



### **FY23 Legislative Budget Request – Senate Bill 97**

- South Dakota Mines is seeking to acquire \$5.25 million to purchase the current 40,000 sq. ft. Ascent Innovation and \$2 million other spending authority for necessary renovations.
- A new building of the same size would cost \$18 million+ (at ~ \$450/sq. ft.), but purchasing the current facility at ~\$180 per square foot would save the university an estimated \$10.8 million.

### **Fostering Student Success and Regional Economic Impact**

- South Dakota Mines has a strong record of turning university research into local high-tech businesses, which has resulted in creating more jobs in South Dakota. It has graduated 25 companies into commercial spaces. These companies have created over 400 jobs in the Black Hills region and provided over 300 student internships.
- Students at South Dakota Mines have many opportunities to participate in cutting-edge research beginning at the undergraduate level, which often helps them land internships or full-time jobs in industry.
- The research space South Dakota Mines will gain in the old incubator will expand the existing talent pipeline that connects students with industry and provides launching opportunities for startups.
- By partnering campus research with area economic development entities, the university will continue to nurture opportunities for scientists and engineers to stay in South Dakota.
- Federal government research funding provides a significant economic impact to the state through salaries and expenditures.

### **Research Space Needs**

- South Dakota Mines faculty and staff are 2-3 times more inventive than the national average and landed more than \$63 million in funding over the last four years.
- Last year alone, the university licensed 18 patented or trade secret technologies to industry and has received over \$300,000 in licensing revenue in return.
- As we strive to grow our annual research portfolio to \$20 million, the university desperately needs a facility that can house at least 50% of our research space needs. The university's ability to grow hinges on an expansion of our physical research space.

**APPRAISAL REPORT**  
**Investment Value Opinion**  
*Ascent Innovation Center- Leasehold Interest*  
**525 University Loop**  
**RAPID CITY, SOUTH DAKOTA 57701**

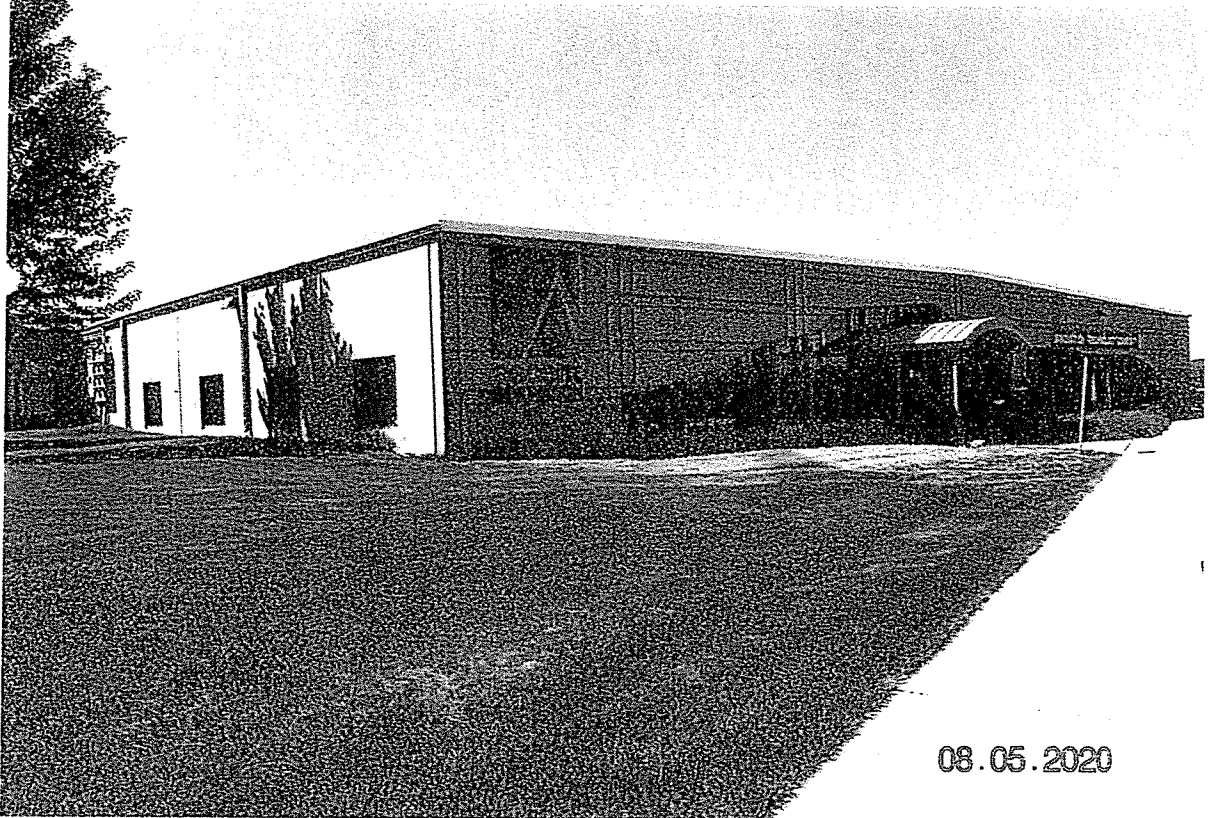
**PREPARED FOR:**  
Mr. Mitch Nachtigall  
Director of Innovation and Entrepreneurship  
Elevate Rapid City  
525 University Loop, Suite 100  
Rapid City, SD 57701

**PREPARED BY:**  
Ken E. Simpson, MAI, SRA, R/W-AC  
Simpson & Associates, Inc.  
Real Property Appraisers & Consultants  
P.O. Box 9248  
Rapid City, South Dakota 57709  
605-341-3800

**DATE OF INVESTMENT VALUE OPINION:**  
August 5, 2020 - "As Is"

**DATE OF APPRAISAL REPORT:**  
August 14 , 2020

# *Ascent Innovation Center*



*525 University Loop  
Rapid City, Pennington County  
South Dakota 57701*



ALBERT J. SIMPSON, JR.  
State Certified General Appraiser



REAL PROPERTY APPRAISERS AND CONSULTANTS  
COMMERCIAL LAND INDUSTRIAL SPECIAL PURPOSE

P.O. Box 9048 Rapid City, SD 57709  
605-340-8900  
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August 14, 2020

Mr. Mitch Nachtigall  
Director of Innovation and Entrepreneurship  
Elevate Rapid City  
525 University Loop, Suite 100  
Rapid City, SD 57701

**RE: Investment Value Appraisal Report for leasehold interest, Ascent Innovation Center, 525 University Loop, Rapid City, South Dakota**

Dear Mr. Nachtigall:

Pursuant to our engagement agreement, I have developed an opinion of investment value, as defined below, of the vertical (building) improvements and accompanying site improvements (parking lots and landscaping) commonly known as the Ascent Innovation Center, a 40,000 sf ± research and development office building.

The structure is situated on a ground-lease of a 1.97 ± ac parcel on the South Dakota Mines campus in Rapid City, SD. The property rights appraised is the leasehold interest, or simply, what the tenant “owns” in the instant case.

Investment value is defined in this assignment as: “The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)”.

Of note, the underlying ground lease, although long-term, is not assignable or at market rent levels. Essentially the building and related site improvements; which are owned by the tenant, can only be transferred to the landlord, who desires to acquire the leasehold interest, a fundamental understanding of the initial agreement between the landlord and tenant when the structure and accompanying site improvements were built.

The client in this assignment is the Rapid City Economic Development Foundation, Inc. The South Dakota Board of Regents/South Dakota Mines (formerly SDSM&T) is named an “intended user” of this appraisal report. Intended user is defined in the attached report.

The attached report has been prepared in conformance with the Appraisal Institute’s Code of Professional Ethics and Standards of Professional Practice and the 2020/2021 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.

Mr. Nachtigall  
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August 14, 2020

Ascent Innovation Center  
525 University Loop  
Rapid City, SD 57701

Based on the certifications, extraordinary and general assumptions and limiting conditions attached; my opinion of the investment value of the subject leasehold is:

Final Investment Value Opinion	
Ascent Innovation Center	
Valuation Premise	"As Is"
Property Rights Appraised	Leasehold
Effective Date of Value	8/5/2020
<b>Final Value Opinion</b>	<b>\$6,020,000</b>
Allocation	
-Realty	\$6,020,000
-FF&E	\$0
-Intangibles	\$0

The investment value opinion is also governed by the *Scope of Work* section. Please review all sections, *and the entire report*, carefully *prior* to making any decisions regarding the subject.

Thank you for the opportunity to provide you with this appraisal service. Should you have any questions concerning this assignment, please call.

Sincerely,



Ken E. Simpson, MAI, SRA, R/W-AC  
STATE CERTIFIED GENERAL APPRAISER #104CG  
South Dakota Certification expires 9-30-2020

South Dakota Mines  
Research Space Needs

Lab/Center Name	Faculty Lead	Co-Investigators	Grant Source	Grant Duration	Grant \$	Grad Students	UG Students	Research Scientists	Notes	
Advanced Manufacturing Process Technology	Crawford	Bruno, Jasthi, Salem, Thompson, Hammel, Duke, Wihler, Keller, Groven	DOD Navy Warfare Laboratory	FY20-FY24	\$ 11,200,000.00	10	4	7	Needs highway, fume hood, industrial, bench, and office space	
			DOD Cold Regions Engineering Laboratory	FY20-FY24	\$ 128,000.00					
			DOE Farm Research Alliance	FY21-FY23	\$ 69,496.00					
			NSF-AMRI	FY20-FY23	\$ 1,280,731.00					
Center for Understanding the Illicit Economy	Keller	Crawford, Hoover, Anderson	SD Governor's Research Center	FY22-FY26	\$ 3,900,000.00	12	2	1	Needs fume hood, bench, wet, office space	
			NSF NRT Graduate Student Traineeship	FY19-FY23	\$ 1,522,661.00					
			NSF Industry University Collaborative Research Center	FY22-FY25	\$ 892,000.00					
Center for Green Electric Power Generation and Storage	Srinovaa	Salem, Sant, Xing	SD Governor's Research Center	FY22-FY26	\$ 3,900,000.00	TBD	TBD	2	Needs wet chemistry/fume hood space, bench space for battery research, office space	
			NSF Industry University Collaborative Research Center	FY22-FY25	\$ 892,000.00					
Biomfilms and 2D Materials	Wihler	Gadhamshetty, Sant, Jasthi, Dhillan	NSF EPSCoR Track 1	FY20-FY24	\$ 6,688,000.00	6	2	1		
	Kunza (PI)	Gadhamshetty, Stone, Siewerdling, Obulisty, Bhaemasati	DOD AFCEC PFAS/PEOS	FY22-FY23	\$ 480,000.00	3	1	4	This space needs fume hood, wet chemistry, bench space, and office space	
			USDA Natural Resources Conservation Service	FY22-FY24	\$ 495,425.00					
Dakota Bioproducts Innovation Institute	Salem	TBD	TBD	TBD	\$ 250,000.00	TBD	TBD	2	Mines-SDSU Bioproducts Research base funded by legislature in 2020.	
			Walker (PI)	NSF Early Career Grant	FY19-FY23	\$ 398,522.00	1	1	1	Bench space for 3D printing
			Groven (PI)	DOD	FY21-FY23	\$ 975,000.00	2	0	0	Bench space for additive manufacturing
	Salem		DOD; AFSOR	FY20-FY23	\$ 449,000.00	2	0	0		
<b>Lab Space in Other Buildings Opened up by Ascent Purchase</b>										
	Barth (PI)		N/A	N/A	\$ -	1	0	0	Moving research frees up space in Chemical and Biological Eng.	
	Ordanik (PI)		N/A	N/A	\$ -	2	0	0	Moving research frees up space in Chemical and Biological Eng.	
	Lipilov (PI)		N/A	N/A	\$ -	1	0	0	Moving research frees up space in Chemical and Biological Eng.	