



## Tax Increment Finance District #17

Brookings, South Dakota

On behalf of: Sixth St Development, LLC

Tobin J. Morris  
Senior Vice President  
+1 605 280-5559  
tobin.morris@colliers.com

Colliers Securities LLC  
124 W Dakota Ave Pierre, SD  
57501



# Table of Contents

<u>03</u>	Introduction - The Project
<u>05</u>	Purpose and General Definitions
<u>08</u>	Creation of the City of Brookings TID #17
<u>09</u>	Project Costs
<u>16</u>	List of Schedules
<u>28</u>	List of Attachments

# Introduction – The Project

## **Tax Increment Financing**

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 City Planning Commission and the City Council.

The proposed Tax Increment District consists of two multifamily developments referred to as Paragon and Latitude 44. The Latitude 44 Development will have 114 units with retail / commercial store front on the bottom floor and is located along 6th Street and 12th Avenue. Paragon will have 84 units and is located along Campanile Avenue and 7th Street. The two developments will be very beneficial to the City of Brookings as there is a need for multifamily housing in the area. South Dakota State University will also see a large benefit from the developments due to its close proximity to the University. The following page shows a preliminary conceptual design of the apartments.

# Introduction – The Project

Paragon - 84 units located along Campanile Avenue and 7th Street:



Latitude 44 - 114 units and retail / commercial store front located along 6th Street and 12th Avenue:



# Purpose & General Definitions

## Purpose of the TIF District

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

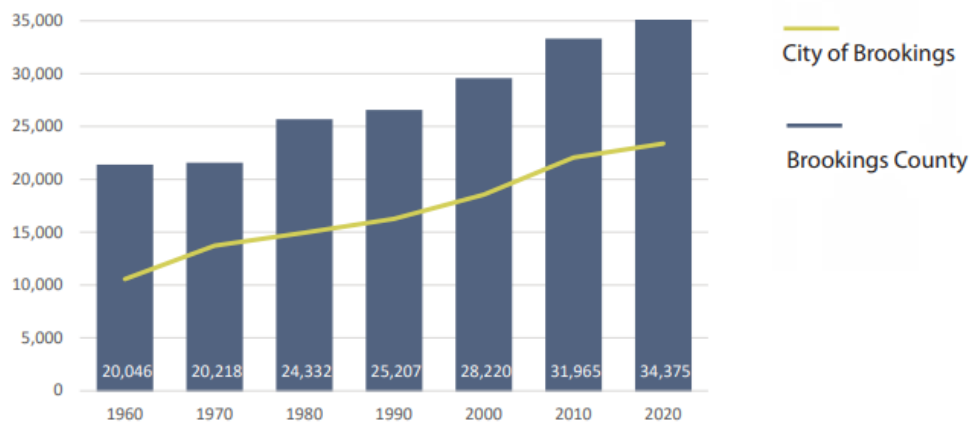
As such, the creation of the City of Brookings TIF #17 shall be conditioned upon the creation of the District by resolution, and the establishment of the TID boundaries and approval of the TID Project plan by the City Planning and Zoning Commission.

The purpose of this Plan, to be implemented by the City of Brookings, South Dakota is to satisfy the requirements for a Tax Increment District Number Seventeen 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.

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 growth throughout the District and provide a financing vehicle to administer the funds.

## Population Growth

In the past several years, the City of Brookings and the surrounding area has experienced a steady increase in population and should expect further growth in the future. The graph below is from the 2022 Brookings County Housing Study depicting the continuous population growth from 1960 to 2020. The City of Brookings is home to South Dakota State University, the states largest university. In the fall of 2024, the incoming first-year student class of 2,449 is the largest in the history of SDSU, breaking the previous mark of 2,306 set in 2013 and surpassing last year's class by 7.6%. Additionally, retention of students from their first year to their second year stood at 83.8%, breaking last year's record by almost one percentage point and marking the fourth time in five years retention at SDSU has been at 80% or higher.



# Purpose & General Definitions

## The Need for Housing

With an increase in population the need for housing also grows. With more than 12,000 SDSU students in Brookings, many homes within the community are turned into rental units and takes housing opportunities from the general workforce within the City. By developing multifamily housing closer to the University Campus, students won't need to look for as many single family homes within the community, giving the area workforce access to affordable single family housing options.

The proposed TIF district will be classified as economic development due to the commercial / retail space along 6th street. However, the rent associated with the two multifamily developments is intended to target near the South Dakota 80% AMI limit. The following tables show the state's 80% AMI rent compared to the estimated rent for the Paragon and Latitude 44 developments:

The following tables show preliminary projected rents:

South Dakota's 80% AMI	
Unit	Rent
Zero Bedroom	\$1,331
One Bedroom	\$1,522
Two Bedroom	\$1,712
Three Bedroom	\$1,902
Four Bedroom	\$2,054
Five Bedroom	\$2,206

Paragon Rents - 2028	
Units	Rent
2nd Floor	
Studio	\$900
Efficiency	\$1,100
1 Bedroom	\$1,300
1 Bedroom - Den	\$1,400
2 Bedroom	\$1,600
3rd Floor	
Studio	\$925
Efficiency	\$1,125
1 Bedroom	\$1,325
1 Bedroom - Den	\$1,425
2 Bedroom	\$1,625
4th Floor	
Studio	\$950
Efficiency	\$1,150
1 Bedroom	\$1,350
1 Bedroom - Den	\$1,450
2 Bedroom	\$1,650
5th Floor	
Studio	\$975
Efficiency	\$1,175
1 Bedroom	\$1,375
1 Bedroom - Den	\$1,475
2 Bedroom	\$1,675

Latitude 44 Rents - 2027	
Units	Rent
2nd Floor	
Efficiency I	\$945
Efficiency II	\$920
Efficiency III - ADA	\$1,050
1 Bedroom - Den	\$1,400
1 bedroom I	\$1,300
1 bedroom II	\$1,325
1 bedroom III - ADA	\$1,450
1 bedroom IV	\$1,450
2 bedroom I	\$1,650
2 bedroom II	\$1,575
2 bedroom III - ADA	\$1,650
3rd Floor	
Efficiency I	\$970
Efficiency II	\$945
Efficiency III	\$1,075
1 bedroom den	\$1,475
1 bedroom I	\$1,325
1 bedroom II	\$1,350
1 bedroom III	\$1,475
1 bedroom IV	\$1,475
2 bedroom I	\$1,675
2 bedroom II	\$1,600
2 bedroom III	\$1,675
4th Floor	
Efficiency I	\$995
Efficiency II	\$970
Efficiency III	\$1,100
1 bedroom den	\$1,475
1 bedroom I	\$1,350
1 bedroom II	\$1,375
1 bedroom III	\$1,500
1 bedroom IV	\$1,500
2 bedroom I	\$1,700
2 bedroom II	\$1,625



# Purpose & General Definitions

## 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 significantly enhance the value of substantially all of the other real property in the district.

**“Council”** means the City of Brookings City Council

**“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 Sixth St Development, LLC

**“Developer’s Agreement”** means the agreement between Developer and the City of Brookings 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.

**“Fiscal year”** means that fiscal year for the City of Brookings

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

**“Governing body”** means the City of Brookings, City Council

**“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 City of Brookings Planning Commission

**“Plan”** means this Project Plan.

**“Project Costs”** means any expenditure or monetary obligations by the City of Brookings, 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 the City of Brookings 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 City 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 City defined and created by resolution of the governing body and named the City of Brookings Tax Increment District #17.

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

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

# Creation of Brookings Tax Increment District #17

## Creation of the District

Representatives of the Developer have approached officials of the City of Brookings 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 Brookings, South Dakota.

The City of Brookings wishes to build a diverse, and resilient economy that allows for upward economic mobility for the community, broadens and promotes economic well-being and quality of life for its residents. Through business attraction, retention and expansion, job creation, infrastructure development, and workforce development.

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2024 valuation of the City of Brookings is \$2,143,044,301. The base value of the taxable property for inclusion into this Tax Incremental District #17, as estimated but not yet verified by the Brookings County Director of Equalization, is \$1,641,000.

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 eleven other active TIF district in the City of Brookings. Using the estimates provided for TID #17, the value of all existing Tax Increment Districts combined is less than 2% of the total 2024 Taxable Valuation.

CITY OF BROOKINGS	
Tax Increment District	Base Values
6	\$0
7	\$7,962,897
8	\$161,311
9	\$2,774,420
10	\$1,050,400
11	\$559,400
12	\$0
13	\$301,400
14	\$195,237
15	\$387,900
16	\$17,828,000
17	\$1,641,000
<b>Total</b>	<b>\$32,861,965</b>
<b><i>City of Brookings Taxable Value</i></b>	<b><i>\$2,143,044,301</i></b>
<b><i>All Base Values must be &lt; 10%</i></b>	<b><i>\$214,304,430</i></b>



# Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements – Sdcl § 11-9-13(1) W

The project costs below are further defined on page 18 & 19.

## Project Costs

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 City. The City exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The City 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 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 \$6,513,338. 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 City or by monetary obligation.

PROJECT COSTS			
Kind of Project	Location <sup>1</sup>	Amount	Reference <sup>2</sup>
Capital Costs (Street, Water & Sewer) (cleaning & grading of land & associated costs)	District		11-9-15(1)
Financing Costs	District		11-9-15(1)
Real Property Assembly	District		11-9-15(1)
Professional Fees	District		11-9-15(1)
Administrative Costs	District		11-9-15(1)
Relocation Costs	District		11-9-15(1)
Organizational Costs	District		11-9-15(1)
Discretionary Costs and Grants	District	\$6,513,338	11-9-15(1)
Eligible Project Costst		\$6,513,338	

<sup>1</sup> District shall mean the Tax Increment District

<sup>2</sup> SDCL §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.

# Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements – Sdcl § 11-9-13(1)

## **Conditions of the Developer Agreement relating to Constitutional Debt**

It is specifically a condition of the proposed Developer's Agreement that the City'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 City to pay pursuant to the proposed Agreement does not constitute a general indebtedness of the City or a charge against the City'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 City 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.

Additionally, the City's obligations to make the payments set forth in the proposed Agreement shall be lawfully made from funds to be budgeted and appropriated on an ANNUAL BASIS for that purpose during the City's then current fiscal year, thus not counting towards Constitutional Debt. If at any time during the term of this Agreement, the governing body of the City shall fail or refuse to approve or authorize the funds due hereunder, then the Agreement shall terminate upon the end of the fiscal year for which funds were approved or authorized, without penalty to the City. The City's obligation hereunder shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. Notwithstanding anything to the contrary contained in the proposed Agreement, the City hereby acknowledges and agrees that the obligations of the City under this Agreement are a material inducement for Developer to incur various development and construct improvements upon the TID property and the failure to pay tax increment to Developer will be financially detrimental to future improvements on said property.

It is further understood that the amount of \$6,513,338 will be the maximum amount the City will ever pass on acting as a conduit for TIF #17. This amount will include any and all interest associated with the debt and the controlling value of the TIF will never pay more than \$6,513,338.

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 Developer on the effective date of this Agreement. The City will Grant this amount to the Developer and thus not have to account for any assets on the City's financial statement. The Developer will be responsible for obtaining their financing and the City 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 City shall pay all available tax increment fund revenues not to exceed \$6,513,338 to the Developer.

# Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements – Sdcl § 11-9-13(1)

## **Expenditures Exceeding Estimated Cost**

Any expenditures, which in sum would exceed the total amount of the TID amount of \$6,513,338 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 debt 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 debt is 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

## Method of Finance

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

## Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #17 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 \$6,513,338 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 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

## Impact

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 2024 taxes payable in 2025. 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.

## **GENERAL FUND**

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 four 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.

The City of Brookings TIF #17 will be classified as Economic Development; therefore, any lost local effort will be covered through the State Aid to Education Formula.

# Estimated Impact Of Tax Increment Financing On Revenues Of Taxing Jurisdictions

## **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.





# Supplementary Findings

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

No changes to either City ordinances or the City Master Plan are required.

**LIST OF ESTIMATED NON-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.

**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 ESTIMATED NON-PROJECT COSTS	
Item	Amount
Completed Development Costs	\$21,400,000
Total	\$21,400,000

The costs above are related to the construction of the buildings within the District and are deemed non - eligible for Tax Increment reimbursement.

# List of Schedules

Schedule 1 - Estimated Project Costs

Schedule 2 - Economic Feasibility Study & Estimated Captured Taxable Values

Schedule 3 - Economic Development Study

Schedule 4 - Fiscal Impact Statement

Schedule 5 - Estimated Captured Taxable Values



# Schedule 1

## Engineer's Opinion of Probable Costs

### **Estimates TID Eligible of Project Costs Requested**

The City of Brookings has determined that this will be an economic development Tax Increment District, thus the eligible cost will be in the form of an infrastructure grant that will not exceed \$6,513,338 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 / debt 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 / debt 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

# Engineer's Opinion of Probable Costs

The following engineer's estimate shows the estimated costs of Infrastructure:

Latitude 44 (6th Street) Site  
Preliminary Opinion of Quantity and Cost  
December 24, 2024

SITE AND UTILITY IMPROVEMENTS					
Section	Items	Approximate Quantity	Unit	Unit Price	Total Cost
General Requirements					
	Mobilization	1	LS	\$ 22,000.00	\$ 22,000.00
	Supervision	1	LS	\$ 22,000.00	\$ 22,000.00
Utility Fees					
	electrical transformer	1	LS	\$ 6,600.00	\$ 6,600.00
	water meter	1	LS	\$ 2,200.00	\$ 2,200.00
	Natural gas	1	LS	\$ 5,500.00	\$ 5,500.00
Site Earthwork					
	Staking	1	LS	\$ 16,500.00	\$ 16,500.00
	Housing Removals / Relocations	1	Each	\$ 137,500.00	\$ 137,500.00
	Sawcutting	300	LF	\$ 7.15	\$ 2,145.00
	Concrete Removals	1	LS	\$ 8,250.00	\$ 8,250.00
	Unclassified Excavation	2,500	CuYd	\$ 16.50	\$ 41,250.00
	Site Fill	4,275	Ton	\$ 16.50	\$ 70,537.50
	Base Course - Parking Lot	1,260	Ton	\$ 23.10	\$ 29,106.00
	Base Course - Sidewalk	275	Ton	\$ 27.50	\$ 7,562.50
	Parking Lot Prep / Proof Roll	1	LS	\$ 5,500.00	\$ 5,500.00
	Asphalt Prep	65	Ton	\$ 16.50	\$ 1,072.50
	Final Grading	2,360	SqYd	\$ 7.70	\$ 18,172.00
	Over Excavation	2,000	CuYd	\$ 17.60	\$ 35,200.00
Site Improvements					
	Utility Screen Fence	1	LS	\$ 5,500.00	\$ 5,500.00
	Landscaping	1	LS	\$ 44,000.00	\$ 44,000.00
	Asphalt Street Parking	2,750	SqFt	\$ 5.50	\$ 15,125.00
	Striping	1	LS	\$ 4,400.00	\$ 4,400.00
	Signage	10	Each	\$ 385.00	\$ 3,850.00

Utilities by Civil					
	Abandon Water Services	1	LS	\$ 11,000.00	\$ 11,000.00
	Abandon Sewer Services	1	LS	\$ 11,000.00	\$ 11,000.00
	Water - 6" PVC	50	LF	\$ 82.50	\$ 4,125.00
	Storm Sewer - 6" PVC	245	LF	\$ 44.00	\$ 10,780.00
	Storm Sewer - 8" PVC	294	LF	\$ 49.50	\$ 14,553.00
	Storm Sewer - 10" PVC	50	LF	\$ 55.00	\$ 2,750.00
	Storm Sewer - 12" PVC	105	LF	\$ 66.00	\$ 6,930.00
	Storm Sewer - 18" PVC	60	LF	\$ 82.50	\$ 4,950.00
	Storm Sewer - 42" HDPE	190	LF	\$ 115.50	\$ 21,945.00
	Nyloplast Inlet Basins	8	Each	\$ 3,476.00	\$ 27,808.00
	Drop Inlets	5	Each	\$ 4,499.00	\$ 22,495.00
	Elevator Drain Tile/Sump	1	LS	\$ 5,500.00	\$ 5,500.00
	Sanitary Sewer	65	LF	\$ 99.00	\$ 6,435.00
	Curb Replacement from Storm Utility	160	LF	\$ 38.50	\$ 6,160.00
	Driveway replacement from Storm Utility	395	SqFt	\$ 16.50	\$ 6,517.50
	Asphalt replacement at Storm Utility	750	SqFt	\$ 5.50	\$ 4,125.00
	Grading repair at Storm Utility	1	LS	\$ 3,850.00	\$ 3,850.00
Concrete					
	Parking Area - 6"	27,260	SqFt	\$ 5.50	\$ 149,930.00
	Common Sidewalk - Replacement	6,884	SqFt	\$ 4.40	\$ 30,289.60
	Curb/Gutter	240	LF	\$ 38.50	\$ 9,240.00
	Valley Gutter	175	LF	\$ 33.00	\$ 5,775.00
	Paving - 6"	23,410	SqFt	\$ 5.50	\$ 128,755.00
	Bollards	6	Each	\$ 935.00	\$ 5,610.00
	ADA Panels	4.0	Each	\$ 440.00	\$ 1,760.00
	Misc. Replacements	50	CuYd	\$ 385.00	\$ 19,250.00
Subtotal:					\$ 1,025,503.60

Civil Contingency: \$ 102,550.36  
Total: \$ 1,128,053.96



# Engineer's Estimate of Probable Costs

Paragon (Campanile) Site  
Preliminary Opinion of Quantity and Cost  
December 24, 2024

SITE AND UTILITY IMPROVEMENTS					
Section	Items	Approximate Quantity	Unit	Unit Price	Total Cost
General Requirements					
	Mobilization	1	LS	\$ 22,000.00	\$ 22,000.00
	Supervision	1	LS	\$ 22,000.00	\$ 22,000.00
Utility Fees					
	electrical transformer	1	LS	\$ 6,600.00	\$ 6,600.00
	water meter	1	LS	\$ 2,200.00	\$ 2,200.00
	Natural gas	1	LS	\$ 5,500.00	\$ 5,500.00
Site Earthwork					
	Staking	1	LS	\$ 16,500.00	\$ 16,500.00
	Housing Removals / Relocations	1	Each	\$ 137,500.00	\$ 137,500.00
	Sawcutting	300	LF	\$ 7.15	\$ 2,145.00
	Concrete Removals	1	LS	\$ 8,250.00	\$ 8,250.00
	Unclassified Excavation	2,500	CuYd	\$ 16.50	\$ 41,250.00
	Site Fill	4,275	Ton	\$ 16.50	\$ 70,537.50
	Base Course - Parking Lot	750	Ton	\$ 23.10	\$ 17,325.00
	Base Course - Sidewalk	200	Ton	\$ 27.50	\$ 5,500.00
	Parking Lot Prep / Proof Roll	1	LS	\$ 5,500.00	\$ 5,500.00
	Asphalt Prep	65	Ton	\$ 16.50	\$ 1,072.50
	Final Grading	1,213	SqYd	\$ 7.70	\$ 9,340.10
Site Improvements	Over Excavation	2,000	CuYd	\$ 17.60	\$ 35,200.00
	Utility Screen Fence	1	LS	\$ 5,500.00	\$ 5,500.00
	Landscaping	1	LS	\$ 27,500.00	\$ 27,500.00
	Asphalt Street Parking	2,750	SqFt	\$ 5.50	\$ 15,125.00
	Striping	1	LS	\$ 4,400.00	\$ 4,400.00
	Signage	10	Each	\$ 385.00	\$ 3,850.00

Utilities by Civil					
	Abandon Water Services	1	LS	\$ 11,000.00	\$ 11,000.00
	Abandon Sewer Services	1	LS	\$ 11,000.00	\$ 11,000.00
	Water - 10" PVC	19	LF	\$ 192.50	\$ 3,657.50
	Wet Tap 10" Water	1	LS	\$ 5,500.00	\$ 5,500.00
	Storm Sewer - 4" PVC	65	LF	\$ 44.00	\$ 2,860.00
	Storm Sewer - 6" PVC	370	LF	\$ 49.50	\$ 18,315.00
	Storm Sewer - 8" PVC	130	LF	\$ 66.00	\$ 8,580.00
	Storm Sewer - 12" HDPE	170	LF	\$ 71.50	\$ 12,155.00
	Storm Sewer - 18" HDPE	35	LF	\$ 77.00	\$ 2,695.00
	Storm Sewer - 18" RCP	31	LF	\$ 137.50	\$ 4,262.50
	Storm Sewer - 24" HDPE	149	LF	\$ 93.50	\$ 13,931.50
	Storm Sewer - 24" RCP	205	LF	\$ 143.00	\$ 29,315.00
	Nyloplast Inlet Basins - 18"	8	Each	\$ 3,476.00	\$ 27,808.00
	Drop Inlets	6	Each	\$ 5,225.00	\$ 31,350.00
	Connect to Existing Storm Sewer	1	LS	\$ 5,500.00	\$ 5,500.00
	Sanitary Sewer - 6"	125	LF	\$ 55.00	\$ 6,875.00
	Connect to Existing Sanitary Sewer	1	LS	\$ 5,500.00	\$ 5,500.00
	Curb Replacement from Storm Utility	160	LF	\$ 38.50	\$ 6,160.00
	Driveway replacement from Storm Utility	395	SqFt	\$ 16.50	\$ 6,517.50
	Asphalt replacement at Storm Utility	750	SqFt	\$ 5.50	\$ 4,125.00
	Grading repair at Storm Utility	1	LS	\$ 3,850.00	\$ 3,850.00
Concrete					
	Parking Area - 6"	20,265	SqFt	\$ 5.50	\$ 111,457.50
	Common Sidewalk - Replacement	2,900	SqFt	\$ 4.40	\$ 12,760.00
	Curb/Gutter	1,050	LF	\$ 38.50	\$ 40,425.00
	Valley Gutter	175	LF	\$ 33.00	\$ 5,775.00
	Paving - 6"	16,000	SqFt	\$ 5.50	\$ 88,000.00
	Bollards	10	Each	\$ 935.00	\$ 9,350.00
	ADA Panels	6	Each	\$ 440.00	\$ 2,640.00
	Misc. Replacements	50	CuYd	\$ 385.00	\$ 19,250.00
Subtotal:					\$ 975,409.60

Civil Contingency: \$ 97,540.96  
Total: \$ 1,072,950.56



# Project Cost Amortization Schedule

The Principal Amount of the following Amortization Schedule is based on the infrastructure expense only:

Note Date: 06/01/25  
 Note Rate: 7.50%  
 Proceeds: 2,201,005.00  
 Reserve Fund \$0  
 Cap Interest \$330,151

Total TIF eligible expenses are in the amount of \$9,483,292. The Developer is only requesting \$6,513,338 as the TIF can only support that amount. The assumptions on page 22 further define the TIF amount and the Developer's buildout schedule.

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
						2,201,005.00
06/01/25	0.00	0.00	0.00	0.00	0.00	2,201,005.00
12/01/25	0.00	0.00	0.00	0.00	82,537.69	2,201,005.00
06/01/26	0.00	0.00	0.00	0.00	82,537.69	2,201,005.00
12/01/26	0.00	0.00	0.00	0.00	82,537.69	2,201,005.00
06/01/27	0.00	0.00	0.00	0.00	82,537.69	2,201,005.00
12/01/27	15,184.63	82,537.69	97,722.32	97,722.32	0.00	2,185,820.37
06/01/28	41,784.89	81,968.26	123,753.15	123,753.15	0.00	2,144,035.48
12/01/28	43,351.82	80,401.33	123,753.15	123,753.15	0.00	2,100,683.66
06/01/29	44,977.51	78,775.64	123,753.15	123,753.15	0.00	2,055,706.15
12/01/29	46,664.17	77,088.98	123,753.15	123,753.15	0.00	2,009,041.98
06/01/30	48,414.08	75,339.07	123,753.15	123,753.15	0.00	1,960,627.90
12/01/30	50,229.60	73,523.55	123,753.15	123,753.15	0.00	1,910,398.30
06/01/31	52,113.21	71,639.94	123,753.15	123,753.15	0.00	1,858,285.09
12/01/31	54,067.46	69,685.69	123,753.15	123,753.15	0.00	1,804,217.63
06/01/32	56,094.99	67,658.16	123,753.15	123,753.15	0.00	1,748,122.64
12/01/32	58,198.55	65,554.60	123,753.15	123,753.15	0.00	1,689,924.09
06/01/33	60,381.00	63,372.15	123,753.15	123,753.15	0.00	1,629,543.09
12/01/33	62,645.28	61,107.87	123,753.15	123,753.15	0.00	1,566,897.81
06/01/34	64,994.48	58,758.67	123,753.15	123,753.15	0.00	1,501,903.33
12/01/34	67,431.78	56,321.37	123,753.15	123,753.15	0.00	1,434,471.55
06/01/35	69,960.47	53,792.68	123,753.15	123,753.15	0.00	1,364,511.08
12/01/35	72,583.98	51,169.17	123,753.15	123,753.15	0.00	1,291,927.10
06/01/36	75,305.88	48,447.27	123,753.15	123,753.15	0.00	1,216,621.22
12/01/36	78,129.85	45,623.30	123,753.15	123,753.15	0.00	1,138,491.37
06/01/37	81,059.72	42,693.43	123,753.15	123,753.15	0.00	1,057,431.65
12/01/37	84,099.46	39,653.69	123,753.15	123,753.15	0.00	973,332.19
06/01/38	87,253.19	36,499.96	123,753.15	123,753.15	0.00	886,079.00
12/01/38	90,525.19	33,227.96	123,753.15	123,753.15	0.00	795,553.81
06/01/39	93,919.88	29,833.27	123,753.15	123,753.15	0.00	701,633.93
12/01/39	97,441.88	26,311.27	123,753.15	123,753.15	0.00	604,192.05
06/01/40	101,095.95	22,657.20	123,753.15	123,753.15	0.00	503,096.10
12/01/40	104,887.05	18,866.10	123,753.15	123,753.15	0.00	398,209.05
06/01/41	108,820.31	14,932.84	123,753.15	123,753.15	0.00	289,388.74
12/01/41	112,901.07	10,852.08	123,753.15	123,753.15	0.00	176,487.67
06/01/42	117,134.86	6,618.29	123,753.15	123,753.15	0.00	59,352.81
12/01/42	39,352.81	2,225.73	61,578.54	61,578.54	0.00	0.00
06/01/43	0.00	0.00	0.00	0.00	0.00	0.00
	2,201,005.00	1,547,137.21	3,748,142.21	3,748,142.21	330,150.76	

Total Interest 1,877,287.97  
 Total TIF Amount 4,078,292.97

Project Costs		
Item	TIF Eligible	TIF Requested
Infrastructure	\$2,201,005	\$2,201,005
Land	\$3,810,000	\$3,662,333
Demolition	\$200,000	\$0
Interest Expense	\$1,877,287	\$0
Engineering	\$745,000	\$0
SDSU Campanile Reconstruction	\$650,000	\$650,000
<b>Total</b>	<b>\$9,483,292</b>	<b>\$6,513,338</b>



# Project Cost Amortization Schedule

The following table shows the proposed tax increment revenue split with South Dakota State University (SDSU). The Developer, Sixth Street Development, LLC will receive 100% of the tax increment revenue until the 5th year of the district to allow for stabilization of the tax increment. SDSU will then receive 12% of the tax increment to reimburse their expenses for the reconstruction of Campanile Avenue up to the amount of \$650,000. Sixth St Development, LLC will then continue to receive 100% of the remaining amount up to \$5,863,338.

Revenue Split - Brookings				
Year	Revenue Available	Sixth St Development, LLC 100% until 5th year	SDSU 12% after 5th year	Total 100%
2027	\$104,550	\$104,550		\$104,550
2028	\$287,193	\$287,193		\$287,193
2029	\$365,285	\$365,285		\$365,285
2030	\$365,285	\$365,285		\$365,285
2031	\$365,285	\$321,952	\$43,333	\$365,285
2032	\$365,285	\$321,952	\$43,333	\$365,285
2033	\$365,285	\$321,952	\$43,333	\$365,285
2034	\$365,285	\$321,952	\$43,333	\$365,285
2035	\$365,285	\$321,952	\$43,333	\$365,285
2036	\$365,285	\$321,952	\$43,333	\$365,285
2037	\$365,285	\$321,952	\$43,333	\$365,285
2038	\$365,285	\$321,952	\$43,333	\$365,285
2039	\$365,285	\$321,952	\$43,333	\$365,285
2040	\$365,285	\$321,952	\$43,333	\$365,285
2041	\$365,285	\$321,952	\$43,333	\$365,285
2042	\$365,285	\$321,952	\$43,333	\$365,285
2043	\$365,285	\$321,952	\$43,333	\$365,285
2044	\$365,285	\$321,952	\$43,333	\$365,285
2045	\$365,285	\$233,699	\$43,333	\$277,032
<b>Total</b>	<b>\$6,601,590</b>	<b>\$5,863,338</b>	<b>\$650,000</b>	<b>\$6,513,338</b>

## Schedule 2

### Feasibility Study, Economic Development Study, And Fiscal Impact Statement

The City 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 \$1,641,000. 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 \$21,400,000 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.

The City's role is to simply act as a conduit for the revenue and pass on all positive increment to the Developer, per the Developer's Agreement. The Agreement will state the conditions of which to receive the positive increment, of which, will never exceed \$6,513,338 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.

The City of Brookings TID #17 is proven feasible based upon the projections made by the Developer, projecting a total in excess of \$6,513,338 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 the City of Brookings TID #17 will be available until the earliest of calendar year 2027 and thereafter.

# TID Tax Revenue Estimates Available for the City of Brookings TID #17

\*The projections are hypothetical and are based on the buildout schedule provided by the Developer:

School 12.658	County 4.025	City 2.262	Fire 0	Water 0.021	Ambulance 0	Total 18.966	Equalized 90%
------------------	-----------------	---------------	-----------	----------------	----------------	-----------------	------------------

Construction Year	Valuation Year	Revenue Year	Latitude 44	Paragon	Project Increment 3	Project Increment 4	Total Amount Available for D/S
2025	2026	2027	\$104,550.08	\$0.00			\$104,550.08
2026	2027	2028	\$209,100.15	\$78,092.51			\$287,192.66
2027	2028	2029	\$209,100.15	\$156,185.01			\$365,285.16
2028	2029	2030	\$209,100.15	\$156,185.01	\$ -		\$365,285.16
2029	2030	2031	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2030	2031	2032	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2031	2032	2033	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2032	2033	2034	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2033	2034	2035	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2034	2035	2036	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2035	2036	2037	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2036	2037	2038	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2037	2038	2039	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2038	2039	2040	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2039	2040	2041	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2040	2041	2042	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2041	2042	2043	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2042	2043	2044	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
2043	2044	2045	\$209,100.15	\$156,185.01	\$ -	\$ -	\$365,285.16
			\$3,868,352.78	\$2,733,237.68	\$ -	\$ -	\$6,601,590.45

## Latitude 44

\$12,250,000 Projected Valuation			114 MF Units	
Year	% Assessed	Projected Valuation	Taxable Valuation	Taxation
2025	0%	\$0.00	\$0.00	\$0.00
2026	0%	\$0.00	\$0.00	\$0.00
2027	50%	\$6,125,000.00	\$5,512,500.00	\$104,550.08
2028	100%	\$12,250,000.00	\$11,025,000.00	\$209,100.15
2029	100%	\$12,250,000.00	\$11,025,000.00	\$209,100.15
2030	100%	\$12,250,000.00	\$11,025,000.00	\$209,100.15

## Paragon

\$9,150,000 Projected Valuation			84 MF Units	
Year	% Assessed	Projected Valuation	Taxable Valuation	Taxation
2025	0%	\$0.00	\$0.00	\$0.00
2026	0%	\$0.00	\$0.00	\$0.00
2027	0%	\$0.00	\$0.00	\$0.00
2028	50%	\$4,575,000.00	\$4,117,500.00	\$78,092.51
2029	100%	\$9,150,000.00	\$8,235,000.00	\$156,185.01
2030	100%	\$9,150,000.00	\$8,235,000.00	\$156,185.01

# TID Tax Revenue Comparables for City of Brookings #17

\*The following shows comparable developments and their values within the City of Brookings to give validity to the projections on page 22:



- The Lofts located at 1116 6th Street, Brookings, SD
- 2024 Valuation - \$6,859,100
- 2023 Taxes Paid - \$117,130
- 65 Units
- Annual Average Tax Per Unit - \$1,802



- Innovation Village located at 2405 10th Street, Brookings, SD
- 2024 Valuation - \$11,975,200
- 2023 Taxes Paid - \$244,131
- 131 Units
- Average Annual Tax Per Unit - \$1,863

# Schedule 3

## Economic Development Study

### **Introduction**

The City of Brookings 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 City of Brookings TID #17 meets both of these criteria.

The proposed development will consist Commercial property

### **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 City of Brookings TIF #17 will revitalize economic development to the City of Brookings and the eastern region of the State of South Dakota. A supplemental use of the TIF will be 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 Brookings' 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

# Schedule 4

## Fiscal Impact Statement for the City of Brookings TID #17

### 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 the City of Brookings Tax Increment District Number 17

“**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 projected to exceed \$21,400,000.
2. The average tax levy of all taxing districts will be \$18.966 “Other” per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2027 and end prior to 2044.
4. The discretionary formula will be waived by Developer and the tenants.



# 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 Brookings 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.)

### **10-6-137. Discretionary formula for reduced taxation of new structures and additions--Partially constructed structures.**

Any structure classified pursuant to this section, must, following construction, be valued for taxation purposes in the usual manner. The board of county commissioners of the county in which the structure is located, may adopt a formula for assessed value to be used for tax purposes. Except as otherwise provided in § 10-6-137.1, the formula may include, for any or all of the five tax years following construction, all, any portion, or none of the assessed value for tax purposes. Any formula adopted must be equally applied to specifically classified properties within a tax increment finance district.

The board of county commissioners of the county in which the structure is located may, if requested by the owner of the structure, fully assess the structure without application of the formula. In waiving the formula for the structure of one owner, the board of county commissioners is not prohibited from applying the formula for subsequent new structures. The assessed value during any of the five years may not be less than the assessed value of the property in the year preceding the first year of the tax years following construction.

Any structure that is partially constructed on the assessment date may be valued for tax purposes, pursuant to this section, and the value may not be less than the assessed value of the property in the year preceding the beginning of construction. The period that the property is valued for tax purposes under this section may include the years when the property is partially constructed.

Following the five-year period under this section, the property must be assessed at the same percentage as all other property for tax purposes, except as otherwise provided in § 10-6-137.1.

Any of the following types of real property may be specifically classified for the purpose of taxation pursuant to this section:

- (1) Any new industrial or commercial structure, or any addition, renovation, or reconstruction to an existing structure, located within a designated urban renewal area as defined in § 11-8-4, if the new structure, addition, renovation, or reconstruction has a full and true value of thirty thousand dollars or more;
- (2) Any new industrial structure, including a power generation facility, or an addition to an existing structure, if the new structure or addition has a full and true value of thirty thousand dollars or more;
- (3) Any new nonresidential agricultural structure, or any addition to an existing structure, if the new structure or addition has a full and true value of ten thousand dollars or more;
- (4) Any new commercial structure, or any addition to an existing structure, except a commercial residential structure as described in subdivision (5), if the new structure or addition has a full and true value of thirty thousand dollars or more;
- (5) Any new commercial residential structure, or addition to an existing structure, containing four or more units, if the new structure or addition has a full and true value of thirty thousand dollars or more;
- (6) Any new affordable housing structure containing four or more units, with a monthly rental rate of the units at or below the annually calculated rent for the state's sixty percent area median income being used by the South Dakota Housing Development Authority for a minimum of ten years following the date of first occupancy, if the structure has a full and true value of thirty thousand dollars or more;
- (7) Any new residential structure, or addition to or renovation of an existing structure, located within a redevelopment neighborhood established pursuant to § 10-6-141, if the new structure, addition, or renovation has a full and true value of five thousand dollars or more. The structure must be located in an area defined and designated as a redevelopment neighborhood based on conditions provided in § 11-7-2 or 11-7-3; or
- (8) Any commercial, industrial, or nonresidential agricultural property that increases more than ten thousand dollars in full and true value, as a result of reconstruction or renovation of the structure.

## Schedule 5 Continued

### Estimated Captured Taxable Values

\* Actual valuation shall depend upon the value determined by the Brookings 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 \$6,513,338 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2027, 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 "Other" property types:

2024 Property Tax Rate "Other"	
Entity	Mill Rate
Brookings County	4.025
Brookings School District	12.658
City of Brookings	2.262
East Dakota Water District	.021
<b>Total</b>	<b>18.966</b>

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.

## List of Attachments

Attachment 1 - Description 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 - TID Boundary Map

Attachment 6 - Department of Revenue Classification Letter

# Attachment 1

## Description of Real Property

### Description of Real Property:

- Lot 1A in Block 4 of Hill Park Addition, an addition to the City of Brookings, Brookings County, South Dakota
- Lot 13A in Block 2 of Sanderson's Addition to the City of Brookings, Brookings County, South Dakota
- S 40' Lot 4, Lot 5, N 15' Lot 6, Block 1 of Sanderson's Addition to the City of Brookings, Brookings County, South Dakota

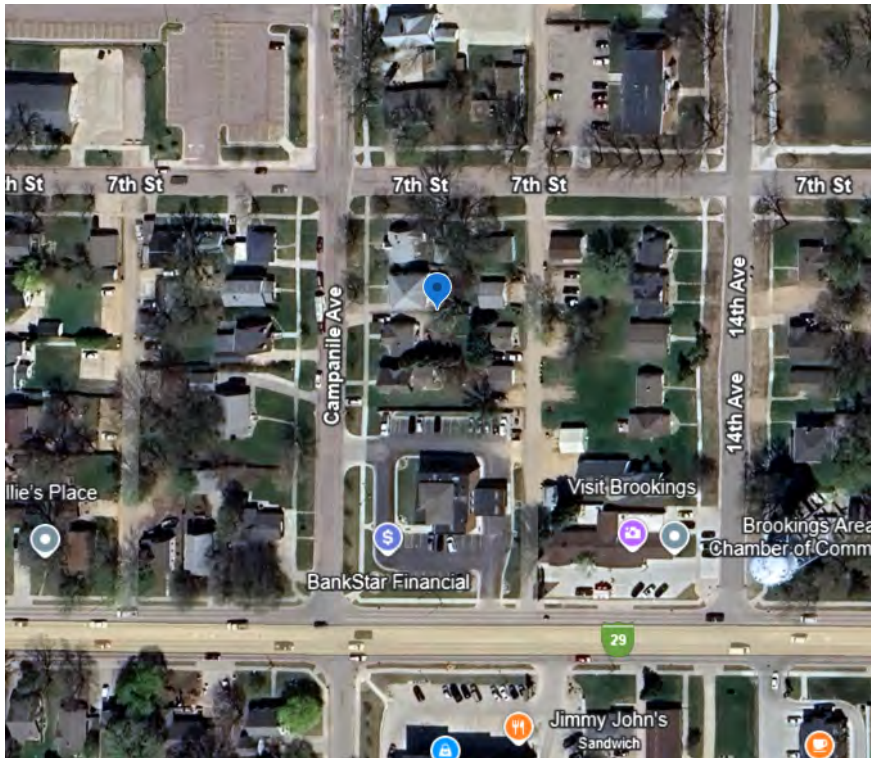
All Located in the City of Brookings, Brookings County, South Dakota including within and adjacent right-of-way.

## Attachment 2

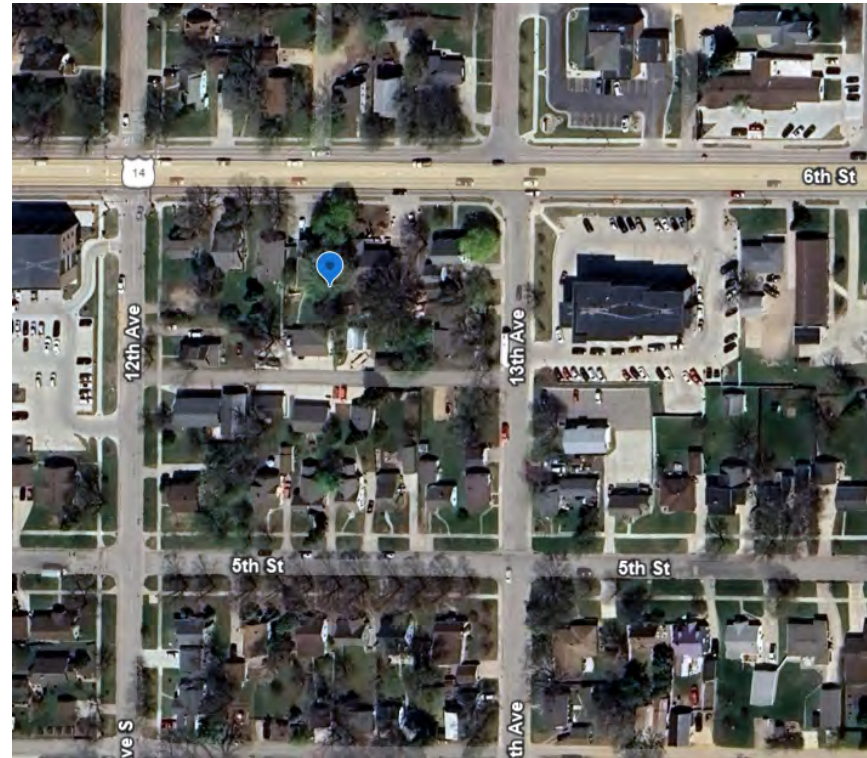
### Conditions picture for the City of Brookings Tax Incremental District #17, SDCL § 11-9-16(1)

The following image shows the current condition of the proposed location of TID #17:

Below is the current conditions of the Paragon Development:



Below is the current conditions of the Latitude 44 Development:

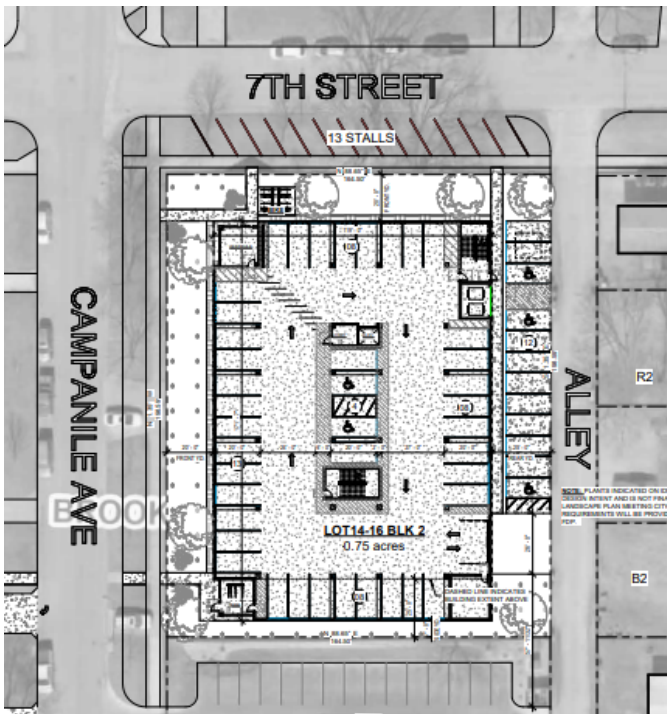




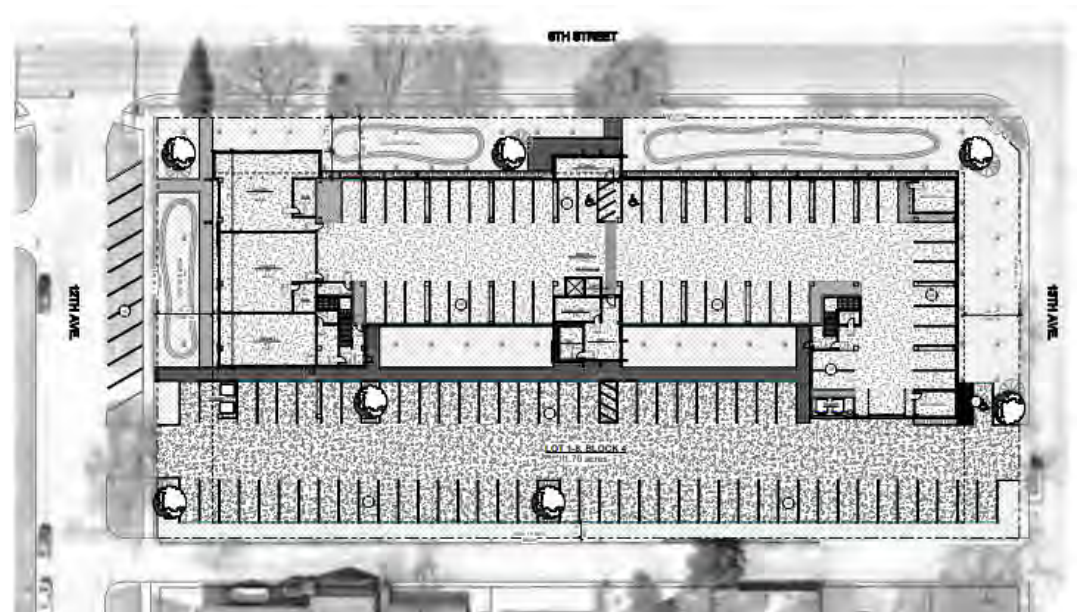
## Attachment 3

### Improvements Map for the City of Brookings Tax Incremental District #17, SDCL § 11-9-16(2)

The following image shows the improvements map for the Paragon Development:



The following image shows the improvements map for the Latitude 44 Development:



# Attachment 4

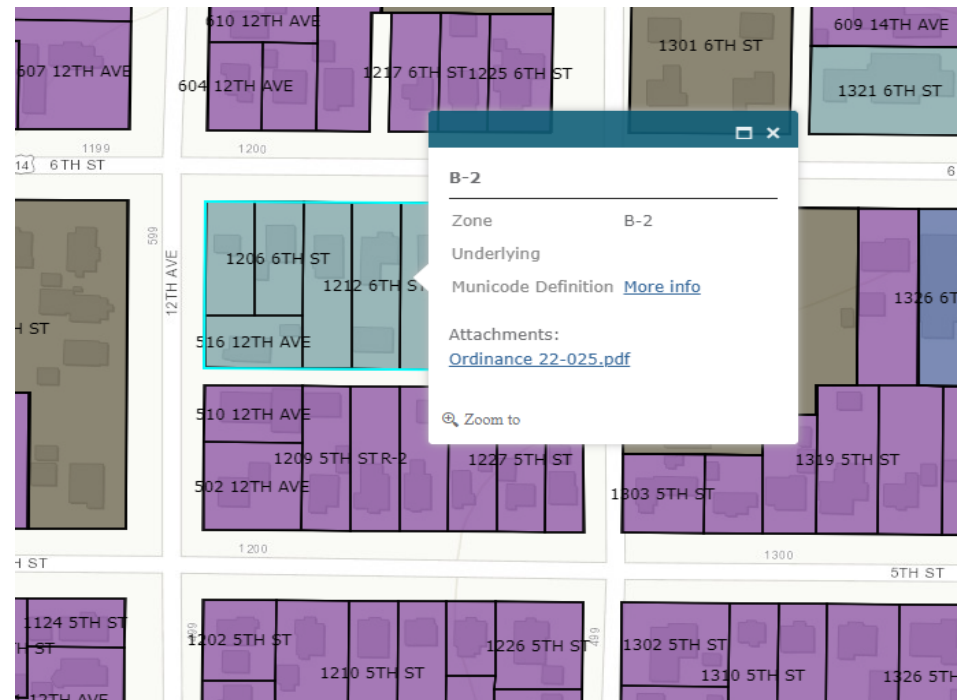
## Zoning Change Map SDCL § 11-9-16(3)

The Paragon Development and the Latitude 44 development are correctly zoned.

The current Zoning for the Paragon Development is zoned PDD with underlying R-3.



The current Zoning for the Latitude 44 Development is Zoned B-2.

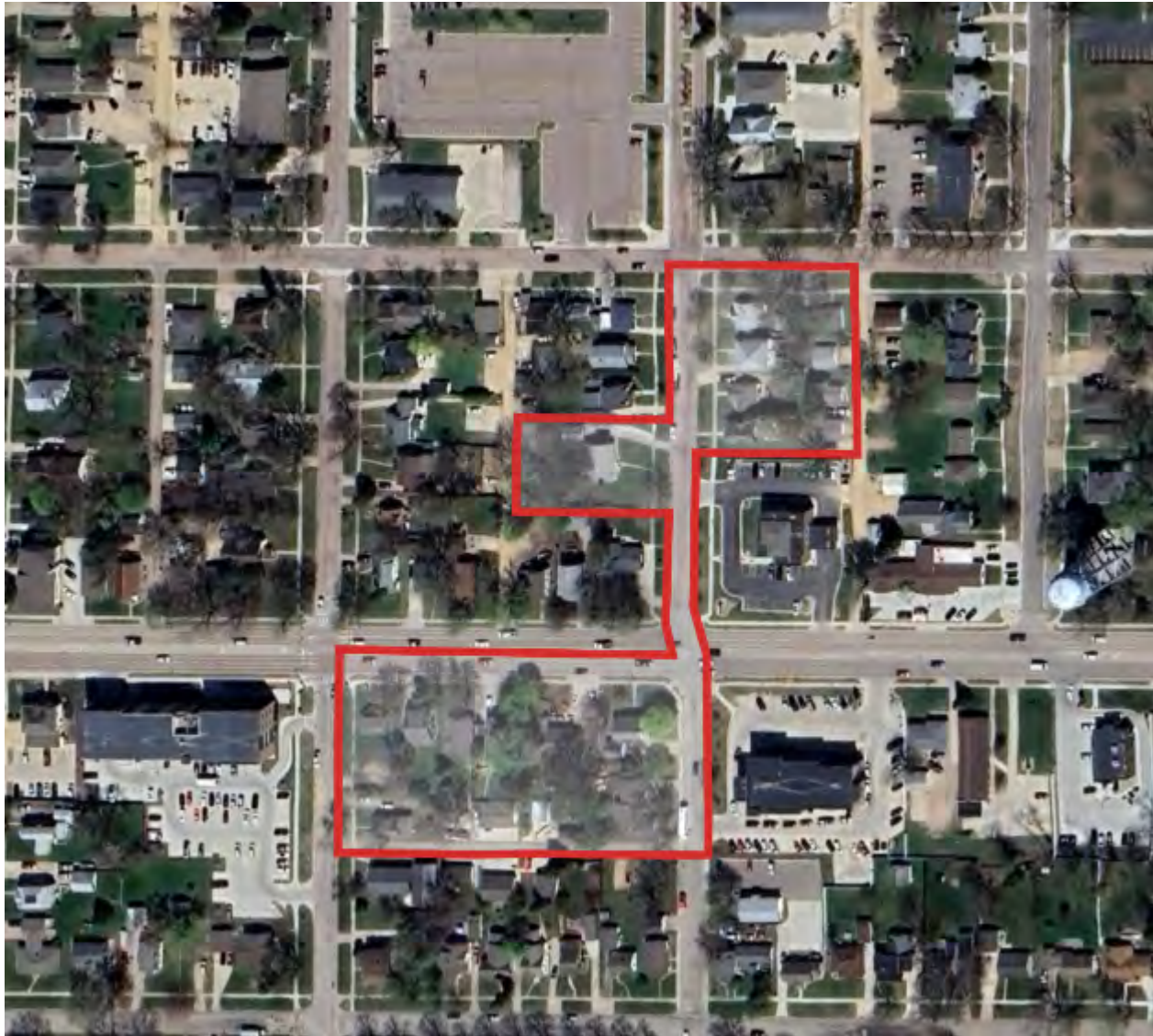




## Attachment 5

### Tax Increment District Boundary Map

The following image shows the boundary of the tax increment district:



# Attachment 17

## Department of Revenue Classification Letter

The following is a document from the South Dakota Department of Revenue:



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

January 27, 2025

City of Brookings  
520 3rd St Suite 140  
Brookings SD 57006

RE: Preliminary Classification of City of Brookings # 17

Dear Mike Struck:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on 01/27/2024.

Upon review of the provided information, the Department has determined the preliminary classification for the TIF District "City of Brookings # 17" to be Economic Development for the purposes of the State Aid to Education formula.