

MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
October 30, 2024

MEMBERS PRESENT: Laura Jones, Karen Bulman, Lindsey Seachris and Gary Drewes

MEMBERS ABSENT: John Roberts, Deb Hadcock and Coy Sasse

OTHERS PRESENT: Vicki Fisher, Sarah Hanzel, Mike Dugan, Melissa Bloomberg, Kinsley Groote, Daniel Ainslie, Heidi Weaver, Roger Hall, Jason Culberson and Jeff Biegler

Called to Order

Bulman called the meeting to order at 7:01 a.m.

Approve Minutes

Motion by Seachris, seconded by Drewes and carried unanimously to approve the minutes of the July 17, 2024 meeting.

24TIF005 – Proposed Tax Increment District #83 Amendment #1 to Project Plan for Homestead Street Extension

Applicant: City of Rapid City, Homestead Street Project, LLC

Agent: KTM Design Solutions

Dugan gave an overview of the Tax Increment District #83 for Homestead Street Extension. The purpose of this district was to fund the design and construction of approximately 900 feet to Homestead Street between Missoula Street and Timmons Boulevard and approved in October of 2020. Amendment #1 to the Project Plan will increase project costs by 35% from \$2,719,969.68 to \$3,671,958.38. The 35% increase in project costs will be used for the City of Rapid City to purchase (3) lots in the Homestead Vista Subdivision. Dugan advised that the appraised value of Lot 1, Blk 3 was \$565,000 (\$6.50 sq. ft.). An adjacent vacant lot in the development recently sold for \$7.30 per sq. ft. The developer wanted to be closer to the \$7.30 per sq. ft. value for the sale price of Lot 1, Blk 3 to the City. It was negotiated at approximately \$6.92 per sq. ft., which comes to a sales price of \$600,000. This was determined to be fair market value. Pursuant to the Project Plan Amendment #1, the City will be paying Homestead's loan obligation currently with Pactola, and will replace Homestead as the developer. The loan payoff amount and acquisition of property and public improvements 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 committee discussed the current development of the Lot 2, Blk 3 and Lot 3, Blk 3. Dugan advised the development would need to be completed by October 2025 to stay within the five-year limit. Dugan also advised that there is an anticipated new City Tax Increment District (TID) to overlay this district after payoff. Fisher advised that this is great example of how a TID should work as the city does not need to go out and purchase land and build these improvements and also able to use the interest to put back into city revenue.

Seachris moved to recommend approval of 24TIF005 - Proposed Tax Increment District #83 Amendment #1 to Project Plan for Homestead Street Extension. The motion was seconded by Jones and carried unanimously.

There being no further business to come before the Committee, Motion by Seachris, seconded by Jones and carried unanimously to adjourn the meeting at 7:21 a.m.