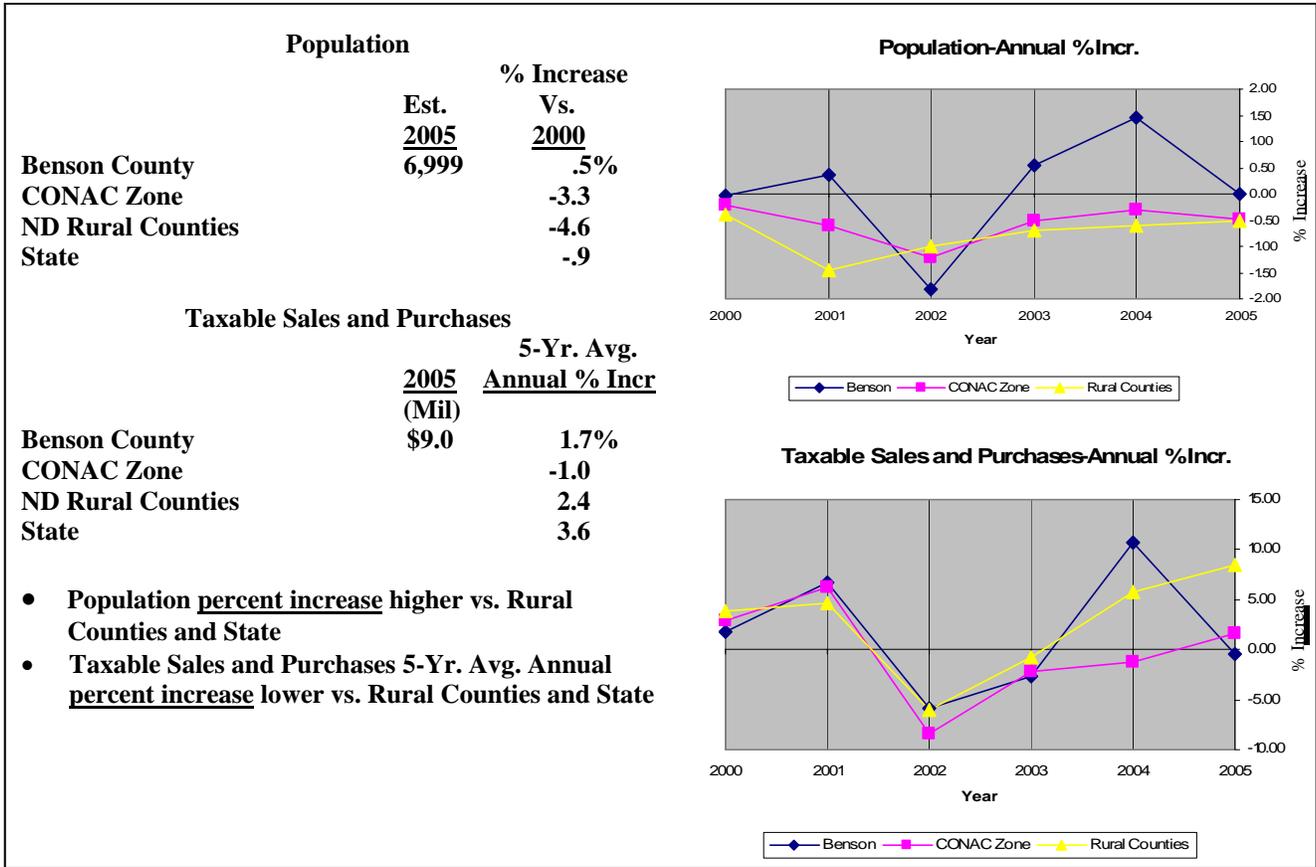
- REAP Zones have narrowed the gap on net migration during the last five years



Benson County

Cities: Brinsmade, Esmond, Fort Totten, Knox, Leeds, Maddock, Minnewaukan, Oberon, Warwick and York.

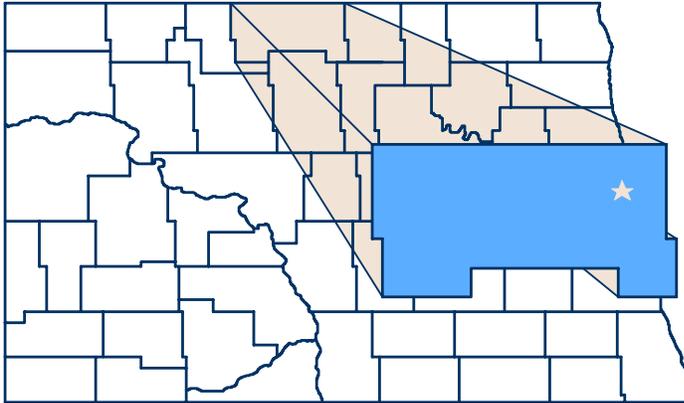
\$300,000 Leveraged to \$2.8 Million
42 Jobs Created or Retained
35 Projects Completed
9 New Business Start-ups
6 Studies Completed



“Without product development funding, marketing assistance, and continued efforts by our local CONAC REAP Zone agencies, a new concept for emergency response systems would have never emerged from the drawing board to production and distribution. They have been with us from the very beginning, and without a doubt, will be a huge factor in the success of this unique and innovative manufacturing endeavor.”

*Jim Savaloja, President
 TerraCarry ATV Emergency Transports & Jackalope Conversions, LLC- Leeds, ND*

TerraCarry ATV Emergency Transports is the number one leader in the field of enclosed emergency response trailers. Jackalope Conversions™ is the leader of specialized enclosed ATV trailers for work, play and special Emergency Response teams.



Bottineau County

Cities: Antler, Bottineau, Gardena, Kramer, Landa, Lansford, Maxbass, Newburg, Overly, Souris, Westhope and Willow City.

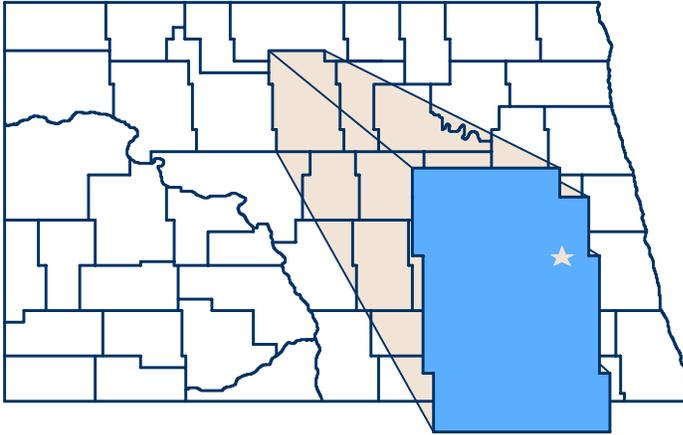
\$575,000 Leveraged to \$1.7 Million
38 Jobs Created or Retained
44 Projects Completed
5 New Business Start-ups
3 Studies Completed



“After the 911 disaster, our company started to falter due to loss of customers and increased costs. We needed to buy more customer lists in an effort to enlarge our customer base. The CONAC Zone came through with a timely loan. Since then, things have turned around and we are doing much better.”

*Lori Berentson , CEO
Deva Lifewear, Inc.- Westhope, ND*

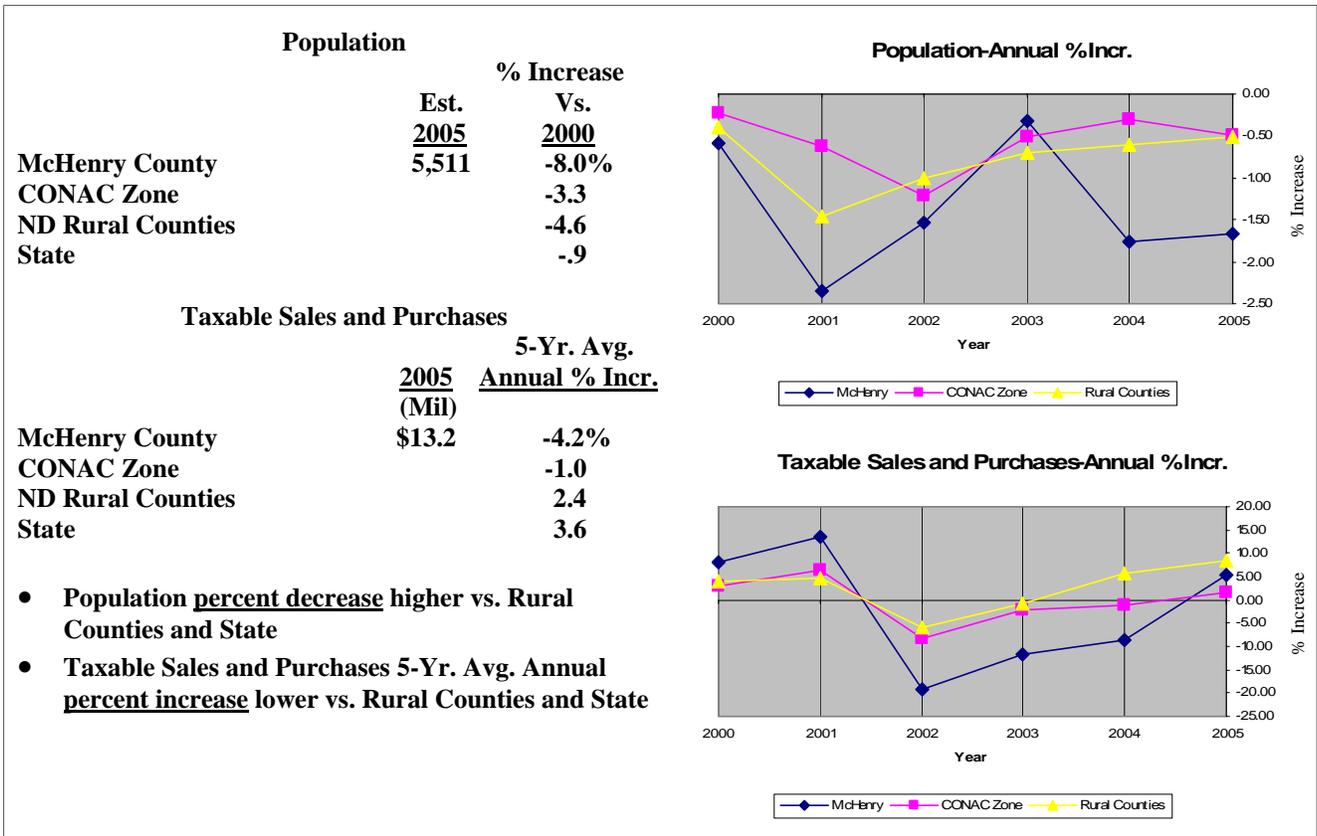
Deva Lifewear is a manufacturer of cotton, casual clothing in unique styles for men and women.



McHenry County

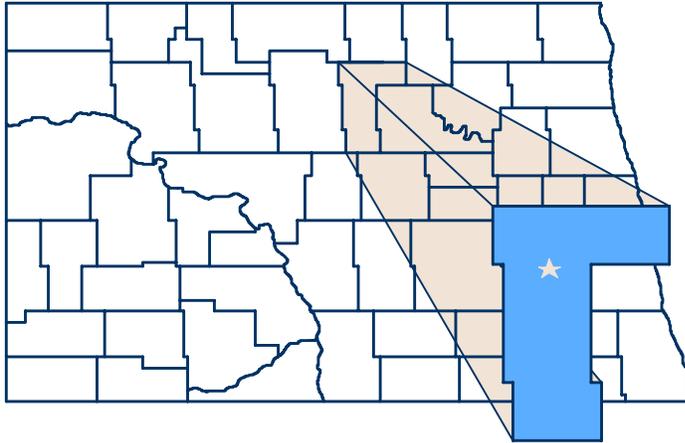
Cities: Anamoose, Balfour, Bantry, Bergen, Berwick, Deering, Drake, Granville, Karlsruhe, Kief, Towner, Upham, Velva and Voltaire.

\$243,000 Leveraged to \$.75 Million
30 Jobs Created or Retained
30 Projects Completed
8 New Business Start-ups
2 Studies Completed



“When I started the Memorial Diner, a café in Granville, the REAP Zone helped me get the expensive things such as grill, deep fryer, cash register and tables. If the funding would not have been there, I wouldn’t either.”

*Donna Lundy, Owner
 Memorial Diner- Granville, ND*



Pierce County

Cities: Balta, Barton, Rugby and Wolford.

\$281,000 Leveraged to \$1.1 Million
72 Jobs Created or Retained
26 Projects Completed
2 New Business Start-ups
2 Studies Completed

Population

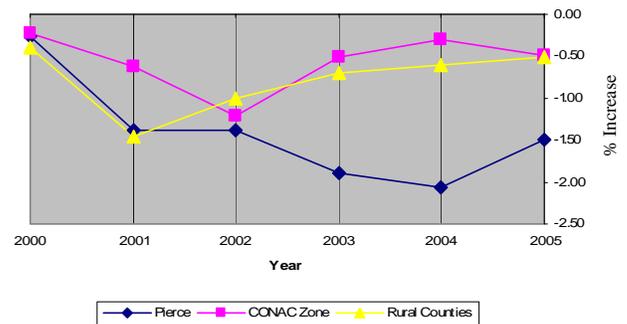
	Est. 2005	% Increase Vs. 2000
Pierce County	4,291	-8.2%
CONAC Zone		-3.3
ND Rural Counties		-4.6
State		-9

Taxable Sales and Purchases

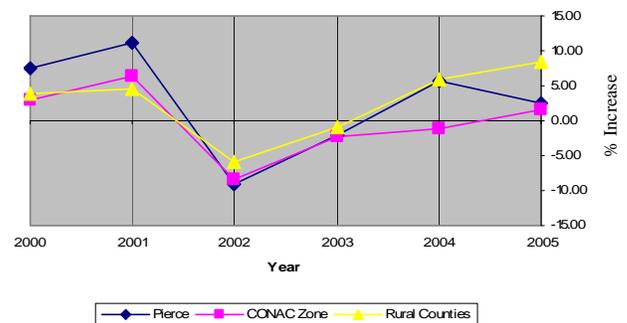
	2005 (Mil)	5-Yr. Avg. Annual % Incr.
Pierce County	\$32.8	1.6%
CONAC Zone		-1.0
ND Rural Counties		2.4
State		3.6

- **Population percent increase lower vs. Rural Counties and State**
- **Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase lower vs. Rural Counties and State**

Population-Annual %Incr.

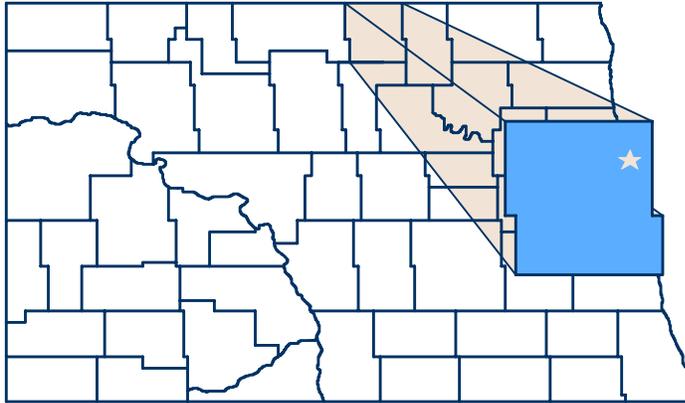


Taxable Sales and Purchases-Annual %Incr.



“The Northern Lights Tower and Interpretive Center had 2 phases: the tower project and the interpretive center project. The tower project had been completed in 1999. The interpretive center project had been at a standstill for 5 years. The assistance from the CONAC REAP Zone made it possible to complete the interpretive center at the Northern Lights Tower and draw attention to the Prairie Village Museum and other attractions in the region, including the International Peace Garden. Local residents, tourists, and travelers are able to be educated on the aurora borealis and see pictures and video footage of the northern lights phenomenon. We are now able to move on to a new phase of the project; the beautification and landscaping of the area to give the appearance of a mini-Peace Garden, as Rugby is known as the gateway to the International Peace Garden.”

*Dondi Sobolik
 Rugby Chamber of Commerce*



Rolette County

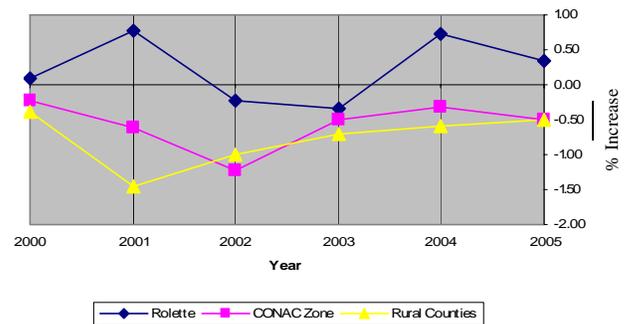
Cities: Dunseith, Mylo, Rolette, Rolla and St. John.

\$205,000 Leveraged to \$1.1 Million
28 Jobs Created or Retained
27 Projects Completed
1 New Business Start-up
5 Studies Completed

Population

	Est. 2005	% Increase Vs. 2000
Rolette County	13,864	1.4%
CONAC Zone		-3.3
ND Rural Counties		-4.6
State		-0.9

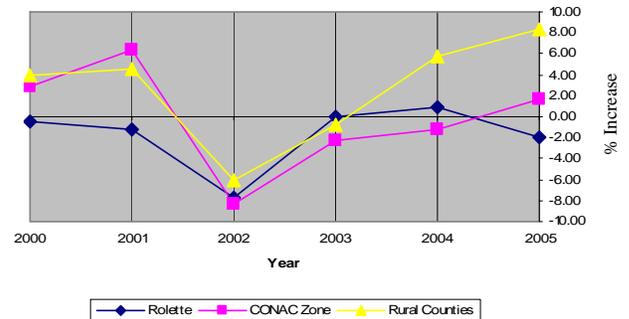
Population-Annual %Incr.



Taxable Sales and Purchases

	2005 (Mil)	5-Yr. Avg. Annual % Incr.
Rolette County	\$22.2	-2.0%
CONAC Zone		-1.0
ND Rural Counties		2.4
State		3.6

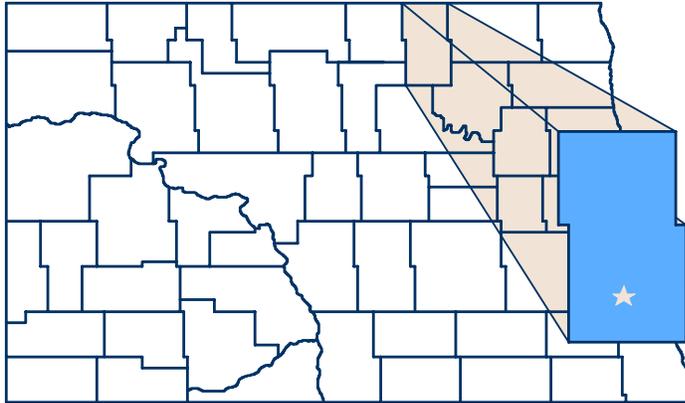
Taxable Sales and Purchases-Annual %Incr.



- Population percent increase higher vs. Rural Counties and State
- Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase lower vs. Rural Counties and State

“To name just one project is difficult however the potential of the Border Winds Project for Rolette County and the city of Rolla is substantial. The Rolla Job Development Authority (JDA) received a \$5,000 grant, which represented 25% of the projected costs to erect a wind monitoring tower and to develop a feasibility study from the information the tower produced. We are now in year 4 of a 5-year process of the possible development of a significant wind farm in the county. The assistance provided by the CONAC/REAP Program was a significantly positive influence in helping us decide, at the onset, to pursue this size of a project. We are very grateful for the assistance provided by the CONAC/REAP program”.

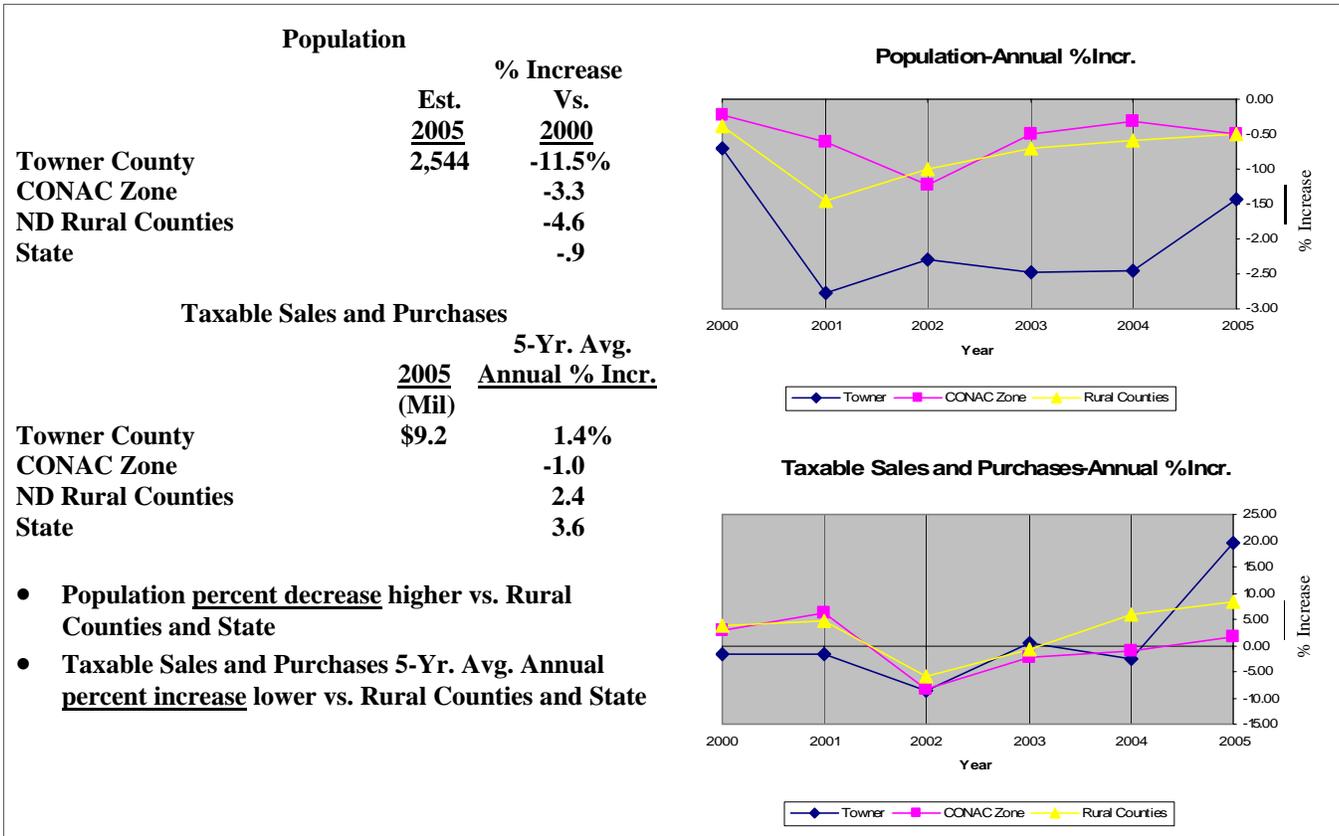
George Youngerman, Rolla JDA Director



Towner County

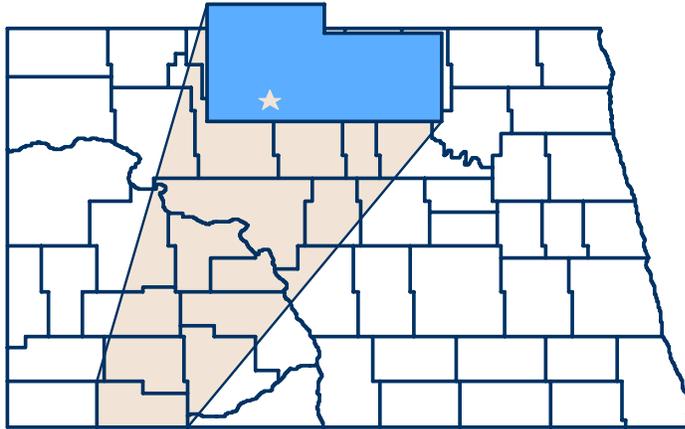
Cities: Bisbee, Cando, Egeland, Hansboro, Maza, Perth, Rocklake and Sarles.

\$245,000 Leveraged to \$.9 Million
21 Jobs Created or Retained
25 Projects Completed
2 New Business Start-ups
3 Studies Completed



“The funds provided the Cando Cub Jr. Robotics program allowed our region to nurture our most valuable asset – our young people. By providing matching funds for the program, these students were able to realize their that their interest in math, science and technology has the potential to allow them to remain in North Dakota and pursue rewarding career.”

*Dave Wolsky
 President, First State Bank of Cando and Advisor, Cando Cub Robotics.*



Adams County

Cities: Bucyrus, Haynes, Hettinger, and Reeder.

\$190,000 Leveraged to \$.75 Million
4 Jobs Created or Retained
17 Projects Completed
0 New Business Start-ups
4 Studies Completed

Population

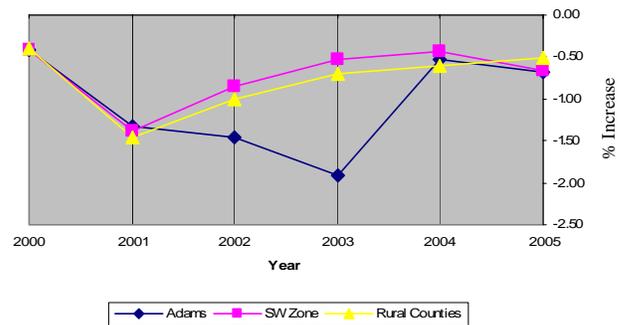
	Est. 2005	Vs. 2000	% Increase
Adams County	2,433	-6.2%	
SW Zone		-4.2	
ND Rural Counties		-4.6	
State		-.9	

Taxable Sales and Purchases

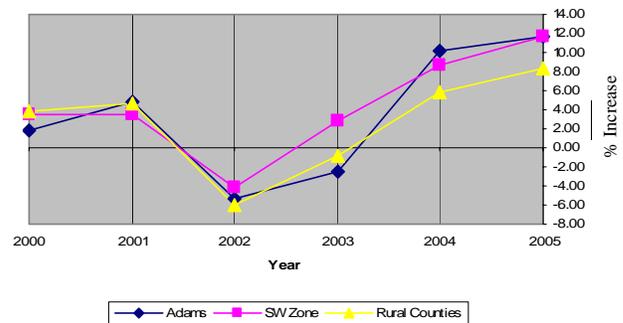
	2005 (Mil)	5-Yr. Avg. Annual % Incr.
Adams County	\$15.2	3.8%
SW Zone		4.5
ND Rural Counties		2.4
State		3.6

- Population percent decrease higher vs. Rural Counties and State
- Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase higher vs. Rural Counties and State

Population-Annual %Incr.

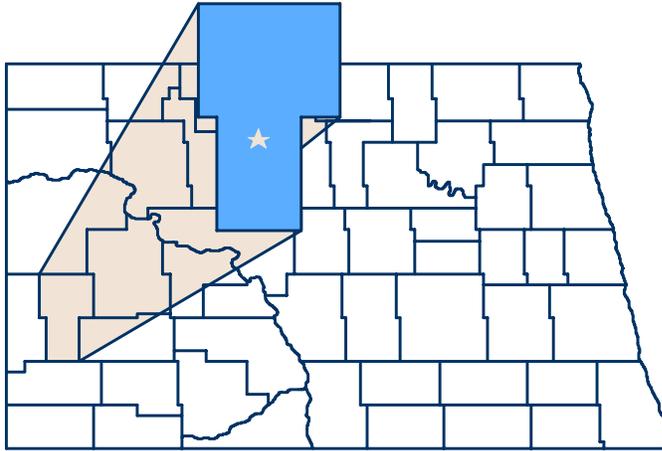


Taxable Sales and Purchases-Annual %Incr.



“With the help of a small revolving loan from the SW REAP Board, I was able to expand my bottling process from manual to automated, which is saving me considerable time in filling my orders.”

*Scharon Schwahn, owner of American Honey Co.- Hettinger, ND
 Small processor of all natural SW ND honey- from the hive to the table.*



Billings County

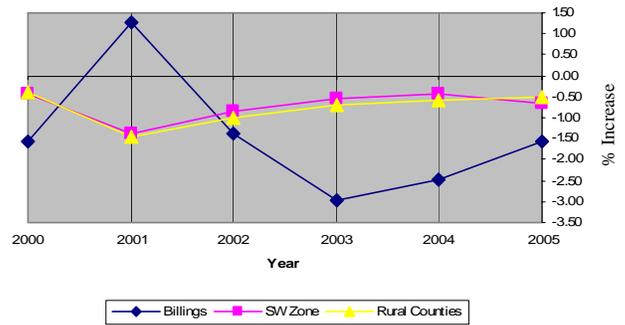
Cities: Fairfield, Fryburg and Medora.

\$116,000 Leveraged to \$133,000
1 Job Created or Retained
8 Projects Completed
0 New Business Start-ups
1 Study Completed

Population

	Est. 2005	% Increase Vs. 2000
Billings County	813	-8.4%
SW Zone		-4.2
ND Rural Counties		-4.6
State		-9

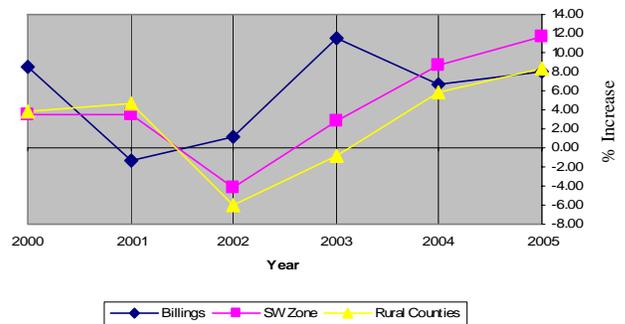
Population-Annual %Incr.



Taxable Sales and Purchases

	2005 (Mil)	5-Yr. Avg. Annual % Incr.
Billings County	\$14.0	5.2%
SW Zone		4.5
ND Rural Counties		2.4
State		3.6

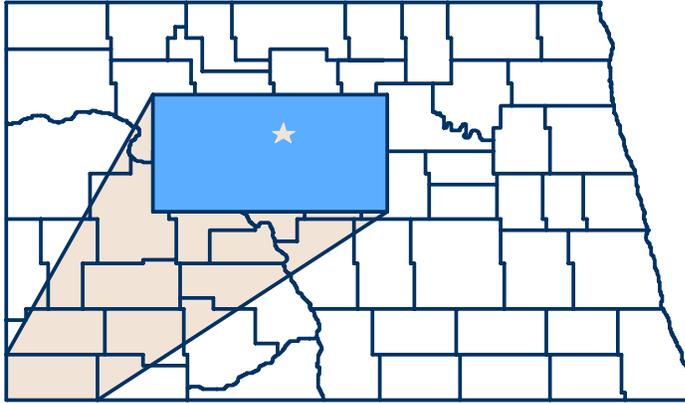
Taxable Sales and Purchases-Annual %Incr.



- **Population percent decrease** higher vs. Rural Counties and State
- **Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase** higher vs. Rural Counties and State

“Prairie West Development Foundation was able to begin a micro loan fund with a \$25,000 5-year loan from the REAP Investment Board. This program provides a helping hand to those businesses that need to repair a roof, replace a door or other projects that might not work into the normal budget at 2% below Prime.”

*Deb Walworth, Executive Director
 Prairie West Development Foundation– Medora, ND*



Bowman County

Cities: Bowman, Gascoyne, Haley, Rhame and Scranton.

\$283,000 Leveraged to \$.9 Million
15 Jobs Created or Retained
26 Projects Completed
4 New Business Start-ups
3 Studies Completed

Population

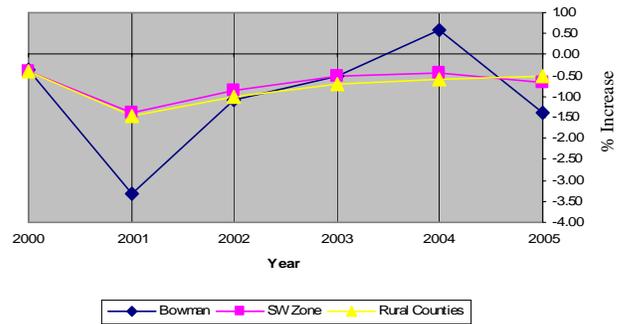
	Est. <u>2005</u>	% Increase Vs. <u>2000</u>
Bowman County	3,048	-6.0%
SW Zone		-4.2
ND Rural Counties		-4.6
State		-.9

Taxable Sales and Purchases

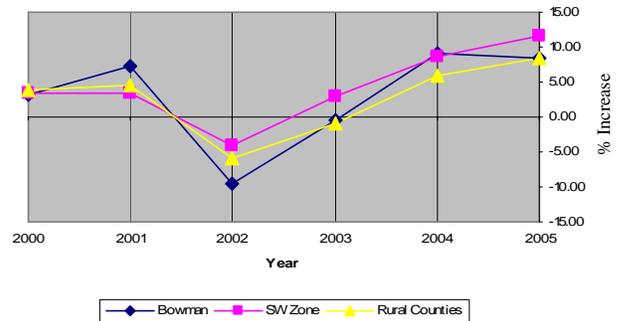
	<u>2005</u> (Mil)	5-Yr. Avg. <u>Annual % Incr.</u>
Bowman County	\$24.4	3.0%
SW Zone		4.5
ND Rural Counties		2.4
State		3.6

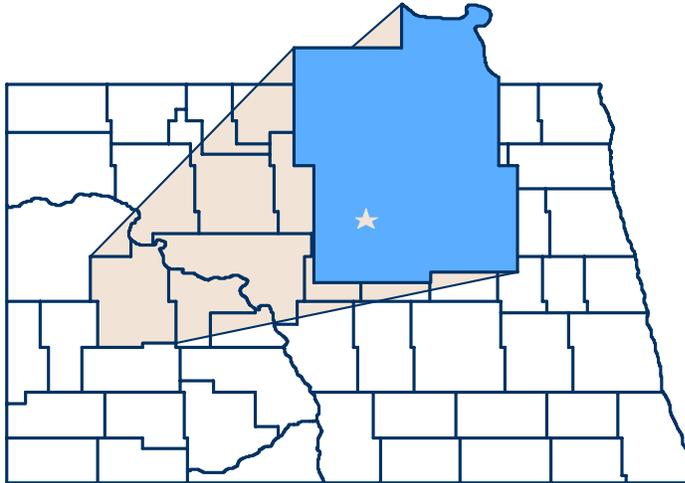
- Population percent decrease higher vs. Rural Counties and State
- Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase higher vs. Rural Counties; lower vs. State

Population-Annual %Incr.



Taxable Sales and Purchases-Annual %Incr.





Dunn County

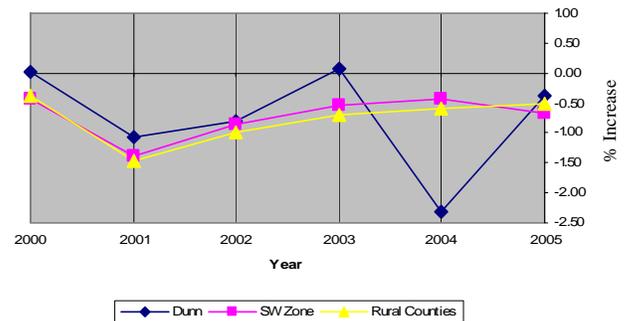
Cities: Dodge, Dunn Center, Halliday, Killdeer, Manning, Marshall, New Hradec, Twin Buttes and Werner.

\$143,000 Leveraged to \$.3 Million
4 Jobs Created or Retained
18 Projects Completed
1 New Business Start-up
4 Studies Completed

Population

	% Increase	
	Est. 2005	Vs. 2000
Dunn County	3,442	-4.4%
SW Zone		-4.2
ND Rural Counties		-4.6
State		-9

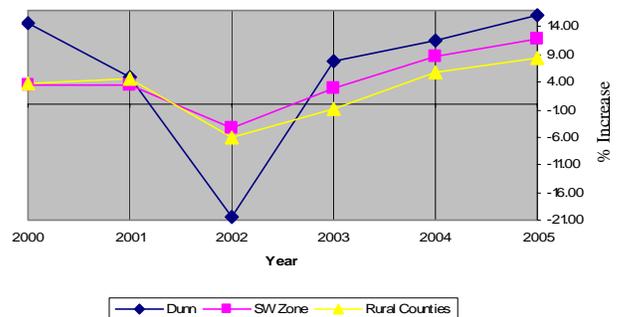
Population-Annual %Incr.



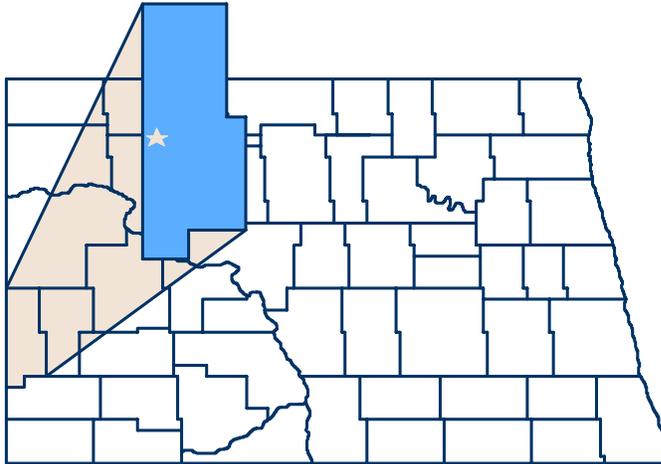
Taxable Sales and Purchases

	5-Yr. Avg. Annual % Incr.	
	2005 (Mil)	
Dunn County	\$11.0	4.1%
SW Zone		4.5
ND Rural Counties		2.4
State		3.6

Taxable Sales and Purchases-Annual %Incr.



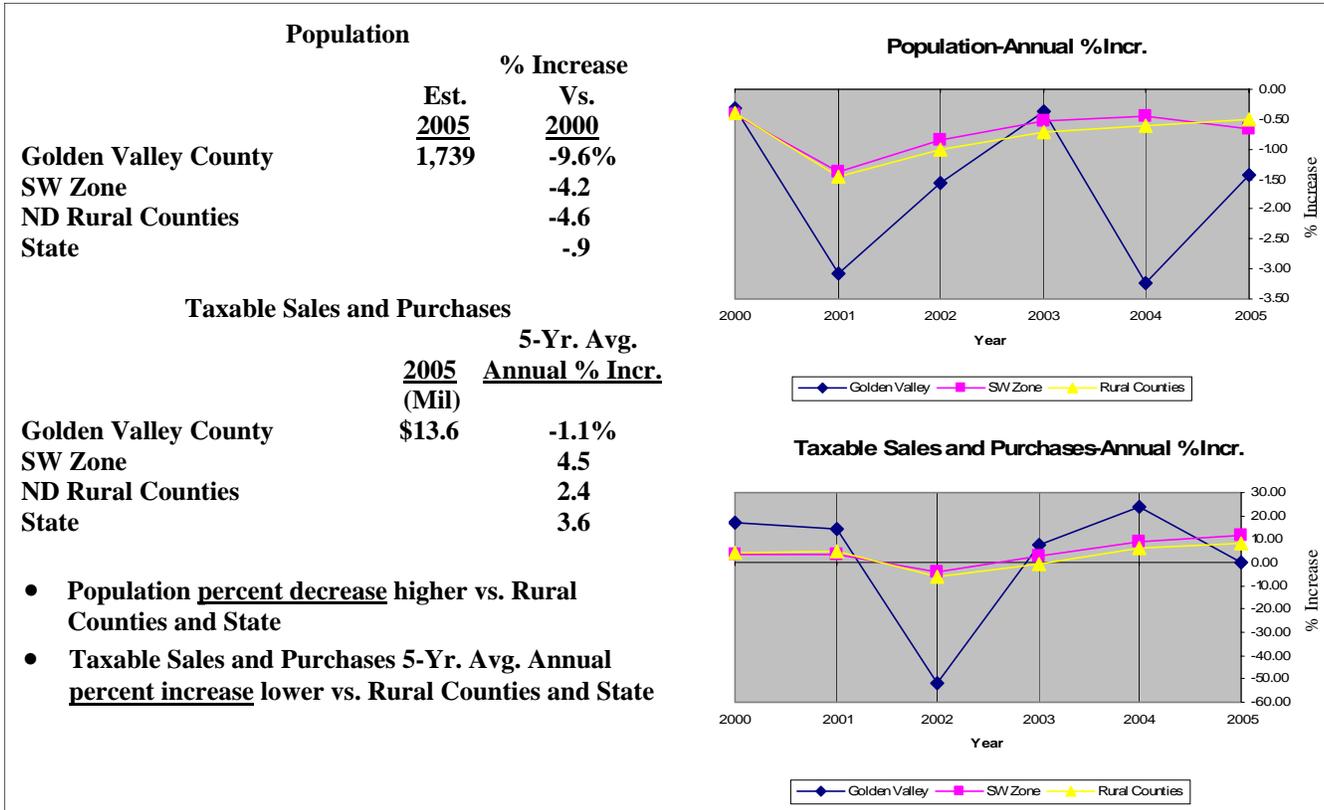
- **Population percent decrease** lower vs. Rural Counties; higher vs. State
- **Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase** higher vs. Rural Counties and State



Golden Valley County

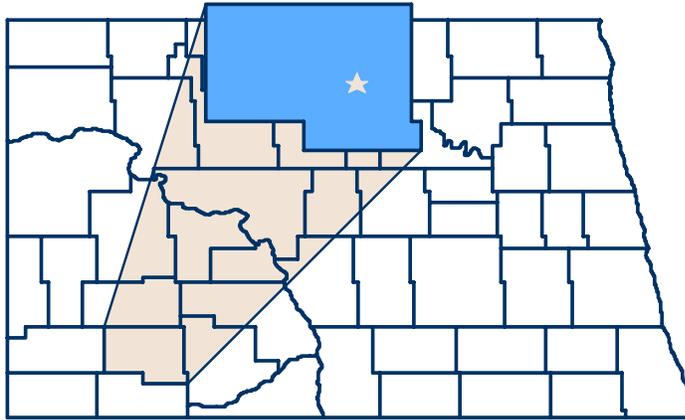
Cities; Beach, Golva, Sentinel Butte.

\$102,000 Leveraged to \$.2 Million
7 Jobs Created or Retained
12 Projects Completed
2 New Business Start-ups
2 Studies Completed



“The REAP Zone funds enabled me to advertise properly and afford essential machinery. The cost of the espresso machine, cash register, shelving and other equipment was high, and having the REAP assistance available was wonderful! REAP makes it possible for those with goals and dreams to succeed.”

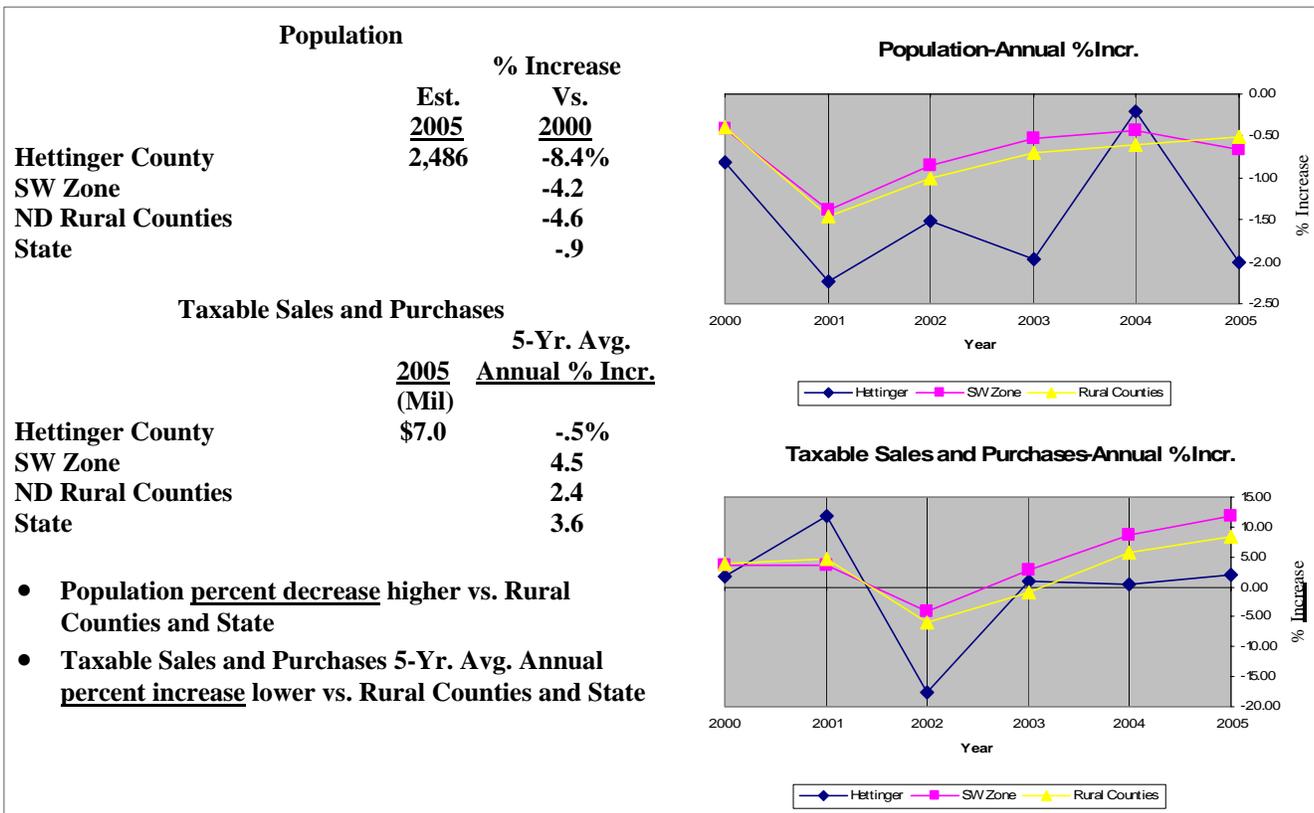
*Kristi Fisher, Owner
Sip‘N Sew– Beach, ND*



Hettinger County

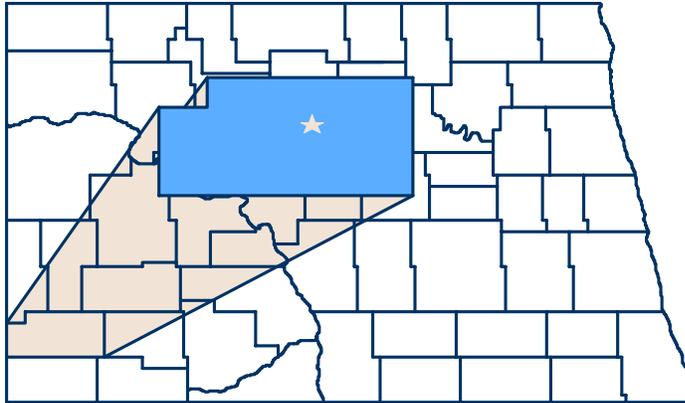
Cities: Bentley, Burt, Mott, New England and Regent.

\$214,000 Leveraged to \$.4 Million
38 Jobs Created or Retained
20 Projects Completed
4 New Business Start-ups
5 Studies Completed



“The “Regent Lodge” is an established business located in Regent, ND now named and licensed as the Enchanted Castle, LLC. The SW REAP zone assistance has aided this business to complete its organizational structure, obtain legal, accounting, and architectural representation, obtain a location, and prepare the business plan, financial projections, and development phases for this company. Not only have the monies received by SW REAP provided the previous listed items, but they also gave this company it’s first breath and it’s momentum toward making it’s vision and mission a reality. Hope is something that the REAP Zone provides to many individuals wanting to become entrepreneurs or expand and enhance their businesses.

*Kristen Vesledahl
Hettinger Co JDA- Regent, ND*



Slope County

Cities: Amidon & Marmarth.

\$69,000 Leveraged to \$97,000
1 Job Created or Retained
7 Projects Completed
0 New Business Start-ups
2 Studies Completed

Population

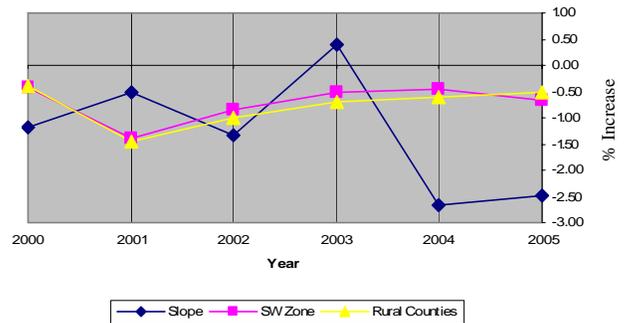
	Est. 2005	% Increase Vs. 2000
Slope County	709	-7.6%
SW Zone		-4.2
ND Rural Counties		-4.6
State		-9

Taxable Sales and Purchases

	2005 (Mil)	5-Yr. Avg. Annual % Incr.
Slope County	\$0.5	5.1%
SW Zone		4.5
ND Rural Counties		2.4
State		3.6

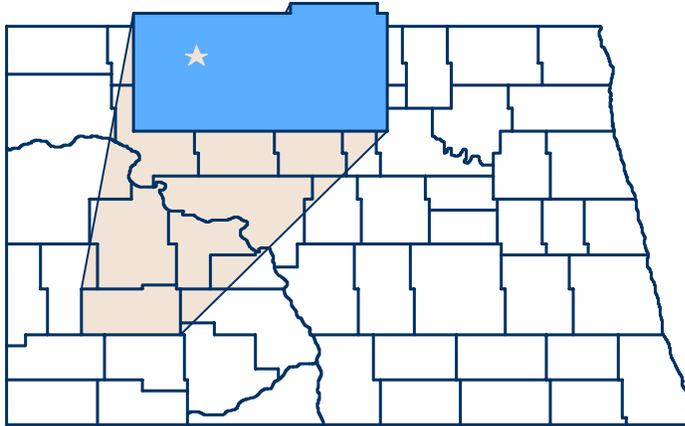
- Population percent decrease higher vs. Rural Counties and State
- Taxable Sales and Purchases 5-Yr. Avg. Annual percent increase higher vs. Rural Counties and State

Population-Annual %Incr.



Taxable Sales and Purchases-Annual %Incr.

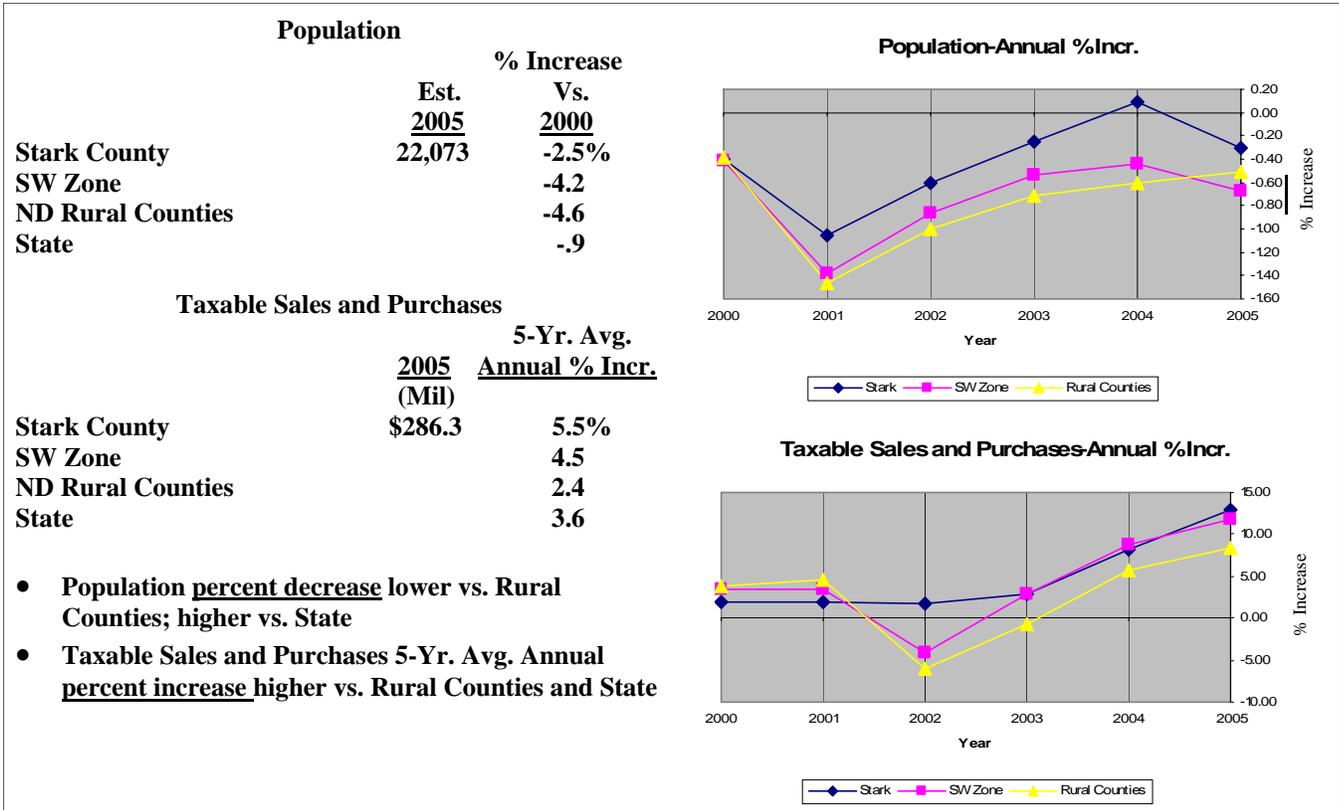




Stark County

Cities: Belfield, Dickinson, Gladstone, Lefor, Richardton, South Heart and Taylor.

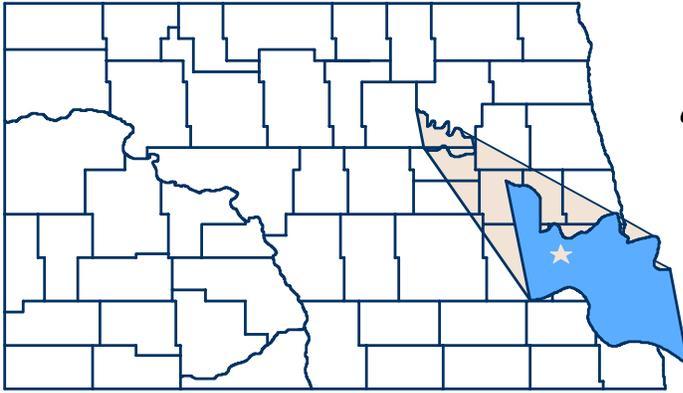
\$515,000 Leveraged to \$.7 Million
82 Jobs Created or Retained
21 Projects Completed
4 New Business Start-ups
6 Studies Completed



“Without REAP’s assistance, we would not have been able to attract the necessary funds to complete the feasibility study for the ethanol project at Richardton. The Red Trail Energy project will bring 38 direct jobs to the area and countless support positions and could not have happened without REAP at that critical time of need.”

*Frank Kirschenheiter
 CEO Charmark International*

Charmark International is an energy project developer.



Spirit Lake Reservation

Cities; Fort Totten and St. Michael.

\$128,000 Leveraged to \$.4 Million

28 Jobs Created or Retained

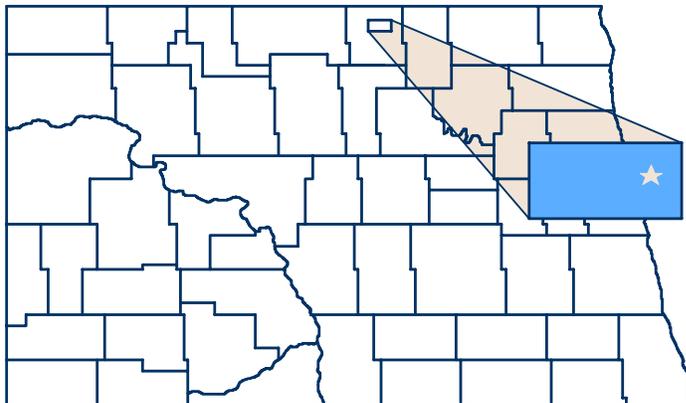
11 Projects Completed

2 New Business Start-ups

3 Studies Completed

“CONAC REAP saw our potential when others only saw the risk of developing the east side of Devils Lake.”

*Bill Wood, Owner
Eastbay Campground- Warwick, ND*



Turtle Mountain Reservation

City; Belcourt.

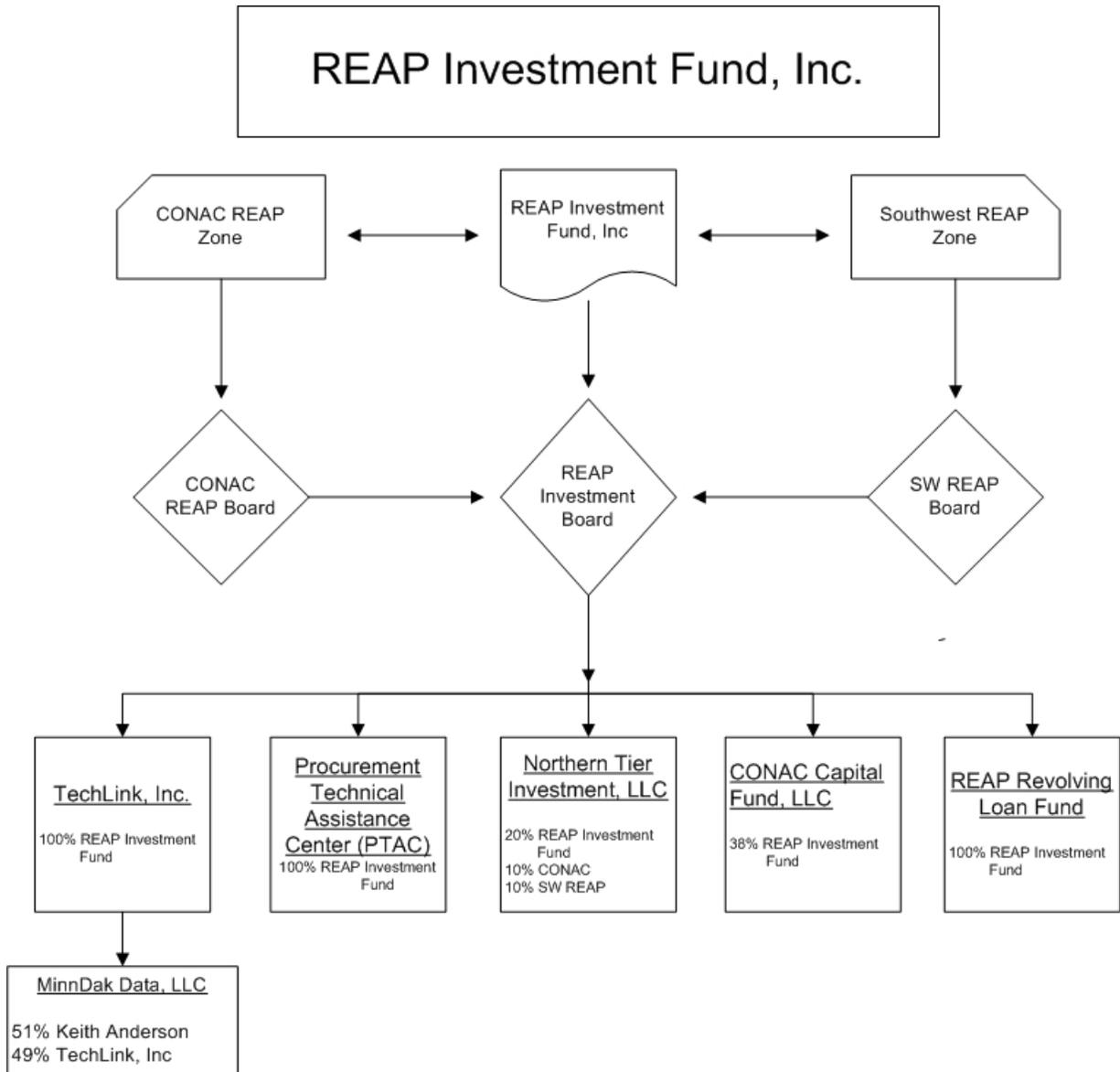
\$66,000 Leveraged to \$.5 Million

1 Job Created or Retained

10 Projects Completed

1 New Business Start-up

4 Studies Completed



The volunteer **REAP Investment Board** participates in a monthly conference call to manage the fiscal affairs of the non-profit IRS 501 (c) 3 corporation, the REAP Investment Fund, Inc..

The volunteer **CONAC** and **SW Boards** meet monthly to plan zone strategies, allocate either grant or loan funds to approved applicants and continually evaluate their respective on-going projects.

TechLink, Inc. is a “for-profit” company owned solely by the REAP Investment Fund, Inc. and provides data processing and call-center functions for clients. TechLink, Inc. has its’ own Board of Directors appointed by the REAP Investment Board.

MINNDAK, Data, LLC is a “for-profit” company owned 51% by a Service-Disabled Veteran-Owned Small Business Owner and 49% owned by TechLink, Inc. and was created for the purposes of accessing federal contract work.

The **Procurement Technical Assistance Center (PTAC)** is an organization reporting jointly to an Advisory Board of Directors and the REAP Investment Board and provides assistance to businesses seeking state and federal contract work.

Northern Tier, LLC is owned by the REAP Investment Board, both Zones and other investors to invest in future technology products presently under development.

The **CONAC Capital Fund, LLC** provides seed capital to start-up and small existing companies within North Dakota. The REAP Investment Fund, Inc. is the largest shareholder.

The **REAP Revolving Loan Fund**, created by the REAP Zones, provides loans to companies operating within the REAP Zone territories.



ND REAP Zone Strategies

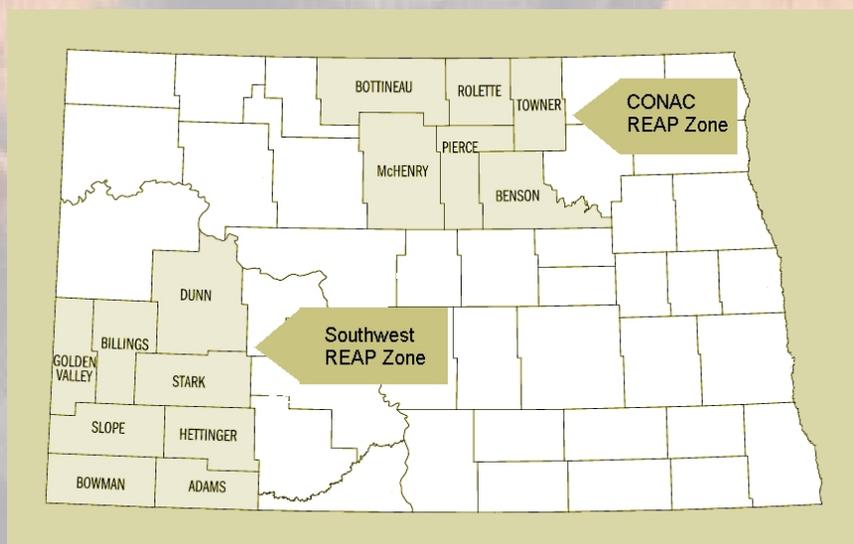
- Create jobs or increase wealth
- Attain new funds and partners, leverage resources and realize investment returns to provide program funds and create self-sustainability
- Advance community leadership and workforce training
- Foster social and economic improvements with special emphasis on health care, elderly and youth issues
- Engage in renewable and natural resources' projects



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The Rural Economic Area Partnership Investment Fund, Inc. is a non-profit IRS 501 (c) 3 corporation which is administered by the REAP Investment Board, a committee of independent, non-profit, non-partisan volunteers who work with the two REAP Zone steering committees.



CONAC REAP Zone

George Youngerman, Chairman
David Brien
Dave Cichos
Ken Graywater
Greg Gronos
Dr. Ken Grosz
Alyce Heer
Curt Jacobson
Lucille Loftesnes
Illa McKay
Mark Myhre
Dale Niewoehner
Diane Olson
JoAnn Rodenbiker
Sandra Shively
Bruce Terpening
Charles Trottier

Southwest REAP Zone

Darren Limesand, Chairman
Jerry Erickson
Aaron Krauter
Darlene Mitchell
Dan Nudell
Kim Nunberg
David Twist
Dr. Lee Vickers

REAP Investment Board

Curt Jacobson, Chairman
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Tim Faller
Don Frye
Greg Hagen
Rod Howe
Art Wanner

Other Support

Senator Byron L. Dorgan and Staff
North Dakota Department of Commerce
North Central Planning Council– Devils Lake, ND
Roosevelt-Custer Regional Council– Dickinson, ND
Souris Basin Planning Council– Minot, ND



USDA Rural Development is a committed sponsor of the REAP Zone program, providing planning and technical assistance to the Zone communities.