

BUILDING SUCCESS



*Lincoln and Minnehaha County
Economic Development Associations*



Diversity and technology characterize 2008 growth

Lincoln and Minnehaha Counties continued to set the pace for regional growth during 2008, thanks to a unique combination of international and local business development. The year also included a strong showing by the residential construction industry and another multi-million dollar investment in the future by county school districts.

"When national economic experts discuss 21st century growth, they talk about exactly the blend of technology business and infrastructure investment that we have shown this year," said Jeff Eckhoff, executive director of MCEDA and LCEDA. "From cutting-edge bio-tech research to innovative energy production to state-of-the-art manufacturing, Lincoln and Minnehaha Counties have the advantages that draw companies to our communities."

Eckhoff pointed out that the new jobs offered by these companies continue to attract new residents. Workforce development officials report that families are relocating to this area for career opportunities from throughout the nation, with a focus on the tri-state area of Minnesota, Iowa and out-state South Dakota. The census bureau recently reported that population growth in our metropolitan statistical area between July, 2006 and July, 2007 was 2.9%, making our area the fastest growing region in the Midwest.

"The good news about that population growth is the commitment by our communities and our school districts to meet the infrastructure needs of a fast-growing population," Eckhoff said. "New schools, from the elementary level to high school, are being built to cope with student increase numbers that are, in some districts, as much as 100 children in one year.

New streets, water and sewer systems and parks are helping our towns be the best places in America to live and work."

Technology companies shared the headlines with cabinet and farm trailer manufacturing in 2008. The announcement of Tower Tech's new wind energy component plant in Brandon and the opening of Hematech's lab facility in Hudson, along with the growth of Showplace Wood Products in Harrisburg

and Wilson Trailer in Lennox showed the region's business diversity. Fusion Plastics' ribbon cutting in another new building in Lennox further illustrates the attraction of Minnehaha and Lincoln Counties for manufacturers.

"Technology is a vital part of every company that expands or locates in our area," Eckhoff said. "The confidence shown by these growing businesses, and the desire of new companies to move here, dramatically demonstrate the ways in which our utility providers and community governments have stepped up to anticipate and meet the needs of modern industries."

Regional leaders

have recognized the efforts extended by LCEDA, MCEDA and county development officials. Governor Mike Rounds awarded Lennox his Community of the Year Award in 2008 and frequently refers to the two-county area as the "engine that drives South Dakota's economy."

"Our partnership with the Sioux Falls Development Foundation, GOED, local banks, utilities and development groups and the communities themselves has been a dynamic and successful development strategy," Eckhoff said. "This year, as national economic news reported significant downturns, we continued to see growth. We're building success by working together!"



Education construction includes Harrisburg's new high school.



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LCEDA and MCEDA
in cooperation with the
Sioux Falls Development Foundation

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LCEDA PRESIDENT'S MESSAGE

By Todd Nelson

Partnership is the foundation of all we do

When LCEDA was founded, the utilities, financial institutions and communities in Lincoln County which banded together were glad to be partners for prosperity. They understood that when all the elements of a county work together, everyone benefits from that joint effort.

Over the years, we've expanded our partnerships—and our success has grown in direct proportion to the number of our partners. The Governor's Office of Economic Development works with us in close cooperation. The Sioux Falls Development Foundation has helped us develop leads and led the marketing charge nationwide. Our close relationship with our sister organization, the Minnehaha County Economic Development Association (MCEDA) has provided economies of scale and the exchange of good ideas that keeps us moving forward.

We express our thanks to those LCEDA members who make economic development work in our county. Along with the dedicated and committed members of our volunteer board and our executive director, Jeff Eckhoff, they are making Lincoln County a great place to live and work. And we thank our partners for maximizing our efforts. They are helping us prepare today for a better tomorrow.



MCEDA PRESIDENT'S MESSAGE

By Marv Wieman

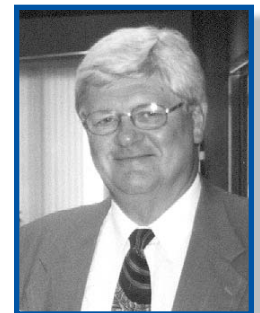
Continued growth encourages closer cooperation

While so much of America has struggled during the past year with an uncertain economy and a troubled international situation, Minnehaha County has maintained a pattern of growth. One of the reasons our area remains strong is the cooperative spirit which brings us closer together, in good times and in bad.

Our friends at the Sioux Falls Development Foundation and our partners for progress in Lincoln county understand, as does our board of directors and members, that we're in this community development effort together. What's good for one community is good for the entire region. We work together, we achieve success together and we applaud each other's victories together.

The network of state development officials from the Governor's Office of Economic Development, local economic development professionals and concerned, caring volunteers in each community throughout our area has achieved great things during this first decade of the 21st century. We will continue to achieve great things in the years ahead.

We must thank executive director Jeff Eckhoff for helping to weld that network of partners together. We're working together for strong and prosperous regional growth!



BERESFORD

Beresford experienced significant growth in 2008, including the sales of two lots in the 115 acre industrial park, resulting in the expansion and relocation of three businesses. Three new homes and six townhomes were built in 2008, and the city completed construction of a new recycling center and a bus barn to house the community transit program. Bouge, Inc. has announced plans to add 10,000 square feet to an existing building in the industrial park. Beresford, with a population of 2,190, issued 77 building permits valued at nearly \$2 million in 2008.



Wilson Trailer built a new trailer manufacturing facility in the Lennox Industrial Park.

CANTON

Canton, with a population of 3,110, saw business and community growth during 2008, both residential and commercial. Among the commercial projects was another expansion at Adams Thermal Systems, one of Canton's largest employers. Building permits in Canton for 2008 totaled 57 at a value of \$1.2 million, and four new single family homes were built this year.

a total value of nearly \$19 million. Non-residential building included construction activity at Schoeneman's Building Center and major construction by the school district on the new \$25.3 million high school and athletic complex. Showplace Wood Products again expanded their Harrisburg facility and Legendary Estates opened this year in northwest Harrisburg.

a Capital Improvement Plan is being developed to continue the infrastructure enhancement. The city also plans a new grandstand at the baseball field, an outdoor pool and a bike path. Lennox Area Development Corporation also purchased an additional 18 acres to expand the industrial park.

HARRISBURG

This year, 102 single-family homes, plus seven multi-family units, were built in Harrisburg, now with a population over 3,500. The community approved 284 building permits with

LENNOX

Lennox, with a population of 2,741, experienced \$2.5 million in construction during 2008, spread over 135 projects. Two new single-family homes were built, and the city completed a \$1 million street project that includes a new lift station for the industrial park. Street improvements were also made by paving and guttering eight blocks of city streets previously unpaved, and

Tea grew again in 2008 to a population of 4,250 with both commercial and residential building activity. Dakota Millwork expanded this year by 19,600 square feet, while the local post office is expanding into a new 3,600 square foot building. The community is in the design phase for a new 25 acre park and athletic complex, and new businesses include Lewis Pharmacy, Straight Lines Quality Auto Restorations, B&G Milkyway and Daylight Donuts. The building permit total for 2008 was 140, with a valuation over \$8 million, including 45 new single family homes.



Bio-tech industry leader Hematech opened a new production facility in Hudson.

TEA

WORTHING

In Worthing, housing was once again an important element in this year's community growth. Worthing issued 35 building permits, including three for new single-family homes, for a total building permit activity of nearly a half million dollars for 2008. The population is 900 in this growing Lincoln County community.

BALTIC

Baltic, with a population of 975, saw new home construction in both the Baltic Heights and Valley View Meadows subdivisions; a total of seven new homes. In 2008, 55 building permits were issued at a valuation of nearly \$1 million.



New homes, like this one in Baltic, continue to have a major economic impact.

BRANDON

Brandon, with a population of 8,115, issued 372 building permits at a valuation over \$39 million. Over \$8 million of that total was for single family home construction, with 42 permits issued. Commercial projects for the year included new construction at Pace Manufacturing, Tower Tech, MiniLynx daycare and the Brandon Valley school district, as well as an addition to the Wausau Supply facility.

COLTON

Colton, population 675, saw the construction of a 260,000 bushel grain bin and other improvements to the Colton Farmers Elevator. The old Colton school was removed and the site cleared for redevelopment. The bathhouse and concession stand at the city pool received a new roof, with other enhancements. A major street project is planned for spring for a portion of 5th Street. The community reports 36 building permits at a valuation over \$660,000 during 2008.

CROOKS

Crooks, with an estimated population of over 1,000, saw six new homes built in Sunset Addition in 2008. During the year, 99 building permits were issued at a valuation of \$2,365,000. Sewage lagoon expansion construction began and will be completed by the end of the year. The added capacity of the treatment facility should allow Crooks continued growth for the next 20 years. A Verizon Wireless tower was constructed, Pretty Paws Pet Grooming moved to Crooks and the Crooks Finance Office relocated to the community center.

DELL RAPIDS

Dell Rapids experienced significant housing construction in 2008, as ten new single family homes and two multi-family projects were completed this year. This community of 3,241 continues to grow, issuing a total of 89 building permits, for a combined valuation of \$2.4 million.

GARRETSON

Garretson continues adding new homes with four single family houses built this year. Progress continues on the community's industrial park. During 2008, building permits for the year totaled 48 with a valuation of \$795,000.

HARTFORD

In Hartford, 120 permits were issued, with a valuation of \$5.3 million during 2008. This community of 2,400 issued permits for 18 single-family homes, valued at over \$4 million. Ten Pin Alley, a 12-lane smoke-free family entertainment center, was built, along with two four-plex multi-family housing units. The community continues to see double-digit sales tax increases and is promoting itself with television ads. New playground equipment

was installed in 2008 and plans are underway for a new fire station and new city government positions in economic development and zoning.

HUMBOLDT

Humboldt saw the completion of a new township building in 2008, along with two single family homes, major improvements at 38 Special, the conversion of 4,000 square feet at TNT Enterprises and the location of First Manufacturing in an existing building. In 2008, 37 building permits were issued in this community of 548, at a valuation of \$320,000.

SHERMAN

Sherman, the smallest member community in the Minnehaha County Economic Development Association, continues to improve its residential base in this town of 87 residents. Sherman continues to concentrate on infrastructure improvements in their community.

VALLEY SPRINGS

Valley Springs saw the construction of two new single-family homes during 2008. The year saw 28 building permits being issued, with a valuation of \$335,000 in this growing community of 825.



Educational infrastructure improvements include West Central's two new elementary schools, one in Hartford and this school in Humboldt.

By Jeff Eckhoff

Confidence and stability make this the best place to be

As we look back on 2008, we can be proud of our achievements in *Building Success* for the communities in the two-county area. While our issuance of building permits may not have equaled the record-setting pace of the last few years, we saw substantial growth—and more importantly, a continuation of the confidence in the future which has characterized Lincoln and Minnehaha Counties for over a decade.

The plain fact is that when the national economy experiences a slowdown, South Dakota—especially the communities in Lincoln and Minnehaha Counties—looks even better to company executives. An area like ours that is able to sustain its growth pattern, in population increases and in strong retail sales, infrastructure enhancement and construction activity, is a bright spot with fantastic potential. And that is exactly what business leaders all across the nation look for when the economy elsewhere is soft.

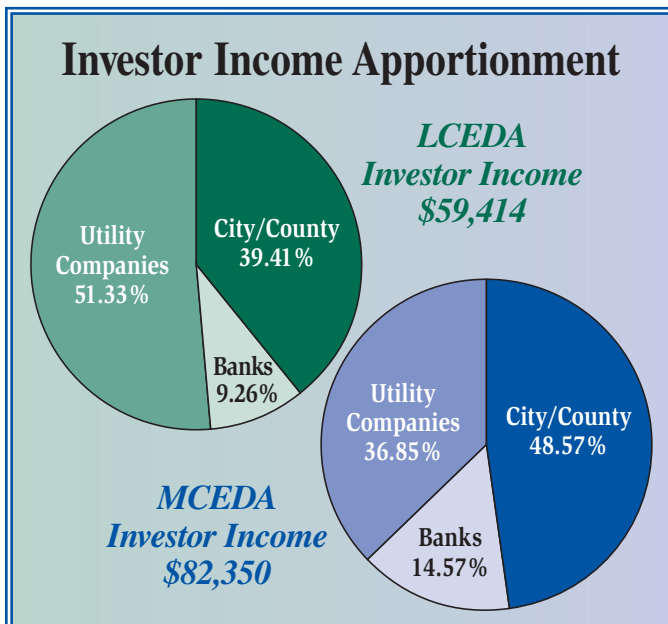
During 2008, we saw evidence of that, as our organizations hosted interested business executives, showing them sites and facilities in both counties. Over 40 companies, representing 3,308 jobs made inquiries with the Lincoln & Minnehaha County Economic Development Associations this year. Expansions led the way with Sioux Steel, Rosenbauer, Showplace Wood Products, Wausau Supply, Dakota Millwork and Adams Thermal Systems all completing major expansions in 2008. Bergquist, Wilson Trailer and Fusion Plastics have completed their plants and are in the early stages of production. Tower Tech Systems announced their South Dakota facility, currently under construction and Hematech built a state-of-the-art livestock research station in Lincoln County.



Rail service became increasingly important as nine projects required rail service, followed by seven who specifically came to Lincoln and Minnehaha Counties looking for labor. This year, 12 projects were related to the production, processing or manufacturing for the agriculture industry, two of which were biotech companies. And wind energy continues its importance, with three companies making inquiries and the location of Tower Tech spurring additional interest from companion companies.

This year's snapshots of growth in both counties show the commitment to community enhancement that keeps new families pouring into our counties. Construction activities noted include significant infrastructure investment in our member towns—a vital element in our growth.

We live in a world that continues to grow smaller, and even in Lincoln and Minnehaha Counties, business is connected to the global economy. We cannot escape being affected by the national economic downturn, but we can be proud of our common sense business practices, confidence in the future and our commitment to growth. We have so much going for us—and people all across America are thinking more and more about the advantages of our region as a great place to live and work!



Double-digit increases in taxable sales mark 2008 progress

For the second consecutive year, Minnehaha and Lincoln counties have recorded significant sales tax collections. This key statistic, compiled by the South Dakota Department of Revenue's Business Tax Division, is a measure of the business strength of individual communities, but also our regional growth pattern. The state has posted FY2008 sales tax collections against 2007 showing a **\$10.8 million increase** in Lincoln County and a **\$16.9 million increase** in Minnehaha County, a combined total increase of 8.66% for our counties.

Leading Lincoln County in taxable sales growth was Lennox, with a 21.9% increase in 2008, while in Minnehaha County, Baltic showed a 29.6% increase in sales tax collections last year. These numbers again indicated stability in the economic growth of our area, with retail, commercial and residential growth equally driving the prosperity of our communities.



BUILDING SUCCESS



Lincoln County Economic Development Association **INVESTORS**

Beresford Economic Development Corporation
City of Canton
Canton Economic Development Corporation
City of Harrisburg
Lennox Area Development Corporation
City of Lennox
City of Tea
City of Worthing
Lincoln County

Farmers State Bank, Canton
First Bank & Trust, Canton
First Federal Bank, Beresford
The First National Bank in Sioux Falls, Harrisburg
First Savings Bank, Beresford
Home Federal Bank, Canton, Harrisburg & Lennox
Valley Exchange Bank, Lennox & Tea
Wells Fargo Financial/Wells Fargo Bank,
Beresford

Beresford Electric
Beresford Telecom
East River Electric Cooperative
MidAmerican Energy Company
Midcontinent Communications
Knology
Southeastern Electric Cooperative
Xcel Energy



Minnehaha County Economic Development Association **INVESTORS**

City of Baltic
City of Brandon
City of Colton
City of Crooks
City of Dell Rapids
City of Garretson
Hartford Area Development Corporation
City of Humboldt
City of Sherman
City of Valley Springs
Minnehaha County

First Bank & Trust, Garretson
The First National Bank in Sioux Falls,
Baltic, Brandon & Dell Rapids
Home Federal Bank, Brandon, Crooks, Dell Rapids & Hartford
US Bank, Colton & Hartford
Wells Fargo Financial/Wells Fargo Bank,
Brandon & Dell Rapids

Alliance Communications, Baltic & Garretson
East River Electric Cooperative
Golden West Telecommunications, Dell Rapids & Hartford
MidAmerican Energy Company
Midcontinent Communications
Minnehaha Community Water Corporation
SDN Communications
Sioux Valley Energy
Xcel Energy

The Boards of Directors wish to recognize the generous support of our investors who make our economic development efforts in Lincoln and Minnehaha Counties possible.

THANK YOU!