

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is entered into as of this ____ day of _____, 2024, (this “Agreement”) by and between the **City of Brookings**, a South Dakota Municipality (“City”), and **Ryan Companies US, Inc.**, a Minnesota Corporation (“Developer”);

WITNESSETH:

WHEREAS, City has an interest in promoting economic development through the development of commercial property and is authorized pursuant to SDCL Chapter 11-9 (the “Act”) to create tax increment districts for such purposes; and;

WHEREAS, in order to accelerate the development of certain property that would not otherwise occur solely through private investment in the reasonably foreseeable future, the City Council on November 12, 2024, adopted Resolution #____ a copy of which is attached hereto as *Exhibit A* pursuant to which the City of Brookings created Tax Increment District Number 13 (the “TID” or “District”) with boundaries set forth immediately below:

The real property to be located within the Tax Increment District consists of a tract of land described as:

- Lot 2, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- The West One Hundred Thirty-four Feet (W 134') of Lot 3, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- Block 9, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- 32nd Avenue rights-of-way from 6th Street North Six Hundred Feet (N 600'); and

WHEREAS, the Tax Increment District (TID) Number 13 boundaries set forth above encompass the following described real property which is the subject of Developer’s “Marketplace Development”, and which is referred to in this Agreement as the “TID Property”:

A 17.55 acre parcel located within the following described property: Block Nine (9) of Wiese Addition in the Southwest Quarter of the Southeast Quarter (SW¹/₄SE¹/₄) of Section Nineteen (19), Township One Hundred Ten (110) North, Range Forty-nine (49) West of the 5th P.M., City of Brookings, County of Brookings, State of South Dakota.

The above-described 17.55 acre parcel is located within the boundaries of the City of Brookings, Brookings County, South Dakota including within and adjacent rights-of-ways; and

WHEREAS, the Act authorizes the expenditure of funds derived within a tax increment district for the payment of expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the City establishing the TID, for grants, costs of public works or public improvements in the TID, plus other costs incidental to those expenditures and obligations, consistent with

the project plan of the TID, which expenditures and monetary obligations constitute project costs, as defined in Section 11-9-14 of the Act; and

WHEREAS, on November 12, 2024, the City Council adopted Resolution #_____ to also approve the Tax Increment Project Plan, a copy of which is attached hereto as *Exhibit B* providing for development of the TID Property (the “Project Plan”), which included the payment of a grant in an amount not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000) toward certain costs of development as described in the Project Plan; and

WHEREAS, in addition to the implementation of the Project Plan for Tax Increment District 13, this Agreement will also address in Sections 8 and 9 of this Agreement, the agreement of the parties as to City-funded off-site improvements and Developer’s obligations concerning the construction of off-site improvements and detention ponds serving Developer’s development.

NOW THEREFORE, in consideration of the mutual promises, covenants, obligations, apportionment and benefits contained in this Agreement, City and Developer hereby agree as follows:

Section 1. Definitions

Unless the context otherwise requires, the terms used in this Agreement will have the meanings set forth in this Section. If not defined in this Agreement, capitalized terms will have the meaning given to them in the Project Plan.

“**Act**” means SDCL Chapter 11-9, as may be amended from time to time.

“**Base Revenues**” means the taxes collected on the Base Value.

“**Base Value**” means the value of the TID Property at the time of the creation of the district as certified by the South Dakota Secretary of Revenue.

“**Construction Schedule**” means the timetable for constructing the improvements specified in Section 3.01b.

“**Developer**” means Ryan Companies US, Inc.

“**Grant**” means an amount not to exceed \$5,500,000 in total, payable through the use of Tax Increment Revenues.

“**Project**” means the construction of public improvements (water, sewer, street, drainage, utilities) for the commercial development of the TID Property.

“**Project Costs**” means the approximate cost of construction costs associated with the Project.

“**Project Plan**” means the Project Plan attached as *Exhibit B*.

“**Public Improvements**” means those improvements to be made by Ryan Companies US, Inc. all to the extent set forth in the Project Plan.

“**Tax Increment Revenues**” means all tax revenues of the TID Property in excess of the Base Revenues.

“**TID**” will have the meaning specified in the recitals.

“TID Property” will have the meaning set forth in the recitals.

Words used herein in the singular, where the context so permits, also includes the plural and vice versa, unless otherwise specified. Unless otherwise specified, the terms used in this Agreement found in the Act shall have the meaning set forth in the Act.

Section 2. Obligation and Representations

2.01 Remittance of Tax Increment Revenues; City Expenses.

(a) City agrees to pay to Developer, pursuant to the terms of this Agreement, through a Grant, solely funded by Tax Increment Revenues, a sum up to but not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000).

2.02 Grant. The parties acknowledge that Developer’s right to receive the Tax Increment Revenues hereunder is a grant under the Act, and a personal property right vested with Developer on the date hereof.

2.03 No Certificated Tax Increment Revenue Bonds. City will have no obligations to the Developer except as set forth in this Agreement and will not issue any certificated tax increment revenue bonds to evidence such obligations.

2.04 Developer’s Representations. Developer represents to City as follows:

- (a) Developer is a corporation organized in the State of Minnesota;
- (b) Developer has the authority to enter into this Agreement and to perform the requirements of this Agreement;
- (c) Developer’s performance under this Agreement will not violate any applicable judgment, order, law or regulation;
- (d) Developer’s performance under this Agreement will not result in the creation of any claim against City for money or performance, any lien, charge, encumbrance or security interest upon any asset of City; and
- (e) Developer will have sufficient capital to perform all of its obligations under this Agreement, and Developer owns the TID Property.
- (f) Developer waives its right to participate in the City or County’s Property Tax Reduction Program (aka “Discretionary Formula”), if applicable, as described in the Project Plan and Section 3.01 (a).
- (g) Developer recognizes and accepts South Dakota Codified Law 13-13-10.10, which provides:

13-13-10.10. Industrial, economic development, and affordable housing purposes defined for purposes of § 13-13-10.9. For the purposes of § 13-13-10.9, the terms, industrial, and economic development, include only those areas 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 real property contained within the tax increment financing district.

2.05 Approvals. The City’s obligations pursuant to this Agreement are specifically conditioned upon the resolution and ordinances implementing TID 13 becoming effective.

2.06 Payment of Tax Increment Revenues. The City and Developer agree Tax Increment Revenue will be reimbursed to Developer in accordance with this Agreement to the extent revenue is available in the Tax Increment District 13 Fund once the following have been completed:

- (a) Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the public improvements described herein have been made consistent with the final, City approved, Project Plan and this Agreement.
- (b) Developer shall have submitted invoices showing the services / public improvements have been made.

The City will make eligible payments due to Developer within a reasonable time, not to exceed 45 days from the City's receipt of real estate tax payments semi-annually.

2.07 Continued Cooperation. City and Developer represent each to the other that they will make reasonable efforts to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires its continued cooperation.

2.08 No General Obligation of the City. City obligations hereunder are limited obligations payable solely out of the Tax Increment Revenues and are not payable from any other revenues of the City, nor a charge against its general taxing power. Developer shall bear all risks that such Tax Increment Revenues may be insufficient to pay the maximum amounts specified in Section 2.01.

2.09 Assignment of Payments/Financing Costs. Developer hereby irrevocably partially assigns to the anchor retailer, Developer's rights to payments hereunder such that sixty-nine percent (69%) of all payments owing by the City pursuant to Section 2.06 of this Agreement will be paid directly to the anchor retailer, at the address that the anchor retailer provides the City, but the anchor retailers right to such payments is subject to the other limitations of this Agreement. The Developer shall be eligible to receive reimbursement from TID 13 for actual financing costs associated with financing the public improvements set forth in this Agreement, subject to available Tax Increment Revenue. Accordingly, to the extent the total cost of the public improvements does not exceed \$5,500,000, the difference will be distributed to Developer to reimburse Developer's financing costs. Developer agrees to provide a copy of the financing terms and amortization schedule as documentation of financing costs. Developer further agrees that if the financing terms or conditions change, an updated copy of the financing terms and amortization schedule shall be provided to the City. If Developer does not finance the Project, Developer may include interest on the Project Costs at a commercially reasonable rate, subject to the terms of this section and the Total Tax Increment Grant limit, inclusive of Project Costs and financing costs, in the total sum of \$5,500,000. Upon written notice to the City, Developer may assign its rights to the portion of payments hereunder not assigned to the anchor retailer in this Section 2.09, in whole or in part (including but not limited to for the purposes of financing its obligations related to this Agreement), but any assignee's right to such payments is subject to the other limitations of this Agreement. Any such assignment pursuant to the preceding sentence shall be made in accordance with an Assignment Agreement, the form of which will be attached hereto by written amendment of this Agreement and marked as *Exhibit D* and is incorporated herein by this reference.

Section 3. The Project.

3.01 The Project. The Project will be comprised of real estate, and the design, construction, assembly, and installation of the improvements described in the Project Plan.

- (a) Description of the Project. The Project includes \$5,500,000 of public improvements to the TID Property.
- (b) Completion of the Project Improvements: Developer shall diligently work to complete the public improvements of the Project by October 31, 2026.

The time periods set forth above in this Section 3.01(b) shall be extended by reason of delays caused by Force Majeure. As used herein, "Force Majeure" shall refer to delays caused by or occasioned by labor disputes, acts of God, moratoriums, war, riots, insurrections, civil commotion, a general inability to obtain or delay in obtaining labor or materials, fire, unusual delay in transportation, severe and adverse weather conditions preventing performance of work, unavoidable casualties, failures to act by any governmental entity or their respective agents or employees, governmental restrictions, regulations or controls including the delays or inability to obtain the necessary governmental approvals, inspections, and/or permits necessary to complete any portion of the Project, or any similar cause beyond Developer's reasonable control.

3.02 Construction of the Public Infrastructure Improvements. Upon review and approval by the City and local municipal utilities of the Developer's final construction plans and specifications for the public improvements as detailed in the Project Plan, Developer shall act as the general contractor. Developer agrees to obtain competitive subcontractor quotes for the Public Improvements. Developer shall be responsible for soliciting quotes from multiple subcontractors, and providing tabulations to the satisfaction of the City Engineer for review and approval prior to awarding such quote or quotes to the lowest responsible bidders. The Developer shall provide to the City Engineer copies of all advertising notices, plan holders lists, and any direct marketing efforts such as mailings, email, telephone solicitations as proof of obtaining competitive subcontractor quotes for the public improvements.

City may undertake any legal or equitable action available to enforce the provisions of this Agreement in addition to any other remedy provided herein. In the event the City is required to undertake any action to enforce the terms of this Agreement and prevails in such action, the Developer, its heirs, assigns or successors in interest agree the City may recover its reasonable expenses, including reasonable attorney's fees incurred with respect to such action.

The Developer will cause Public Improvements to be constructed by the Developer through private contract. The City will not bid nor contract any improvement described in this Agreement. The Developer will make sure all Public Improvements are to the City of Brookings standards and specifications and are constructed in a manner which is satisfactory with City's Engineer. In addition, Public Improvements shall be constructed in a manner consistent with City of Brookings' Schedule of TID Construction and Maintenance Standards, set forth as *Exhibit E*. The improvements to be constructed shall include the Work and Materials as provided in the Opinion of Probable Costs as provided in the Project Plan.

3.03 Use of Local Contractors. Developer agrees to solicit, encourage, and utilize all reasonable and prudent means to employ or contract with local contractors, vendors, and service providers for these purposes.

3.04 Financing of the Project and Improvements. Payment of all Project Costs will be made from Developer's own capital and from other sources obtained solely by Developer. Developer may use any or part of the Developer's Property as collateral for such loans as required to pay Project Costs.

Section 4. Developer Covenants

4.01 Duties and Obligations of Developer. Developer hereby agrees to: (a) complete, or cause to be completed, all improvements described in the Project Plan and this Agreement by October 31, 2026, (b) provide, or cause to be provided, all materials, labor, and services for completing the Project, (c) obtain or cause to be obtained, all necessary permits and approvals from City and/or all other governmental agencies having jurisdiction over the construction of improvements to the TID Property, (d) provide the City all necessary information, including documentation of actual expenses incurred for reimbursable Project Costs, and (e) submit written annual reports, starting no later than thirty (30) days following the end of the fiscal year in which the TID was created detailing the amount of Tax Increment Revenues assigned or requested.

4.02 Insurance. Developer will maintain a policy of liability insurance, acceptable to City, with liability limits of at least One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) aggregate that names City as an additional insured. Such a policy must remain in effect until the City of Brookings accepts the Public Improvements. City will provide no insurance for the Project.

4.03 Indemnification. Developer will without a determination of liability or payment being made FULLY INDEMNIFY, DEFEND, and HOLD HARMLESS, City (and the elected officials, employees, officers, directors, and representatives of City) and Brookings Municipal Utilities from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon City directly or indirectly arising out of, resulting from or related to Developer's negligence, willful misconduct or criminal conduct in Developer's activities under this Agreement, including any such acts or omissions of Developer or any agent, officer, director, representative, employee, or consultant of Developer, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under this Agreement, all without, however, waiving any governmental immunity available to City under South Dakota law and without waiving any defenses of the parties under South Dakota law. The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Developer will promptly advise City in writing of any claim or demand against City related to or arising out of Developer's activities under this Agreement and will see to the investigation and defense of such claim or demand at Developer's cost to the extent required in this paragraph. City will have the right, at its option and expense, to participate in such defense with attorneys of its choice, without relieving Developer of any of its obligations under this paragraph.

4.04 Liability. Developer will be solely responsible for compensation and taxes payable to any employee or contractor of Developer, and none of Developer's employees or contractors will be deemed to be employees or contractors of City. No elected official, director, officer, employee, representative or agent of City shall be personally responsible for any liability arising out of or resulting from this Agreement.

4.05 Taxes & Licenses. Developer will pay, on or before their respective due dates, to the appropriate collecting authority all Federal, State, and local taxes and fees that are now or may hereafter be levied upon the TID Property or upon Developer or upon the business conducted on the TID Property, or upon any of Developer's property used in connection therewith, including employment taxes; and Developer shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by Developer.

4.06 Examination of Records. Developer will allow City to conduct examinations and copying, during regular business hours and following notice to Developer by City, the books and records related to this Agreement no matter where books and records are located.

Section 5. Term and Termination

5.01 Term. The term of this Agreement shall commence on the date the resolution or ordinance approving this Agreement becomes effective and end on the date which is the *earliest* to occur of the following, at which time City's obligations hereunder will be deemed fully discharged:

- (i) the date on which the amount payable under Section 2.01 has been paid in full to Developer;
- or

- (ii) the date this Agreement is terminated as provided in Section 5.02; or
- (iii) the 20th anniversary of the year of the creation of the TID.

5.02 Default and Termination. If Developer fails to commence and complete construction substantially in accordance with the construction schedule detailed in Section 3.01(b) above, City may terminate this Agreement if Developer does not fully cure its failure within sixty (60) calendar days after receiving written notice from City requesting the failure be cured. If the Agreement is terminated as set forth in this Section, City's obligations under this Agreement will be deemed fully discharged.

Section 6. Miscellaneous

6.01 Non-Waiver. Provisions of this Agreement may be waived only in writing. No course of dealing on the part of City, or Developer nor any failure or delay by City or Developer in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.

6.02 Entire Agreement. This Agreement embodies the final and entire agreement between the parties hereto concerning the subject matter herein. The Exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that if there is a conflict between any such Exhibit and a provision of this Agreement, the provision of this Agreement will control.

6.03 Amendments. All amendments to this Agreement and the Project Plan may only be made in a writing executed by City and Developer, after obtaining all necessary approvals.

6.04 Severability. If any clause or provision of this Agreement is held invalid or unenforceable, such holding will not invalidate or render unenforceable any other provision hereof.

6.05 Venue and Governing Law. This Agreement shall be construed under and in accordance with the laws of the state of South Dakota. Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in Brookings County, South Dakota.

6.06 Notice. Any notice sent under this Agreement shall be written and mailed with sufficient postage, sent by certified mail, return receipt requested, documented facsimile or delivered personally to an officer of the receiving party at the following addresses:

City

City of Brookings
C/O: TID 13
520 – 3rd St., Ste. 230
Brookings, SD 57006

Developer

Ryan Companies US, Inc.
533 S. 3rd St., Ste. 100
Minneapolis, MN 55415
Attention: Patrick Daly

Any of the above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications may be sent.

6.08 Captions. Captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties hereto.

Section 7. Other Provisions.

7.01 No Recording; No Running with the Land. Neither this Agreement nor any memorandum or notice hereof shall be recorded. The respective rights of the City and Developer under this Agreement shall be personal to each of them, and shall not run with the land. No person undertakes any obligations of Developer under this Agreement (or acquires any rights of Developer under this Agreement, including but not limited to Developer's right to receive the payments under Section 2.06) by acquiring any portion of the TID Property or otherwise, unless such rights or obligations are assigned to and/or assumed by such person in writing in accordance with the terms of this Agreement.

7.02 No Limitations on Conveyance. Nothing in this Agreement limits the ability of Developer to the transfer all or any portion of the TID Property and such transferee may thereafter transfer or convey interests in such land in transferee's sole and absolute discretion.

7.03 Default by Developer. No failure by Developer to comply with this Agreement, including Developer's Covenants under Section 4 above, will limit any other person's ability to construct, complete, open for business and operate on any portion of the TID Property.

Section 8. City Obligations concerning the funding of off-site improvements and detention ponds.

The City understands and agrees to the following:

The City will provide an additional economic development grant of \$2,250,000 to the Developer for the Developer's construction of public improvements (Exhibit C – site plan improvements). Developer will be authorized to draw down on these funds through the submission of payment requests with appropriate supporting documentation, subject to the reasonable approval of the City. The City, or their appropriate representatives, shall be responsible for reasonable approval of final design of these public improvements, which approval shall be a condition to the performance of all of Developer's obligations under this Agreement.

Section 9. Developer's Obligations concerning the construction of off-site improvements, and Detention Ponds and on-going maintenance costs. The Developer understands and agrees to the following obligations:

- (i) The Developer will construct all off-site improvements as shown and described on Exhibit C.
- (ii) The Developer will provide the City as-built plans for the constructed detention ponds.
- (iii) The Developer will provide the City with an Operations and Maintenance manual for each constructed detention pond. The Operations and Maintenance manual shall be stamped by a registered Engineer in the State of South Dakota and shall comply with the requirements of the City's MS4 permit storm water permit.
- (iv) The Developer agrees to include in its common area maintenance fees an annual or monthly fee for the on-going maintenance of the constructed detention ponds.

Section 10. Clawback in the event of lack of Development by Developer. In the event Developer does not commence the Developer's improvements described in Sections 8 and 9 within three (3) years of the date Developer acquires the Property, upon request by the City of Brookings, Developer will promptly re-convey all of Developer's property, except any property conveyed to the anchor retailer, free from liens and encumbrances to the City of Brookings for consideration not to exceed the original purchase price of \$1.40 per square foot, together with reimbursement for the cost of improvements described in Sections 8 and 9 which Developer has made. This Section does not pertain to any lands or improvements conveyed to or constructed by anchor retailer, since this Section pertains solely to the Developer's improvements as set forth in Sections 8 and 9, and as described in Exhibit "C" – Site Plan Improvements.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first written above.

City of Brookings

ATTEST:

Oepke G. Niemeyer, Mayor

Bonnie Foster, City Clerk

Ryan Companies US, Inc.

By: _____
Its: _____

EXHIBIT A

Resolution Creating Tax Increment District 13

Resolution No. 24-102

RESOLUTION PROVIDING FOR THE CREATION OF TAX INCREMENT FINANCING DISTRICT NUMBER THIRTEEN, CITY OF BROOKINGS

WHEREAS, the Planning Commission has recommended the District Boundaries for Tax Increment Financing District Number Thirteen, City of Brookings, and has recommended its creation; and

WHEREAS, the City of Brookings has the powers, pursuant to SDCL 11-9-2, to create Tax Increment Financing District Number Thirteen, City of Brookings, and to define its boundaries.

NOW THEREFORE, IT IS HEREBY RESOLVED:

1. **Authority and Declaration of Necessity.** The City of Brookings declares the necessity for the creation of Tax Increment Financing District Number Thirteen, City of Brookings (hereinafter sometimes referred to as the “District”), pursuant to SDCL Chapter 11-9. Further, the City finds that the improvement of the area within the District is likely to enhance significantly the value of substantially all of the other real property in the District and is necessary for economic development within the city.
2. **Findings of Economic Welfare.** The City Council makes the following findings with regard to economic welfare:
 - a. More than 50% of the property in 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 development;
 - b. Improvements to the District will significantly and substantially enhance the value of all property within the District;
 - c. The aggregate assessed value of the District plus the tax incremental base of all other existing Districts in the city does not exceed Ten (10%) percent of the total assessed valuation in the City.
3. **Findings of Maximum Percentage of Tax Increment Financing Districts.** The aggregate assessed value of the taxable property in the District, plus all other tax incremental districts, does not exceed Ten (10%) percent of the total assessed valuation of the City of Brookings.
4. **Creation of District.** There is hereby created, pursuant to SDCL Chapter 11-9, Tax Increment Financing District Number Thirteen, City of Brookings. The District is hereby created on the day this Resolution becomes effective, which shall be twenty days after publication of this Resolution.
5. **Designation of District boundaries.** The District shall be located with the boundaries of the following described real property:

Lot 2, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

West 134' of Lot 3, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Block 9, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

32nd Avenue rights-of-way from 6th Street north six hundred (600') feet

6. **Creation of Tax Incremental Fund.** There is hereby created, pursuant to SDCL 11-9-31, a City of Brookings Tax Increment Financing District Number Thirteen Fund, which shall be a segregated asset account. All tax increments collected pursuant to Tax Incremental District Number Thirteen shall be deposited into the Tax Increment Financing District Number Thirteen Fund. All funds in the Tax Increment Financing District Number Thirteen Fund shall be used solely for those purposes expressly stated and reasonably inferred in SDCL Chapter 11-9.

Passed and approved this 12th day of November 2024.

CITY OF BROOKINGS

ATTEST:

Oepke G. Niemeyer, Mayor

Bonnie Foster, City Clerk

EXHIBIT B

Project Plan for Tax Increment District 13

The Project Plan and Map of TIF District 13 follows this page.

TAX INCREMENTAL DISTRICT
NUMBER THIRTEEN
CITY OF BROOKINGS



TAX INCREMENTAL
PROJECT PLAN

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INTRODUCTION AND PURPOSE

The purpose of this Plan, to be implemented by the City of Brookings, Brookings County, South Dakota, is to satisfy the requirements for a Tax Incremental District Plan Number 13, City of Brookings, Brookings County as specified in SDCL Chapter 11-9. There are 11 mandated requirements of the Plan, each to be addressed in this Plan. 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.

This Plan was prepared for adoption by the Planning Commission and the City Council in recognition that the area requires a coordinated, cooperative strategy, with financing possibilities, to promote economic development through the new construction of a commercial retail box store and supplemental commercial outlots for retail and office uses to attract new business or facilitate the relocation and expansion of existing business (the "Project"). This development will promote economic development through the Project area and the City of Brookings. The Project shall consist of one (1) Phase. It is anticipated that over 200,000 square feet of retail and office space, associated parking, and other public improvements will be built in the Project. The intent of the Project is to create new economic development within the community.

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 to provide and to promote economic development throughout the TIF District and the City of Brookings.

Development and redevelopment in the area is anticipated to occur in the near future through public and private partnerships, with the potential for tax increment financing to provide the impetus and means to undertake this redevelopment at a faster pace than might occur otherwise.

GENERAL DEFINITIONS AS USED IN THIS PLAN

The following terms found in this Plan have the following meanings:

"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" means property that meets any of the following criteria:

Any area, including slum area, in which the structures, buildings, or improvements, by reason of:

- (1) dilapidation, age, or obsolescence;
- (2) inadequate provisions for ventilation, light, air, sanitation, or open spaces;
- (3) high density of population and overcrowding;
- (4) the existence of conditions which endanger life or property by fire and other causes; or
- (5) any combination of such factors; are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area¹; or

Any area which by reason of:

- (1) the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;
- (2) predominance of defective or inadequate street layouts;
- (3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (4) unsanitary or unsafe conditions;
- (5) deterioration of site or other improvements;
- (6) diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;
- (7) defective or unusual conditions of title;
- (8) the existence of conditions which endanger life or property by fire and other causes; or
- (9) any combination of such factors;

substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area ²;
or

Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area.³

¹ SDCL § 11-9-9

² SDCL § 11-9-10

³ SDCL § 11-9-11

“City Councils” means the Brookings City Council.

“City of Brookings” means Brookings, South Dakota.

“Department of Revenue” means the South Dakota Department of Revenue.

“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 of City of Brookings.

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

“Governing body” means 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.

“Municipality” means any incorporated city or county in this state.

“Planning Commission” means City of Brookings Planning Commission.

“Plan” means this Project Plan.

“Project Costs” means any expenditure or monetary obligations by Developer, 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 Developer in connection with the implementation of this Plan.

“Project Plan” means 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 Town 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 the City defined and created by resolution of the governing body and named City of Brookings Tax Incremental District #13.

"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.

PROPERTY WITHIN THE TAX INCREMENT DISTRICT

The real property to be located within the Tax Increment District consists of a tract of land described as:

- Lot 2, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- West 134' of Lot 3, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- Block 9, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- 32nd Avenue rights-of-way from 6th Street north six hundred (600') feet

The area making up Tax Increment District #13 is shown on the Boundary Map in Figure 1.

Figure 1. TID 13 Boundary



LISTING OF KIND, NUMBER, LOCATION AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS⁴

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 by the Developer. The Project Costs may, by South Dakota law, 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, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the City.

The City and Developer are working to develop an economic and competitive base to benefit the City and the State as a whole. All project costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project is a commercial development consisting of a retail and office uses and 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 Developer or its assignee shall enter into all contracts in accordance with South Dakota law.

A combination of private investment and tax increment financing will assist progress toward the following additional objectives:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City;
- To implement the Comprehensive Plan and its related element;
- To redevelop and rehabilitate the area in a manner which is compatible with and complementary to unique circumstances in the area;
- To effectively utilize undeveloped and underdeveloped land;
- To improve pedestrian, bicycle, vehicular, and transit-related circulation and safety;
- To ultimately contribute to increased revenues for all taxing entities;
- To encourage the voluntary construction of businesses, improvements, and conditions;
- To watch for market and/or project opportunities to promote economic development, and when such opportunities exist, to take action within the financial, legal and political limits of the City to acquire land, pursue redevelopment, improvement and construction projects; and
- To improve areas that are likely to significantly enhance the value of substantially all property in the district.

⁴ SDCL §11-9-13(1)

Costs of Public Works or 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 listed as estimated costs of the Project.

| Kind of Project | Location ¹ | Amount | Reference ² |
|---|-----------------------|--------------------|------------------------|
| Capital Costs (Street, Water & Sewer) (Cleaning & grading of land & associated costs) | 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 | \$9,380,891* | 11-9-15(8) |
| Eligible Project Costs | | \$9,380,891 | |

*Eligible Project Costs may be reallocated during the five years from creation of the TIF.

The above are estimates of the costs involved in the project; the final total may be greater or lesser. An itemized listing of the estimated costs is set forth in Schedule #1. The cost estimates are only projected expenditures, thus the total authorized TID costs is expected to be \$9,380,891. 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.

¹ District shall mean the Tax Increment District.

² 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.

Expenditures Exceeding Estimated Cost

Any expenditures which in sum would exceed the total amount stated in Eligible Project Costs will require an amendment of this Plan. All amendments would be undertaken pursuant to SDCL § 11-9-23. If the expenditures within the Plan are increased in excess of the total Eligible Project Costs, the Department of Revenue will be required to reset the base, in accordance with SDCL § 11-9-23.

Detailed List of Estimated Project Costs

Attached as Schedule 1 is a detailed list of estimated Project Costs 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

Not less than 50% of the area within the proposed district will stimulate and develop the general economic welfare and prosperity of the state through commercial, manufacturing and agricultural development as evidenced by the Economic Development Study attached as Schedule 3.

Fiscal Impact Statement

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

Method of Financing, Timing of Costs and Monetary Obligations

The payment of Project Costs is anticipated to be made by the 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 according to the Development Agreement.

Maximum Amount of Tax Incremental Revenue

The maximum amount of tax incremental revenue bonds or monetary obligations to be paid through Tax Increment District #13 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 \$9,380,891 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 Development Agreement.

Duration of Tax Incremental Plan

The duration of the Plan will extend to the number of years it will take for the reimbursement of the extinguishment of bonds and the monetary obligation except that the Plan duration shall not exceed 20 calendar years 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 that base which was established in 2023. The tax increment will be available to the taxing jurisdictions at or before twenty (20) 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 project costs, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

Conditions Map, Improvements Map, Zoning Change Map

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.

Changes to the City of Brookings Comprehensive/Master Plan/Map, Building Codes & City Ordinances per SDCL § 11-9-16(4)

No changes to the City's Master Plan, Building Codes, or Ordinances are requested.

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.

| Item | Amount |
|-------------------------|---------------------|
| Commercial Construction | \$30,000,000 |
| TOTAL | \$30,000,000 |

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 Detail of Project Costs

SCHEDULE 2 Economic Feasibility Study

SCHEDULE 3 Economic Development Study

SCHEDULE 4 Fiscal Impact Statement

SCHEDULE 5 Estimated Captured Taxable Values

LIST OF ATTACHMENTS

Attachment 1. Map and Legal Description and existing uses and conditions

Attachment 2. Map of Real property/Improvement

Attachment 3. List of proposed changes in zoning ordinances

SCHEDULE 1 – "DETAIL OF PROJECT COSTS"

The project contains the clearing, grading, soil correction/remediation, water, sanitary sewer, storm sewer, curb, gutter, streets, sidewalks, street lights, parking lots, and drainage improvements to serve a 26 + acre development site for commercial retail and office space.

| Kind of Project Cost | Number of Projects | Location ⁵ | Amount | Reference ⁶ |
|--------------------------------|--------------------|-----------------------|-------------|------------------------|
| Capital Costs | | District | \$0 | 11-9-15(1) |
| Financing Costs | | District | \$0 | 11-9-15(2) |
| Real Property Assembly | | District | \$0 | 11-9-15(3) |
| Professional Fees | | District | \$0 | 11-9-15(4) |
| Administrative Costs | | District | \$0 | 11-9-15(5) |
| Relocation Costs | | District | \$0 | 11-9-15(6) |
| Organizational Costs | | District | \$0 | 11-9-15(7) |
| Discretionary Costs and Grants | 1 | District | \$9,380,891 | 11-9-15(8) |
| Eligible Project Costs | | | \$9,380,891 | |

The above total represents eligible Project Costs.

⁵ District shall mean the Tax Increment District.

⁶ SDCL §11-9-14

- (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.

TIF ELIGIBLE EXPENSES/RESPONSIBLE DEVELOPER

SDCL 11-9-15

| Kind of Project | Cost Estimate |
|---|--------------------|
| Infrastructure and Other Project Costs | \$4,215,502 |
| Land Acquisition | \$1,290,269 |
| Professional Fees/Engineering, Design & Legal | \$271,251 |
| Interest Expense | \$3,603,870 |
| TOTAL COSTS | \$9,380,891 |

| Engineers Estimate Updated 9.23.24 | | |
|------------------------------------|-----------------------|---------------------|
| USES: | | Total |
| | Steet Segment A | \$ 152,559 |
| | Street Segment B | \$ 318,987 |
| | Steet Segment C | \$ 285,221 |
| | Street Segment D | \$ 263,511 |
| | Street Segment E | \$ 667,785 |
| | Street Segment F | \$ 80,400 |
| | Street Segment G | \$ 193,303 |
| | Street Segments Total | \$ 1,961,767 |

| | | |
|--|---------------------------|---------------------|
| | Storm Segment | \$ 209,908 |
| | Storm Segment | \$ 316,591 |
| | Water/Sewer | \$ 455,415 |
| | Dev Track Water/Sewer | \$ 544,647 |
| | Contaminated Soil – Lot 2 | \$ 15,219 |
| | | \$ 1,541,780 |

| | | |
|--|--|---------------------|
| | Land Purchase - Detention Cells - City | \$ 220,000 |
| | Land Purchase | \$ 1,070,269 |
| | Dev Tract Site Prep & Correction | \$ 711,955 |
| | Professional Services Cost | \$ 271,251 |
| | Carrying Cost - Estimate | \$ 3,603,870 |
| | | \$ 5,877,345 |

| | | |
|--|-----------------------------|---------------------|
| | Estimated Total Cost | \$ 9,380,891 |
|--|-----------------------------|---------------------|

SCHEDULE 2 – “ECONOMIC FEASIBILITY STUDY”

The City of Brookings has entered into a development agreement with Ryan Companies (“Developer”) concerning the creation of a tax increment district to be located within the City of Brookings, Brookings County, South Dakota, on certain real property known as Block 9, Wiese Addition; Lot 2, Block 1, Wiese Addition; West 134’ of Lot 3, Block 1, Wiese Addition; and abutting rights-of-way all in the City of Brookings. The project is a commercial development consisting of a big box retailer, outlots for additional retail, restaurant, and office buildings, public improvements consisting of streets, water, sanitary sewer, storm sewer, drainage facilities, street lights, sidewalks, parking, and landscaping. The land is currently undeveloped and was formerly a South Dakota Department of Transportation Highway Maintenance Facility.

The Developer has indicated that the project is not feasible without the assistance of the Tax Increment District. This is a “but for” type of tax increment district financing. The project will not proceed “but for” the assistance from the City through the creation of a tax increment district for the project.

The City has made it clear that funding for public improvements, remediation of blight, site grading, and environmental remediation must be supported by the tax revenues generated by the Project, and not by the general revenues of the City. The vehicle through which this can be accomplished is through tax increment financing under the 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 estimated increment resulting from the improvements would be \$4,524,624 as evidenced by the Table on page 15.

Since the Developer is funding the improvements and being reimbursed through collected tax increment, the plan is feasible. The estimated captured taxable values are only an estimate and will be subject to actual collections. This document represents the feasibility study required under Tax Increment District Law 11-9-13 (Subsections, 2, 4, and 5). Tax Increment District #13 has \$317,800 in taxable base value and as such, will minimally contribute to the ten percent (10%) limitation on the total taxable value in the City of Brookings. The study concludes that the proposed project in the project area is feasible.

“ESTIMATED CAPTURED TAXABLE VALUES”

**BASE - ESTIMATED TAXES THAT WILL GO TO TAXING DISTRICTS DURING TIF
INCREMENT – ESTIMATED TAXES THAT WILL GO TO TAX INCREMENT FUND DURING TIF**

TIF Creation Date 2023
First Year Assessed 2024
First Year Collected 2025
Base \$317,800

| Year | TIF Year | Assessed | Collected | Assessed Valuation | Taxes | City | County | School District | Water District |
|------|-------------|----------|-----------|-----------------------|-----------|----------|----------|--------------------|-------------------|
| 1 | 2024 | 2025 | 2026 | \$910,000 | \$17,240 | \$2,058 | \$3,644 | \$11,519 | \$19 |
| 2 | 2025 | 2026 | 2027 | \$910,000 | \$17,240 | \$2,058 | \$3,644 | \$11,519 | \$19 |
| 3 | 2026 | 2027 | 2028 | \$10,635,830 | \$201,496 | \$24,058 | \$42,586 | \$134,628 | \$223 |
| 4 | 2027 | 2028 | 2029 | \$12,354,330 | \$234,053 | \$27,945 | \$49,467 | \$156,381 | \$259 |
| 5 | 2028 | 2029 | 2030 | \$12,954,330 | \$245,420 | \$29,303 | \$51,869 | \$163,976 | \$272 |
| 6 | 2029 | 2030 | 2031 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 7 | 2030 | 2031 | 2032 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 8 | 2031 | 2032 | 2033 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 9 | 2032 | 2033 | 2034 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 10 | 2033 | 2034 | 2035 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 11 | 2034 | 2035 | 2036 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 12 | 2035 | 2036 | 2037 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 13 | 2036 | 2037 | 2038 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 14 | 2037 | 2038 | 2039 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 15 | 2038 | 2039 | 2040 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 16 | 2039 | 2040 | 2041 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 17 | 2040 | 2041 | 2042 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 18 | 2041 | 2042 | 2043 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 19 | 2042 | 2043 | 2044 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 20 | 2043 | 2044 | 2045 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |

Note: These numbers are for projection purposes only and do not reflect what the actual number(s) may be. These numbers are based on the following assumptions.

Assumptions:

1. Land value of Blk 9, Wiese Addition exempt at time base value determined.
2. Calculations based upon five-year commercial build out schedule with land assessed value during year 1.
3. Discretionary formula is waived by developer.

SCHEDULE 3 – “ECONOMIC DEVELOPMENT STUDY”

SECTION 1- INTRODUCTION

The City has been approached concerning the creation of a tax increment district located within the City of Brookings, Brookings County, South Dakota. In order to determine whether a tax increment district (TID) may be created, 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. This Schedule will address Economic Development through the development of a commercial development consisting of a big box retailer, outlots for retail, restaurant, and office space, public improvements consisting of water, sanitary sewer, storm sewer, streets, parking areas, drainage facilities, sidewalks and landscaping within the city limits of the City of Brookings.

SECTION 2 – STUDY AREA BOUNDARY

The Study area is described as the area depicted on the map attached to this Project Plan as Attachment 2 and includes the legal descriptions set forth within this Project Plan.

SECTION 3 – ESTABLISHING TIF ELIGIBLE

Developer has entered into a development agreement for Block 9, Wiese Addition, City of Brookings. Developer plans on the real estate being developed into a commercial development consisting of a big box retailer, commercial outlots for retail, restaurants, office space and associated public improvements to serve the development.

Section 4 – 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

The primary goal of the TID is to provide commercial business upon real property located within the TID boundaries, to complete site preparation, public infrastructure, and site grading necessary to serve the real property located within the TID boundaries.

The TID area consists of an undeveloped 26 acre parcel owned by the City of Brookings within the corporate limits of the City. The completion of the commercial development will allow for the creation of new jobs and the retention of existing jobs and develop not only the general economic welfare and prosperity of the City of Brookings, but also of the State of South Dakota through promotion and advancement of commercial and industrial business and retention of workforce.

It is specifically found that once the improvements set forth within City of Brookings TIF #13 Project Plan are completed, this Project will significantly enhance the value of substantially all of the other real property in the TID District. It is anticipated that the Project will provide additional development and employment opportunities in the Brookings and Brookings County area through providing new business and visitor dollars to the community while expanding the services and amenities for residents of Brookings and surrounding areas.

Section 5 – Conditions within the Study Area; Land Use and Planning

Comprehensive Plan

The Development is consistent with the City's Comprehensive Plan and existing planning and zoning requirements.

SECTION 6 – FINDINGS WITHIN THE STUDY AREA ANALYSIS

In accordance with state law, it is found that not less than fifty percent (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 commercial development by increasing the number of businesses and expanding the retail trade area associated with a big box retailer and associated sales tax revenues, as well as creating new employment opportunities, and it is 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 accord with SDCL 11-9-8(1) and (2).

SCHEDULE 4 – “FISCAL IMPACT STATEMENT”

FISCAL IMPACT STATEMENT – TAX INCREMENT DISTRICT NUMBER 13

INTRODUCTION

The fiscal impact statement is intended to provide a succinct analysis of the estimated impact of the Tax Increment District to the public pursuant to SDCL § 11-9-16(4). It is not intended to rival the level of detail required by a detailed financial analysis. A fiscal impact statement shows the impact of the Tax Increment District, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the district.

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 Brookings 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 will be valued for taxable purposes at a minimum of \$13,000,000.
2. The average tax levy of all taxing districts will be \$18.945 per thousand dollars of taxable valuation (2023) for non-ag other commercial.
3. Tax increment will start to be collected in 2025 and end in or prior to 2044.
4. Interest: The loan obligations may be capitalized.

FISCAL IMPACT

The total fiscal impact upon the taxing entities during the term of the Tax Increment District is as follows: Tax District will not receive any new increment generated until the expiration of the Tax Increment District.

TIF Creation Date 2023
First Year Assessed 2024
First Year Collected 2025
Base \$317,800

| Year | TIF Year | Assessed | Collected | Assessed Valuation | Taxes | City | County | School District | Water District |
|------|----------|----------|-----------|--------------------|-----------|----------|----------|-----------------|----------------|
| 1 | 2024 | 2025 | 2026 | \$910,000 | \$17,240 | \$2,058 | \$3,644 | \$11,519 | \$19 |
| 2 | 2025 | 2026 | 2027 | \$910,000 | \$17,240 | \$2,058 | \$3,644 | \$11,519 | \$19 |
| 3 | 2026 | 2027 | 2028 | \$10,635,830 | \$201,496 | \$24,058 | \$42,586 | \$134,628 | \$223 |
| 4 | 2027 | 2028 | 2029 | \$12,354,330 | \$234,053 | \$27,945 | \$49,467 | \$156,381 | \$259 |
| 5 | 2028 | 2029 | 2030 | \$12,954,330 | \$245,420 | \$29,303 | \$51,869 | \$163,976 | \$272 |
| 6 | 2029 | 2030 | 2031 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 7 | 2030 | 2031 | 2032 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 8 | 2031 | 2032 | 2033 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 9 | 2032 | 2033 | 2034 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 10 | 2033 | 2034 | 2035 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 11 | 2034 | 2035 | 2036 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 12 | 2035 | 2036 | 2037 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 13 | 2036 | 2037 | 2038 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 14 | 2037 | 2038 | 2039 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 15 | 2038 | 2039 | 2040 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 16 | 2039 | 2040 | 2041 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 17 | 2040 | 2041 | 2042 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 18 | 2041 | 2042 | 2043 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 19 | 2042 | 2043 | 2044 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 20 | 2043 | 2044 | 2045 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |

Note: These numbers are for projection purposes only and do not reflect what the actual number(s) may be. These numbers are based on the following assumptions.

Assumptions:

1. Land value of Blk 9, Wiese Addition exempt at time base value determined.
2. Calculations based upon five-year commercial build out schedule with land assessed value during year 1.
3. Discretionary formula is waived by developer.

SCHEDULE 5 – “ESTIMATED CAPTURED TAXABLE VALUES”

It is assumed, for purposes of this Plan, that a commercial development consisting of a big box retailer will be constructed in Year 2 of the TIF with commercial outlots occurring each year thereafter until fully built out. 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 \$4,524,624 covering a span of captured tax years not to exceed twenty (20). Collection is anticipated to begin in 2025, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

“ESTIMATED CAPTURED TAXABLE VALUES”

**BASE - ESTIMATED TAXES THAT WILL GO TO TAXING DISTRICTS DURING TIF
INCREMENT – ESTIMATED TAXES THAT WILL GO TO TAX INCREMENT FUND DURING TIF**

TIF Creation Date 2023
First Year Assessed 2024
First Year Collected 2025
Base \$317,800

| Year | TIF Year | Assessed | Collected | Assessed Valuation | Taxes | City | County | School District | Water District |
|------|----------|----------|-----------|--------------------|-----------|----------|----------|-----------------|----------------|
| 1 | 2024 | 2025 | 2026 | \$910,000 | \$17,240 | \$2,058 | \$3,644 | \$11,519 | \$19 |
| 2 | 2025 | 2026 | 2027 | \$910,000 | \$17,240 | \$2,058 | \$3,644 | \$11,519 | \$19 |
| 3 | 2026 | 2027 | 2028 | \$10,635,830 | \$201,496 | \$24,058 | \$42,586 | \$134,628 | \$223 |
| 4 | 2027 | 2028 | 2029 | \$12,354,330 | \$234,053 | \$27,945 | \$49,467 | \$156,381 | \$259 |
| 5 | 2028 | 2029 | 2030 | \$12,954,330 | \$245,420 | \$29,303 | \$51,869 | \$163,976 | \$272 |
| 6 | 2029 | 2030 | 2031 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 7 | 2030 | 2031 | 2032 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 8 | 2031 | 2032 | 2033 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 9 | 2032 | 2033 | 2034 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 10 | 2033 | 2034 | 2035 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 11 | 2034 | 2035 | 2036 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 12 | 2035 | 2036 | 2037 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 13 | 2036 | 2037 | 2038 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 14 | 2037 | 2038 | 2039 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 15 | 2038 | 2039 | 2040 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 16 | 2039 | 2040 | 2041 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 17 | 2040 | 2041 | 2042 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 18 | 2041 | 2042 | 2043 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 19 | 2042 | 2043 | 2044 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |
| 20 | 2043 | 2044 | 2045 | \$13,404,330 | \$253,945 | \$30,321 | \$53,671 | \$169,672 | \$281 |

ATTACHMENT 1

LEGAL DESCRIPTION OF REAL PROPERTY

- Lot 2, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- West 134' of Lot 3, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- Block 9, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota
- 32nd Avenue rights-of-way from 6th Street north six hundred (600') feet

ATTACHMENT 2

MAP OF REAL PROPERTY/IMPROVEMENTS



ATTACHMENT 3

LIST OF PROPOSED CHANGES IN ZONING ORDINANCES

No zoning ordinance changes are required.

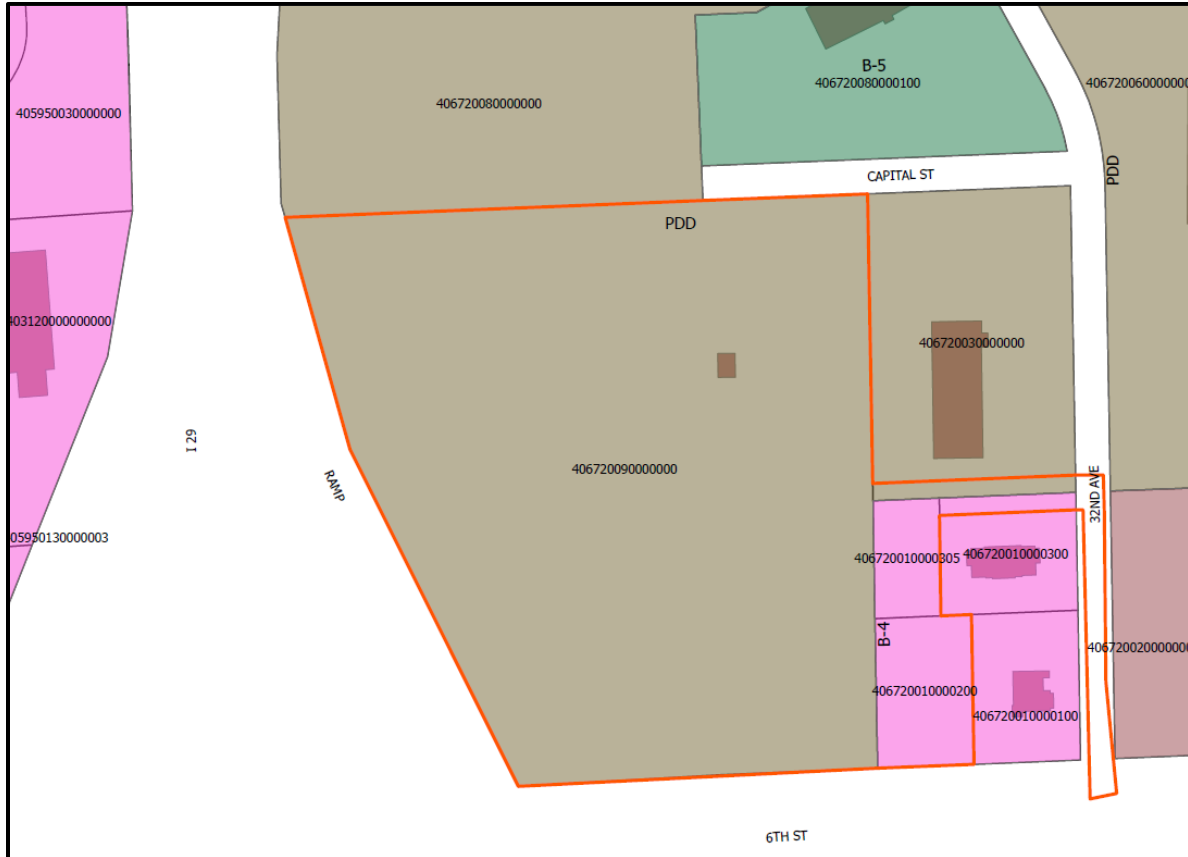


EXHIBIT C

Developer Constructed Off-Site Improvements

The Developer constructed off-site improvements follows this page.

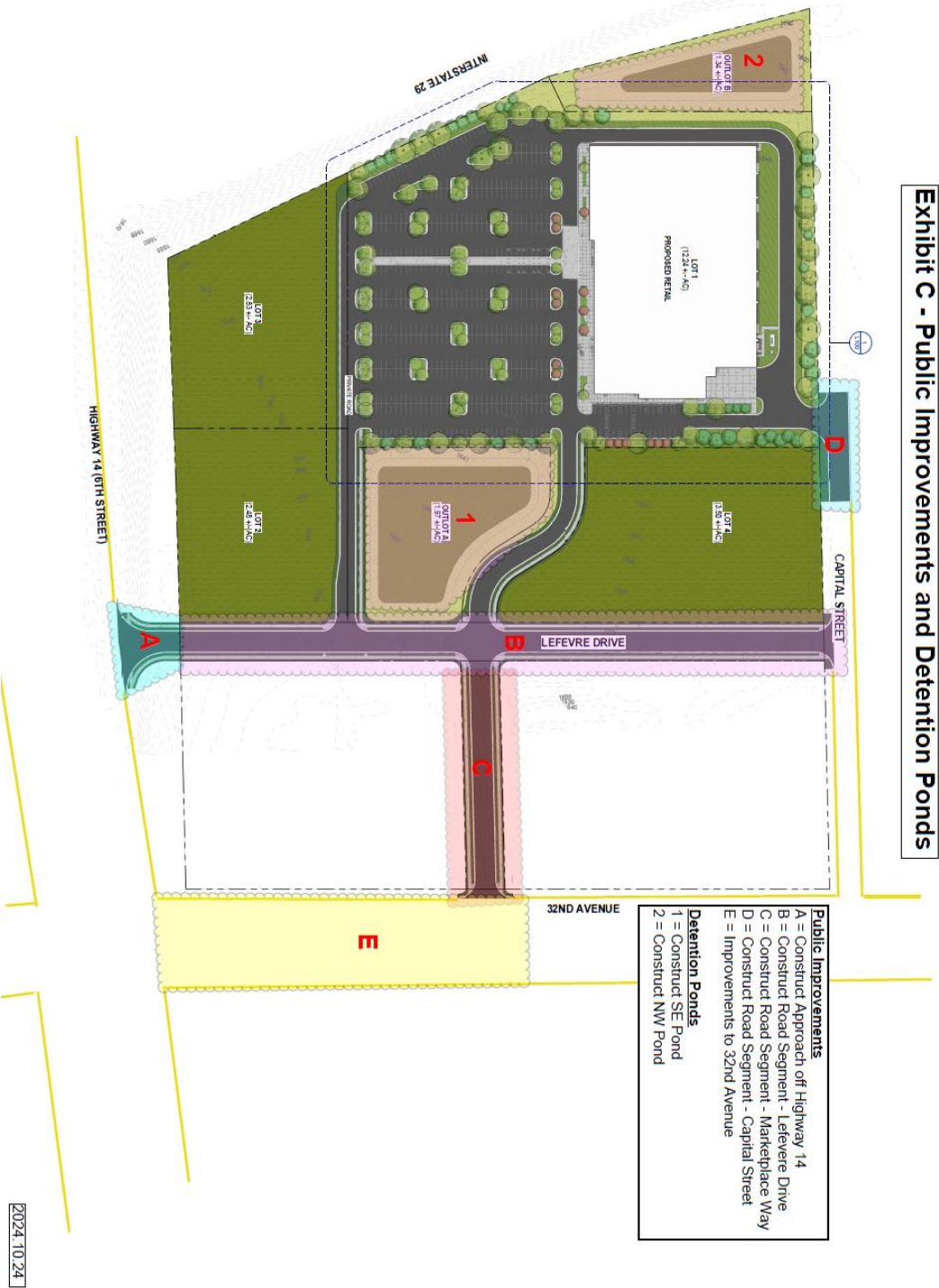


EXHIBIT D

Assignment by Developer

In the event Developer assigns this Agreement or the rights to payments hereunder for financing purposes or otherwise, a copy of the executed Assignment shall be attached to this Agreement and shall follow this page.

EXHIBIT E

City of Brookings Tax Increment District No. 13

Construction and Maintenance Standards

Section 1 - Developer's Obligations and Improvements Required

A. General

a. Developer agrees to install, or cause to be installed, the following subdivision improvements: curb and gutter, streets with asphalt surface, water service lines, sanitary sewer, storm sewer, drainage, drainage facilities, and all other improvements necessary to develop the area in accordance with the City of Brookings Subdivision Regulations, City of Brookings Engineering Design Standards and Specifications, Brookings Zoning Ordinance, and all other applicable ordinances of the City. All public improvements shall be installed in accordance with the Construction Plans filed with and approved by the City's Engineer, as applicable.

b. Required improvements will be accepted as dedications to, and shall become the property of the City when completed to City standards and upon approval by the City's Engineer, along with formal acceptance by the City.

B. Streets

a. Streets shall be constructed in each and every platted right-of-way and shall be built to the exterior lot lines of the subdivision and constructed as the sections are shown in the approved construction plans on file at the office of the City's Engineer.

C. Sanitary Sewer

a. Developer shall install, or cause to be installed, sanitary sewer and services to the property line for each lot served and shall be built to the exterior lot line of the subdivision, as shown on the approved construction plans.

D. Storm Sewer, Drainage and Facilities

a. Developer shall construct or cause to be constructed, to City standards, all storm sewers, catch basins, drop inlets, culverts, drainage-ways, detention ponds, spill-ways, and other related and required drainage improvements.

b. Developer shall comply with all City and State stormwater regulations.

E. Municipal Utilities

a. Developer will, prior to installation, coordinate with all utilities to ensure that the electric, natural gas, and water supply utilities are installed according to policies and standards established by each of the local utilities.

b. Developer shall install, or cause to be installed, water services to the property line for each lot so served.

F. Grading and Erosion Control

a. Developer shall complete grading of all utility easements and drainage ways to the elevations as shown on the approved final grading plan.

b. Developer shall utilize and maintain the erosion control devices and employ additional measures as necessary if the installed measures fail to retain soil on the site, until such time as the site is fully stabilized.

c. All erosion control devices shall be removed by the Developer after the site is fully stabilized and approved by the City's Engineer.

Section 2 - Maintenance and Acceptance

A. Maintenance of Gravel Streets Under Development

a. For streets under construction, the Developer will provide minimum maintenance and snow removal on gravel and first lift asphalt streets to provide minimum vehicular passage. If there is any damage to manholes, valves, curb and gutter, valley gutters, or other appurtenances, repairs shall be done at the Developer's expense. Gravel streets will be allowed through one winter season only. The City will take over maintenance upon completion of the final lift of asphalt and written acceptance by the City.

B. Completion of Final Lift on Street/Infrastructure Inspection Report

a. No sooner than one (1) year after the first lift has been applied or at any time when requested by the City, the Developer shall place the final lift of asphalt on the street. Prior to this action, the Developer will notify the City and state its intentions. The City's Engineer or their representative will inspect the public improvements and make an inspection report to the Developer as to the necessary work needed for the project to meet City specifications. This inspection report will encompass all aspects of the water, sanitary sewer, storm sewer, curb and gutter, or any other part of the construction as provided for in the preliminary plan as approved. Adjustments or repairs will be the responsibility of the Developer and shall be made prior to the placement of the final lift. The warranty period shall be one (1) year after placement of the final lift of asphalt. Trench settlement shall be warranted for five (5) years per City Ordinance.

C. Final Acceptance of Improvements

a. After the Developer deems that all the street and utility improvements have been completed and has placed the final lift of asphalt, the Developer will notify the City and local utilities in writing that the street and utility improvements are completed. Upon receipt of the certificate of completion from the developer's engineer and warranty security, the City's Engineer and local utilities will then inspect all the public improvements and inform the Developer of any deficiencies. Any deficiencies shall be remedied by the Developer at the Developer's expense. Prior to final acceptance, the Developer shall furnish a complete set of "As-Built" drawings to the City's Engineer. The "As-Built" drawings will be the following information overlayed on the Project Plans for the public improvements within the right-of-way (Lefevre Drive, 32nd Avenue, Market Way, and Capital Street), Outlot A and Outlot B: curb and gutter spot elevations; storm sewer structure rim and invert elevations; sanitary sewer rim and invert elevations; water main valve spot elevations; top nut hydrant elevations; pond toe of slope and top of slope spot elevations; pond inlet invert elevations; and pond emergency overflow spot elevations. Upon the recommendation of the City's Engineer, the City will then issue a transfer of street ownership certificate setting a date as to when the one (1) year warranty will end.

D. Developer's Warranty Responsibilities

a. The Developer shall warranty the public improvements of water, sanitary sewer, storm sewer, drainage infrastructure, curb and gutter, valley gutter, off-site improvements, and any other part of the construction specified in the Project Plan for a period of one year from the date as stated in the transfer of street ownership certificate. Prior to the end of the one (1) year warranty period, the City's Engineer and local utilities will inspect the public improvements and report the findings to the City. The City shall confirm or reject the Acceptance Certificate. If confirmed, the Developer's responsibility for the public improvements ends and the public improvements become the responsibility of the City. If any portion is rejected, the Developer will repair or replace the rejected portion and a one (1) year warranty period will begin again on the rejected portion and the Developer shall again comply with the provisions as stated in this Agreement.