

**AGREEMENT BETWEEN THE CITY OF RAPID CITY AND RED ROCK  
DEVELOPMENT LLC FOR PURCHASE OF A WELL LOT.**

This agreement is made and entered into by and between the City of Rapid City, a municipal corporation of the State of South Dakota, located at 300 Sixth Street, Rapid City, South Dakota 57701 (the “City”) and Red Rock Development LLC (a/k/a Buntrock-Graziano-Ward Development Co.), a South Dakota corporation, located at 6520 Birkdale Dr., Rapid City, South Dakota 57702 (“Red Rocks”).

WHEREAS, Red Rocks owns a well, known as Red Rocks Well No.13, which is currently used to produce water to irrigate Red Rock Golf Club and several townhome properties within the adjacent residential development; and

WHEREAS, the City approved Tax Increment Financing District No. 46 (TID #46) on September 20, 2004, which identified purchase of this well by the City as one of the public improvements to be funded by the district; and

WHEREAS, the City currently desires to purchase this well.

NOW THEREFORE, the parties hereby agree as follows:

1. Red Rocks will transfer ownership of Red Rocks Well No. 13 to the City. The parties will prepare an H Lot which encompasses the well and Red Rocks will transfer fee title to the property to the City via execution of a quit claim deed. The property which will be transferred is located in the northeast corner of Section 29, Township One North and Range Seven East of the Black Hills Meridian as shown on Exhibit “A” which has been attached hereto and is incorporated herein by this reference.
2. In exchange for the well the City agrees to pay Red Rocks \$250,000 plus 6% interest on that amount per the terms of the Project Plan for TID #46. The City will compensate Red Rocks solely by assigning to Red Rocks the right to repayment of this amount from the proceeds of TID #46. The City has not identified any other funds by which to compensate Red Rocks. The City does not guarantee that the revenues generated from TID #46 will be sufficient to pay the entire amount of the purchase price or the interest on this amount. The City is not guaranteeing the purchase price or interest. Any risk that TID #46 is insufficient to fully compensate Red Rocks is to be bore solely by Red Rocks and/or its heirs, assigns and successors in interest.
3. Any obligation of the City to pay Red Rocks or its heirs, assigns, or successors in interest from the TID #46 revenue is strictly limited by the terms of the approved project and State law regulating tax increment districts. Should any Court of competent jurisdiction invalidate any portion of this agreement, Red Rocks and its heirs, assigns and successors in interest agree to hold the City harmless.
4. The parties acknowledge that the City has previously entered into a Developer’s Agreement with Red Rock Meadows LLC for payment of other public improvements called for in the TID #46 Project Plan. This Developer’s Agreement requires the payment of all revenues

generated by the TID to be paid to Red Rock Meadows. Unless the Developer's Agreement with Red Rock Meadows is modified, no payments will be made under this agreement until all obligations under the Red Rock Meadows Developer's Agreement have been fully satisfied.

5. Red Rocks acknowledges that the City's promise to assign its rights to compensation for purchase of the well under TID #46 constitutes good and sufficient consideration for the promises it has made herein. Red Rocks further acknowledges that the City did not currently have the funds available to purchase the well and but for the promises it has made herein, the City would not have purchased the well.

6. Red Rocks will retain certain rights to water produced from this well which will be enumerated in a separate water service agreement.

7. Red Rocks may assign its rights under this agreement. All of the terms and conditions set forth herein shall extend to and be binding upon the heirs, assigns, and successors in interest of Red Rocks. Any grantee, heir, assign, or successor in interest to the undersigned expressly agrees to be bound by the terms of this agreement.

8. This agreement, the Project Plan for TID #46, The Developer's Agreement with Red Rock Meadows and the water service agreement are the entire agreement of the parties. No other writings or negotiations are part of this document. This Agreement may only be modified by mutual agreement of both parties. Any modifications or addendums to this Agreement must be in writing.

9. The parties' rights and obligations under this Agreement shall be governed by, and construed in accordance with, the laws of the State of South Dakota. Any dispute concerning this Agreement shall be venued and litigated in the Circuit Court for the Seventh Judicial Circuit, located in Rapid City, Pennington County, South Dakota.

Dated this \_\_\_ day of \_\_\_\_\_, 2009.

CITY OF RAPID CITY

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Finance Officer

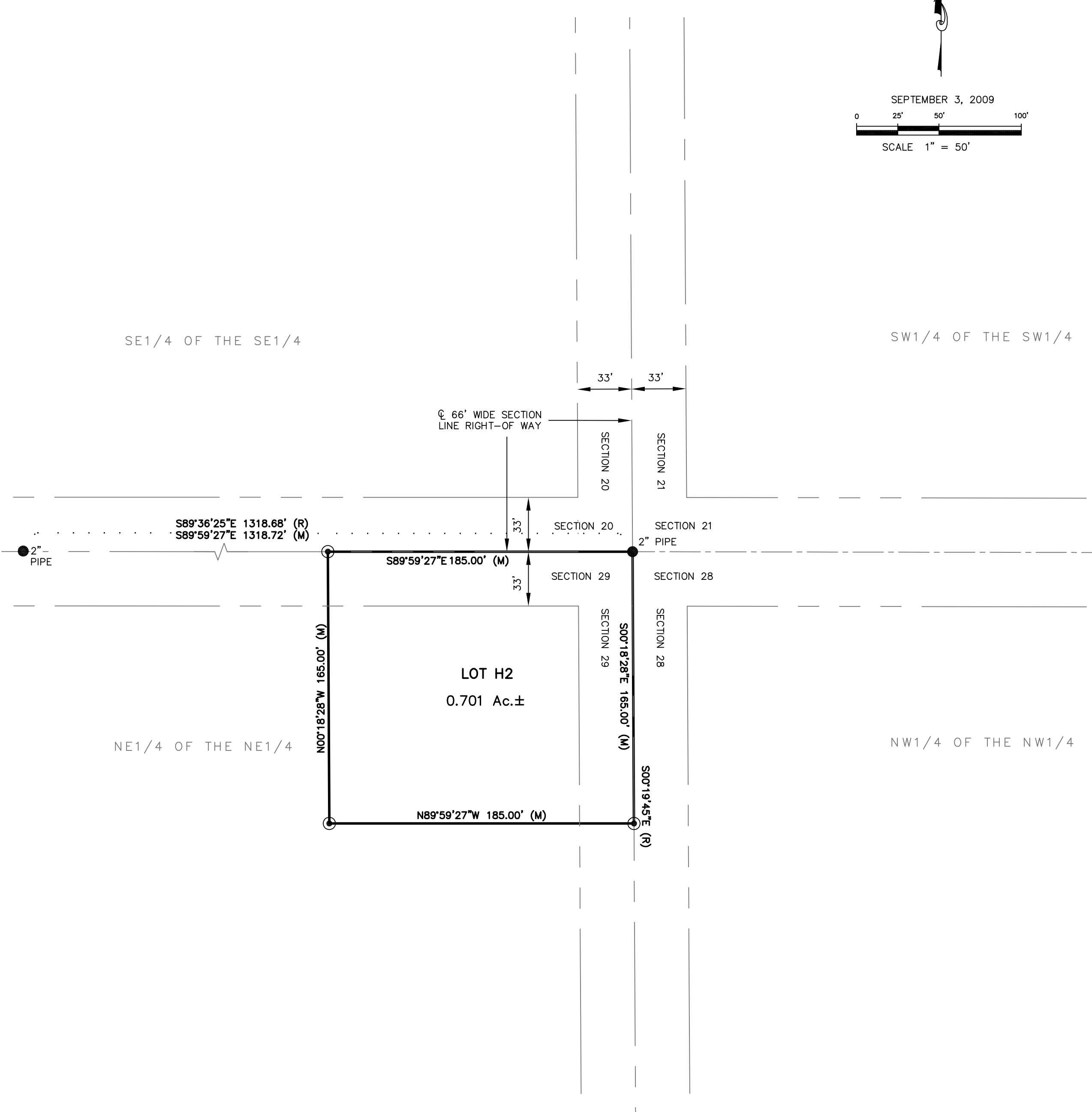
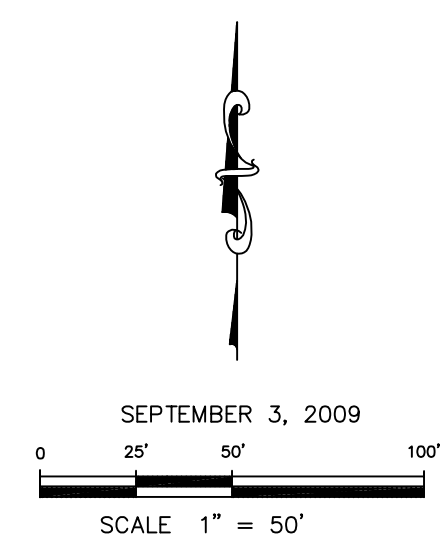
RED ROCKS DEVELOPMENT LLC

\_\_\_\_\_  
By: \_\_\_\_\_

Its: \_\_\_\_\_



PLAT OF  
**LOT H2 OF**  
**THE NE1/4 OF THE NE1/4 OF SECTION 29**  
 SHOWING A PARCEL OF LAND TO BE ACQUIRED FOR MUNICIPAL PURPOSES  
 T1N, R7E, BHM  
 RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

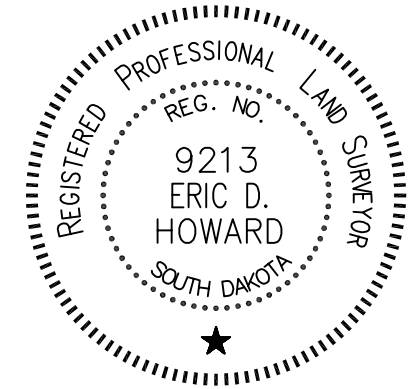


- NOTES:**
- Denotes set 5/8" rebar with survey cap marked "Renner - Assoc. 9213"
  - Denotes Found Survey Monument as noted
  - (R) Denotes Recorded in previous plat or description.
  - (M) Denotes Measured in this survey.
- Basis of Bearings: Previous Red Rock Platting

SURVEYOR'S STATEMENT

I, Eric D. Howard, Registered Land Surveyor No. 9213 in the State of South Dakota, do hereby state that, at the direction of the City of Rapid City, this plat has been prepared, correctly representing a survey made at my direction, and that the location and dimensions of the tract of land as shown herein are correct to the best of my knowledge, information and belief.

In witness whereof,  
 I have set my hand and seal this \_\_\_\_ day of \_\_\_\_\_, 2009 \_\_\_\_\_  
 Eric D. Howard, Registered Land Surveyor



CERTIFICATE OF REGISTER OF DEEDS

State of South Dakota  
 County of Pennington                      S.S.

Filed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_ M. in Book \_\_\_\_\_ of Plats, Page \_\_\_\_\_.

Register of Deeds                      Fee: \$ \_\_\_\_\_

PREPARED BY: **RENNER & ASSOCIATES, LLC \* 616 SIXTH STREET \* RAPID CITY SD 57701 \* 605/721-7310**