

TAX INCREMENTAL DISTRICT
NUMBER 15
CITY OF BROOKINGS
TAX INCREMENTAL
PROJECT PLAN



Table of Contents

INTRODUCTION AND PURPOSE	3
GENERAL DEFINITIONS AS USED IN THIS PLAN.....	3
PROPERTY WITHIN THE TAX INCREMENT DISTRICT	5
CREATION OF CITY OF BROOKINGS TID NUMBER 15.....	5
LISTING OF KIND, NUMBER, LOCATION AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS .	7
TAXABLE VALUE OF BROOKINGS.....	7
Expenditures Exceeding Estimated Cost	9
Detailed List of Estimated Project Costs.....	10
Feasibility Study	10
Economic Development Study	10
Fiscal Impact Statement.....	10
Method of Financing, Timing of Costs and Monetary Obligations	10
Maximum Amount of Tax Incremental Revenue.....	11
Duration of Tax Incremental Plan	11
Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions	11
Conditions Map, Improvements Map, Zoning Change Map.....	11
List of Estimated Non-Project Costs	11
Statement of Displacement and Relocation Plan.....	12
Performance Bond Surety Bond or other Guaranty	12
LIST OF SCHEDULES	12
LIST OF ATTACHMENTS	12
SCHEDULE 2 – “ECONOMIC FEASIBILITY STUDY”	15
SCHEDULE 3 – “ECONOMIC DEVELOPMENT STUDY”	17
SECTION 1- INTRODUCTION	17

SECTION 2 – STUDY AREA BOUNDARY	17
SECTION 3 – ESTABLISHING TIF ELIGIBLE	17
SECTION 6 – FINDINGS WITHIN THE STUDY AREA ANALYSIS	18
SCHEDULE 4 – “FISCAL IMPACT STATEMENT”	19
SCHEDULE 5 – “ESTIMATED CAPTURED TAXABLE VALUES”	21
ATTACHMENT 1	23
ATTACHMENT 2	24
ATTACHMENT 3	25

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 15, 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 town.

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 the development of economic development through the construction of a multi-family housing residential development known as the Milwaukee Townhomes Development. (the "Project"). It is anticipated that up to twenty multi-family housing units will be built in the Project area. The multi-family units will have monthly rental rates at or below the calculated rent for the state's eighty percent area median income.

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

Development in the area is anticipated to occur in the near future, with the potential for tax increment financing to provide the impetus and means to undertake this development 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 SDCL § 11-9-9

- (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

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

"Developer" means Minor Investments Family LLLP, a South Dakota corporation.

"Developer's Agreement" means the agreement by Minor Investments Family LLLP and related parties for the redevelopment of the subject properties and concerning this Tax Incremental District.

"District" means the Tax Incremental District.

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

"Fiscal year" means that fiscal year 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

² SDCL § 11-9-10

³ SDCL § 11-9-11

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 Committee" means City of Brookings Planning Committee.

"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 a Town and/or County defined and created by resolution of the governing body and named City of Brookings Tax Incremental District #15.

"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.

"City of Brookings" means Brookings, South Dakota.

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, Indian Hills Addition, Cree Village 1.7 acres, City of Brookings, Brookings County, South Dakota
- Outlots 7A, 7, & 8 Excluding Lot H1 and H2 in Lot 8, City of Brookings, Brookings County, South Dakota
- Main Avenue South rights-of-way from 8th Street South to 12th Street South/Trail Ridge Road

The area making up Tax Increment District #15 is shown on the Boundary Map attached to the following page.

CREATION OF CITY OF BROOKINGS TID NUMBER 15

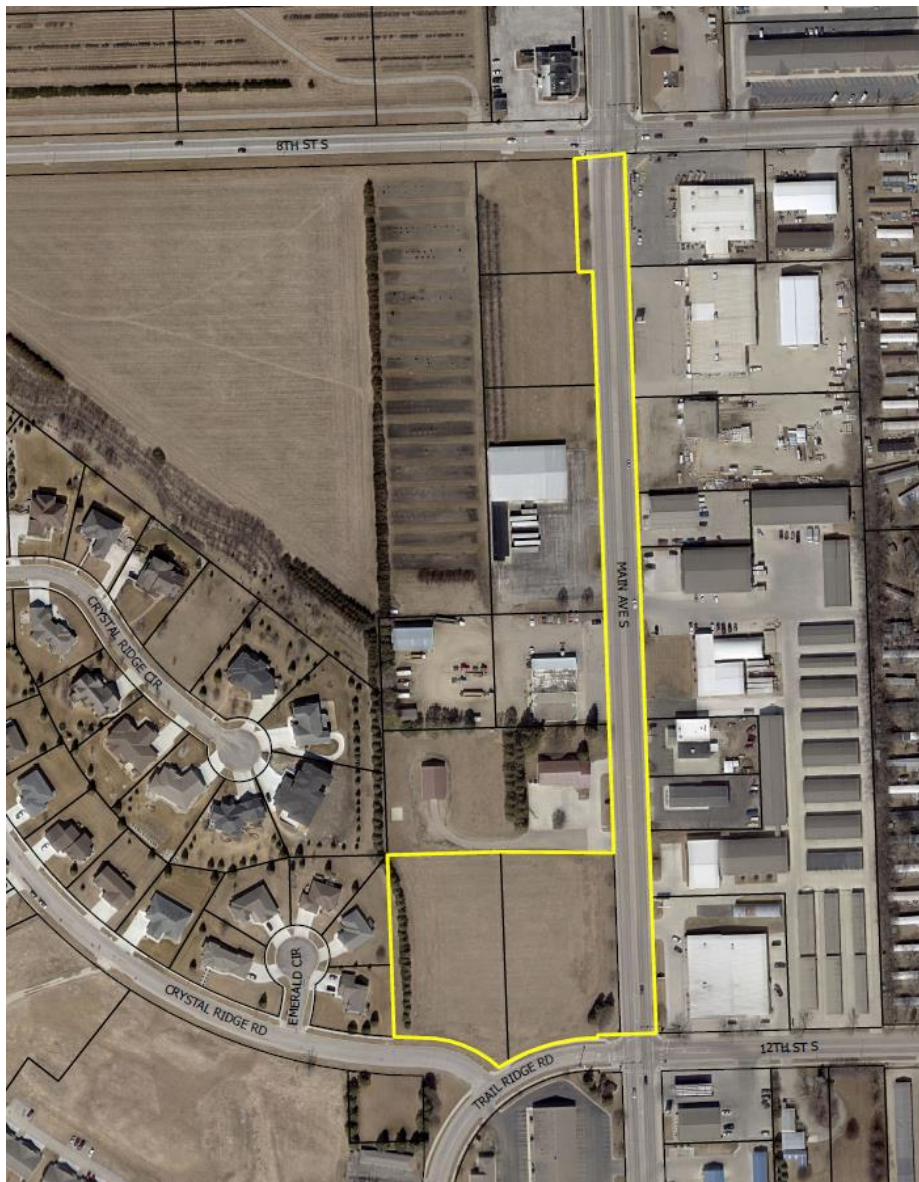
Minor Investments Family LLLP desires to create a Tax Incremental Financing District ("TID") to assist in the construction of public infrastructure and other TID eligible expenses on land located within the corporate limits

of the City of Brookings, Brookings County, South Dakota. As presented by the Developer, the TID will consist of one phase as follows:

Land acquisition, site preparation, , drainage, and other TID eligible expenses, to include engineering, design, other professional fees, and financing costs, for the Project area proposed for the TID area.

Figure 1. TID 15 Boundary

Brookings TIF District 15 Boundary Map



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 is 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 constitutes an affordable housing project 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 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 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.

TAXABLE VALUE OF BROOKINGS

State law requires that tax increment districts cannot exceed ten percent of the taxable value of any municipality. The taxable value for the City of Brookings is \$ 350,841,135. The base value of the taxable property for inclusion into this Tax Incremental District, as per the Director of Equalization's records is \$199,000.

⁴ SDCL §11-9-16(1)

TIF 15 Base Valuations

- Lot 2, Indian Hills Addition, Cree Village 1.7 acres, City of Brookings, Brookings County, South Dakota - \$137,000
- Outlots 7A, 7, & 8 Excluding Lot H1 and H2 in Lot 8, City of Brookings, Brookings County, South Dakota - \$259,200
- Main Avenue South rights-of-way from 8th Street South to 12th Street South/Trail Ridge Road

TOTAL BASE VALUE: \$396,000

The City of Brookings has ten active TIF Districts. The taxable value of TIF District #15 plus all other tax increment districts is less than 10% of the total taxable value in the City.

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	\$5,000,000	11-9-15(8)
Eligible Project Costs		\$5,000,000	

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.

All of the above are estimates of the costs involved in the project, and the actual total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only estimated costs, the total authorized TID costs of \$5,000,000 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 (capital costs, financing costs, and professional fees including design costs). Developer reserves the right to be reimbursed for any expenses and advances made by the Developer for the TIF project from TIF funds, so long as the total amount of funds advanced for the TIF District do not exceed \$5,000,000.

*Costs incurred may be allocated and may be completed in any order.

Expenditures Exceeding Estimated Cost

Any expenditures which in sum would exceed the total amount of the TID amount of \$5,000,000 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 above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

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

Conditions of the Developer Agreement relating to Constitutional Debt

The exclusive funding mechanism for this TID will be a grant pass-through of positive tax increment from the TID receipted into the TIF Fund. The City's obligation to pay is limited to the proceeds of the positive tax increment from the TID receipted into the TIF Fund. The City shall have no obligation to commit any City funds from any other source into the TIF Fund other than the positive tax increment from the TID receipted into the TIF Fund. It is also to be specifically agreed that the City has made no representation that the proceeds from the TIF Fund shall be sufficient to retire any indebtedness incurred by Developer. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocation of the positive tax increment payments and the fund created by the TID to 20 years from the year of creation. As such, it is further understood that the amount of \$5,000,000 will be the maximum amount the City will ever pass on acting as a conduit for TIF #15 for eligible project costs, including any and all interest which may apply.

All TIF revenue will be passed onto the Developer as a grant until the full amount has been paid or 20 years from

the year of creation, whichever happens first. The payment of tax increment funds under this Agreement is a grant under SDCL Chapter 11-9 (the "Grant"). The Grant is a personal property right vested with the Developer on the effective date of the TIF. The City will grant this amount to the Developer and thus not have to account for any assets on the City's financial statement. The Developer will be responsible for obtaining their financing and the City will not be liable for any Developer debt.

Given that the exclusive funding mechanism for this TID is the grant pass-through of positive tax increment from the TIF Fund, that no tax increment bonds will be issued in relation to this TID, and that the City shall have no obligation to commit other City funds, the City's obligation hereunder shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. In recognition that the City cannot appropriate funds that have not accrued, the City's exclusive obligation shall be to budget and appropriate the positive tax increment from the TID receipted into the TIF Fund on an annual basis during the City's then current fiscal year, as may be required. Notwithstanding anything to the contrary contained in the proposed Agreement, the City hereby acknowledges and agrees that the obligations of the City under this Agreement are a material inducement for Developer to purchase the real property and to incur various development and construct improvements upon the TID property and the failure to pay tax increment to Developer will be financially detrimental to future improvements on said property.

If at any time during the term of this Agreement, (i) the governing body of the City shall fail or refuse to approve or authorize the funds due hereunder, and (ii) if the TID is eligible to be terminated pursuant to SDCL 11-9-46, then the Agreement shall terminate upon the end of the fiscal year for which funds were approved or authorized, without penalty to the City, if both (i) and (ii) occur.

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 Incremental District #15 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 \$5,000,000 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Incremental District. The final terms and conditions will be set forth in the Developer's 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 City, the extinguishment of bonds and the monetary obligation except that the Plan duration **shall not exceed 20 calendar years** of revenue from the date of creation of the District.

Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions

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 will be the value set for 2024 taxes payable in 2025. The tax increment will be available to the taxing jurisdictions at or before twenty (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 bonds and monetary obligations, 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. A conditional use permit may be requested in the future according to final completed architectural and civil site design. Approval of the TIF will not constitute approval of any future conditional use requests.

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
Residential Construction	\$12,167,928
TOTAL	\$12,167,928

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"

SDCL 11-9-15

Kind of Project Cost	Number of Projects	Location ⁵	Amount	Reference ⁶
Capital Costs		District	\$0	11-9-14(1)
Financing Costs		District	\$0	11-9-14(2)
Real Property Assembly		District	\$0	11-9-14(3)
Professional Fees		District	\$0	11-9-14(4)
Administrative Costs		District	\$0	11-9-14(5)
Relocation Costs		District	\$0	11-9-14(6)
Organizational Costs		District	\$0	11-9-14(7)
Discretionary Costs and Grants	1	District	\$5,000,000	11-9-14(8)
Eligible Project Costs			\$5,000,000	

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.

Based upon the foregoing tables and for purposes of this Project Plan, the start of construction of the residential property is contemplated to be in calendar year 2023 and 2024.

It is anticipated that construction of the residential property will be completed within the District in 2024.

It is anticipated that the Developer will procure financing to fund the public infrastructure going into the TID improvements by way of a private loan.

It is assumed that all obligations within the TID will be adequately secured as to allow the payment of principal and interest when due.

The attached table is an illustration of two amortization schedules, for illustrative purposes only. It provides for the drawdown of funds as indicated in each table. An interest rate of 7.0% is utilized from the bank loan. The actual amortization schedules and interest rates will be set when Developer borrows funds.

SCHEDULE 2 – “ECONOMIC FEASIBILITY STUDY”

Minor Investments Family LLLP (“Developer”) is proposing the creation of a tax increment district to be located within the City of Brookings, Brookings County, South Dakota, on certain real property. The project is an affordable housing development on ground currently owned by private entities.

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, remodeling and reconditioning of existing historical buildings, 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 in a Tax Increment Fund by the City for 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 \$4,603,756 as evidenced by the Table on pages 19.

Owner and Non Owner Occupied Residential

Construction Year	Valuation Year	Revenue Year	Valuation Increment	Total Revenue Increment	Total Increment for Debt Service
2023	2024	2025	8683770	196657	196657
2024	2025	2026	2708352	62585	259241
2025	2026	2027	0	0	259241
2026	2027	2028	0	0	259241
2027	2028	2029	0	0	259241
2028	2029	2030	0	0	259241
2029	2030	2031	0	0	259241
2030	2031	2032	0	0	259241
2031	2032	2033	0	0	259241
2032	2033	2034	0	0	259241
2033	2034	2035	0	0	259241
2034	2035	2036	0	0	259241
2035	2036	2037	0	0	259241
2036	2037	2038	0	0	259241
2037	2038	2039	0	0	259241
2038	2039	2040	0	0	259241
2039	2040	2041	0	0	259241
2040	2041	2042	0	0	259241

Gross Revenue

4603756

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 an affordable housing development 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

The developer plans on developing the current vacant properties to construct single-family and multi-family affordable homes. Single family homes within the District will be built to comply with an original selling price at or below the first time homebuyer's purchase price limits as set by South Dakota Housing Development Authority. Rental property will have a monthly rental rate at or below the rent for the state's eighty percent area median income for a minimum of five years. The intent of the Project is to create new attainable homeownership opportunities for workforce and projected workforce in the area.

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 additional affordable housing by developing a project to be constructed upon real property located within the TID boundaries, to complete site preparation, and public infrastructure necessary to serve the real property located within the TID boundaries to include streets and drainage.

The TID area consists of a two vacant tracts within the corporate city limits of the City. The completion of the affordable housing 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.

It is specifically found that once the improvements set forth within City of Brookings TIF #15 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 affordable housing to Brookings, SD.

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 affordable housing in Brookings, Brookings County, 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 15

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 15.

“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 \$11,392,122.
2. The average tax levy of all taxing districts will be \$23.108 per thousand dollars of taxable valuation (2024) for non-owner occupied residential.
3. Tax increment will start to be collected in 2024 and end in or prior to 2043.
4. The discretionary formula will be waived by the Developer as well as any property owner located within the TIF District.
5. 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 will be an estimated \$4,603,756. There will be no fiscal impact for the first year of the Tax Increment District.

FISCAL IMPACT

The total fiscal impact upon the taxing entities during the term of the Tax Increment District is as follows:

Valuation Assumptions	Base Full/True Value	Increase	Positive Increment
Land/Existing Improvements	\$199,000	\$0	\$0
Additional Improvements		\$11,392,122	\$259,241 / yr
Total Positive Increment		\$11,392,122	\$4,603,756

SCHEDULE 5 – “ESTIMATED CAPTURED TAXABLE VALUES”

It is assumed, for purposes of this Plan, that residential development consisting of non owner-occupied will be constructed during Year 1 and Year 2 of the TIF.

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 \$4,603,756 covering a span of captured tax years not to exceed twenty (20). Collection is anticipated to begin in 2024, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

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

Owner and Non Owner Occupied Residential

Construction Year	Valuation Year	Revenue Year	Valuation Increment	Total Revenue Increment	Total Increment for Debt Service
2023	2024	2025	8683770	196657	196657
2024	2025	2026	2708352	62585	259241
2025	2026	2027	0	0	259241
2026	2027	2028	0	0	259241
2027	2028	2029	0	0	259241
2028	2029	2030	0	0	259241
2029	2030	2031	0	0	259241
2030	2031	2032	0	0	259241
2031	2032	2033	0	0	259241
2032	2033	2034	0	0	259241
2033	2034	2035	0	0	259241
2034	2035	2036	0	0	259241
2035	2036	2037	0	0	259241
2036	2037	2038	0	0	259241
2037	2038	2039	0	0	259241
2038	2039	2040	0	0	259241
2039	2040	2041	0	0	259241
2040	2041	2042	0	0	259241

Gross Revenue

4603756

ATTACHMENT 1

LEGAL DESCRIPTION OF REAL PROPERTY

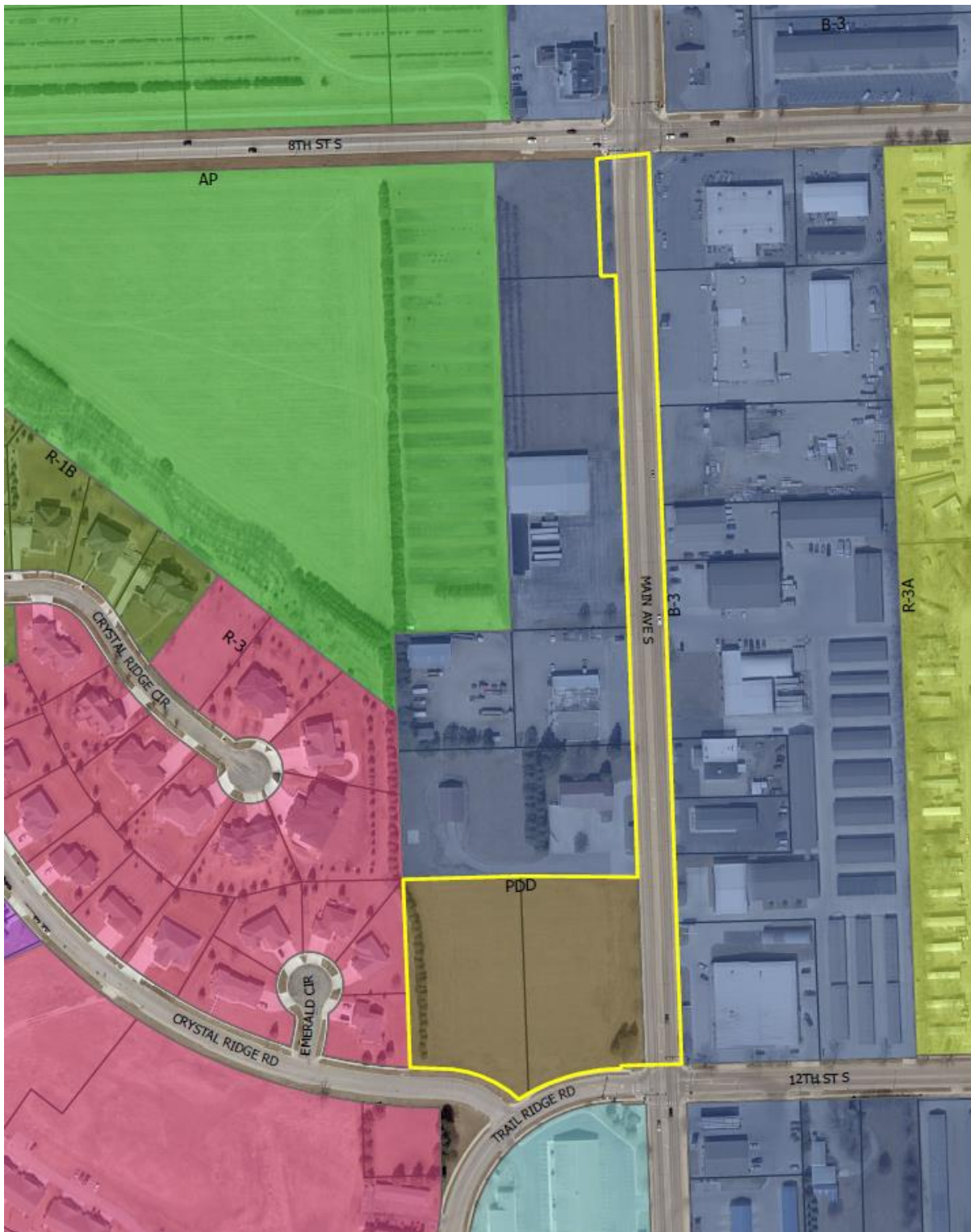
- Lot 2, Indian Hills Addition, Cree Village 1.7 acres, City of Brookings, Brookings County, South Dakota - \$137,000
- Outlots 7A, 7, & 8 Excluding Lot H1 and H2 in Lot 8, City of Brookings, Brookings County, South Dakota - \$259,200
- Main Avenue South rights-of-way from 8th Street South to 12th Street South/Trail Ridge Road

ATTACHMENT 2

MAP OF REAL PROPERTY/IMPROVEMENTS



ATTACHMENT 3
LIST OF PROPOSED CHANGES IN ZONING ORDINANCES



No additional zoning ordinance changes are required.