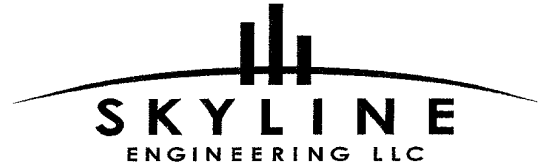


September 10, 2003



Rapid City Department of
Fire and Emergency Services
Attn: Gary Shepherd
10 Main Street
Rapid City, SD 57701

LF100103-08

Project: RC Fire Inspections at Station #6 - Basement Offices
Project #: 03033

Dear Gary:

Skyline Engineering, LLC, proposes to furnish engineering design services for the mechanical and electrical engineering disciplines of the following described project:

Project Description

The project is located in Rapid City, South Dakota at Fire Station #6. The project scope shall facilitate the mechanical and electrical systems for approximately 1500 SF of office layout into the lower level of the existing Fire Station. The office spaces will encompass the entire basement to be developed into a storage room, a restroom, a furnace room, six offices, a hallway, and a common/open conference room.

The project design will begin and end in the second or third week of September, 2003.

Project Basic Services

Services for the various aspects of the project shall be as described below and include the task listed in Appendix B.

Basic Services:

- Development and re-production of 3 sets of drawings for the project.
- Development of Mechanical and Electrical plans and specifications for selected systems based on existing floor plans and design documents from previous facilities design and floor plans provided by others.

Compensation

Our compensation for Basic Services:

Hourly at the hourly rates as outlined in Appendix A to a maximum lump sum of \$5000.00 inclusive of reimbursable expenses.

Sales tax, if applicable, will be in addition to our fee.

Additional Services Compensation

For additional services beyond those defined as Project Basic Services, and when these Additional Services have been prior approved in writing by Rapid City Department of Fire and Emergency Services, our compensation will be hourly at the rates outlined in our current rate schedule attached in Appendix A

plus reimbursable expenses as outlined in attached Appendix D. A list of services specifically not included is outlined in Appendix C.

Invoicing

We will invoice you for our services monthly, for services performed during the previous month.

Payments

Payments are due and payable 30 days from the date of our invoice.

If payments are not received when due and payable, then we may assess interest on the outstanding balance at a rate of 1.0% per month, with interest accruing beginning thirty days from the date of the invoice.

Allocation of Risk

The risk involved in this project, has been allocated such that Rapid City Department of Fire and Emergency Services agrees that Skyline Engineering total liability to Rapid City Department of Fire and Emergency Services for any and all injuries, claims, losses, expenses, damages or claims expenses arising out of this Agreement from any cause or causes, shall not exceed, the total amount equal to fees. Such causes include but are not limited to: design professional's negligent acts, errors or omissions, strict liability, breach of contract, or breach of implied or express warranty.

Miscellaneous Contract Provisions

Consultants

No Sub-consultants will be utilized unless explicitly identified herein. Should the Client wish to utilize and authorize in writing that Skyline Engineering utilize a sub-consultant, the Sub-consultants fees and expenses will be billed at cost. This contract may not be assigned, sublet or transferred to any other interest.

Insurance

Skyline Engineering shall keep in force for the term of the project, a professional liability insurance policy insuring it against negligent acts, errors, or omissions in the maximum amount of \$1,000,000.

Disputes

All claims, disputes, and other matters in question arising out of or relating to this agreement or the break thereof, shall be decided in accordance with the laws of the State of South Dakota. Any controversy or claim arising out of or related to the contract, or the breach thereof, shall first be submitted to the American Arbitration Association Mediation Department. A mutually agreed upon qualified dispute organization may be used. Mediation shall continue until resolution of the dispute or until the mediator notifies the parties that it is unlikely that the dispute will be resolved through mediation.

Termination

This agreement may be terminated by either party giving written notice to the other party ten days prior to the termination date. Skyline Engineering, LLC shall be paid for work completed through the date of the termination notice for the services performed on an hourly basis at two and one-half times the direct personnel expense incurred, and reimbursable expenses incurred up to the termination date, plus any termination expenses.

Lien Rights

All lien rights as and if necessary shall be invoked for nonpayment of services rendered. Any notification of lien rights if required by law will be sent to the Owner prior to commencing work on this project.

Verification of Existing Conditions

Inasmuch as the remodeling and/or rehabilitation of an existing structure requires that certain assumptions be made regarding existing conditions, and because some of these assumptions may not be verifiable without expending additional sums of money or destroying otherwise adequate or serviceable portions of the structure, the Client agrees to bear all costs, losses and expenses, including the cost of the Design Professional's additional services, arising or allegedly arising from the discovery of concealed or unknown conditions in the existing structure.

Hazardous Materials

It is acknowledged by both parties that Skyline Engineering, LLC scope of services does not include any services related to asbestos or hazardous or toxic materials. In the event Skyline Engineering, LLC or any other party encounters asbestos or hazardous or toxic materials at the jobsite, or should it become known in any way that such materials may be present at the jobsite or any adjacent areas that may affect the performance of Skyline Engineering, LLC services, Skyline Engineering, LLC may, at their option without liability for consequential or any other damages, suspend performance of services on the project until the Client retains appropriate specialist consultant(s) or contractor(s) to identify, abate and/or remove the asbestos or hazardous or toxic materials, and warrant that the jobsite is in full compliance with applicable laws and regulations.

Project Files

All design documents prepared by Skyline Engineering pursuant to this document are instruments of service in respect to the project. This includes files, correspondence, calculations, and drawings. All documents will remain the property of Skyline Engineering until the contract is complete and payment has been rendered in full or until the contract is terminated in accordance with this contract. In no case are transferred documents intended or represented to be suitable for re-use by the Client or others in extensions of the project or on any other project. The client holds Skyline Engineering harmless from any re-use.

Electronic Files

The Client will have sixty (60) calendar days to ascertain the completeness of the electronic file delivered by Skyline Engineering in AutoCAD, after which period it will be deemed as complete and having been accepted as delivered. It is also agreed that a hard copy of the documents will be delivered, and in the event of conflicts or discrepancies between the two files, the hardcopy will prevail. Skyline Engineering's title block must and will be removed from electronic files transferred to the Client. Because data stored electronically can deteriorate, Skyline shall not be responsible to maintain the electronic media and makes no representation that the electronic data/drawings will be available following 60 days after acceptance of the documents.

Electronic files prepared by Skyline Engineering pursuant to this document are instruments of service in respect to the project. They are not intended or represented to be suitable for re-use by the Client or others in extensions of the project or on any other project. Any reuse without written verification or adaptation by Skyline Engineering for the specific purposes intended will be at the Client's sole risk and without liability or legal exposure to Skyline Engineering, and the Client shall indemnify and hold harmless Skyline Engineering from all claims, damages, losses and expenses, including defense costs, arising out of or resulting therefrom. Any such verification or adaptation will entitle Skyline Engineering to further compensation at rates in effect at the time.

Project Scope Escalation

It is acknowledged that both parties agree the stated design fees are based upon the estimated project value stated in the project description above. Should the scope of the project change and the actual construction cost exceed the stated values, Skyline engineering and the Client shall consider proportionate fee increases.

Standard of Performance

The standard of care for all professional engineering and related services performed or furnished by Skyline Engineering under this agreement will be the care and skill ordinarily used by members of Skyline's profession practicing under similar circumstances at the same time and in the same locality. Skyline makes no warranties, express or implied, under this agreement or otherwise, in connection with Skyline's services. Skyline shall be responsible for the technical accuracy of its services and resulting therefrom, and the Client shall not be responsible for discovering deficiencies therein.

Other Miscellaneous Provisions

Skyline Engineering's sole contractual relationship shall be with the Client and nothing herein shall be construed to create any obligation or contractual relationship between Skyline Engineering and any third party. Skyline Engineering relies solely and exclusively on the Client to provide complete, accurate and timely information of the Owner's design criteria. Skyline Engineering assumes no responsibility for the accuracy of "Opinions of probable cost". Skyline Engineering shall not have authority or responsibility of any contractor's means, methods, techniques, sequences or procedures of construction for safety precautions and programs incident to the contractor's work.

Acceptance

If this proposal is acceptable to you, please authorize us to proceed by signing both original documents and returning one to our office. We will proceed with our work upon receipt of your signed proposal.

Thank you for the opportunity to provide you with this proposal. We look forward to working with you on this project.

Sincerely,

SKYLINE ENGINEERING, LLC



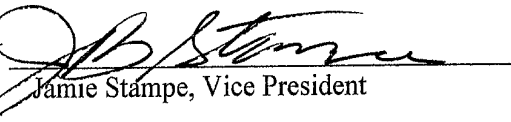
Jamie Stampe, PE
Vice President

cc: Gary Kuhl - Skyline Engineering, LLC

Attachments: Appendices A, B, C and D are attached and part of this agreement.

Accepted for
Skyline Engineering, LLC

Accepted for
Rapid City Department of
Fire and Emergency Services

BY 
Jamie Stampe, Vice President

BY _____

DATE 9-10-03

DATE _____

APPENDIX A
SKYLINE ENGINEERING, LLC
HOURLY RATE SCHEDULE
Through November 31, 2003

Hourly billing rates are:

Principals	\$ 100
Project Managers	\$ 90
Engineer III	\$ 90
CFD Specialist	\$ 90
Engineer II	\$ 80
Engineer I	\$ 65
Designer III	\$ 80
Designer II	\$ 70
Designer I	\$ 55
CAD Technician II	\$ 55
CAD Technician I	\$ 45
Support Staff	\$ 40

APPENDIX B

LIST OF BASIC SERVICES WHICH WILL BE PROVIDED

MECHANICAL

A. Specifications

1. Specifications on plan or Standard Division 15 format.

B. HVAC

1. Air conditioning and heating load calculation.
2. Basic analysis and recommendation for HVAC system selection.
3. Equipment schedules indicating capacities, electrical capacities and manufacturer used as the basis for the design.
4. HVAC ductwork and piping distribution.
5. HVAC equipment room plans.
6. Identification of required mechanical openings and sleeves, and communication to the Owner.
7. Sequences of operations for HVAC systems.
8. Fire and smoke dampers in partitions and fire walls, based on the fire and smoke separations identified by the owner.
9. Locations of thermostats and room control devices.
10. Identification of ceiling HVAC elements such as grilles and diffusers for incorporation into the Architectural/Electrical ceiling plan layouts.
11. Identification of HVAC equipment space requirements and communication to the Owner.
12. Door grilles and louvers for air transfer.

C. Plumbing

1. Water distribution inside the lower level to the plumbing fixtures and equipment.
2. Water heater selection, if required.
3. Plumbing fixtures selection.
4. Sanitary collection system within the lower level.

D. Special Systems

1. Natural gas distribution inside the building and isometric.
2. Air conditioning condensate collection piping system.

E. Construction and Design Support

1. One design meeting for Owner review of plans.
2. Review contractor's shop drawings.
3. Provide a final observation and punchlist of the completed construction.

APPENDIX B

LIST OF BASIC SERVICES WHICH WILL BE PROVIDED

ELECTRICAL

A. Specifications

1. Specification on plans or Standard Division 16 format.

B. Electrical Service Provisions

1. Short circuit analysis, based on standard coordination tables.
2. Service transient voltage surge suppression.

C. Electrical Distribution System

1. Electrical distribution system equipment selection.
2. Electrical distribution system riser diagram, panelboard schedules, load analysis.
3. Maximum 1 new panelboard.
4. Receptacle layout.
5. Motor and other equipment connections.
6. Emergency power receptacles and circuits.

D. Lighting System

1. Interior lighting layout.
2. Light fixture selection.
3. Incorporation of interior lighting design information into electrical design documents.

F. Special Systems

1. 120V power and conduit only for:
TV - satellite, cable, CCTV
Telephone/data

G. Construction and Design Support

1. One design meeting to for Owner review of plans.
2. Review contractor's shop drawings.
3. Provide a final observation and punchlist of the completed construction.

APPENDIX C

OPTIONAL ADDITIONAL SERVICES

The services identified below are not included in Basic Services and shall only be provided if authorized in writing by Rapid City Department of Fire and Emergency Services.

1. Design of site utilities or site structures beyond 5'-0" from the building.
2. Preparation of detailed (quantities based) construction cost estimates.
3. Life cycle cost analysis of major equipment and systems.
4. Preparation of CADD produced record drawings.
5. Commissioning of the building mechanical and electrical systems - startup and testing.
6. Design of telecommunications systems beyond provisions for raceways and 120 volt power.
7. Construction observation trips beyond the quantity stipulated in the Project Basic Services.
8. Design of Owner initiated changes to the project during construction, or significant changes to the project scope during the design phase.
9. Special lighting design.
10. Restart costs if project is delayed over 30 days.
11. Redesign or design services in response to Contractor generated errors or construction not in accordance with the contract documents.
12. Design services for or modifications to any existing buildings and their systems beyond that identified herein.
13. Design for structural systems.
14. Laundry equipment selection and layout.
15. Kitchen equipment selection and layout—including kitchen hoods and extinguishing systems.
16. Design services for a laundry room or laundry equipment connections.
17. Design of clean rooms and/or laboratories.
18. Special distribution systems: Under-floor wiring, raised floors, or flexible wiring systems.
19. Bidding Documentation Services.
20. Design or Drafting services for Fire Alarm or Fire Suppression systems.
21. Add/Deduct alternates not identified herein – One add-alternate for HVAC zone control.
22. Structural foundations and steel design for elevation of HVAC unit.
23. Services not listed as Basic Services.

APPENDIX D

REIMBURSABLE EXPENSES SCHEDULE

Reimbursable expenses include expenses incurred by Skyline Engineering, LLC employees or members in the interest of the Project.

They include:

Expense of transportation in connection with the Project.

Expense of reproductions, postage and handling of Drawings, Specifications and other documents for Owner, contractor, permitting agency, etc. use (excluding reproductions for the office use of Skyline Engineering, LLC).

Plots:

Bond	.....	\$ .176/square foot
Vellum	.....	\$ .277/square foot
Mylar	.....	\$ .496/square foot

Photocopies	.....	\$ 0.10/sheet
Mileage	.....	\$ IRS approved reimbursement rate

Courier services and outside reproduction services expenses at 100% of cost.