

Siouxland Economic Development Corporation: "Your Partner In Small Business Development Finance"

From the Chairman



Thank you to all of the area lenders who partnered with us during this very successful past fiscal year. We are proud to announce that we were able to work in cooperation with financial institutions through out the

Siouxland area to create or retain over 290 jobs in the region.

Its important to note that these 290 jobs are positions that either would never have been created or would have been lost to business closure, if not for your efforts to find creative ways to take advantage of SEDC's gap financing programs to allow you to close more loans and improve the economy of your community. We look forward to continuing to partner with you to create or save jobs in your community, while still allowing you to maintain an acceptable level risk in your growing loan portfolios.

Through your continued efforts to grow the businesses of your communities, you were able to utilize our programs to leverage the \$13 million in private commercial loans you made into nearly \$29.4 million in total investment into your local economy by borrowers who otherwise would not have had access to traditional bank financing.

Your Economic Development Partner,

Dusty Small, Chairman
Siouxland Economic Development Corporation

Record Breaking Year!: SEDC 504 Volume Iowa's Highest

In the fiscal year ended September 30, 2005, Siouxland Economic Development Corporation has shattered its records for loan volume and was also cited by the U.S. Small Business Administration for having produced the highest volume of SBA 504 loans in the entire state of Iowa.

The SBA 504 loan program allows a Certified Development Company (or CDC) to partner with a private lender to provide entrepreneurs and existing business owners access to long-term fixed rate asset financing. In the past fiscal year, SEDC closed over 21% more SBA 504 program loans to Iowa businesses than the next highest volume CDC.

For all of SEDC's loan programs, new loan originations in the fiscal year 2005 were more than double the fiscal year 2004 level. In addition to its record breaking volume in Iowa, SEDC also closed RLF and SBA 504 program loans in both Nebraska and South Dakota.

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"The Mission of the Siouxland Economic Development Corporation is to further the economic development of Siouxland."

Company Profile: Eva Goettsch DDS

Dental offices are becoming more difficult to find in rural areas. While many rural communities would consider themselves lucky just to have a dentist practicing in their town, Cherokee, IA residents now can take advantage of the latest in technology without having to leave town.



This technology is not yet available from any dentist in the much larger Sioux City market.

Dr. Eva Goettsch has practiced in Cherokee for the past 9 years. In 1998 she purchased the dental practice she had been working in from its retiring former owner. By 2004 the practice had outgrown its previous location.

After being approved for the construction financing by Central Bank & SEDC, Dr. Goettsch began to think about upgrading the equipment she used to care for her patients. She brought the idea of upgrading to state of the art equipment to her loan officers, who agreed with her vision and approved her additional request.



Today Dr. Goettsch is one of only two dentists within a 60 mile radius of Sioux City to use the Waterlase laser/water spray technology (the other dental clinic, Onawa Family Dental Clinic, was also financed by SEDC).



This revolutionary technology combines laser energy and a high pressure water spray to perform a wide range of dental procedures, including tooth

extraction and cavity preparation, without the need for a traditional dental drill.

Clinical research has shown this method to reduce the level of discomfort reported by patients. The system also reduces patient anxiety by eliminating the high pitched noise and vibration associated with traditional drilling systems, much to the delight of the nearly 6,000 residents of this Northwest Iowa community.



Congratulations to BoDeans Baking Company, an SEDC RLF borrower, on making Inc Magazine's list of 500 fastest growing privately held companies. Based in Le Mars, IA, BoDeans manufactures sugar cones and wafer products used in prepackaged ice cream novelties. Their 483.5% growth over the past three years makes the company the 252nd fastest growing private company in America.

New Officers Elected

Dusty Small was recently elected as SEDC Board Chairman. Dusty has been a longtime board member and has previously served as Vice Chairman and as Secretary. A native of Sioux City, IA, Dusty has worked for Thompson Electric for over 20 years. He has previously served for several years as President of the International Brotherhood of Electrical Workers (IBEW) Local Chapter 231 in Sioux City, and he has served on the SEDC board since 1996.



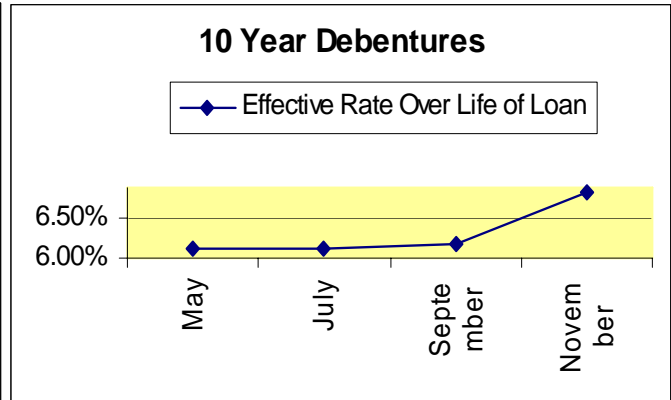
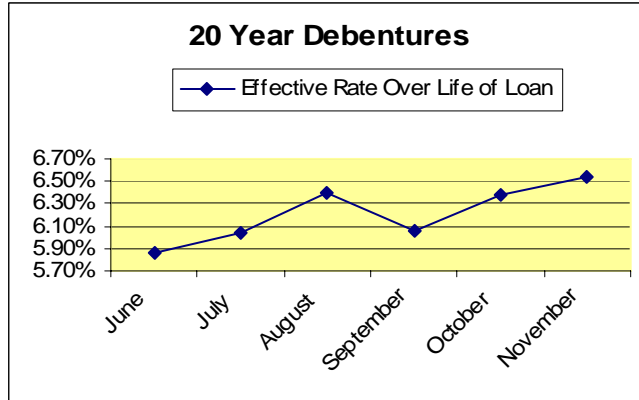
Merle Long, who has been serving as Secretary, was elected as the new Vice Chairman. Merle is a Senior Vice President with Iowa-Nebraska State Bank in South Sioux City, NE. He has been in the banking industry for 26 years, the last 21 years with Iowa-Nebraska State Bank. He joined the SEDC board in 1990.



George Frangedakis was elected to join our Executive Committee as Secretary. George is a long time SEDC Board Member, having served since 1992. George is currently an Associate Professor of Finance and Chair of the Business Department at Briar Cliff University, where he has taught since 1981.



Recent SBA 504 Rates



SEDC Board of Directors & Officers

Dusty Small, Chairman
 Merle Long, Vice Chairman
 Grant Haight, Treasurer & Servicing Committee Chair
 George Frangedakis, Secretary
 Bruce Kolbe, Past Chair
 Kenneth A. Beekley, Asst. Secretary

Rick Aadland	Gil Bremicker, Jr.	Craig Broyhill
Paul Clousing	Glenn Ivarsen	Craig Berenstein
Merrill Hale, Loan Committee Chair	Don Klynsmas	Don Klynsmas
Randy Kramer	Grant Mears	Kory Menken
Scott Miller	Alma Salcido	Kiley Todd
Scott Utech	Virgil Van Beek	Ron Will
Bill Wilson	Ron Jones	Mark Monson

Emeritus: Fred Davenport, Jr., James Sherman, Kay Lagan, Past Chair
Ex-Officio: SEDC Attorneys and Auditor
 SIMPCO Executive Director
 City of Sioux City Econ. Dev.
 City of SSC Administrator
 Siouxland Chamber of Commerce

SEDC Staff

Kenneth A. Beekley, Executive Vice President
 Ken@simpco.org
 Glenda Castleberry, Vice President/Loan Manager
 Glenda@simpco.org
 Jackie Nohr, Assistant Loan Manager
 Jackie@simpco.org
 Denise Schaa, Assistant Loan Manager
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SEDC Loan Programs

SBA 504 Program

Maximum Amount: \$1,500,000 (\$2,000,000 in certain situations or \$4,000,000 for small manufacturing) or 40% of total project cost (the lesser)
 Use of Proceeds: Fixed Assets (land, building, equipment)
 Interest Rate: Approx. 1% above 10 yr. Treasury Note
 Term: 10 or 20 years based upon economic life of the assets financed.
 Typical Structure: 50% Bank, 40% 504 Debenture, 10% Local Injection
 Fees: One time fee of approx. 3-4% of the loan (capitalized as part of the loan).

RLF (Revolving Loan Fund)

Maximum Amount: \$100,000 or 25% of total project cost (the lesser)
 Use of Proceeds: Fixed Assets or Working Capital
 Interest Rate: 2% fixed below primary lender's rate
 Term: Must match life of financed assets
 Typical Package: 65% Bank, 25% RLF, 10% Equity Injection
 Fees: One time fee of 1% of the RLF loan, an annual fee of 1/2% of declining RLF balance, and all loan closing costs.

SBA Microloan

Maximum Amount: \$35,000
 Use of Proceeds: Working capital, inventory, fixtures, lease hold improvements, and equipment
 Interest Rate: Currently 10% fixed
 Term: Maximum maturity of 6 years
 Typical Package: 100% Microloan
 Fees: \$20.00 credit report fee and all loan closing costs



Spotlighting Our Activity Report

July 1, 2005 — September 30, 2005

Location	Business Type	Lending Partner	Total Project Costs	Private Funds	SEDC/SBA Funds	Funding Program	Jobs Created/Retained
Sergeant Bluff, IA	Accounting & Tax Service	N/A	\$7,000	—————	\$7,000	MLN	1
North Sioux City, SD	Technology Business Development	Liberty Bank, Sioux City, IA	\$800,000	\$540,000	\$60,000	RLF	25
Sioux City, IA	Photography & Videography Studio	N/A	\$40,000	—————	\$35,000	MLN	2
Sibley, IA	Restaurant	Iowa State Bank, Sheldon, IA	\$235,000	\$75,000	\$83,000	SBA 504 & Low Doc	13
Storm Lake, IA	Motel	N/A	\$100,000	—————	\$100,000	RLF	11
South Sioux City, NE	Laundromat	Central Bank, Sioux City, IA	\$233,200	\$114,000	\$85,000	SBA 504	0
Alton, IA	Screen Printing & Embroidery Services	Iowa State Bank, Paulina, IA	\$51,000	\$22,500	\$22,500	RLF	1
Sheldon, IA	Lumber Company	Citizen's State Bank, Sheldon, IA	\$969,000	\$415,000	\$392,000	SBA 504	8
Merrill, IA	Hog Production	Kingsley State Bank, Le Mars, IA	\$758,525	\$360,000	\$272,000	SBA 504	0
Maruice, IA	Dairy Cattle & Milk Production	Northwestern State Bank, Orange City, IA	\$3,384,680	\$1,677,628	\$1,036,000	SBA 504	5
Sioux City, IA	Retail Yarn Store	N/A	\$50,000	—————	\$30,000	MLN	1
Sioux City, IA	Meat Trader/Broker	Liberty National Bank, Sioux City, IA	\$165,000	\$80,000	\$69,000	SBA 504	3
			\$6,793,405	\$3,284,128	\$2,191,500		70

Recent Lending Partners

SEDC thanks the following lenders for participating in our loan programs during the past few months:

Nick Hegarty
 Central Bank, Sioux City, IA

Adam Stout
 Iowa State Bank, Paulina, IA

Mark Kleinwalterink
 Iowa State Bank, Sheldon, IA

Dennis Gorter
 Citizens' State Bank, Sheldon, IA

Danley Hoogeveen
 Kingsley State Bank, Le Mars, IA

Eric Walhof
 Northwestern State Bank, Orange City, IA

Brent Plantage
 Liberty Bank, Sioux City, IA