

TAX INCREMENT FINANCE DISTRICT #5

**PREPARED FOR:
PENNINGTON COUNTY
ON BEHALF OF THE
CITY OF BOX ELDER
&
DREAM DESIGN**

**Submitted by:
City of Box Elder**

October 15th 2020

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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.

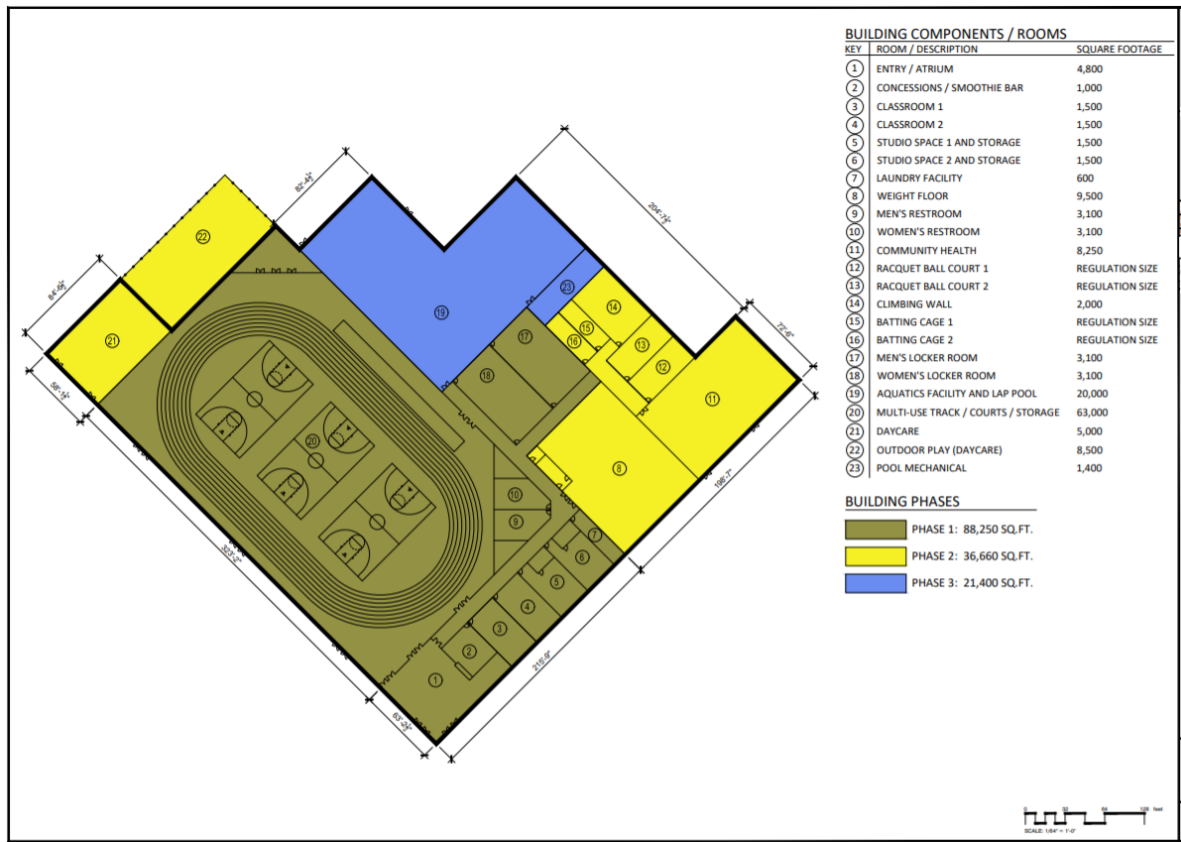
A local government, per South Dakota Codified Law, Chapter 11-9, can designate a specific area within its boundaries as a redevelopment area appropriate for a TIF district and prepare a plan for development. TIF projects must be recommended for approval by the County or City Planning Commission and the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

The intention of this TIF Project is to augment the Transforming Box Elder master plan for the community. Connectivity throughout the community is a priority of the project, creating a network of interconnected traffic and pedestrian routes that link community areas to the new city center. Funding has already been secured and a portion of the pedestrian connectivity plan is underway. The "City Center" concept is Box Elder's vision of a new downtown hometown for its residents and neighbors, highlighting the Liberty Center Plaza, which upon completion will boast a multipurpose event center, a revitalized park system, and housing developments. (see exhibits on next page)

The Project will provide additional quality of life opportunities for the community of Box Elder, as well as Ellsworth Air Force Base (AFB) which is located only a few miles north and the primary employer to almost half of Box Elder's population. Investing in the community and its infrastructure will make Box Elder desirable to live in and will become key components to the city's long-term success and viability.

Ellsworth AFB has a rich history in South Dakota and the nation. Ellsworth was established shortly after the attack on Pearl Harbor and began operations in September of 1942, welcoming the B-17 and combat crew training school. Originally the base was intended to be a temporary facility to provide desperately needed aircrews for missions in Europe during World War II.

Liberty Center



Liberty Plaza Master Plan



In 2005, the Department of Defense released recommendations to close 33 major bases and realign another 29. Despite 64 years of exemplary service to the country, South Dakota's Ellsworth AFB was on the list recommended for closure, and aircraft was slated to be transferred to an air force base in Texas. This would have been a devastating impact to the City of Box Elder, the Box Elder School District and surrounding communities. The fight to save Ellsworth was eventually won by demonstrating the overwhelming value the base had to the United States Military, as well as the local economic impact. However, to ensure that current and future missions stayed at Ellsworth AFB, further action was needed.

During the Department of Defense closure determination, as well as the negotiations following the findings, one primary theme kept recurring; the quality of life and infrastructure that is in place for base personnel in the communities they reside in plays a very crucial part of the success of a military base. Although this may not have a direct impact on official scoring, it does certainly have an indirect impact should the quality of life be substandard.

To improve installation access and travel throughout the community, the City is working with the state and county to secure a federal grant expanding the 14-16 arterial corridor that feeds Ellsworth AFB. In addition, this grant will increase the capacity of additional arterial routes, such as Radar Hill Road which is the direct access point to the Rapid City Regional Airport and large-scale development in Rapid Valley.

The City has been working alongside Vast Communications to bring in a fiber optic internet connection for the entire community. This will bring in competition with the current, sole internet provider, driving competitive pricing and a better-quality product for residents and businesses.

Certain areas of the community have experienced issues of water well contamination. The City has partnered with Ellsworth to help resolve the contamination problem by bringing homes onto the Box Elder water system. The city system does have additional capacity to bring on additional homes should the need arise. The City is also collaborating with Ellsworth AFB on assumption of legacy water service responsibilities and new wells surrounding the installation.

Box Elder and Ellsworth AFB have also combined efforts to put into operation and maintain a state-of-the-art wastewater treatment plant that is owned and operated by SDEDA. This plant services the entire community, both on and off the installation. The facility has significant capacity for future growth and development in the area.

The Developer, Dream Design International, is a local Rapid City firm with a team that has proven to have the grit and vision to rebuild and recreate communities. Where others see a rundown business or an empty plot of land, Dream Design sees an opportunity to put all the puzzle pieces together to bring the real estate back to life. They take the time to find the right mix of services and tenants to help a property thrive and to meet the community's greatest short- and long-term needs. Dream Design already has a substantial impact in the Black Hills Community, including luxury residential lots, mixed use downtown projects, large acreages for future commercial and residential development, affordable housing, and renovation projects.

Purpose & General Definitions

This project is a strategic partnership with The City of Box Elder, Dream Design, Pennington County and South Dakota Ellsworth Development Authority (SDEDA). Currently Ellsworth Air Force Base has plans to vacate the Pride Hanger. Pride Hanger has served as the main building to hold events such as deployment ceremonies, physical qualification tests, gym exercise and other events requiring a large space. The proposed City Center will replace the Pride Hanger with state of the art facilities that include an indoor track, exercise rooms, and formal meeting rooms.

The proposed City Center is expected to come with a proposed price of approximately \$12.6 million. The TID will serve as matching funds in the amount of \$2 million and thus be able to leverage the remaining funds through the federal government. Without the creation of the Tax Increment District #5, SDEDA will not have the matching funds to provide for this much needed facility.

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

As such, the creation of Pennington County TIF #5 shall be conditioned upon the creation of the District by resolution, and the establishment of the TID boundaries and approval of the TID Project plan by the County Planning and Zoning Commission.

The purpose of this Plan, to be implemented by Pennington County in conjunction with the City of Box Elder, South Dakota is to satisfy the requirements for a Tax Increment District #5 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 City. The Plan will describe the boundary, estimated costs, feasibility and fiscal impact of the District.

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

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, and to promote economic development throughout the District.

The intention of this TIF Project is to increase the viability of the Box Elder Community. Connectivity throughout the community is a priority of the project, creating a network of interconnected traffic and pedestrian routes that link community areas to the new city center. The City Center concept is Box Elder's vision of a new downtown hometown for its residents and neighbors, highlighting the Liberty Center Plaza, which upon completion will boast a multipurpose event center. The City has also purchased 30 acres to expand the new Community Park, a large multi-use, multi-generational, recreational space. The goal is to provide an expansive park and park system that will magnify recreational and leisure opportunities for everyone.

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 Pennington County Commissioners, 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 Dream Design International, Inc.

"Developer's Agreement" means the agreement between Pennington County and the City of Box Elder concerning this Tax Incremental District.

"District" means the Tax Incremental District 5.

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

"Fiscal year" means that fiscal year for Pennington County

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

"Governing body" means Pennington County

"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 and Zoning

"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, by Pennington County 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 #5.

"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 #5

Representatives of the Developer and the City of Box Elder have approached officials of Pennington County regarding the possibility of creating a Tax Incremental Financing District (“TID”) to assist in the Project Costs within the Plan on land located within the City of Box Elder, South Dakota.

The TID will consist creating a new city center development in the City of Box Elder and all necessary infrastructure needs. The concept is Box Elder’s vision of a new downtown hometown for its residents and neighbors, highlighting the Liberty Center Plaza, which upon completion will boast a multipurpose event center and a large multi-use, multi-generational, recreational park space.

Investing in the community and its infrastructure will make Box Elder desirable to live in and will become key components to the city’s long-term success and viability.

Property within Tax Increment #5

The real property to be located within the Tax Increment District is within the boundaries of the City of Box Elder and described as follows:

Lot B Less Lot 1 of the Box Elder DSDP Subdivision and the adjacent N. Ellsworth Road Right of Way, adjacent Constitution Ave Right of Way and adjacent Liberty Blvd Right of Way all located in Section 17, T2N, R9E, BHM, Box Elder, Pennington County, South Dakota

TAXABLE VALUE OF PENNINGTON COUNTY

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2020 Taxes Payable value for Pennington County is \$9,575,586,728. The base value of the taxable property for inclusion into this Tax Incremental District #5, as estimated but not yet certified by State of South Dakota, is zero.

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.

Table #1 Base Value Analysis	
2020 Pennington County Valuation	\$9,575,586,728
SDCL 11-9-7 - 10% Based Valuation	\$957,558,673
Tax Incremental District #4	\$31,376,081
Tax Incremental District #5	\$0
Total Base Value in Tax Incremental Districts	\$31,376,081
Base Valuation Remaining	\$926,182,592

The total value of all active TIF districts in Pennington County is less than ten (10) percent of total taxable value in the city.

In addition to 11-9-7, the Tax Increment District would count as Constitutional Debt on Pennington County's Balance Sheet. The following table illustrates the existing debt of the County.

Pennington County Debt Overview	
2019 Taxable Valuation	\$ 9,575,586,728
Constitutional Debt Limit	5%
Total Constitutional Debt Limit	\$ 478,779,336
Outstanding Debt	
2019 COP	\$ 8,730,000
2017 Series A	\$ 23,695,000
Unamortized Debt	\$ 1,893,350
2016 Series B	\$ 9,205,000
2015 Series A	\$ 4,000,000
2014 Series A	\$ 8,530,000
2010 Series B	\$ 25,795,000
Motorola Lease	\$ 907,210
TIF # 4 - 2019	\$ 11,500,000
Total Constitutional Debt	\$ 94,255,560
Total Debt Available	\$ 384,523,776

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 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, Water & Sewer) (cleaning & grading of land & associated costs) ²	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	\$10,359,447	11-9-15(8)
Eligible Project Costs		\$10,359,447	

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 project costs are estimated at \$7,361,376 and the associated imputed interest is \$3,000,000 which represents an interest rate of 3.60% for a total of \$10,359,447. A further detail of these costs are itemized in Schedule 1. 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.

Conditions of the Developer Agreement relating to Constitutional Debt

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.

It is further understood that the amount of \$10,359,447 will be the maximum amount the County will ever pass on acting as a conduit for TIF #5. This amount will include any and all interest associated with the debt and the controlling value of the TIF will never pay more than \$10,359,447 All TIF revenue will be passed onto the City of Box Elder /Developer until the full amount has been paid or 20 years from the year of creation, whichever happens first.

The payment of tax increment funds under this Agreement is a grant under Chapter 11-9 of the South Dakota Codified Laws (the "Grant"). The Grant is a personal property right vested with the City /Developer on the effective date of this Agreement. The County will grant this amount to the City / Developer and thus not have to account for any assets on the County's financial statement. The Developer will be responsible for obtaining their financing and the County will not be liable for any Developer debt.

Upon completion of the construction of the infrastructure improvements, the Developer shall certify to the City's Finance Officer the costs of construction, including capital costs, Professional Fees, and contingency costs. The Developer shall provide contractor/supplier invoices or other supporting documentation upon request of the Finance Officer. Upon certification and verification of costs, the County shall pay all available tax increment fund revenues not to exceed \$10,359,447.

Expenditures Exceeding Estimated Cost

Any expenditure's, which in sum would exceed the total amount of the TID amount of \$10,359,447 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.

Detailed List of Estimated Project Costs

Attached as Schedule 1 is a detailed list of estimated Project Costs for each of the phases of 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.

Feasibility Study

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

Economic Development Study

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

The payment of Project Costs is anticipated to be made by the County to City /Developer from the special fund of the Tax Incremental District. SDCL § 11-9-13(5). Pursuant to the Developer's Agreement, the County will pay to the City /Developer all available tax increment funds it receives from the District.

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS

Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #5 shall be the amount sufficient to reimburse the City / Developer for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed **\$10,359,447** principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. The final terms and conditions will be set forth in the Developer's Agreement.

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 City, the extinguishment of debt 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 the 2020 assessment year for taxes payable in 2021. The tax increment will be available to the taxing jurisdictions after dissolution, which is 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 all bonds and monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

GENERAL FUND

Mechanisms are built within State Codified Law to ensure that school districts are held harmless by TIF districts for their General Fund. 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

Public school districts are generally 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 #5 has already received the preliminary classification from the Department of Revenue. The TIF is considered Economic Development; therefore, any lost local effort of the General Fund will be covered through the State Aid to Education Formula.

CAPITAL OUTLAY FUND

The impact of a TIF to the Capital Outlay Fund is minimal. Starting on July 1, 2020, a school district is limited to the amount of capital outlay dollars they can receive by either:

- A. the previous year's maximum allowable can be increased by a growth factor plus 3%
- Or
- B. a per student amount.

The primary impact would be to the first scenario; a TIF would delay annual growth until the TIF is completed. However, once the TIF is dissolved, all increment value would be considered new growth for the school district.

If a school district falls under a per student limitation, they will see no impact to their funding due to the TIF.

SPECIAL EDUCATION FUND

The Special Ed Fund has the potential to see the greatest negative impact from the creation of a TIF district.

If the school district requests their special education monies in the form of a levy, then the exclusion of the TIF increment in the tax base would mean the school district is not receiving as much as it could.

If the school district submits their request in a dollar amount, then the fund would see no impact from a TIF district.

BOND REDEMPTION FUND

The school district is always able to ask for the needed money for the principal and interest of their bond repayment. The only impact a TIF would have on this fund is by holding back the increment value, lowering tax base for the spreading of the tax burden and creating a slightly higher levy for the local taxpayers.

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 either the County or the City ordinances or the City Master Plan are required.

LIST OF ESTIMATED NON-PROJECT COSTS AND PROJECT COSTS

The following is a list of the non-Project Costs per SDCL § 11-9-16(5). All costs are listed as taxable value; actual non-project costs will exceed the following amounts.

LIBERTY PLAZA TIF					
ESTIMATED PROBABLE COSTS INCLUDING NON-TIF FINANCING COSTS					
ITEM	TIF PUBLIC INFRASTRUCTURE	NON-TIF Public INFRASTRUCTURE	PRIVATE STRUCTURES	FUNDING SOURCES	CONSTRUCTION DATE
Environmental and Clean up	200,000.00			Private	2020
Mass Grading	627,000.00			Private	2020
Roads and Utilities	3,665,160.67	6,382,319.00		Private	2020-2025
Landscaping, Signage, and irrigation	200,000.00	200,000.00		Private	2020-2025
Public Building (Part of the Costs)	2,000,000.00	10,625,899.40	64,000,000.00	Joint	2020-2030
TOTAL CONSTRUCTION	6,692,160.67	17,208,218.40	64,000,000.00	Private	
Professional & Administrative	0.00	1,673,026.53	4,480,000.00	Private	
Contingencies	669,216.07	1,673,026.53	4,480,000.00	Private	
TOTAL COSTS	7,361,376.73	20,554,271.47	72,960,000.00	100,875,648.20	

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. This additional security may be provided for in a Developer's Agreement.

LIST OF SCHEDULES

SCHEDULE 1 - Estimated Project Cost

SCHEDULE 2 - Economic Feasibility Study & Estimated Captured Taxable Values

SCHEDULE 3 - Economic Development Study

SCHEDULE 4 - Fiscal Impact Statement

LIST OF ATTACHMENTS

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)

SCHEDULE 1

DETAIL OF PROJECT COSTS

Estimates TID Eligible of Project Costs Requested

The City of Box Elder is requesting that be an economic development Tax Increment District, thus the eligible cost will be in the form of an infrastructure grant that will not exceed \$10,359,447. 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.

The following are estimated costs relating to TIF reimbursement

**LIBERTY PLAZA TIF
INFRASTRUCTURE COSTS
ESTIMATED PROBABLE TIF REIMBURSEMENT COSTS**

ITEM	COST
Environmental and Clean up	200,000.00
Mass Grading	627,000.00
Roads and Utilities	3,665,160.67
Landscaping, Signage, and Irrigation	200,000.00
Public Building (Portion of the Costs)	2,000,000.00
TOTAL CONSTRUCTION	6,692,160.67
Contingencies	669,216.07
TOTAL CAPITAL IMPROVEMENTS COSTS	7,361,376.73
FINANCING EXPENSES 3.62% Imputed Interest Cost	2,998,071.00
TOTAL REIMBURSABLE TIF PROJECT COSTS	10,359,447.00

The following is an itemized list of Project Costs for reimbursement related to streets.



Project Name: LIBERTY PLAZA TIF
 Project Number: _____
 Owner: _____
 Date: September 14, 2020
 Completed By/Reviewed By: BK/MS

Road 5200 ft

Bid Tab					
ITEM NO.	DESCRIPTION OF ITEM	QUANTITY	UNIT	UNIT COST	EXTENDED TOTAL
GENERAL					
100	MOBILIZATION	1	LS	\$ 50,000.00	\$ 50,000.00
101	MATERIAL TESTING	1	LS	\$ 40,000.00	\$ 40,000.00
102	CONSTRUCTION STAKING	1	LS	\$ 5,000.00	\$ 45,000.00
103	TRAFFIC CONTROL	1	LS	\$ 5,000.00	\$ 15,000.00
104	INCIDENTAL WORK	1	LS	\$ 60,000.00	\$ 60,000.00
				SUBTOTAL	\$ 210,000.00
SURFACING					
200	ASPHALT, CLASS G, TYPE 1 PG64-28	7020	TONS	\$ 90.00	\$ 631,800.00
201	AGGREGATE BASE COURSE	15834	TONS	\$ 21.00	\$ 332,514.00
203	CONCRETE ROLL CURB & GUTTER	10400	LF	\$ 20.00	\$ 208,000.00
204	CONCRETE SIDEWALK 4" NON-REINFORCED W/ 2" CUSHION	7000	SY	\$ 50.00	\$ 350,000.00
205	CONCRETE SIDEWALK RAMP W/ DETECTABLE PANEL	30	EA	\$ 750.00	\$ 22,500.00
206	CONCRETE FILLET AND PAN, REINFORCED	2083.3333	SY	\$ 95.00	\$ 197,916.67
207	EDGE DRAIN	10400	LF	\$ 10.00	\$ 104,000.00
				SUBTOTAL	\$ 1,846,730.67
SANITARY SEWER					
300	8" PVC SEWER MAIN	5200	LF	\$ 35.00	\$ 182,000.00
301	48" SANITARY SEWER MANHOLE	13	EA	\$ 4,400.00	\$ 57,200.00
302	8" END CAP	6	EA	\$ 1,000.00	\$ 6,000.00
3030	4" SANITARY SEWER SERVICE	40	EA	\$,200.00	\$ 48,000.00
				SUBTOTAL	\$ 293,200.00
STORM SEWER					
400	18" RCP	1000	LF	\$ 45.00	\$ 45,000.00
401	24" RCP	1600	LF	\$ 65.00	\$ 104,000.00
402	24" HP STORM	204	LF	\$ 70.00	\$ 14,280.00
403	24" BENDS	2	EA	\$ 1,800.00	\$ 3,600.00
404	18" FLARED END	1	EA	\$ 1,300.00	\$ 1,300.00
405	24" FLARED END	1	EA	\$ 1,500.00	\$ 1,500.00
406	TYPE B INLET	8	EA	\$ 5,000.00	\$ 40,000.00

407	TYPE E DROP INLET	6	EA	\$ 7,500.00	\$ 45,000.00
408	CLASS I RIPRAP	400	TONS	\$ 60.00	\$ 24,000.00
				SUBTOTAL	\$ 278,680.00
	WATER				
500	8" PVC WATER MAIN, C-900, CLASS 150	2400	LF	\$ 45.00	\$ 108,000.00
501	12" PVC WATER MAIN, C-900, CLASS 150	2800	LF	\$ 60.00	\$ 168,000.00
501	6" 90 DEGREE BEND	0	EA	\$ 1,199.00	\$ -
502	8" HD COUPLER	1	EA	\$ 1,200.00	\$ 1,200.00
502	12" 11.25 DEGREE BEND	2	EA	\$ 1,200.00	\$ 2,400.00
503	8"X6" REDUCER	0	EA	\$ 1,200.00	\$ -
504	8"X6" TEE	6	EA	\$ 1,200.00	\$ 7,200.00
505	12"X6" TEE	7	EA	\$ 1,300.00	\$ 9,100.00
506	12"X8" Cross	6	EA	\$ 1,400.00	\$ 8,400.00
507	8" END CAP	4	EA	\$ 1,000.00	\$ 4,000.00
508	8" GATE VALVE W/BOX	8	EA	\$ 3,000.00	\$ 24,000.00
509	12" GATE VALVE W/BOX	12	EA	\$ 3,000.00	\$ 36,000.00
510	FIRE HYDRANT ASSEMBLY	13	EA	\$ 5,200.00	\$ 67,600.00
511	SALVAGE & RE-INSTALL FIRE HYDRANT ASSEMBLY	0	EA	\$ 2,000.00	\$ -
511	4" WATER SERVICE	16	EA	\$ 1,200.00	\$ 19,200.00
512	CONNECT TO EXISTING WATER MAIN	3	EA	\$ 2,000.00	\$ 6,000.00
513	CATHODIC PROTECTION	1	LS	\$ 60,000.00	\$ 60,000.00
				SUBTOTAL	\$ 521,100.00
	GRADING				
600	UNCLASSIFIED ROAD EXCAVATION	50000	CY	\$ 3.00	\$ 150,000.00
601	TOPSOIL, REPLACE	14000	CY	\$ 5.00	\$ 70,000.00
602	SEEDING, FERTILIZING & MULCHING	17	AC	\$ 1,850.00	\$ 31,450.00
				SUBTOTAL	\$ 251,450.00
	EROSION CONTROL				
700	EROSION CONTROL	1	LS	\$ 40,000.00	\$ 40,000.00
				SUBTOTAL	\$ 40,000.00
	MISCELLANEOUS				
800	SIGNAGE AND STRIPING	1	LS	\$ 30,000.00	\$ 30,000.00
801	UTILITY TRENCH	6760	LF	\$ 25.00	\$ 169,000.00
802	UTILITY CROSSINGS	1000	LF	\$ 25.00	\$ 25,000.00
				SUBTOTAL	\$ 224,000.00
TOTAL					\$ 3,665,160.67

The following is an itemized list of Project Costs NOT for reimbursement related to streets.



Project Name: LIBERTY PLAZA NON TIF
 Project Number: _____
 Owner: _____
 Date: September 14, 2020
 Completed By/Reviewed By: BK/MS

Road 10200 ft

Bid Tab					
ITEM NO.	DESCRIPTION OF ITEM	QUANTITY	UNIT	UNIT COST	EXTENDED TOTAL
GENERAL					
100	MOBILIZATION	1	LS	\$ 90,000.00	\$ 90,000.00
101	MATERIAL TESTING	1	LS	\$ 85,000.00	\$ 85,000.00
102	CONSTRUCTION STAKING	1	LS	\$ 85,000.00	\$ 85,000.00
103	TRAFFIC CONTROL	1	LS	\$ 25,000.00	\$ 25,000.00
104	INCIDENTAL WORK	1	LS	\$ 85,000.00	\$ 85,000.00
				SUBTOTAL	\$ 370,000.00
SURFACING					
200	ASPHALT, CLASS G, TYPE 1 PG64-28	13770	TONS	\$ 90.00	\$ 1,239,300.00
201	AGGREGATE BASE COURSE	31059	TONS	\$ 21.00	\$ 652,239.00
203	CONCRETE ROLL CURB & GUTTER	20400	LF	\$ 20.00	\$ 408,000.00
204	CONCRETE SIDEWALK 4" NON-REINFORCED W/ 2" CUSHION	11000	SY	\$ 40.00	\$ 440,000.00
205	CONCRETE SIDEWALK RAMP W/ DETECTABLE PANEL	30	EA	\$ 750.00	\$ 22,500.00
206	CONCRETE FILLET AND PAN, REINFORCED	2080	SY	\$ 95.00	\$ 197,600.00
207	EDGE DRAIN	20400	LF	\$ 10.00	\$ 204,000.00
				SUBTOTAL	\$ 3,163,639.00
SANITARY SEWER					
300	8" PVC SEWER MAIN	10200	LF	\$ 35.00	\$ 357,000.00
301	48" SANITARY SEWER MANHOLE	26	EA	\$ 4,400.00	\$ 114,400.00
302	8" END CAP	6	EA	\$ 1,000.00	\$ 6,000.00
3030	4" SANITARY SEWER SERVICE	160	EA	\$ 1,200.00	\$ 192,000.00
				SUBTOTAL	\$ 669,400.00
STORM SEWER					
400	18" RCP	800	LF	\$ 45.00	\$ 36,000.00
401	24" RCP	1000	LF	\$ 65.00	\$ 65,000.00
402	24" HP STORM	204	LF	\$ 70.00	\$ 14,280.00
403	24" BENDS	0	EA	\$ 1,800.00	\$ -

404	18" FLARED END	0	EA	\$ 1,300.00	\$ -
405	24" FLARED END	2	EA	\$ 1,500.00	\$ 3,000.00
406	TYPE B INLET	4	EA	\$ 5,000.00	\$ 20,000.00
407	TYPE E DROP INLET	10	EA	\$ 7,500.00	\$ 75,000.00
408	CLASS I RIPRAP	200	TONS	\$ 60.00	\$ 12,000.00
				SUBTOTAL	\$ 225,280.00
	WATER				
500	8" PVC WATER MAIN, C-900, CLASS 150	8800	LF	\$ 45.00	\$ 396,000.00
501	12" PVC WATER MAIN, C-900, CLASS 150	1400	LF	\$ 60.00	\$ 84,000.00
501	6" 90 DEGREE BEND	0	EA	\$ 1,199.00	\$ -
502	8" HD COUPLER	3	EA	\$ 1,200.00	\$ 3,600.00
502	12" 11.25 DEGREE BEND	0	EA	\$ 1,200.00	\$ -
503	8"X6" REDUCER	4	EA	\$ 1,200.00	\$ 4,800.00
504	8"X6" TEE	24	EA	\$ 1,200.00	\$ 28,800.00
505	12"X6" TEE	4	EA	\$ 1,300.00	\$ 5,200.00
506	12"X8" Cross	3	EA	\$ 1,400.00	\$ 4,200.00
507	8" END CAP	6	EA	\$ 1,000.00	\$ 6,000.00
508	8" GATE VALVE W/BOX	16	EA	\$ 3,000.00	\$ 48,000.00
509	12" GATE VALVE W/BOX	4	EA	\$ 3,000.00	\$ 12,000.00
510	FIRE HYDRANT ASSEMBLY	28	EA	\$ 5,200.00	\$ 145,600.00
511	SALVAGE & RE-INSTALL FIRE HYDRANT ASSEMBLY	0	EA	\$ 2,000.00	\$ -
511	1" WATER SERVICE	160	EA	\$ 800.00	\$ 128,000.00
512	CONNECT TO EXISTING WATER MAIN	3	EA	\$ 2,000.00	\$ 6,000.00
513	CATHODIC PROTECTION	1	LS	\$ 60,000.00	\$ 60,000.00
				SUBTOTAL	\$ 932,200.00
	GRADING				
600	UNCLASSIFIED ROAD EXCAVATION	105000	CY	\$ 3.00	\$ 315,000.00
601	TOPSOIL, REPLACE	35000	CY	\$ 5.00	\$ 175,000.00
602	SEEDING, FERTILIZING & MULCHING	38	AC	\$ 1,850.00	\$ 70,300.00
				SUBTOTAL	\$ 560,300.00
	EROSION CONTROL				
700	EROSION CONTROL	1	LS	\$ 60,000.00	\$ 60,000.00
				SUBTOTAL	\$ 60,000.00
	MISCELLANEOUS				
800	SIGNAGE AND STRIPING	1	LS	\$ 20,000.00	\$ 20,000.00
801	UTILITY TRENCH	13260	LF	\$ 25.00	\$ 331,500.00
802	UTILITY CROSSINGS	2000	LF	\$ 25.00	\$ 50,000.00
				SUBTOTAL	\$ 401,500.00
TOTAL					\$ 6,382,319.00

The following are the projected costs for the City Center

**LIBERTY CENTER
ESTIMATED BUDGET SUMMARY**

TOTAL PROJECT BUDGET		\$12,625,900
SOFT (OWNER) COSTS		
TOTAL LAND & SOFT COSTS (percentage of project cost)		\$1,635,400
Professional Fees		\$500,000
Land Costs		\$653,400
Furniture, fixtures and equipment (FFE)		\$240,000
Technology Security and Equipment		\$150,000
Site Survey		\$22,000
Geotechnical Report		\$30,000
Special Inspections and Testing		\$40,000
Tapping Fee		\$0
Legal, Admin or Miscellaneous Cost		\$0
CONSTRUCTION COSTS		
New Construction	Cost/SF	Area (SF)
Entry / Atrium	\$200	3,000 \$600,000
Circulation	\$185	1,795 \$332,075
Concessions / Smoothie Bar	\$200	800 \$160,000
Classrooms	\$200	650 \$130,000
Studio Spaces	\$200	1,400 \$280,000
Studio Space Storage	\$140	230 \$31,000
Locker Room/Toilet Rooms	\$225	1,840 \$414,000
Track / Courts	\$150	43,670 \$6,550,500
Offices	\$200	600 \$120,000
Mechanical/Storage	\$140	2,080 \$291,200
		SUBTOTAL \$8,908,775
	<i>Total Square Footage</i>	<i>56,065</i>
Site		
Site Construction (civil & landscape)		\$648,181
		SUBTOTAL \$648,181
Contingency (15% / 10% / 5%)	15%	\$1,433,543
Estimating/Escalation (3%/yr)		\$0
		SUBTOTAL \$1,433,543
TOTAL CONSTRUCTION COSTS		\$10,990,499
	Total construction cost / sf	\$196
TOTAL PROJECT COST		
TOTAL PROJECT COST		\$12,625,899

The following is an estimated cost for Mass Grading



Project Name: LIBERTY PLAZA MASS GRADING

Project Number: _____

Owner: _____

Date: September 14, 2020

Completed By/Reviewed By: BK/MS

Road 10200 ft

Bid Tab					
ITEM NO.	DESCRIPTION OF ITEM	QUANTITY	UNIT	UNIT COST	EXTENDED TOTAL
	GENERAL				
100	MOBILIZATION	1	LS	\$ 5,000.00	\$ 5,000.00
101	MATERIAL TESTING	1	LS	\$ 5,000.00	\$ 5,000.00
102	CONSTRUCTION STAKING	1	LS	\$ 7,000.00	\$ 7,000.00
103	TRAFFIC CONTROL	1	LS	\$ 1,000.00	\$ 1,000.00
104	INCIDENTAL WORK	1	LS	\$ 5,000.00	\$ 25,000.00
				SUBTOTAL	\$ 43,000.00
	GRADING				
600	UNCLASSIFIED ROAD EXCAVATION	140000	CY	\$ 3.00	\$ 420,000.00
601	TOPSOIL, REPLACE	8000	CY	\$ 5.00	\$ 40,000.00
602	SEEDING, FERTILIZING & MULCHING	40	AC	\$ 1,600.00	\$ 64,000.00
				SUBTOTAL	\$ 524,000.00
	EROSION CONTROL				
700	EROSION CONTROL	1	LS	\$ 60,000.00	\$ 60,000.00
				SUBTOTAL	\$ 60,000.00
TOTAL					\$ 627,000.00

Summary of Total TIF and NON- TIF Expenditures

LIBERTY PLAZA TIF

ESTIMATED PROBABLE COSTS INCLUDING NON-TIF FINANCING COSTS

ITEM	TIF PUBLIC INFRASTRUCTURE	NON-TIF Public INFRASTRUCTURE	PRIVATE STRUCTURES	FUNDING SOURCES	CONSTRUCTION DATE
Environmental and Clean up	200,000.00			Private	2020
Mass Grading	627,000.00			Private	2020
Roads and Utilities	3,665,160.67	6,382,319.00		Private	2020-2025
Landscaping, Signage, and irrigation	200,000.00	200,000.00		Private	2020-2025
Public Building (Part of the Costs)	2,000,000.00	10,625,899.40	64,000,000.00	Joint	2020-2030
TOTAL CONSTRUCTION	6,692,160.67	17,208,218.40	64,000,000.00	Private	
Professional & Administrative	0.00	1,673,026.53	4,480,000.00	Private	
Contingencies	669,216.07	1,673,026.53	4,480,000.00	Private	
TOTAL COSTS	7,361,376.73	20,554,271.47	72,960,000.00	100,875,648.20	

The following amortization schedule represents the projected interest expense at 3.6%

PENNINGTON COUNTY TIF AMORTIZATION SCHEDULE						
TIF Semi-Annual Amortization Schedule						
9/14/2020						
			Rate	Payment		
			3.600%	\$258,986.20		
Original Amortization Schedule						
Payment Date	Balance	Days	Interest	Payment	Principal Paid	Payment Number
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2021	\$7,361,376					
6/1/2021	7,212,810.44	150	110,420.64	258,986.20	148,565.56	1
12/1/2021	7,083,654.83	180	129,830.59	258,986.20	129,155.61	2
6/1/2022	6,952,174.42	180	127,505.79	258,986.20	131,480.41	3
12/1/2022	6,818,327.36	180	125,139.14	258,986.20	133,847.06	4
6/1/2023	6,682,071.05	180	122,729.89	258,986.20	136,256.31	5
12/1/2023	6,543,362.13	180	120,277.28	258,986.20	138,708.92	6
6/1/2024	6,402,156.45	180	117,780.52	258,986.20	141,205.68	7
12/1/2024	6,258,409.06	180	115,238.82	258,986.20	143,747.38	8
6/1/2025	6,112,074.23	180	112,651.36	258,986.20	146,334.84	9
12/1/2025	5,963,105.36	180	110,017.34	258,986.20	148,968.86	10
6/1/2026	5,811,455.06	180	107,335.90	258,986.20	151,650.30	11
12/1/2026	5,657,075.05	180	104,606.19	258,986.20	154,380.01	12
6/1/2027	5,499,916.20	180	101,827.35	258,986.20	157,158.85	13
12/1/2027	5,339,928.49	180	98,998.49	258,986.20	159,987.71	14
6/1/2028	5,177,061.01	180	96,118.71	258,986.20	162,867.49	15
12/1/2028	5,011,261.90	180	93,187.10	258,986.20	165,799.10	16
6/1/2029	4,842,478.42	180	90,202.71	258,986.20	168,783.49	17
12/1/2029	4,670,656.83	180	87,164.61	258,986.20	171,821.59	18
6/1/2030	4,495,742.45	180	84,071.82	258,986.20	174,914.38	19
12/1/2030	4,317,679.62	180	80,923.36	258,986.20	178,062.84	20
6/1/2031	4,136,411.65	180	77,718.23	258,986.20	181,267.97	21
12/1/2031	3,951,880.86	180	74,455.41	258,986.20	184,530.79	22
6/1/2032	3,764,028.52	180	71,133.86	258,986.20	187,852.34	23
12/1/2032	3,572,794.83	180	67,752.51	258,986.20	191,233.69	24
6/1/2033	3,378,118.94	180	64,310.31	258,986.20	194,675.89	25
12/1/2033	3,179,938.88	180	60,806.14	258,986.20	198,180.06	26
6/1/2034	2,978,191.58	180	57,238.90	258,986.20	201,747.30	27
12/1/2034	2,772,812.83	180	53,607.45	258,986.20	205,378.75	28
6/1/2035	2,563,737.26	180	49,910.63	258,986.20	209,075.57	29
12/1/2035	2,350,898.33	180	46,147.27	258,986.20	212,838.93	30
6/1/2036	2,134,228.30	180	42,316.17	258,986.20	216,670.03	31
12/1/2036	1,913,658.21	180	38,416.11	258,986.20	220,570.09	32
6/1/2037	1,689,117.86	180	34,445.85	258,986.20	224,540.35	33
12/1/2037	1,460,535.78	180	30,404.12	258,986.20	228,582.08	34
6/1/2038	1,227,839.23	180	26,289.64	258,986.20	232,696.56	35
12/1/2038	990,954.13	180	22,101.11	258,986.20	236,885.09	36
6/1/2039	749,805.11	180	17,837.17	258,986.20	241,149.03	37
12/1/2039	504,315.40	180	13,496.49	258,986.20	245,489.71	38
6/1/2040	254,406.88	180	9,077.68	258,986.20	249,908.52	39
12/1/2040	0.00	180	4,579.32	258,986.20	254,406.88	40
	\$7,361,376		2,998,071.99			
	TOTAL TIF PAYMENTS		\$10,359,447.99			

SCHEDULE 2

ECONOMIC FEASIBILITY STUDY & TAXABLE VALUE

The County has been approached by the City of Box Elder and has been asked to create a Tax Increment District to help offset the expansion 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 City to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a “Project Plan” duly adopted by the City. The property is currently estimated to have a taxable value of \$0. 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 \$35,000,000 in new value once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

All of the project costs are found to be necessary and convenient to the creation of the Tax Incremental District and the implementation of the project.

For purposes of this Project Plan, the Developer is projecting that the Liberty Plaza will be built and fully developed over the next 10 years.

The County’s role is to simply act as a conduit for the revenue and pass on all positive increment to the City, who will then in turn pass on the revenue, per the Developer’s Agreement, to the Developer or to reimburse the City for their expenses, of which, will never exceed \$10,359,447 in total payments, or 20 years, 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, whether by means of a taxable bond or loan. 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 #5 is proven feasible based upon the projections made by the Developer, projecting a total in excess of **\$10,359,447** in tax revenue during the life of the 20-year TIF. 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 City TID #5 will be available until the earliest of calendar year 2022 and thereafter.

TID Tax Revenue Estimates Available for Pennington County for City of Box Elder

This project will have properties that are classified as Non-Ag and are projected to create a positive increment up to \$10.4 Million.

Levies				Equalized	
School	County	City	File	Water	Total
13.567	4.777	5.272	1.041	0.024	24.681
					91%

Construction Year	Valuation	Revenue Year	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Total Amount Available for DIS
2020		2022	\$ 67,379						\$ -
2021		2022	\$ 67,379						\$ 67,379
2022		2023	\$ 67,379	\$ 89,839					\$ 157,218
2023		2024	\$ 67,379	\$ 89,839	\$ 67,379				\$ 224,597
2024		2025	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597			\$ 449,194
2025		2026	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379		\$ 516,573
2026		2027	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2027		2028	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2028		2029	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2029		2030	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2030		2031	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2031		2032	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2032		2033	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2033		2034	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2034		2035	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2035		2036	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2036		2037	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2037		2038	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2038		2039	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
2039		2040	\$ 67,379	\$ 89,839	\$ 67,379	\$ 224,597	\$ 67,379	\$ 179,678	\$ 696,251
			\$1,212,824	\$ 1,527,260	\$ 1,078,066	\$ 3,368,957	\$ 943,308	\$ 2,335,810	\$ 10,466,225

Project 1
Mixed Use
Total Project Costs \$3,000,000
Projected Valuation \$2,730,000
Projected Taxes \$ 67,379
Year Built 2021

Project 2
20 Townhomes
Total Project Costs \$4,000,000
Projected Valuation \$3,640,000
Projected Taxes \$89,839
Year Built 2022

Project 3
Mixed Use 10 townhomes
Total Project Costs \$3,000,000
Projected Valuation \$2,730,000
Projected Taxes \$67,379
Year Built 2023

Project 4
100 Apartments
Total Project \$10,000,000
Projected V \$9,100,000
Projected T \$224,597
Year Built 2024

Project 5
Public Building Mix Use
Total Project \$3,000,000
Projected V \$2,730,000
Projected T \$67,379
Year Built 2025

Project 6
80 Apartments Public Bldg
Total Project \$8,000,000
Projected V \$7,280,000
Projected T \$179,678
Year Built 2026

Project 7
Mix Use 10 Townhomes
Total Project \$4,000,000
Projected V \$3,640,000
Projected T \$89,839
Year Built 2027

The TIF cannot exceed 20 years from the year of creation
Actual Revenue is for 18 years
For projection purposes only and do not reflect actual revenue

SCHEDULE 3

ECONOMIC DEVELOPMENT STUDY

Introduction

Pennington County has been approached concerning the creation of 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 economic development 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 by the governing body that has zoning authority over the land contained within the TIF district. The proposed Pennington County TID #5 meets both of these criteria.

The area within the boundaries of the TIF is generally located in Lot B Less Lot 1 of the Box Elder DSDP Subdivision and the adjacent N. Ellsworth Road Right of Way, adjacent Constitution Ave Right of Way and adjacent Liberty Blvd Right of Way all located in Section 17, T2N, R9E, BHM, Box Elder, Pennington County, South Dakota. The project includes development the Liberty Center Plaza, which upon completion will boast a multipurpose event center, a revitalized park system, housing development and mixed commercial use.

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. Pennington County TID #5 will revitalize and stimulate economic development to the growing City of Box Elder and Ellsworth Air Force Base community. A supplemental use of the TIF will be for improvements as deemed necessary within the developed area.

Conditions Within the Study Area: Land Use and Planning Land Use, Planning and Comprehensive Plan

The City of Box Elder Comprehensive Plan is consistent with the proposed use of the District.

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 economic development. 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 Project area is being platted out of a 111-acre tract of land in the Box Elder Section 17 Township 2N Range 09E near Box Elder, SD and legally described as Lot B Less Lot 1 of the Box Elder DSDP Subdivision and the adjacent N. Ellsworth Road Right of Way, adjacent Constitution Ave Right of Way and adjacent Liberty Blvd Right of Way all located in Section 17, T2N, R9E, BHM, Box Elder, Pennington County, South Dakota

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 economic development.

SCHEDULE 4

FISCAL / ECONOMIC IMPACT STATEMENT FOR CITY OF BOX ELDER / PENNINGTON COUNTY TID #5

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 City of Box Elder Tax Increment District Number 13

"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 \$35,000,000 - \$100,000,000
2. The average tax levy of all taxing districts will be \$24.681 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2023 and end prior to 2041.
4. The discretionary formula will be waived by Developer.

**LIBERTY PLAZA TIF
ECONOMIC IMPACT
ESTIMATED PROJECTED PROJECT COMPONENTS**

ITEM	AMOUNT
Public Improvements TIF	7,361,377
Public Improvements NON-TIF	20,554,271
Structures	72,960,000
Total	100,875,648

TOTAL PROJECTED NO-TIF IMPROVEMENTS	100,875,648
PROJECTED CONSTRUCTION COMPLETION	10 years

CONSTRUCTION ECONOMIC IMPACT

TOTAL CONSTRUCTION COSTS	100,875,648
ASSUMING 50% OF CONSTRUCTIONS COSTS ARE LABOR	50,437,824
NUMBER OF CONSTRUCTION JOBS OVER 10 YEARS (\$50K/EMP/YR)	101
ASSUMING 50% OF CONSTRUCTION COSTS ARE MATERIAL	50,437,824
STATE SALES TAX AT 4%	2,017,513
CITY SALES TAX	1,008,756

ECONOMIC IMPACT DURING CONSTRUCTION PERIOD	171,488,602
(1.7 MULTIPLIER BASED ON THE EC. DEV. 3RD PARTY STUDY)	

SCHEDULE 5

ESTIMATED CAPTURED TAXABLE VALUES

For purposes of this Project Plan, it is assumed that the **Developer will elect not to use the real property tax discretionary formula** currently utilized in Pennington County, South Dakota, pertaining to payment of real property taxes (i.e., 20% Year 1; 40% Year 2; 60% Year 3; 80% Year 4; and 100% Year 5.)

* 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 \$10,359,447 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2020, 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 Owner Occupied property types:

2020 Property Tax Rate

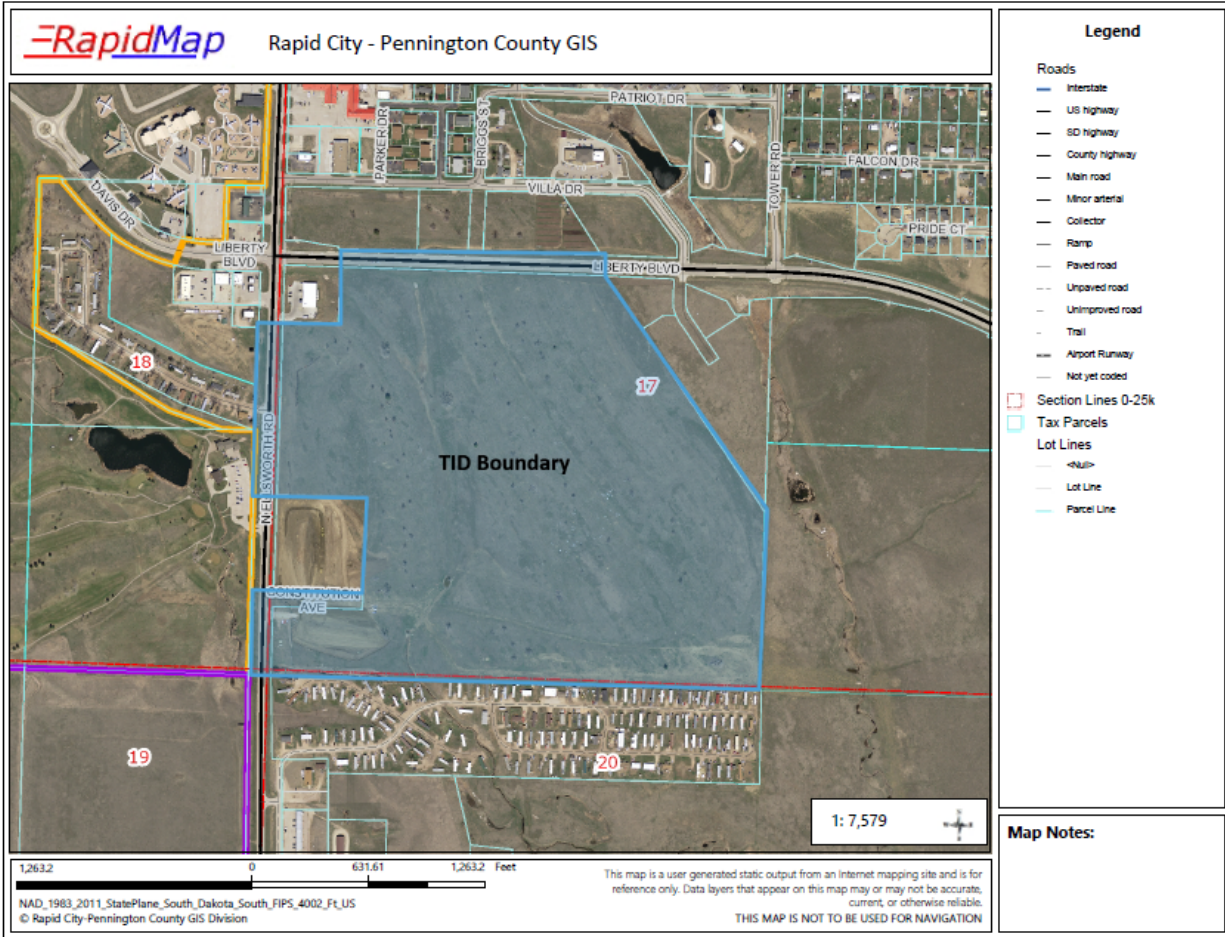
2019 Payable in 2020	\$ per \$1,000 assessed
Pennington County	\$ 4.777
Box Elder City	\$ 5.272
Fire District	\$ 1.041
Water Development District	\$ 0.024
<u>School "Non- Ag Other"</u>	<u>\$ 13.567</u>
Total Tax Levy	\$ 24.681

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:

Lot B Less Lot 1 of the Box Elder DSDP Subdivision and the adjacent N. Ellsworth Road Right of Way, adjacent Constitution Ave Right of Way and adjacent Liberty Blvd Right of Way all located in Section 17, T2N, R9E, BHM, Box Elder, Pennington County, South Dakota



ATTACHMENT 2

Conditions picture for City of Box Elder Tax Incremental District #5, SDCL § 11-9-16(1)

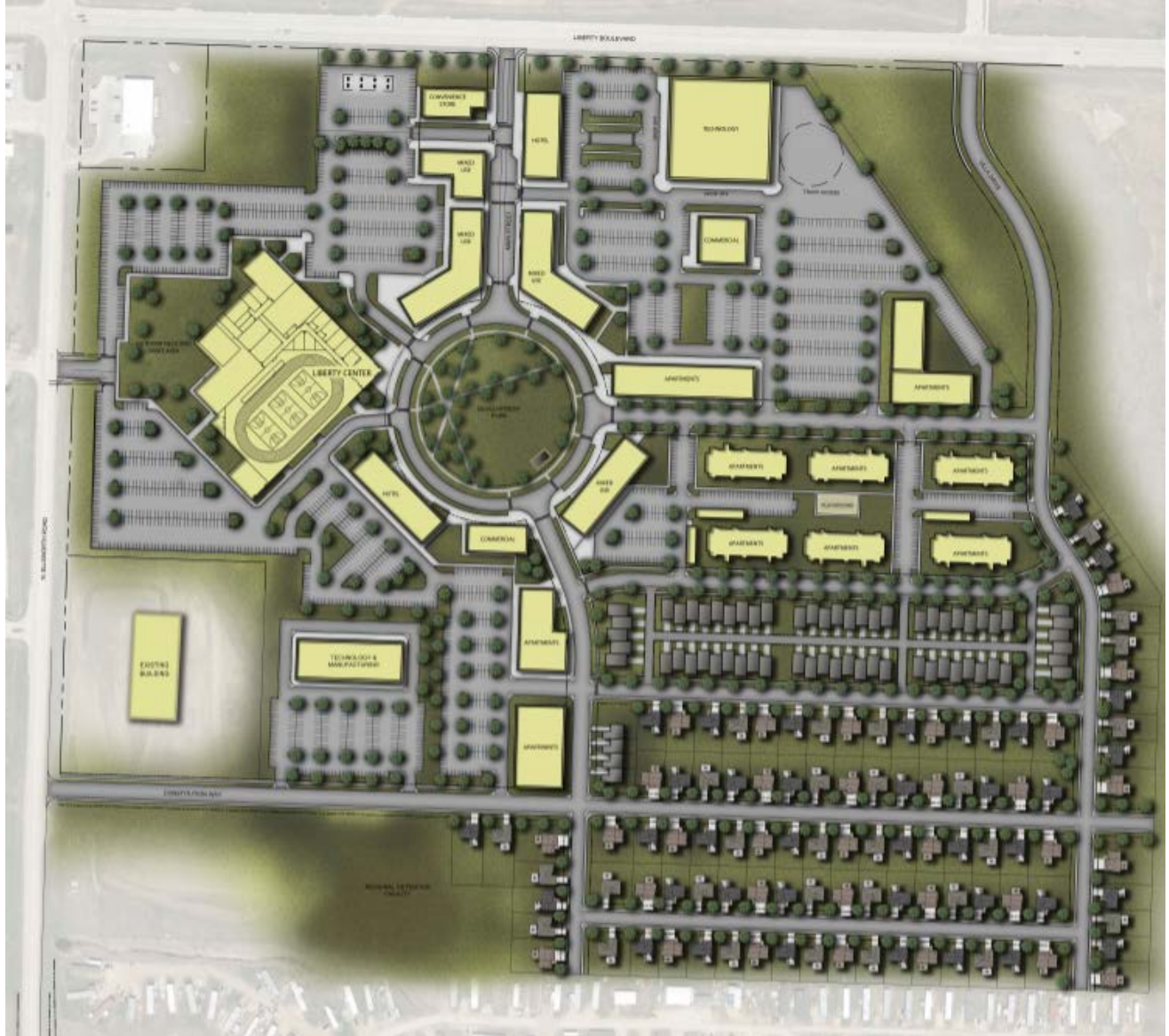
The following is a picture showing the current conditions of the proposed location of TIF #5



ATTACHMENT 3

Improvements map for City of Box Elder Tax Incremental District #5, SDCL § 11-9-16(2).

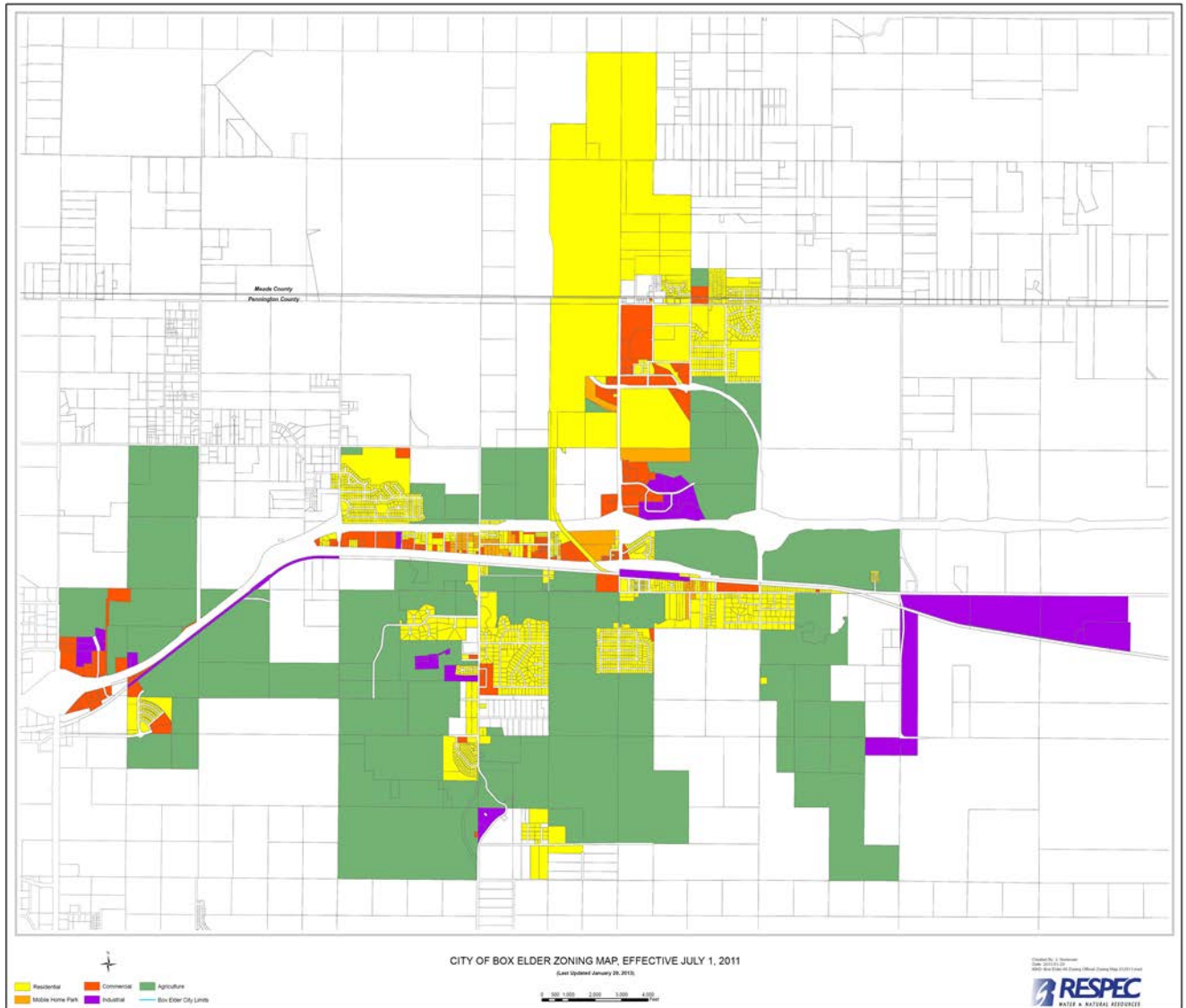
The following is a plat map provided by the Developer of the Tax Increment District:



ATTACHMENT 4

Pennington County Zoning Map for City of Box Elder Tax Incremental District #5, SDCL § 11-9-16(2).

No changes will be required to the current zoning.





SOUTH DAKOTA DEPARTMENT OF REVENUE
445 East Capitol Avenue • Pierre, SD 57501
(605) 773-3311 • dor.sd.gov

September 21, 2020

Cindy Mohler
Pennington County
130 Kansas City St
Rapid City SD 57701

RE: Preliminary Classification of Pennington County #5

Dear Cindy Mohler:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on 09/17/2020.

Upon review of the provided information the Department has determined the preliminary classification for the TIF District "Pennington County #5" to be Economic Development for the purposes of the State Aid to Education formula.

If you have any questions or concerns, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Semmler'.

Wendy Semmler, Property Tax Program Manager
Property Tax Division

**CITY OF BOX ELDER
RESOLUTION NO. 20-29**

**A RESOLUTION TO APPROVE THE CREATION BY PENNINGTON COUNTY
OF A TAX INCREMENT FINANCING DISTRICT (TIF#5)
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#5) for a project plan for infrastructure improvements for the development of undeveloped property currently owned by the South Dakota Ellsworth Development Authority, located South of Liberty Boulevard and East of North Ellsworth Road, which will stimulate and develop the general economic welfare and prosperity of the City of Box Elder through the promotion and advancement of industrial, commercial and residential 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#5 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#5 by Pennington County located within the municipal boundaries of the City of Box Elder for a project plan for infrastructure improvements for the development of undeveloped property currently owned by the South Dakota Ellsworth Development Authority, located South of Liberty Boulevard and East of North Ellsworth Road.

Dated this 16th day of September, 2020.




NICOLE SCHNEIDER, City Administrator
& City Finance Officer

CITY OF BOX ELDER


LARRY LARSON, Mayor