



PROGRESS REPORT, Fourth Quarter, 2006

Investors and volunteers celebrate campaign victory

Behind the rousing cadence of the Lincoln High School drum line, campaign co-chairs Kelby Krabbenhoft and Dana Dykhouse marched into the Forward Sioux Falls V victory celebration to announce the final total for this year's effort—\$10.3 million from 333 investors. The total Forward Sioux Falls pledges far surpassed the campaign goal of \$8.5 million.

"This community has always been willing to step up and get things done," said Krabbenhoft. "This outpouring of support for the Forward Sioux Falls objectives is an indication of how far we've come since the program's inception—and of how much more we can do."

Since 1987, the business community of Sioux Falls, in partnership with city and county government, has invested almost \$15 million in economic development through four Forward Sioux Falls campaigns. The fifth edition of this historic community development program brings the total to over \$25 million to fund action plans to keep the economy of the area moving forward.

"All across the nation, other communities have studied Forward Sioux Falls and used this effort as an inspiration for making dramatic improvement in their own cities," said Dykhouse. "Sioux Falls has once again set new standards for involvement, investment and belief in our future."



Campaign co-chairs Kelby Krabbenhoft and Dana Dykhouse announce campaign results at the Forward Sioux Falls V victory celebration.

The campaign, which kicked off in May, has stated goals in the areas of workforce development, technology business enhancement, economic expansion, community and business climate advocacy and continued investor communications. Investors pledged support for the next five years, viewed to be a critical phase in the development of the Sioux Falls area.

"Once again, the key elements in the success of the Forward Sioux Falls program were leadership and volunteers," said Dan Scott, Development Foundation president and a member of the Joint Venture Management Committee. "We can all congratulate Kelby and Dana for a superior job of leading this

campaign. All of the committee chairs and members took this job very seriously. They understand, as do our investors, that we are working today for the community our children and grandchildren will live in."



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Technology Business Center “graduates” two businesses

Two companies which began operations in the South Dakota Technology Business Center have outgrown the incubator facility which was built through the Forward Sioux Falls program. Prairie Gold Venture Partners has moved to 4901 Isabel Place in south Sioux Falls, while CRESH, now known as Certus Managed Hosting Solutions, is now located in Sioux Empire Development Park II.

Prairie Gold principals Paul Batcheller and Mike Jerstad said their firm didn't grow in people, but in the number of businesses they manage. The venture capital company needed additional space for meeting with clients, but appreciates the “plug and play”



Prairie Gold principals Paul Batcheller and Mike Jerstad.



Certus specialists Miles Rausch, Seth Larson and Mike Johnson

advantage of starting their operation in the Technology Business Center.

“We didn't have to deal with set-up,” Batcheller said, “just with growing the company.”

Certus Managed Hosting Solutions, formerly CRESH, has grown to twenty employees and, while corporate headquarters remains in Sioux Falls, now has offices in Laguna Hills, California and in the Seattle area. The company is an application-hosting provider for large and midsize public sector, higher education and commercial customers in North America, Europe, Asia Pacific and Latin America. CRESH was originally a spinout company created at Dakota State University in Madison.

National Newsfront

Small businesses survive best in South Dakota

Small businesses matter to the U.S. economy, dominating the business landscape and creating the bulk of new jobs. The Small Business Survival Index ranks the 50 states and District of Columbia according to some of the major government-imposed or government-related costs affecting investment, entrepreneurship, and business. The most recent Small Business Survival Index tied together 29 major government-imposed or government-related costs impacting small businesses and entrepreneurs across a broad spectrum of industries and types of businesses and found that **South Dakota is #1**—the friendliest state for entrepreneurs and small businesses. New Jersey ranked 50th among states, DC was 51st.

The U.S. Small Business Administration reports that there were approximately 25.8 million businesses in the United States in 2005, and 99.9% had fewer than 500 employees, while just 17,000 businesses nationwide have more than 500 employees. Small businesses employ just over 50 percent of total private sector, non-farm workers. Over the past decade, small business net job creation fluctuated between 60 and 80 percent. In 2003, employer firms with fewer than 500 employees created almost 2 million net new jobs; during the same year, large firms with 500 or more employees **lost nearly 1 million** net jobs.

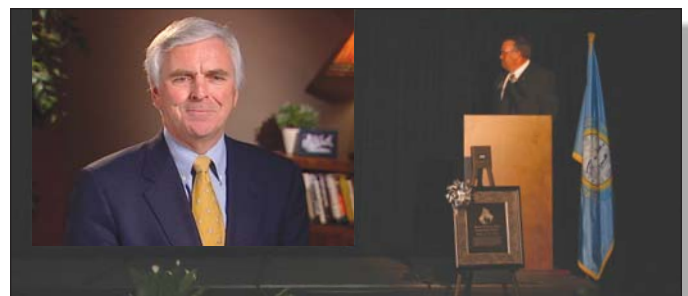
Spirit of Sioux Falls award presented to Everist

Tom Everist, long-time community booster and current chairman of Forward Sioux Falls, was this year's recipient of the Spirit of Sioux Falls Award at the Sioux Falls Development Foundation's annual meeting November 16.

“Tom Everist has always been there for Sioux Falls,” said Dana Dykhouse, Development Foundation chair. “From his first involvement as a member of the Chamber's Transportation Committee to his leadership of Forward Sioux Falls, Tom has exemplified commitment, participation and dedication to this community.”

In thanking the Development Foundation for the award, Everist said that “nothing gets done in this community by just one person. All of the accomplishments we can point to with pride were group efforts. There are no egos involved in making Sioux Falls the best place in America to live and work.”

The **Spirit of Sioux Falls Award** is given annually to a person who has demonstrated excellence in leadership and commitment to economic development and growth in Sioux Falls. Last year's winner was Governor Mike Rounds.



Dana Dykhouse, right, listens to Tom Everist's pre-recorded acceptance of the Spirit of Sioux Falls Award.

Chairman's Report

The next generation of leaders is stepping forward

As we look back on the success of the Forward Sioux Falls V campaign, we can point with pride to the volunteer spirit that pushed us over our goal. The leadership of Kelby Krabbenhoft and Dana Dykhouse, the “dynamic duo,” as Bob Thimjon called them at our victory celebration, was instrumental in our success. Equally important were the committee chairs and the volunteers who jumped at the chance to be a part of this vital community effort.

Many of those volunteers were young leaders from whom we will be hearing a lot more in the years to come. Perhaps their involvement is another great advantage of Forward Sioux Falls: it gives younger business people the opportunity to

By Tom Everist,
Chairman,
Forward Sioux Falls



work with each other and the committee chairs. The campaign also provides these “thirty-something” business leaders the chance to serve their community in a whole new way, with a broader perspective for the future. That’s exciting to me, and very positive for this community.

We’re looking ahead now to the implementation of the objectives we outlined during the campaign. The glow of victory makes everyone feel good about Forward Sioux Falls, but it is crucial to remember that Forward Sioux Falls is about **achieving goals for progress**. Local government and business leaders invest in this program because it **works**—and now the work of the next five years begins in earnest.



Workforce Development Update

Workforce development effort rolls out multi-media campaign

Growing and retaining a skilled workforce has been a priority of previous Forward Sioux Falls programs, but Forward Sioux Falls V will demonstrate it in a special way—through an upbeat, multi-media campaign. Young adults throughout the region within a radius of about 200 miles and right here in Sioux Falls are being targeted. They are hearing an important message—that “You can *stay close to home* and *go far* in your career and in life—in Sioux Falls.” This campaign is designed to support the recruiting efforts of all the great employers who are committed to continued growth in our community.

“Sioux Falls is an ideal city for young adults,” said Mary Medema, Workforce Development Director. “They have opportunities to begin or continue their education, to start or advance their career throughout their working life, to find a home, apartment or loft



that is just their style and to enjoy a wealth of recreation and entertainment options regardless of interests. In other words, we have it all! With the “**stayclose-gofar**” campaign, we are spending the time and resources to tell them just that.”

Visitors to the www.stayclose-gofar.com website will find it easy to get “connected” to information about living, working and playing in Sioux Falls. Web visitors will also sign up for quarterly e-news updates which share timely features on careers, education, entertainment and more. The website will also feature regular contests for on-line visitors, offering a chance to win a visit to Sioux Falls to either take in a game or to catch a movie at the CineDome or to attend a concert. By staying in touch with young adults and continuing to extend an invitation to check out Sioux Falls, we expect even more young adults and families to want to call Sioux Falls “home.”



We want to hear from YOU

During the past five years, we have worked hard to maintain a flow of information about Forward Sioux Falls to our investors. Quarterly *Progress Reports* like this one, regular stories in the *Chamber News* and the Development Foundation *Directions* publication, investor briefing events and a scattering of monthly radio messages have kept Forward Sioux Falls in view. More importantly, these communication tools let investors know what is being accomplished with their investment.

That will not change during the next five years. If anything, we have come to understand the critical nature of investor communications and investor relations. We plan to stay in touch with our current investors throughout the term of the Forward Sioux Falls V action plan—and give other companies, either new to our area or new to the Forward Sioux Falls idea, the opportunity to invest in one of the nation's most

By Dan Scott, President,
Sioux Falls Development
Foundation



effective community development programs.

You'll be hearing more about our investor relations program, and you'll be getting a regular flow of information about Forward Sioux Falls action steps. But we don't think we're the communication experts. **We want to hear from you**, with your ideas on how we can get news and information to you in the most effective way. It is important that Forward Sioux Falls communication be a two-way street, so talk to us, e-mail us, phone us. Each issue of *Progress Report* has contact information, and we are always glad to

hear from our investors. Let us know how we're doing in getting you the information you need—and while you're talking, tell a friend about Forward Sioux Falls—and why you are an investor in this program. Your testimonial is the most convincing element in bringing new investors to Forward Sioux Falls.



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