

COMMUNITY PLANNING & DEVELOPMENT SERVICES

City of Rapid City
 300 Sixth Street, Rapid City, SD 57701-2724
 Phone: (605) 394-4120 Fax: (605) 394-6636 Web: www.rcgov.org

**APPLICATION FOR
 TAX INCREMENT**

**FINANCING
 RECEIVED**

LEGAL DESCRIPTION

JAN 15 2013

Legal Description *(Attached additional sheets as necessary)*
 Legal descriptions are included in Figure 1 for all parcels.

Location North of I-90 from Dyess Ave. west to 1/2 mile west of Tish Blvd.

Size of Site-Acres

**RAPID CITY COMMUNITY PLANNING
 & DEVELOPMENT SERVICES**

APPLICANT

Name North Street Fire Station, LLC Phone (605) 342-2814
 Address 516 5th Street Fax (605) 342-0732
 City, State, Zip Rapid City, SD 57701

PROJECT PLANNER - AGENT

Name Ferber Engineering Company, Inc. Phone (605) 343-3311
 Address 729 E. Watertown Street Fax (605) 343-3399
 City, State, Zip Rapid City, SD 57701

<u>North Street Fire Station LLC</u>			
Property Owner Signature	Date	Property Owner Signature	Date
<u>[Signature]</u>	<u>1-15-13</u>		
Applicant Signature (if difference from Property Owner)	Date	Applicant Signature (if difference from Property Owner)	Date
Print Name: Richard E. Huffman		Print Name:	
Title* Authorized Representative		Title*	

*required for Corporations, Partnerships, Etc.

An application for the use of Tax Increment Financing must include the following information or the project will not be processed. **Attachments may be provided in order to fully provide the following information.**

APPLICATION INFORMATION <i>(attach additional sheets as necessary)</i>	Submitted
1. A detailed project description.	<input checked="" type="checkbox"/>
2. Purpose of the Tax Increment Financing.	<input checked="" type="checkbox"/>
3. List of project costs to be funded by the Tax Increment Financing including identification of typical developer costs, exceptional costs and oversizing costs. The applicant shall provide written justification when the sum of the Necessary and Convenient Costs and Contingency Cost line items exceed 10% of the total Project Costs. The proposed project costs shall include an itemized list of all Estimated Costs, including the Professional Fees.	<input checked="" type="checkbox"/>
4. A preliminary development financing plan, including sources of funds, identification of lender, interest rates, financing costs and loan terms.	<input checked="" type="checkbox"/>
5. The applicant shall identify all persons and entities that have an interest in the project and/or in the entity applying for the tax increment financing district. The disclosures shall require identification of all members of an LLC or LLP, other partners, investors, shareholders and directors of a corporation or any other person who has a financial interest in the project or in the entity applying for the tax increment financing. This provision requires identification of all persons who have an interest in the project, including those whose interest exists through, an LLC, LLP, corporation (whether as a director or shareholder) or other legal entity. The applicant shall be under a continuing obligation to update this disclosure within thirty (30) days of any changes throughout the application process and throughout the	<input checked="" type="checkbox"/>

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APPLICATION FOR TAX INCREMENT FINANCING

life of the developer's agreement. If the applicant is a publicly traded company, the applicant shall be deemed to have complied with this provision if it has provided the City a copy of its most recent annual report with the application.	<input type="checkbox"/>
6. A pro forma indicating projected costs and revenues.	<input checked="" type="checkbox"/>
7. A statement and demonstration that the project would not proceed without the use of Tax Increment Financing.	<input checked="" type="checkbox"/>
8. A statement identifying the specific Statutory, Other Local and Discretionary evaluation criteria that the applicant believes the request meets. <i>(Please refer to the Tax Increment Financing Guide for specific evaluation criteria).</i>	<input checked="" type="checkbox"/>
9. Conceptual plans, sketches, maps or site plans for the project.	<input checked="" type="checkbox"/>
10. A development time schedule including specific phasing of improvements and project costs.	<input type="checkbox"/>
11. A list of the specific public improvements and a list of the specific private improvements proposed to be constructed along with the project.	<input checked="" type="checkbox"/>
12. Corporation, LLC, partnership papers or other business documents identifying the parties with ownership interest in the corporation and property involved in the project, including land ownership, contract for deed or other contractual information relating to control of the property and the applicant's ability to complete the project.	<input checked="" type="checkbox"/>
13. A financial statement of the corporation, partnership, or individual for the most recent five years or life of the company.	<input checked="" type="checkbox"/>
14. A copy of the proposed wage scale, employee benefits package, and full and part time employment levels or, in the case of an affordable housing project, a copy of the applicable federal housing grant program.	<input type="checkbox"/>
15. The applicant shall notify by certified, return receipt mail every owner of property contained within the proposed boundaries of a tax increment district and shall notify by first class mail every owner of property that is adjacent to the proposed boundaries of the tax increment district. The notification shall contain the proposed boundaries as well as a description of the proposed improvements. The Growth Management Department shall provide the applicant with a list of property owners to be notified. The return receipts shall be directed to the Growth Management Department. The applicant shall pay a fee of \$20.00 per list for the cost of compiling the two property owners lists.	<input checked="" type="checkbox"/>
16. A \$1,000 non-refundable application fee.	<input checked="" type="checkbox"/>
17. Other information that may be required by the Tax Increment Finance Project Review Committee.	<input checked="" type="checkbox"/>

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JAN 15 2013

RAPID CITY COMMUNITY PLANNING
& DEVELOPMENT SERVICES

CHECKLIST

TAX INCREMENT FINANCING IN RAPID CITY A Guide for Applicants

Purpose of TIF. The City of Rapid City recognizes the following purposes for the use of Tax Increment Financing:

- | | Applies |
|---|-------------------------------------|
| 1. To encourage the redevelopment of deteriorated, or otherwise blighted real property in Rapid City through the investment of public funds; | <input checked="" type="checkbox"/> |
| 2. To stimulate economic development in the community by assisting projects that promote the long term economic vitality of the community; | <input checked="" type="checkbox"/> |
| 3. To stimulate increased private investment in areas that would have otherwise remained undeveloped or under-developed and which will, in the long term, provide a significant source of additional tax revenues to all taxing entities; | <input checked="" type="checkbox"/> |
| 4. To stimulate the construction of safe and affordable housing units for low and moderate income residents and workers in the community; and, | <input type="checkbox"/> |
| 5. To facilitate the reconstruction, maintenance and completion of the City's existing infrastructure network to support the existing growth and guide of the future growth of the community. | <input checked="" type="checkbox"/> |

Uses of TIF. Tax Increment Financing may be used for the following purposes in Rapid City:

- | | Applies |
|--|-------------------------------------|
| 1. Oversizing costs for sewer, water and streets required by the City of Rapid City; | <input checked="" type="checkbox"/> |
| 2. Extension of off-site sewer, water, street and public improvements to the development site; | <input checked="" type="checkbox"/> |
| 3. Oversizing costs for storm drainage detention and transmission facilities to accommodate storm water runoff beyond that generated by the development; | <input checked="" type="checkbox"/> |
| 4. Reconstruction of existing streets, water, sewer, sidewalks or other public infrastructure; | <input checked="" type="checkbox"/> |
| 5. Regional lift stations, pump stations or other public facilities to be owned by the City of Rapid City; | <input checked="" type="checkbox"/> |
| 6. Public playgrounds, parks and recreational improvements to be owned by the City of Rapid City; | <input type="checkbox"/> |
| 7. Demolition costs for the removal of existing structures or infrastructure; | <input checked="" type="checkbox"/> |
| 8. Interest and financing fees; | <input checked="" type="checkbox"/> |
| 9. Imputed administrative fees due to the City; | <input checked="" type="checkbox"/> |
| 10. Removal and replacement of contaminated soils; | <input checked="" type="checkbox"/> |
| 11. Professional service fees limited to engineering, design, survey and construction management associated with the allowable project costs; and, | <input checked="" type="checkbox"/> |
| 12. Costs, at the discretion of the governing body, which are found to be necessary or convenient to the creation of the Tax Incremental District or the implementation of the Project Plan. | <input checked="" type="checkbox"/> |

Criteria for Evaluation. Projects applying for assistance through TIF must qualify by meeting certain criteria. Some criteria are mandatory and must be met in order for the Committee to consider the project for assistance. Others are discretionary, and enable the Committee to determine the benefits of the project. The project application must demonstrate how the project meets the required criteria.

- | | Applies |
|--|-------------------------------------|
| 1. The project must be located within a proposed district in which a minimum of twenty-five percent (25%) of the area of the District is determined to be "blighted" and the improvements are likely to enhance the value of substantially all of the other real property in the district. For the purposes of TIF, a "blighted area" is defined as: | <input checked="" type="checkbox"/> |
| A. An area in which the structures, buildings, or improvements are conducive to ill health, the transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare; or, | <input checked="" type="checkbox"/> |
| B. An area that substantially impairs or arrests the sound growth of the municipality, retards the provision of adequate housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or morals, or welfare as a result of substandard, unsafe or deteriorating development; or, | <input checked="" type="checkbox"/> |
| C. An open area which because of the need for infill development and cost effective use of existing utilities and services, obsolete platting, diversity of ownership, deterioration of structures or site improvements, or otherwise is determined to be blighted, substantially impairs or arrests the sound growth of the community. | <input checked="" type="checkbox"/> |
| 2. The project must comply with the adopted Comprehensive Plan and all other appropriate plans and regulations. | <input checked="" type="checkbox"/> |
| 3. The use of TIF for the project will not result in the net loss of pre-existing tax revenues to the City and other taxing jurisdictions. | <input checked="" type="checkbox"/> |

In addition, a project must meet two of the following six criteria:

- | | Applies |
|--|-------------------------------------|
| 1. The project must demonstrate that it is not economically feasible without the use of TIF. In addition, if the project has site alternatives, the proposal must demonstrate that it would not occur in Rapid City without TIF. | <input checked="" type="checkbox"/> |
| 2. The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures. | <input checked="" type="checkbox"/> |
| 3. The project will not provide direct or indirect assistance to retail or service businesses competing with existing businesses in the Rapid City trade area. | <input type="checkbox"/> |
| 4. The project will bring new or expanded employment opportunities as demonstrated by proposed wage scales, employee benefits and mixture of full and part-time employees. | <input checked="" type="checkbox"/> |
| 5. The project will result in additional redevelopment in the following Tax Increment Financing Target Areas: | <input type="checkbox"/> |
| A. Downtown District (see Appendix A for description) | <input type="checkbox"/> |
| 6. The project will result in the construction of affordable housing units defined as housing where the occupant is paying no more than thirty percent (30%) of gross income for housing costs including utilities | <input type="checkbox"/> |

and complies with the following requirements:

- A. Affordable housing projects must target residents at or below eighty percent (80%) of median income with rents at thirty percent (30%) of the tenants income or the Fair Market Rent (FMR) for the Section 8 Program whichever is greater. A minimum of 51% of the dwelling units of the proposed development shall be occupied by households meeting this income guideline;
- B. Affordable housing is required to remain affordable as defined above for ten (10) years. If affordability is less than ten (10) years, repayment of prorata share of increment benefit will be due and payable to the City.

Discretionary Criteria. In addition, the project should meet several of the following criteria. The project will be evaluated relative to the criteria outlined below. The extent to which a project meets these criteria will be used in evaluation of the project including the length of time a district may run.

- | | Applies |
|--|-------------------------------------|
| 1. The project will generate at least one full-time job for each \$10,000 in principal value of the TIF; or would create a minimum of 50 new jobs. | <input checked="" type="checkbox"/> |
| 2. All TIF proceeds are used for the construction of public improvements. | <input checked="" type="checkbox"/> |
| 3. The project involves the rehabilitation of a building listed on or eligible for listing on the National Register of Historic Places. | <input type="checkbox"/> |
| 4. The project will directly benefit low and moderate income people, as defined by the U.S. Department of Housing and Urban Development as applied to the Community Development Block Grant Program. A project will meet this criterion if at least 51% of the jobs created will be held by or available to low and moderate income people. | <input type="checkbox"/> |
| 5. The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9. | <input type="checkbox"/> |
| 6. The project involves the start-up of an entirely new business or business operation within the City of Rapid City. | <input checked="" type="checkbox"/> |
| 7. The project involves the expansion of an existing business located within Rapid City. | <input type="checkbox"/> |
| 8. The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization. | <input type="checkbox"/> |
| 9. The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs (i.e. excessive fill, relocation costs, additional foundation requirements associated with unusual soil conditions, extension of sewer or water mains, on-site or off-site vehicular circulation improvements, etc.) | <input type="checkbox"/> |
| 10. The developer agrees to waive the five-year tax abatement. | <input type="checkbox"/> |

ATTACHMENT TO #4

**NORTH STREET FIRE STATION TIF
DEVELOPMENT FINANCING PLAN**

ESTIMATES OF PROBABLE CONSTRUCTION COST

INVESTMENT GUARANTOR

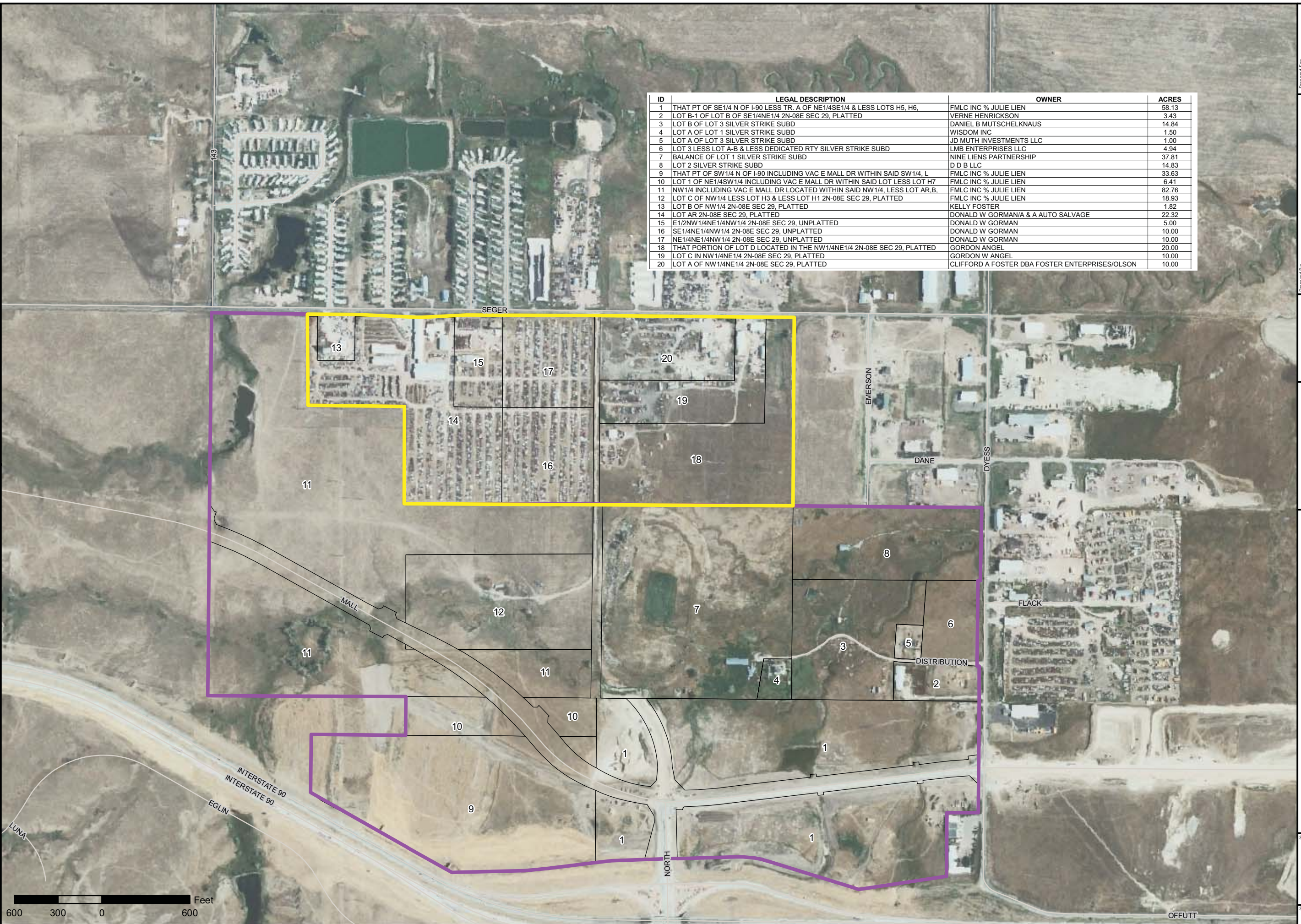
NO.	ITEM DESCRIPTION		ACTUAL COST	ESTIMATED COST	ENGINEERING & CONST ADMIN	TOTAL COST	INVESTMENT GUARANTOR				
							FMLC, Inc	CITY OF RAPID CITY	KRTOYLAND, LLC	INTERSTATE LAND, LLC	CHUCK LIEN
1	1 Tish Boulevard	Street	\$ 627,663.15		\$ 84,570.00	\$ 712,233.15			\$ 178,058.29	\$ 178,058.29	\$ 356,116.58
		Lighting	\$ 75,726.94		\$ 9,030.00	\$ 84,756.94			\$ 21,189.24	\$ 21,189.24	\$ 42,378.47
		Water	\$ 155,561.65		\$ 26,250.00	\$ 181,811.65			\$ 45,452.91	\$ 45,452.91	\$ 90,905.83
		Sanitary Sewer	\$ 58,913.10		\$ 9,450.00	\$ 68,363.10			\$ 17,090.78	\$ 17,090.78	\$ 34,181.55
		Storm Sewer	\$ 96,972.72		\$ 17,430.00	\$ 114,402.72			\$ 28,600.68	\$ 28,600.68	\$ 57,201.36
2a	Interim Sanitary Sewer Lift Station & Force Main		\$ 38,149.07		\$ 7,965.00	\$ 46,114.07			\$ 23,057.04	\$ 23,057.04	
2b	Gravity Sewer			\$ 181,000.00	\$ 27,150.00	\$ 208,150.00			\$ 52,037.50	\$ 52,037.50	\$ 104,075.00
3a	12' X 5' Box Culvert		\$ 202,930.09		\$ 28,815.00	\$ 231,745.09			\$ 115,872.55	\$ 115,872.55	
3b	Grass Lined Channel and Channel Protection			\$ 475,000.00	\$ 71,250.00	\$ 546,250.00			\$ 273,125.00	\$ 273,125.00	
4a	Widen East Mall Drive by two lanes		\$ 642,766.37		\$ 96,500.00	\$ 739,266.37	\$ 428,774.49		\$ 155,245.94	\$ 155,245.94	
4b	Traffic Signals at East Mall Dr & Dyess Ave			\$ 44,000.00	\$ 6,000.00	\$ 50,000.00	\$ 50,000.00		\$ -	\$ -	
	Downstream Drainage Study				\$ 100,000.00	\$ 100,000.00			\$ 37,500.00	\$ 37,500.00	\$ 25,000.00
5	Fire Station		\$ 1,501,830.58		\$ 104,103.33	\$ 1,605,933.91		\$ 1,605,933.91	\$ -	\$ -	
	TOTAL		\$ 3,400,513.67	\$ 700,000.00	\$ 588,513.33	\$ 4,689,027.00	\$ 478,774.49	\$ 1,605,933.91	\$ 947,229.91	\$ 947,229.91	\$ 709,858.78

ATTACHMENT TO #6

NORTH STREET FIRE STATION TIF														
PRO FORMA														
Parcel No	Acreage		Land Value			Sales Date	Non-Ag Structure Value		Develop Date	INCREASED VALUE BY YEAR				
	2008	Current	2008	Current	Developed		Current	Developed		2013	2014	2015	2017	2020
1	58.13	3.92	\$6,500.00	\$3,100.00	\$811,087.20	2015	\$ -	\$ 5,650,000.00	2017			\$804,587.20	\$ 2,825,000.00	\$ 2,825,000.00
2	3.43	3.43	\$152,100.00	\$152,100.00	\$152,100.00		\$ 71,000.00	\$ 71,000.00						
3	14.84	14.84	\$323,300.00	\$323,300.00	\$323,300.00		\$ 1,200.00	\$ 1,200.00						
4	1.5	1.5	\$20,000.00	\$20,000.00	\$20,000.00		\$ 114,600.00	\$ 114,600.00						
5	1	1	\$16,000.00	\$16,000.00	\$16,000.00	2008	\$ 68,200.00	\$ 68,200.00	2008					
6	4.94	4.94	\$174,600.00	\$174,800.00	\$645,559.20	2019		\$ 1,920,996.00	2019				\$470,759.20	\$ 1,920,996.00
7	37.81	35.86	\$667,800.00	\$1,718,300.00	\$5,076,700.20	2017	\$ 8,000.00	\$ 14,936,724.00	2020				\$4,408,900.20	\$ 14,928,724.00
8	14.83	14.83	\$323,100.00	\$323,100.00	\$323,100.00									
9	33.63	32.75	\$6,500.00	\$6,800.00	\$6,776,302.50	2015	\$ -	\$ 15,000,000.00	2017-2020			\$6,769,802.50	\$7,500,000.00	\$ 7,500,000.00
10	6.41	4.09	\$1,300.00	\$900.00	\$846,261.90	2015	\$ -	\$ -	2020			\$844,961.90		
11	82.76	73.96	\$14,500.00	\$14,700.00	\$11,275,941.60	2017	\$ -	\$ 7,500,000.00	2020				\$11,261,441.60	\$ 7,500,000.00
12	18.93	16.15	\$1,245.00	\$2,300.00	\$2,462,229.00	2017	\$ -	\$ 5,500,000.00	2020				\$2,460,984.00	\$ 5,500,000.00
21*		16.74		\$2,552,200.00	\$2,552,200.00	2008	\$ 6,638,800.00	\$ 6,638,800.00	2010	\$9,191,000.00				
22*		25.37		\$3,867,900.00	\$3,867,900.00	2009		\$ 11,000,000.00	2014	\$3,867,900.00		\$11,000,000.00		
23*		23.96		\$3,999,722.00	\$3,999,722.00	2012		\$ 12,000,000.00	2013-2014	\$7,999,722.00	\$6,000,000.00			
TOTAL			\$1,706,945.00	\$13,175,222.00	\$39,148,403.60		\$ 6,901,800.00	\$ 80,401,520.00		\$ 21,058,622.00	\$6,000,000.00	\$19,419,351.60	\$28,927,085.00	\$40,174,720.00
										TOTAL =	\$ 27,058,622.00	\$ 46,477,973.60	\$75,405,058.60	\$115,579,778.60

*Land Sales of portions of Parcels 1, 7, 9, 10, 11 and 12 since 2008 have resulted in Parcels 21, 22, and 23. (See Attached Property Figures)

ID	LEGAL DESCRIPTION	OWNER	ACRES
1	THAT PT OF SE1/4 N OF I-90 LESS TR. A OF NE1/4SE1/4 & LESS LOTS H5, H6,	FMLC INC % JULIE LIEN	58.13
2	LOT B-1 OF LOT B OF SE1/4NE1/4 2N-08E SEC 29, PLATTED	VERNE HENRICKSON	3.43
3	LOT B OF LOT 3 SILVER STRIKE SUBD	DANIEL B MUTSCHELKNAUS	14.84
4	LOT A OF LOT 1 SILVER STRIKE SUBD	WISDOM INC	1.50
5	LOT A OF LOT 3 SILVER STRIKE SUBD	JD MUTH INVESTMENTS LLC	1.00
6	LOT 3 LESS LOT A-B & LESS DEDICATED RTY SILVER STRIKE SUBD	LMB ENTERPRISES LLC	4.94
7	BALANCE OF LOT 1 SILVER STRIKE SUBD	NINE LIENS PARTNERSHIP	37.81
8	LOT 2 SILVER STRIKE SUBD	D B LLC	14.83
9	THAT PT OF SW1/4 N OF I-90 INCLUDING VAC E MALL DR WITHIN SAID SW1/4, L	FMLC INC % JULIE LIEN	33.63
10	LOT 1 OF NE1/4SW1/4 INCLUDING VAC E MALL DR WITHIN SAID LOT LESS LOT H7	FMLC INC % JULIE LIEN	6.41
11	NW1/4 INCLUDING VAC E MALL DR LOCATED WITHIN SAID NW1/4, LESS LOT AR,B,	FMLC INC % JULIE LIEN	82.76
12	LOT C OF NW1/4 LESS LOT H3 & LESS LOT H1 2N-08E SEC 29, PLATTED	FMLC INC % JULIE LIEN	18.93
13	LOT B OF NW1/4 2N-08E SEC 29, PLATTED	KELLY FOSTER	1.82
14	LOT AR 2N-08E SEC 29, PLATTED	DONALD W GORMAN/A & A AUTO SALVAGE	22.32
15	E1/2NW1/4NE1/4NW1/4 2N-08E SEC 29, UNPLATTED	DONALD W GORMAN	5.00
16	SE1/4NE1/4NW1/4 2N-08E SEC 29, UNPLATTED	DONALD W GORMAN	10.00
17	NE1/4NE1/4NW1/4 2N-08E SEC 29, UNPLATTED	DONALD W GORMAN	10.00
18	THAT PORTION OF LOT D LOCATED IN THE NW1/4NE1/4 2N-08E SEC 29, PLATTED	GORDON ANGEL	20.00
19	LOT C IN NW1/4NE1/4 2N-08E SEC 29, PLATTED	GORDON W ANGEL	10.00
20	LOT A OF NW1/4NE1/4 2N-08E SEC 29, PLATTED	CLIFFORD A FOSTER DBA FOSTER ENTERPRISES/OLSON	10.00



Prepared For: **FMLC, Inc.**

Prepared By: **Ferber Engineering Company, Inc.**
 FEC Engineering • Water Resources • Transportation • Land Surveying
 729 East Watertown St, Rapid City, SD 57701 • Phone: (605) 343-3311

Legend: PHASE I PHASE II

PROPOSED TIF BOUNDARY
 FMLC INC.
 RAPID CITY, SD

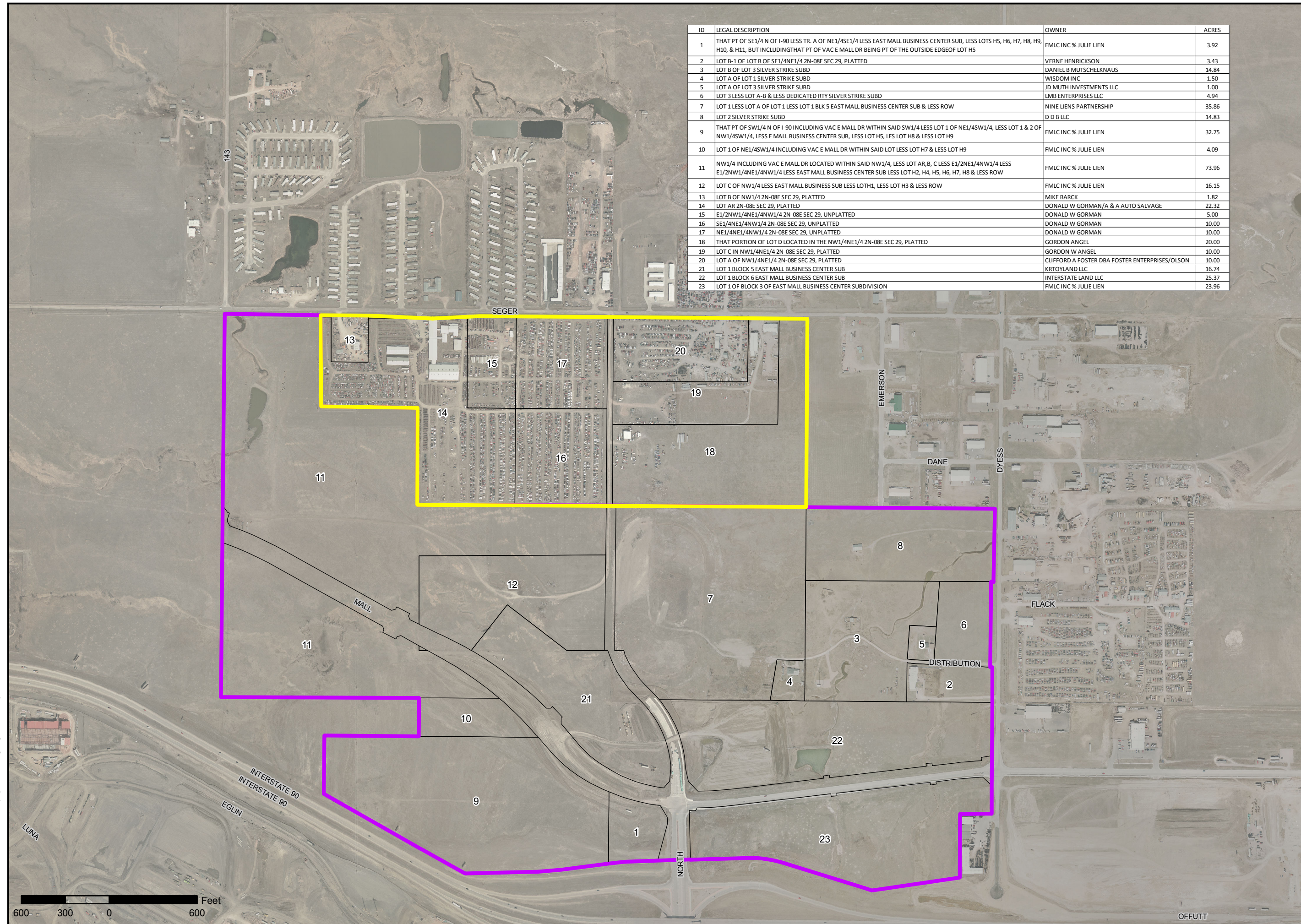
Sheet Title: **FIGURE 1. 2008**

Sheet: **A-1**

FEC JOB NO.: 005-105

DATE: 6/26/2008 FILE: \\fe-server\projects\05-105\gis\figure 1\boundary.mxd

ID	LEGAL DESCRIPTION	OWNER	ACRES
1	THAT PT OF SE1/4 N OF I-90 LESS TR. A OF NE1/4SE1/4 LESS EAST MALL BUSINESS CENTER SUB, LESS LOTS H5, H6, H7, H8, H9, H10, & H11, BUT INCLUDING THAT PT OF VAC E MALL DR BEING PT OF THE OUTSIDE EDGE OF LOT H5	FMLC INC % JULIE LIEN	3.92
2	LOT B-1 OF LOT B OF SE1/4NE1/4 2N-08E SEC 29, PLATTED	VERNE HENRICKSON	3.43
3	LOT B OF LOT 3 SILVER STRIKE SUBD	DANIEL B MUTSCHELKNAUS	14.84
4	LOT A OF LOT 1 SILVER STRIKE SUBD	WISDOM INC	1.50
5	LOT A OF LOT 3 SILVER STRIKE SUBD	JD MUTH INVESTMENTS LLC	1.00
6	LOT 3 LESS LOT A-B & LESS DEDICATED RTY SILVER STRIKE SUBD	LMB ENTERPRISES LLC	4.94
7	LOT 1 LESS LOT A OF LOT 1 LESS LOT 1 BLK 5 EAST MALL BUSINESS CENTER SUB & LESS ROW	NINE LIENS PARTNERSHIP	35.86
8	LOT 2 SILVER STRIKE SUBD	D D B LLC	14.83
9	THAT PT OF SW1/4 N OF I-90 INCLUDING VAC E MALL DR WITHIN SAID SW1/4 LESS LOT 1 OF NE1/4SW1/4, LESS LOT 1 & 2 OF NW1/4SW1/4, LESS E MALL BUSINESS CENTER SUB, LESS LOT H5, LES LOT H8 & LESS LOT H9	FMLC INC % JULIE LIEN	32.75
10	LOT 1 OF NE1/4SW1/4 INCLUDING VAC E MALL DR WITHIN SAID LOT LESS LOT H7 & LESS LOT H9	FMLC INC % JULIE LIEN	4.09
11	NW1/4 INCLUDING VAC E MALL DR LOCATED WITHIN SAID NW1/4, LESS LOT AR, B, C LESS E1/2NE1/4NW1/4 LESS E1/2NW1/4NE1/4NW1/4 LESS EAST MALL BUSINESS CENTER SUB LESS LOT H2, H4, H5, H6, H7, H8 & LESS ROW	FMLC INC % JULIE LIEN	73.96
12	LOT C OF NW1/4 LESS EAST MALL BUSINESS SUB LESS LOTH1, LESS LOT H3 & LESS ROW	FMLC INC % JULIE LIEN	16.15
13	LOT B OF NW1/4 2N-08E SEC 29, PLATTED	MIKE BARCK	1.82
14	LOT AR 2N-08E SEC 29, PLATTED	DONALD W GORMAN/A & A AUTO SALVAGE	22.32
15	E1/2NW1/4NE1/4NW1/4 2N-08E SEC 29, UNPLATTED	DONALD W GORMAN	5.00
16	SE1/4NE1/4NW1/4 2N-08E SEC 29, UNPLATTED	DONALD W GORMAN	10.00
17	NE1/4NE1/4NW1/4 2N-08E SEC 29, UNPLATTED	DONALD W GORMAN	10.00
18	THAT PORTION OF LOT D LOCATED IN THE NW1/4NE1/4 2N-08E SEC 29, PLATTED	GORDON ANGEL	20.00
19	LOT C IN NW1/4NE1/4 2N-08E SEC 29, PLATTED	GORDON W ANGEL	10.00
20	LOT A OF NW1/4NE1/4 2N-08E SEC 29, PLATTED	CLIFFORD A FOSTER DBA FOSTER ENTERPRISES/OLSON	10.00
21	LOT 1 BLOCK 5 EAST MALL BUSINESS CENTER SUB	KRTOYLAND LLC	16.74
22	LOT 1 BLOCK 6 EAST MALL BUSINESS CENTER SUB	INTERSTATE LAND LLC	25.37
23	LOT 1 OF BLOCK 3 OF EAST MALL BUSINESS CENTER SUBDIVISION	FMLC INC % JULIE LIEN	23.96



Prepared For: **FMLC, Inc.**

Prepared By: **Ferber Engineering Company, Inc.**
Civil Engineering • Water Resources • Transportation • Land Surveying
 729 East Watertown St, Rapid City, SD 57701 • Phone: (605) 343-3311

Legend
 PHASE I (Purple outline)
 PHASE II (Yellow outline)

PROPOSED TIF BOUNDARY
 FMLC INC.
 RAPID CITY, SD

Sheet Title: **FIGURE 1. 2012**

Sheet: **A-1**

FEC JOB NO.: 105-105

**NORTH STREET FIRE STATION TIF
PRO FORMA**

TOTAL LOAN

NO	PAYMENT DATE	BEGINNING BALANCE	INTEREST RATE	INTEREST	TOTAL DUE	EXPENSE	TAX INC PAYMENT*	LOAN BALANCE	CUMULATIVE INTEREST
	12/15/2012							\$ 2,777,495.27	\$ 464,443.18
1	6/1/2013	\$ 2,777,495.27	6.00%	\$ 76,704.53	\$ 2,854,199.80	\$ 700,000.00	\$ 435,000.00	\$ 3,119,199.80	\$ 541,147.71
2	12/1/2013	\$ 3,119,199.80	6.00%	\$ 93,832.37	\$ 3,213,032.16	\$ 77,500.00	\$ 129,000.00	\$ 3,161,532.16	\$ 634,980.07
3	6/1/2014	\$ 3,161,532.16	6.00%	\$ 94,586.11	\$ 3,256,118.28		\$ 129,000.00	\$ 3,127,118.28	\$ 729,566.19
4	12/1/2014	\$ 3,127,118.28	6.00%	\$ 94,070.57	\$ 3,221,188.85		\$ 129,000.00	\$ 3,092,188.85	\$ 823,636.76
5	6/1/2015	\$ 3,092,188.85	6.00%	\$ 92,511.51	\$ 3,184,700.36		\$ 177,000.00	\$ 3,007,700.36	\$ 916,148.27
6	12/1/2015	\$ 3,007,700.36	6.00%	\$ 90,478.22	\$ 3,098,178.58		\$ 177,000.00	\$ 2,921,178.58	\$ 1,006,626.49
7	6/1/2016	\$ 2,921,178.58	7.75%	\$ 113,505.80	\$ 3,034,684.38		\$ 300,000.00	\$ 2,734,684.38	\$ 1,120,132.29
8	12/1/2016	\$ 2,734,684.38	7.75%	\$ 106,259.35	\$ 2,840,943.72		\$ 300,000.00	\$ 2,540,943.72	\$ 1,226,391.63
9	6/1/2017	\$ 2,540,943.72	7.75%	\$ 98,191.81	\$ 2,639,135.53		\$ 300,000.00	\$ 2,339,135.53	\$ 1,324,583.44
10	12/1/2017	\$ 2,339,135.53	7.75%	\$ 90,889.83	\$ 2,430,025.37		\$ 300,000.00	\$ 2,130,025.37	\$ 1,415,473.28
11	6/1/2018	\$ 2,130,025.37	7.75%	\$ 82,312.35	\$ 2,212,337.72		\$ 300,000.00	\$ 1,912,337.72	\$ 1,497,785.63
12	12/1/2018	\$ 1,912,337.72	7.75%	\$ 74,306.11	\$ 1,986,643.83		\$ 300,000.00	\$ 1,686,643.83	\$ 1,572,091.74
13	6/1/2019	\$ 1,686,643.83	7.75%	\$ 65,178.39	\$ 1,751,822.21		\$ 300,000.00	\$ 1,451,822.21	\$ 1,637,270.12
14	12/1/2019	\$ 1,451,822.21	7.75%	\$ 56,412.24	\$ 1,508,234.46		\$ 300,000.00	\$ 1,208,234.46	\$ 1,693,682.37
15	6/1/2020	\$ 1,208,234.46	7.75%	\$ 46,947.36	\$ 1,255,181.81		\$ 300,000.00	\$ 955,181.81	\$ 1,740,629.72
16	12/1/2020	\$ 955,181.81	7.75%	\$ 37,114.70	\$ 992,296.51		\$ 300,000.00	\$ 692,296.51	\$ 1,777,744.42
17	6/1/2021	\$ 692,296.51	7.75%	\$ 26,752.99	\$ 719,049.51		\$ 300,000.00	\$ 419,049.51	\$ 1,804,497.42
18	12/1/2021	\$ 419,049.51	7.75%	\$ 16,282.66	\$ 435,332.16		\$ 300,000.00	\$ 135,332.16	\$ 1,820,780.07
19	6/1/2022	\$ 135,332.16	7.75%	\$ 5,229.75	\$ 140,561.92		\$ 140,561.92	\$ -	\$ 1,826,009.83
20	12/1/2022	\$ -	7.75%	\$ -	\$ -			\$ -	\$ 1,826,009.83
21	6/1/2023	\$ -	7.75%	\$ -	\$ -			\$ -	\$ 1,826,009.83
22	12/1/2023	\$ -	7.75%	\$ -	\$ -			\$ -	\$ 1,826,009.83
23	6/1/2024	\$ -	7.75%	\$ -	\$ -			\$ -	\$ 1,826,009.83
24	12/1/2024	\$ -	7.75%	\$ -	\$ -			\$ -	\$ 1,826,009.83
25	6/1/2025	\$ -	7.75%	\$ -	\$ -			\$ -	\$ 1,826,009.83

Remaining Expenses

\$ 475,000.00	Drainage Channel
\$ 181,000.00	Sanitary Sewer
\$ 44,000.00	Dyess Signal
\$ 77,500.00	Field Engineering and Testing
\$ 777,500.00	

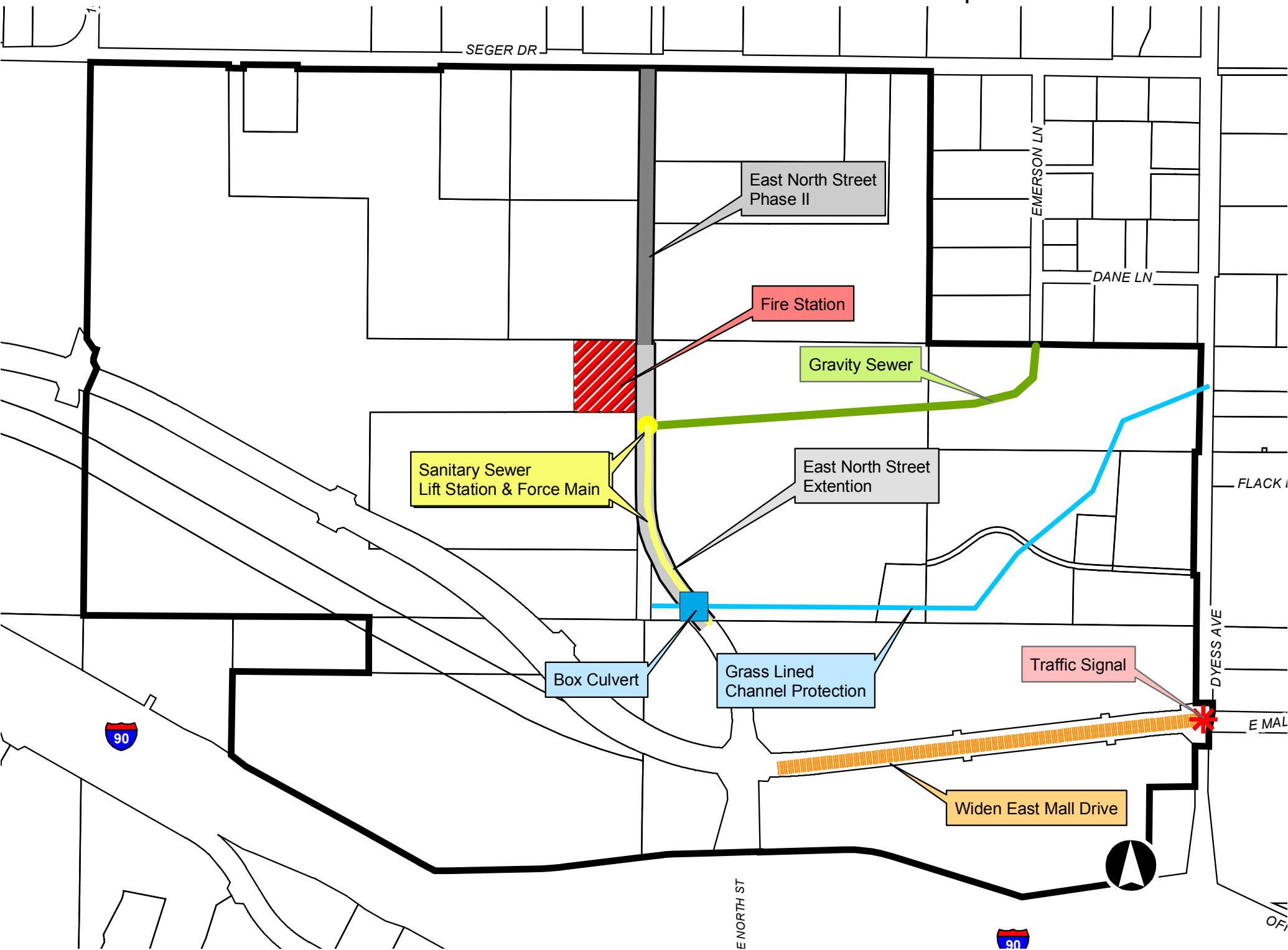
* TAX INC PAYMENT REFLECTS CONSERVATIVE VALUATION INCREASE EXPECTED FROM LAND SALES ON PARCELS 21, 22, 23 AND NEW BUILDING CONSTRUCTION ON PARCELS 21 AND 23 ONLY



Ferber Engineering Company, Inc.
Civil Engineering • Water Resources • Transportation • Land Surveying
729 East Watertown St., Rapid City, SD 57701 • Phone: (605) 343-0311

ATTACHMENT TO #9

Tax Increment District - North Street Fire Station - Public Improvements



ATTACHMENT TO #12

**Second Amended
OPERATING AGREEMENT
of
North Street Fire Station, LLC
Tax ID# 26-3783129**

This Operating Agreement of **North Street Fire Station, LLC**, dated as of December 15, 2012, is executed and agreed to, for good and valuable consideration, by the members hereof.

**ARTICLE I
ORGANIZATION**

1.01. Formation. The company has been organized as a South Dakota limited liability company by the filing of Articles of Organization under and pursuant to the South Dakota Limited Liability Company Act, (hereafter "Act"), and the issuance of a Certificate of Organization for the company by the Secretary of State of South Dakota on June 24, 2008.

1.02. Name. The name of the company is **North Street Fire Station, LLC**, and all company business must be conducted in that name or such other names that comply with applicable laws as the members may select from time to time.

1.03. Registered Office; Registered Agent; Principal Office in the United States; Other Offices. The registered office of the company required by the Act to be maintained in the State of South Dakota shall be the office of the initial registered agent named in the Articles or such other office as the members may designate from time to time in the manner provided by law.

1.04. Purpose. The purpose of this limited liability company is to be the entity which did secure financing to pay for construction costs to be paid back from increased real estate taxes in TID 69 with the City of Rapid City.

The members have guaranteed the loan for the anticipated construction costs for the proposed improvements included in Phase I of the North Street Fire Station TIF and did guarantee the following principal amounts plus all accrued interest up to \$3,175,000. This North Street Fire Station TID Financing Report was a result of an Application for TIF signed by FMLC, Inc., Nine Liens Partnership and Attorney Richard E. Huffman on June 23, 2008. The amended and final report is included by reference in this Operating Agreement. The TID and the TIF plan was approved by the City of Rapid City on July 21, 2008 and the minutes and the City's report are also incorporated herein by reference.

In 2012 Interstate Land, LLC did replace MRS Land II, LLC and this reinstated operating agreement is entered into effective simultaneously with the last Allonge for financing signed with BankWest on December 15, 2012.

1.05. Term. The company commenced on the date the Secretary of State of South Dakota issued a certificate of organization for the company and shall continue until its purpose has been fulfilled and then it will terminate.

1.06. Definitions. As used in this Operating Agreement, the following terms shall have the following meanings:

A. "Act" means South Dakota Limited Liability Company Act, SDCL 47-34.

B. "Articles" means the Articles of Organization filed with the South Dakota Secretary of State by which **North Street Fire Station, LLC**, was organized as a South Dakota limited liability company and pursuant to the Act.

C. "Company" means **North Street Fire Station, LLC**, a South Dakota limited liability company.

D. "Member" means any person executing this Operating Agreement as a member or hereafter admitted to the company as a member as provided in this Operating Agreement, but does not include any person who has ceased to be a member in the company.

E. "Membership interest" means the interest of a member in the company.

F. "Person" includes an individual, partnership, limited partnership, limited liability company, foreign Limited Liability Company, trust, estate, corporation, custodian, trustee, executor, administrator, nominee or other entity in a representative capacity as herein permitted.

G. "Sharing ratio," with respect to any member means a fraction (expressed as a percentage), the numerator of which is that member's capital contribution and the denominator of which is the sum of the capital contributions of all members.

ARTICLE III MEMBERS

2.01. Admission of Members.

The members that now exist and their percentage ownership and voting is show below and is based on the percent of the loan guaranteed to BankWest.

KRTOYLAND, LLC	29.984%
INTERSTATE LAND, LLC	29.984%
Chuck Lien	26.784%
FMLC, Inc.	13.248%

2.02. Restrictions on the Disposition of an Interest. No Interest may be transferred with out consent of the members.

2.03. Additional Members. Any assignee of the current members may be admitted to the company as a member.

2.04. Liabilities to Third Parties. Except as otherwise expressly agreed in writing, no member shall be liable for the debts, obligations or liabilities of the company, including under a judgment decree or order of a court.

2.05. Withdrawal. A member does not have the right or power to withdraw from the company as a member.

2.06. Authority. It shall take a majority of the members as defined herein to take any action.

2.07. Classes and Voting. There shall be one class of members.

2.08. Place and Manner of Meeting. All meetings of the members shall be held at such time and place as called for by Dan Ferber of Ferber Engineering upon such notice as he deems reasonable.

2.09. Annual Meeting. NONE

2.10. Quorum of Members. Unless otherwise provided in the Articles, the holders of 51% of the membership interests entitled to vote, represented in person or by proxy, shall constitute a quorum at a duly called meeting of members.

2.11. Majority Vote; Withdrawal of Quorum. With respect to any matter when a quorum is present at any meeting, the vote of the holders of a majority of the membership interests, present in person or represented by proxy, having voting power with respect to that matter, shall decide such matter brought before such meeting.

2.12. Voting of Membership Unit Interest. Each member shall have its percentage vote as shown in Paragraph 2.01(A) or, if Rapid Center, LLC or its designee becomes a member, than the percentages will be shown as in Paragraph 2.01(B)

2.13. Action Without Meeting. Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by the holder or holders of all the membership interest for each class, if more than one class, entitled to vote with respect to the action that is the subject matter of the consent, and such consent shall have the same force and effect as a unanimous vote of the members.

2.14. Transfer or Assignment of Member's Interest. Except as otherwise provided in this Operating Agreement, no member may transfer and/or assign, in whole or in part, his membership interest at any time.

2.15. Assets. The company shall not have any assets only liabilities and said liabilities shall be guaranteed proportionally according to the membership interests.

ARTICLE III CAPITAL CONTRIBUTIONS

3.01. Initial Contributions. None

3.02. Subsequent Contributions. None.

ARTICLE IV ALLOCATIONS AND DISTRIBUTIONS

4.01. Allocations. The company is not formed to have any assets, no income nor losses.

ARTICLE V MANAGEMENT BY MEMBERS

5.01. Management by Members.

A. Subject to the provisions of Sections 5.02, (i) the powers of the company shall be exercised by or under the authority of, and the business and affairs of the company shall be managed under the direction of, the members; (ii) on each matter on which a member is entitled to vote, a member shall have one vote for each membership unit owned by the member; and (iii) the members may make all decisions and take all actions for the company not otherwise provided for in this Operating Agreement.

5.02. Actions by Members; Committees; Delegation of Authority and Duties.

A. In managing the business and affairs of the company and exercising its powers, the members shall act (i) collectively through meetings and written consents consistent as may be provided or limited in other provisions of this Operating Agreement; (ii) through committees pursuant to Section 5.02(B); and (iii) through members to whom authority and duties have been delegated pursuant to Section 5.02(C).

B. The members may, from time to time, designate one or more committees, each of which shall be comprised of one or more members. Any such committee, to the extent provided in such resolution or in the Articles or this Operating Agreement, shall have and may exercise all of the authority of the members, subject to

the limitations set forth in the Act. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption of any resolution. The members may dissolve any committee at any time, unless otherwise provided in the Articles or this Operating Agreement.

C. The members may, from time to time, delegate to one or more members such authority and duties as the members may deem advisable. In addition, the members may assign titles (including, without limitation, Operating Manager, Assistant Operating Manager, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer) to any such member. Unless the members decide otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such member of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made pursuant to the first sentence of this Section 5.02(C). Any number of titles may be held by the same member. Any delegation pursuant to this Section 5.02(C) may be revoked at any time by the members.

D. Any person dealing with the company, other than a member, may rely on the authority of any member or officer in taking any action in the name of the company without inquiry into the provisions of this Operating Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Operating Agreement.

5.03. Powers of Members. No member is an agent of this company for the purpose of its business.

ARTICLE VI TRANSFERS OF MEMBERSHIP INTEREST

6.01. General Restrictions on Transfers. Except in accordance with the terms of this Agreement, no member may transfer all or any portion of the member's interest without the written consent of all members. Any transfer, attempted transfer or purported transfer in violation of this Agreement's terms and conditions are null and void.

6.02. Permitted Transfers. None.

6.03 Third Party Transfers. None.

ARTICLE VII CERTIFICATES AND MEMBERS

There shall be no certificates representing membership interests in the company because the members will guarantee their portion of the TID/TIF loan obtained to fund the TIF package and it is not contemplated that they shall do any business.

ARTICLE VIII DISSOLUTION, LIQUIDATION AND TERMINATION

8.01. Dissolution. The company shall dissolve and its affairs shall be wound up on the first to occur of the following:

- A. The written consent of all members; and
- B. When the TIF Loan is paid in full.

8.02. Liquidation and Termination. Since there are no assets it is not contemplated that any liquidation shall occur when the company is terminated.

ARTICLE IX GENERAL PROVISIONS

9.01. Books and Records. The company shall maintain those books and records as provided by statute and as it may deem necessary or desirable.

9.02. Headings. The headings used in this Operating Agreement have been inserted for convenience only and do not constitute matter to be construed in interpretation.

9.03. Construction. Whenever the context so requires, the gender of all words used in this Operating Agreement includes the masculine, feminine, and neuter, and the singular shall include the plural, and conversely. All references to Articles and Sections refer to articles and sections herein, and all references to Exhibits, if any, are to Exhibits attached hereto, if any, each of which is made a part hereof for all purposes. If any portion shall be invalid or inoperative, then, so far as is reasonable and possible:

- A. The remainder shall be considered valid and operative; and
- B. Effect shall be given to the intent manifested by the portion held invalid or inoperative.

9.04. Entire Agreement; Supersedure. This Operating Agreement constitutes the entire agreement of the members and their affiliates relating to the company and supersedes all prior contracts or agreements with respect to the company, whether oral or written.

9.05. Effect of Waiver or Consent. A waiver or consent, express or implied, to any act pertains to that act only.

9.06. Binding Effect. Subject to the restrictions on dispositions set forth in this Operating Agreement, this Operating Agreement is binding on and inures to the benefit

of the members and their respective heirs, legal representatives, successors, and assigns.

9.07. Governing Law; Severability. THIS OPERATING AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF SOUTH DAKOTA, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THESE REGULATIONS TO THE LAW OF ANOTHER JURISDICTION.

9.08. Further Assurances. In connection with this Operating Agreement and the transactions contemplated hereto, each member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

9.09. Notice to Members of Provisions of this Agreement. By executing this Operating Agreement, each member acknowledges that it has actual notice of (a) all of the provisions of this Operating Agreement including, without limitation, the restrictions on the transfer of membership interests set forth in Article III, and (b) all of the provisions of the Articles.

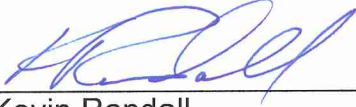
9.10. Counterparts. This Operating Agreement may be executed in any member of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

9.11. Conflicting Provisions. To the extent that one or more provisions of this Operating Agreement appear to be in conflict with one another, then a majority of the members shall have the right to choose which of the conflicting provisions are to be enforced. Wide latitude is given to the members, in interpreting the provisions of this Operating Agreement to accomplish the purposes and objectives of the company, and the members may apply this Operating Agreement in such a manner as to be in the best interest of the company, in their sole discretion, even if such interpretation or choice of conflicting provisions to enforce is detrimental to one or more members.

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THE UNDERSIGNED, being the initial members as specified in the Articles of Organization, hereby certify that the foregoing Operating Agreement was unanimously adopted by the members effective December 15, 2012, to **WITNESS WHICH** we have hereunto affixed our signatures.

KRTOYLAND, LLC,
a South Dakota limited liability company

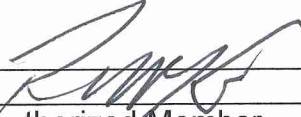


By: Kevin Randall
Its: Sole Member



Charles Lien

INTERSTATE LAND, LLC
a South Dakota limited liability company



By: _____
Its: Authorized Member

FMLC, Inc.

By: 
Its: Julie Ann Lien, President