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June 18, 2010

Jason E. Green  
City Attorney  
City of Rapid City  
300 Sixth Street  
Rapid City, SD 57701



RE: Request for Payment of Un-assessed Taxes

Mr. Green:

You called earlier this week asking for a formal response to the suggestion by a member or members of the City Council that Cabela's Wholesale, Inc. ("Cabelas") pay to the City property taxes that would have been assessed against the Visitor Information Center Property (the "Property") had we closed on the transfer of the Property when originally anticipated by both the City of Rapid City and Cabela's, over a year prior to the actual transfer. We have reviewed this issue, the surrounding circumstances and the agreements between the parties, and can find no rationale for doing so.

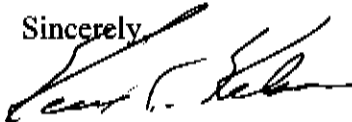
Prior to the transfer of the Property to Cabela's, the property was publicly owned. It was not on the tax rolls. Obviously, from and after the date the land became privately held, taxes began to accrue, and we will pay them as they become due. There is no obligation in any of the agreements between the City and Cabela's requiring nor suggesting we would have any tax liability for periods prior to taking title to the Property. I am not aware of any law, ordinance or regulation that would require us to pay real estate taxes on the Property accruing prior to Cabela's acquiring title.

The suggestion, as I understand it, is that somehow the delay in the transfer was caused solely by Cabela's, and thus we should pay the un-assessed taxes. We do not agree the delay was caused by Cabela's. The delay, in large part, was a result of the request from Mayor Alan Hanks for Cabela's to give the VIC building and sufficient land for parking back to the City, rather than retain the entire property, as had originally been agreed. Cabela's agreed with the Mayor's position and, in the interest of being a good corporate citizen, began to work through the development approval process necessary to create a legal lot containing the VIC building so it could be transferred back to the City as per our commitment to Mayor Hanks. We continued to work on solutions to create the subdivided parcel without fully developing and subdividing the entire Property, which we are not prepared to do at this time. Once that was complete, the transfer was promptly completed. Absent the need to transfer the building and land back to the City, the transfer could have been completed much earlier.

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Cabela's is appreciative of the efforts of the City, Mayor Hanks and the City staff in assisting us through this entire project. We look forward to Cabela's presence in Rapid City being long and mutually beneficial to both the company and the City. We stand ready to fulfill Cabela's obligations under our agreements with the City. That being said, we do not believe there is any basis upon which we should be asked to pay real estate taxes that were never assessed, and which we do not owe.

Sincerely,



Kent T. Kelsey  
Corporate Attorney  
Cabela's, Incorporated