



**IRREVOCABLE AUTOMATICALLY RENEWABLE LETTER OF CREDIT**

September 18, 2000

City of Rapid City  
300 Sixth Street  
Rapid City, SD 57701

Re: Kevin L. Buntrock-Joseph Graziano-Donald A. Ward

Gentlemen:

We hereby authorize the City of Rapid City to draw upon us in the aggregate amount not to exceed \$960,773.00 in U.S. dollars or available upon your draft at site, for the account of Kevin Buntrock, Joseph Graziano, and Donald Ward for the purpose of securing the balances due pursuant to that certain Loan and Infrastructure Development Agreement entered into between the City of Rapid City and Buntrock-Graziano-Ward Development Company, L.L.C. dated June 26, 2000, and the Addendum entered into in connection therewith (hereinafter called Loan Agreement(s)) pertaining to certain real property to be known as Red Rock Canyon Estates and more particularly described as follows:

The N1/2 and unplatted balance of NW1/4SE1/4, and unplatted balance of NW1/4SW1/4, and unplatted balance of NE1/4SW1/4, all in Section 29, T2N, R7E, BHM, Pennington County, South Dakota, together with easement appurtenant thereto for access and egress across N1/2SE1/4 and across SE1/4SE1/4 of Section 29, T1N, R7E, EHM, Pennington County, South Dakota, and Outlot A of Tract A of Countryside Subdivision, Pennington County, South Dakota.

This Letter of Credit #94078 shall run from the execution hereof until December 1, 2001, and since the "Agreements" herein referred to is to run for a term not exceeding ten years, this Letter of Credit shall automatically renew for ten successive one-year periods, unless, prior to September 1, 2001, (and each succeeding September 1) the undersigned shall give notice, in writing, to the City of Rapid City of its intention not to renew this Letter of Credit and in that event, this Letter of Credit # 94078 shall expire on December 1, 2001 or on each succeeding December 1 following the automatic renewal.



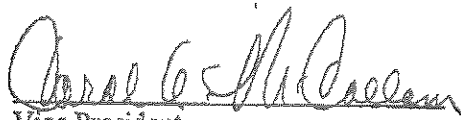
Main Office • 692 Main Street - PO Box 2530 • 605-348-3322  
Southtown Branch • 7th & Flornann Street • 605-348-4646  
Rapid City, SD 57701 • 1-800-363-7698



If, prior to October 15, 2001, Buntrock-Graziano-Ward Development Company, L.L.C. has not supplied the City of Rapid City with a substituted irrevocable letter of credit (or on each subsequent October 15 of each calendar year if this Letter of Credit is automatically renewed) or is in default on the repayment of its loans as provided in Section 2 of the Loan and Infrastructure Agreement dated June 21, 2000 then, and in the event, the City of Rapid City may draw on this Letter of Credit the amount then due under the "Loan Agreement(s)" if, between October 15 and November 30, the City of Rapid City shall deliver its draft with a written request signed by the City Finance Officer or his designee certifying the amount remaining due.

In connection with this Letter of Credit, the City of Rapid City, agrees that it will, after it knows that the Letter of Credit has been automatically renewed certify, to the undersigned, as of November 20 of each calendar year the amount remaining outstanding as due and payable under the "Loan Agreement(s)". and renewed Letter of Credit shall automatically be reduced to the amount so certified by the City of Rapid City.

We warrant to you that all drafts under and in compliance with the terms of this Letter of Credit will be duly honored upon the delivery of documents as specified, if presented at this office on or before the earlier to occur of December 1, 2011 (the final expiration date) or between October 15 and November 30 of the calendar year in which the Letter of Credit is not renewed by us.



Vice President  
American State Bank

APPROVED AS TO FORM  
CITY ATTORNEY'S OFFICE

  
\_\_\_\_\_  
Attorney

9/18/00  
\_\_\_\_\_  
Date