

Preliminary Review of Proposed Tax Increment Project

Applicant: FourFront Design Inc.

Proposed Project Title: Tower Road Tax Increment District #47 – Second Revised Project Plan

Purpose of Tax Increment District: Tax Increment District #47 was created in 2004 and the Project Plan was approved May 1, 2006. The Revised Project Plan was approved December 3, 2007. The Tax Increment Funds were to be utilized to fund construction and public improvements for Tower Road. The Project Plan was funded by the developer.

The proposed change would reallocate the project costs, removing \$250,000 from the Financing Interest line item and adding \$250,000 to the Tower Road Reconstruction and improvement line item.

The anticipated residential and commercial development in the area will generate revenues to fund the identified improvement. This is an economic development Tax Increment District.

District Boundaries: The boundaries include 122 acres of property located near Tower Road and Fairmont Boulevard. These properties are located west of US Highway 16.

Base Valuation: \$1,395,000 as determined by the South Dakota Department of Revenue

Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended Costs</u>
Tower Road Reconstruction and improvements	\$ 2,937,525.00	\$250,000.00	\$3,187,525.00
Professional Service Costs	\$ 465,000.00	\$ 0.00	\$ 465,000.00
Financing interest	\$ 1,257,451.47	(\$250,000.00)	\$1,007,451.47
Contingency Costs:	\$ 0.00	\$ 0.00	\$ 0.00
Relocation Costs:	\$ 0.00	\$ 0.00	\$ 0.00
Organizational Costs:	\$ 0.00	\$ 0.00	\$ 0.00
Necessary/Convenient Costs:	\$ 234,313.00	\$ 0.00	\$ 234,313.00
TOTAL	\$ 4,894,289.47	\$ 0.00	\$4,894,289.47

Identified Funding Sources: Developer funded

Anticipated Time Frame: Nine years (Based on original TIF proforma)

Comments: The revised amortization schedule used in the Revised Project Plan included an initial 9% interest rate. Beginning in December 2009, a 6.5% interest rate was used. Please note that the proposed rate for the loan is an annual variable at “New York Prime plus one percent subject to a floor interest rate of 6.50% and a ceiling interest rate of 9.00%” as stated by BankWest.