

**LIFE SAFETY LOAN AGREEMENT
BETWEEN BACH INVESTMENT AND THE CITY OF RAPID CITY**

This Life Safety Loan Agreement (hereinafter "Agreement") is made by and between the CITY OF RAPID CITY, a South Dakota municipal corporation, ("City") of 300 Sixth Street, Rapid City, SD 57701, and BACH INVESTMENT COMPANY, a South Dakota corporation ("Bach"), of 1575 N. LaCrosse Street, Ste I, Rapid City, SD 57701.

WHEREAS, the City has established a Life Safety Fund Loan Program to assist building owners with the installation of sprinkler systems in existing buildings; and

WHEREAS, Bach has made application to the City to participate in the Life Safety Fund Loan Program; and

WHEREAS, the City's Life Safety Loan Fund Committee has recommended approval of Bach's application; and

WHEREAS, the City deems it in the best interest of the City of Rapid City to enter into an agreement with Bach to help insure that fire sprinkler systems are installed in the building located at 1575 N. LaCrosse Street, Phase 2 to facilitate the public safety.

NOW THEREFORE, be it agreed by the parties as follows:

1. Recitals. The recitals set forth above constitute an integral part of this Agreement and are incorporated herein by this reference as if fully set forth herein as agreements of the parties.

2. Purpose. The purpose of this Agreement is to promote public safety by providing low cost funds to finance the installation of a fire suppression system in the building located at 1575 N. LaCrosse Street, Rapid City, South Dakota (hereinafter "Building").

3. Loan Amount. The City agrees to loan Bach an amount not to exceed Fourteen Thousand Four Hundred Sixteen Dollars (\$14,416.00) or eighty percent (80%) of the actual cost of installing a fire suppression system in the Building, whichever is less. Before the City of Rapid City will distribute any funds under this agreement, Bach must provide documentation of the amount actually expended for the installation of the fire sprinkler system to the City Finance Officer.

4. Security. Prior to the distribution of the funds by the City of Rapid City, Bach shall provide the City of Rapid City with a bank-issued letter of credit in a form acceptable to the City Attorney. The amount of the letter of credit shall be equal to the amount of the loan.

5. Interest. The rate of interest on the loan shall be two percent (2%) per annum.

6. Term. The term of the loan shall be seven (7) years.

7. Payments. Payments shall be made on or before February 4 and August 4 of each year during the term of the loan, beginning August 4, 2014. Payments shall be made in the amounts shown on the amortization schedule attached hereto as Exhibit A and incorporated herein by this reference. Should the amount of the loan be less than the full Fourteen Thousand Four Hundred Sixteen Dollars (\$14,416.00) as based upon the actual cost of installation, the payment schedule above shall be adjusted by the City's Finance Officer to reduce the amount of the payments. A revised amortization schedule shall be prepared by the Finance Officer to reflect the adjustments. Such schedule shall be signed by the parties, attached hereto and made a part hereof.

8. Yearly Interest Credit. Bach shall provide to the City's Finance Officer documentation of the cost of the letter of credit required by paragraph 2 for each year of the loan term. Each year following the first year of repayment, the City's Finance Officer shall determine Bach's eligibility for the yearly interest credit provided by Section 3.28.020 of the Rapid City Municipal Code. If Bach qualifies for the credit in any year, the Finance Officer shall send written notice to Bach of the credit amount and the corresponding reduction in payment amount for that year's payments.

9. Default. If Bach fails to fully and timely make any payment by its due date, the City shall have the right to draw on the letter of credit to repay the loan in full. Should the letter of credit's terms require a draw in excess of the balance due, the City shall refund any excess, less its costs, expenses and attorneys fees, to Bach. The breach of any other provision of this Agreement by Bach shall entitle the City to accelerate the payments due, draw on the letter of credit, and pursue any other legal or equitable remedies available to it.

10. Indemnification. Bach agrees to defend, indemnify and hold the City, its officers, employees and agents harmless from and against any and all liability, personal injury, property damage, costs and expenses (including, without limitation in any way attorneys' fees and expenses of litigation), relating in any way to or arising out of Bach's use of the funds loaned pursuant to this Agreement or its installation of a fire suppression system.

11. Binding Effect. The covenants and agreements contained in this Agreement shall apply to, inure to the benefit of and be binding upon the parties hereto and upon their respective successors administrators, executors and assigns.

12. Waivers. The failure by one party to require performance of any provision herein shall not affect that party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this Agreement constitute a waiver of any subsequent breach or default or a waiver of the provision itself.

13. Amendments. This Agreement may only be amended by a written document duly executed by all parties.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties, and supersedes all prior negotiations, agreements and understandings, whether oral or written.

Dated this _____ day of _____, 2014.

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)

State of South Dakota)
 ss.
County of Pennington)

On this the _____ day of _____, 2014, before me, the undersigned officer, personally appeared Sam Kooiker and Pauline Sumption, who acknowledged themselves to be the Mayor and Finance Officer, respectively, of the City of Rapid City, a municipal corporation, and that they, as such Mayor and Finance Officer, being authorized so to do, executed the foregoing Agreement for the purposes therein contained by signing the name of the City of Rapid City by themselves as Mayor and Finance Officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(seal)

Notary Public – South Dakota
My Commission Expires _____

EXHIBIT A

Life Safety Loan Agreement Between SBP, LLC and the City of Rapid City

Loan Amortization Schedule

Enter values	
Loan amount	\$ 14,416.00
Annual interest rate	2.00 %
Loan period in years	7
Number of payments per year	2
Start date of loan	8/4/2014
Optional extra payments	

Lender name:

Loan summary	
Scheduled payment	\$ 1,108.61
Scheduled number of payments	14
Actual number of payments	14
Total early payments	\$ -
Total interest	\$ 1,104.50

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	2/4/2015	\$ 14,416.00	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 964.45	\$ 144.16	\$ 13,451.55	\$ 144.16
2	8/4/2015	\$ 13,451.55	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 974.09	\$ 134.52	\$ 12,477.46	\$ 278.68
3	2/4/2016	\$ 12,477.46	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 983.83	\$ 124.77	\$ 11,493.63	\$ 403.45
4	8/4/2016	\$ 11,493.63	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 993.67	\$ 114.94	\$ 10,499.96	\$ 518.39
5	2/4/2017	\$ 10,499.96	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,003.61	\$ 105.00	\$ 9,496.35	\$ 623.39
6	8/4/2017	\$ 9,496.35	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,013.64	\$ 94.96	\$ 8,482.71	\$ 718.35
7	2/4/2018	\$ 8,482.71	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,023.78	\$ 84.83	\$ 7,458.93	\$ 803.18
8	8/4/2018	\$ 7,458.93	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,034.02	\$ 74.59	\$ 6,424.91	\$ 877.77
9	2/4/2019	\$ 6,424.91	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,044.36	\$ 64.25	\$ 5,380.55	\$ 942.01
10	8/4/2019	\$ 5,380.55	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,054.80	\$ 53.81	\$ 4,325.75	\$ 995.82
11	2/4/2020	\$ 4,325.75	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,065.35	\$ 43.26	\$ 3,260.40	\$ 1,039.08
12	8/4/2020	\$ 3,260.40	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,076.00	\$ 32.60	\$ 2,184.39	\$ 1,071.68
13	2/4/2021	\$ 2,184.39	\$ 1,108.61	\$ -	\$ 1,108.61	\$ 1,086.76	\$ 21.84	\$ 1,097.63	\$ 1,093.53
14	8/4/2021	\$ 1,097.63	\$ 1,108.61	\$ -	\$ 1,097.63	\$ 1,086.65	\$ 10.98	\$ -	\$ 1,104.50