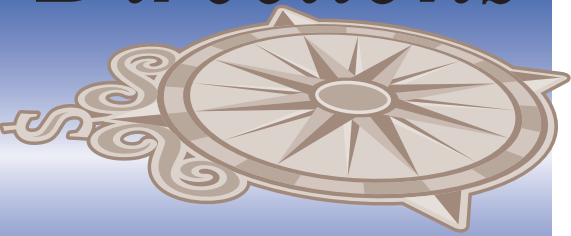


Directions



DM&E rail upgrade promises record economic impact

Historically, the railroad chugging into town has meant economic boom for South Dakota—and the DM&E upgrade project offers similar impact.

“Sioux Falls has already seen positive results from the growth of the Dakota, Minnesota & Eastern rail system,” said Dan Scott, president of the Development Foundation. “The headquarters office of the rail line is here, and already over 150 employees serve the railroad from Sioux Falls. The expansion of services will mean more skilled professionals to this area.”

The DM&E project will create a safer railroad, providing better service to South Dakota shippers, including ethanol plants and agricultural producers. The upgrade will also add as many as 10,000 jobs to local and

regional economies, reduce or stabilize energy costs and aid agricultural and value-added ag industries through increased crop value. In addition, the DM&E project will bring over 100 million tons of rail capacity to the U.S. rail network, providing major growth opportunities for agriculture and other rail-served industries across South Dakota.

DM&E is currently the largest Class 2 rail line in America, based on freight revenue. As a short run, point to point rail system, DM&E is showing positive growth and capability. But outdated rail and switching systems, combined with deferred maintenance along the route, make the jump to Class 1 difficult. The need to move clean-burning Wyoming coal to power plants in the Ohio basin provides an opportunity for South Dakota.

“Independent analyses agree that our upgrade project will create a safer railroad that benefits the region’s farm economy and the more than 50 communities on the DM&E line,” said Kevin Schieffer, CEO of the rail system. “In addition, improved infrastructure is critical to providing American energy independence, allowing consumers to make energy choices. DM&E’s expansion will help ease the energy shortages and high energy prices—and help meet the demand for electricity at lower prices.”

Continued on page 2...



TECH FIRM NEW AT SDTBC

Two national companies have joined forces to create a new technology information firm, located at the South Dakota Technology Business Center in Sioux Falls. Get the complete story inside this issue.

Sioux Falls 
Development Foundation 

Don't miss our annual meeting November 16

The Sioux Falls Development Foundation reflects on another year of record growth at the organization’s **Annual Meeting**, to be held at the Holiday Inn City Centre **Thursday, November 16**, from 4:30 to 6:30 p.m. *One Community—One Goal* is the theme of the event, which will include the distribution of this year’s annual report of progress.

The meeting, free and open to the public, provides an opportunity for business leaders and community residents to be updated on the record-setting activities of the Development Foundation during 2006 in a relaxed, informal setting. An important part of the agenda is the presentation of the **Spirit of Sioux Falls Award**, given annually to a person who has demonstrated excellence in leadership and commitment to the economic development of our area. The gala event features free hors d’oeuvres and a cash bar, plus a chance to network with others who care as much about Sioux Falls as you do. Mark your calendar **TODAY** for **November 16!**

DM&E rail upgrade promises record economic impact

Continued from page 1...

The railroad is privately funding the majority of the \$6 billion project. The company hopes to use a Federal Railroad Administration loan, backed by DM&E assets, to finance about a third of the upgrade. Other rail lines, notably Burlington Northern Santa Fe and Union Pacific, have used similar loans to upgrade their rail systems in the recent past.

"DM&E is approaching this upgrade responsibly and sensibly," said Tom Everist, chairman of Forward Sioux Falls. "The company has a strong commitment to safety. By correcting decades of deferred maintenance and replacing 80-year-old track and signaling systems, DM&E will significantly reduce the

risk of train-vehicle accidents, improve traffic flow and enhance the successful operation of a major regional rail system."

Once again, the railroad is bringing economic prosperity and a new era of transportation options to South Dakota.



Monsanto to build soybean facility

Monsanto, the world's leading producer of biotech crops, will build a \$1.9 million soybean research facility at the Harrisburg Industrial Park, where the company already operates a corn research station. Mike Hawbaker, Monsanto's North American director for soybean variety development, said the company expects to break ground in coming weeks and move into the new facility next July. The facility will do research and testing throughout areas of South Dakota where soybeans are grown, Hawbaker said. The company plans to develop higher-yielding soybean varieties with the traits South Dakota growers want.

Monsanto, a Fortune 500 company, has 15 soybean testing facilities throughout North America. The St. Louis-based company develops and sells corn, soybeans and other grains that are genetically modified to withstand certain herbicides and pesticides used to kill weeds and insects. The company is well-known for its Roundup herbicide. In addition to the Harrisburg site, Monsanto will build a new research station at Evansville, Indiana.

Monsanto officials have signed an agreement on a 10-year lease at the Harrisburg Industrial Park, with options to extend the lease.



Avera breaks ground for hospice facility

Ground was broken recently for the Dougherty Hospice House, located on the grounds of Avera Prince of Peace Retirement at 4500 S. Prince of Peace Place. The care facility will total over 14,000 square feet with additional space for a large, landscaped community patio area. The Dougherty Hospice House includes 16 private patient rooms complete with a full bath and adjoining family room. In addition, there is a chapel, resource library for families, a fully equipped kitchen and dining area, living room, children's play area and dog kennel. The capital campaign for the Dougherty Hospice House began in October of 2005 with a goal of raising \$3.6 million for construction and an additional \$1 million endowment for ongoing expenses. More than \$4.72 million has been received to date. The project is expected to be completed in November 2007.



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Chenega Logistics locates technology center at SDTBC

Horizon Services Group, a wholly owned subsidiary of Horizon Lines, Inc., has formed a joint venture with Chenega Federal Systems, LLC, a subsidiary of Chenega Corporation, to provide information technology services and consulting. Chenega Corporation is the third largest Alaskan Native Corporation in Alaska. The new company, Chenega Logistics, LLC, has base operations located in Sioux Falls, South Dakota with a principal office in Anchorage.

Chenega Logistics will offer information technology services and consulting to Horizon Lines and other companies in the transportation industry as well as to government agencies. Services will include software and application development, database development, network and technical architecture support, technical training and help desk services.

Chenega Logistics will utilize Horizon Services Group's experience in supply chain, logistics and transportation solutions and processes, as well as Chenega Federal System's considerable experience in providing professional engineering services throughout the

Department of Defense operational community. Chenega Logistics will also leverage the combined existing government security expertise of Horizon Lines and Chenega Federal Systems to develop supply chain security solutions for multiple government agencies.

Horizon Services Group (HSG) is a leading developer of advanced information technology for the transportation industry. Led by industry experts in operations and technology, HSG is dedicated to providing cost-effective solutions for improving information flow in the supply chain, increasing productivity and eliminating cost. HSG's parent company, Horizon Lines, Inc., also owns Horizon Lines, LLC, the nation's leading Jones Act container shipping and integrated logistics company, operating 16 U.S.-flag vessels on

routes linking the continental United States with Alaska, Hawaii, Guam, and Puerto Rico.

Chenega Federal Systems is a Top Secret cleared, professional services provider focusing in the Defense, Intelligence and Science and Technology sectors of the federal government. Chenega Federal Systems has a broad array of capabilities including intelligence collection management and analysis, linguistics, information technology and enterprise services, content and media development, courseware development and platform instruction, integrated logistics support, program management, and support to military operations. Corporate headquarters is located in Anchorage, Alaska with line operations managed from offices in Lorton, Virginia. Chenega Federal Systems currently has offices in six states plus Asia, Europe, the Caribbean, Latin America, and the Middle East.



Augustana student wins Spirit of Sioux Falls Scholarship

Aijun Piao, an accounting major at Augustana College, is one of four area students to receive the 2006 *Spirit of Sioux Falls Scholarship* to continue their post-secondary business education. The \$2,500 scholarships are awarded annually by the Sioux Falls Development Foundation to students who are Sioux Falls residents or who have completed at least one year of post-secondary work in South Dakota institutions.

Piao, a native of China, came to the US in 2001 with her husband, currently an engineer with Hutchinson Technology. While in China, Piao worked as an accountant for eight years after studying the subject on her own. Her work in China earned her the title of CVA, Certified Appraiser, that country's equivalent of the CPA designation. She currently



carries a 4.0 grade point average at Augie, a scholastic achievement she began in Tennessee, where she began her accounting studies 13 years after completing her Chinese higher education courses.

"My personal goal is to be a CPA," Piao said. "I think CPAs are more important than ever today; they are almost like the judges of the business world. Sioux Falls is growing rapidly and business is growing as well. I believe I will have more opportunities to contribute to this city after I graduate."

Piao has been on the Academic Dean's List and worked with student council events. She and her husband are the parents of a daughter. The Sioux Falls Development Foundation is proud to be the sponsor of the Spirit of Sioux Falls scholarships and congratulates Piao on her achievement.

EROS celebrates Udall's "idea that worked"

Forty years ago, on September 21, 1966, Secretary of the Interior Stewart Udall issued a press announcement. Udall stated his belief that "the time is now right and urgent to apply space technology towards the solution of many pressing natural resources problems being compounded by population and industrial growth."

Eckhoff receives Municipal League award



Jeff Eckhoff

Jeff Eckhoff, director of rural development for the Sioux Falls Development Foundation and executive director of the Minnehaha and Lincoln County Economic Development Associations, was chosen as the recipient of the *2006 Excellence in South Dakota Municipal Government Award*. The South Dakota Municipal League presents the award annually at its statewide convention, held this year in Spearfish. Elected

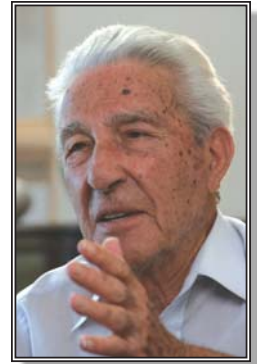
officials, municipal employees and individuals outside of municipal government are presented the award based on a three year rotation. According to the organization, Eckhoff received the award for his "outstanding contribution to the improvement of municipal government in South Dakota."

Sioux Falls tops list for data security hubs

A national company surveying American cities as sites for data security centers has found Sioux Falls to be the nation's number one location. The New Jersey Media Group recently reported the story this way:

"Almost heaven, South Dakota. That's the tune being sung by the Boyd Company, a Princeton-based consultant. The firm just completed a marketing study on top locations for data security centers, as banks are expected to increase investment in that area amid growing concern over terrorism, natural disasters, identity theft and fraud. Boyd, who scouts locations for JP Morgan Chase and PNC, among others, ranks Sioux Falls as the best place in the country for data security centers. The study found that it would cost about \$9.6 million to run a data center in well-wired Sioux Falls versus \$13.9 million in pricey New York City."

Udall was announcing the beginning of Project EROS, Earth Resources Observation Satellites, which had been planned by the US Geological Survey. Project EROS was a revolutionary concept, a program aimed at gathering facts about the natural resources of our planet from earth-orbiting satellites carrying sophisticated remote sensing observation instruments.



Stewart Udall

The announcement in 1966 led to the establishment of the EROS Data Center, now the USGS Center for Earth Resources Observation and Science, just outside Sioux Falls. To recognize this historic event, EROS director R.J. Thompson and staff members traveled to Santa Fe, NM this summer and recorded an extensive interview with Udall at his home. Udall's comments about the creation of the space image archive, along with historical footage and commentary, will be used to create a new video production for visitors to view at EROS.

"Secretary Udall has become a legendary figure in conservation, the saving of wild lands and the science of land management," Thompson said. "By remembering his declaration of 1966 and its revolutionary implications in studying Planet Earth from space, we honor all those who helped to create USGS EROS."



YESTERDAY IN SIOUX FALLS

Railyards move out, corporate offices move in

This view of the Rock Island railroad yards, taken in March, 1955, features First Avenue in the foreground looking east to Second Avenue. Much of this site is currently occupied by the landmark golden Midland National Life building in downtown Sioux Falls. Barely visible at the far left is the old Rock Island depot, now a training center for Midland but still retaining its characteristic rail depot roof and stone walls. *Bill Pay photo.*



Chairman's Report



By Dana Dykhouse

Looking ahead—and looking back

Once again, this year's sales of land in the Sioux Empire Development parks dramatizes the importance of maintaining an inventory of available, affordable sites in shaping Sioux Falls' growth. Selling that land is only half of the equation—developing new land to take the place of the sites sold for development is equally important. We continue to take the necessary steps to insure that the Development Foundation has the land that new and expanding businesses need.

Our partnership with the City of Sioux Falls and the State of South Dakota is a vital element in planning and developing land—and opportunity—for our area's future. We look ahead, with our partners in economic development, anticipating economic growth with confidence. Those partners work with us in our meetings with prospective new Sioux Falls companies, and help us to create proposals that make Sioux Falls the best decision for business locations.

Transportation access is one of the most important aspects of our pitch to prospective companies. The two interstate highways and a growing regional airport are vital elements. Rail service is equally crucial to some corporate prospects, so the planned upgrades to the DM&E service through our state and the intelligent, carefully researched and federally funded Sioux Falls railroad streamlining project are good news for future economic prosperity.

We'll be reviewing another excellent year at our annual meeting November 16. You and other business leaders will be our honored guests in the International Room at the Holiday Inn City Centre. I look forward to seeing you there.



Pavilion is the “event of the decade”

The Washington Pavilion of Arts and Science, constructed in the former Washington High School in downtown Sioux Falls, was named the “Event of the Decade” by Midland National Life. The company looked back through its one hundred years of business and identified historic happenings in our area. The creation of the Washington Pavilion marked a turning point in the community's history, as citizens looked to the future and planned for the significant growth which has occurred since then.

“Sioux Falls changed from a community where people said ‘NO!’ to good ideas and spending the money to make them happen to a community that embraced the future,” said Dan Scott, Development Foundation president. “The Pavilion, the Convention Center and the successes of Forward Sioux Falls are all indications of that change in philosophy. As long as we continue to be forward-looking people, nothing is impossible for this community.”

Chamber celebrates 100 years of service

Congratulations to our partners in progress, the Sioux Falls Area Chamber of Commerce, on a century of service to our business community. A dedicated staff, committed volunteer board and thousands of members make our area Chamber of Commerce a living and growing example of business advocacy and leadership. Happy 100th Anniversary to all our friends at the Chamber!

Sioux Falls
Development
Foundation

President's Report



By Dan Scott

Railroad upgrades are indications of progress

Railroads are in the news in South Dakota and the news is good. Here in Sioux Falls, we're moving the rail lines that cut through Falls Park and improving the railroad trestle that has been an unsightly black line through scenic photos of our namesake falls. The new route of the railroad through the city, carefully plotted by engineers and surveyors as the most affordable, successful way to move trains quickly and safely through Sioux Falls, has the funding it needs and is already underway. That new route will drastically reduce train-related traffic delays and move the switching yards well out of town to the northeast.

The DM&E is getting closer to its goal of upgrading the track that will allow it to safely, rapidly and economically serve the agricultural and value-added ag industries in South Dakota, in addition to contributing to an increased supply of affordable electricity. These upgrades are past due, the maintenance on the track and switches having been put off too long already. We need rail service through South Dakota, and DM&E can provide it, with a fast, efficient and economical newly-upgraded rail line. The discussion is underway now, but the positive economic and industrial impact will last far into the future.

Without even considering the thousands of new jobs which will be created by the expansion of DM&E, or the potential for expanding new value-added agricultural industries like ethanol, the DM&E project is important for Sioux Falls and for South Dakota. We need to use every tool available to us to improve and enhance of economic development and business growth potential. We need to be able to point to DM&E to show that a company that wants to make a difference in our economy is given the chance to prove that it can do just that.

Some ideas are so big, they seem difficult to achieve. But in 1987, when the idea of Forward Sioux Falls was new, the dream of what we could accomplish in twenty years seemed even bigger than the DM&E project. There is no limit to what we can achieve—if we are only willing to say “YES” to the future.



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