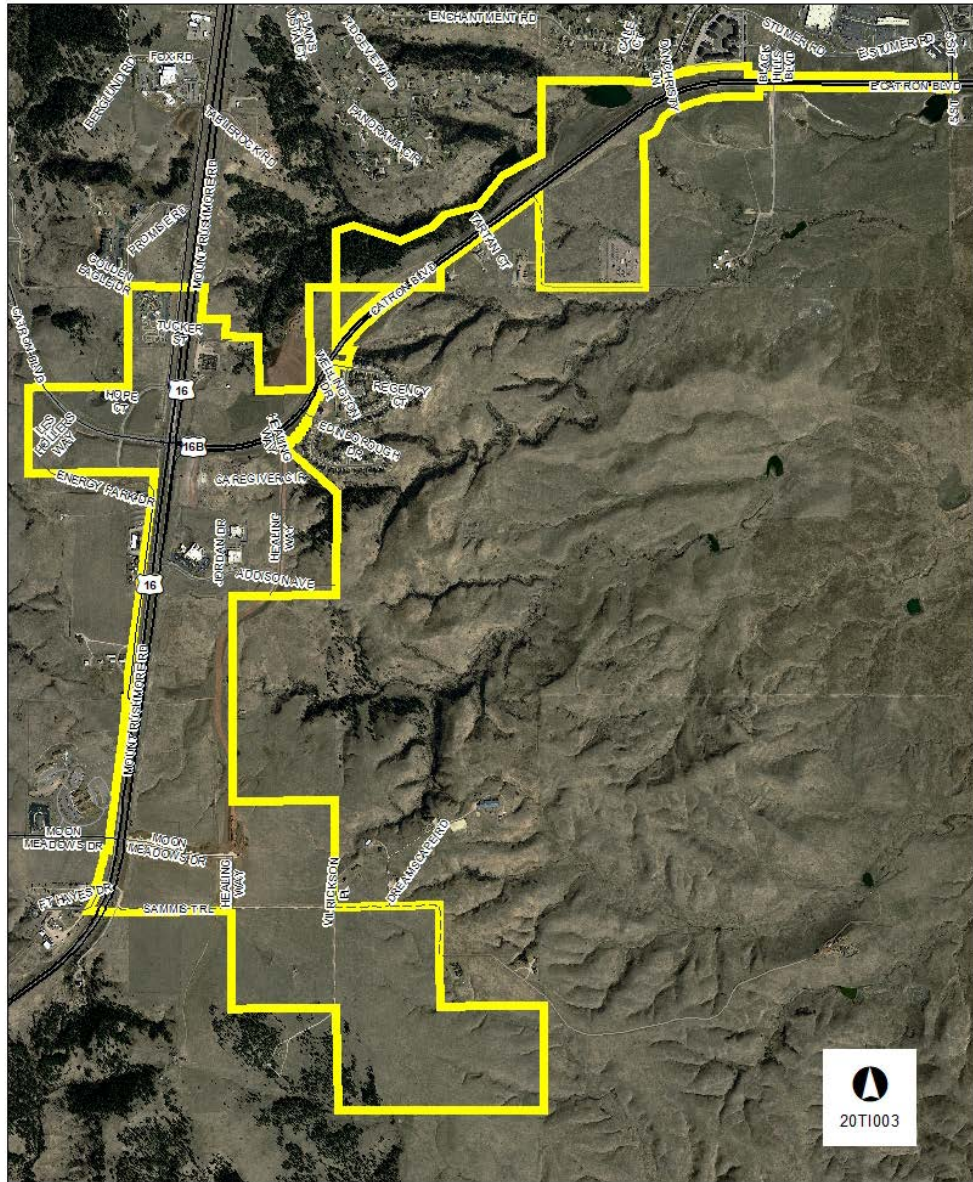


PROJECT PLAN

TAX INCREMENT DISTRICT #70 S HIGHWAY 16 SEWER *AMENDMENT #2*



Prepared by the

Rapid City Department of Community Development
December 2011

Amendment #1 – October 3, 2016

Amendment #2 – May 4, 2020

INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted according to the criteria set forth in SDCL 11-9. All this is done without incurring a general obligation for the taxpayers of the entire City.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the City Council. This valuation is termed the Tax Increment Base Valuation for the district, or simply the "base valuation." As the property taxes for the property are paid, that portion of the taxes paid on the Base Valuation continue to go to those entities, (City, County, School, etc.), which levy property taxes.

When in succeeding years, the assessed valuation of the district increases, the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the "increment." When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation, is paid to the taxing entities. The remainder of the tax bill, known as the tax increment, is deposited in a special fund. It is this plan which determines how these accumulated funds will be used.

It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. The creation of this Tax Increment District for economic development purposes will not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment.

This financing method is invaluable for encouraging growth and development of blighted properties with special re-development problems, since the amount of funds available for use by the project plan is directly related to the increase in valuation which a given project or development will create.

OVERVIEW

This plan proposes that the approved Tax Increment District will assist in the development of commercial property located along South US Highway 16 and Moon Meadows Drive through the development of public infrastructure improvements. The Tax Increment Funds will be utilized for a sanitary sewer main, turn lanes, Moon Meadows Drive, water main at South US Highway 16 crossing, a traffic signal, and engineering, contingency, and necessary and convenient costs. The Tax Increment boundaries are located along Catron Boulevard from Fifth Street to US Highway 16, to the properties at the intersection of Catron Boulevard and US Highway 16, south along US Highway 16 to Sammis Trail, and east to the proposed Hyland Crossing Subdivision. The estimated project cost of the improvements is \$3,339,182.

The City Council approved the creation of Tax Increment District #70 on September 15, 2008; however, the proposed Project Plan was not approved. The original developer did not bring forward a revised Project Plan. Another developer, who was not involved with the Project Plan in 2008, has now submitted a new application for a Project Plan for this Tax Increment District. The Tax Increment Financing Committee met on December 6, 2011 to discuss this proposed Project Plan for Tax Increment District #70 and recommended approval of the Project Plan. The Tax Increment District will be financed by the Developer.

The development of the public improvements will enhance the ability for new development to occur in this area increasing the community's economic vitality and expanding the City's property tax base.

The City Finance Officer will review and analyze the proposed financing terms and forward a recommendation for approval or disapproval to the City Council along with the Developer's Agreement or proposal for refinancing. For purposes of developing the project plan, all interest expenses shall be calculated utilizing a fixed rate not to exceed 9 percent annual interest as directed by the adopted Tax Increment Financing Guidelines. This interest amount shall be included in the project plan and at no time during the term of the project shall the actual interest expense exceed the amount budgeted in the project plan. An Imputed Administrative Fee in the amount of \$20,000 shall be charged by the City of Rapid City to every Tax Increment District for which a Project Plan is approved. The Project Plan will be subdivided into phases, and as such, an additional \$2,000 Imputed Administrative Fee will also be included in the Project Plan, as required by the Tax Increment Policy. Such fees shall be paid to the City as a project cost from the tax increment fund balance in year five of the Tax Increment District. All project expenditures must be completed within five years of the creation of the district. Should the tax increment revenues exceed the anticipated loan payments, the district debt would be retired early resulting in the full value of the property being returned to the tax rolls more quickly.

PROJECT PLAN SUMMARY

This plan establishes the total project costs, as well as the Tax Increment District funded costs.

Elements of the Project Plan

This Project Plan, as required by SDCL 11-9-13, will address the following elements:

- 1) Public Works and Other Improvements;
- 2) Economic Feasibility Study;
- 3) Project Costs;
- 4) Fiscal Impact Statement; and,
- 5) Financing Method Description.

Additionally, the following exhibits are offered:

- I. General Vicinity map;
- II. Tax Increment District Boundary Map;
- III. Map of Existing Zoning;
- IV. Map of Existing Land Use; and,
- V. Map of Public and Other Improvements.

The Statement of Method for Relocating Displaced Persons, as well as the Statement of Changes Needed in Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document.

ELEMENTS OF THE PROJECT PLAN

1. PUBLIC WORKS AND OTHER IMPROVEMENTS

The project plan includes \$2,826,700 in capital costs associated with funding the costs for the sanitary sewer main, turn lanes, Moon Meadows Drive east of US Highway 16, water main at

South US Highway 16 crossing, and a traffic signal at Moon Meadows Drive and US Highway 16. In addition, the project plan includes \$208,920 in professional services for engineering costs.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation –

Tax Increment District #70 has been created in accordance with SDCL 11-9-2 to 11-9-11. A vicinity map as well as a boundary map is attached. In accordance with SDCL 11-9-20, the certification of the base value was requested from the South Dakota Department of Revenue following creation and approval of the district by the City Council. The assessed valuation for the district was certified at \$22,894,400 as of October 30, 2008.

CERTIFIED BASE VALUATION OF PROPERTY AS DETERMINED BY THE SOUTH DAKOTA DEPARTMENT OF REVENUE

\$22,894,400

Expected Increase in Valuation –

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

| | |
|---|---------------|
| Assessed Value of District | \$22,894,400 |
| Estimated Assessed Value of project (year 20) | \$90,974,140 |
| Other Anticipated Increases in Assessed Value | \$0 |
| Estimated Increase in Assessed Value of Land* | \$0 |
| Estimated Total Valuation (year 20) | \$113,868,540 |

*For purposes of this Tax Increment District, the increase in land value is not included in these estimates. Any additional value will pay off the loan earlier than anticipated.

Revenue Estimates from Tax Increments

The Plan anticipates 20 semi-annual payments over 10 years. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

2011 Non Agriculture Tax Levies and Percentage of Total Levy

| <u>Taxing Entity</u> | <u>Tax Levy</u> | <u>Percentage of Total Levy</u> |
|---------------------------------|-----------------|---------------------------------|
| Rapid City Area School District | 13.690 | 63.0% |
| Pennington County | 4.843 | 22.3% |
| City of Rapid City | 3.150 | 14.6% |
| West Dakota Water District | 0.087 | 0.1% |
| Total Mill Levy | 21.711 | 100.0% |

Anticipated 2011 Non Agriculture Tax Rate: 0.021711

The estimated tax increment available to pay for project costs in the Plan can be calculated by multiplying the anticipated tax rate by the increment in valuation. This calculation results in the following tax increments, which become available as taxes are paid for the applicable periods.

PROJECTED TAX INCREMENT INCOME

| ASSESSMT DATE | YEAR TAXES PAID | PROJECTED INCREMENT IN VALUATION | TOTAL TAX INCREMENT PAYMENTS | 6 MONTH TOTAL |
|------------------|-----------------------|--|------------------------------------|------------------|
| Nov. 2008 | 2010 | \$5,298,703 | \$99,025 | \$49,512 |
| Nov. 2009 | 2011 | \$4,130,200 | \$46,959 | \$23,479 |
| Nov. 2010 | 2012 | \$2,072,100 | \$44,987 | \$22,493 |
| Nov. 2011 | 2013 | \$2,072,100 | \$44,987 | \$22,493 |
| Nov. 2012 | 2014 | \$2,072,100 | \$44,987 | \$22,493 |
| Nov. 2013 | 2015 | \$7,572,100 | \$164,397 | \$82,198 |
| Nov. 2014 | 2016 | \$15,072,100 | \$327,230 | \$163,615 |
| Nov. 2015 | 2017 | \$26,572,100 | \$576,906 | \$288,453 |
| Nov. 2016 | 2018 | \$35,672,100 | \$774,476 | \$387,238 |
| Nov. 2017 | 2019 | \$48,172,100 | \$1,045,864 | \$522,932 |
| Nov. 2018 | 2020 | \$58,974,140 | \$1,280,387 | \$640,193 |
| Nov. 2019 | 2021 | \$67,974,140 | \$1,475,786 | \$737,893 |
| Nov. 2020 | 2022 | \$72,974,140 | \$1,584,341 | \$792,170 |
| Nov. 2021 | 2023 | \$74,974,140 | \$1,627,763 | \$813,881 |
| Nov. 2022 | 2024 | \$76,974,140 | \$1,671,185 | \$835,592 |
| Nov. 2023 | 2025 | \$78,974,140 | \$1,714,607 | \$857,303 |
| Nov. 2024 | 2026 | \$80,974,140 | \$1,758,029 | \$879,014 |
| Nov. 2025 | 2027 | \$82,974,140 | \$1,801,451 | \$900,725 |
| Nov. 2026 | 2028 | \$86,974,140 | \$1,888,295 | \$944,147 |
| Nov. 2027 | 2029 | \$90,974,140 | \$1,975,139 | \$987,569 |

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/29:

\$ 19,946,801

NOTE: Tax increment payments are calculated using 100% of estimated future property valuation and 100% of expected 2011 mill levy.

3. PROJECT COSTS

Capital Costs – The capital costs of \$2,826,700 included in the Project Plan are for a sanitary sewer main, turn lanes, Moon Meadows Drive east of US Highway 16, water main at South US Highway 16 crossing, and a traffic signal at Moon Meadows Drive and US Highway 16.

Financing Costs – The financing costs for this Project Plan are dependent on the interest rate obtained. The interest rate used for this project plan is 9.0%. It is estimated that the financing costs will total \$3,071,346.30. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

Professional Service Costs – Professional service costs for Engineering and Professional fees in the amount of \$208,920 are anticipated in the Project Plan.

Relocation Costs – No relocation costs are anticipated in the Project Plan.

Organizational Costs – No organizational costs are anticipated in the Project Plan.

Contingency Costs – Contingency costs in the amount of \$212,493.00 are anticipated in the Project Plan.

Necessary and Convenient Payments – Necessary and convenient costs in the amount of \$91,069.00 are anticipated in the Project Plan.

Imputed Administrative Costs – All Tax Increment District actions require municipal staff time to prepare and enact. The City shall be reimbursed on September 1, 2013, for its administrative costs in the amount of \$22,000. However, in no case shall the City be reimbursed less than \$1 on September 1, 2013.

TOTAL ESTIMATED PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT

Proposed TID Project Costs – Phase I

Capital Costs:

| | |
|----------------------------|----------------|
| 12" Sanitary Sewer Main | \$264,000.00 |
| Grading | \$1,000,000.00 |
| Salvage and Place Top Soil | \$137,500.00 |
| Mobilization | \$10,000.00 |
| Sewer Manholes | \$63,200.00 |

Professional Costs:

| | |
|-------------|-------------|
| Surveying | \$10,000.00 |
| Testing | \$5,000.00 |
| Engineering | \$73,560.00 |

Financing Costs:

| | |
|--------------------|----------------|
| Financing Interest | \$1,126,166.13 |
|--------------------|----------------|

Contingency Costs: \$109,428.00

Relocation Costs: \$0

Organizational Costs: \$0

Necessary and Convenient Costs: \$46,898.00

Total \$2,845,752.13

Proposed TID Project Costs – Phase II

Capital Costs:

| | |
|--------------|-------------|
| Mobilization | \$10,000.00 |
|--------------|-------------|

| | |
|---|--------------------|
| Turn Lanes at Moon Meadows Drive | \$200,000.00 |
| Traffic Signal | \$250,000.00 |
| Water Main at Highway 16 Crossing Moon Meadows Drive | \$100,000.00 |
| | \$792,000.00 |
| Professional Costs: | |
| Surveying | \$10,000.00 |
| Testing | \$5,000.00 |
| Engineering | \$105,360.00 |
| Financing Costs: | |
| Financing Interest | \$1,945,180.17 |
| Contingency Costs: | \$103,065.00 |
| Relocation Costs: | \$0 |
| Organizational Costs: | \$0 |
| Necessary and Convenient Costs: | <u>\$44,171.00</u> |
| Total | \$3,564,776.17 |

Total Proposed TID Project Costs for Phase I and Phase II

| | |
|---|--------------------|
| Capital Costs: | |
| 12" Sanitary Sewer Main | \$264,000.00 |
| Grading | \$1,000,000.00 |
| Salvage and Place Top Soil | \$137,500.00 |
| Mobilization | \$20,000.00 |
| Sewer Manholes | \$63,200.00 |
| Turn Lanes at Moon Meadows Drive | \$200,000.00 |
| Traffic Signal | \$250,000.00 |
| Water Main at Highway 16 Crossing Moon Meadows Drive | \$100,000.00 |
| | \$792,000.00 |
| Professional Costs: | |
| Surveying | \$ 20,000.00 |
| Testing | \$10,000.00 |
| Engineering | \$178,920.00 |
| Financing Costs: | |
| Financing Interest | \$13,071,346.30 |
| Contingency Costs: | \$212,493.00 |
| Relocation Costs: | \$0 |
| Organizational Costs: | \$0 |
| Necessary and Convenient Costs: | <u>\$91,069.00</u> |
| Total | \$6,410,528.30 |
| Imputed Administrative Costs* | |
| City of Rapid City | \$22,000.00 |

*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the Tax Increment District #70 fund available to the City Finance Officer on September 1, 2013.

4. FISCAL IMPACT STATEMENT

The impact on taxing entities can be derived from determining the tax increment anticipated during the life of the district. The true impact on taxing entities of the Plan is the increase in valuation of the property within the Tax Increment District. The taxing entities are only foregoing that income during the life of the district and will realize that income as soon as the debt from the project costs in the Plan is retired. The purpose of this Plan is to encourage that increase in valuation.

At first glance it may appear that the negative impact on the various entities is notable. But when it is considered that without the use of the Tax Increment Finance proposed in this plan it is very likely that there would be no increase in the taxable value of the property within this district or, at least, any increase would be significantly delayed, the impact can be considered truly positive.

NET IMPACT ON TAXING ENTITIES

| Year Paid | Valuation Increase | Schools | County | City | Water | Total |
|-----------|--------------------|---------|-----------|-----------|---------|-------------|
| 2010 | \$5,298,703 (NA) | \$0 | \$22,083 | \$14,458 | \$99 | \$99,025 |
| 2011 | \$4,130,200 (NA) | \$0 | \$10,471 | \$6,856 | \$46 | \$46,959 |
| 2012 | \$2,072,100 (NA) | \$0 | \$10,032 | \$6,568 | \$44 | \$44,987 |
| 2013 | \$2,072,100 (NA) | \$0 | \$10,032 | \$6,568 | \$44 | \$44,987 |
| 2014 | \$2,072,100 (NA) | \$0 | \$10,032 | \$6,568 | \$44 | \$44,987 |
| 2015 | \$7,572,100 (NA) | \$0 | \$36,660 | \$24,001 | \$164 | \$164,397 |
| 2016 | \$15,072,100 (NA) | \$0 | \$72,972 | \$47,775 | \$327 | \$327,230 |
| 2017 | \$26,572,100 (NA) | \$0 | \$128,650 | \$84,228 | \$576 | \$576,906 |
| 2018 | \$35,672,100 (NA) | \$0 | \$172,708 | \$113,073 | \$774 | \$774,476 |
| 2019 | \$48,172,100 (NA) | \$0 | \$233,229 | \$152,697 | \$1,045 | \$1,045,874 |
| 2020 | \$58,974,140 (NA) | \$0 | \$285,526 | \$186,936 | \$1,280 | \$1,280,387 |
| 2021 | \$67,974,140 (NA) | \$0 | \$329,100 | \$215,464 | \$1,475 | \$1,475,786 |
| 2022 | \$72,974,140 (NA) | \$0 | \$353,308 | \$231,313 | \$1,584 | \$1,584,341 |
| 2023 | \$74,974,140 (NA) | \$0 | \$362,991 | \$237,653 | \$1,627 | \$1,627,763 |
| 2024 | \$76,974,140 (NA) | \$0 | \$372,674 | \$243,993 | \$1,671 | \$1,671,185 |
| 2025 | \$78,974,140 (NA) | \$0 | \$382,357 | \$250,332 | \$1,714 | \$1,714,607 |
| 2026 | \$80,974,140 (NA) | \$0 | \$392,040 | \$256,672 | \$1,758 | \$1,758,029 |
| 2027 | \$82,974,140 (NA) | \$0 | \$401,723 | \$263,011 | \$1,801 | \$1,801,451 |
| 2028 | \$86,974,140 (NA) | \$0 | \$421,089 | \$275,691 | \$1,888 | \$1,888,295 |
| 2029 | \$90,974,140 (NA) | \$0 | \$440,455 | \$288,370 | \$1,975 | \$1,975,139 |

*The Plan anticipates 20 semi-annual payments over 10 years.

5. FINANCING METHOD

The financing method to be used in the funding of this Plan is to be obtained by the applicant. The applicant will be responsible for any interest payments due that are not available from Tax Increment District #70. If the tax increment revenues exceed the anticipated loan payments, the debt will be retired early.

The debt on the Tax Increment District Project Costs covered in the Plan will be retired by deposits made in the Tax Increment District as taxes are paid on the property in succeeding years. The City of Rapid City Finance Officer will make the disbursements from that fund in accordance with this Plan. According to SDCL 11-9-25, positive tax increments will be allocated to that fund until the debt from the project costs is retired or fifteen years following the last expenditure from the Project Plan whichever comes first. The final payment from this Plan is scheduled to be made on December 1, 2021.

The projected amortization rate schedules are listed below showing the amount to be borrowed by the Developer using a 9.0% interest rate.

PROJECTED AMORTIZATION RATE

PROJECTED AMORTIZATION RATE – PHASE 1

| No. | Payment Date | Beginning Balance | Interest | Total Due | Capital Int Payment | Tax Inc Payment | Total Pay | Loan Balance | Cumulative Interest |
|-----|--------------|-------------------|-----------|--------------|---------------------|-----------------|------------|--------------|---------------------|
| 1 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 |
| 2 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | 6/1/2012 | 1,719,586.00 | 77,381.37 | 1,796,967.37 | 0.00 | 77,381.37 | 77,381.37 | 1,719,586.00 | 77,381.37 |
| 4 | 12/1/2012 | 1,719,586.00 | 77,381.37 | 1,796,967.37 | 0.00 | 77,381.37 | 77,381.37 | 1,719,586.00 | 154,762.74 |
| 5 | 6/1/2013 | 1,719,586.00 | 77,381.37 | 1,796,967.37 | 41,171.75 | 36,209.62 | 77,381.37 | 1,760,757.75 | 232,144.11 |
| 6 | 12/1/2013 | 1,760,757.75 | 79,234.10 | 1,839,991.85 | 56,740.42 | 22,493.68 | 79,234.10 | 1,817,498.17 | 311,378.21 |
| 7 | 6/1/2014 | 1,817,498.17 | 81,787.42 | 1,899,285.59 | 59,293.74 | 22,493.68 | 81,787.42 | 1,876,791.91 | 393,165.63 |
| 8 | 12/1/2014 | 1,876,791.91 | 84,455.64 | 1,961,247.54 | 61,961.96 | 22,493.68 | 84,455.64 | 1,938,753.86 | 477,621.26 |
| 9 | 6/1/2015 | 1,938,753.86 | 87,243.92 | 2,025,997.79 | 5,044.99 | 82,198.93 | 87,243.92 | 1,943,798.86 | 564,865.19 |
| 10 | 12/1/2015 | 1,943,798.86 | 87,470.95 | 2,031,269.80 | 5,272.02 | 82,198.93 | 87,470.95 | 1,949,070.87 | 652,336.13 |
| 11 | 6/1/2016 | 1,949,070.87 | 87,708.19 | 2,036,779.06 | 0.00 | 163,615.18 | 163,615.18 | 1,873,163.88 | 740,044.32 |
| 12 | 12/1/2016 | 1,873,163.88 | 84,292.37 | 1,957,456.26 | 0.00 | 163,615.18 | 163,615.18 | 1,793,841.08 | 824,336.70 |
| 13 | 6/1/2017 | 1,793,841.08 | 80,722.85 | 1,874,563.93 | 0.00 | 288,453.43 | 288,453.43 | 1,586,110.50 | 905,059.55 |
| 14 | 12/1/2017 | 1,586,110.50 | 71,374.97 | 1,657,485.47 | 0.00 | 288,453.43 | 288,453.43 | 1,369,032.04 | 976,434.52 |
| 15 | 6/1/2018 | 1,369,032.04 | 61,606.44 | 1,430,638.48 | 0.00 | 387,238.48 | 387,238.48 | 1,043,400.00 | 1,038,040.96 |
| 16 | 12/1/2018 | 1,043,400.00 | 46,953.00 | 1,090,353.00 | 0.00 | 387,238.48 | 387,238.48 | 703,114.52 | 1,084,993.96 |
| 17 | 6/1/2019 | 703,114.52 | 31,640.15 | 734,754.67 | 0.00 | 522,932.23 | 522,932.23 | 211,822.44 | 1,116,634.11 |
| 18 | 12/1/2019 | 211,822.44 | 9,532.01 | 221,354.45 | 0.00 | 221,354.45 | 221,354.45 | 0.00 | 1,126,166.12 |
| 19 | 6/1/2020 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,126,166.12 |
| 20 | 12/1/2020 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.01 | 1,126,166.13 |

PROJECTED AMORTIZATION RATE – PHASE 2

| No. | Payment Date | Beginning Balance | Interest | Total Due | Capital Int Payment | Tax Inc Payment | Total Pay | Loan Balance | Cumulative Interest |
|-----|--------------|-------------------|-----------|--------------|---------------------|-----------------|-----------|--------------|---------------------|
| 1 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 |
| 2 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | 6/1/2012 | 1,619,596.00 | 72,881.82 | 1,692,477.82 | 72,881.82 | 0.00 | 72,881.82 | 1,692,477.82 | 72,881.82 |
| 4 | 12/1/2012 | 1,692,477.82 | 76,161.50 | 1,768,639.32 | 76,161.50 | 0.00 | 76,161.50 | 1,768,639.32 | 149,043.32 |
| 5 | 6/1/2013 | 1,768,639.32 | 79,588.77 | 1,848,228.09 | 79,588.77 | 0.00 | 79,588.77 | 1,848,228.09 | 228,632.09 |
| 6 | 12/1/2013 | 1,848,228.09 | 83,170.26 | 1,931,398.36 | 83,170.26 | 0.00 | 83,170.26 | 1,931,398.36 | 311,802.36 |
| 7 | 6/1/2014 | 1,931,398.36 | 86,912.93 | 2,018,311.28 | 86,912.93 | 0.00 | 86,912.93 | 2,018,311.28 | 398,715.28 |
| 8 | 12/1/2014 | 2,018,311.28 | 90,824.01 | 2,109,135.29 | 90,824.01 | 0.00 | 90,824.01 | 2,109,135.29 | 489,539.29 |

| | | | | | | | | | |
|----|-----------|--------------|------------|--------------|------------|------------|------------|--------------|--------------|
| 9 | 6/1/2015 | 2,109,135.29 | 94,911.09 | 2,204,046.38 | 94,911.09 | 0.00 | 94,911.09 | 2,204,046.38 | 584,450.38 |
| 10 | 12/1/2015 | 2,204,046.38 | 99,182.09 | 2,303,228.46 | 99,182.09 | 0.00 | 99,182.09 | 2,303,228.46 | 683,632.46 |
| 11 | 6/1/2016 | 2,303,228.46 | 103,645.28 | 2,406,873.75 | 103,645.28 | 0.00 | 103,645.28 | 2,406,873.75 | 787,277.75 |
| 12 | 12/1/2016 | 2,406,873.75 | 108,309.32 | 2,515,183.06 | 108,309.32 | 0.00 | 108,309.32 | 2,515,183.06 | 895,587.06 |
| 13 | 6/1/2017 | 2,515,183.06 | 113,183.24 | 2,628,366.30 | 113,183.24 | 0.00 | 113,183.24 | 2,628,366.30 | 1,008,770.30 |
| 14 | 12/1/2017 | 2,628,366.30 | 118,276.48 | 2,746,642.78 | 118,276.48 | 0.00 | 118,276.48 | 2,746,642.78 | 1,127,046.78 |
| 15 | 6/1/2018 | 2,746,642.78 | 123,598.93 | 2,870,241.71 | 123,598.93 | 0.00 | 123,598.93 | 2,870,241.71 | 1,250,645.71 |
| 16 | 12/1/2018 | 2,870,241.71 | 129,160.88 | 2,999,402.59 | 129,160.88 | 0.00 | 129,160.88 | 2,999,402.59 | 1,379,806.59 |
| 17 | 6/1/2019 | 2,999,402.59 | 134,973.12 | 3,134,375.70 | 134,973.12 | 0.00 | 134,973.12 | 3,134,375.70 | 1,514,779.70 |
| 18 | 12/1/2019 | 3,134,375.70 | 141,046.91 | 3,275,422.61 | 0.00 | 824,510.01 | 824,510.01 | 2,450,912.60 | 1,655,826.61 |
| 19 | 6/1/2020 | 2,450,912.60 | 110,291.07 | 2,561,203.67 | 0.00 | 640,193.78 | 640,193.78 | 1,921,009.89 | 1,766,117.68 |
| 20 | 12/1/2020 | 1,921,009.89 | 86,445.44 | 2,007,455.33 | 0.00 | 640,193.78 | 640,193.78 | 1,367,261.55 | 1,852,563.12 |
| 21 | 6/1/2021 | 1,367,261.55 | 61,526.77 | 1,428,788.32 | 0.00 | 737,893.28 | 737,893.28 | 690,895.04 | 1,914,089.89 |
| 22 | 12/1/2021 | 690,895.04 | 31,090.28 | 721,985.32 | 0.00 | 721,985.32 | 721,985.32 | 0.00 | 1,945,180.17 |
| 23 | 6/1/2022 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,945,180.17 |
| 24 | 12/1/2022 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,945,180.17 |

REVISION #1 PROJECT PLAN

October 2016

The First Revised Project Plan reallocates Capital Costs, Professional Costs, Financing Costs, Contingency Costs, and Necessary and Convenient Costs in order to reconcile the approved project cost.

An additional \$20,000 City Imputed Administrative Fee has been added in accordance with the Tax Increment Financing Guidelines. The additional Imputed Administrative Fee has been included for payment to the City from the Developer's Necessary and Convenient Cost line item. The Necessary and Convenient Costs, Financing Costs and Contingency Costs have been reallocated to accommodate all of the changes.

The project plan includes \$3,600,655 in capital costs associated with funding the costs for the sanitary sewer main, turn lanes, Moon Meadows Drive east of US Highway 16, water main at South US Highway 16 crossing, and a traffic signal at Moon Meadows Drive and US Highway 16. In addition, the project plan includes \$573,005 in professional services for engineering, surveying and testing costs, accounting for approximately 13.73% of the overall project costs, excluding financing costs.

The Tax Increment Financing Committee denied the proposal on March 29, 2016; Planning Commission overturned the Committee's denial on May 26, 2016; Council approved the reallocation proposal on October 3, 2016.

Two overlapping tax increment districts (TID #76 and #77) were created prior to approval of Revision #1. The expected increase in valuation associated with the two districts has been updated accordingly.

ANTICIPATED BASE VALUATION OF PROPERTY AS DETERMINED BY THE SOUTH DAKOTA DEPARTMENT OF REVENUE

\$22,894,400

Expected Increase in Valuation

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Assessed Value of District

| | | |
|-----------------------------------|---------------------|--------------|
| Black Hills Corporation (TID #76) | \$4,532,200 | |
| Buffalo Crossing (TID #77) | \$2,218,700 | |
| Balance of TID District (TID #70) | <u>\$16,143,700</u> | \$22,894,400 |

Estimated Assessed Value of project (year 2028)

| | | |
|-----------------------------------|---------------------|--------------|
| Black Hills Corporation (TID #76) | \$21,641,902 | |
| Buffalo Crossing (TID #77) | \$55,000,000 | |
| Balance of TID District (TID #70) | <u>\$11,520,000</u> | \$88,161,902 |

| | | |
|---|--|------------|
| Other Anticipated Increases in Assessed Value | | \$0 |
| Estimated Increase in Assessed Value of Land* | | <u>\$0</u> |

Estimated Total Valuation (year 2028) \$116,799,502

*For purposes of this Tax Increment District, the increase in land value is not included in these estimates. Any additional value will pay off the loan earlier than anticipated.

Revenue Estimates from Tax Increments

The Plan anticipates 12 semi-annual payments over 6 years. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

2015 Non Agriculture Tax Levies and Percentage of Total Levy

| <u>Taxing Entity</u> | <u>Tax Levy</u> | <u>Percentage of Total Levy</u> |
|---------------------------------|-----------------|---------------------------------|
| Rapid City Area School District | 13.638 | 62.65% |
| Pennington County | 4.822 | 22.15% |
| City of Rapid City | 3.278 | 15.06% |
| West Dakota Water District | 0.030 | 0.14% |
| Total Mill Levy | 21.768 | 100.00% |

Anticipated 2015 Non Agriculture Tax Rate: 0.021768

The estimated tax increment available to pay for project costs in the Plan can be calculated by multiplying the anticipated tax rate by the increment in valuation. This calculation results in the following tax increments, which become available as taxes are paid for the applicable periods.

| TIF YR | ASSESSMENT DATE | YEAR TAXES PAID | PROJECTED INCREMENT IN VALUATION | TOTAL TAX INCREMENT PAYMENTS | 6 MONTH TOTAL |
|--------|-----------------|-----------------|----------------------------------|------------------------------|---------------|
| 1 | 2008 | 2010 | | \$99,025 | |
| 2 | 2009 | 2011 | | \$70,301 | |
| 3 | 2010 | 2012 | | \$46,697 | |
| 4 | 2011 | 2013 | | \$46,894 | |
| 5 | 2012 | 2014 | | \$16,455 | |
| 6 | 2013 | 2015 | | \$41,315 | |
| 7 | 2014 | 2016 | \$0 | \$60,256 | \$30,128 |
| 8 | 2015 | 2017 | \$0 | \$139,417 | \$69,709 |
| 9 | 2016 | 2018 | \$33,613,550 | \$791,017 | \$395,508 |
| 10 | 2017 | 2019 | \$52,368,050 | \$1,046,519 | \$523,260 |
| 11 | 2018 | 2020 | \$68,687,800 | \$1,498,366 | \$749,183 |
| 12 | 2019 | 2021 | \$72,338,400 | \$1,560,743 | \$780,371 |
| 13 | 2020 | 2022 | \$78,389,101 | \$1,671,093 | \$835,547 |
| 14 | 2021 | 2023 | \$87,439,904 | \$1,853,870 | \$926,935 |
| 15 | 2022 | 2024 | \$87,491,808 | \$1,855,000 | \$927,500 |
| 16 | 2023 | 2025 | \$87,541,814 | \$1,856,088 | \$928,044 |
| 17 | 2024 | 2026 | \$87,592,922 | \$1,857,201 | \$928,600 |

| | | | | | |
|----|------|------|--------------|-------------|-----------|
| 18 | 2025 | 2027 | \$87,644,132 | \$1,858,316 | \$929,158 |
| 19 | 2026 | 2028 | \$87,695,445 | \$1,859,433 | \$929,716 |
| 20 | 2027 | 2029 | \$87,746,860 | \$1,860,552 | \$930,276 |

PROJECTED TAX INCREMENT INCOME

TOTAL TAX INCREMENT INCOME EXPECTED TO ACCRUE BY 12/31/29:

\$20,088,557

REVISED PROJECT PLAN COSTS

Capital Costs – The capital costs of \$3,600,655 included in the Project Plan are for a sanitary sewer main, turn lanes, Moon Meadows Drive east of US Highway 16, water main at South US Highway 16 crossing, and a traffic signal at Moon Meadows Drive and US Highway 16.

Professional Service Costs – Professional service costs for Engineering and Professional fees in the amount of \$573,005 are anticipated in the Project Plan, approximately 13.73% of the construction costs.

Contingency Costs – All of the Contingency Costs previously identified have been reallocated to other line items.

Necessary and Convenient Payments – All necessary and convenient costs have been reallocated to other line items.

Financing Costs – The financing costs for this Project Plan are based on the 6% interest rate obtained for this Project Plan. It is estimated that the financing costs will total \$2,216,868, a decrease of \$854,478. If the developer negotiates a lower interest rate, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

Imputed Administrative Costs – An additional Imputed Administrative Fee of \$20,000 has been added to the Project Costs in accordance with the Tax Increment Financing Guidelines.

**TOTAL ESTIMATED REVISED PROJECT COSTS
TO BE PAID BY THE TAX INCREMENT DISTRICT**

| | <u>Project Plan Approved Costs</u> | <u>Amendment #1 Changes</u> | <u>Amendment #1 Approved Costs</u> |
|--|--|---------------------------------|--|
| Proposed TID Project Costs – Phase I | | | |
| 12" Sanitary Sewer Main | \$264,000 | (\$39,255) | \$224,745 |
| Grading | \$1,000,000 | (\$271,125) | \$728,875 |
| Salvage and Place Top Soil | \$137,500 | (\$39,045) | \$98,455 |
| Mobilization | \$10,000 | \$17,778 | \$27,778 |
| Sewer Manholes | \$63,200 | (\$8,370) | \$54,830 |
| Surveying | \$10,000 | (\$4,755) | \$5,245 |
| Testing | \$5,000 | \$275 | \$5,275 |
| Engineering | \$73,560 | \$153,771 | \$227,331 |
| Necessary and Convenient Costs | \$46,898 | (\$46,898) | \$0 |
| Contingency | <u>\$109,428</u> | <u>(\$109,428)</u> | <u>\$0</u> |
| Total Capital Costs - Phase I | \$1,719,586 | (\$347,053) | \$1,372,534 |
| Financing Interest Costs | <u>\$1,126,166</u> | <u>(\$309,637)</u> | <u>\$816,529</u> |
| Total - Phase I | \$2,845,752 | (\$656,690) | \$2,189,063 |
| Proposed TID Project Costs – Phase II | | | |
| Regional Drainage Ponds | \$0 | \$0 | \$0 |
| Mobilization | \$10,000 | \$17,778 | \$27,778 |
| Turn Lanes at Moon Meadows Drive | \$200,000 | \$292,895 | \$492,895 |
| Traffic Signal | \$250,000 | \$347,600 | \$597,600 |
| Water Main at Hwy 16 Crossing | \$100,000 | \$319,210 | \$419,210 |
| Moon Meadows Drive | \$792,000 | \$136,490 | \$928,490 |
| Surveying | \$10,000 | (\$4,755) | \$5,245 |
| Testing | \$5,000 | \$275 | \$5,275 |
| Engineering | \$105,360 | \$219,274 | \$324,634 |
| Necessary and Convenient Costs | \$44,171 | (\$44,171) | \$0 |
| Contingency | <u>\$103,065</u> | <u>(\$103,065)</u> | <u>\$0</u> |
| Total Capital Costs - Phase II | \$1,619,596 | \$1,181,530 | \$2,801,126 |
| Financing Interest Costs | \$1,945,180 | (\$544,841) | \$1,400,339 |
| Additional Imputed Administrative Fee | \$0 | \$20,000 | \$20,000 |
| Total - Phase II | \$3,564,776 | \$656,689 | \$4,221,466 |
| Total Proposed TID Project Costs for Phase I and Phase II | | | |
| Regional Drainage Ponds | \$0 | \$0 | \$0 |
| 12" Sanitary Sewer Main | \$264,000 | (\$39,255) | \$224,745 |

| | | | |
|---------------------------------------|------------------|--------------------|-----------------|
| Grading | \$1,000,000 | (\$271,125) | \$728,875 |
| Salvage and Place Top Soil | \$137,500 | (\$39,045) | \$98,455 |
| Mobilization | \$20,000 | \$35,555 | \$55,555 |
| Sewer Manholes | \$63,200 | (\$8,370) | \$54,830 |
| Turn Lanes at Moon Meadows Drive | \$200,000 | \$292,895 | \$492,895 |
| Traffic Signal | \$250,000 | \$347,600 | \$597,600 |
| Water Main at Hwy 16 Crossing | \$100,000 | \$319,210 | \$419,210 |
| Moon Meadows Drive | \$792,000 | \$136,490 | \$928,490 |
| Surveying | \$20,000 | (\$9,510) | \$10,490 |
| Testing | \$10,000 | \$550 | \$10,550 |
| Engineering | \$178,920 | \$373,045 | \$551,965 |
| Necessary and Convenient Costs | \$91,069 | (\$91,069) | \$0 |
| Contingency | <u>\$212,493</u> | <u>(\$212,493)</u> | <u>\$0</u> |
| Capital Costs | \$3,339,182 | \$834,478 | \$4,173,660 |
| Financing Interest Costs | \$3,071,346 | (\$854,478) | \$2,216,868 |
| Additional Imputed Administrative Fee | <u>\$0</u> | <u>\$20,000</u> | <u>\$20,000</u> |
| Total | \$6,410,528 | (\$0) | \$6,410,528 |

*The imputed administrative costs are interest-free. With this Revision, the Administrative Fee is included with the total project costs, and shall be paid to the City Finance Officer on December 1, 2016.

REVISED AMORTIZATION RATE

City of Rapid City

TID Debt Obligations - TID 70

As of August 30, 2016

Annual Interest Rate

6.00%

Expires 9/15/2028

| Pmt Date | Days Outstanding | Beginning Balance | Payment Amount | Interest Amount | Principal Amount | Ending Balance |
|------------|------------------|-------------------|----------------|-----------------|------------------|----------------|
| 1/1/2016 | | - | (4,173,660.00) | - | (4,173,660.00) | 4,173,660.00 |
| 12/31/2016 | 365 | 4,173,660.00 | 60,255.68 | 250,419.60 | (190,163.92) | 4,363,823.92 |
| 6/1/2017 | 152 | 4,363,823.92 | 69,708.67 | 109,035.82 | (39,327.15) | 4,403,151.07 |
| 12/1/2017 | 183 | 4,403,151.07 | 69,708.67 | 132,456.44 | (62,747.77) | 4,465,898.84 |
| 6/1/2018 | 182 | 4,465,898.84 | 395,508.28 | 133,609.91 | 261,898.38 | 4,204,000.47 |
| 12/1/2018 | 183 | 4,204,000.47 | 395,508.28 | 126,465.55 | 269,042.73 | 3,934,957.74 |
| 6/1/2019 | 182 | 3,934,957.74 | 523,259.72 | 117,725.31 | 405,534.40 | 3,529,423.33 |
| 12/1/2019 | 183 | 3,529,423.33 | 523,259.72 | 106,172.79 | 417,086.93 | 3,112,336.41 |
| 6/1/2020 | 183 | 3,112,336.41 | 749,182.96 | 93,625.90 | 655,557.06 | 2,456,779.35 |
| 12/1/2020 | 183 | 2,456,779.35 | 749,182.96 | 73,905.31 | 675,277.65 | 1,781,501.69 |
| 6/1/2021 | 182 | 1,781,501.69 | 780,371.49 | 53,298.63 | 727,072.87 | 1,054,428.83 |

| | | | | | | |
|-----------|-----|---------------------|---------------------|---------------------|---------------------|------------|
| 12/1/2021 | 183 | 1,054,428.83 | 780,371.49 | 31,719.53 | 748,651.96 | 305,776.87 |
| 6/1/2022 | 182 | 305,776.87 | 314,925.04 | 9,148.17 | 305,776.87 | - |
| 12/1/2022 | 183 | - | - | - | - | - |
| Total | | <u>4,173,660.00</u> | <u>5,411,242.95</u> | <u>1,237,582.95</u> | <u>4,173,660.00</u> | <u>-</u> |

Max Interest 2,216,868.00
 Under/Over 979,285.05

PROJECT PLAN AMENDMENT #2
May 2020

The creation of TID #70 was approved on September 15, 2008 and the Project Plan was approved on February 6, 2012. The purpose of the Tax Increment District was to assist in the development of commercial property located along South US Highway 16 and Moon Meadows Drive through the development of public infrastructure improvements. The Tax Increment Funds were identified to construct a sanitary sewer main, turn lanes, Moon Meadows Drive, water main crossing at South US Highway 16, a traffic signal, associated engineering costs and contingency costs. The Project Plan was funded by the developer.

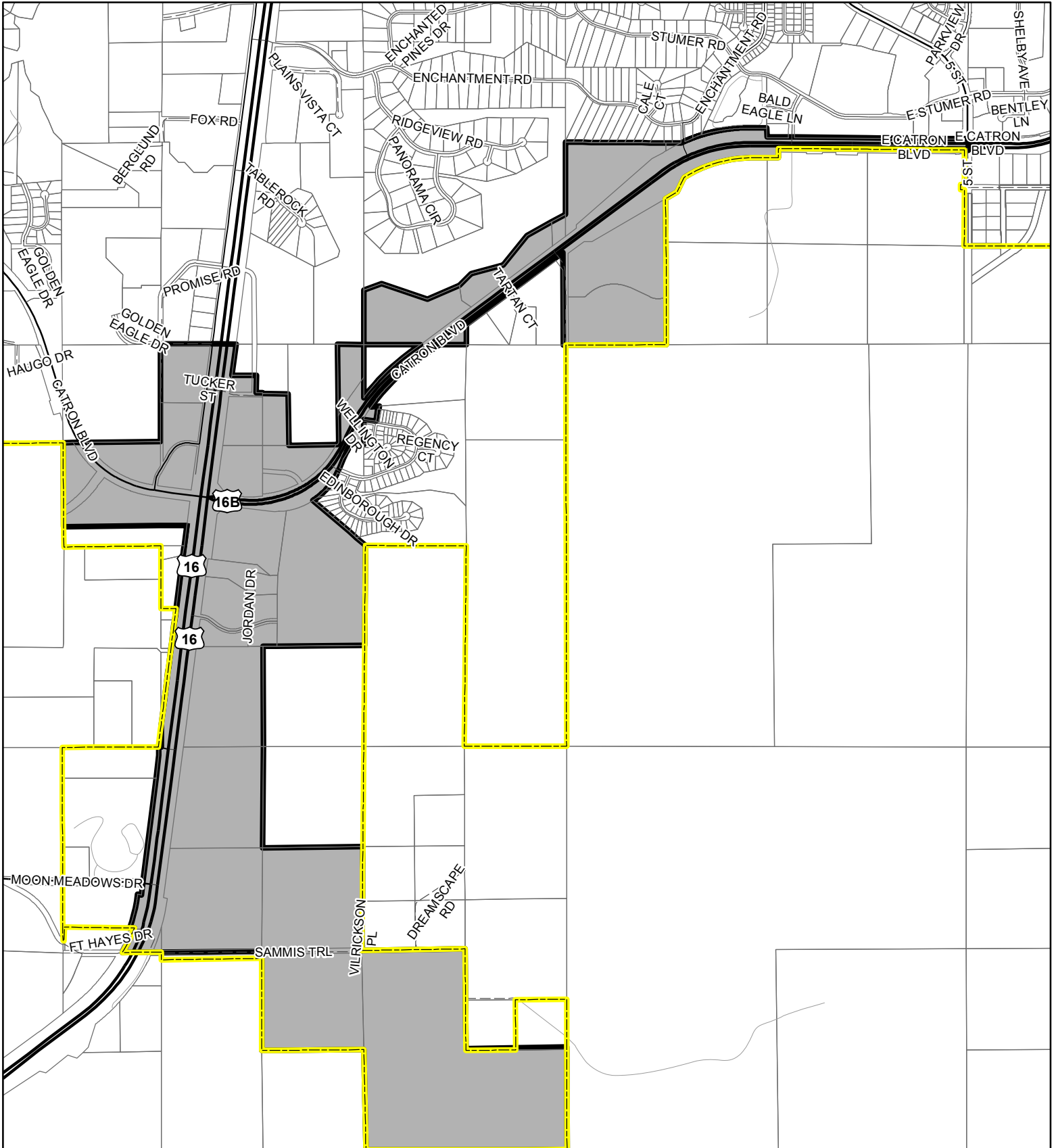
The second Project Plan Amendment reallocates funding amounts based on certified costs expended within the District. The TIF Committee recommended authorizing Phase I Professional Fees in the amount of \$3,255.44 and Phase II Professional Fees in the amount of \$2,891.92 that exceed the five year timeline imposed by SDCL 11-9-3. Those expenditures are included in the reimbursable amounts identified below.

Summary of TID #70 Project Plan and Developer Costs
Cost Reallocation Summary

| | Amended Project Plan October 2016 | Eligible Costs December 26, 2019 | Add'l Amount Reimbursed w/ Amd #2 | TIF Committee Recommended Reimbursable Amount |
|---|---|--|---|--|
| Phase I - Capital Projects | | | | |
| Heavy Constructors | | | | |
| 12" Sewer Main | \$224,745.00 | \$198,791.09 | \$0.00 | \$198,791.09 |
| Grading | \$728,875.00 | \$732,851.37 | \$3,976.37 | \$732,851.37 |
| Salvage/Top Soil | \$98,455.00 | \$88,446.33 | \$0.00 | \$88,446.33 |
| Mobilization | \$27,778.00 | \$37,048.32 | \$9,270.32 | \$37,048.32 |
| Sewer Manholes | \$54,830.00 | \$80,779.93 | \$25,949.93 | \$80,779.93 |
| Total Phase I - Capital Costs | \$1,134,683.00 | \$1,137,917.05 | \$39,196.63 | \$1,137,917.05 |
| Professional Costs | | | | |
| Professional Costs / Surveying | \$5,245.00 | \$5,873.40 | \$628.40 | \$5,873.40 |
| Professional Costs / Testing | \$5,275.00 | \$6,890.00 | \$1,615.00 | \$6,890.00 |
| Professional Costs / Engineering ⁽¹⁾ | \$227,331.00 | \$123,507.22 | \$0.00 | \$123,507.22 |
| Necessary & Convenient Costs | \$0.00 | | \$0.00 | \$0.00 |
| Contingency | \$0.00 | | \$0.00 | \$0.00 |
| Financing Interest Costs | \$816,529.13 | \$816,529.13 | \$0.00 | \$816,529.13 |
| Total Phase I | \$2,189,063.13 | \$2,090,716.80 | \$41,440.03 | \$2,090,716.80 |
| Phase II - Capital Projects | | | | |
| Heavy Constructors | | | | |
| Mobilization | \$27,777.50 | \$17,669.21 | \$0.00 | \$17,669.21 |
| Turn Lanes @ Moon Meadows Dr | \$492,895.00 | \$434,225.53 | \$0.00 | \$434,225.53 |
| Traffic Signal | \$597,600.00 | \$597,599.84 | \$0.00 | \$597,599.84 |
| Water Main @ Hwy 16 Crossing | \$419,210.00 | \$327,216.77 | \$0.00 | \$327,216.77 |

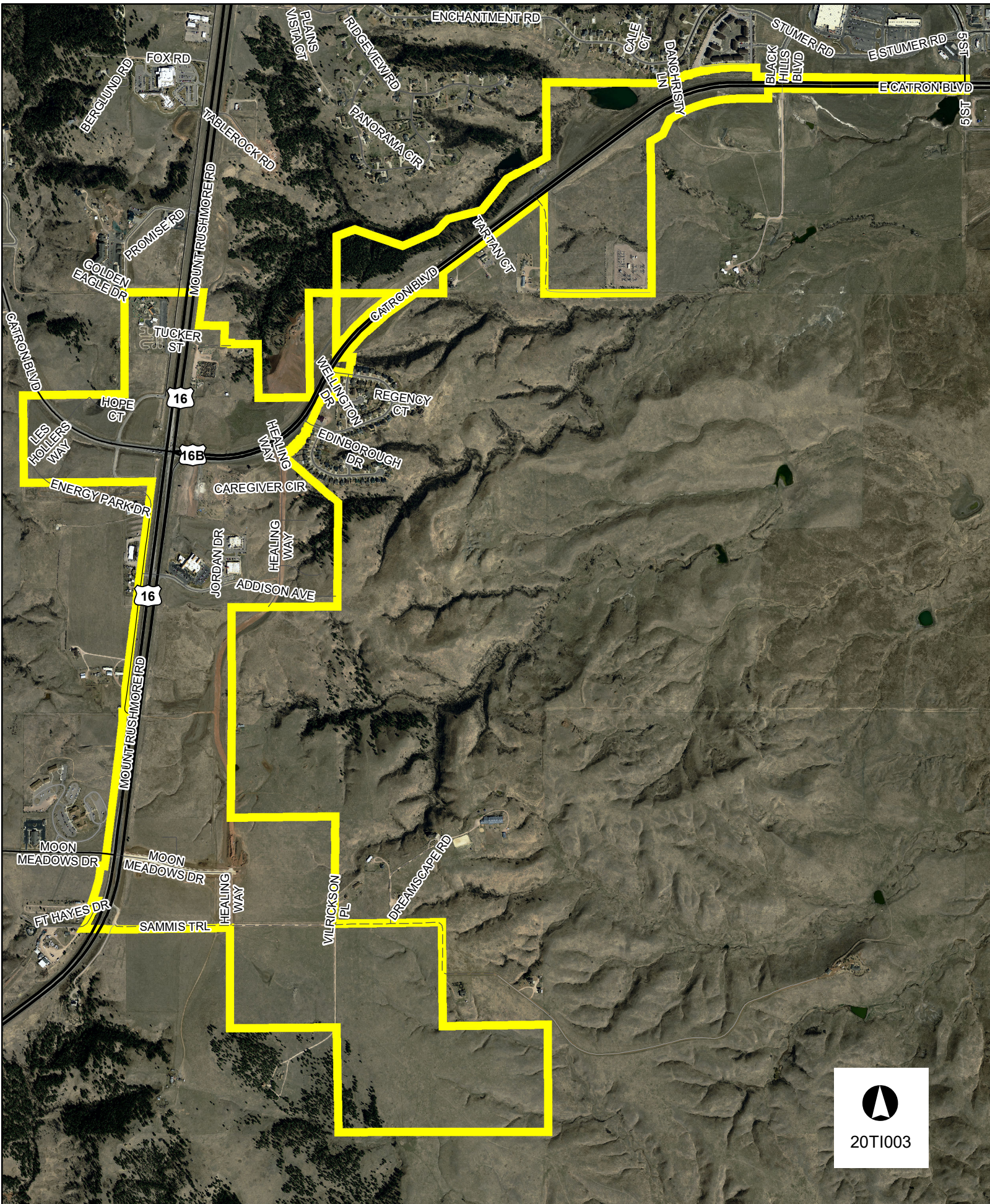
| | | | | |
|---|-----------------------|-----------------------|--------------------|-----------------------|
| Moon Meadows Drive | \$928,490.00 | \$805,818.14 | \$0.00 | \$805,818.14 |
| Total Phase II - Capital Costs | \$2,465,972.50 | \$2,182,529.49 | \$0.00 | \$2,182,529.49 |
| Phase II - Professional Costs | | | | |
| Professional Costs / Surveying | \$5,245.00 | \$4,612.20 | \$0.00 | \$4,612.20 |
| Professional Costs / Testing | \$5,275.00 | \$3,621.00 | \$0.00 | \$3,621.00 |
| Professional Costs / Engineering ⁽¹⁾ | \$324,634.00 | \$174,910.62 | \$0.00 | \$174,910.62 |
| Necessary & Convenient Costs | \$0.00 | | \$0.00 | \$0.00 |
| Contingency | \$0.00 | | \$0.00 | \$0.00 |
| Financing Interest Costs | \$1,420,339.17 | \$1,420,339.17 | \$0.00 | \$1,420,339.17 |
| Total Phase II | \$4,221,465.67 | \$3,786,012.48 | \$0.00 | \$3,786,012.48 |
| Additional Imputed Admin Fee | \$20,000.00 | \$20,000.00 | \$5,000.00 | \$25,000.00 |
| | | | | |
| Total Certification - TID #70 | \$6,430,528.80 | \$5,896,729.27 | \$46,440.03 | \$5,901,729.27 |
| ⁽¹⁾ Includes TIF Committee recommendation to authorize Phase I Professional Fees in the amount of \$3,255.44 and Phase II Professional Fees in the amount of \$2,891.92 that exceed the 5 year timeline per SDCL 11-9-13 | | | | |

Tax Increment District No. 70 - S Highway 16 Sewer Vicinity Map

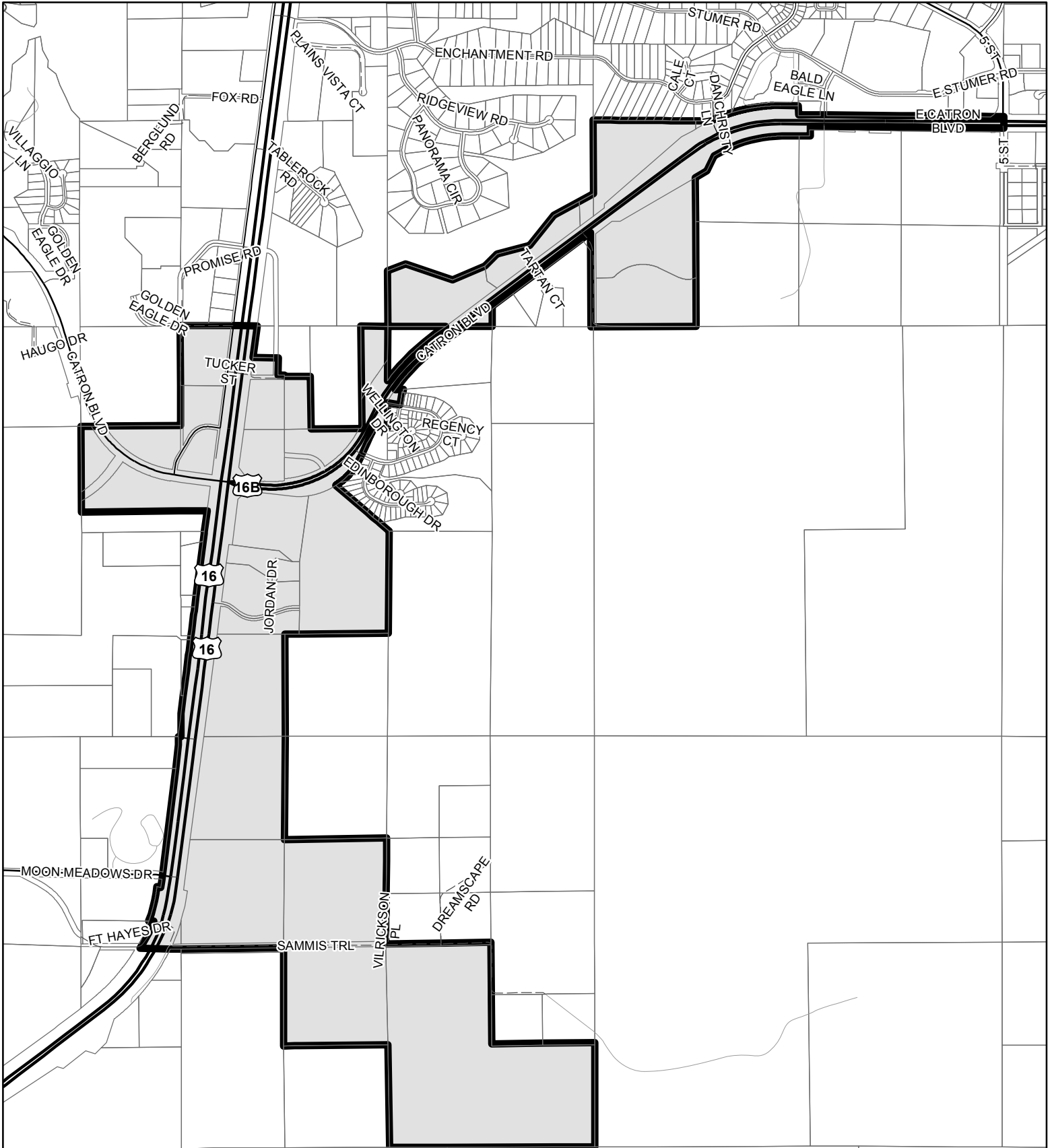


16TI003

Tax Increment District No. 70 - S Highway 16 Sewer Aerial Map

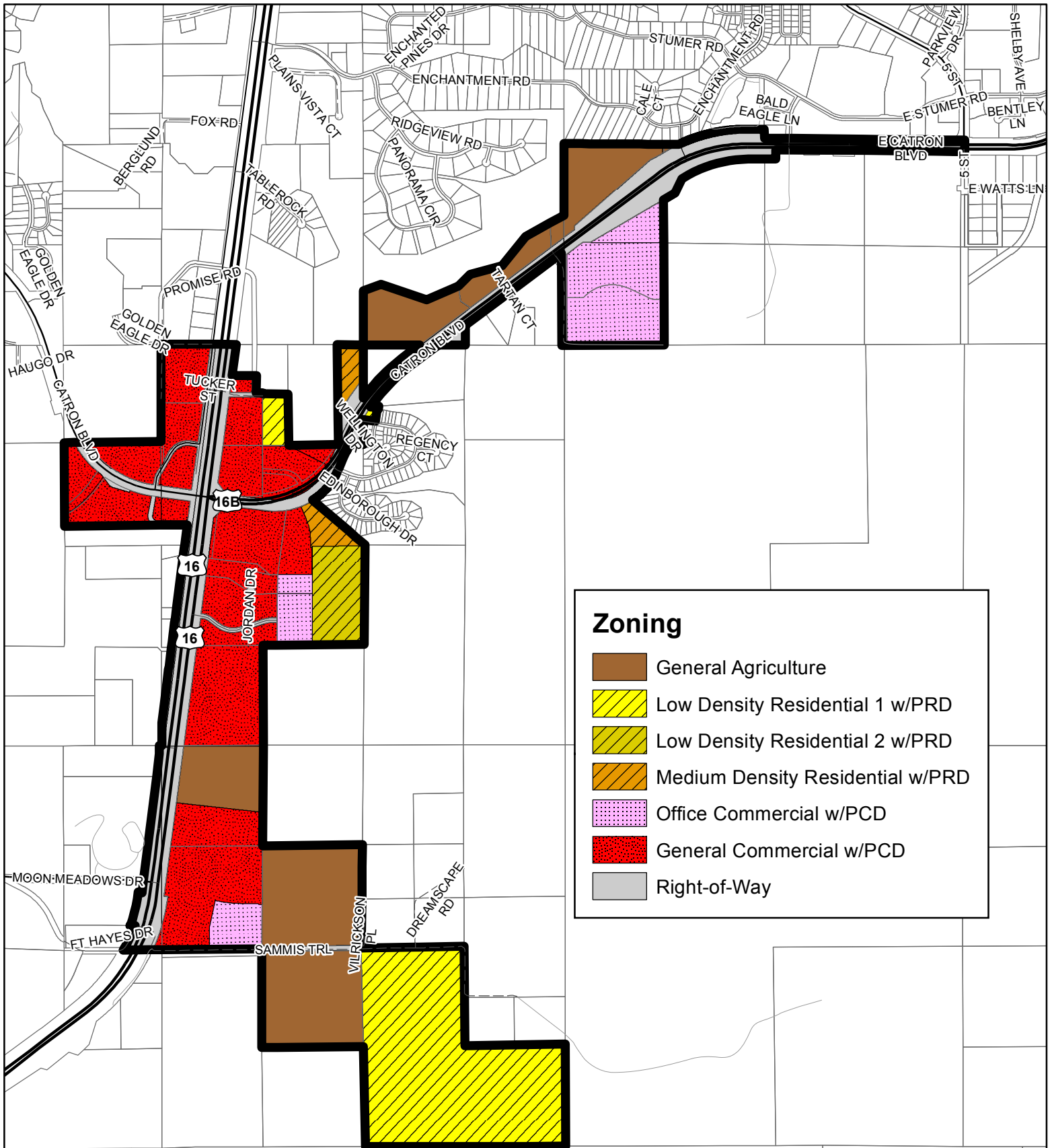


Tax Increment District No. 70 - S Highway 16 Sewer
Boundary Map



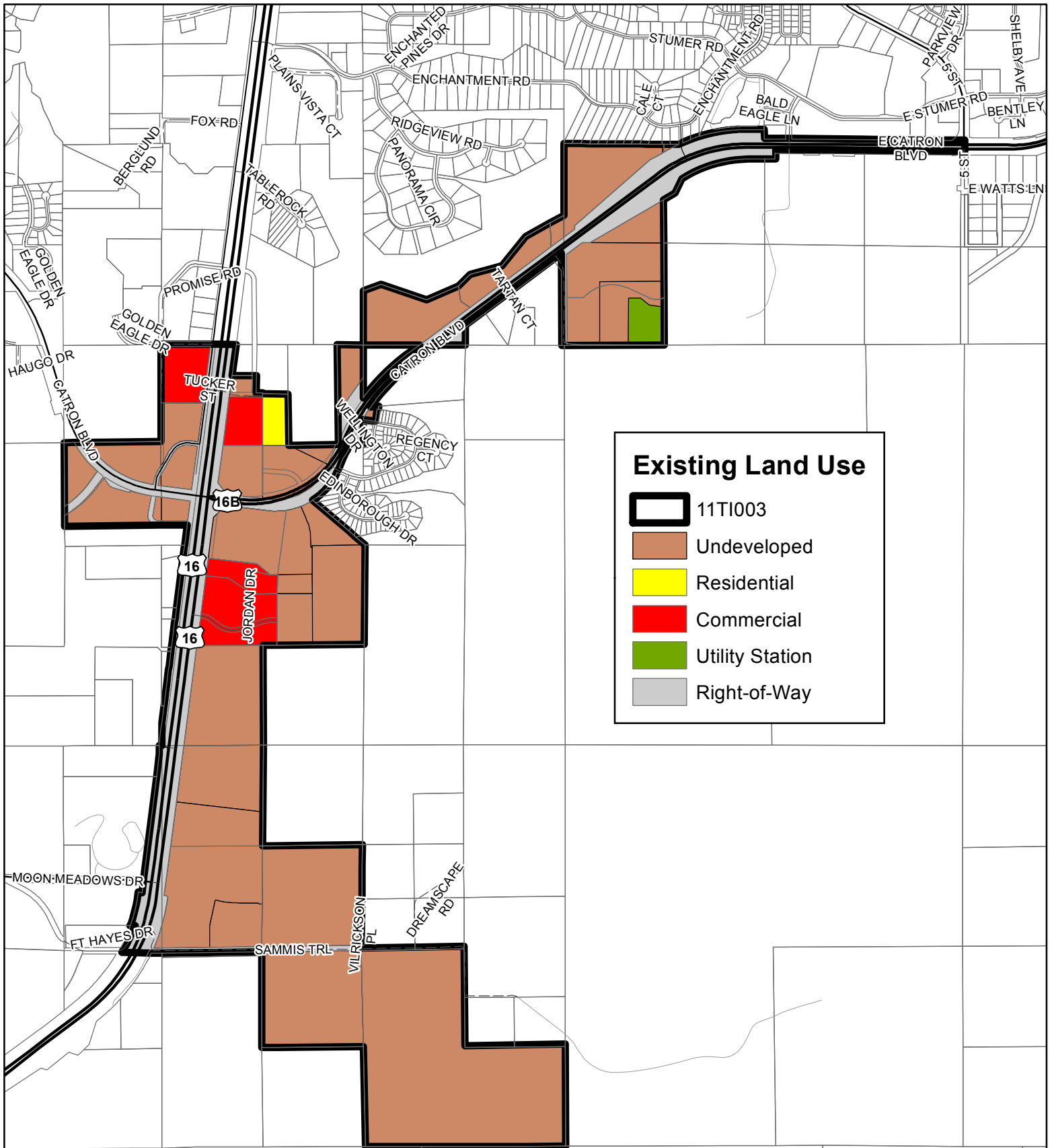
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Tax Increment District No. 70 - S Highway 16 Sewer Existing Zoning Map



16TI003

Tax Increment District No. 70 - S Highway 16 Sewer Existing Land Use Map



16TI003

Tax Increment District No.70 - Highway 16 Sewer Public Improvements

