

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

Between

STURGIS MOTORCYCLES, INC.
DBA
BLACK HILLS HARLEY DAVIDSON/BUELL

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 Sturgis Motorcycles, Inc., DBA Black Hills Harley Davidson/Buell (hereafter "BHHD") 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 Four by resolution dated December 17, 2001.

SECTION 2. The City of Rapid City approved the development plan for Tax Increment District Number Thirty Four on December 17, 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:	\$250,000.00
Financing Costs:	
Financing interest:	\$115,284.49
Professional Fees:	\$0.00
Relocation Costs:	\$0.00
Organizational Costs:	\$0.00
Necessary and Convenient Costs:	
Contingency	\$25,000.00
Other	\$0.00
TOTAL TID NUMBER 34 PROJECT COSTS	\$390,284.49
Imputed Administrative Costs	
City of Rapid City	\$2040.00
To be paid December 1, 2006 as described in the approved development plan.	

SECTION 4. The base value of the property located in Tax Increment District Number Thirty Four has been certified by the South Dakota Department of Revenue as Nine Hundred Ninety Nine Thousand Six Hundred Dollars (\$999,600.00).

SECTION 5. BHHD will secure private financing to fund the acquisition of real property pursuant to the Tax Increment District Number Thirty Four 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.

SECTION 6. BHHD, shall complete the improvements described in the approved development plan. Upon completion, BHHD 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 Four Plan have, in fact been disbursed in payment for the acquisition.

SECTION 7. All positive tax increments received in Tax Increment District Number Thirty Four shall, upon receipt by the City, be deposited in a special fund to be known as the "Tax Increment District Number Thirty Four 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 BHHD 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 set forth in the plan for Tax Increment District Number Thirty Four.

SECTION 8. It is contemplated by the parties that BHHD 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 BHHD.

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 Four 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 BHHD 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.

STURGIS MOTORCYCLES, INC.

BY: _____

ITS: _____

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)