

## Historical Perspective

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# Dave Stenseth

## First president leaped into behemoth projects

Forward thinking and vision have always aptly described the Sioux Falls Development Foundation. The organization got its official start in 1969 hiring Dave Stenseth as its first president. He served in that role 18 years before stepping down in 1987.

"The foundation was a fledgling organization that was 'around but hardly around' before 1969," Dave said. "It was created in 1954 by a group of business leaders as a non-profit, economic development organization that worked to improve the economy in the Sioux Falls area. The group always had big ideas and its leaders were a bellwether in the community. Never more was this true when talk of a big government project called EROS surfaced. It was Mayor Mike Schirmer and others who felt the organization could band together and be a serious force in bringing it to South Dakota."



## EROS becomes part the conversation

So what was EROS? The acronym stood for Earth Resources Observation Satellites. The satellites gathered facts about the natural resources of the planet using Earth orbiting satellites that carried sophisticated remote sensing instruments. Part of a government agency, EROS was under the US Department of Interior and managed by the US Geological Survey (USGS). It was 1968 when the orbiting satellites started snapping digital pictures and sending them back to Earth. The first year there were 25,000 images with more to come so concern arose as to who or what could manage its growing voluminous number. It was the Department of Interior who proposed building a major data distribution hub for handling

and distributing pictures from the orbiting satellites. The project became a top priority at the USGS.

It was US Senator Karl Mundt who made the initial proposal to bring the EROS Project to South Dakota. Mundt was a South Dakota senior senator who had begun his Congressional career in 1938. At the time he was the ranking Republican on the Senate Interior Appropriations Committee and a very close friend to newly elected President Richard M. Nixon. Mundt leaped on opportunity when an elliptical zone 350 mile long and 150 mile wide from just north of Sioux Falls to Topeka, Kansas was pinpointed as the ideal location for the proposed EROS data distribution center. Mundt harbored ambitions of advancing the economic development of his home state as well as bringing in “space age” technology as well as technological jobs.

“Competing for the government agency took lots of good persuasion, Washington connections, hard work and money. At the Development Foundation “The EROS Committee” was formed and Russ Pohl was its chairman. It was the unstoppable Al Schock who sought me out to help assist the city with the project,” Dave said. “At the time I was the director of Development at Augustana. Before coming to Sioux Falls I was the director of finance for the Republican Party in Minnesota and had also worked on Capitol Hill. Al invited me to help solicit the government agency. It meant writing an RFP – request for proposal.”

Dave wrote the RFP. With a proven background in finance, he had firsthand knowledge of the necessary numbers and detail the RFP required and also had numerous contacts “on the Hill.” At the time he simply saw his role as an “outside service” for the community.

“But the EROS project became more than just conversation when Sioux Falls became one of three possible sites,” he said. “It was December of 1969 when the Sioux Falls Development Foundation offered me the job as president.”



Dave chuckles now when he thinks back on the day he was offered the job.

“When I took the job as president in 1969 I knew my number one assignment was to land EROS. But I also was given two directives from Al Schock: find a way to beat Sioux City in population growth and also fire the secretary,” he said. “We did manage to beat Sioux City in population, but I said ‘no way’ when it came to firing the secretary.”

Though other cities were considered, Sioux Falls landed EROS because the city offered what no other did – free land.

“Before offering me the job as president of the Foundation, there had been some setbacks. Karl Mundt suffered a stroke in November of 1969 and the Bureau of the budget subsequently refused to release \$300,000 necessary to continue the site selection process. Fearful the EROS Project was slipping away, Al Schock and others went to Washington, where Al made his sales pitch to the US government’s director of the bureau of the budget. When Schock finished his pitch, the abdurate director asked him, ‘Why Sioux Falls?’ To everyone’s surprise, Schock said ‘Sioux Falls would donate the land on which to build the site.’” Dave said.

“Schock thought it was only 10 acres,” Dave recalled. “When he realized it was 320 acres he gulped then promised ‘whatever was required, we would do it.’ That became our slogan and motto.”

That moment changed everything.

“Suddenly people in Washington and Sioux Falls finally began to believe that our town was indeed the home for EROS, All the talk, all the trips to Washington, all the promises began to take hold. Sioux Falls was viable. Sioux Falls was attractive. But Sioux Falls also had, or would have, that promise of free land.”

March 30, 1970, Mundt’s office issued a press release announcing that Sioux Falls had been named the site of the EROS Data Center (EDC).

## Finding big bucks

With EROS now a reality, Dave and the Foundation needed to take calculated risks right away. First, there was the requirement of very specific land sites. The government wanted several choices. This would take money, but again the \$300,000 that the government promised was still had not been released and the Development Foundation had no assets.

“We found three different 360-acre site locations and secured options. One site of the three was chosen 15 miles north of Sioux Falls. But securing sites meant money.”

Dave along with other community leaders had the formidable task of raising money – a lot of it – in a short period of time.

“To buy the property, the city needed \$320,000 in three weeks so it meant a full-scale, fund raising drive. Operation Ground Shot was launched May 21, 1970. Teams of two community leaders went out to raise the money. When it was all said and done we had \$480,000 pledges and an ideal site outside the city. As an added bonus, enough money for start-up of a future industrial park had surprisingly been secured.”

Working on a big government project also meant accommodating lots of out-of-town guests.

“We had engineers from Stanford come to Sioux Falls to check out whether the site fit the specifications for altitude and to make sure there were no obstructions for the satellite-to-earth communications,” recalls Stenseth. “One engineer was a rock climber and was amazed with the 200-ft KELO TV tower in downtown Sioux Falls. His fascination lead to an unusual request – he asked if he could get permission to scale it. I always did whatever I could to make project visitors happy. I went to Evin Nord KELO’s station manager and told him what the engineer asked. I got permission with the stipulation that the climber sign a liability release then watched him climb.”

But work didn’t end with finding the right site and buying land. The foundation also had to pay for buildings at a cost of \$5M. Committed to its pledge of “whatever was required,” Dave and others had to borrow the money necessary for construction then build the building, then lease it back to the federal government. A 20-year lease purchase was agreed upon.

“Because of good rates, Russ Greenfield and I went to Minnesota to seek a bank loan,” he said. “We needed the money quickly.”

Greenfield was the Foundation’s chief counsel and remained with the organization for 34 years. He oversaw all the operations and deals that the Foundation made.

“Dave was a ‘stemwinder’ – he was always looking for new opportunities, and he didn’t back down. The lease purchase was a creative way to get the building built. With the land already bought and used as collateral for the industrial development bonds and with the government as the buyer, the bank knew the deal was golden. It was the first lease purchase the USGA ever made,” Greenfield said.

Besides securing the money, the burden for building EROS and its infrastructure also fell on the city. The buildings had to be built from scratch. And with the buildings comes water lines.



"The city not only had to build the buildings, it also had to build 15 miles of water lines from Sioux Falls to EROS. Besides that there were requirements for a sophisticated telecommunication system. In the mean time we had to arrange temporary business headquarters for EROS in the old Northwestern Bell building downtown," Dave said. "EROS eventually moved into its 'new' permanent home in the early 1970's."

EROS was a Herculean project with a big price tag, but through it all Dave was confident believing it meant lots of jobs for Sioux Falls.

EROS Director Frank P. Kelly feels the risky bet that the city and the Development Foundation took on EROS has paid off.

"Nearly 50 years ago, the leadership of Sioux Falls had a vision to pursue a business opportunity to be the home of what was at the time a revolutionary concept of using space technology to observe Earth for the benefit of all. They embarked on bringing the EROS Data Center to Sioux Falls," he said. "From a modest workforce of 70 in 1973, EROS now has a workforce of over 600."

For his part, Stenseth says the hard work to land EROS was worth it.

"I didn't get into things I didn't want to make happen," he said.

Greenfield believes that Dave Stenseth's thrust as a leader proved to be the first Foundation president's great, nonnegotiable skill because he had a vision for why, how, what and where. Never was it more apparent than the EROS Project.

"Dave was innovative and had the wherewithal to get things done with whatever was available to him in any circumstance."

Not one, not two, but three  
Industrial Parks and Citibank, too

After EROS Dave moved on to another big project – an industrial park that would bring more jobs and more businesses to Sioux Falls. "Initially we decided an industrial park was still missing from the community. But there was the 80-acres of land from the Benson family,"



Greenfield said. "One more time, Dave and the Foundation decided to make something happen."

Again Dave faced the issue of land and the money to buy it. He was pragmatic.

"Like EROS, I knew a 'fair' price wouldn't happen. When it comes to land, suddenly the value just seems to go up when the city wants to buy it. We would need to buy large tracts of property one more time and again there was not enough money."

Greenfield said to get the deal done he and Dave had to be creative.

"We sought out a \$100,000 line of credit from First National Bank and also hired our own engineer."

In 1979 the first 220-acre Industrial Park opened. In fact, it was the first in the state. Sioux Falls Paint and Glass was the first business.

Dave Kiesow, current owner of Sioux Falls Paint and Glass, said urban renewal in downtown Sioux Falls was the reason behind the move to the city's first industrial park.

But the park's growth sputtered. Realizing almost immediately there was the issue of access Dave worked with city engineers to make the park more viable. First there was the need for a railroad spur. And because the industrial park could only be accessed using Cliff Avenue, Dave also worked with First National Bank to finance a bridge that would tie in Minnesota Avenue.

Since everything came with a price tag, Dave always watched where the money went with abiding concern.

"I saw myself as conservator of the money for the development park so I was careful how I spent. When the first park was created, I was so worried about getting businesses to move in, my son and wife mowed the median to save money," he said. "I am a cheap guy who believes money is still net when it is in your pocket."



## Citibank bonus

With the first industrial park starting to take off, Dave didn't stop. He went on to develop the second 200-acre park which, as fortune would have, attracted Citibank. Dave said a lot figured in to Citibank's move, but having a site with a highly technical business communications system already in place was helpful.

By any standard, Citibank was a big deal.

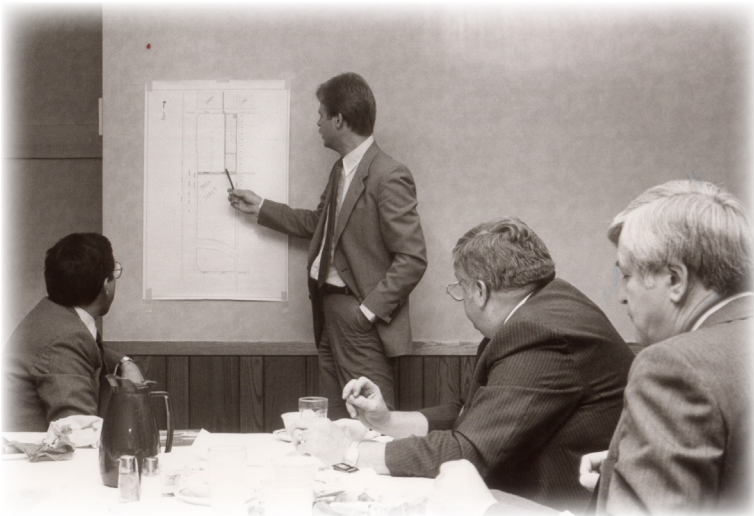
Citibank was a juggernaut says Sioux Falls attorney Doug Hajek. Hajek, a former banker, believes South Dakotans largely don't comprehend how utterly astonishing it was that Citibank- the world's largest issuer of credit cards- moved its operations here in 1980.

"It is ironic that some of the worst economic conditions in the last century led to one of the most important events in South Dakota's history. To some extent it was a stroke of luck. But it would have never happened without quick and determined action by our State's banking, business and government leaders. Community leadership was important; it helped us make the most of good fortune. When the bank made the decision to move to the state in July of 1980, it had an immediate need for a large site for its new facility. Dave Stenseth's forward-thinking and leadership resulted in the Foundation having an ideal, infrastructure- ready site allowing Citibank to begin plans for its new home without delay further cementing its plan to move here.

Citibank's arrival significantly changed the city's trajectory. Not only did Citibank become one of the state's biggest employers, its success brought us closer to the larger world. It also demonstrated the power of shared vision and joint effort – and inspired community leaders

to think of the potential of Sioux Falls in a more ambitious and expansive way. In the end, this may have been one of Citibank's most important gifts to us."

In his career as foundation president Dave would develop three parks in all. The third was land secured from the South Dakota prison - another land deal involving 200 acres. It came with complicated paperwork and plenty of red tape.



“The challenge of the prison property was that it required us to obtain a recommendation from the state GOED, then approval from the State Department of Charities and Corrections and the Deed of Conveyance approved by the Attorney General,” said Greenfield. “Another issue was whether or not the property has to be subject to the SD Bidding Process. Even with all of these challenges, Dave didn’t back down when it came to buying the land for another industrial park.”

## Dave, the morale builder

But it wasn’t just building industrial parks that Dave focused on – there was also Morrell’s. The meat packing plant was Sioux Falls’ biggest employer.

“There was fear that Morrell’s would leave Sioux Falls. It was important the Foundation do everything it could to keep the business in the city,” he said. “We reached out. It wasn’t about money; Morrell’s just wanted to feel appreciated.”

## Stepping away

Always driven Dave was not afraid of hard work. But health issues forced him to reluctantly step away as President of the Foundation.

“It was 1987, and I was 49. I went to the hospital to undergo surgery because I was having trouble swallowing. Before the surgery a curious intern started asking me questions. I had been really suffering from fatigue. Because he asked a lot of the right questions, he discovered I was having a massive coronary. I was only 49.”

Dave admitted he had been burning the candle at both ends too long.

“The doctors gave me five years so I decided I would have to change my life to one of rest and relaxation” he said. “I loved what I did. It ended too soon.”

Dave’s life changed. He took on less stressful roles serving on Augustana’s Board of Regents for twelve years and serving as chairman of the arena coliseum board for ten years. Still, Dave remains furiously proud of all his “firsts” right down to the Foundation’s first intern, Tom Dempster.



Dempster himself feels honored to be singled out and looks back at the days he was a young intern in 1971 and 1972 then a paid staffer from 1972 to 1975. Now director of IFAM Capital and a published author, he speaks warmly of the Foundation's accomplishments in the 70's and 80's and its first president.

"My father, Adrian, was in the downtown Lions Club, the same club of Foundation president Al Schock and Dave Stenseth. Dave, at best, attended irregularly. Nonetheless, my father heard the Foundation was looking for a college intern. He hounded Dave mercilessly until I go an interview. I was a normal looking college kid of the Seventies, which Dave would have described as 'looking like a hippie.' Dave put two conditions on my employment, 'quit working for George McGovern and get a hair cut.' He must have smiled just enough for me to see plenty of wiggle-room. I did get the haircut."

Today Dempster calls Dave his "dream mentor" and friend.

"Dave Stenseth is more than just 'Dave Stenseth,'" Dempster said. "He and the Sioux Falls Development Foundation were an era; an era that is significantly responsible for the city we have become."

A monument at 4th and Benson at Industrial Park Three recognizes Stenseth and the parks he had a hand in developing Sioux Falls.

"It looks like a tombstone. When I die I may have my ashes scattered there," he joked. "I will always be proud of my work with the Foundation, EROS, Citibank and the industrial parks. I want to be remembered as a guy who got things done."

By Virginia Olson

Dave Stenseth passed away July 2016.

