

DEVELOPMENT SERVICES CENTER

Growth Management Department
City of Rapid City

300 Sixth Street, Rapid City, SD 57701-2724

Phone: (605) 394-4120

Fax: (605) 394-6636

Web: www.rcgov.com

**APPLICATION FOR
TAX INCREMENT
FINANCING**

LEGAL DESCRIPTION

Legal Description *(Attached additional sheets as necessary)*
See Attached

Location Founders Park Drive

Size of Site-Acres 20 acres

APPLICANT

Name Founders Park, LLC Phone 605-673-2350

Address 35 S 4th Street Fax 605-673-4582

City, State, Zip Custer, SD 57730

PROJECT PLANNER - AGENT

Name Mike Tennyson + Pat Tlustas Phone 605-390-8402 Pat
605-381-5299 Mike

Address 35 S 4th Street Fax 605-673-4582

City, State, Zip Custer, SD 57730

Property Owner Signature	Date	Property Owner Signature	Date
			<u>12-15-09</u>
Applicant Signature <small>(if difference from Property Owner)</small>	Date	Applicant Signature <small>(if difference from Property Owner)</small>	Date
Print Name:		Print Name: <u>Michael E Tennyson</u>	
Title*		Title* <u>Member</u>	

*required for Corporations, Partnerships, Etc.

An application for the use of Tax Increment Financing must include the following information or the project will not be processed. **Attachments may be provided in order to fully provide the following information.**

APPLICATION INFORMATION <i>(attach additional sheets as necessary)</i>	Submitted
1. A detailed project description.	<input checked="" type="checkbox"/>
2. Purpose of the Tax Increment Financing.	<input checked="" type="checkbox"/>
3. List of project costs to be funded by the Tax Increment Financing including identification of typical developer costs, exceptional costs and oversizing costs. The applicant shall provide written justification when the sum of the Necessary and Convenient Costs and Contingency Cost line items exceed 10% of the total Project Costs. The proposed project costs shall include an itemized list of all Estimated Costs, including the Professional Fees.	<input checked="" type="checkbox"/>
4. A preliminary development financing plan, including sources of funds, identification of lender, interest rates, financing costs and loan terms.	<input checked="" type="checkbox"/>
5. The applicant shall identify all persons and entities that have an interest in the project and/or in the entity applying for the tax increment financing district. The disclosures shall require identification of all members of an LLC or LLP, other partners, investors, shareholders and directors of a corporation or any other person who has a financial interest in the project or in the entity applying for the tax increment financing. This provision requires identification of all persons who have an interest in the project including those whose interest exists through, an LLC, LLP, corporation (whether as a director or shareholder) or other legal entity. The applicant shall be under a continuing obligation to update this disclosure within thirty (30) days of any changes throughout the application process and throughout the	<input checked="" type="checkbox"/>

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life of the developer's agreement. If the applicant is a publicly traded company, the applicant shall be deemed to have complied with this provision if it has provided the City a copy of its most recent annual report with the application.	
6. A pro forma indicating projected costs and revenues.	<input checked="" type="checkbox"/>
7. A statement and demonstration that the project would not proceed without the use of Tax Increment Financing.	<input checked="" type="checkbox"/>
8. A statement identifying the specific Statutory, Other Local and Discretionary evaluation criteria that the applicant believes the request meets. <i>(Please refer to the Tax Increment Financing Guide for specific evaluation criteria).</i>	<input checked="" type="checkbox"/>
9. Conceptual plans, sketches, maps or site plans for the project.	<input checked="" type="checkbox"/>
10. A development time schedule including specific phasing of improvements and project costs.	<input checked="" type="checkbox"/>
11. A list of the specific public improvements and a list of the specific private improvements proposed to be constructed along with the project.	<input checked="" type="checkbox"/>
12. Corporation, LLC, partnership papers or other business documents identifying the parties with ownership interest in the corporation and property involved in the project, including land ownership, contract for deed or other contractual information relating to control of the property and the applicant's ability to complete the project.	<input checked="" type="checkbox"/>
13. A financial statement of the corporation, partnership, or individual for the most recent five years or life of the company.	<input checked="" type="checkbox"/>
14. A copy of the proposed wage scale, employee benefits package, and full and part time employment levels or, in the case of an affordable housing project, a copy of the applicable federal housing grant program.	<input checked="" type="checkbox"/>
15. The applicant shall notify by certified, return receipt mail every owner of property contained within the proposed boundaries of a tax increment district and shall notify by first class mail every owner of property that is adjacent to the proposed boundaries of the tax increment district. The notification shall contain the proposed boundaries as well as a description of the proposed improvements. The Growth Management Department shall provide the applicant with a list of property owners to be notified. The return receipts shall be directed to the Growth Management Department. The applicant shall pay a fee of \$20.00 per list for the cost of compiling the two property owners lists.	<input type="checkbox"/>
16. A \$1,000 non-refundable application fee.	<input checked="" type="checkbox"/>
17. Other information that may be required by the Tax Increment Finance Project Review Committee.	<input type="checkbox"/>

Filed this 19th day of
Nov, 2004
Ch. Nelson
SECRETARY OF STATE

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NOV 19 04

S.D. SEC. OF STATE

**ARTICLES OF ORGANIZATION
OF
FOUNDERS PARK, L.L.C.**

I, the undersigned natural person, MICHAEL E. TENNYSON, of the age of eighteen (18) years or more, acting as the organizer of a limited liability company under the South Dakota Liability Company Act, do hereby adopt the following Articles of Organization of such Limited Liability Company.

ARTICLE ONE

NAME

The name of the Limited Liability Company is FOUNDERS PARK, L.L.C.

ARTICLE TWO

ADDRESS OF OFFICE

The street address of the initial designated office of the Limited Liability Company is 325 Mt. Rushmore Road, Custer, South Dakota 57730.

ARTICLE THREE

NAME & ADDRESS OF AGENT

The name of its initial registered agent at such address is MICHAEL E. TENNYSON, 325 Mt. Rushmore Road, Custer, South Dakota 57730.

ARTICLE FOUR

NAME AND ADDRESS OF ORGANIZER

The name and address of the organizer is: MICHAEL E. TENNYSON, 325 Mt. Rushmore Road, Custer, South Dakota 57730.

ARTICLE FIVE
PERIOD OF DURATION

The period of duration of this Limited Liability Company is perpetual unless an earlier dissolution of the Limited Liability Company in accordance with the provisions of its Operating Agreement.

ARTICLE SIX
MANAGEMENT

The Limited Liability Company is to be member managed.

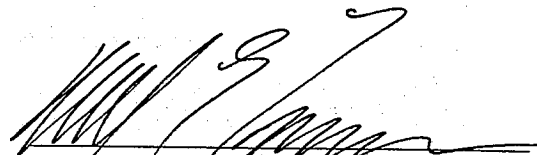
ARTICLE SEVEN
MEMBER'S LIABILITY FOR DEBTS

To the full extent permitted by South Dakota law, no Member or Manager of the Limited Liability Company shall be liable for a debt, obligation, or liability of the company solely by reason of being or acting as a Member or Manager.

ARTICLE EIGHT
POWERS OF LIMITED LIABILITY COMPANY

The Limited Liability Company shall have the powers provided for in the South Dakota Limited Liability Company Act.

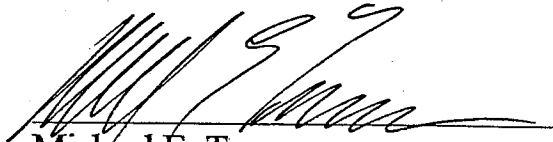
IN WITNESS WHEREOF, I have hereunto set my hand this 18th
day of November, 2004.


Michael E. Tennyson, Organizer

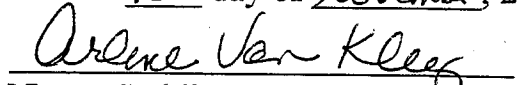
AFFIDAVIT OF VERIFICATION

STATE OF SOUTH DAKOTA)
) :SS
COUNTY OF CUSTER)

MICHAEL E. TENNYSON, being duly sworn on his oath, deposes and states: That he is a resident of Custer County, South Dakota; that he is the person described in and who signed the foregoing Articles of Organization therein; that he has read said Articles and knows the contents thereof; that the organizer intends in good faith to form a limited liability company for the purpose of a promotion of a lawful business as set forth in said Articles; and that the matters stated therein are true of his own knowledge.

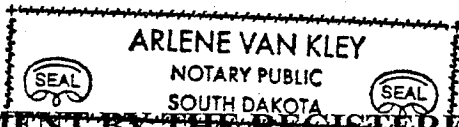

Michael E. Tennyson

Subscribed and sworn to before me this 18th day of November, 2004.


Notary Public, South Dakota

My Commission Expires: 11/9/05

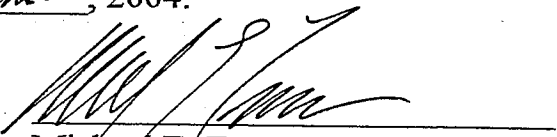
(SEAL)



CONSENT OF APPOINTMENT BY THE REGISTERED AGENT

I, MICHAEL E. TENNYSON, hereby give my consent to serve as the registered agent for FOUNDERS PARK, L.L.C.

Dated this 18th day of November, 2004.


Michael E. Tennyson



Book: 140
 Page: 1840
 R04-26432.0 Page: 001 of 001
 12/27/2004 09:59a 10.00
 Pennington County, South Dakota
 Donna M. Mayer Deed

DOCUMENT PREPARED BY:

KENNETH L. HEISTERKAMP
 P. O. BOX 290
 RAPID CITY, SD 57709
 (605) 343-2410

P-109346
 39531/36499

LIMITED WARRANTY DEED

Federal Beef Processors, Inc., a Minnesota corporation, Grantor, of 2815 Blaisdell Avenue, Minneapolis, MN 55408, for and in consideration of One Dollar (\$1.00) and other good and valuable consideration, grants, conveys and warrants, subject to the limitations herein, to **Founders Park, LLC**, a South Dakota limited liability company, Grantee, of 325 Mt. Rushmore Road, Custer, SD 57730, the following described real estate in the County of Pennington in the State of South Dakota:

The West Half of the Northwest Quarter of the Southeast Quarter (W1/2NW1/4SE1/4) of Section Thirty-five (35), Township Two North (T2N), Range Seven East of the Black Hills Meridian (R7E BHM) in the City of Rapid City, including Block One (1) of North Riverside Addition, Pennington County, South Dakota, subject to covenants, restrictions, reservations, rights-of-way, and easements of record, if any and further subject to LIMITATIONS THAT Grantor shall defend the above-described property from and against all persons claiming by, from, or under the Grantor, but against no other persons.

Dated this 23rd day of December, 2004.

TRANSFER FEE \$2100
 #1,850.00

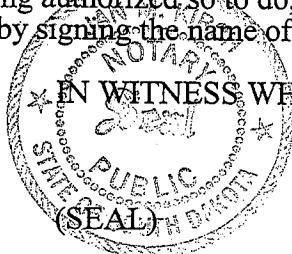
Federal Beef Processors, Inc.

By: [Signature]
 Its: VP

State of South Dakota }
 County of Pennington } ss.

TRANSFER FEE PAID \$ 1850.00
 EXEMPT FROM TRANSFER FEE

On this the 23rd day of December, 2004, before me the undersigned officer, personally appeared Gay Goldberger, who acknowledged him/herself to be the Vice-President of **Federal Beef Processors, Inc.**, a Minnesota corporation, and that he/she, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by him/herself as such officer.



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

[Signature]
 Notary Public
 My Commission Expires: 1-4-2010

FOUNDERS PARK TIF #50 RE-APPLICATION

Adjustments to Project Plan Budget

Item #1 – Project Description. The project includes acquiring the old Federated Beef plant property, demolition of the plant, clean up, grading, water system improvements, sewer system improvements, street construction and the relocation existing utilities.

Item #2 – Purpose of TIF. The TIF proceeds has been used to offset costs included in the Project Plan which include land acquisition, demolition, clean up, grading, water systems, sewer systems, off-site water system improvements, public parking, sidewalks and paths, engineering and professional fees, and financing costs.

Item #3 – Project Costs.

TIF Eligible Costs:	
Demolition, Clean-up and Grading	1,150,000
Land Acquisition	1,000,000
Grading-Utilities-Street	780,122
Professional Services	90,000
Financing Costs	4,208,290
Contingency	229,878
 Total TIF Costs	 7,458,290

Items #4 – Financing Plan. TIF #50 is currently financed by First Interstate Bank of Rapid City at an annual interest rate of 6 percent. The interest rate is fixed until December of 2013 at which time the loan will be evaluated, renewed and re-priced. The Project plan allows for a maximum interest rate of 9 percent. The principal balance of the TIF loan was \$4,45,040.00 on December 20, 2009.

Item #5 - Applicant Identities. The applicant for TIF #50 is Founders Park, LLC, a South Dakota Limited Liability Company, which is equally owned by Pat Tlustos, Stanford Adelstein and Mike Tennyson.

Item #6 – Project Pro Forma

Item Description:	Total Budget W/TIF	Total Budget WO/TIF
Revenue:		
Land Sales	4,050,000	4,050,000
TIF Proceeds	7,458,290	0
 Total Revenue	 11,508,290	 4,050,000

TIF Eligible Costs:		
Demolition, Clean-up and Grading	1,150,000	1,150,000
Land Acquisition	1,000,000	1,000,000
Grading-Utilities-Street	780,122	780,122
Professional Services	90,000	90,000
Financing Costs	4,208,290	4,208,290
Contingency	229,878	229,878
Total TIF Costs	7,458,290	7,458,290
Non-TIF Costs:		
Additional Waterline & Services	44,000	44,000
Additional Sewer & Services	37,000	37,000
Interior Electrical Trench	42,000	42,000
Storm Sewer @ Parking Lots	67,000	67,000
Storm Inlets	24,000	24,000
Grade Parking Lots - Walks	126,000	126,000
Base Course - 8"	122,000	122,000
Curb and Gutter	117,000	117,000
Pans and Fillets	18,000	18,000
Asphalt Parking Lots	238,000	238,000
Backfill and Clean up	15,000	15,000
Sidewalks and Paths	95,000	95,000
Irrigation System	215,000	215,000
Hydro Seed Site	45,000	45,000
Landscaping	280,000	280,000
Land Acquisition	1,150,000	1,150,000
Developer Fee	-	-
Interest and Loan Costs	200,000	200,000
Legal and Accounting	50,000	50,000
Engineering, Platting and Fees	65,000	65,000
Total Non-TIF Costs	2,950,000	2,950,000
Total Project Costs	10,408,290	10,408,290
Projected Profit	1,100,000	(6,358,290)

Item #7 – Statement of Need. This project would have not been economically feasible without the projected proceeds of the TIF district. The project pro forma outlined in Item

#6 projects the project would lose approximately \$6,358,290 without the TIF proceeds. With the proceeds the project is projected to produce at net profit of \$1.1 million before any deduction for developer fees or return on risk capital. The project was completed in 5 years. It is projected it will take another 5 to 7 years to sell all the developed lots.

Item #8 – Evaluation Criteria. The Project Plan was approved in 2006 and meets all Statutory Criteria required in SDCL 11-9-8, SDCL 11-9-9, SDCL 11-9-10 and SDCL 11-9-11. Additionally, the clean up and redevelopment of the Federal Beef property and the off-site water line improvements has eliminated a blighted and potentially dangerous site, and has enhanced and facilitated new development that will occur and increase the community's economic vitality and expanding the City's property tax base. This district was determined to qualify as an economic development Tax Increment District as commercial development has been incorporated within the district.

Item #9 – Site Plan – see attached drawings

Item #10 – Schedule. The work incorporated in the Project Plan was started in 2006 and completed by December 20, 2009. To date, 3 office buildings have been completed with 2 additional projects planned for 2010. Total build out is anticipated to occur in 2014.

Item #11 – Improvement List. Refer to item #6 for a detailed breakdown of all costs of public and private improvements associated with this project.

Item #12 – Business Documents & Land Ownership. Attached herein are the Article of Organization for Founders Park, LLC and a copy of the Warranty Deed for the land.

Item #13 – Financial Statement. Attached are the Founders Park, LLC financial statements for the past 5 years.

Item #14 – Wage Scales, etc. The development phase of the project has been completed. The wage scales paid by the contractors involved represent the typical hourly wage for equipment operators and construction workers paid in the area for these workers. The wages and salaries of the current tenants of the 3 office buildings constructed to date aren't known to the applicant but are projected to exceed area medium incomes of the Rapid City SMA. There are no plans to incorporate affordable housing or applicable grants in the project.

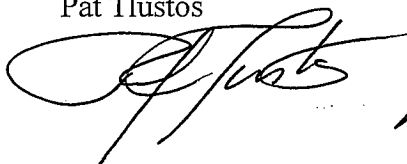
Proposed Budget Adjustments. Following are the budget adjustments that the applicant is requesting. The total development costs associated with the TIF were \$124,634.90 under the budgeted amount outlined in the Project Plan. The applicant is requesting that this savings be allocated to financing costs. Currently interest rates are less than projected but project build out is behind schedule due to the ongoing economic slowdown. Increased interest expenses are possible as rates are projected to rise in the near term. Additionally, the applicant is requesting that adjustments be approved to individual development cost line items. Demolition, clean up, and grading were under budget by \$215,716.56. This savings plus a budgeted \$227,828.00 of the contingency

line item will be reallocated to additional costs associated with off site water systems, grading and streets and professional fees. The detailed budget adjustments are as follows:

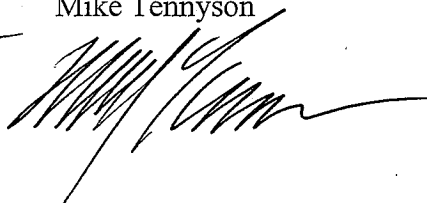
Final Budget Adjustments Tax Increment District #50 Founders Park, LLC					
Item Description:	Original Budget	Proposed Adjustments	Adjusted Budget	Paid to Date	Balance
Demolition, Clean-up and Grading	1,150,000	-215,717	934,283	934,283	0
Land Acquisition	1,000,000	0	1,000,000	1,000,000	0
Off Site Water System	250,000	115,851	365,851	365,851	0
Grading-Utilities-Street	530,122	55,751	585,873	585,873	0
Professional Services	90,000	147,308	237,308	237,308	0
Financing Costs	4,208,290	124,635	4,332,925	1,138,037	3,194,888
Contingency	229,878	-227,828	2,050	2,050	0
Total	7,458,290	0	7,458,290	4,263,402	3,194,888

Thank you for your consideration of these adjustments. The support and cooperation from the City of Rapid City elected officials and staff has made this project feasible. We think we can all take great pride in how this blighted area is once again a positive element in our beautiful community.

Pat Tlustos



Mike Tennyson



This Mortgage was prepared by:
FIRST WESTERN BANK
1750 EGLIN ST PO BOX 3133
RAPID CITY, SD 57709
(605) 718-2265

**MORTGAGE - COLLATERAL REAL ESTATE MORTGAGE
- 180 DAY REDEMPTION**

MAXIMUM LIEN. The lien of this Mortgage shall not exceed at any one time \$6,730,000.00.

THIS MORTGAGE dated September 11, 2006, is made and executed between **FOUNDERS PARK LLC**, whose address is 35 SOUTH 4TH STREET, CUSTER, SD 57730 ("Mortgagor", referred to below as "Grantor") and **FIRST WESTERN BANK**, whose address is 1750 EGLIN ST PO BOX 3133, 605-718-2265, RAPID CITY, SD 57709 ("Mortgagee", referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in **PENNINGTON County, State of South Dakota**:

THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (W1/2NW1/4SE1/4) OF SECTION THIRTY-FIVE (35), TOWNSHIP TWO NORTH (T2N), RANGE SEVEN EAST OF THE BLACK HILLS MERIDIAN (R7E BHM), IN THE CITY OF RAPID CITY, INCLUDING BLOCK ONE (1) OF NORTH RIVERSIDE ADDITION, TOGETHER WITH THE WEST HALF (W1/2) OF VACATED WEST STREET VACATED BY RESOLUTION OF VACATION OF PUBLIC RIGHT-OF -WAY RECORDED IN BOOK 157 OF MISC. RECORDS ON PAGE(S) 110 IN THE OFFICE OF THE REGISTER OF DEEDS, PENNINGTON COUNTY, SOUTH DAKOTA

The Real Property or its address is commonly known as **1350 W CHICAGO STREET, RAPID CITY, SD 57701.**

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THE PARTIES AGREE THAT THIS MORTGAGE CONSTITUTES A COLLATERAL REAL ESTATE MORTGAGE PURSUANT TO SDCL 44-8-26.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE