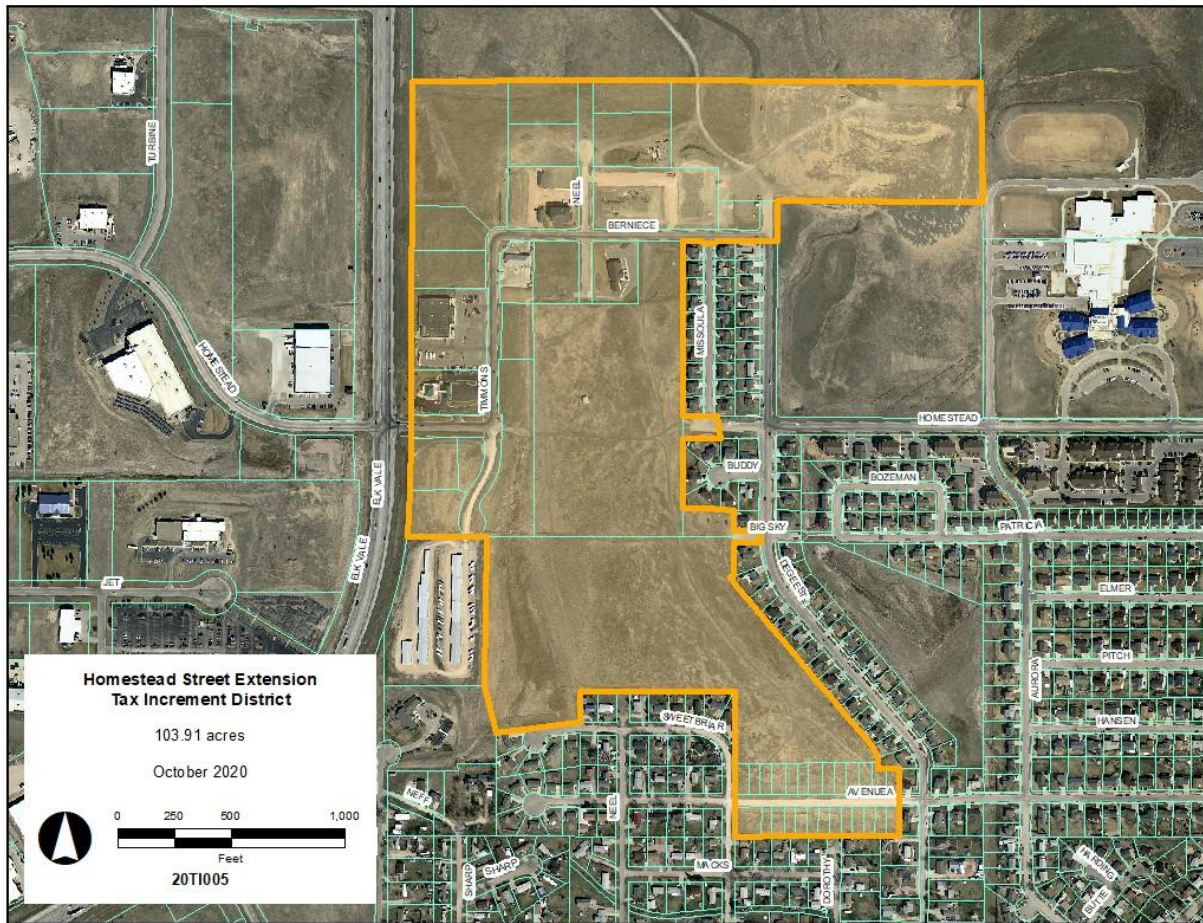


TAX INCREMENT PROJECT PLAN

TAX INCREMENT DISTRICT #83
HOMESTEAD STREET EXTENSION CITY OF RAPID CITY

Amendment #1 – September 2024



Prepared by the
Rapid City Department of Community Development
October 2020

Amendment #1 – September 2024
(Details on Pages 13-17)

INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted or which has been determined to create economic development 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.”

When the assessed valuation of the district increases in succeeding years, 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 (City, County, School, etc.), which levy property taxes. The tax increment is deposited into a special fund. It is this plan which determines how these accumulated increment 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 economic growth 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

The City of Rapid City desires the Homestead Street connection between Timmons Boulevard and Missoula Street and has joined as co-applicant with Homestead Street Project, LLC. (Developer) to accomplish this community benefit for the Rapid City Area Schools (RCAS) and the residents to the east of Elk Vale Road. The Developer has agreed to donate the 68’ right-of-way necessary for this Homestead Street connection.

Homestead Street is currently identified as a collector-level roadway. The approximate 900-foot long segment between Missoula Street and Timmons Boulevard is not currently constructed, and the completion of this project eliminates this gap in the City’s road network.

The district boundary is located east of Elk Vale Road between Avenue A and Anamosa Street and incorporates approximately 103.91 acres. The estimated developer funded, TIF fund reimbursable project costs are \$1,679,000, excluding interest.

Tax Increment Financing Committee

The Tax Increment Financing Committee met on August, 25, 2020 to discuss the proposal for the Homestead Street Extension. The recommendation to create a new tax increment district was based on the requirements of SDCL 11-9-8, wherein:

- (1) "...not less than fifty percent, by area, of the real property within the district will stimulate and develop the economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources"; and
- (2) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

This new district will be financed by the Developer.

The Committee also confirmed that based on the information provided in the application, the proposed development meets the following local criteria:

- (3) "The project must comply with the adopted Comprehensive Plan..."; and
- (4) the improvements are likely to enhance the value of substantially all of the other real property in the district"

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 are to be calculated utilizing a fixed rate not to exceed 9 percent annual interest as directed by the adopted Tax Increment Financing Guidelines. However, the applicant has requested using a 7 percent annual interest rate to reduce the payoff timeline for the proposed TIF funded costs, estimated to be paid in full within 12 years.

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. This fee is paid to the City as a project cost from the tax increment fund balance in year five of the District.

All project expenditures must be completed within five years of the creation of the district, including the City's acceptance of the public improvement(s). 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 returned more quickly back to the tax rolls

Project Plan Summary

This plan establishes the total project costs, as well as the Tax Increment District funded costs. As required by SDCL 11-9-13, the Project Plan 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 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 the Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document as there are no persons that will be displaced with approval of this Plan nor are there any changes needed in the City's Master Plan, existing Building Codes or Ordinances in order to implement this Plan.

ELEMENTS OF THE PROJECT PLAN

1. PUBLIC WORKS AND OTHER IMPROVEMENTS

The project plan includes \$1,416,000 in capital costs associated with constructing Homestead Street to a collector street standard, approximately 900 linear feet in length. This includes sufficient grading required to allow construction of the street infrastructure improvements to provide a maximum 3:1 slope in order to match existing contours, up to

300 feet on center of Homestead Street between Timmons Boulevard and Missoula Street. This includes the analysis, design, and construction of a collector-level roadway complete with the sanitary sewer main, water main, storm sewer main, fixtures, and appurtenances required and considered the minimum improvement necessary for any subdivision improvement as identified in the Infrastructure Design Criteria Manual and Standard Specifications. Site grading approximately 300 feet on center for Homestead Street will ensure adequate elevations and drainage of the roadway along with the grading of slopes adjacent to the roadway to effectively convey drainage to the appropriate locations.

The project plan also includes \$130,000 in professional design services and project/construction management costs, or 9.18% of the capital costs, plus \$141,571 for contingency costs.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation

The Homestead Street Extension Tax Increment District 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. As of this date, the 2020 assessed valuation for the proposed district is projected at \$13,900,000. In accordance with SDCL 11-9-20, the certification of the base value will be requested from the South Dakota Department of Revenue following creation and approval of the district by the City Council.

**ANTICIPATED CERTIFIED BASE VALUATION OF PROPERTY -
\$13,900,000**

Expected Increase in Valuation

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Estimated 2020 Assessed Value of District	\$13,900,000
Estimated 2030 Assessed Value of project (year 10)	\$17,500,000
Other Anticipated Increases in Assessed Value	\$0
Estimated Increase in Assessed Value of Land*	\$0
Estimated 2030 Total Valuation (year 10)	\$31,400,000

*For purposes of this Tax Increment District, the increase in land value is not included in these estimates. Land valuation increases will pay off the loan earlier than anticipated. Any property sold to a non-profit facility will impact future land values as well as taxing revenue projections.

Revenue Estimates from Tax Increments

The Plan anticipates 24 semi-annual payments over 12 years beginning in 2022. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

2019 Non-Agriculture Tax Levies and Percentage of Total Levy for 4D RC

City of Rapid City within the Rapid City Area School District

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>% of Total Levy</u>
Rapid City Area School District	11.546	59.13%
Pennington County	4.777	24.46%
City of Rapid City	3.181	16.29%
West Dakota Water District	0.024	0.12%
Total Mill Levy	19.528	100.00%

Anticipated 2019 Non-Agriculture 4D RC Tax Rate: 0.019528

2019 Non-Agriculture Tax Levies and Percentage of Total Levy for 4D RC VS

City of Rapid City with the Rapid City Area School District
 Include portions of the Rapid Valley Sanitary District

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>% of Total Levy</u>
Rapid City Area School District	11.546	57.77%
Pennington County	4.777	23.90%
City of Rapid City	3.181	15.92%
Rapid Valley Sanitary District	0.457	2.29%
West Dakota Water District	0.024	0.12%
Total Mill Levy	19.985	100.00%

Anticipated 2019 Non-Agriculture 4D RC VS Tax Rate: 0.019985

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

PROJECTED TAX INCREMENT INCOME

TIF YR	Assessment Year	Year Taxes Paid	Estimated Cumulative Increase in Taxable Value	TOTAL Projected Yearly Tax Increment Payments	TOTAL 6 Month Total
1	Nov 2020	2022	\$2,800,000	\$47,767	\$23,883
2	Nov 2021	2023	\$8,000,000	\$134,483	\$67,242
3	Nov 2022	2024	\$12,900,000	\$215,669	\$107,834
4	Nov 2023	2025	\$16,000,000	\$266,422	\$133,211
5	Nov 2024	2026	\$17,500,000	\$290,980	\$145,490
6	Nov 2025	2027	\$17,500,000	\$290,980	\$145,490
7	Nov 2026	2028	\$17,500,000	\$290,980	\$145,490
8	Nov 2027	2029	\$17,500,000	\$290,980	\$145,490
9	Nov 2028	2030	\$17,500,000	\$290,980	\$145,490
10	Nov 2029	2031	\$17,500,000	\$290,980	\$145,490
11	Nov 2030	2032	\$17,500,000	\$290,980	\$145,490
12	Nov 2031	2033	\$17,500,000	\$290,980	\$145,490

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/31: \$17,500,000

NOTE: Tax increment payments are calculated using 100% of estimated future property valuation and 100% of expected 2019 mill levy for both the City of Rapid City levy (4D RC) and the City of Rapid City levy with land area also located within the Rapid Valley Sanitary District (4D RC VS). The

Estimated Cumulative Increase in Taxable Value is an estimate based on the incremental revenue generated from the proposed valuation increase.

3. PROJECT COSTS

Capital Costs – The capital costs of \$1,416,000 included in the Project Plan for the Homestead Street Extension between Timmons Boulevard and Missoula Street according to the Infrastructure Design Criteria Manual and the Standard Specifications as follows:

- site grading for Homestead Street within the right-of-way, extending no more than 300 feet on center of Homestead Street extending out to match a 3:1 slope; this ensure adequate elevations and drainage of the roadway along with the grading of slopes and erosion control adjacent to the roadway to effectively convey drainage to the appropriate locations, as the site grading relates to Homestead Street construction;
- construction of a public water main with all fittings, a public sanitary sewer main, and a public street storm sewer main in accordance with the Infrastructure Design Criteria Manual and Standard Specifications related to the Homestead Street construction, all located within the dedicated Homestead Street right-of- way; and
- installation of public infrastructure related to the Homestead Street construction, which may include fire hydrants, valves, manholes, storm sewer pipe, culverts, drop inlets, gravel base course, curb and gutter, paving, handicapped ramps with sidewalk connections, street light conduits and signage.

The developer may realize cost efficiencies for extending private utilities and services, separate from those TIF funded items listed above, to adjacent future lots by constructing and installing any necessary private utilities and associated appurtenances concurrently with the Homestead Street Extension construction project.

Professional Service Costs – Professional service costs for Engineering and Professional fees in the amount of \$130,000 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 \$141,571 are anticipated in the Project Plan.

Necessary and Convenient Payments – No necessary and convenient costs are anticipated in the Project Plan.

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 7.0%. It is estimated that the financing costs will total \$1,021,258.13. 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.

Imputed Administrative Costs – All Tax Increment District actions require municipal staff time to prepare and enact. The City shall be reimbursed on October 19, 2024, for its administrative costs in the amount of \$20,000. However, in no case shall the City be reimbursed less than \$1 on October 19, 2024.

DESCRIPTION OF ITEM	Total Estimated Project Costs	Non-TIF Funded	TIF Funded Project Costs	TIF Funded %
Capital Costs				
Street	\$928,331.11	\$20,372.35	\$907,958.77	97.81%
Water	\$290,905.19	\$16,167.64	\$274,737.55	94.44%
Sanitary Sewer	\$105,942.93	\$16,167.64	\$89,775.29	84.74%
Storm Sewer	\$190,390.77	\$47,155.61	\$143,235.16	75.23%
Public Improvements Total	\$1,515,570.00	\$99,863.23	\$1,415,706.77	93.41%
Other Development Costs				
Professional Fees	\$130,000.00	\$8,565.90	\$121,434.10	93.41%
Contingency	\$151,557.00	\$9,986.32	\$141,570.68	93.41%
Financing Costs	\$1,078,262.74	\$57,004.61	\$1,021,258.13	94.71%
Subtotal	\$1,359,819.74	\$75,556.83	\$1,284,262.91	94.44%
Imputed Administrative Fee				
City of Rapid City	\$20,000.00		\$20,000.00	100.00%
TOTAL	\$2,895,389.74	\$175,420.06	\$2,719,969.68	93.94%

Costs of Public Works or Improvements. In accordance with SDCL § 11-9-13, the following table represents the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

DETAIL OF PROJECT COSTS

Kind of Project	Number of Projects	Location ⁽¹⁾	Amount	Reference ⁽²⁾
Capital Costs	1	District	\$1,415,706.77	11-9-15(1)
Financing Costs	1	District	\$1,021,258.13	11-9-15(2)
Real Property Assembly				11-9-15(3)
Professional Fees	1	District	\$130,000.00	11-9-15(4)
Administrative Costs	1	District	\$20,000.00	11-9-15(5)
Relocation Costs				11-9-15(6)
Organizational Costs				11-9-15(7)
Discretionary Costs and Grants			\$141,570.68	11-9-15(8)
Eligible Project Costs			\$2,719,969.68	

⁽¹⁾District shall mean the Tax Increment District

⁽²⁾**SDCL §11-9-14. Project costs defined.** “Project costs” are any expenditures made or estimated to be made, or monetary obligations incurred or estimated to be incurred, by a municipality which are listed in a project plan as grants, costs of public works, or improvements within a tax incremental district, plus any costs incidental thereto, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the municipality in connection with the implementation of the plan.

SDCL 11-9-15. Specific items included in project costs. Project costs include:

- (1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds or notes issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the Project Plan, are sufficient to pay the principal of and interest on the tax incremental bonds or notes when due;
- (2) Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for Project Costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;
- (3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a Project Plan;
- (4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;
- (5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a Project Plan;
- (6) Relocation costs;
- (7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and
- (8) Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans.

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	School	County	City	Water	RVSD	Yearly Total
2022	\$2,800,000	\$0	\$11,575	\$7,708	\$58	\$449	\$47,767
2023	\$8,000,000	\$0	\$32,527	\$21,660	\$163	\$1,516	\$134,483
2024	\$12,900,000	\$0	\$52,011	\$34,634	\$261	\$3,051	\$215,669
2025	\$16,000,000	\$0	\$64,143	\$42,713	\$322	\$4,212	\$266,422
2026	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2027	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2028	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2029	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2030	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2031	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2032	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2033	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2034	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2035	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2036	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2037	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2038	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2039	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980
2040	\$17,500,000	\$0	\$70,013	\$46,621	\$352	\$4,773	\$290,980

5. FINANCING METHOD

The financing method to be used in the funding of this Plan is to be obtained by the Homestead Street Project, LLC, the developer and co-applicant. The co-applicant will be responsible for any interest payments due that are not available from the Homestead Street Extension Tax Increment District. 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 fund as property taxes are paid 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 anticipated to be made on December 1, 2032.

The projected amortization rate schedule is listed below showing the amount to be financed by the Developer/co-applicant using a 7.0% interest rate as requested by the co-applicant.

PROJECTED AMORTIZATION SCHEDULE

Homestead Street Extension TID - Public Infrastructure
 As of September 10, 2020
 Annual Interest Rate 7.00
 Expires 10/19/2040 (1)

Pmt Date	Days Outstanding	Beginning Balance	Payment Amount	Interest Amount	Principal Amount	Ending Balance
10/20/2020		-	-	-	-	-
12/1/2020	42	-	(470,000.00)	-	(470,000.00)	470,000.00
6/1/2021	182	470,000.00	(1,208,711.55)	16,404.93	(1,225,116.48)	1,695,116.48
12/1/2021	183	1,695,116.48		59,491.62	(59,491.62)	1,754,608.11
6/1/2022	182	1,754,608.11	23,883.36	61,243.03	(37,359.67)	1,791,967.78
12/1/2022	183	1,791,967.78	23,883.36	62,890.70	(39,007.34)	1,830,975.12
6/1/2023	182	1,830,975.12	67,241.75	63,908.56	3,333.19	1,827,641.94
12/1/2023	183	1,827,641.94	67,241.75	64,142.72	3,099.02	1,824,542.91
6/1/2024	183	1,824,542.91	107,834.43	64,033.96	43,800.47	1,780,742.44
12/1/2024	183	1,780,742.44	107,834.43	62,496.74	45,337.68	1,735,404.76
6/1/2025	182	1,735,404.76	133,211.03	60,572.76	72,638.27	1,662,766.49
12/1/2025	183	1,662,766.49	133,211.03	58,356.27	74,854.75	1,587,911.74
6/1/2026	182	1,587,911.74	145,490.03	55,424.65	90,065.38	1,497,846.36
12/1/2026	183	1,497,846.36	145,490.03	52,568.25	92,921.77	1,404,924.59
6/1/2027	182	1,404,924.59	145,490.03	49,037.64	96,452.38	1,308,472.20
12/1/2027	183	1,308,472.20	145,490.03	45,922.00	99,568.03	1,208,904.18
6/1/2028	183	1,208,904.18	145,490.03	42,427.57	103,062.46	1,105,841.72
12/1/2028	183	1,105,841.72	145,490.03	38,810.50	106,679.53	999,162.19
6/1/2029	182	999,162.19	145,490.03	34,874.87	110,615.16	888,547.04
12/1/2029	183	888,547.04	145,490.03	31,184.35	114,305.68	774,241.36
6/1/2030	182	774,241.36	145,490.03	27,024.21	118,465.82	655,775.54
12/1/2030	183	655,775.54	145,490.03	23,015.03	122,475.00	533,300.54
6/1/2031	182	533,300.54	145,490.03	18,614.38	126,875.64	406,424.90
12/1/2031	183	406,424.90	145,490.03	14,263.84	131,226.18	275,198.72
6/1/2032	183	275,198.72	145,490.03	9,658.34	135,831.68	139,367.04
12/1/2032	183	139,367.04	144,258.25	4,891.21	139,367.04	-

⁽¹⁾ Date based on Council approving resolution to create district at the October 19, 2020 meeting.

ADMENDMENT #1 TO THE PROJECT PLAN

SEPTEMBER 2024

Amendment #1 to the Project Plan will increase project costs by 35% from \$2,719,969.68 to \$3,671,958.38. The difference is \$951,989.38. South Dakota Codified Law 11-9-23 provides for plan amendments, including additional project costs, provided the proposal does not exceed thirty-five percent of the original project plan costs and the additional project costs are incurred before the five-year time limit.

The 35% increase in project costs will be used for the City of Rapid City to purchase (3) lots in the Homestead Vista Subdivision. Currently the property is legally described as follows, but the intention is to have the property platted as further stated below.

Parcel ID: 3803152012

Tax ID: 74629

LOT 2R, LESS LOT H1, LESS HOMESTEAD VISTA SUBDIVISION, BLOCK 3, SECTION 3, T1N, R8E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

Parcel ID: 3803301009

Tax ID: 71083

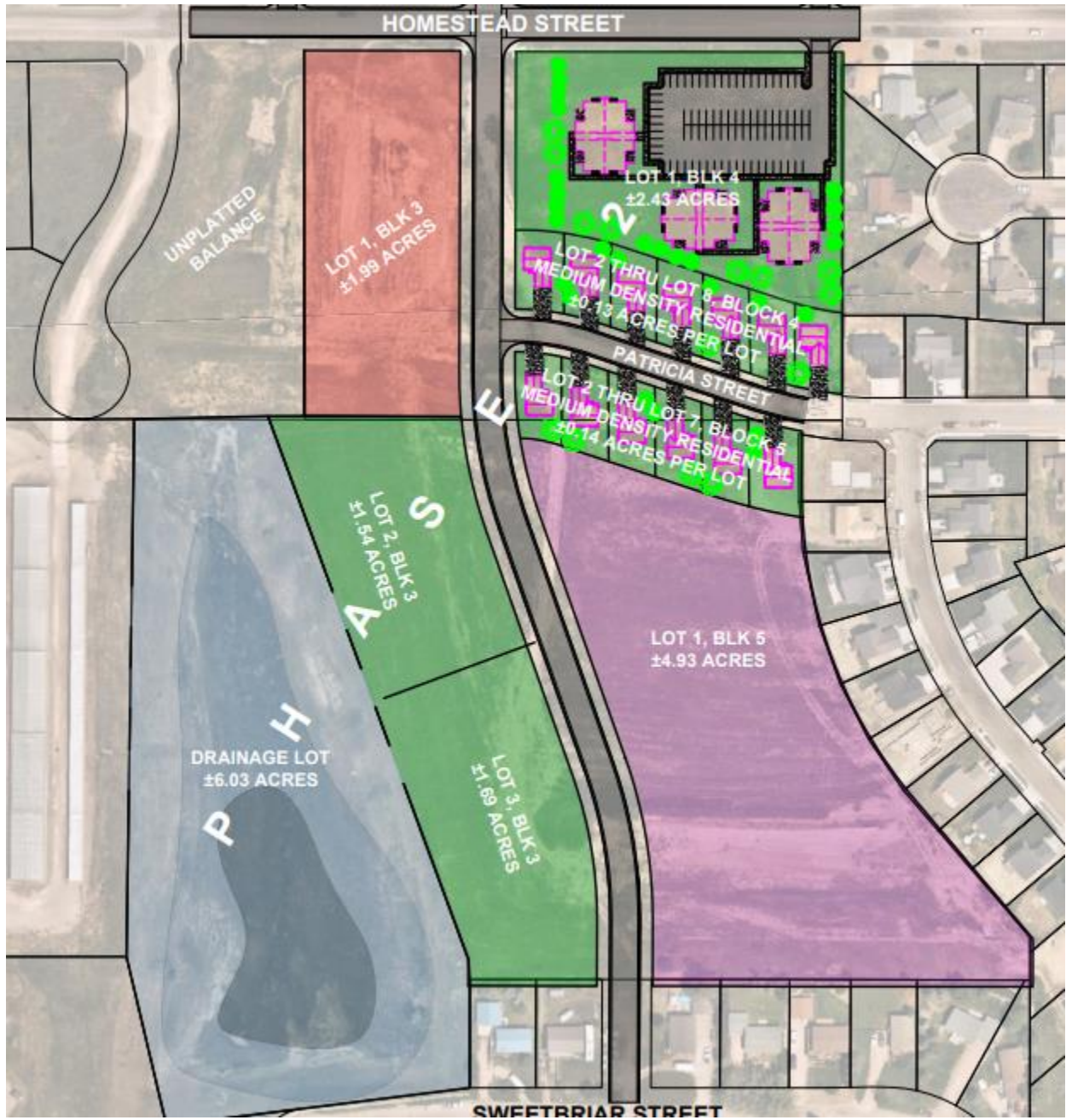
TRACT A LESS TRACT BR OF NEFF'S SUBDIVISION NO. 4, LESS AVENUE A SUBDIVISION, & LESS ROW, F & N SUBDIVISION, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

The lots will be used for a future Police & Fire Station and a City park. The proposed three lots are as follows and are shown on the following picture:

- Lot 1, Blk 3 Homestead Vista \$ 565,000 (Future Police & Fire Stations)
- Lot 2, Blk 3 Homestead Vista* \$ 280,000 (Future City Park)
- Lot 3, Blk 3 Homestead Vista* \$ 305,000 (Future City Park)

Total Purchase Price of Lots \$1,150,000

*These (2) lots may be combined into one legal description.



Also, a \$15,000 Imputed Administrative Fee shall be charged by Pennington County. This fee is paid to the County as a project cost from the tax increment fund balance in year five of the District. The County will receive this fee after the City has received its Imputed Administrative Fee.

Additionally, the original Project Plan funds will be reallocated as detailed herein. These reallocated funds will go toward the City's purchase of the lots and to fund City improvements for a City Park.

This TID was certified January 12, 2023. The original developer, Homestead Street Project, LLC certified a total of \$940,267.58 in Public Improvements costs and has no further costs to certify in this category. Homestead Street Project, LLC certified a total of \$102,861.51 in Professional Fees and has no further costs to certify in this category. Homestead Street Project, LLC has certified a total of \$154,952.21 in Financing Costs thus far. The TID is now in the disbursement stage. There has been a total of \$494,856.20 disbursed to Midwest Business Solutions, L.L.C. d/b/a Pactola ("Pactola"). (This is the Homestead Street Project, LLC lender.)

Project Cost Description	TID Funded Project Costs	Certified Costs	Difference
Item	Original	& Interest to Date	
Capital Costs			
Street	907,958.77	571,960.89	335,997.88
Water	274,737.55	125,383.76	149,353.79
Sanitary Sewer	89,775.29	58,122.52	31,652.77
Storm Water	184,800.16	184,800.41	(0.25)
Public Improvements Total	1,457,271.77	940,267.58	517,004.19
Other Development Costs			
Professional Fees	121,434.10	102,861.51	18,572.59
Contingency	100,005.00	-	100,005.00
Financing Costs	1,021,258.13	154,952.21	866,305.92
Other Development Costs Total	1,242,697.23	257,813.72	984,883.51
Imputed Administrative Fee			
City of Rapid City	20,000.00	-	20,000.00
Pennington County	-		
Total	2,719,969.00	1,198,081.30	1,501,887.70

\$517,014.19 will be reallocated from the Public Improvements total and \$318,577.59 will be reallocated from Other Development Costs. Other Development Costs Consist of:

Professional Fees	\$ 18,572.59
Contingency	\$100,005.00
Financing Costs	<u>\$200,000.00</u>
Total	\$318,577.59

The total reallocated fund amount is \$835,591.78.

The original developer for this project was Homestead Street Project, LLC (“Homestead”). Homestead entered into a Contract for Construction of Public Improvements By Private Developer For Tax Increment District Number Eighty-three, wherein Homestead agreed to terms about the construction of the public improvements and the reimbursement for such through the TIF 83 Fund. Homestead obtained a lender to loan the funds to Homestead to accomplish the purposes set forth in the original Project Plan. This lender was Midwest Business Solutions, L.L.C. d/b/a Pactola (“Pactola”). The City, Homestead, and Pactola entered into an Assignment Agreement, wherein the parties agreed that “City will pay directly to [Pactola] those positive tax increments which are collected by the City and deposited in the Fund described in Section 1.3 of the Original Contract [also known as the Contract for Construction of Public Improvements By Private Developer For Tax Increment District Number Eighty-three] and which are due to [Homestead] pursuant to the Original Contract until [Homestead’s] loan obligation to [Pactola] is paid in full or the Tax Increment District is dissolved, whichever comes first.” Pursuant to this Project Plan Amendment #1, the City will be paying Homestead’s loan obligation to Pactola, and the City will replace Homestead as the developer. The City will be entitled to be reimbursed for the cost of paying Homestead’s loan obligation to Pactola plus the City’s cost of financing this amount of debt at a fixed rate of 7%. The cost of paying the loan obligation off of \$711,090.32 and the costs that the City will expend to pay for the acquisition of the property and public improvements on the property up to \$1,787,581.16 will be combined into one note totaling \$2,498,671.48 and financed by the City of Rapid City at a rate of 7% fixed.

The remaining balance of the Financing Costs will be used for the repayment of the original TID loan and for the repayment of Amendment #1. The remaining balance of Financing Costs is \$666,305.92. Per the updated amortization below, the estimated Financing Costs needed is \$532,897.01

Sources	
35% Increase in Costs	951,989.38
Reallocated Funds	<u>835,591.78</u>
Total Sources	1,787,581.16
Uses	
Lot Purchases	1,150,000.00
County Imputed Admin Fee	15,000.00
City Park Improvements	<u>622,581.16</u>
Total Uses	1,787,581.16

Updated Amortization Schedule

(Initial balance calculated at current balance of loan (\$711,090.32) + 35% increase in costs and reallocated funds (\$1,787,581.16) = \$2,498,671.48.) Interest Rate of 7% Fixed.

	<u>Valuation</u>	<u>Increment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
	2% Increase	-	-	-	2,498,671.48
2025	37,937,556*	617,926	443,019.00	174,907.00	2,055,652.48
2026	38,696,307	630,285	486,389.33	143,895.67	1,569,263.15
2027	39,470,233	642,891	533,042.58	109,848.42	1,036,220.57
2028	40,259,638	655,749	583,213.57	72,535.43	453,007.00
2029	41,064,831	668,864	453,007.00	31,710.49	-
2030	41,886,127	682,241		-	-
2031	42,723,850	695,886	-	-	-
2032	43,578,327	709,804	-	-	-
2033	44,449,893	724,000	-	-	-
2034	45,338,891	738,480	-	-	-
2035	46,245,669	753,249	-	-	-
2036	47,170,582	768,314	-	-	-
2037	48,113,994	783,681	-	-	-
2038	49,076,274	799,354	-	-	-
2039	50,057,799	815,341	-	-	-
2040	51,058,955	<u>831,648</u>	-	-	-
		11,517,715	2,498,671.48	532,897.01	

*2023 Equalized Tax Valuation Per State

Per the original amortization, this TID was projected to payoff in 2032. It is now estimated to payoff in 2029.