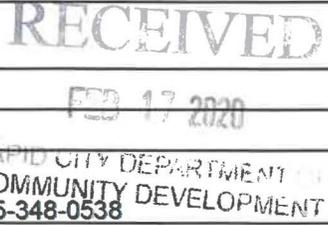


**DEPARTMENT OF COMMUNITY DEVELOPMENT**

City of Rapid City  
 300 Sixth Street, Rapid City, SD 57701-2724  
 Phone: (605) 394-4120 Fax: (605) 394-6636 Web: www.rcgov.org

**APPLICATION FOR  
 TAX INCREMENT  
 FINANCING**

**LEGAL DESCRIPTION**

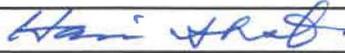
Legal Description ( <i>Attached additional sheets as necessary</i> )	See Attached Legal Description	
Location	Orchard Meadows Subdivision	
Size of Site-Acres		

**APPLICANT**

Name Yasmeen Dream, LLC Phone 605-348-0538  
 Address 520 Kansas City Street, Suite 4 Fax \_\_\_\_\_  
 City, State, Zip Rapid City, South Dakota 57701

**PROJECT PLANNER - AGENT**

Name Dream Design International, Inc. Phone 605-348-0538  
 Address 520 Kansas City Street, Suite 4 Fax \_\_\_\_\_  
 City, State, Zip Rapid City, South Dakota, Suite 4

	<u>2-7-2020</u>		
<b>Property Owner Signature</b>	<b>Date</b>	<b>Property Owner Signature</b>	<b>Date</b>
<b>Applicant Signature</b> (if difference from Property Owner)	<b>Date</b>	<b>Applicant Signature</b> (if difference from Property Owner)	<b>Date</b>
<b>Print Name:</b>		<b>Print Name:</b>	
<b>Title*</b>		<b>Title*</b>	

\*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. <b>Attachments may be provided in order to fully provide the following information.</b>	
APPLICATION INFORMATION ( <i>attach additional sheets as necessary</i> )	Submitted
1. A detailed project description.	<input checked="" type="checkbox"/> SH
2. Purpose of the Tax Increment Financing.	<input checked="" type="checkbox"/> SH
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"/> SH
4. A preliminary development financing plan, including sources of funds, identification of lender, interest rates, financing costs and loan terms.	<input checked="" type="checkbox"/> SH
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"/> SH

## DEPARTMENT OF COMMUNITY DEVELOPMENT

City of Rapid City  
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## APPLICATION FOR TAX INCREMENT FINANCING

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"/> ST
7. A statement and demonstration that the project would not proceed without the use of Tax Increment Financing.	<input checked="" type="checkbox"/> ST
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"/> ST
9. Conceptual plans, sketches, maps or site plans for the project.	<input checked="" type="checkbox"/> ST
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"/> ST
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"/> ST
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"/> 2.
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"/> 2.
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 \$2,500 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"/>

will send to Pauline

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# UNNAMED TRIBUTARY DRAINAGE BASIN OVERLAY TIF

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## 1. PROJECT BACKGROUND:

The proposed Unnamed Tributary Drainage Basin Overlay is a companion and overlay TIF for the existing Unnamed Tributary Regional Drainage Channel Reconstruction TIF. The Unnamed Tributary Regional Drainage Channel Reconstruction TIF was approved by Rapid City Common Council and included infrastructure projects that included a regional drainage channel and a traffic signal. All the proposed infrastructure for the Unnamed Tributary Regional Drainage Channel Reconstruction TIF has been completed and accepted by The City of Rapid City. Since the inception of the Unnamed Tributary Regional Drainage Channel Reconstruction TIF in 2016 the property value has increased by nearly \$13,000,000.00 to \$19,290,000.00 in 2018. The development within in this TIF district is on target to expire in 2024 as predicted in the original application. All of which was only possible through the TIF process and with close coordination with the City of Rapid City, SD Department of Transportation and Rapid Valley Sanitary District. A final certification was submitted for review and approval.

It was identified through the development process that significant portions, or areas, located within the TIF boundary have sanitary sewer limitations and cannot be developed without new major regional sanitary sewer infrastructure being constructed. In order to provide for this major infrastructure an Amendment to the Unnamed Tributary Regional Drainage Channel Reconstruction TIF was proposed by Yasmeeen Dream, LLC in 2019 to add the construction of a new regional lift station and force main into the project. The amendment was approved by the TIF committee and a staff report recommending approval was submitted to the Rapid City Planning Commission dated September 10, 2019. However, Lift Station costs came in much higher than original anticipated and well outside the range that the amendment could keep the project feasible and the item was withdrawn and the amendment was modified.

During this time other options were explored such as constructing a regional sewer main that would run to the south. It was later determined that this sewer route was not feasible and unable to accept additional sewer flows until another lift station was decommissioned and new sewer infrastructure and offsite easements were still needed with no actual existing or reliable

completion dates. With no established timeframe, or one that was reasonable expected to be realized within the statutory life of the existing Unnamed Tributary Regional Drainage Channel Reconstruction TIF significant delays were expected that would affect the current performance of the existing TIF project plan. For this reason, and because the sanitary sewer infrastructure meet the statutory requirements for Tax Increment Financing and the infrastructure had been previously discussed and approved an overlay TIF is proposed for the Regional Sanitary Sewer Lift Station and Force main.

The Applicant is requesting to create an overlay TIF that will include design, construction, contingency and financing costs to construct a regional sanitary sewer lift station and force main. The need for the Lift Station is to relieve the currently blighted condition of the property resultant of no current access or availability to any sanitary sewer facilities to serve this portion of the property. The added cost of the Lift Station are significantly higher and beyond what was provided in the original project and has contributed to making the investment less finically feasible than what was even original requested. Additionally – if the sewer infrastructure is not installed then the development within the existing TIF district will be slowed and effect the final expiration date and continued growth of the district.

The public regional lift station is being proposed to be reimbursed by Tax Increment Financing and is regional in nature. The utilizing of TIF process to fund the public improvements would expedite this development, maintain development timelines, be consistent with existing established TIF timelines and will free up tax payer funds to be utilized on other public projects.

The construction of the proposed regional public lift station will happen as soon as possible pending the South Dakota State Bid Law bidding process and approval of the Overlay TIF. The regional sanitary sewer infrastructure costs are to be funded solely by the developer.

See attached Public Infrastructure Location Exhibit, Lift Station Construction Plans, and detailed Cost Estimate to add clarification and to provide the necessary supporting documentation.

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The existing and anticipated residential and commercial development in the area will generate revenues to repay the costs of the identified improvements.

**Purpose of the Original Tax Increment District:** The creation of the Tax Increment District was approved on October 3, 2016. The purpose of this Tax Increment District was defined as:

- 1 - Construct City regional drainage facilities to provide improved flood control and storm water quality.
- 2 - Stimulate economic activity in the community with the development of new and much needed medical facilities on the east side of Rapid City, as well as new service offices, retail, and residential uses in an accessible and beautiful location.
- 3 - Develop a property on a highly visible gateway corridor to Rapid City.
- 4 - Provide safer traffic flow along SD Highway 44 and safer ingress and egress routes serving the development.
- 5 - Increase the safety of the community by providing secondary access from a signalized intersection to the existing homes and to the proposed development.

**TID Boundaries:** The TID boundary remains unchanged, see attached exhibit.

**Existing Base Valuation:** \$6,325,700 as determined by the South Dakota Department of Revenue as of October 3, 2016. It was reassessed on December 31, 2018 to be \$19,290,097. It is currently estimated to be approx.. \$39,800,000 at the end of 2019.

## **2. PURPOSE OF THE TAX INCREMENT DISTRICT FINANCING:**

- a) Construct a Regional Sanitary Sewer Lift Station and force main to provide sanitary sewer service to areas within the existing TIF boundary. This allows for the development to continue on schedule and maintain the timelines and cost projections of the original Unnamed Tributary Regional Drainage Channel Reconstruction TIF.

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- b) Stimulate and continue the strong growth and economic activity in the community with the development of new and much needed medical facilities on the east side of Rapid City, as well as new service offices, retail, and residential uses in an accessible and beautiful location.
- c) Develop a property on a highly visible gateway corridor to Rapid City.
- d) Provide safer traffic flow along SD Highway 44 and safer ingress and egress routes serving the development.
- e) Increase the safety of the community by providing secondary access from a signalized intersection to the existing homes and to the proposed development.

**3. PROJECT DESCRIPTION & COSTS:**

The project will include the design and construction of vital sanitary sewer infrastructure that includes a regional lift station and force main. The estimated costs of the project include:

- 1 - Regional Lift Station and Force Main, \$807,215.00**  
 A regional Lift Station has been identified by the City of Rapid City and Rapid Valley Sanitary Sewer District for the continued growth of areas within the TIF district. The lift station includes the construction of the sanitary sewer lift station and related appurtenances, and force main. The developer is funding the project costs and will recover the costs from the tax increment district.
- 2 - Professional Fees and Professional studies for the Lift Station, 50,000.00**  
 Includes all the design and permitting for the proposed regional lift station.
- 3 - Contingency for the channel construction, \$40,360.75.**  
 Unknowns that may be encountered during the construction of the lift station and force main that could include subgrade stabilization and muck excavation and any other unforeseen items needed to complete the construction.
- 4 - Necessary and Convenient costs, \$20,000.00.**  
 City Fees to process the documents.

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5 - Financing Expenses estimate based on 7.0% interest, \$361,320.67

6 - The total costs anticipated for the project, including financing, are \$1,278,896.42

It is anticipated that the TIF funding tool will be utilized for \$1,278,896.42 of the total project costs to cover the design and construction of the public improvements described and the financing expenses. Please see Exhibit "1"

#### 4. PRELIMINARY DEVELOPMENT FINANCING PLAN:

The developer will fund the TIF component of the project through a loan at Black Hills Community Bank. The terms of the loans have not been finalized. It is anticipated that the interest rate over the life of the TIF will average near 7%. It is anticipated that the interest rate will not exceed 9% during the life of the TIF.

#### 5. LIST OF ENTITIES INVOLVED:

The project is being proposed by Yasmeeen Dream, LLC. Corporate documents for this entity are attached. Exhibit "2" is a list of all current property owners of record for the properties proposed to be included in this TID.

#### 6. PROJECT FINANCIAL FEASIBILITY (PRO FORMA):

The proposed development is a marginal investment without the Tax Increment Financing. If the TIF is not approved, then it is likely the development will be scaled back and the Unnamed Tributary Regional Drainage Channel Reconstruction TIF realization timelines would be effected and could end with the City having to pay the majority of the costs for the improvements. Please see the attached Exhibit "3".

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## 7. PROJECT FEASIBILITY:

The items being proposed to be covered by the Tax Increment Financing in this application are public improvements that are regional in nature. They have been identified by the City of Rapid City and Rapid Valley Sanitary District as necessary for the continued growth of this area. Utilizing the TIF process to fund the public improvements would not only continue but would also expedite this development and will free up taxpayer funds to be utilized on other projects.

## 8. STATUTORY CRITERIA:

The project meets the requirements for SDCL 11-9-8 as listed below:

- 1 - It is very likely the improvements of the area will significantly enhance the value of all the real property in the district.

The project meets the requirements for SDCL 11-9-10 as listed below:

- 1 - Deterioration of site or other improvement; the proposed project is located in a partially developed area of the City and the growth and development of the site is impaired by the blighted conditions at the site. The inadequate sanitary sewer capacity and regional infrastructure is causing site stagnation and leading to the ever-increasing deterioration of the site.

The project also meets the requirements for SDCL 11-9-11 as listed below:

1. The project site has reached its maximum current development level based on the availability of existing sanitary sewer infrastructure. No additional regional connections are available and until additional capacity is created the site cannot be developed, meeting the standard of a blighted area.

In addition, the project meets the following criteria:

- 1 - The project will eliminate blighted and undevelopable property within the TIF district. Further, the existing downstream sanitary sewer network will be relieved of some of

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the additional sanitary sewer flows, helping to prevent future unregulated discharges or overflows of the sanitary sewer main.

- 2 - The project will not provide assistance to retail or service business competing with existing businesses in Rapid City. The main anchor of the project will be new medical facilities offering services not currently available on the east side of Rapid City.
- 3 - The project will bring new or expanded employment opportunities, as the development will attract nearly 50 new professional and service industry jobs to the Rapid City economy. Many of these jobs have already been realized including those created by the relocation and expansion of a dentist office, the construction of a new 20,000 sq. ft office building and the current relocation of nearly 300 jobs for a new call center from the Ellsworth Airforce Base.

**ADDITIONAL DISCRETIONARY CRITERIA:**

- 1 - This project will create a minimum of 50 new jobs.
- 2 - All TIF proceeds are to be used for the construction of public improvements.
- 3 - The project involves the startup of an entirely new business or business operation located within Rapid City.
- 4 - The project also involves the expansion of an existing business located within Rapid City.
- 5 - The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization.
- 6 - The developer agrees to waive the five year tax abatement.
- 7 - The project complies with the adopted Comprehensive Plan for the City and is consistent with the goals for the Gateway and Entrance Corridors to the City of Rapid City.
- 8 - The project costs for the regional lift station and force main exceed typical or average construction costs as related to the extension of on-site and off-site sewer.

**9. CONCEPTUAL PLANS:**

Please see the attached conceptual master plans showing the proposed layout for public and private improvements.

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**10. DEVELOPMENT TIME SCHEDULE:**

The TIF Components will be completed by the end of 2020

**11. LIST OF PUBLIC AND PRIVATE IMPROVEMENTS:**

The TIF portion of the development project will include the design and construction of a vital regional lift station and force main to serve significant areas of the TIF district. The estimated costs for these public improvements are:

**Privately Funded TIF Public Infrastructure:**

1 - Construction of the lift station and force main,	\$807,215.00
2 - Professional Fees and Professional studies,	\$50,000.00
3 - Contingency for the lift station and force main construction,	\$40,360.75.00
4 - Necessary and Convenient costs,	\$20,000.00
5 - Financing Expenses estimate based on 7.0% interest,	361,320.67.00
6 - The total costs anticipated for the project, including financing, are	\$1,278,896.42

The non-TIF portion of the development project includes the design and construction of the site preparation and infrastructure needed to support the property development. The infrastructure improvements include roadways, water and sanitary sewer systems, and an onsite stormwater management system including collection, conveyance, treatment, and detention capabilities. The estimated costs for these improvements are:

**Privately Funded (NON-TIF) Public Infrastructure:**

1 - Local Streets including 5 Lane Road,	\$7,420,000.
2 - Grading and stormwater management system,	\$360,000.
3 - Turn Lane on SD Highway 44,	\$120,000.
4 - Professional Fees for design, engineering and environmental studies	\$680,000.
5 - Interest on the Investment,	\$2,574,000.
6 - The total costs anticipated for the non-TIF public infrastructure are	\$11,154,000.

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The total costs for the public infrastructure installed with this project are \$14,654,350.73. It is anticipated that the TIF funding tool will be utilized for \$1,278,896.42 of the total project costs to cover the design and construction of the TIF public improvements, as described above, and the related financing expenses. Please see Exhibit "1".

**12. LLC ARTICLES OF CORPORATION:**

See attached.

**13. FINANCIAL INFORMATION:**

Yasmeen Dream, financial information is attached.

**14. WAGE SCALE:**

The new businesses at the development will eventually employ a minimum of 50 employees at an average wage exceeding minimum wage.

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**EXHIBIT 1**  
**UNNAMED TRIBUTARY DRAINAGE BASIN OVERLAY TIF**  
**TIF COMPONENTS**  
**ESTIMATED PROJECTED PROJECT COMPONENTS**

**REGIONAL LIFT STATION & FORC EMAIN**

Construction Costs	\$	807,215.00
Professional Fees	\$	50,000.00
Contingencies (5%)	\$	40,360.75

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<b>TOTAL CHANNEL</b>	<b>\$</b>	<b>897,575.75</b>
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<b>TOTAL CAPITAL INVESTMENT</b>	<b>\$</b>	<b>897,575.75</b>
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<b>Necessary and Convenient Costs</b>	<b>\$</b>	<b>20,000.00</b>
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FINANCING COSTS	\$	361,320.67
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<b>TOTAL PROJECT ESTIMATED TIF COSTS</b>	<b>\$</b>	<b>1,278,896.42</b>
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