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**HAND DELIVERED**  
March 21, 2007

Marcia Elkins  
Vicki Fisher  
Travis Tegethoff  
City of Rapid City  
Growth Management Department  
300 Sixth Street  
Rapid City, SD 57701

Re: Our file no. 62196

Dear Marcia, Vicki and Travis:

I am writing this letter on behalf of my client, Selador Ranches, Inc. For the reasons set forth below, Selador Ranches, Inc. withdraws the Application for Development Review executed by Robert J. Borgmeyer, President of Selador Ranches, Inc. dated February 21, 2007, requesting approval of a Preliminary Plat for Lots 1A and 1B, Block 16 of Red Rock Estates and the separate Application for Development Review requesting certain variances regarding said property also dated February 21, 2007 and executed by Robert J. Borgmeyer, President of Selador Ranches, Inc. Those requests are currently on the agenda of the City of Rapid City Planning Commission as Item 10 (No. 07PL036-Red Rock Estates) and Item 28 (No. 07SV012-Red Rock Estates). Selador Ranches, Inc. further requests that these Applications and items be entirely removed from the Planning Commission Agenda.

By way of background, as the City is aware, on September 2, 2003, Selador Ranches, Inc. entered into an Agreement with Red Rock Development Company, LLC pursuant to which Selador agreed to have a portion of its property annexed into the City of Rapid City and to enter into an Agreement with the City permitting the construction of a water tank on property owned by Selador Ranches, Inc. located adjacent to Red Rock. The Selador location was preferred by the City of Rapid City as it permitted an underground, as opposed to an above-ground water tank. In exchange for Selador agreeing to have a portion of its property annexed and the granting of an easement to the City, Red Rock in turn agreed to convey to Selador Lot 1 of Block 16 and a strip of land starting at the northeast corner of Lot 1 to a point approximately 12 feet south of the northern border of the Red Rock property, extending approximately 2,147.5 feet along the border of such property. Lot 1, Block 16 and the strip of land were specifically required to be transferred as separate parcels. Unknown to Selador Ranches, Inc., Red Rock failed to plat Lot 1, Block 16 and the strip of land as separate lots and instead platted both parcels together as Lot 1 of Block 16. After Selador Ranches, Inc. completed its negotiations with the City of Rapid City granting the promised easement and ultimately conveying the property as an H Lot to the City, Selador requested conveyance by Red Rock of the two parcels of property as agreed. At that point, the Title Policy Commitment reflected that, in fact, the strip of land had been platted not as a separate parcel, but as a part of Lot 16. Following this discovery, the undersigned communicated by e-mail and telephone with Vicki Fisher of Growth Management on several occasions, seeking a solution as to how the lot and strip of land could be divided into two separate parcels. It was suggested by Vicki Fisher that the easiest way to proceed would be to combine the strip of land with the 11+ acres of Selador Ranches, Inc. property that had been annexed to the City pursuant to the Agreement with Red Rock. Counsel then met with City Attorney, Jason Green, and Vicki Fisher to explain the

objective, which was to combine the strip of land and the 11.1 acres, with the balance of the Selador Ranches, Inc. adjacent ranch property. It was explained that there was no present intent to develop the property. Rather, the intent was to include it in the ranch as a part of the ranch operation. When the Applications for Development Review regarding the Preliminary Plat and request for variance was executed, Robert J. Borgmeyer and Selador Ranches, Inc. and their counsel were totally unaware that significant facts had not been disclosed to Selador Ranches, Inc. by Red Rock. Specifically, Selador Ranches, Inc. and its representatives were completely unaware that Red Rock Estates has apparently failed to live up to prior commitments made to the City of Rapid City during the development of its property, including the failure to construct a portion of Bethpage Drive for which posted surety has apparently expired. There are also apparently issues pending regarding access for the number of units developed. Thus, what started out as a simple attempt by Selador Ranches, Inc. to obtain the benefit of the bargain made by adding the strip of land to its existing ranch as part of its long-time ranching operation, with no present intention of development, has turned into essentially either a revisit to exceptions requested by Red Rock Estates (e.g. 40-unit rule) and granted by RC and/or unfinished responsibilities of Red Rock Estates (completed construction of the Bethpage and the lapse of the RRE surety bond), all of which Selador Ranches, Inc. had no knowledge of or anything to do with.

In summary, Selador Ranches, Inc. withdraws its Applications for Development Review and respectfully requests that Items 10 and 28 be completely removed from the Planning Agenda.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "E.C. Carpenter", with a long, sweeping horizontal line extending to the right.

Edward C. Carpenter

ECC:jb  
cc: Jason Green