

TAX INCREMENT FINANCE DISTRICT #4



PREPARED FOR: PENNINGTON COUNTY ON BEHALF OF THE CITY OF BOX ELDER

Submitted by:
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Table of Contents

Introduction – The Project.....	2
Creation of PENNINGTON County Tax Increment District #4	9
Taxable Value of PENNINGTON County.....	10
Kind, Number, Location, and Detailed Costs of Proposed Public Works and Improvements SDCL § 11-9-13(1).....	11
Feasibility Study, Economic Development Study, and Fiscal Impact Statement	15
Method of Financing, Timing of Costs and Monetary Obligations.....	16
Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions	17
Maps.....	18
Supplementary Findings	19
Changes to City & County Comprehensive/Master Plan Map, Building Codes & County Ordinances per SDCL §11-9-16 (4).....	19
List of Estimated Non-Project Costs	19
Statement of Displacement and Relocation Plan	19
Performance Bond, Surety Bond or Other Guaranty	19
List of Schedules AND ATTACHMENTS.....	20
Schedule 1	21
Schedule 2	25
Schedule 3	27
Schedule 4	29
Schedule 5	30
Attachment 1	31
Attachment 2	32
Attachment 3	33
Attachment 4	34
Attachment 5	35
Attachment 6	36

INTRODUCTION – THE PROJECT

Tax Increment Financing (TIF) is an incentive utilized by local governments to attract private development and investment. New investment equals new jobs, more customers, and in turn, more investment opportunity. The incentive can also help attract and retain existing businesses and workers that might otherwise find more attractive options elsewhere. The jobs and additional investment, both private and public, mean more money for the community. Tax Increment Financing helps to overcome costs that often prevent redevelopment and private investment from occurring in the community. As a result, the TIF area itself improves and property values increase.

Specifically, money for improvements and other incentives comes from the growth in property valuations and the corresponding property tax revenues — the tax increment. A tax increment is the difference between the amount of property valuation present within the TIF district before TIF district designation and the amount of property valuation increase due to the creation of a TIF district. Property taxes collected on the original valuation existing in the TIF at the time of its designation continue to be distributed to the city, school district, county and all other taxing districts in the same manner as if the TIF district did not exist. Only property taxes collected as a result of the incremental increase in the value of these properties after formation of the TIF district are available for use by the counties or cities to fund projects costs in the TIF district.

In addition to increasing property valuation, creating a Tax Increment District for the benefit of economic development can mean retaining and creating more jobs. Today's business climate allows corporations the flexibility to call any state in the union their home. It is up to local communities to attract and retain companies to their communities. Using Tax Increment Financing is one of the most powerful economic development tools to help communities achieve their goals.

A local government, per South Dakota Codified Law, Chapter 11-9, can designate a specific area within its boundaries as a redevelopment area appropriate for a TIF district and prepare a plan for development. TIF projects must be recommended for approval by the County or City Planning Commission and the County or City Commission/Council.

The Developer is B-1 Development Inc. and is a sub-chapter S corporation formed 10/13/15 for the sole purpose of developing the 157-acre Seger Crossing Business Park. It's shareholders are: Paul J. Bradsky, Thomas C. Bradsky, Walter John Bradsky Jr., and Richard M. Bradsky.

The shareholders, in various capacities, have extensive experience in the development, restoration, and/or operation of several projects in the area, including Cadillac Jack's Gaming Resort, WaTiki Indoor Waterpark Resort, and the Historic Hotel Alex Johnson, just to name a few. They also have extensive business experience, primarily in hospitality, and are members of Liv Hospitality LLC.

The Seger Crossing Business Park aims to increase sales and property taxes and, through its development, provide new jobs and businesses to be located within the city limits of Box Elder, SD.

The developer is seeking the Tax Increment District through Pennington County due to limitation on Tax Increment Districts in the City of Box Elder. SDCL §11-9-8 allows counties to create tax increment districts within a municipality, in whole or in part, as long as the municipality consents to

the creation of the district. Box Elder has consented to the creation of this tax increment district. (see Resolution Section) The City of Box Elder currently is limited in creating any new Tax Increment District due to two issues. The first is under SDCL §11-9-7 a municipality may not have over ten percent of their total taxable value in tax increment districts.

The City of Box Elder currently is at or near this 10% limitation. Second is the City of Box Elder has limited debt capacity and has a number of important infrastructures needs they must address which include new wells, street upgrades, and sanitary sewer upgrades. For these reasons, the developer is requesting the tax increment district to be created by Pennington County.

Community Benefits to the City of Box Elder and Ellsworth AFB

One of the items that were identified during the BRAC closure as well as discussions that have happened over the years following the BRAC findings, was that the quality of life and infrastructure that is in place for base personnel in the communities they reside in plays a very crucial part. Although this may not have a direct impact on scoring for any type of closures, it does certainly have an indirect impact should the quality of life be substandard.

The proposed Box Elder Community Event Center will provide additional quality of life opportunities to area citizens and military families that are not currently readily available or, for which there is a shortage in the Box Elder, Rapid City Metro area.

Those opportunities include, however are not limited to indoor youth sporting events, receptions, adult sporting events such as dart & pool tournaments, military balls & recognition events that otherwise cannot be held on existing base facilities.

In addition, the facility will provide meeting and conference space for state and regional municipal events such as State Finance Officer Schools, Annual City Attorney convention, annual Municipal League Convention, State Police Law Enforcement Convention, etc. in addition to private organization events.

Right now the City of Box Elder is not able to host the Black Hills Defense & Industry Symposium that will be held in September of 2018. The entire conference is built around the enormous impact Ellsworth AFB has in Western South Dakota, yet it can't be held in the City of which Ellsworth AFB is located due to no meeting / convention space.

With the anticipation of welcoming the B-21 Raider to Ellsworth and it's support staff, the addition of the Box Elder Community Event center's state of the art meeting and conference facilities will be an asset to the military and civilian personnel on the base by providing additional space for education, training, professional development activities or career advancement or enhancement of skills and related events.

Additionally, the space will augment facilities that are either over utilized or not available within the confines of Ellsworth Air Force Base. The Powder River Train area being one of the nation's largest military airspace training facilities in close proximity to Box Elder. It is possible the Community Event Center with nearly 682 hotel rooms on site, will be an asset to the Air Force or military as organization.

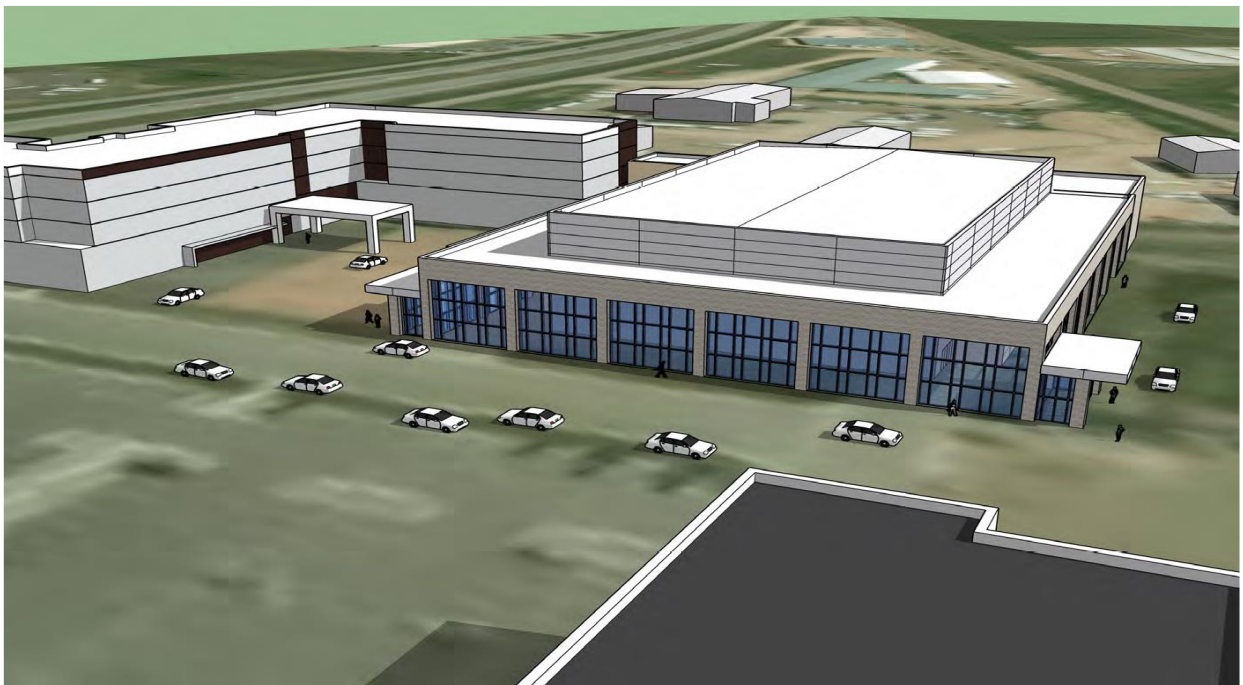
Project Overview

The City of Box Elder is proposing to build a 56,000 sq. ft. Community Event Center with the capability of hosting everything from sports tournaments to formal banquets. The facility will provide for maximum flexibility to host a wide variety of events with an emphasis on competitive sports.

The main space would consist of a 21,600 sq. ft. flat floor area capable of accommodating up to 3 full sized basketball courts including area for team benches and guest seating. The main space will have a minimum 30 foot, clear height making it useful for a wide range of activities. Banquet seating can accommodate groups of up to 1,400 for food service events. The potential exists for concerts and configuration could create a venue with a capacity of up to 2,500 guests.

A block of 6,000 sq. ft. of meeting room space flanks one of the public concourses. This space is divisible into four or five smaller breakout rooms of approximately 1,200 to 1,500 sq. ft. that will be able to accommodate a variety of functions.

The remaining 27,600 sq. ft. is designated for pre-function and support space which would include restrooms, concession, ticketing and a full catering kitchen, team rooms and mechanical and storage areas. Parking for the facility is adequate for day to day operations and the existing and proposed hotels.



Purpose & General Definitions

The property upon which this Tax Incremental District (TID) is proposed to be implemented is located within Pennington County, South Dakota.

As such, the creation of Pennington County TIF #4 shall be conditioned upon the creation of the District by resolution and the establishment of the TID boundaries.

The purpose of this Plan, to be implemented by Pennington County, South Dakota is to satisfy the requirements for a Tax Increment District #4 as specified in SDCL Chapter 11-9. The principal purpose of the Plan is to define eligible property and to define a Tax Increment Plan for funding eligible activities in an eligible area of the County. The Plan will describe the boundary, estimated costs, feasibility and fiscal impact of the District.

This Plan was prepared for adoption by the County Commissioners in recognition that the area requires a coordinated, cooperative strategy, with financing possibilities, to promote economic development and accomplish the County's development objectives for improving the continued viability by promoting economic development within the County.

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, help offset infrastructure costs related to the Box Elder Events Center and to promote economic development throughout the District.

General Definitions

The following terms found in this Plan are defined as the following:

"Base" or "Tax Incremental Base" means the aggregate assessed value of all taxable property located within a Tax Incremental District on the date the district is created, as determined by SDCL § 11-9-20.

"Blighted or Economic Development" SDCL § 11-9-8.

- (1) Not less than twenty-five percent, by area, of the real property within the district is a blighted area or not less than fifty percent, by area, of the real property within the district will stimulate and develop the general 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.

"Commission" means the Board of County Commissioners of Pennington County, South Dakota

"Calendar Year" means the starting date of January 1 to an ending date of December 31st.

"Department of Revenue" means the South Dakota Department of Revenue.

"Developer" means B-1 Development Inc.

"Developer's Agreement" means the agreement between Developer and Pennington County concerning this Tax Incremental District

"District" means the Tax Incremental District.

"Economic Development" means all powers expressly granted and reasonably inferred pursuant to SDCL § 9-54.

"Generally Applicable Taxes" shall have the same meaning as set forth in 26 CFR § 1.141-4(e).

"Governing body" means the Pennington County Commissioners, South Dakota.

"Grant" means the transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the municipality;

"Infrastructure Improvements" means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement, for the benefit of or for the protection of the health, welfare, or safety of the public generally.

"Planning Commission" means the Pennington County Planning Commission

“Plan” means this Project Plan.

“Project Costs” means any expenditure or monetary obligations by Pennington County, whether made, estimated to be made, incurred or estimated to be incurred, which are listed as Project Costs herein will include any costs incidental thereto but diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received in connection with the implementation of this Plan.

“Project Plan” means a properly approved Plan for the development or redevelopment of a tax incremental district including all properly approved amendments thereto as recommended pursuant to SDCL § 11-9-13.

“Public Works” means the Infrastructure Improvements, the acquisition by purchase or condemnation of real and personal property within the Tax Incremental District and the sale, lease, or other disposition of such property to private individuals, partnerships, corporations, or other entities at a price less than the cost of such acquisition which benefit or further the health, safety, welfare and economic development of the County and Project Costs.

“Taxable Property” means all real taxable property located in a Tax Incremental District.

“Tax Incremental District” means a contiguous geographic area within a County defined and created by resolution of the governing body and named Pennington County Tax Incremental District #4.

“Tax Increment Valuation” is the total value of the Tax Incremental District minus the tax incremental base pursuant to § 11-9-19.

“Tax Increment Law” means South Dakota Codified Laws Chapter 11-9.

CREATION OF PENNINGTON COUNTY TAX INCREMENT DISTRICT #4

Property Within Tax Increment #4

The real property to be located within the Tax Increment District is described as follows:

THAT PORTION OF N1/2NW1/4 LYING North OF Road ROW, Section 26, T2N, R8E

N1/2NE1/4 less Lot H3, less Highway; Tract A OF SE1/4NE1/4; NW1/4 LESS Tract C, LESS Tract H, LESS LOT 1-2 OF Tract K, LESS LOT B OF Tract J Revised, LESS LOT 1-2 OF Tract L, LESS LOT A OF Tract C, LESS SEGER CROSSING Subdivision, LESS LOTS H3 AND H4, Section 27, T2N, R8E;

DRAINAGE Tract 1 and Drainage Tract 2, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Lot 1, Lot 2, Lot 3 less Lot H1, Lot 4, Block 1, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Lot 1, Lot 2, Lot 3, Lot 4 less Lot H1, Block 2, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Sign Tract 1, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

LOT 1 and Lot 2 OF LOT D OF W1/2 E1/2, Section 27, T2N, R8E;

Lot 1 and Lot 2 Less Lot H1, RDO Subdivision, Section 27, T2N, R8E;

LOT 1 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 2 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 4 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 1 and Lot 2, DAVIS Subdivision, Section 27, T2N, R8E;

Lot 1 Revised, Lot 2a and 2b, Lot 4, ISIS Subdivision, Section 27, T2N, R8E;

All Located in the City of Box Elder, Black Hills Meridian, Pennington County, South Dakota including within and adjacent rights-of-ways.

TAXABLE VALUE OF PENNINGTON COUNTY

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2019 Taxes Payable value for Pennington County is \$10,924,561,900. The base value of the taxable property for inclusion into this Tax Incremental District #4, as estimated but not yet verified by Pennington County Director of Equalization, is \$36,003,900

11-9-7. Maximum percentage of taxable property in municipality permitted in districts. In order to implement the provisions of this chapter, the resolution required by § 11-9-5 shall contain a finding that the aggregate assessed value of the taxable property in the district plus the **tax incremental base of all other existing districts does not exceed ten percent** of the total assessed value of taxable property in the municipality.

There are currently no active TIF Districts under the jurisdiction of Pennington County, South Dakota.

Since there are no other TIFs in the county, the total value of all active TIF districts in Pennington County is less than ten (10) percent of total taxable value in the County. Using the estimates provided for TID #4, it is less than 10% of the total 2019 Taxable Valuation.

Table #1 Base Value Analysis	
2018 Pennington County Valuation	\$10,924,561,900
SDCL 11-9-7 - 10% Based Valuation	\$1,092,456,190
Tax Incremental District #4 (ext.)	\$35,580,400
Total Base Value in Tax Incremental Districts	\$35,580,400
Base Valuation Remaining	\$1,056,875,790

KIND, NUMBER, LOCATION, AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS SDCL § 11-9-13(1)

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred. The Project Costs include capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs, discretionary costs and grants, plus any costs incidental thereto.

All Project Costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project constitutes economic development which is a proper public purpose of the County. The County exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The County shall enter into all contracts / agreements in accordance with South Dakota Law.

Costs of Public Works and Improvements

In accordance with SDCL § 11-9-14 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

The following are estimated costs of the Project:

Kind of Project	Location ¹	Amount	Reference ²
Capital Costs (Street, Road, Water, Bridge & Sewer)	District		11-9-15(1)
Financing Costs	District		11-9-15(2)
Real Property Assembly	District		11-9-15(3)
Professional Fees	District		11-9-15(4)
Administrative Costs	District		11-9-15(5)
Relocation Costs	District		11-9-15(6)
Organizational Costs	District		11-9-15(7)
Discretionary Costs and Grants	District	11,500,000	11-9-15(8)
Eligible Project Costs		\$11,500,000	

The above are estimates of the costs involved in the project; the final total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only projected expenditures, the total authorized TID costs is expected to be \$11,500,000. This amount is the controlling value with respect to authorized TID Project Costs rather than the particular line item amounts contained in the above Chart and Schedule 1. The line item categories proposed are for guidance only, and actual costs will be determined upon completion of the improvements. The above total represents eligible Project Costs. Only such amounts as are feasible will be allowed by the County or by monetary obligation.

¹District shall mean the Tax Increment District.

²SDCL §11-9-15 (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.

Expenditures Exceeding Estimated Cost

Any expenditures, which in sum would exceed the total amount of the TID amount of \$11,500,000, will require an amendment of this Plan. All amendments would be undertaken pursuant to SDCL §11-9-23.

When the expenditures within the Plan are increased in excess of more than 35 percent of the total above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

If the Project Costs are not provided for in the original plan, the governing body would be required to amend the plan which requires the South Dakota Department of Revenue to re-determine the tax increment base when additional Project Costs are added to a plan. SDCL §11-9-23.

Conditions of the Developer Agreement relating to Obligation

It is specifically a condition of the proposed Developer's Agreement that the County's obligation to pay is limited to the proceeds of the positive tax increment from the TID receipted into the TIF Fund. The obligation of the County to pay pursuant to the proposed Agreement does not constitute a general indebtedness of the County or a charge against the County's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated within the Agreement by reference. It is also to be specifically agreed that the County has made no representation that the proceeds from such Fund shall be sufficient to retire any indebtedness incurred by Developer. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocation of the positive tax increment payments and the fund created by the TID.

Detailed List of Estimated Project Costs

Attached as Schedule 1 is a detailed list of estimated Project Costs for each of the improvements. The project as per SDCL § 11-9-13(3). No expenditure for Project Costs is provided for more than five years after the District is created. The costs will be classified as a Grant to reflect the expenditure has been within the five years from approval of the TIF Plan #4.

Tax Incremental District #4 Total Estimated Costs			
	Development Costs ⁽¹⁾	Tax Incremental District Costs ⁽²⁾	Total Costs
Capital Costs			
<i>Seger Crossing Business Park</i>			
Land Cost	\$3,200,000		\$3,200,000
Grading Project Essentials	\$814,076	\$814,076	\$814,076
Water	\$609,284	\$609,284	\$609,284
Sanitary	\$349,247	\$349,247	\$349,247
Surfacing	\$1,444,590	\$1,444,590	\$1,444,590
Drainage	\$899,687	\$899,687	\$899,687
Sub-Total	\$7,316,884	\$4,116,884	\$7,316,884
<i>Box Elder Event Center</i>			
Streets / Utilities / Drainage /	\$2,008,426	\$2,008,426	\$2,008,426
Sub-Total	\$2,008,426	\$2,008,426	\$2,008,426
<i>Other Development Costs</i>			
Courtyard by Marriott	\$13,330,000		\$13,330,000
Box Elder Event Center	\$16,000,000		\$16,000,000
Seger Crossing Commercial buildings	\$23,037,750		\$23,037,750
Seger Crossing Industrial buildings	\$49,366,635		\$49,366,635
Other Commercial Development	\$25,000,000		\$25,000,000
Sub-Total	\$126,734,385	\$0	\$126,734,385
Fees			
Architectural	\$400,000		\$400,000
Engineering	\$410,660	\$410,660	\$410,660
Legal	\$50,000		\$50,000
Sub-Total	\$860,660		\$860,660
Contingency Costs			
Seger	\$205,845	\$205,845	\$205,845
Event Center	\$301,263	\$301,263	\$301,263
	\$507,108	\$507,108	\$507,108
Administrative Costs			\$0
Total Costs	\$137,427,463	\$7,043,078	\$137,427,463
Financing Costs (only TID related)			
Interest		\$4,456,922	\$6,000,000
Total TIF Allowable Expenditures		\$11,500,000	

FEASIBILITY STUDY, ECONOMIC DEVELOPMENT STUDY, AND FISCAL IMPACT STATEMENT

Feasibility Study

An economic feasibility study per SDCL § 11-9-13(2) is attached as Schedule 2.

Economic Development Study

Attached is Schedule 3 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the bonds are repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

Fiscal Impact Statement

Attached is Schedule 4 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the bonds are repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS

The payment of Project Costs is anticipated to be made by the County from the special fund of the Tax Incremental District. SDCL § 11-9-13(5).

Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #4 shall be the amount sufficient to reimburse the Developer for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed \$11,500,000 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. Final terms will be approved by a County resolution.

Duration of Tax Increment Plan

The duration of the Plan will extend to the number of years it will take for the reimbursement of the County, the extinguishment of bonds and the monetary obligation except that the Plan duration **shall not exceed 20 calendar years** of revenue from the date of creation of the District.

ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS

The site will generate taxes to the local jurisdictions at or above the assessed value of the base. All taxing districts shall receive the taxes from that base which will be the value set for 2018 taxes payable in 2019. The tax increment will be available to the taxing jurisdictions at or before twenty years after the creation of the District. Schedule 5 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds and monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

Mechanisms are built within State Codified Law to ensure that school districts are held harmless by TIF districts for their General and Special Education Funds. For these purposes, law (SDCL 13-13-10.2) defines three classifications of TIFs:

- Economic Development - Any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial by the governing body that has zoning authority over the land contained within the tax incremental district
- Industrial – Any factory or any business engaged primarily in the manufacturing or assembly of goods, the processing of raw materials, and the wholesale distribution of products for resale
- Affordable Housing – Includes an area where: 1. The original selling price of any house in the district will be at or below the first-time homebuyer purchase price limit being used by the South Dakota Housing Development Authority as of the date the house is sold; OR 2. The monthly rental rate of all multifamily housing units in the district will be at or below the calculated rent for the state's eighty percent area median income as of the date the district is created, for a minimum of five years following the date of first occupancy.
- Local – Any tax incremental districts that do not fall under Economic Development or Industrial

All public school districts are funded through the State Aid to Education formula. The two primary channels of the formula are State Aid and Local Effort. Multiple agencies of the State of South Dakota calculate the amount of General Fund monies to be distributed to school districts each year through the State portion. Local effort is considered the amount of revenue that is generated by local property taxes at maximum levies.

If a TIF is classified as Economic Development, Industrial, or Affordable Housing, the school funding that would be generated by the increment valuation is considered lost local effort and is paid through the State Aid side of the formula. If a TIF is classified as Local, the affected school district funding must be recouped through local effort in the form of an additional levy added to the General and Special Education Funds. In either scenario, the school district receives the financial need associated with the increment valuation.

Pennington County TIF #4 will be classified as Industrial; therefore, any lost local effort will be covered through the State Aid to Education Formula.

MAPS

The Conditions map, SDCL § 11-9-16(1), is included as Attachment 2.

The Improvements map, SDCL § 11-9-16(2), is included as Attachment 3.

The Zoning Change Map, SDCL § 11-9-16(3), is included as Attachment 4.

SUPPLEMENTARY FINDINGS

CHANGES TO CITY & COUNTY COMPREHENSIVE/MASTER PLAN MAP, BUILDING CODES & COUNTY ORDINANCES PER SDCL §11-9-16 (4)

No changes to neither City or County ordinances nor the City Master Plan are required.

LIST OF ESTIMATED NON-PROJECT COSTS

A list of the non-Project Costs per SDCL § 11-9-16(5) can be found on Schedule 1

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN

No residents or families will be displaced by the Project. SDCL § 11-9-16(6)

PERFORMANCE BOND, SURETY BOND OR OTHER GUARANTY

As security for its fulfillment of the agreement with the governing body, a purchaser or lessee of redevelopment property may furnish a performance bond, with such surety and in such form and amount as the governing body may approve or make such other guaranty as the governing body may deem necessary in the public interest. The County may ask the Developer for such performance bond when the work is performed.

LIST OF SCHEDULES AND ATTACHMENTS

SCHEDULE 1 - Estimated Project Cost

SCHEDULE 2 - Economic Feasibility Study & Estimated Captured Taxable Values

SCHEDULE 3 - Economic Development Study

SCHEDULE 4 - Fiscal Impact Statement

Attachment 1 - Descriptions of Real Property

Attachment 2 - Conditions map, SDCL § 11-9-16(1)

Attachment 3 - Improvements map, SDCL § 11-9-16(2)

Attachment 4 - Zoning Change Map SDCL § 11-9-16(3)

Attachment 5 –Box Elder Event Center Opinion of Probable Costs

Attachment 6 – Resolution Authorizing Pennington County to Create District

Attachment 7 – Supporting Letters

SCHEDULE 1

DETAIL OF PROJECT COSTS

Tax Incremental District #4 Total Estimated Costs			
	Development Costs ⁽¹⁾	Tax Incremental District Costs ⁽²⁾	Total Costs
Capital Costs			
<i>Seger Crossing Business Park</i>			
Land Cost	\$3,200,000		\$3,200,000
Grading Project Essentials	\$814,076	\$814,076	\$814,076
Water	\$609,284	\$609,284	\$609,284
Sanitary	\$349,247	\$349,247	\$349,247
Surfacing	\$1,444,590	\$1,444,590	\$1,444,590
Drainage	\$899,687	\$899,687	\$899,687
Sub-Total	\$7,316,884	\$4,116,884	\$7,316,884
<i>Box Elder Event Center</i>			
Streets / Utilities / Drainage /	\$2,008,426	\$2,008,426	\$2,008,426
Sub-Total	\$2,008,426	\$2,008,426	\$2,008,426
<i>Other Development Costs</i>			
Courtyard by Marriott	\$13,330,000		\$13,330,000
Box Elder Event Center	\$16,000,000		\$16,000,000
Seger Crossing Commercial buildings	\$23,037,750		\$23,037,750
Seger Crossing Industrial buildings	\$49,366,635		\$49,366,635
Other Commercial Development	\$25,000,000		\$25,000,000
Sub-Total	\$126,734,385	\$0	\$126,734,385
Fees			
Architectural	\$400,000		\$400,000
Engineering	\$410,660	\$410,660	\$410,660
Legal	\$50,000		\$50,000
Sub-Total	\$860,660		\$860,660
Contingency Costs			
Seger	\$205,845	\$205,845	\$205,845
Event Center	\$301,263	\$301,263	\$301,263
	\$507,108	\$507,108	\$507,108
Administrative Costs			
Total Costs	\$137,427,463	\$7,043,078	\$137,427,463
Financing Costs (only TID related)			
Interest		\$4,456,922	\$6,000,000
Total TIF Allowable Expenditures		\$11,500,000	



MEMORANDUM

TO: Paul Bradsky

FROM: John Van Beek, PE

DATE: May 24, 2019

RE: **Seger Crossing Public Infrastructure Improvements**

This memorandum has been prepared to identify the remaining necessary public infrastructure improvements and provide conceptual estimates of probable construction cost. The improvements will include the extension of Seger Drive from Elk Vale Road to Americas Way, the extension of Americas Way from East Mall Drive to Seger Drive, the west water and sanitary sewer extension approximately 700 feet east of Elk Vale Road and the extension of Seger Drive from Americas Way to and including the remainder of the North Access. Please refer to the figure of the Project Area at the end of this memorandum. Following is a detailed description of each portion of the project.

1. Seger Drive Extension from Elk Vale Road to the proposed intersection of Seger Drive and Americas Way approximately 1265 feet east of Elk Vale Road.
 - a. 36-foot wide, three lane street section with curb and gutter on each side.
 - b. 10-inch water main and hydrants in the easternmost 600 feet of Seger Drive.
 - c. 8-inch and 10-inch sanitary sewer in the easternmost 600 feet of Seger Drive.
 - d. Storm sewer and inlets for the full length of Seger Drive with a storm sewer outfall to the regional drainage channel (Unnamed Tributary to Box Elder Creek).
2. Americas Way Connection from East Mall Drive to Seger Drive.
 - a. 36-foot wide, three lane street section with curb and gutter on each side.
 - b. 8-inch water main and hydrants from 360 feet north of East Mall Drive to Seger Drive.
 - c. 8-inch sanitary sewer from 270 feet north of East Mall Drive to Seger Drive.
 - d. Storm sewer and inlets for the full length of Americas Way.
3. West water and sanitary sewer extension approximately 700 feet east of Elk Vale Road.
 - a. 10-inch water main will be connected between Seger Drive and East Mall Drive to provide service to adjacent properties and to provide a loop in the water system.
 - b. 8-inch sanitary sewer will be extended from Seger Drive to the south approximately 1225 feet to provide service to adjacent properties.

ACEC

729 East Watertown Street, Rapid City, SD 57701
www.ferberengineering.com ~ Phone: (605) 343-3311 ~ FAX: (605) 343-3399

May 24, 2019
Page 2

- c. A permanent utility easement for the construction of the west water and sanitary sewer extension will be donated to the City of Box Elder by the adjacent landowners.
4. Seger Drive from Americas Way to the east approximately 2400 feet and the Unnamed street connection from Seger Drive to the south to connect to East Mall Drive (North Access).
 - a. 26-foot wide, two lane street section with curb and gutter on each side.
 - b. 10-inch water main and hydrants for the full length of the roadway.
 - c. Storm sewer and inlets as necessary along Seger Drive.
 - d. Right-of-Way for the construction of Seger Drive and the North Access will be donated to the City of Box Elder by the adjacent landowners.
5. Double 9-foot by 5-foot box culvert crossing of the regional drainage channel (Unnamed Tributary to Box Elder Creek) under Seger Drive along with necessary drop structure and channel grading.

Budgetary Cost Estimate

Description	Cost
Grading and Project Essentials	\$814,076.00
Water	\$609,284.00
Sanitary Sewer	\$349,247.00
Surfacing	\$1,444,590.00
Drainage	\$899,687.00
Subtotal	\$4,116,884.00
5% Contingency	\$205,845.00
Total Construction Cost	\$4,322,729.00
Engineering and Construction Admin (9.5%)	\$410,660.00
Total Project	\$4,733,389.00

Preliminary Cost Estimate
Infrastructure & Utility Improvements

Item	Item Description	Estimated Quantity	Units	Engineer's Estimate	
				Unit Price	Total
Project:	Box Elder Community Center				
1	Mobilization	1	LS	\$ 150,000.00	\$ 150,000.00
2	Incidental Work	1	LS	\$ 87,000.00	\$ 87,000.00
3	Staking	1	LS	\$ 75,000.00	\$ 75,000.00
4	AASHTO T-180 Soil Test	13	EA	\$ 180.00	\$ 2,340.00
5	Dewatering	1	LS	\$ 10,000.00	\$ 10,000.00
6	Traffic Control	1	LS	\$ 5,000.00	\$ 5,000.00
7	Unclassified Excavation	7,689	CY	\$ 15.00	\$ 115,335.00
8	Engineered Fill	7,530	CY	\$ 35.00	\$ 263,550.00
9	Remove & Dispose Curb and Gutter	1,333	LF	\$ 6.00	\$ 7,998.00
10	Remove & Dispose Concrete Fillet & Pan	32	SY	\$ 10.00	\$ 320.00
11	Remove & Dispose Inlet	2	EA	\$ 500.00	\$ 1,000.00
12	Remove & Dispose Concrete Valley Gutter	360	SF	\$ 3.50	\$ 1,260.00
13	Remove & Dispose Asphalt Full Depth	900	SY	\$ 10.00	\$ 9,000.00
14	Remove & Dispose Water Main	12	LF	\$ 15.00	\$ 180.00
15	Remove Existing Storm Pipe	493	LF	\$ 25.00	\$ 12,325.00
16	Asphalt Pavement Full Depth	615	TON	\$ 100.00	\$ 61,500.00
17	Common Utility Trench	1,010	LF	\$ 45.00	\$ 45,450.00
18	Gravity Block Wall	3,577	SF	\$ 52.00	\$ 186,004.00
19	Concrete Curb & Gutter	1,283	LF	\$ 25.00	\$ 32,075.00
20	Concrete Fillet & Pan, 6" Reinforced	115	SY	\$ 102.00	\$ 11,730.00
21	4" Concrete Sidewalk, Nonreinforced	36	SY	\$ 32.00	\$ 1,152.00
22	6" Concrete Sidewalk, Reinforced	458	SY	\$ 58.00	\$ 26,564.00
23	Detectable Warning Panel	50	SF	\$ 45.00	\$ 2,250.00
24	Aggregate Base Course	730	TON	\$ 29.00	\$ 21,170.00
25	Adjust Water Valve	1	EA	\$ 225.00	\$ 225.00
26	Hydrant w/ Auxiliary Valve	2	EA	\$ 5,600.00	\$ 11,200.00
27	8" Coupling	2	EA	\$ 350.00	\$ 700.00
28	8" Gate Valve	2	EA	\$ 1,200.00	\$ 2,400.00
29	8" PVC Water Main C-900 DR18	126	LF	\$ 50.00	\$ 6,300.00
30	18" RCP	210	LF	\$ 70.00	\$ 14,700.00
31	24" RCP	76	LF	\$ 75.00	\$ 5,700.00
32	30" RCP	156	LF	\$ 110.00	\$ 17,160.00
33	36" RCP	66	LF	\$ 120.00	\$ 7,920.00
34	36" ARCH RCP	235	LF	\$ 140.00	\$ 32,900.00
35	48" RCP	623	LF	\$ 190.00	\$ 118,370.00
36	48" Short Radius Bends	12	EA	\$ 750.00	\$ 9,000.00
37	36" ARCH RCP Bend	1	EA	\$ 1,200.00	\$ 1,200.00
38	2'x3' Type B Inlet w/Frame and Grate	5	EA	\$ 3,700.00	\$ 18,500.00
39	3'x4' Type B Inlet w/Frame and Grate	1	EA	\$ 4,400.00	\$ 4,400.00
40	4'x10' Type S Inlet	2	EA	\$ 8,500.00	\$ 17,000.00
41	60" Storm Orifice Manhole w/Frame and Lid	1	EA	\$ 16,000.00	\$ 16,000.00
42	72" Storm Manhole w/Frame and Lid	1	EA	\$ 20,000.00	\$ 20,000.00
43	48" x 36" Tee	1	EA	\$ 3,500.00	\$ 3,500.00
44	Storm Water Detention Cell	1	LS	\$ 540,000.00	\$ 540,000.00
45	30" FES W/ Cutoff Wall	1	EA	\$ 2,100.00	\$ 2,100.00
46	48" FES W/ Cutoff Wall	1	EA	\$ 3,800.00	\$ 3,800.00
47	Furnish and Place Topsoil	230	CY	\$ 18.00	\$ 4,140.00
48	Erosion Control Blanket	561	SY	\$ 3.50	\$ 1,963.50
49	Seeding, Fertilizing and Mulching	0.52	Acre	\$ 5,000.00	\$ 2,600.00
50	Rip Rap Class B	270	Ton	\$ 55.00	\$ 14,850.00
51	Sediment Control Wattles	900	LF	\$ 1.85	\$ 1,665.00
52	Vehicle Tracking Control	2	EA	\$ 900.00	\$ 1,800.00
53	Inlet Protection	7	EA	\$ 18.50	\$ 129.50
				Sub Total	\$ 2,008,426.00
				15% Contingency	\$ 301,263.90
				Total	\$ 2,309,689.90

Estimates TID Eligible of Project Costs Requested

Pennington County has determined that this will be an Economic Development Tax Increment District, thus the eligible cost will be in the form of Capital Costs, professional fee's and administrative costs that will not exceed \$11,500,000. This is a permitted use under SDCL 11-9-15.

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 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 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, the implementation of project plans, or to stimulate and develop the general economic welfare and prosperity of the state.

SCHEDULE 2

ECONOMIC FEASIBILITY STUDY & TAXABLE VALUE

The County will be creating a Tax Increment District to help the Developer offset the infrastructure costs associated with this project. This feasibility study provides that the Project Costs can be financed through tax increment financing under South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9). Tax increment financing is an indispensable self-financing tool used throughout the United States to help local governments successfully develop and redevelop areas and encourage economic development.

In tax increment financing, the current real property tax assessed value of all properties in a designated project area (“tax increment financing district”) is established as the “base value.” As development in the tax increment financing district increases the assessed values of the redeveloped properties, a portion of the additional tax revenue generated by the increase in assessed value over the base value is set aside and committed by the County to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a “Project Plan” duly adopted by the County. The property is currently estimated to have a taxable value of \$36,003,900. The improvements to be made to the property are estimated to add to the assessed valuation. The estimated increment resulting from the improvements would be approximately anywhere from \$20,000,000 to \$40,000,000 in new value once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

The County’s role is to create and administer Tax Increment District #4 and pass on the positive increment to the Developer or their assignee’s. The County will collect all TIF revenue and pass on all positive increment to the Developer for their debt service and expenses, of which, will never exceed \$11,500,000 in total payments, or 20 years from the year of creation, whichever comes first.

It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal and interest when due. The actual repayment schedule may change, but all principal and interest shall be paid within the life of the TID. Utilizing the information regarding expected increment valuation and tax generation, it is possible to estimate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

Pennington County TID #4 is proven feasible based upon the projections made by the Developer, projecting a total in excess of \$11,500,000 in tax revenue during the life of the 20-year TIF, based on the assumptions. The calculations of the estimated tax increment valuation and tax generated for the TID can be found in the following tables. For purposes of this Project Plan, it is anticipated no increment generated by County TID #4 will be available until the earliest of calendar year 2022 and thereafter.

TID Tax Revenue Estimates Available for Pennington County

The two different development areas within the Tax Increment District #4 will have different development characteristics. The Seger Crossing Business Park has 22 lots and will have a variety of different commercial and industrial business. The analysis for the future development of this area has taken a conservative approach in both lot sale price and build out investments. The analysis is showing that the individual lots assessed value for the development will range from \$1,450,000 to \$7,100,000 with the overall average lot assessment being \$3,300,000. The estimated total value of the Seger Crossing Business Park is \$72,404,335. This does not include the other vacant property located on the north side of the Interstate 90 that is included in Tax Increment District #4. It is estimated that this property will be another \$20,000,000 and this additional increase is not part of the analysis but will help reduce the debt service term.

The Box Elder Event Center area has a known build-out value. The only property that is being considered is the new Courtyard by Marriott hotel. It is expected to have an assessed value of \$12,000,000 based on similar properties. This is the only property that is located in the Rapid City Area School District that is part of the new increment valuation.

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Estimated Current Assessed Value of District	\$ 35,580,400
Estimated Assessed Value of New Projects	\$ 20,000,000
Marriott Hotel Assessment	\$ 12,000,000
Estimated Total Increment Valuation	\$ 32,000,000

Pennington County Tax Increment District #4 Revenue Assumptions

Assumed Base Value \$ 36,003,900											
Construction Year	Valuation Year	Revenue Year	Valuation Increment	Total School "Other"	City of Box Elder	County Mill Rate	Water Development District	Fire District	Total Mill Rate*	Total Revenue Increment	Total Increment for Debt Service
2019	2020	2021	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ -
2020	2021	2022	12,000,000	12	5.139	4.730	0.024	1.086	22.979	\$ 275,748.00	\$ 275,748.00
2021	2022	2023	5,000,000	12	5.139	4.730	0.024	1.086	22.979	\$ 114,895.00	\$ 390,643.00
2022	2023	2024	5,000,000	12	5.139	4.730	0.024	1.086	22.979	\$ 114,895.00	\$ 505,538.00
2023	2024	2025	5,000,000	12	5.139	4.730	0.024	1.086	22.979	\$ 114,895.00	\$ 620,433.00
2024	2025	2026	5,000,000	12	5.139	4.730	0.024	1.086	22.979	\$ 114,895.00	\$ 735,328.00
2025	2026	2027	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2026	2027	2028	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2027	2028	2029	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2028	2029	2030	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2029	2030	2031	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2030	2031	2032	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2031	2032	2033	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2032	2033	2034	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2033	2034	2035	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2034	2035	2036	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2035	2036	2037	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2036	2037	2038	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
2037	2038	2039	-	12	5.139	4.730	0.024	1.086	22.979	\$ -	\$ 735,328.00
											\$ 12,086,954.00

* Assumes Mill Levies remain constant for the duration of the TIF

Note: The Increment Valuations above are for projection purposes only and do not reflect what the actual number(s) may be. These projection numbers have not been certified or assessed by the Pennington County Director of Equalization.

*\$12,000,000 is the projected assessed valuation for the Marriott that will be completed in 2020

** the estimates for construction year 2021-2024 show what is needed in order to receive the \$11,500,000 in total TIF reimbursement as a breakeven estimate

SCHEDULE 3

ECONOMIC DEVELOPMENT STUDY

Introduction

Pennington County has a desire to create a tax increment district (TID). Per South Dakota Codified Law 11-9-8, the governing body must make a finding that not less than 50%, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the State through the promotion and advancement of industrial, commercial, manufacturing, agricultural and natural resources, and the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

Study Area Boundary

The Project boundaries are described and depicted on the maps in Attachments 1 and 2 of this Plan.

Establishing Economic Development

South Dakota law describes economic development as activity that stimulates and develops the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources. The definition of Industrial for State Aid to Education Formula purpose is any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial. The proposed Pennington County TID #4 meets both of these criteria. The area within the boundaries of the TIF is currently within the City of Box Elder.

Finding That the Improvements to the Area Are Likely To Enhance Significantly the Value Of Substantially All Of The Other Real Property In The District

It is definitively found that once the improvements set forth within the Project Plan are initiated, the improvements will enhance significantly the value of substantially all of the other real property in the district. The Pennington County TID #4 will create needed infrastructure updates to support a City owned event center along with developing commercial and industrial lots for future growth and new jobs.

Conditions Within The Study Area; Land Use And Planning Land Use, Planning And Comprehensive Plan

The Pennington County Comprehensive Plan is consistent with the proposed use of the District as is the City of Box Elder's land use plan.

Findings within the Project Area Analysis

It is found that not less than 50%, by area, of the real property within the District will stimulate and develop the general economic welfare and prosperity of the State of South Dakota through the promotion and advancement of industrial, commercial, manufacturing, agricultural, and natural resources. It is also found that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the District in accordance with SDCL 11-9-8.

The investment in the Project area will stimulate and develop the general economic welfare and prosperity of the region through the promotion of employment and advancement of commerce.

SCHEDULE 4

FISCAL IMPACT STATEMENT FOR PENNINGTON COUNTY TID #1

Introduction

A fiscal impact statement shows the impact of the TID, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the District. The following fiscal impact statement is intended to provide only a brief analysis of the estimated impact of the Tax Increment District to the public pursuant to SDCL § 11-9-13(4). It is not intended to challenge a more detailed, complete financial analysis.

Definitions

"Assumptions" means factors or definitions used in the fiscal analysis. Assumptions may include facts and figures identified by the District and educated guesses that are sometimes necessary when not all of the information is available. Assumptions are often used to extrapolate an estimate. Assumptions may include an estimate of tax levies of each taxing entity, the school aid formula contribution, the value of the real property, etc.

"Base Revenues" means the taxes collected on the base value.

"Fiscal Impact" means the increase or decrease in revenues and generally refers to an impact to revenues caused by the district.

"Revenue" means ad valorem taxes.

"Tax Increment District" means Pennington County Tax Increment District Number 4.

"Taxing Districts" means all political subdivisions of the state which have ad valorem taxing power over property within the boundaries of the Tax Increment District.

"Tax Increment Revenues" means all revenues above the Base Revenues.

Assumptions

1. The property will have improvements which at completion is estimated at taxable purposes at \$32,000,000 for breakeven purposes
2. The average tax levy of all taxing districts will be \$22.9 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2022 and end prior to 2039.
4. The discretionary formula is not available in this property

SCHEDULE 5

ESTIMATED CAPTURED TAXABLE VALUES

* Actual valuation shall depend upon the value determined by the Pennington County Director of Equalization when assessed, with the application of dollars-per-thousand from local taxes. All tax increment revenues shall be from Generally Applicable Taxes attributable to the improvements to be constructed in the TID. The potential for total increment collections are estimated to be at the maximum range of \$11,500,000 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2022, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

The following dollars-per-thousand rates are the current taxing rates of the local taxing jurisdictions for Non-AG Other property types:

2019 Property Tax Rate

Non-Agricultural (Other) 2018 Tax Levies and Percentage of Total Levy

Taxing Entity	Tax Levy	% of Total Levy
Douglas School District	13.309	54.80%
City of Box Elder	5.139	21.16%
Pennington County	4.730	19.47%
Box Elder Fire District	1.086	4.47%
West Dakota Water Development	0.024	0.10%
Total Mill Levy	24.288	100.00%

Non-Agricultural (Other) 2018 Tax Levies and Percentage of Total Levy

Taxing Entity	Tax Levy	% of Total Levy
Rapid City School District	11.676	51.54%
City of Box Elder	5.139	22.68%
Pennington County	4.730	20.88%
Box Elder Fire District	1.086	4.79%
West Dakota Water Development	0.024	0.11%
Total Mill Levy	22.655	100.00%

It should be noted that the proposed Tax Increment District #4 has two different school district boundaries. For the purposes of projections a mill levy of 22.9 with relation to the District(s) will be used.

Utilizing the information regarding expected increment valuation and tax generation, it is possible to generate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

ATTACHMENT 1

DESCRIPTIONS OF REAL PROPERTY:

The real property to be located within the Tax Increment District is described as follows:

THAT PORTION OF N1/2NW1/4 LYING North OF Road ROW, Section 26, T2N, R8E

N1/2NE1/4 less Lot H3, less Highway; Tract A OF SE1/4NE1/4; NW1/4 LESS Tract C, LESS Tract H, LESS LOT 1-2 OF Tract K, LESS LOT B OF Tract J Revised, LESS LOT 1-2 OF Tract L, LESS LOT A OF Tract C, LESS SEGER CROSSING Subdivision, LESS LOTS H3 AND H4, Section 27, T2N, R8E;

DRAINAGE Tract 1 and Drainage Tract 2, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Lot 1, Lot 2, Lot 3 less Lot H1, Lot 4, Block 1, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Lot 1, Lot 2, Lot 3, Lot 4 less Lot H1, Block 2, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Sign Tract 1, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

LOT 1 and Lot 2 OF LOT D OF W1/2 E1/2, Section 27, T2N, R8E;

Lot 1 and Lot 2 Less Lot H1, RDO Subdivision, Section 27, T2N, R8E;

LOT 1 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 2 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 4 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 1 and Lot 2, DAVIS Subdivision, Section 27, T2N, R8E;

Lot 1 Revised, Lot 2a and 2b, Lot 4, ISIS Subdivision, Section 27, T2N, R8E;

All Located in the City of Box Elder, Black Hills Meridian, Pennington County, South Dakota including within and adjacent rights-of-ways.

ATTACHMENT 2

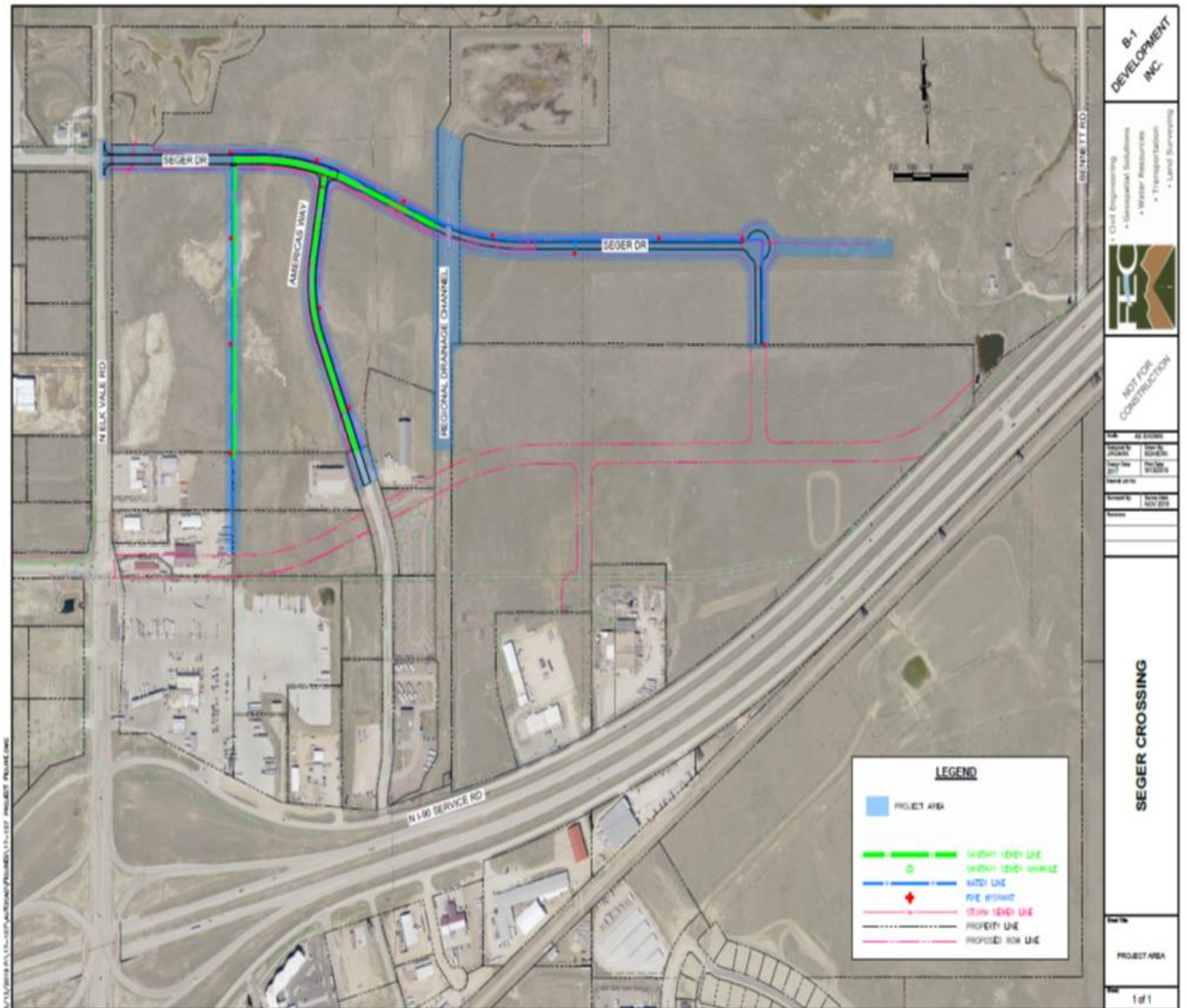
Conditions picture for Pennington County Tax Incremental District #4, SDCL § 11-9-16(1)

The following is a picture showing the current conditions of the proposed location of TIF #4



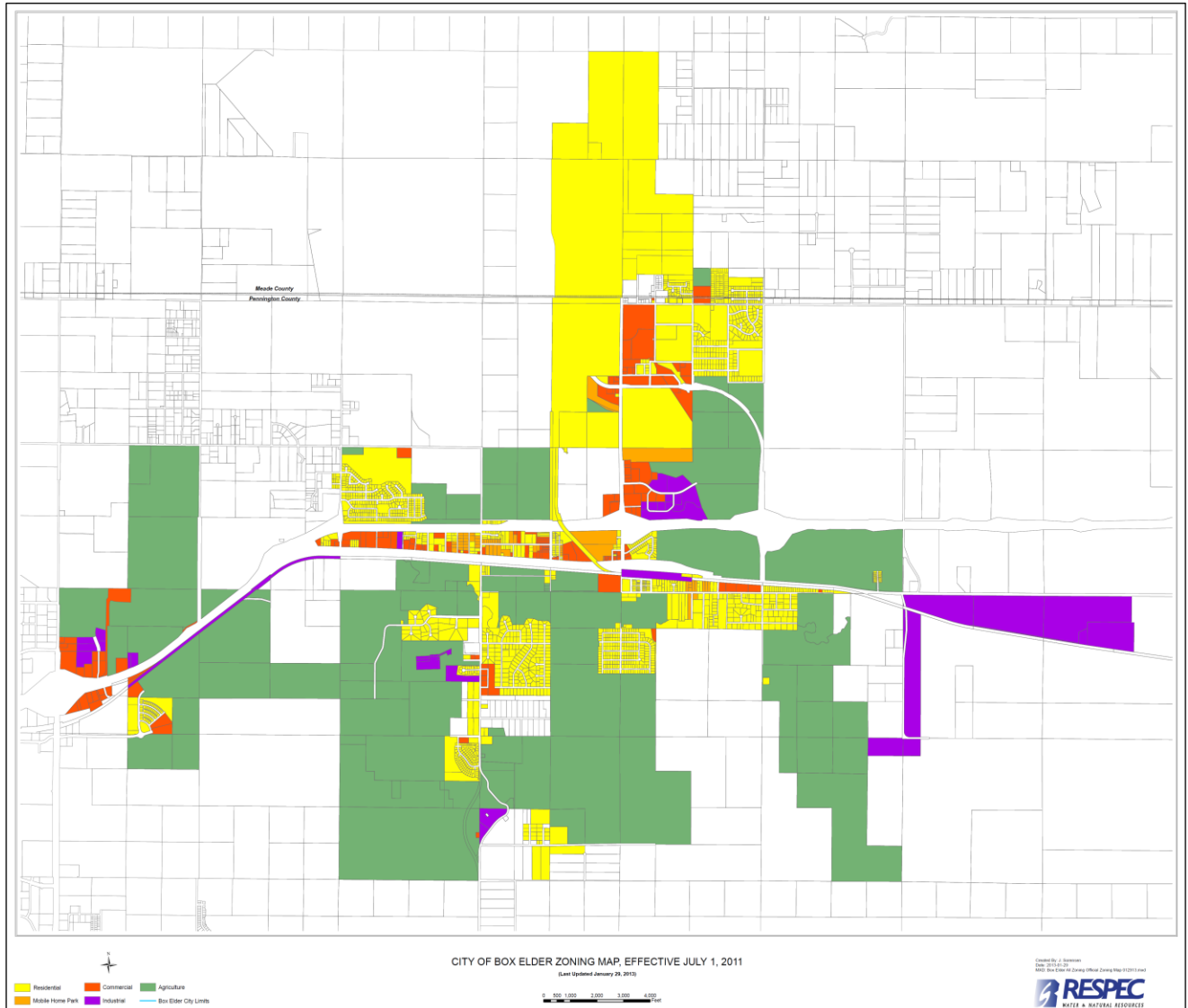
ATTACHMENT 3

Improvements map for Pennington County Tax Incremental District #4, SDCL § 11-9-16(2).



ATTACHMENT 4

The following map shows the current zoning map for the City of Box Elder



ATTACHMENT 5

Box Elder Community Center Design

Base Bid Building

Square Feet

49,229

Revised

5/20/19 9:02 AM

Development Budget

BID PACKAGES

BID DATE / Schematic Design	9/10/18	12/10/18 Design Development Drawings	DD Goals /Value Engineering	Goal/VE Comments
BID PACKAGE DESCRIPTION SUBCONTRACTOR / COMMENTS				
1A Surveying Estimate	35,000	33,000		
1B Testing Estimate	30,000	29,000		
1C Final Cleaning Estimate	20,000	20,000		
3A Foundation and Site Concrete Estimate	727,000	727,924		
3B Precast Estimate	700,000	615,000		
4A Masonry Estimate	200,000	149,864		
5A Structural Steel Estimate	1,030,499	1,061,438		
6A Rough Carpentry Estimate	105,000	118,600		
6B Finish Carpentry Estimate	82,000	56,624		
6B Finish Carpentry - Quartz C-Tops/Window Sills Estimate		81,262		
7A Membrane Roofing Estimate	500,000	465,000		
7B Metal Siding & Roofing / Soffits / Fascia Estimate	300,184	225,000		
7C Joint Sealants Estimate	25,000	25,000		
7D EIFS Estimate	70,087	95,404		
8A Glass, Glazing, & Storefront Estimate	1,000,000	375,000		
8B HM Frames, Door, and Hardware Estimate	153,000	146,449		
8C Overhead and Coiling Doors Estimate	12,000	39,797		
9A Gypsum Board Assemblies Estimate	615,000	752,587		Tape/Texture now included in 9A
9B Tiling Estimate	93,000	73,400		
9C Acoustical Ceilings Estimate	105,000	143,000	-25,000	Delete canopies at entrances and replace with clouds; look at alternate ceiling grid/tile materials
9C Sound Absorbing Wall Panels Estimate	40,000	112,000	-60,000	Reduce sound wall panels in gym by 50%
9D Flooring Estimate	147,000	117,774		
9E Painting/Coating/Wall Coverings Estimate	296,250	182,850		Tape/Texture now included in 9A
9F Wood Sports Flooring Estimate	267,240	233,835		
10A Specialties Estimate	108,000	159,000	-48,000	Use standard toilet partitions; potential alternate
10C Operable Partitions Estimate	485,000	357,540		
11A Food Service Equipment Estimate	600,000	959,267	-359,267	Identify equipment alternates that can be purchased at a later time
11B Gymnasium Equipment	Included in FFE			
11C Scoreboards	Included in FFE			
12A Window Treatments Estimate	14,000	62,746	-35,996	Use manually operated shades in lieu of motorized; potential alternate
12B Portable Bleachers	Included in FFE			
21A Fire Suppression Estimate	115,000	106,000		
22A Plumbing Estimate	657,555	801,133		
22A Snow Melt Estimate	154,922	300,000	-300,000	Alternate
23A HVAC Estimate	1,439,100	1,322,718		
26A Electrical and Communications Estimate	1,381,411	2,560,560	-430,000	Equal fixture Savings; eliminate hand dryers; eliminate lightning protection; AVI savings
31A Earthwork and Utilities Estimate	960,000	960,000		
32A Asphalt Paving Estimate	136,500	156,375		
32B Landscaping and Irrigation Estimate	80,000	17,680		
32C Site Concrete	Included in BP #3A			

BID PACKAGE TOTAL 12,684,748

CONSTRUCTION MANAGERS GENERAL CONDITIONS

General Conditions	747,050	747,050	747,050
Winter Conditions	0	0	0
SUBTOTAL	13,431,798	14,389,876	13,131,613

INSURANCE / TAXES / FEE

Rate	INSURANCE / BOND / TAXES			
6.00%	Contingency - 8% @ Schematic / 6% @ DD/Goals	1,074,544	863,393	787,897
	Permit (City stated that they will waive any building permit fees)	0	0	0
9.20%	Fee	464,203	488,105	445,424
0.07%	AGC	10,479	11,019	10,055
0.50%	Builders Risk	74,905	78,762	71,875
0.55%	Bond	82,808	87,071	79,458
2.04%	Excise Tax	308,830	324,732	296,337

TOTAL COST OF CONSTRUCTION 15,447,567 16,242,957 14,822,659

OWNER COSTS

Design Fees - Upper Deck	820,000	820,000	820,000
Civil Design Fees - AE25	100,000	100,000	100,000
FFE	1,000,000	1,000,000	1,000,000
Owner Contingency	500,000	500,000	500,000

TOTAL COST OF PROJECT 17,867,567 18,662,957 17,242,659

ALTERNATES

(See Alternate Breakout Sheet)

Alternate #1 - Meeting Rooms - \$49,962 Included for FFE		1,052,413	1,052,413
Alternate #2 - Upgrade Toilet Partitions		48,000	48,000
Alternate #3 - Food Service Equipment		359,267	359,267
Alternate #4 - Electrically Operated Window Shades		60,000	60,000
Alternate #5 - Snow Melt		300,000	300,000

ATTACHMENT 6

City of Box Elder Resolution Authorizing Pennington County to Create a Tax Increment District Within City Boundaries

CITY OF BOX ELDER

RESOLUTION NO. 19-09

**A RESOLUTION TO APPROVE THE CREATION BY PENNINGTON COUNTY
OF A TAX INCREMENT FINANCING DISTRICT TIF#4
WITHIN THE CITY OF BOX ELDER
PURSUANT TO SDCL 11-9-8**

WHEREAS, Pennington County is considering the creation of a Tax Increment Financing District (TIF#4) for a project plan for infrastructure improvements for the development or redevelopment of Seger Business Park and the proposed Box Elder Community Events Center, all of which will stimulate and develop the general economic welfare and prosperity of the City of Box Elder through the promotion and advancement of industrial and commercial development within the City of Box Elder; and,

WHEREAS, the improvement of the area is likely to significantly enhance the value of substantially all other real property in the district; and,

WHEREAS, the TIF#4 will be located, in whole or part, within the City of Box Elder and is legally described and depicted on the attached Exhibit A; and,


WHEREAS, SDCL 11-9-8 provides that no County may create a tax increment financing district located, in whole or part, within a municipality, unless the governing body of the municipality has consented to the creation of the district by resolution;

NOW, THEREFORE, the City Council of the City of Box Elder hereby resolves, approves and consents to the creation of a TIF#4 by Pennington County located within the municipal boundaries of the City of Box Elder for a project plan for infrastructure improvements for the development or redevelopment of Seger Business Park and the proposed Box Elder Community Events Center.

Dated this 7th day of May, 2019.



CITY OF BOX ELDER


LARRY LARSON, Mayor

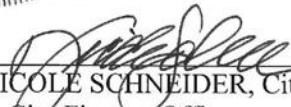

NICOLE SCHNEIDER, City Administrator
& City Finance Officer

EXHIBIT A

THAT PORTION OF N1/2NW1/4 LYING North OF Road ROW, Section 26, T2N, R8E

N1/2NE1/4 less Lot H3, less Highway; Tract A OF SE1/4NE1/4; NW1/4 LESS Tract C, LESS Tract H, LESS LOT 1-2 OF Tract K, LESS LOT B OF Tract J Revised, LESS LOT 1-2 OF Tract L, LESS LOT A OF Tract C, LESS SEGER CROSSING Subdivision, LESS LOTS H3 AND H4, Section 27, T2N, R8E;

DRAINAGE Tract 1 and Drainage Tract 2, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Lot 1, Lot 2, Lot 3 less Lot H1, Lot 4, Block 1, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Lot 1, Lot 2, Lot 3, Lot 4 less Lot H1, Block 2, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

Sign Tract 1, SEGER CROSSING Subdivision, Section 27, T2N, R8E;

LOT 1 and Lot 2 OF LOT D OF W1/2 E1/2, Section 27, T2N, R8E;

Lot 1 and Lot 2 Less Lot H1, RDO Subdivision, Section 27, T2N, R8E;

LOT 1 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 2 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 4 OF TRACT D, W-Y Addition, Section 27, T2N, R8E;

LOT 1 and Lot 2, DAVIS Subdivision, Section 27, T2N, R8E;

Lot 1 Revised, Lot 2a and 2b, Lot 4, ISIS Subdivision, Section 27, T2N, R8E;

All Located in the City of Box Elder, Black Hills Meridian, Pennington County, South Dakota including within and adjacent rights-of-ways.