

DOUGHERTY & COMPANY LLC

Rushmore Plaza Civic Center Arena Project

Municipal Advisor Agreement

THIS AGREEMENT made and entered into by and between the City of Rapid City (“Issuer”) and Dougherty & Company LLC (“Municipal Advisor”) consists of the following:

The financing of the construction of a new Arena hereinafter referred to as “Option A” or the improvements to the Barnett Arena hereinafter referred to as “Option B” and the decision of which option will be determined on or about February 26, 2018.

WHEREAS, for Option A the Issuer is considering the issuance of up to a principal amount of \$110,000,000 in Certificates of Participation (COPs) or Sales Tax Revenue Bonds or some combination of both in one or more Series (the “Issue(s)”); or

WHEREAS, for Option B the Issuer is considering the issuance of up to a principal amount of \$25,000,000 of Sales Tax Revenue Bonds in one or more series (The “Issue(s)”);

WHEREAS, Municipal Advisor is a specialist in assisting public entities in the issuance of such obligations;

NOW, THEREFORE, IT IS AGREED THAT MUNICIPAL ADVISOR WILL: Serve as Issuer’s municipal advisor specifically for the referenced Issue(s) depending upon the option selected. This agreement confirms the terms under which Municipal Advisor will act as a municipal advisor to Issuer (the “Issuer”) with respect to the issuance of the above captioned obligations.

A. SCOPE OF SERVICES. Municipal Advisor will provide the following services:

1. Work with City Staff, bond counsel, and others designated by the City in the preparation of Authorizing Resolutions for both an Option A and Option B financing so the City Council could adopt and thereby authorize whichever Option is chosen at a City Council meeting which is currently scheduled to be held on February 26, 2018;
2. Study existing and potential future financing commitments of Issuer, its economic resources and the requirements of the issuer;
3. Assist in determining the amount of financing required;
4. Study available financing options for Issuer’s projects;
5. Recommend the type or types of obligations to be utilized;
6. Recommend financing programs designed to fit the resources and requirements of Issuer;
7. Inform Issuer of (a) The material risks, potential benefits and other characteristics of each recommendation; (b) the basis upon which Municipal Advisor believes each recommendation is suitable for

Issuer; and (c) whether Municipal Advisor has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Issuer's objectives;

8. Coordinate financing activities with Issuer, its engineers, accountants, attorneys and other specialists engaged by Issuer;

9. Attend meetings and public hearings to explain the financing and assist in the preparation of public information materials, including news releases, relative to the financing;

10. Research and recommend various covenants, maturity schedules and other details to be included in the proceedings authorizing the obligations supporting the Issue;

11. Consult with bond counsel and with counsel of Issuer's choice relative to minutes, resolutions and proceedings necessary to authorize the obligations supporting the Issue;

12. Prepare tentative time tables outlining various actions required to successfully complete the financing;

13. Recommend a date or dates for the sale of the type or types of sale for the Issue(s) and terms on which bids will be received;

14. As desired by Issuer, accumulate and prepare financial and general information necessary to secure a rating (or ratings) from nationally recognized rating service(s). Forward the same to the appropriate agencies and communicate with key personnel to assure a timely rating assignment;

15. For a negotiated sale assist with the preparation and distribution of a Request for Proposals for Underwriters and review and evaluate responses to the Request for Proposals and assist with the selection of Underwriter(s);

16. For a competitive sale assist in the preparation and distribution to interested bond underwriters (banks, bond dealers, investment bankers, etc.) the required Disclosure Document(s) containing appropriate and required information and material relating to Issuer and the Issue, and assist the Issuer with preparation and required publication of the Official Notice of Sale for the sale of the Issue.

17. Advertise the sale of the Issue in a manner that will result in more competitive bidding for the Issue and arrange for use of "electronic bids" services by the use of PARITY®.

18. Attend the sale of the Issue, compute bids and advise as to their acceptability in light of market conditions.

19. Assist in the closing process of the financial transactions and delivery of the proceeds; and

20. Provide that the Issuer will receive a CD and all necessary data for the use of Issuer and its Administrators throughout the maturity of the obligations.

21. Services approved by the City after Closing of these obligations related to naming rights, rentals and other issues related to Private Activity and Arbitrage needing financial review or advice. The City may request additional services and the Municipal Advisor may provide other services specifically related to the project financed with this Issue.

B. ISSUER WILL:

1. Cooperation. Cooperate with Municipal Advisor and the financing team in providing all information necessary to prepare the required Disclosure Document(s) and to prepare said Document(s) in such a way as to assure interested parties of their accuracy and completeness.

2. Disclosures. (i) Provide Municipal Advisor with details of projects under consideration that may affect the issuance of Issuer's obligations; (ii) Provide Municipal Advisor with information sufficient to allow Municipal Advisor through reasonable diligence to believe its recommendation(s) are suitable for Issuer.

3. Compensation. Fees to be paid will be an Initial Fee of \$15,000 plus a Contingent Fee of \$0.50/\$1,000 of Bonds issued. Provided the City Council approves an ordinance or resolution authorizing the issuance of obligations related to the project, the Initial Fee will be paid irrespective of whether bonds are sold and will be payable after an election, if any, is final without regard as to the outcome. If no election, the Fixed Fee shall be payable after submittal of a Preliminary Official Statement to a Rating Agency or to any Underwriter. The Issuer may elect to be reimbursed for the Initial Fee from proceeds of the Sale of the Issue or from funds on hand of the Issuer as the Issuer directs. The Contingent Fee will be payable upon the Bond Closing and shall be paid from proceeds of the sale of the Issue or from funds on hand of the Issuer as the Issuer directs. If no bonds are sold for this project no Contingent Fee will be payable to the Municipal Advisor.

If there are multiple issues and any subsequent issue is sold more than thirty days after other issue(s) the fee shall be the greater of \$10,000 or \$1.00/\$1,000 on the issue up to \$25 million plus \$0.50/\$1,000 on the issue in excess of \$25 million.

(a) Services provided for in A. 21. (above) will be charged on an hourly basis as follows:

Senior Vice President	\$150
Vice President	\$100
Support Staff	\$60

(b) Travel expenses and other out of pocket expenses. All authorized trips to the City over two will be reimbursed in accordance with the City's travel policy rates for mileage, meals and lodging.

(c) Any other out of pocket expenses authorized and approved by the finance office will be reimbursed at actual cost.

4. Contingent Payment of Contingent Fee. If, for reasons beyond Issuer's control, the Issue is not successfully sold, no Contingent Fee will be payable to the Municipal Advisor, however, Fixed Fee and out of pocket expenses approved and incurred on Issuer's behalf shall be reimbursed to Municipal Advisor.

C. DISCLOSURES BY MUNICIPAL ADVISOR

1. Registered Municipal Advisor. Dougherty & Company LLC is registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB). In accordance with MSRB Rules, please be informed that Municipal Advisor is acting as municipal advisor, not underwriter, for the Issue.

2. Conflicts Disclosures. As a registered Municipal Advisor, Dougherty & Company LLC has a fiduciary duty to Issuer. Upon undertaking an engagement, a municipal advisor must disclose potential or actual material conflicts of interest and how those conflicts will be managed and mitigated.

(a) Specific Potential/Actual Conflicts. Municipal Advisor has not identified any specific potential or actual material conflicts that require disclosure. We describe in Sections 2(b) - (f) potential conflicts of interest that are generally applicable to our performance of Municipal Advisory Services.

(b) Compensation Conflicts of Interest. Potential conflicts of interest that may apply to this engagement with Issuer involve compensation. Municipal Advisor discloses those potential conflicts as follows:

(i) Fixed Fees or "Lump Sum." This form of compensation represents a potential conflict of interest because if the transaction requires more work than originally contemplated, Municipal Advisor may suffer a loss. Thus, Municipal Advisor may recommend less time-consuming alternatives or fail to do a full analysis of alternatives.

(ii) Contingent Fee. This form of compensation presents a potential conflict of interest because Municipal Advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to Issuer. When facts or circumstances arise that could cause the financing to be delayed or fail to close, Municipal Advisor may have an incentive to discourage a full consideration of such facts and circumstances.

(c) Other Municipal Advisor or Underwriting Relationships. Municipal Advisor serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of Issuer. For example, Municipal Advisor serves as municipal advisor to other municipal advisory clients and in such cases, owes a regulatory duty to such other clients just as it does to Issuer under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Municipal Advisor could potentially face a conflict of interest arising from these competing client interests. In other cases as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of Municipal Advisor to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that Municipal Advisor serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair Municipal Advisor's ability to fulfill its regulatory duties to Issuer.

(d) Broker-Dealer and Investment Advisory Business. Municipal Advisor is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities to serve its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of Issuer, may be undertaken on behalf of, or as counterparty to, Issuer, personnel of Issuer, and current or potential investors in the securities of Issuer. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of Issuer, such as when their buying or selling of Issuer's securities may have an adverse effect on the market for Issuer's securities, and the interests of such other clients could create the incentive for Municipal Advisor to make recommendations to Issuer that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from Municipal Advisor effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units

of the Municipal Advisor that operate independently from Municipal Advisor's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by Municipal Advisor to Issuer under this Agreement.

(e) Secondary Market Transactions in Issuer's Securities. Municipal Advisor in connection with its sales and trading activities, may take a principal position in securities, including securities of Issuer, and therefore Municipal Advisor could have interests in conflict with those of client with respect to the value of Issuer's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, Municipal Advisor or its affiliates may submit orders for and acquire Issuer's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with Issuer in that it could create the incentive for Municipal Advisor to make recommendations to Issuer that could result in more advantageous pricing of Issuer's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through units of the Municipal Advisor that operate independently from Municipal Advisor's municipal advisory business, thereby reducing the likelihood that such investment activities would an impact on the services provided by Municipal Advisor to Issuer under this Agreement.

(f) General Mitigations. As general mitigations of Municipal Advisor's conflicts with respect to all of the conflicts disclosed above Municipal Advisor mitigates such conflicts through its adherence to its fiduciary duty to Issuer, which includes a duty of loyalty to Issuer in performing all municipal advisory activities for Issuer. This duty of loyalty obligates Municipal Advisor to deal honestly and with the utmost good faith with Issuer and to act in Issuer's best interests without regard to Municipal Advisor's financial or other interests, In addition because Municipal Advisor is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of Municipal Advisor is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients, but instead is dependent on long-term profitably built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, Municipal Advisor's municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Municipal Advisor potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed above.

3. Legal/Disciplinary Matters. MSRB Rules require Municipal Advisor to provide Issuer with certain disclosures of legal or disciplinary events that are material to its evaluation of the integrity of Municipal Advisor's management and advisory personnel. Municipal Advisor here provides a website link to those required disclosures and related information.

http://docs.doughertymarkets.com/disclosure/MunicipalAdvisorLegal-DisciplinaryDisclosureVersion_1_2016.pdf

Municipal Advisor shall make available its legal and compliance staff members to respond to any inquiries or concerns it may have concerning those disclosures.

D. TERM OF ENGAGEMENT. Upon closing and delivery at closing, Municipal Advisor's responsibilities will be concluded with respect to this financing and Municipal Advisor does not undertake (unless separately engaged) to provide continuing advice to Issuer or any other party.

E. BOND MARKET AND REGULATORY CHANGES. Bond market interest rates can be volatile, fast changing and subject to factors beyond the knowledge or control of Municipal Advisor. Similarly, laws and regulations applicable to the municipal finance business are often amended. Municipal Advisor shall endeavor to inform Issuer of all factors related to the issuance of obligations, as far as such factors are known and

