

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.

⁴SDCL §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	\$17, 265,000*	11-9-15(8)
Eligible Project Costs		\$17,265,000	

*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 # . The cost estimates are only projected expenditures, thus the total authorized TID costs is expected to be \$17,265,000. This amount is the controlling value with respect to authorized TID Project Costs rather than the particular line item amounts contained in the above Chart and Schedule # . 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 fixture s; 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.

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 \$17,265,000 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District.

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	\$17,265,000	11-9-15(8)
Eligible Project Costs			\$17,265,000	

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	\$15,154,000
Land Acquisition	\$1,306,000
Professional Fees/Engineering, Design & Legal	\$805,000
Interest Expense	\$0
TOTAL COSTS	\$17,265,000

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 \$5,754,224 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	2023	2024	2025	\$1,000,000	\$19,808	\$2,450	\$4,157	\$13,179	\$22
2	2024	2025	2026	\$10,000,000	\$198,080	\$24,500	\$41,570	\$131,790	\$220
3	2025	2026	2027	\$11,200,000	\$221,850	\$27,440	\$46,558	\$147,605	\$246
4	2026	2027	2028	\$12,700,000	\$251,562	\$31,115	\$52,794	\$167,373	\$279
5	2027	2028	2029	\$13,200,000	\$261,466	\$32,340	\$54,872	\$173,963	\$290
6	2028	2029	2030	\$15,600,000	\$309,005	\$38,220	\$64,849	\$205,592	\$343
7	2029	2030	2031	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
8	2030	2031	2032	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
9	2031	2032	2033	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
10	2032	2033	2034	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
11	2033	2034	2035	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
12	2034	2035	2036	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
13	2035	2036	2037	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
14	2036	2037	2038	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
15	2037	2038	2039	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
16	2038	2039	2040	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
17	2039	2040	2041	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
18	2040	2041	2042	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
19	2041	2042	2043	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
20	2042	2043	2044	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356

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 six 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 \$16,000,000.
2. The average tax levy of all taxing districts will be \$19.808 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	2023	2024	2025	\$1,000,000	\$19,808	\$2,450	\$4,157	\$13,179	\$22
2	2024	2025	2026	\$10,000,000	\$198,080	\$24,500	\$41,570	\$131,790	\$220
3	2025	2026	2027	\$11,200,000	\$221,850	\$27,440	\$46,558	\$147,605	\$246
4	2026	2027	2028	\$12,700,000	\$251,562	\$31,115	\$52,794	\$167,373	\$279
5	2027	2028	2029	\$13,200,000	\$261,466	\$32,340	\$54,872	\$173,963	\$290
6	2028	2029	2030	\$15,600,000	\$309,005	\$38,220	\$64,849	\$205,592	\$343
7	2029	2030	2031	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
8	2030	2031	2032	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
9	2031	2032	2033	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
10	2032	2033	2034	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
11	2033	2034	2035	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
12	2034	2035	2036	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
13	2035	2036	2037	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
14	2036	2037	2038	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
15	2037	2038	2039	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
16	2038	2039	2040	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
17	2039	2040	2041	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
18	2040	2041	2042	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
19	2041	2042	2043	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356
20	2042	2043	2044	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356

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 six 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 \$5,754,224 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	2023	2024	2025	\$1,000,000	\$19,808	\$2,450	\$4,157	\$13,179	\$22
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20	2042	2043	2044	\$16,200,000	\$320,890	\$39,690	\$67,343	\$213,500	\$356

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.

