

ASSIGNMENT AGREEMENT

Agreement entered into as of the dates set forth in the acknowledgments below by and between the City of Rapid City, State of South Dakota, hereinafter referred to as "City," **BANKWEST** of Rapid City, South Dakota, hereinafter referred to as "Lender," and **Midland Rushmore, LLC**, an Ohio Limited Liability Company, the purpose of which is to participate in a cost sharing plan for certain improvements to the development commonly know as "RUSHMORE CROSSING" located in the City of Rapid City, hereinafter collectively referred to as "Developer."

WHEREAS, City has passed a Resolution Creating Tax Increment District Fifty-six (56) on November 21, 2005, a copy of said Resolution is attached hereto as Exhibit "A" which is, by reference, incorporated herein; and

WHEREAS, the City approved the Project Plan for Tax Increment District Fifty-six (56) on February 6, 2006 and further approved a Revised Project Plan on October 16, 2006; and

WHEREAS, Developer have agreed to advance the funds necessary to accomplish the goals to be achieved by the Tax Increment Financing District Fifty-six (56) and

WHEREAS, Developer and City have entered into a Contract for Private Development Tax Increment District Number Fifty-six (56), together with a Revised Project Plan a copy/copies of said contract(s) being attached hereto as Exhibit "B" which by reference hereto is/are incorporated herein; and

WHEREAS, Lender has agreed to loan the funds to Developer to accomplish said purpose set forth in the Contract for Private Development on the condition that the future real estate taxes which are collected for the Tax Increment District Fifty-six (56) are paid directly by City to Lender, it is hereby agreed, as follows:

1. City will pay directly to Lender those real estate taxes collected which are subject to the Tax Increment District Fifty-six (56) and any properly revised project plan until the loan obligation incurred between Lender and Developer, for purposes relating solely to the Tax Increment Financing District Fifty-six (56) and any properly approved revised project plan, are paid in full or the Tax Increment District is dissolved, whichever comes first. It is the specific intent of the parties that the City shall not be obligated to pay any sums to Lender other than the increment authorized by the Private Development Agreement and any revisions thereof and generated by Tax Increment District Fifty-six (56) Any obligations the City has to Lender shall cease by the City's paying to Lender said increments authorized by the Private Development Agreement and any revisions thereof until the loan is satisfied or Tax Increment Financing District Fifty-six (56) is terminated, whichever comes first. Payments will be made at 709 Main Street, Rapid City, South Dakota 57701, or at a different place if required by the Lender.
2. Lender agrees that, provided City makes payment to Lender of all funds actually received or collected by City for Tax Increment District Fifty-six (56) and any properly approved and revised project plan, there is no liability by City for the loan obligation of Developer. Rather, should City have paid all funds set forth in the Private Development Plan and any revisions thereto, actually received or collected by City for Tax Increment District Fifty-six (56), Lender shall look solely to its agreement with

Developer and its guarantors, for any rights of recovery upon default, it being the specific intent of the parties that in the event that Tax Increment Financing District Fifty-six (56) is terminated before payment in full of the obligation to Lender is satisfied or in the event that the increments are insufficient to pay said obligation, Lender's sole recourse shall be against Developer and its guarantors and the City shall have no additional liability to Lender provided that City has made all payments required herein.

- 3. Upon reasonable request and notice, Lender agrees to provide financial reports to City and Developer to advise them of the on-going status of the loan obligation to Lender by Developer.
- 4. All parties to this Agreement acknowledge that in the event Developer makes any payments on the loan obligation to Lender for this Tax Increment District Fifty-six (56), said payments will not reduce the obligation of City to make the Tax Increment Financing District Fifty-six (56) and the revised project plan payments to Lender, pursuant to this Agreement, until the entire tax increment district obligation is paid in full. Said assignment shall continue until Lender Authority has been paid in full or Tax Increment Financing District Fifty-six (56) is dissolved, whichever comes first.

Dated this ___ day of _____, 2006

CITY OF RAPID CITY

By: _____
Jim Shaw, Mayor

BY: _____
James Preston

STATE OF SOUTH DAKOTA)
 :SS
COUNTY OF _____)

On this _____ day _____, 2006, before me, the undersigned Notary Public, personally appeared Jim Shaw and James F. Preston, who acknowledged themselves to be the Mayor and Finance Officer, respectively, of the City of Rapid City, a municipal corporation, and that they as such Mayor and Finance Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the City of Rapid City by themselves as Mayor and Finance Officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(SEAL)

Notary Public, State of South Dakota
My Commission Expires: _____

BANKWEST

By: _____
Jack E. Lynass, President

STATE OF SOUTH DAKOTA)
)SS
COUNTY OF _____)

On this _____ day of _____, 2006, before me, the undersigned Notary Public, personally appeared Jack Lynass who acknowledged himself to be the President of BANKWEST, and that he, as such, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing himself as the President of BANKWEST.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(SEAL)

Notary Public, State of South Dakota
My Commission Expires: _____

MIDLAND RUSHMORE, LLC.

By: _____
Its: _____
JOHN I. SILVERMAN
MANAGER

STATE OF Ohio)
)ss:
COUNTY OF Hamilton)

On this 20th day of December, 2006, before me, the undersigned Notary Public, personally appeared John I. Silverman, who acknowledged himself to be the Manager, and that he, as such, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing himself as John I. Silverman Manager.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



JENNIFER GIBBS
Notary Public, State of Ohio
My Commission Expires 04-17-11

Notary Public, State of Ohio
My Commission Expires: 4-17-11

EXHIBIT A

PREPARED BY: City Attorney's Office
300 Sixth Street
Rapid City, SD 57701
(605) 394-4140

OPC
11-23-09

**RESOLUTION CREATING TAX INCREMENT DISTRICT NUMBER FIFTY-SIX AS
SUBMITTED BY THE RAPID CITY PLANNING COMMISSION**

WHEREAS the property within the following described District meets the qualifications and criteria set forth in SDCL 11-9; and,

WHEREAS the Council of the City of Rapid City finds that the aggregated assessed value of taxable property in this District, plus the assessed values of all other districts currently in effect, does not exceed ten percent (10%) of the total assessed value of taxable property in the City of Rapid City; and,

WHEREAS the Council finds that:

- (1) Not less than twenty-five percent (25%), by area, of the real property within the district is a blighted area as defined in SDCL 11-9-9 through 11-9-11; and,
- (2) The improvement of the area is likely to significantly enhance the value substantially on all of the other real property in the district.

NOW, THEREFORE, BE IT RESOLVED by the City of Rapid City that the real property legally described as:

That portion of the Interstate 90 right-of-way lying in the SE1/4 NE1/4 and in the NE1/4 SE1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Entire Interstate 90 right-of-way located in Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Entire Interstate 90 right-of-way located in the SW1/4 of Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Tract F, Marshall Heights Subdivision No. 2 and the Interstate 90 right-of-way lying south of and adjacent to Tract F, Marshall Heights Subdivision No. 2, all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

That portion of the East Disk Drive right-of-way lying east of North LaCrosse Street located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Lot K-4 less Lot H-1, Marshall Heights Tract, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Lots 1 and 2 and the south ½ of the vacated alley and Pine Street right-of-way adjacent to said lots, Block 2, Rapps Addition, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Lot M of the NW1/4 SE1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Entire Farnwood Avenue right-of-way, entire Spruce Street right-of-way, and entire Rapp Street right-of-way all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

That portion of the North LaCrosse Street right-of-way lying adjacent to Lot K-4 of Marshall Heights Tract and Lot 1 of Bedco Subdivision and including the entire intersection of North LaCrosse Street and Rapp Street, all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Lot H1 and Lot H2 located in N1/2 SE1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and

Unplatted portion of the N1/2 SE1/4 lying south of Interstate 90, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Lots 1 and 2, Bedco Subdivision, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

SE1/4 SE1/4 lying north of the railroad right-of-way and the unplatted portion of the SW1/4 SE1/4 all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

That portion of the S1/2 lying south of Interstate 90 and north of the railroad right-of-way, Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

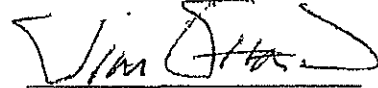
That portion of the NE1/4 NW1/4 and N1/2 NE1/4 lying north of the railroad right-of-way, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

That portion of the Dyess Avenue right-of-way lying in the S1/2 SW1/4 and the entire intersection of Dyess Avenue and Eglin Street all located in Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota

is hereby designated as Tax Increment District Number 56, City of Rapid City.


DATED this 21st day of November, 2005.

CITY OF RAPID CITY



Mayor

ATTEST:


Finance Officer

(SEAL)

Tax Increment District #56 - Boundary Map - Rushmore Crossing

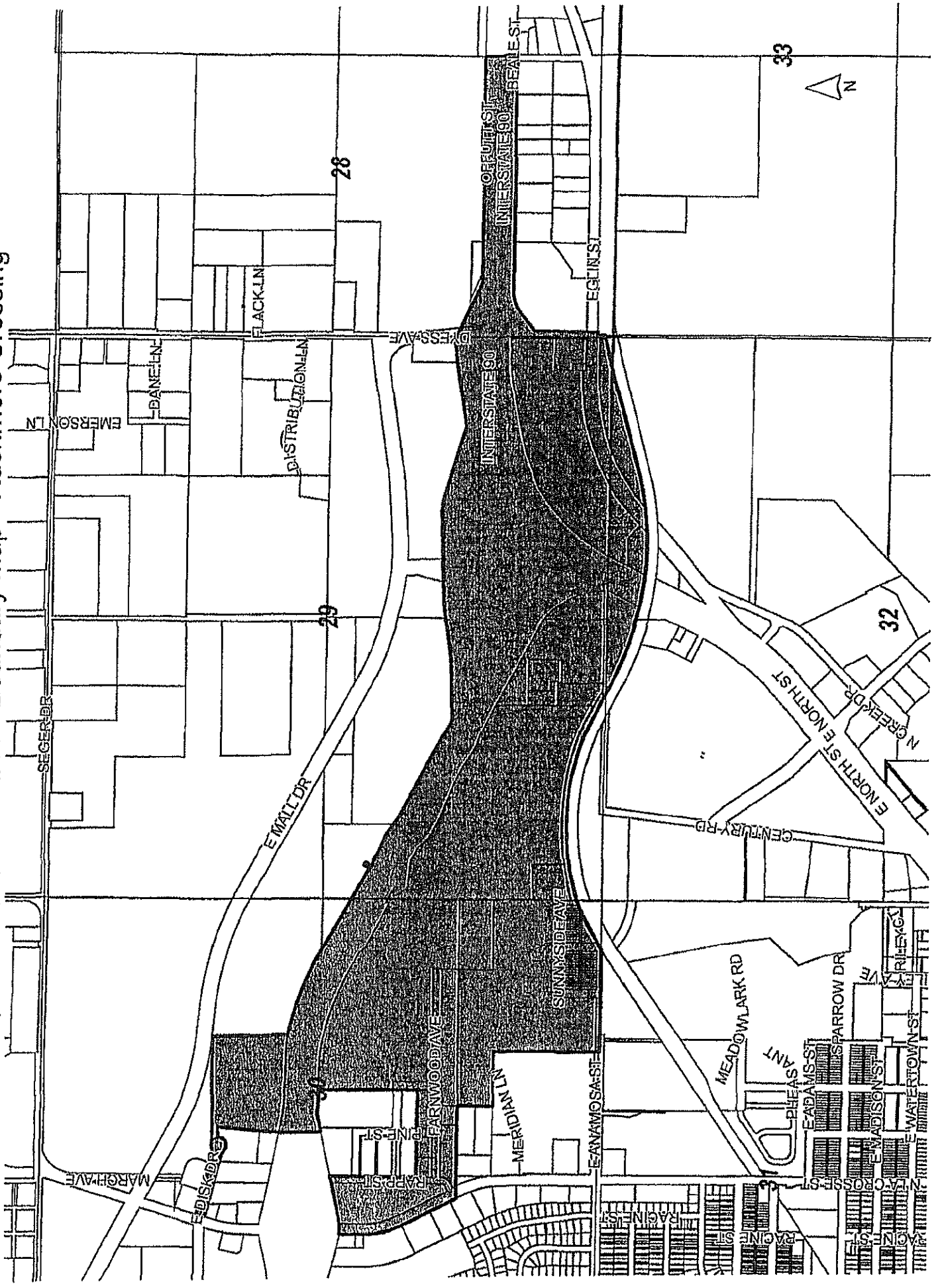


EXHIBIT B

CONTRACT FOR PRIVATE DEVELOPMENT
TAX INCREMENT DISTRICT NUMBER FIFTY-SIX

Between

MAP RUSHMORE, LLC.

and the

CITY OF RAPID CITY, SOUTH DAKOTA

THIS AGREEMENT, is made and entered into on this ____ day of _____, 2006, between MAP Rushmore, LLC, located at 8044 Montgomery Rd., Suite 710, Cincinnati, OH 45236, hereinafter referred to as the "Developer," and the City of Rapid City, a municipal corporation and political subdivision of the State of South Dakota, located at 300 Sixth St., Rapid City, SD 57701, hereinafter referred to as the "City."

SECTION 1. The City created Tax Increment District Number Fifty-Six by resolution on November 21, 2005.

SECTION 2. The City approved a revised Project Plan for Tax Increment District Number Fifty-Six on October 16, 2006.

SECTION 3. The purpose of this agreement is to establish the terms and conditions by which the Developer will be reimbursed from the proceeds generated by the tax increment district for the cost of the improvements that are included in the revised project plan. It further establishes the procedures by which the Developer may assign its right to any proceeds from the district in order to secure private financing for the project improvements.

SECTION 4. The estimated project costs to be paid by Tax Increment District #56, as set forth in the approved revised project plan, are as follows:

TOTAL ESTIMATED PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT FOR PHASE I:

Phase I Project Costs

Capital Costs:

Water Main	\$ 780,000.00
Sewer Main	\$ 936,000.00
Farnwood/Eglin Street	\$ 3,602,979.00
Regional Detention Dam	\$ 650,000.00
Traffic Signals	\$ 260,000.00
Relocate Power Lines	\$ 700,000.00
Excess right-of-way purchase	\$ 1,887,000.00

Professional Service Costs \$ 374,396.00

Financing Costs:

Financing interest	\$ 7,316,162.88
Financing/Loan Fee	\$ 59,300.00

Contingency Costs: \$ 0

Relocation Costs: \$ 0

Organizational Costs:	\$	0
Necessary and Convenient Costs:	\$	500,000.00
TOTAL PROJECT COSTS – PHASE I	\$	17,065,837.88
Imputed Administrative Costs* City of Rapid City	\$	2,050.00

*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #56 fund available to the City Finance Officer on November 15, 2010.

PHASE II PROJECT COSTS:

Capital Costs: North-South Street Construction	\$	1,755,000.00
Professional Service Costs	\$	0
Financing Costs: Financing Interest	\$	1,579,069.44
Contingency Costs:	\$	0
Relocation Costs:	\$	0
Organizational Costs:	\$	0
Necessary and Convenient Costs:	\$	0
TOTAL PROJECT COSTS – PHASE II	\$	3,334,069.44
TOTAL PROJECTS COSTS – PHASE I	\$	17,065,837.88
TOTAL PROJECT COSTS – PHASE II	\$	<u>3,334,069.44</u>
<u>TOTAL PROJECT COSTS FOR PHASE I AND PHASE II</u>		<u>\$20,399,907.32</u>

SECTION 5. The Developer agrees to construct the improvements described in Section 4 of this agreement at its expense. The Developer further agrees to start constructing the improvements contemplated in this agreement by December 31, 2007. The Developer has until December 31, 2009 to complete the Phase I improvements identified in Section 4 of this agreement. The Developer has five years from the date the revised Project Plan was approved to complete the balance of the improvements. If the Developer does not comply with these deadlines, the City has the option to terminate this agreement as to any improvements that have not been constructed or on which construction has not been started. Prior to the City terminating the agreement, the City shall provide at least fourteen days written notice to the Developer and/or any entity that has an assignment

interest in the proceeds of the tax increment funds of the date and time of the meeting at which the City Council will consider terminating the agreement.

SECTION 6. It is agreed by the Developer that if it sells any excess right of way for which it was reimbursed pursuant to Section 4, that the proceeds of the sale shall be placed in the special fund identified in Section 11 and used to more quickly pay off the approved project costs.

SECTION 7. The base value of the property located in Tax Increment District Number Fifty-Six has yet to be certified by the South Dakota Department of Revenue. Both parties understand that before any increment can be generated by the district that the base valuation of the property within the district must be certified by the Department of Revenue. It is further understood that this agreement is contingent upon certification of the value of the land in the district by the South Dakota Department of Revenue. When the certified land value has been received by the City from the Department of Revenue it will be incorporated into and become part of this agreement. The Developer assumes any and all risk that may result from entering into this agreement prior to receiving a certified land value from the Department of Revenue.

SECTION 8. It is anticipated that the Developer will secure private financing to fund the improvements contemplated in the approved Tax Increment District Number Fifty-Six Revised Project Plan. This private financing is anticipated to be a bond or note, at an average interest rate over the life of the loan not to exceed Nine Percent (9%) per annum. It is understood by the parties that the financing amount included in the project plan is based on an interest rate of Nine Percent (9%) per annum and that the Developer will not receive any reimbursement for interest that it pays in excess of Nine Percent (9%) per annum. It is further understood that should the Developer receive a loan with an interest rate of less than Nine Percent (9%) per annum, that the City will only reimburse the Developer for the actual amount of interest paid.

SECTION 9. Developer shall complete the improvements described in the approved project plan. Upon completion, Developer shall certify to the City Finance Officer that such improvements have been completed and shall certify the amount of money disbursed therefore. Furthermore, the Developer shall provide sufficient documentation to certify that the terms of Section 14 of this agreement are complied with. The City shall have the right to require reasonable documentation to establish that the amounts set forth in the revised Tax Increment District Number Fifty-Six Project Plan have, in fact, been disbursed for the costs contemplated in the project plan and that state bid law has been complied with.

SECTION 10. It is understood by the parties that the boundaries of Tax Increment District Fifty-Six may overlap the boundaries of other tax increment districts. Any increments generated from areas within overlapping districts will be used to pay for the improvements in the districts based on the chronological order in which the districts were created. Only after the disbursements required of the City in the project plans or developer's agreements for any previously created districts have been completely

satisfied, will the City have a duty to disburse funds under this agreement which were generated in areas that are part of previously created overlapping districts.

SECTION 11. It is understood by the parties that it will not be possible to determine what the positive increment is until the Dept. of Revenue determines the certified land valuation for the property within the district. It is further understood that until the Dept. of Revenue determines the certified land value, no obligation to make deposits into the "Fund" will arise. Once the certified land value of the district is received from the State, all positive tax increment payments for Tax Increment District Number Fifty-Six shall, upon receipt by the City, be deposited in a special fund to be known as the "Tax Increment District Number Fifty-Six Fund," hereinafter referred to as the "Fund." Subject to Sections 9, 10, 13 and 14 of this agreement and the limitation that at no time shall the cumulative total of payments made from the fund exceed the lesser of the total amount of disbursements certified pursuant to Section 9 of this agreement or the total of the estimated project costs set forth in the revised Tax Increment District Number Fifty-Six Project Plan as well as any other limitations contained herein, the City shall, within thirty (30) days after the receipt of each tax increment payment from the Treasurer of Pennington County, disburse all amounts in the "Fund" to the Developer or their designee.

SECTION 12. It is contemplated by the parties that Developer may assign its interest under this agreement as security for the note or loan agreement, or other financing described in Section 8 hereof. It is understood and agreed, by and between the parties, that any such assignment shall be in writing and that if the City shall make disbursement pursuant to such assignment that it shall, to the extent of such disbursement, relieve the City of the obligations to make such disbursement to Developer. Any assignee shall agree to be bound by the terms and conditions contained in this agreement.

SECTION 13. It is specifically a condition of this agreement and a condition of the City's obligation to pay, that all sums payable shall be limited to the proceeds of the positive tax increment from Tax Increment District Number Fifty-Six received into the "Fund" specified in Section 11 hereof. The obligation of the City to pay pursuant to this agreement does not constitute a general indebtedness of the City or a charge against the City's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated herein by reference. It is also specifically agreed that the City has made no representation that the proceeds from such fund shall be sufficient to retire the indebtedness incurred by Developer under Sections 8 and 12 hereof. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocability of the positive tax increment payments to the fund created by Section 11 hereof. The provisions of SDCL 11-9-25 are specifically incorporated herein by this reference.

SECTION 14. It is a condition of this agreement that all provisions of South Dakota law regarding the expenditure of public funds are incorporated herein. Specifically, the requirements of Chapter 5-18 of the South Dakota Codified Laws are an integral part of this agreement. The Developer shall provide documentation of compliance with Chapter 5-18 upon the request of the City.

SECTION 15. Developer agrees to defend, indemnify and hold harmless the City of Rapid City from obligations or liability, including reasonable attorney's fees, arising out of this agreement or the construction of the improvements contemplated by the Tax Increment District Forty-One Second Revised Project Plan. The Developer shall maintain a policy of liability insurance, acceptable to the City, with liability limits of at least one million dollars (\$1,000,000.00) that names the City of Rapid City as an additional insured. Such a policy shall remain in effect until the City accepts the improvements.

SECTION 16. Developer agrees to immediately satisfy any and all mechanic's liens or material man's liens that arise as a result of this project. This provision shall not prevent Developer from subsequently seeking compensation from subcontractors or others who may be responsible for such liens or for such payment.

SECTION 17. This document along with the revised project plan for Tax Increment District Fifty-Six shall constitute the entire agreement of the parties. No other promises or consideration form a part of this agreement. All prior discussions and negotiations are merged into these documents or intentionally omitted. In the event of a conflict between the revised project plan and this agreement, this agreement shall be controlling.

SECTION 18. This agreement shall be construed and the parties' actions governed by the laws of the State of South Dakota. Any dispute arising out of or related to this agreement shall be litigated in the Seventh Judicial Circuit Court for the State of South Dakota, located in Rapid City, Pennington County, South Dakota.

Dated this ____ day of _____, 2006.

MAP RUSHMORE, LLC.

BY: _____

ITS: _____

JOHN I. SILVERMAN
MANAGER

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)

State of South ~~Dakota~~^{Ohio})
 Hamilton ss.
County of ~~Pennington~~)

On this the 26th day of December, 2006, before me, the undersigned officer, personally appeared John I. Silverman, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged themselves to be the Manager of MAP Rushmore, LLC. and as such, being duly authorized to do so, executed the foregoing instrument for the purposes herein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



JENNIFER GIBBS
Notary Public, State of Ohio
My Commission Expires 04-17-11

[Signature]
Notary Public, South Dakota ~~Ohio~~

My Commission Expires:
(SEAL)

State of South Dakota)
 ss.
County of Pennington)

On this _____ day of _____, 2006, before me, the undersigned officer, personally appeared Jim Shaw and James F. Preston, who acknowledged themselves to be the Mayor and Finance Officer, respectively, of the City of Rapid City and that he, as such Mayor and Finance Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing as such Mayor and Finance Officer of the City of Rapid City.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public, South Dakota

My Commission Expires:
(SEAL)

PROJECT PLAN

TAX INCREMENT DISTRICT #56
REVISED
CITY OF RAPID CITY

Prepared by the
Rapid City Growth Management Department
January 2006

Revised October 2006

INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area, which has been determined to be blighted according to the criteria set forth in SDCL 11-9. All this is done without incurring a general obligation for the taxpayers of the entire City.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the City Council. This valuation is termed the Tax Increment Base Valuation for the district, or simply the "base valuation." As the property taxes for the property are paid, that portion of the taxes paid on the Base Valuation continue to go to those entities, (City, County, School, etc.), which levy property taxes.

When in succeeding years, the assessed valuation of the district increases, the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the "increment." When the tax bills are paid, only that portion of the tax bill, which results from the Base Valuation, is paid to the taxing entities. The remainder of the tax bill, known as the tax increment, is deposited in a special fund. It is this plan, which determines how these accumulated funds will be used.

It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. The creation of this Tax Increment District for economic development purposes will not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment.

This financing method is invaluable for encouraging growth and development of blighted properties with special re-development problems, since the amount of funds available for use by the project plan is directly related to the increase in valuation which a given project or development will create.

OVERVIEW

This Project Plan proposes to fund public improvements to serve a new commercial development located south of Interstate 90 and north of East Anamosa Street between LaCrosse Street and East North Street. The improvements are proposed to be installed in two phases. Phase I would include the costs associated with the reconstruction of Farnwood/Eglin Street from LaCrosse Street to Spruce Street, the construction of Farnwood/Eglin Street from Spruce Street to East North Street, the installation of traffic signals, a regional drainage detention dam, the relocation of power lines, high pressure water main, and sanitary sewer main. Phase II improvements would include the construction of a north-south road lying between East Anamosa Street and the new portion of Farnwood/Eglin Street. The Phase I project costs are anticipated to be \$5,057,000. Phase II project costs are anticipated to be \$1,755,000. Phase II is speculative and will be paid after Phase I is paid in full. However, all costs must be assumed within the first five years. Any shortfall in revenue will be borne by the developer. The total project costs for the two phases, not including interest is \$6,812,000.

At the Tax Increment Financing Committee meeting held on September 29, 2005, the Tax Increment Financing Committee recommended approving the Tax Increment District for economic development purposes. Significant commercial development is anticipated within the district. The Committee also recommended approval of the associated project plan. The project plan is based on a 9% interest rate with the developer providing the up-front funding for the project. The Tax Increment Financing Committee indicated that the extension of utility and roadway infrastructure will facilitate the development of the property currently considered blighted due to the lack of adequate infrastructure.

At the request of the City Council, an additional \$1,500,000 in costs are to be included in Phase I for a high pressure water main and a sanitary sewer main contingent upon the water and sewer improvements being funded out of the .16 Fund. The additional water pressure will provide additional water flows for fire protection. These additional costs are incorporated in the plan as City costs at a 6% interest rate.

The proposed tax increment district overlaps a portion of an existing district, Tax Increment District #49. The projected revenues have been based on information provided by the developer. Those revenue projections do not identify what portion of the Tax Increment Revenues will be derived from the overlapping Tax Increment District. However, the revenues will accrue to Tax Increment District #49 until such time as all project costs for that district are repaid. Only after Tax Increment District #49 is repaid will the revenues from the overlapping portion accrue to this district. This could result in a shortfall in the anticipated revenues. As the developer will be providing the up-front funding for their portion of the project, any shortfall in revenue for their costs will be borne by the developer. Any shortfall in revenue for the City's share in their portion of the project will be borne by the City. Should the tax increment revenues exceed the anticipated loan payments, the district debt would be retired early resulting in the full value of the property being returned to the tax rolls more quickly.

PROJECT PLAN SUMMARY

This plan establishes the Tax Increment District funded costs.

This Project Plan, as required by SDCL 11-9-13, will address the following elements:

- 1) Public Works and Other Improvements;
- 2) Economic Feasibility Study;
- 3) Project Costs;
- 4) Fiscal Impact Statement; and,
- 5) Financing Method Description.

Additionally, the following exhibits are offered:

- I. General Vicinity map;
- II. Tax Increment district Boundary Map;
- III. Map of Existing Zoning;
- IV. Map of Existing Land Use; and,
- V. Map of Public and Other Improvements.

The Statement of Method for Relocating Displaced Persons, as well as the Statement of Changes Needed in Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document.

ELEMENTS OF THE REVISED PROJECT PLAN

1. PUBLIC WORKS AND OTHER IMPROVEMENTS

The public improvements are proposed to be installed in two phases. Phase I will include the costs associated with the reconstruction of Farnwood/Eglin Street from LaCrosse Street to Spruce Street, the construction of Farnwood/Eglin Street from Spruce Street to East North Street, the installation of traffic signals, a regional drainage detention dam, the relocation of power lines, constructing high pressure water mains and a sanitary sewer main. Phase II improvements will include the construction of a north-south road lying between East Anamosa Street and the new portion of Farnwood/Eglin Street. The Phase I project costs are anticipated to be \$5,057,000. Phase II project costs are anticipated to be \$1,755,000.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation – Tax Increment District Number 56 is proposed for creation in accordance with SDCL 11-9-2 to 11-9-11. A vicinity map as well as a boundary map is attached. As of this date, the assessed valuation for the proposed district is projected as \$17,381,000. In accordance with SDCL 11-9-20, certification of the base value will be requested from the South Dakota Department of Revenue following creation and approval of the district by the City Council.

ANTICIPATED CERTIFIED BASE VALUATION OF PROPERTY IN TID #56

\$17,381,000

Expected Increase in Valuation –

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Estimated Assessed Value of District	\$	17,381,000
Estimated Assessed Value of project (year 20)	\$	34,534,000
Estimated Total Valuation (year 20)	\$	51,915,000

Revenue Estimates from Tax Increments

The Plan anticipates 40 semi-annual payments over 20 years for Phase I. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years. It appears that Phase II cannot be paid within the 20 years as required by SDCL 11-9-25 and will have a shortfall of \$6,061,736.74. However, as this portion of the project plan is speculative, payments are provided beyond the 20 years to indicate the amount of interest that would accrue and estimate a final pay out date. Any costs not paid within 20 years would be borne by the Developer for Phase II.

2004 Tax Levies and Percentage of Total Levy

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>Percentage of Total Levy</u>
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Rapid City Area School District	16.9185	67.7%
Pennington County	4.9092	19.6%
City of Rapid City	3.1493	12.6%
West Dakota Water District	.0331	.1%
Total Mill Levy	24.2172	100%

Anticipated 2004 Non Agriculture Tax Rate: 0.0242172

The estimated tax increment available to pay for project costs in the Plan can be calculated by multiplying the anticipated tax rate by the increment in valuation. This calculation results in the following tax increments, which become available as taxes are paid for the applicable periods.

PROJECTED TAX INCREMENT INCOME

<u>ASSESSMT DATE</u>	<u>YEAR TAXES PAID</u>	<u>PROJECTED INCREMENT IN VALUATION</u>	<u>TAX INCREMENT PAYMENTS</u>
Nov 2006	2008	\$ 0	\$ 0
Nov. 2007	2009	\$ 6,834,000	\$ 165,500
Nov. 2008	2010	\$ 15,834,000	\$ 383,455
Nov. 2009	2011	\$ 25,834,000	\$ 625,627
Nov. 2010	2012	\$ 27,034,000	\$ 654,687
Nov. 2011	2013	\$ 31,534,000	\$ 763,665
Nov. 2012	2014	\$ 31,534,000	\$ 763,665
Nov 2013	2015	\$ 31,534,000	\$ 763,665
Nov 2014	2016	\$ 31,534,000	\$ 763,665
Nov 2015	2017	\$ 31,534,000	\$ 763,665
Nov 2016	2018	\$ 31,534,000	\$ 763,665
Nov 2017	2019	\$ 31,534,000	\$ 763,665
Nov 2018	2020	\$ 31,534,000	\$ 763,665
Nov 2019	2021	\$ 31,534,000	\$ 763,665
Nov 2020	2022	\$ 31,534,000	\$ 763,665
Nov 2021	2023	\$ 31,534,000	\$ 763,665

Nov 2022	2024	\$ 31,534,000	\$ 763,665
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TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 11/15/25:
\$11,756,414

NOTE: Tax increment payments are calculated using 100% of estimated future increment in property valuation and 100% of the 2004 mill levy.

3. PHASE I PROJECT COSTS

Capital Costs – Developer costs of Phase I capital costs total \$3,471,000. Phase I would include the costs associated with the reconstruction of Farnwood/Eglin Street from LaCrosse Street to Spruce Street - \$325,000, the construction of Farnwood/Eglin Street from Spruce Street to East North Street - \$1,911,000, the installation of traffic signals - \$260,000, a regional drainage detention dam - \$650,000 and the relocation of power lines - \$325,000. City capital costs of Phase I total \$1,500,000 and include the construction of a high pressure water main and a sanitary sewer main contingent on funding being obtained.

Financing Costs – The financing costs for the Developer for this Project Plan are dependent on the interest rate obtained. The anticipated interest rate used for this projection is 9% for the applicant acquired financing. It is estimated that the Developer's financing costs for Phase I will total \$6,077,631.93. The anticipated interest rate used for the City's projection is 6%. It is estimated that the City's Phase I financing costs will total \$558,303.77. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

Professional Service Costs – No professional service costs have been included in the Project Plan.

Relocation Costs – No relocation costs are anticipated in the Project Plan.

Organizational Costs – No organizational costs are anticipated in the Project Plan.

Contingency Costs – No contingency costs have been included in the Project Plan.

Necessary and Convenient Payments – No other necessary and convenient costs are anticipated in the Project Plan.

Imputed Administrative Costs – All Tax Increment District actions require municipal staff time to prepare and enact. The City shall be reimbursed on December 15, 2009, for its administrative costs in the amount of \$2050. However, in no case shall the City be reimbursed less than \$1 on November 15, 2010.

TOTAL ESTIMATED PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT FOR PHASE I

Phase I Project Costs
Capital Costs:

Farnwood/Eglin Street (Spruce to E. North)	\$ 1,911,000.00
Farnwood/Eglin Street (LaCrosse to Spruce)	\$ 325,000.00
Regional Detention Dam	\$ 650,000.00
Traffic Signals	\$ 260,000.00
Relocate Power Lines	\$ 325,000.00
High Pressure Water Main and Sewer Main*	\$ 1,500,000.00

*Contingent on funding from the .16 Fund.

Professional Service Costs	\$ 0
Financing Costs:	
Financing interest (Phase I)	\$ 6,635,935.70
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	\$ 0
<u>TOTAL PROJECT COSTS – PHASE I</u>	<u>\$ 11,606,935.70</u>
Imputed Administrative Costs*	
City of Rapid City	\$ 2,050.00

*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #56 fund available to the City Finance Officer on November 15, 2009.

DEVELOPER PROJECT COSTS FOR PHASE I:

Phase I Project Costs

Capital Costs:	
Farnwood/Eglin Street (Spruce to E. North)	\$ 1,911,000.00
Farnwood/Eglin Street (LaCrosse to Spruce)	\$ 325,000.00
Regional Detention Dam	\$ 650,000.00
Traffic Signals	\$ 260,000.00
Relocate Power Lines	\$ 325,000.00
Professional Service Costs	\$ 0
Financing Costs:	
Financing interest	\$ 6,077,631.93
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0

Necessary and Convenient Costs:	\$ 0
TOTAL	\$ 9,548,631.93

CITY PROJECT COSTS FOR PHASE I

Phase I Project Costs

Capital Costs:	
High Pressure Water main and Sanitary Sewer Main	\$ 1,500,000.00
Professional Service Costs	\$ 0
Financing Costs:	
Financing Interest	\$ 558,303.77
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	\$ 0
TOTAL	\$ 2,058,303.77

DEVELOPER - PHASE II FUTURE PROJECT COSTS

Capital Costs – Developer costs for the capital costs of \$1,755,000 for Phase II of the Project Plan includes the funding for the construction of a north-south street lying between East Anamosa Street and the extension of Farnwood/Eglin Street.

Professional Service Costs – No professional service costs have been included in the Phase II Project Plan.

Financing Costs – The financing costs for Phase II of the Project Plan are dependent on the interest rate obtained. The anticipated interest rate used for this projection is 9% for the developer. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

PHASE II PROJECT COSTS:

Capital Costs:	
North-South Street Construction	\$ 1,755,000.00
Professional Service Costs	\$ 0
Financing Costs:	
Financing Interest	\$11,109,454.68
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	\$ 0

<u>TOTAL PROJECT COSTS – PHASE II</u>	<u>\$12,864,454.68</u>
TOTAL PROJECTS COSTS – PHASE I	\$11,606,935.70
TOTAL PROJECT COSTS – PHASE II	<u>\$12,864,454.68</u>
<u>TOTAL PROJECT COSTS FOR PHASE I AND PHASE II</u>	<u>\$24,471,390.38</u>

4. FISCAL IMPACT STATEMENT

The impact on taxing entities can be derived from determining the tax increment anticipated during the life of the district. The true impact on taxing entities of the Plan is the increase in valuation of the property within the Tax Increment District. The taxing entities are only foregoing that income during the life of the district and will realize that income as soon as the debt from the project costs in the Plan is retired. The purpose of this Plan is to encourage that increase in valuation.

At first glance it may appear that the negative impact on the various entities is notable. But when it is considered that without the use of the Tax Increment Finance proposed in this plan it is very likely that there would be no increase in the taxable value of the property within this district or, at least, any increase would be significantly delayed, the impact can be considered truly positive.

NET IMPACT ON TAXING ENTITIES

Year	Valuation	Schools**	County	City	Water	Tax Increment
Paid	Increase					
2007	0	\$0	\$0	\$0	\$0	\$0
2008	0	\$0	\$0	\$0	\$0	\$0
2009	\$ 6,834,000	\$0	\$ 32,435	\$20,853	\$166	\$ 165,500
2010	\$15,834,000	\$0	\$ 75,158	\$48,315	\$383	\$ 383,455
2011	\$25,834,000	\$0	\$122,623	\$78,829	\$625	\$ 625,627
2012	\$27,034,000	\$0	\$128,319	\$82,490	\$655	\$ 654,687
2013	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2014	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2015	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2016	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2017	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2018	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2019	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2020	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2021	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2022	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2023	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2024	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665
2025	\$31,534,000	\$0	\$149,679	\$96,222	\$763	\$ 763,665

*The Plan anticipates semi-annual payments over 20 years.

**Pursuant to State Statute, the School District does not lose tax revenue as a result of the creation of the Tax Increment District.

5. FINANCING METHOD

The financing method to be used in the funding of the developer's portion of Phase I and all of Phase II of this Plan is to be obtained by the developer. The developer will be responsible for any payments due that are not available from Tax Increment District #56 for their portion of Phase I and all of Phase II. The financing method to be used in the funding of the City's portion of Phase I of this Plan is to be obtained by the City. The City will be responsible for any payments due that are not available from Tax Increment District #56 for their portion of Phase I. If the tax increment revenues exceed the anticipated loan payments, the debt will be retired early.

The debt on the Tax Increment District Project Costs covered in the Plan will be retired by deposits made in the Tax Increment District as taxes are paid on the property in succeeding years. The City of Rapid City Finance Officer will make the disbursements from that fund in accordance with this Plan.

According to SDCL 11-9-25, positive tax increments will be allocated to that fund until the debt from the project costs is retired or fifteen years following the last expenditure from the Project Plan whichever comes first. The final payment for Phase I of this Plan is scheduled to be made on December 1, 2025 in accordance with the attached amortization schedule.

There are three projected amortization rate schedules listed below. Schedule #1 shows the amount to be borrowed by the developer for Phase I using a 9% interest rate. Schedule #2 shows the amount to be borrowed by the City for Phase I using a 6% interest rate. Schedule #3 shows the amount to be borrowed by the developer for Phase II using a 9% interest rate.

Schedule #1 -- Phase I Developer:

TABLE

No.	Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
1	6/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	12/1/2006	3,471,000.00	156,195.00	3,627,195.00	156,195.00	0.00	156,195.00	3,627,195.00	156,195.00
3	6/1/2007	3,627,195.00	163,223.78	3,790,418.78	163,223.78	0.00	163,223.78	3,790,418.78	319,418.78
4	12/1/2007	3,790,418.78	170,568.84	3,960,987.62	170,568.84	0.00	170,568.84	3,960,987.62	489,987.62
5	6/1/2008	3,960,987.62	178,244.44	4,139,232.06	178,244.44	0.00	178,244.44	4,139,232.06	668,232.06
6	12/1/2008	4,139,232.06	186,265.44	4,325,497.51	186,265.44	0.00	186,265.44	4,325,497.51	854,497.51
7	6/1/2009	4,325,497.51	194,647.39	4,520,144.89	194,647.39	82,750.00	277,397.39	4,437,394.89	1,049,144.89
8	12/1/2009	4,437,394.89	199,682.77	4,637,077.66	199,682.77	82,750.00	282,432.77	4,554,327.66	1,248,827.66
9	6/1/2010	4,554,327.66	204,944.74	4,759,272.41	204,944.74	191,727.00	396,671.74	4,567,545.41	1,453,772.41
10	12/1/2010	4,567,545.41	205,539.54	4,773,084.95	205,539.54	132,292.00	337,831.54	4,640,792.95	1,659,311.95
11	6/1/2011	4,640,792.95	208,835.68	4,849,628.64	208,835.68	215,841.00	424,676.68	4,633,787.64	1,868,147.63
12	12/1/2011	4,633,787.64	208,520.44	4,842,308.08	208,520.44	215,841.00	424,361.44	4,626,467.08	2,076,668.08

13	6/1/2012	4,626,467.08	208,191.02	4,834,658.10	208,191.02	225,867.00	434,058.02	4,608,791.10	2,284,859.10
14	12/1/2012	4,608,791.10	207,395.60	4,816,186.70	207,395.60	225,867.00	433,262.60	4,590,319.70	2,492,254.70
15	6/1/2013	4,590,319.70	206,564.39	4,796,884.08	0.00	263,464.00	263,464.00	4,533,420.08	2,698,819.08
16	12/1/2013	4,533,420.08	204,003.90	4,737,423.99	0.00	263,464.00	263,464.00	4,473,959.99	2,902,822.99
17	6/1/2014	4,473,959.99	201,328.20	4,675,288.19	0.00	263,464.00	263,464.00	4,411,824.19	3,104,151.19
18	12/1/2014	4,411,824.19	198,532.09	4,610,356.28	0.00	263,464.00	263,464.00	4,346,892.28	3,302,683.27
19	6/1/2015	4,346,892.28	195,610.15	4,542,502.43	0.00	263,464.00	263,464.00	4,279,038.43	3,498,293.43
20	12/1/2015	4,279,038.43	192,558.73	4,471,595.16	0.00	263,464.00	381,832.00	4,089,763.16	3,690,850.16
21	6/1/2016	4,089,763.16	184,039.34	4,273,802.50	0.00	263,464.00	263,464.00	4,010,338.50	3,874,889.50
22	12/1/2016	4,010,338.50	180,465.23	4,190,803.73	0.00	263,464.00	263,464.00	3,927,339.73	4,055,354.73
23	6/1/2017	3,927,339.73	176,730.29	4,104,070.02	0.00	263,464.00	263,464.00	3,840,606.02	4,232,085.02
24	12/1/2017	3,840,606.02	172,827.27	4,013,433.29	0.00	263,464.00	263,464.00	3,749,969.29	4,404,912.29
25	6/1/2018	3,749,969.29	168,748.62	3,918,717.91	0.00	263,464.00	263,464.00	3,655,253.91	4,573,660.91
26	12/1/2018	3,655,253.91	164,488.43	3,819,740.34	0.00	263,464.00	263,464.00	3,556,276.34	4,738,147.33
27	6/1/2019	3,556,276.34	160,032.44	3,716,308.77	0.00	263,464.00	263,464.00	3,452,844.77	4,898,179.77
28	12/1/2019	3,452,844.77	155,378.01	3,608,222.79	0.00	263,464.00	263,464.00	3,344,758.79	5,053,557.78
29	6/1/2020	3,344,758.79	150,514.15	3,495,272.93	0.00	351,011.22	351,011.22	3,144,261.71	5,204,071.93
30	12/1/2020	3,144,261.71	141,491.78	3,285,753.49	0.00	381,832.00	381,832.00	2,903,921.49	5,345,563.71
31	6/1/2021	2,903,921.49	130,676.47	3,034,597.95	0.00	381,832.00	381,832.00	2,652,765.95	5,476,240.17
32	12/1/2021	2,652,765.95	119,374.47	2,772,140.42	0.00	381,832.00	381,832.00	2,390,308.42	5,595,614.64
33	6/1/2022	2,390,308.42	107,563.88	2,497,872.30	0.00	381,832.00	381,832.00	2,116,040.30	5,703,178.52
34	12/1/2022	2,116,040.30	95,221.81	2,211,262.11	0.00	381,832.00	381,832.00	1,829,430.11	5,798,400.33
35	6/1/2023	1,829,430.11	82,324.36	1,911,754.47	0.00	381,832.00	381,832.00	1,529,922.47	5,880,724.69
36	12/1/2023	1,529,922.47	68,846.51	1,598,768.98	0.00	381,832.00	381,832.00	1,216,936.98	5,949,571.20
37	6/1/2024	1,216,936.98	54,762.16	1,271,699.15	0.00	381,832.00	381,832.00	889,867.15	6,004,333.36
38	12/1/2024	889,867.15	40,044.02	929,911.17	0.00	381,832.00	381,832.00	548,079.17	6,044,377.39
39	6/1/2025	548,079.17	24,663.56	572,742.73	0.00	381,832.00	381,832.00	190,910.73	6,069,040.95
40	12/1/2025	190,910.73	8,590.98	199,501.71	0.00	199,501.71	199,501.71	0.00	6,077,631.93
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Schedule #2 - Phase I City:

TABLE

No.	Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
1	6/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	12/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	6/1/2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	12/1/2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	6/1/2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	12/1/2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	6/1/2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	12/1/2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	6/1/2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	12/1/2010	1,586,000.00	47,580.00	1,633,580.00	0.00	59,435.00	59,435.00	1,574,145.00	47,580.00
	6/1/2011	1,574,145.00	47,224.35	1,621,369.35	0.00	96,972.00	96,972.00	1,524,397.35	94,804.35
	12/1/2011	1,524,397.35	45,731.92	1,570,129.27	0.00	96,972.00	96,972.00	1,473,157.27	140,536.27
13	6/1/2012	1,473,157.27	44,194.72	1,517,351.99	0.00	101,476.00	101,476.00	1,415,875.99	184,730.99

14	12/1/2012	1,415,875.99	42,476.28	1,458,352.27	0.00	101,476.00	101,476.00	1,356,876.27	227,207.27
15	6/1/2013	1,356,876.27	40,706.29	1,397,582.56	0.00	118,368.00	118,368.00	1,279,214.56	267,913.56
16	12/1/2013	1,279,214.56	38,376.44	1,317,590.99	0.00	118,368.00	118,368.00	1,199,222.99	306,289.99
17	6/1/2014	1,199,222.99	35,976.69	1,235,199.68	0.00	118,368.00	118,368.00	1,116,831.68	342,266.68
18	12/1/2014	1,116,831.68	33,504.95	1,150,336.63	0.00	118,368.00	118,368.00	1,031,968.63	375,771.63
19	6/1/2015	1,031,968.63	30,959.06	1,062,927.69	0.00	118,368.00	118,368.00	944,559.69	406,730.69
20	12/1/2015	944,559.69	28,336.79	972,896.48	0.00	118,368.00	118,368.00	854,528.48	435,067.48
21	6/1/2016	854,528.48	25,635.85	880,164.34	0.00	118,368.00	118,368.00	761,796.34	460,703.34
22	12/1/2016	761,796.34	22,853.89	784,650.23	0.00	118,368.00	118,368.00	666,282.23	483,557.23
23	6/1/2017	666,282.23	19,988.47	686,270.69	0.00	118,368.00	118,368.00	567,902.69	503,545.69
24	12/1/2017	567,902.69	17,037.08	584,939.78	0.00	118,368.00	118,368.00	466,571.78	520,582.78
25	6/1/2018	466,571.78	13,997.15	480,568.93	0.00	118,368.00	118,368.00	362,200.93	534,579.93
26	12/1/2018	362,200.93	10,866.03	373,066.96	0.00	118,368.00	118,368.00	254,698.96	545,445.96
27	6/1/2019	254,698.96	7,640.97	262,339.93	0.00	118,368.00	118,368.00	143,971.93	553,086.93
28	12/1/2019	143,971.93	4,319.16	148,291.08	0.00	118,368.00	118,368.00	29,923.08	557,406.08
29	6/1/2020	29,923.08	897.69	30,820.78	0.00	30,820.78	30,820.78	0.00	558,303.78
30	12/1/2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	558,303.78

Schedule #3 – Phase II Developer:

TABLE

No.	Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
1	6/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	12/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	6/1/2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	12/1/2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	6/1/2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	12/1/2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	6/1/2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	12/1/2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	6/1/2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	12/1/2010	1,755,000.00	78,975.00	1,833,975.00	78,975.00	0.00	78,975.00	1,833,975.00	78,975.00
11	6/1/2011	1,833,975.00	82,528.88	1,916,503.88	82,528.88	0.00	82,528.88	1,916,503.88	161,503.88
12	12/1/2011	1,916,503.88	86,242.67	2,002,746.55	86,242.67	0.00	86,242.67	2,002,746.55	247,746.55
13	6/1/2012	2,002,746.55	90,123.59	2,092,870.14	90,123.59	0.00	90,123.59	2,092,870.14	337,870.14
14	12/1/2012	2,092,870.14	94,179.16	2,187,049.30	94,179.16	0.00	94,179.16	2,187,049.30	432,049.30
15	6/1/2013	2,187,049.30	98,417.22	2,285,466.52	98,417.22	0.00	98,417.22	2,285,466.52	530,466.52
16	12/1/2013	2,285,466.52	102,845.99	2,388,312.51	102,845.99	0.00	102,845.99	2,388,312.51	633,312.51
17	6/1/2014	2,388,312.51	107,474.06	2,495,786.58	107,474.06	0.00	107,474.06	2,495,786.58	740,786.58
18	12/1/2014	2,495,786.58	112,310.40	2,608,096.97	112,310.40	0.00	112,310.40	2,608,096.97	853,096.97
19	6/1/2015	2,608,096.97	117,364.36	2,725,461.34	117,364.36	0.00	117,364.36	2,725,461.34	970,461.34
20	12/1/2015	2,725,461.34	122,645.76	2,848,107.10	122,645.76	0.00	122,645.76	2,848,107.10	1,093,107.10
21	6/1/2016	2,848,107.10	127,222.29	2,975,329.39	127,222.29	0.00	127,222.29	2,975,329.39	1,220,329.39
22	12/1/2016	2,975,329.39	131,744.00	3,107,073.39	131,744.00	0.00	131,744.00	3,107,073.39	1,352,073.39
23	6/1/2017	3,107,073.39	136,222.48	3,243,295.87	136,222.48	0.00	136,222.48	3,243,295.87	1,488,295.87
24	12/1/2017	3,243,295.87	140,747.50	3,384,043.37	140,747.50	0.00	140,747.50	3,384,043.37	1,629,043.37
25	6/1/2018	3,384,043.37	145,330.13	3,529,373.50	145,330.13	0.00	145,330.13	3,529,373.50	1,774,373.50
26	12/1/2018	3,529,373.50	149,911.99	3,679,285.49	149,911.99	0.00	149,911.99	3,679,285.49	1,924,285.49
27	6/1/2019	3,679,285.49	154,515.18	3,833,800.67	154,515.18	0.00	154,515.18	3,833,800.67	2,078,800.67

REVISED PROJECT PLAN

The Revised Project Plan is proposed to amend the project costs and add costs for right-of-way. The costs associated with the reconstruction of Farnwood/Eglin Street will change from \$2,236,000 to 3,602,979. The costs associated with the relocation of power lines will change from \$325,000 to \$700,000. The costs of the high pressure water main and sanitary sewer main of \$1,500,000 incurred by the City will now be increased to \$1,716,000 and will be paid by the developer. The purchase of excess right-of-way has been included in the Revised Project Plan, with the condition that the sale of any excess land will be reimbursed to the Tax Increment District to payoff project costs.

The estimated future valuation of the proposed district has increased as seen in the Project Tax Increment Income chart. As such, the district is proposed to be paid in 11 years instead of 20 years as indicated on the current approved Project Plan.

The Tax Increment Financing Committee met on September 19, 2006, and approved the revised Project Plan to include all streets and infrastructure costs with the developer providing all the up-front funding for the project.

Revenue Estimates from Tax Increments

The Plan anticipates 22 semi-annual payments over 11 years for Phase I; however, because of the uncertainty associated with the development, the plan identifies a 20 year payback schedule. The Plan anticipates three additional semi-annual payments over two years for Phase II. This revised Project Plan uses the current tax information for 2005 tax levies.

2005 Tax Levies and Percentage of Total Levy

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>Percentage of Total Levy</u>
Rapid City Area School District	16.0081	67.4%
Pennington County	4.6746	19.7%
City of Rapid City	3.0322	12.8%
West Dakota Water District	.0297	.1%
Total Mill Levy	23.7446	100%

Anticipated 2005 Non Agriculture Tax Rate: 0.0237446

The estimated tax increment available to pay for project costs in the Plan can be calculated by multiplying the anticipated tax rate by the increment in valuation. This calculation results in the following tax increments, which become available as taxes are paid for the applicable periods.

PROJECTED TAX INCREMENT INCOME

<u>ASSESSMT DATE</u>	<u>YEAR TAXES PAID</u>	<u>PROJECTED INCREMENT IN VALUATION</u>	<u>TAX INCREMENT PAYMENTS</u>
Nov 2005	2007	\$ 0	\$ 0
Nov 2006	2008	\$ 20,070,000	\$ 476,554
Nov. 2007	2009	\$ 81,706,220	\$ 1,940,082
Nov. 2008	2010	\$ 85,106,220	\$ 2,020,813
Nov. 2009	2011	\$ 91,906,220	\$ 2,182,276
Nov. 2010	2012	\$ 91,906,220	\$ 2,182,276
Nov. 2011	2013	\$ 91,906,220	\$ 2,182,276
Nov. 2012	2014	\$ 91,906,220	\$ 2,182,276
Nov 2013	2015	\$ 91,906,220	\$ 2,182,276
Nov 2014	2016	\$ 91,906,220	\$ 2,182,276
Nov 2015	2017	\$ 91,906,220	\$ 2,182,276
Nov 2016	2018	\$ 91,906,220	\$ 2,182,276
Nov 2017	2019	\$ 91,906,220	\$ 2,182,276
Nov 2018	2020	\$ 91,906,220	\$ 2,182,276
Nov 2019	2021	\$ 91,906,220	\$ 2,182,276
Nov 2020	2022	\$ 91,906,220	\$ 2,182,276
Nov 2021	2023	\$ 91,906,220	\$ 2,182,276
Nov 2022	2024	\$ 91,906,220	\$ 2,182,276
Nov 2023	2025	\$ 91,906,220	\$ 2,182,276
Nov 2024	2026	\$ 91,906,220	\$ 2,182,276

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/26:
\$39,353,865

NOTE: Tax increment payments are calculated using 100% of estimated future increment in property valuation and 100% of the 2005 mill levy.

REVISED PROJECT COSTS

Capital Costs – Phase I capital costs total \$8,815,979. Phase I includes the costs associated with the reconstruction of Farnwood/Eglin Street - \$3,602,979, the installation of traffic signals - \$260,000, a regional drainage detention dam - \$650,000, the relocation of power lines - \$700,000, high pressure water main - \$780,000, Sanitary sewer main - \$936,000, and right-of-way purchase - \$1,887,000.

Financing Costs – The financing costs for this Project Plan are dependent on the interest rate obtained. The anticipated interest rate used for this projection is 9% for the applicant acquired financing. It is estimated that the financing costs for Phase I will total \$7,316,182.88. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner. Additional financing/loan fee costs of \$59,300 are included in the Project Plan.

Professional Service Costs – Professional service costs in the amount of \$374,396 have been included in the Project Plan.

Relocation Costs – No relocation costs are anticipated in the Project Plan.

Organizational Costs – No organizational costs are anticipated in the Project Plan.

Contingency Costs – No contingency costs are anticipated in the Project Plan.

Necessary and Convenient Payments – Other necessary and convenient costs in the amount of \$500,000 are included in the Project Plan.

Imputed Administrative Costs – All Tax Increment District actions require municipal staff time to prepare and enact. The City shall be reimbursed on November 15, 2010, for its administrative costs in the amount of \$2050. However, in no case shall the City be reimbursed less than \$1 on November 15, 2010.

ESTIMATED PROJECT COSTS FOR PHASE I TO BE PAID BY THE TAX INCREMENT DISTRICT

Phase I Project Costs

Capital Costs:

Water Main	\$ 780,000.00
Sewer Main	\$ 936,000.00
Farnwood/Eglin Street	\$ 3,602,979.00
Regional Detention Dam	\$ 650,000.00
Traffic Signals	\$ 260,000.00
Relocate Power Lines	\$ 700,000.00
Right-of-way purchase*	\$ 1,887,000.00

Professional Service Costs \$ 374,396.00

Financing Costs:

Financing interest	\$ 7,316,162.88
Financing/Loan Fee	\$ 59,300.00
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	\$ 500,000.00
<u>TOTAL PROJECT COSTS – PHASE I</u>	<u>\$ 17,065,837.88</u>
Imputed Administrative Costs**	
City of Rapid City	\$ 2,050.00

*Any sales of excess land will return to the Tax Increment District to payoff project costs
**The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #56 fund available to the City Finance Officer on November 15, 2010.

REVISED - PHASE II FUTURE PROJECT COSTS

Capital Costs – Developer costs for the capital costs of \$1,755,000 for Phase II of the Project Plan includes the funding for the construction of a north-south street lying between East Anamosa Street and the extension of Farnwood/Eglin Street.

Professional Service Costs – No professional service costs have been included in the Phase II Project Plan.

Financing Costs – The financing costs for Phase II of the Project Plan are dependent on the interest rate obtained. The anticipated interest rate used for this projection is 9% for the developer. It is estimated that the financing costs for Phase II will total \$1,579,069.44. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

ESTIMATED PROJECT COSTS FOR PHASE II TO BE PAID BY THE TAX INCREMENT DISTRICT

Phase II Project Costs:

Capital Costs:	
North-South Street Construction	\$ 1,755,000.00
Professional Service Costs	\$ 0
Financing Costs:	
Financing Interest	\$ 1,579,069.44
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	\$ 0

TOTAL PROJECT COSTS – PHASE II

\$ 3,334,069.44

TOTAL PROJECT COSTS FOR PHASE I AND PHASE II

\$20,399,907.32

4. FISCAL IMPACT STATEMENT

NET IMPACT ON TAXING ENTITIES

Year	Valuation	Schools**	County	City	Water	Tax Increment
Paid	Increase					
2007	0	\$0	\$0	\$0	\$0	\$0
2008	\$20,070,000	\$0	\$ 93,881	\$ 60,999	\$476	\$ 476,554
2009	\$81,706,220	\$0	\$ 382,196	\$248,330	\$1940	\$ 1,940,082
2010	\$85,106,220	\$0	\$ 398,100	\$258,664	\$2020	\$ 2,020,813
2011	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2012	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2013	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2014	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2015	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2016	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2017	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2018	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2019	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2020	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2021	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2022	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2023	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2024	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2025	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276
2026	\$91,906,220	\$0	\$ 429,908	\$279,331	\$2182	\$ 2,182,276

*The Plan anticipates semi-annual payments over 20 years.

**Pursuant to State Statute, the School District does not lose tax revenue as a result of the creation of the Tax Increment District.

REVISED FINANCING METHOD INFORMATION:

The financing method to be used in the funding of Phase I and all of Phase II of this Plan is to be obtained by the developer. The final payment for Phase I of this Plan is scheduled to be made on December 1, 2016 in accordance with the attached amortization schedule.

There are two projected amortization rate schedules listed below. Schedule #1 shows the amount to be borrowed by the developer for Phase I using a 9% interest rate. Schedule #2 shows the amount to be borrowed by the developer for Phase II using a 9% interest rate.

Schedule #1 – Phase I Developer:

TABLE

Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
6/1/2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2006	9,749,675.00	438,735.38	10,188,410.38	438,735.38	0.00	438,735.38	10,188,410.38	438,735.38
6/1/2007	10,188,410.38	458,478.47	10,646,888.84	458,478.47	0.00	458,478.47	10,646,888.84	897,213.84
12/1/2007	10,646,888.84	479,110.00	11,125,998.84	479,110.00	0.00	479,110.00	11,125,998.84	1,376,323.84
6/1/2008	11,125,998.84	500,669.95	11,626,668.79	262,392.95	238,277.00	500,669.95	11,388,391.79	1,876,993.79
12/1/2008	11,388,391.79	512,477.63	11,900,869.42	274,200.63	238,277.00	512,477.63	11,662,592.42	2,389,471.42
6/1/2009	11,662,592.42	524,816.66	12,187,409.08	0.00	970,041.00	970,041.00	11,217,368.08	2,914,288.08
12/1/2009	11,217,368.08	504,781.56	11,722,149.64	0.00	970,041.00	970,041.00	10,752,108.64	3,419,069.64
6/1/2010	10,752,108.64	483,844.89	11,235,953.53	0.00	1,010,406.00	1,010,406.00	10,225,547.53	3,902,914.53
12/1/2010	10,225,547.53	460,149.64	10,685,697.17	0.00	1,010,406.00	1,010,406.00	9,675,291.17	4,363,064.17
6/1/2011	9,675,291.17	435,388.10	10,110,679.27	0.00	1,091,138.00	1,091,138.00	9,019,541.27	4,798,452.27
12/1/2011	9,019,541.27	405,879.36	9,425,420.63	0.00	1,091,138.00	1,091,138.00	8,334,282.63	5,204,331.63
6/1/2012	8,334,282.63	375,042.72	8,709,325.35	0.00	1,091,138.00	1,091,138.00	7,618,187.35	5,579,374.35
12/1/2012	7,618,187.35	342,818.43	7,961,005.78	0.00	1,091,138.00	1,091,138.00	6,869,867.78	5,922,192.78
6/1/2013	6,869,867.78	309,144.05	7,179,011.83	0.00	1,091,138.00	1,091,138.00	6,087,873.83	6,231,336.83
12/1/2013	6,087,873.83	273,954.32	6,361,828.15	0.00	1,091,138.00	1,091,138.00	5,270,690.15	6,505,291.15
6/1/2014	5,270,690.15	237,181.06	5,507,871.21	0.00	1,091,138.00	1,091,138.00	4,416,733.21	6,742,472.21
12/1/2014	4,416,733.21	198,752.99	4,615,486.20	0.00	1,091,138.00	1,091,138.00	3,524,348.20	6,941,225.20
6/1/2015	3,524,348.20	158,595.67	3,682,943.87	0.00	1,091,138.00	1,091,138.00	2,591,805.87	7,099,820.87
12/1/2015	2,591,805.87	116,631.26	2,708,437.13	0.00	1,091,138.00	1,091,138.00	1,617,299.13	7,216,452.13
6/1/2016	1,617,299.13	72,778.46	1,690,077.59	0.00	1,091,138.00	1,091,138.00	598,939.59	7,289,230.59
12/1/2016	598,939.59	26,952.28	625,891.88	0.00	625,891.88	625,891.88	0.00	7,316,182.88
6/1/2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,316,182.88
12/1/2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,316,182.88

Schedule #2 – Phase II Developer:

TABLE

Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
6/1/2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12/1/2010	1,755,000.00	78,975.00	1,833,975.00	78,975.00	0.00	78,975.00	1,833,975.00	78,975.00
6/1/2011	1,833,975.00	82,528.88	1,916,503.88	82,528.88	0.00	82,528.88	1,916,503.88	161,503.88

