

BANKS, JOHNSON, COLBATH, SUMNER, & KAPPELMAN
ATTORNEYS & COUNSELORS AT LAW
PROFESSIONAL L.L.C.

JERRY D. JOHNSON
BARTON R. BANKS*
SCOTT SUMNER
RONALD R. KAPPELMAN
TIMOTHY J. BECKER*
DANETA WOLLMANN

731 ST. JOSEPH STREET, SECOND FLOOR
P O Box 9007
RAPID CITY, SOUTH DAKOTA 57709-9007

TELEPHONE: (605) 341-2400
FACSIMILE: (605) 342-3616

RONALD WILLIAM BANKS
(1931-2007)

GARY G. COLBATH, SR.
(1944-1999)

* A PROFESSIONAL CORPORATION

July 26, 2007

City Council Members
300 6th Street
Rapid City, SD 57701

RE: Contract for Private Development with Skyline Pines East, LLLP

Dear Council Members:

For the last eight months my client, Skyline Pines East, LLLP, has been working to finalize the purchase of property located southwest of Ruby Tuesdays. Skyline Pines East's General Partner is comprised of a group of working professionals from Nebraska who are excited about the growth that is occurring in Rapid City. Several local investors have joined Skyline Pines East as Limited Partners.

My clients are excited about the development they are planning and expect that it will be a valuable residential addition to the City of Rapid City. It is projected that residential homes, including twin homes and upscale condominiums, will be constructed on the property.

Tower Road will serve the residents of this area as a main access road. Skyline Pines East is committed to providing its residents with quality access. As such, it is imperative to the success of this development that Skyline Pines invest a substantial amount of money in improving Tower Road. Additionally, Skyline Pines East will be making public infrastructure improvements for the benefit of its future residents.

In working with Pat Hall and purchasing the property from WEB Real Estate Holdings Company, LLC and Tower Road Properties, LLC, my clients became aware of the Project Plan for the Tax Increment District # 47. It was their misunderstanding that the TIF was transferrable to Skyline Pines East, as the subsequent purchaser of the property. As you are aware, the current Project Plan anticipates a health care facility. However, the current developers have not made a final decision as to whether to include a health care facility on the property. Whether the property

July 26, 2007

Page 2

is developed as a residential area only or if it also includes a health care facility, the amount of traffic on Tower Road will increase significantly. We believe that the City's current Project Plan which encompasses a health care facility is easily adaptable to the new plan to develop the property as a residential area.

We are hopeful that the City is as excited as we are about the development of this property and the accompanying improvements to the access roads which service this area. We respectfully request that the City enter into the Contract for Private Development with Skyline Pines East, so that we can proceed with the development as planned. Thank you for your attention and consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Daneta Wollmann".

Daneta Wollmann

CC: Chris Stewart
Rich Drew
Bob Evans