

CONTRACT FOR PRIVATE DEVELOPMENT
TAX INCREMENT DISTRICT NUMBER THIRTY TWO
CITY OF RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

Between

RED ROCKS DEVELOPMENT, LLC

and

CITY OF RAPID CITY, SOUTH DAKOTA

Dated as of May 6, 2002

THIS AGREEMENT, made and entered into as of this 6th day of May, 2002, between Red Rocks Development, LLC and the City of Rapid City, a municipal corporation and political subdivision of the state of South Dakota.

SECTION 1. The City of Rapid City Created Tax Increment District Number Thirty Two by resolution dated November 5, 2001.

SECTION 2. The City of Rapid City approved the development plan for Tax Increment District Number Thirty Two on November 5, 2001.

SECTION 3. The estimated project costs to be paid by the Tax Increment District, as set forth in the plan, are as follows:

Capital Costs:

Ground reservoir water storage facility	\$2,430,000.00
Water booster station, including design	\$87,000.00
Detention facility	\$375,000.00

Professional Service and Engineering Design:

Ground reservoir water storage facility design	\$180,000.00
Detention facility design	\$40,000.00

Financing Costs:

Financing interest:	\$2,226,132.85
Professional Fees:	\$0.00

Relocation Costs: \$0.00

Organizational Costs: \$0.00

Necessary and Convenient Costs:

Contingency	\$463,000.00
(Approximately \$123,000.00 of the contingency amount is hereby allocated to the booster station portion of the project.)	
Other	\$10,000.00

TOTAL TID NUMBER 32 PROJECT COSTS \$5,811,132.85

Imputed Administrative Costs

City of Rapid City of Rapid City	\$2050.00
To be paid July 15, 2006 as described in the approved development plan.	

The parties to this agreement note that the total tax increment district costs stated herein differs from the total tax increment district costs stated in the approved project plan. The parties agree that the project plan total is the result of a mathematical error. All of the individual costs listed in the project plan are the same as the costs listed in this agreement. The total of those costs as listed in this agreement represents the correct total and that number shall be controlling and binding upon the parties.

SECTION 4. The base value of the property located in Tax Increment District Number Thirty Two has been certified by the South Dakota Department of Revenue as Six Million Seventy Three Thousand Two Hundred Dollars (\$6,073,600.00).

SECTION 5. Red Rocks Development, LLC will secure private financing to fund the booster station portion of the project pursuant to the Tax Increment District Number Thirty Two plan, anticipated to be a bond or note, at an average interest rate over the life of the loan not to exceed Nine Percent (9%) per annum. The City of Rapid City is responsible for funding the balance of the project.

SECTION 6. Red Rocks Development, LLC, shall complete the booster station portion of the project described in the approved development plan. Upon completion, Red Rocks Development, LLC shall certify to the Finance Officer that such improvements have been completed and shall certify the amount of money disbursed therefore. The City shall have the right to require reasonable documentation to establish that the amounts set forth in the Tax Increment District Number Thirty Two Plan have, in fact been disbursed in payment for the acquisition.

SECTION 7. All positive tax increments received in Tax Increment District Number Thirty Two shall, upon receipt by the City, be deposited in a special fund to be known as the "Tax Increment District Number Thirty Two Fund". The City shall, within thirty (30) days after receipt of each tax increment payment from the Treasurer of Pennington County, disburse all amounts in the fund to Red Rocks Development, LLC, or its designee, subject to the following limitation: At no time shall the cumulative total of payments made from the fund exceed the lesser of the total amounts of disbursements certified pursuant to Section 6 of this Agreement or the total of the estimated project costs for the booster station, including the allocated contingency amount, set forth in the plan for Tax Increment District Number Thirty Two, and as modified by this agreement.

SECTION 8. It is contemplated by the parties that Red Rocks Development, LLC may assign its interest under this Agreement as security for the note or loan agreement, or other financing described in Section 5 thereof. It is understood and agreed, by and between the parties, that any such assignment shall be in writing and that if the City shall make disbursement pursuant to such assignment that it shall, to the extent of such disbursement, relieve the City of the obligations to make such disbursement to Red Rocks Development, LLC.

SECTION 9. It is specifically a condition of this Agreement and a condition of the City's obligation to pay that all sums payable shall be limited to the proceeds of the positive tax increment from Tax Increment District Number Thirty Two received into the special fund specified in Section 7 hereof. The obligation of the City to pay pursuant to this Agreement does not constitute a general indebtedness of the City or a charge against the City's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated herein by reference.

It is also specifically agreed that the City has made no representation that the proceeds from such fund shall be sufficient to retire the indebtedness incurred by Red Rocks Development, LLC under Section 5 hereof. The parties further agree that SDCL 11-9-25 limits the duration of allocability of the positive tax increment payments to the fund created by Section 7 hereof.

Dated this _____ day of May, 2002.

RED ROCKS DEVELOPMENT, LLC

BY: _____

ITS: _____

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)