

# *Heartland Development Group, LLC*

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August 23, 2002

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Rapid City  
Planning Department

Ms. Marcia Elkins  
Planning Director  
City of Rapid City  
300 Sixth Street  
Rapid City, SD 57701

Re: IDPF funding request

Dear Ms Elkins:

Please consider this formal request for an Infrastructure Development Partnership Fund loan from the City of Rapid City to extend water service to Seger Drive, Dyess Avenue and future Mall Drive east of Dyess Avenue. Water service currently terminates at a location north of Interstate 90 approximately 1/3 mile east of Dyess Avenue.

Heartland Development Group, L.L.C. owns property located at the southwest corner of the intersection of Dyess and Seger. This property is known as the Northstar Light Industrial Park. Northstar is currently zoned Light Industrial with the Preliminary Plat and construction plans approved for 19 new sites that are approximately 1-2 ½ acres in size. The City of Rapid City has completed the civil engineering design and plans for the water main installation for this request. The City should expect to obtain substantial economic benefit from the new project as well from the expansion of the existing businesses along both sides of Dyess Avenue and Seger Drive.

It is our understanding the City prefers to oversize the water mains that would be installed and will pay those costs upon the installation of the new water main. The cost to oversize the water main in this project is estimated to be approximately \$180,000.00 out of the total project cost estimate of \$525,000.00. Heartland Development Group, L.L.C. and any remaining parties to the agreement will therefore be responsible for the difference between the total project estimate less the cost to oversize the water main. Based on these numbers, the loan request is estimated to be \$345,000.00.

We propose to repay the new IDPF loan within a period of ten (10) years, with an interest free feature for the first five years from the date of completion of construction. We further propose to fix the interest rate over the remaining five years (years 6-10) at a rate equal to 1% over prime.

After preliminary approval of this IDPF loan request is received, Heartland Development Group, L.L.C. will contact all adjacent landowners to establish each party's sincere level of interest

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and responsibility for repayment. We propose a connection fee be established for those parties who were not identified as part of the original IDPF loan request but who desire to tap this new water main. Connection fees collected within the first five years of the loan period would first be applied to reduce the loan. Any fees collected thereafter could then be used to first pay any outstanding interest due and then reduce the outstanding principal. We would like to incorporate a further provision that any connection fees collected after full repayment of the loan be credited to the original obligors on the note to the City as well for an agreeable period of time afterward. We understand, of course, that there may be various details in that regard to be worked out.

This request is contingent upon approval by all parties of all material matters pertinent to the project, including but not limited to final design plans, all material construction issues including right-of-way matters, water line size and location, verification of estimated costs and the final bid numbers to include reimbursement for the over sizing of the water system.

We would like to meet with you on this request within the next ten (10) business days. I will be out to town but please call Mr. Phil Olsen at the above number and advise at your earliest convenience as to a convenient meeting date and time. We look forward to further discussion of this formal request.

Sincerely,  
Heartland Development Group, L.L.C.



Frank A. Bettmann  
Member-Manager

FAB/krh

cc: Mr. Dan Bjerke, Dir. Of Public Works  
Mr. Jim Preston, City Finance Officer