

FIRST ADDENDUM TO THE MASTER DEVELOPMENT AGREEMENT

This First Addendum to the Master Development Agreement ("Addendum") is made and entered into this 16 day of November, 2009, by and between the City of Rapid City, a South Dakota municipal corporation ("City") and St. Joe Investment Group, LLC, a South Dakota limited liability company ("St. Joe") and is subject to the following terms and conditions.

RECITALS

WHEREAS, on September 21, 2009, the City approved The Master Development Agreement ("Agreement") between the City and St. Joe regarding the St. Joe Project.

WHEREAS, the City and St. Joe have executed a final version of the Agreement on September 21, 2009.

WHEREAS, the purpose of this Addendum is to revise certain provisions of the Agreement.

WHEREAS, the defined terms used in the Addendum shall have the same meaning as set forth in the Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Section 1B of the Agreement shall be deleted and replaced with the following:

City shall transfer the fixed sum of two million eight hundred thousand dollars (\$2,800,000) in 2012 Funds to an escrow account for the purpose of funding the design and construction of the public improvements of the St. Joe Project.

2. Section 2B of the Agreement shall be deleted and replaced with the following:

St. Joe agrees to comply with the public bidding statutes contained in SDCL § 5-18-1 through § 5-18-25. The City shall deposit the 2012 Funds in escrow with appropriate parties to facilitate new market tax credit financing for the Project, but as a condition for doing so, the City and such other appropriate parties shall enter into a disbursement agreement pursuant to which the City shall be entitled to approve any draws of 2012 Funds. Such disbursement agreement shall also provide that (i) if this Agreement is terminated any unspent 2012 Funds shall be distributed to the City; (ii) the City shall receive the interest earned on the funds held in escrow; and (iii) St. Joe shall pay the costs of the escrow arrangement. No draws of 2012 Funds from the escrow shall be permitted unless St. Joe (i) establishes compliance with the public bidding statutes for construction costs through appropriate documentation evidencing such compliance; (ii) completes the design and construction of distinct portions of the public improvements which are subject to the City's right of acquisition as described in this Agreement; and (iii) transfers ownership of the designs to the public improvements which are

subject to the City's right of acquisition as described in this Agreement. The request for all payments shall be accompanied by documentation which includes a description of the specific improvements or designs completed, the cost of the completed improvements or designs, and fully executed lien releases from the contractor, when obtained from the contractor, for the completed portion of the public improvements or designs. Within 45 days from receipt of a request for disbursement from St. Joe, the City will review the request for payment, and upon determining that all required documentation has been submitted and lien waivers have been arranged for, will direct the escrow agent to process the payment.

3. Section 3B of the Agreement shall be deleted and replaced with the following:

City agrees to take actions required by state law and City ordinances to transfer the fixed sum of two million eight hundred thousand dollars (\$2,800,000) in 2012 Funds to an escrow account for the design and construction of the public improvements in the Project, as set forth in Section 2B.

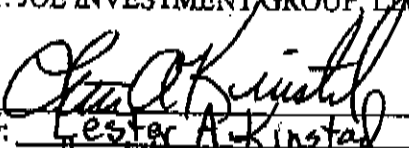
4. Section 4B of the Agreement shall be deleted and replaced with the following:

The sum of two million eight hundred thousand dollars (\$2,800,000) in City 2012 Funds shall be held in escrow and shall be dedicated to design and construction costs of the public improvements in the Project.

5. The remainder of the Agreement shall remain unchanged.

Dated this 10 day of November, 2009.


ST. JOE INVESTMENT GROUP, LLC


By: Lester A. Kinstad
Its: President

CITY OF RAPID CITY


Mayor

ATTEST:


James H. Prestor
Finance Officer
(SEAL)

