

Public Finance

VIA EMAIL

October 20, 2009

Pauline Sumption  
Assistant Finance Officer  
City of Rapid City  
300 Sixth Street  
Rapid City, SD 57701

Dear Ms. Sumption:

The Public Finance Division of Wells Fargo Brokerage Services, LLC is pleased to submit the following governmental lease-purchase proposal for your consideration:

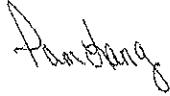
Lessee:	City of Rapid City, South Dakota
Lessor:	Wells Fargo Brokerage Services, LLC or its assignee(s).
Equipment:	(10) new garbage trucks
Finance Amount:	\$2,000,000.00 (est.)
Type of Lease:	Tax-exempt, annual appropriation lease purchase
Anticipated Closing Date:	A November 19, 2009 close is shown for illustrative purpose
Lease Term:	7 years
Lease Payments:	7 annual payments of \$329,902.22, beginning November 19, 2010
Interest Rate to Lessee:	3.73%
Prepayment:	Prepayable in full, not in part, on any payment date, for an amount equal to the payment then due plus the After Payment Termination Value as illustrated on the attached Exhibit A.
Escrow Funding:	At closing, lease proceeds would be deposited into an escrow account from which payments would be disbursed as required. The balance in the escrow account, beginning at closing, would earn interest at the money market rate and said interest would be paid to the Lessee after the final draw. If the "draw

schedule" on the escrow fund made it feasible, longer term, fixed rate investments could be made with all or part of the escrow fund. There is no charge for this arrangement.

- Other fees, costs: Documentation provided by Wells Fargo, subject to legal review by the city's attorney.
- Net Lease: This is a net transaction whereby insurance, maintenance, and any applicable taxes are the responsibility of the Lessee. All contractor/manufacturer's guarantees and warranties will be passed on to the Lessee.
- Insurance: Lessor requires personal property damage insurance equal to the cost of the equipment and also minimum liability insurance of a combined single limit of \$500,000. Lessor must be named additional insured.
- Annual Appropriation Lease: The lease payments are subject to annual appropriation of funds by Lessee.
- Purchase Option: \$1 at end of lease term.
- Tax Status/Legal: This lease assumes the Lessee being qualified as a governmental entity or "political subdivision" within the meaning of Section 103(a) of the Internal Revenue Code of 1986 as amended. Lessee agrees to cooperate with Lessor in providing evidence as deemed necessary or desirable by Lessor to substantiate Lessee's and this transaction's tax-exempt status, including Lessee providing an attorney's opinion. It is assumed that the transaction will not be "bank-qualified" under the \$30 million small issuer exemption.
- Lease Rate: The interest rate quoted is good through October 23, 2009 and thereafter subject to adjustment according to tax-exempt market conditions. Upon award, the applicable rate will be valid for 20 days.
- Credit Information: As requested by Lessor.
- Proposal Only: This is a proposal only and does not represent a commitment to lease. It is subject to approval by Lessor's Credit Committee.

Thank you for the opportunity to make this proposal. Please do not hesitate to contact me at 605-341-9945 with any questions or needs.

Yours sincerely,



Pam Lang  
Senior Vice President  
Public Finance Department  
**Wells Fargo Brokerage Services, LLC**

Attachment

Following the closing of the merger between Wells Fargo & Company and Wachovia Corporation on December 31, 2008, the two firms' municipal securities origination and trading activities were consolidated organizationally into the Wells Fargo Municipal Products Group. On or about November 6, 2009, Wells Fargo Brokerage Services, LLC ("WFBS") will be merged into Wells Fargo Securities, LLC ("WFSLLC"). Also on that date, the public finance investment banking and municipal securities underwriting activities currently conducted in WFBS will generally be transitioned to Wachovia Bank, N.A. ("WBNA"). While WFSLLC will remain fully capable of providing public finance investment banking services and underwriting of municipal securities for existing underwriting engagements after that date, the business model going forward is for such activities to be conducted, absent mitigating factors, in WBNA.

As such, if selected as underwriter, WFBS would seek [issuer's] consent to substitute WBNA for WFBS as underwriter after November 6, 2009. Absent such consent, services to be provided by WFBS after November 6, 2009 would be provided by WFSLLC.

*Wells Fargo Public Finance (WFPPF) bankers are registered representatives of Wells Fargo Brokerage Services, LLC, or Wells Fargo Institutional Securities, LLC, brokerage affiliates of Wells Fargo & Company and Members of FINRA and SIPC.*

**Investments: • NOT FDIC Insured • May Lose Value • No Bank Guarantee**