

DEVELOPMENT SERVICES CENTER

Growth Management Department
 City of Rapid City
 300 Sixth Street, Rapid City, SD 57701-2724
 Phone: (605) 394-4120 Fax: (605) 394-6636 Web: www.rcgov.com

**APPLICATION FOR
 TAX INCREMENT
 FINANCING**

LEGAL DESCRIPTION

Legal Description *(Attached additional sheets as necessary)*

Location West of Haines Avenue & Disk Drivece Road Improvement West Of Haines Ave.

Size of Site-Acres

APPLICANT

Name DTH, LLC Phone 605-343-3534
 Address P.O. Box 330 Fax 605-343-4131
 City, State, Zip Rapid City, SD 57709-0330

PROJECT PLANNER - AGENT

Name Doyle D. Estes Phone 605-343-3534
 Address P.O. Box 330 Fax 605-343-4131
 City, State, Zip Rapid City, SD 57709-0330

<u>[Signature]</u>	<u>6/9/10</u>		
Property Owner Signature	Date	Property Owner Signature	Date
<u>[Signature]</u>	<u>6/9/10</u>		
Applicant Signature <small>(if difference from Property Owner)</small>	Date	Applicant Signature <small>(if difference from Property Owner)</small>	Date
Print Name: <u>Doyle Estes</u>		Print Name:	
Title* <u>Project Planner</u>		Title*	

*required for Corporations, Partnerships, Etc.

An application for the use of Tax Increment Financing must include the following information or the project will not be processed. Attachments may be provided in order to fully provide the following information.

APPLICATION INFORMATION <i>(attach additional sheets as necessary)</i>	Submitted
1. A detailed project description.	<input checked="" type="checkbox"/>
2. Purpose of the Tax Increment Financing.	<input checked="" type="checkbox"/>
3. List of project costs to be funded by the Tax Increment Financing including identification of typical developer costs, exceptional costs and oversizing costs. The applicant shall provide written justification when the sum of the Necessary and Convenient Costs and Contingency Cost line items exceed 10% of the total Project Costs. The proposed project costs shall include an itemized list of all Estimated Costs, including the Professional Fees.	<input checked="" type="checkbox"/>
4. A preliminary development financing plan, including sources of funds, identification of lender, interest rates, financing costs and loan terms.	<input checked="" type="checkbox"/>
5. The applicant shall identify all persons and entities that have an interest in the project and/or in the entity applying for the tax increment financing district. The disclosures shall require identification of all members of an LLC or LLP, other partners, investors, shareholders and directors of a corporation or any other person who has a financial interest in the project or in the entity applying for the tax increment financing. This provision requires identification of all persons who have an interest in the project, including those whose interest exists through, an LLC, LLP, corporation (whether as a director or shareholder) or other legal entity. The applicant shall be under a continuing obligation to update this disclosure within thirty (30) days of any changes throughout the application process and throughout the	<input checked="" type="checkbox"/>

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life of the developer's agreement. If the applicant is a publicly traded company, the applicant shall be deemed to have complied with this provision if it has provided the City a copy of its most recent annual report with the application.	<input type="checkbox"/>
6. A pro forma indicating projected costs and revenues.	<input checked="" type="checkbox"/>
7. A statement and demonstration that the project would not proceed without the use of Tax Increment Financing.	<input checked="" type="checkbox"/>
8. A statement identifying the specific Statutory, Other Local and Discretionary evaluation criteria that the applicant believes the request meets. <i>(Please refer to the Tax Increment Financing Guide for specific evaluation criteria).</i>	<input checked="" type="checkbox"/>
9. Conceptual plans, sketches, maps or site plans for the project.	<input checked="" type="checkbox"/>
10. A development time schedule including specific phasing of improvements and project costs.	<input checked="" type="checkbox"/>
11. A list of the specific public improvements and a list of the specific private improvements proposed to be constructed along with the project.	<input checked="" type="checkbox"/>
12. Corporation, LLC, partnership papers or other business documents identifying the parties with ownership interest in the corporation and property involved in the project, including land ownership, contract for deed or other contractual information relating to control of the property and the applicant's ability to complete the project.	<input checked="" type="checkbox"/>
13. A financial statement of the corporation, partnership, or individual for the most recent five years or life of the company.	<input checked="" type="checkbox"/>
14. A copy of the proposed wage scale, employee benefits package, and full and part time employment levels or, in the case of an affordable housing project, a copy of the applicable federal housing grant program.	<input checked="" type="checkbox"/>
15. The applicant shall notify by certified, return receipt mail every owner of property contained within the proposed boundaries of a tax increment district and shall notify by first class mail every owner of property that is adjacent to the proposed boundaries of the tax increment district. The notification shall contain the proposed boundaries as well as a description of the proposed improvements. The Growth Management Department shall provide the applicant with a list of property owners to be notified. The return receipts shall be directed to the Growth Management Department. The applicant shall pay a fee of \$20.00 per list for the cost of compiling the two property owners lists.	<input type="checkbox"/>
16. A \$1,000 non-refundable application fee.	<input checked="" type="checkbox"/>
17. Other information that may be required by the Tax Increment Finance Project Review Committee.	<input type="checkbox"/>

DTH, LLC
TIF #36
Reapplication
Reallocation to Project Plan Budget

Item #1 – Project Description. The project facilitates the development of commercial property located west of Haines Avenue through the extension of water, sanitary sewer and Disk Drive roadway improvements west of Haines Avenue. In addition, the original plan included Phase II improvements to provide access and utilities to property owned by the City of Rapid City for park purposes and the Rapid City School District. The revised Project Plan reallocates funds between existing projects costs included in the original plan. The boundaries of the Tax Increment District and the total costs of the Project Plan will not change.

Item #2 - Purpose of the Tax Increment Financing. The Tax Increment District funds have been used to finance the Project Plan of extension of water, sanitary sewer and Disk Drive roadway improvements west of Haines Avenue. In addition, to provide access and utilities to property owned by the City of Rapid City for park purposes and the Rapid City School District.

Item #3 – List of Project Costs.

Road Construction and Water/Sewer Extension (Phase I)	\$507,398.74
Road Construction, Storm Drainage, Water/Sewer Extension Kathryn Avenue (Phase II)	\$980,000.00
Landscaping Buffer	\$ 12,000.00
Engineering Design, Construction and Admin. (Phase I)	\$ 16,079.00
Engineering Design, Construction and Admin. (Phase II)	\$100,000.00
Legal (Phase I)	\$ 8,160.00
Financing Interest Paid to 6/01/2005	\$ 84,160.57
Financing Interest Paid after 06/01/2005	\$759,959.32
Relocation Costs (Phase I)	\$123,638.00
Contingency (Phase I)	\$ 66,610.86
Contingency (Phase II)	\$222,051.21
Road Construction, Storm Drainage, Water/Sewer Extension Champion Drive (Phase II)	\$308,180.00
Engineering Design, Construction and Admin Champion Drive (Phase II)	\$ 30,818.00
	<hr/>
Total TIF Costs	\$3,219,055.70

Item #4 – Financing Plan. Tax Increment District #36 is currently financed by Bank West of Rapid City. The note has an interest rate of 6.25%. The principal balance of the note at 5/26/10 is \$9,218.11.

Item #5 – Persons and Entities with Interest. The applicant for Tax Increment District #36 is DTH, LLC, a South Dakota Limited Liability Company, which is equally owned by Doyle D. Estes and Kathryn Johnson.

Item #6 – Pro Forma for Costs and Revenues.

Revenue:	W/out TIF	With TIF
TIF		\$7,687,601.00
Sales	\$2,287,000.00	\$2,287,000.00
Costs:		
Land Costs	\$1,625,963.00	\$1,625,963.00
Road Construction and Water/Sewer Extension (Phase I)	\$507,398.74	\$507,398.74
Road Construction, Storm Drainage, Water/Sewer Extension Kathryn Avenue (Phase II)	\$980,000.00	\$980,000.00
Landscaping Buffer	\$ 12,000.00	\$ 12,000.00
Engineering Design, Construction and Admin. (Phase I)	\$ 16,079.00	\$ 16,079.00
Engineering Design, Construction and Admin. (Phase II)	\$100,000.00	\$100,000.00
Legal (Phase I)	\$ 8,160.00	\$ 8,160.00
Financing Interest Paid to 6/01/2005	\$ 84,160.57	\$ 84,160.57
Financing Interest Paid after 06/01/2005	\$759,959.32	\$759,959.32
Relocation Costs (Phase I)	\$123,638.00	\$123,638.00
Contingency (Phase I)	\$ 66,610.86	
Contingency (Phase II)	\$222,051.21	\$222,051.21
Road Construction, Storm Drainage, Wtr/Swr Extension Champion Drive (Phase II)	\$308,180.00	\$308,180.00
Engineering Design, Construction and Admin Champion Drive (Phase II)	\$ 30,818.00	\$ 30,818.00
	_____	_____
Total TIF Costs	\$4,845,018.70	\$4,845,018.70
	_____	_____
Projected profit	\$(2,558,018.45)	\$5,129,582.30

Item #7 – Project Need. This project would not have been economically feasible without the proceeds of the Tax Increment District. This project greatly supports the future growth of the Rapid City Park System and the Rapid City School District. This project is already approved and revises the access to the Park and School land from Haines Ave. as opposed to Bunker. The boundaries of the Tax Increment District and the total costs of the Project Plan will not be changed.

Item #8 – Statutory Criteria. The project has been determined to be an area blighted according to the criteria set forth in SDCL 11-9. The district's valuation base will increase and the corresponding tax collections will continue to go to the local City, County and Schools. The project is not economic feasible with the use of Tax Increment Financing. The project will bring new employment opportunities. The project site is an open area defined by SDCL 11-9-11 and the project improvements is likely to enhance significantly the value substantially all of the other real property in the district. The southern area was also blighted by the location of a gas pipeline that impaired growth as defined by 11-09-10. There will be no private direct or indirect assistance to retail or service businesses.

Item #9 – Plans, Sketches, and Maps.-see attached.

Item #10 – Time Schedule. The project is currently finished with the exception of the landscaping buffer.

Item #11 – List of Public and Private Improvements. - The project will install Road Construction, drainage, water/sewer extension and landscape buffering for Kathryn Avenue and Champion Drive and connect with Bunker Drive. This will provide access for a City Park (Vickie Powers) and a new School. Private residential development and commercial development will also be enhanced in the blighted area. There is no private improvements.

Item #12 – LLC Documents. The applicant still owns some properties along the project. See attached map and LLC Documents.

Item #13 – Financial Statements. Please see attached.

Item #14 – Wage Scales. The project was completed by local contractors in compliance with local wage and hour laws.

Proposed Budget Adjustments. Please see attached Budget vs. Actual Costs of completing the project. This request is for reallocating under budget surpluses to cover budget deficits. The project still covers deficits in construction and engineering for the Phase II of the project. The reallocation will still have a budget surplus on Phase I Construction and Engineering (\$221,787.61) and Phase I Contingency (\$46,995.86).

Thank you for your consideration on this Project. We see great improvements to the District as a result of the efforts of the Growth Management Department of the City of Rapid City and its staff. We look forward to the future.

**DTH, LLC
TID #36
Proposed Reallocation**

Description	Revised Plan Dated 8/7/2006 Amount	Proposed Reallocation	Proposed Revised Plan
Road Construction and Water/Sewer Extention (Phase I)	\$ 507,398.74		\$ 507,398.74
Road Construction, Storm Drainage, Water/Sewer Extention' Kathryn Avenue (Phase II)	\$ 980,000.00	\$ 51,556.41	\$ 1,031,556.41
Landscaping Buffer (Phase II)	\$ 12,000.00		\$ 12,000.00
Professional Services: Engineering Design, Construction and Admin. (Phase I)	\$ 16,079.00		\$ 16,079.00
Engineering Design, Construction and Admin Kathryn Avenue (Phase II)	\$ 100,000.00	\$ 44,658.59	\$ 144,658.59
Legal (Phase I)	\$ 8,160.00		\$ 8,160.00
Financing Costs: Financing Interest Paid to 06/01/05	\$ 84,160.57		\$ 84,160.57
Financing Interest Paid After 06/01/05	\$ 759,959.32		\$ 759,959.32
Relocation Costs (Phase I)	\$ 123,638.00		\$ 123,638.00
Necessasry and Convenient Costs: Contingency (Phase I)	\$ 66,610.86	\$ (19,615.00)	\$ 46,995.86
Contingency (Phase II)	\$ 222,051.21	\$ (222,051.21)	\$ -
Road Construction, Storm Drainage, Water/Sewer Extention Champion Drive (Phase II)	\$ 308,180.00	\$ 140,786.22	\$ 448,966.22
Engineering Design, Construction and Admin Champion Drive (Phase II)	\$ 30,818.00	\$ 4,664.99	\$ 35,482.99
Total	\$ 3,219,055.70	\$ 0.00	\$ 3,219,055.70

**DTH, LLC
TID #36
Disbursement Summary
Paid By Developer**

	Road Const	Engineer	Legal	Reloc	Contingency	Finance	Finance	Road Const	Landscape	Engineer	Contingency	Road Const.	Engineer	Non	Total
	Water/Sewer	Design		Cost		Pre	Post	Water/Sewer	Tree Buffer	Design		Drainage	Design	TID	
	Extention					6/1/2005	6/1/2005	Extention				Sewer/Water	Const/Adm		
	Phase I	Phase I	Phase I	Phase I	Phase I			Phase II	Phase II	Phase II	Phase II	Champion Dr.	Champion Dr.		
Budgeted Amou	507,398.74	16,079.00	8,160.00	123,638.00	66,610.86	84,160.57	759,959.32	980,000.00	12,000.00	100,000.00	222,051.21	308,180.00	30,818.00		3,219,055.70
Cert#1-Phase I	282,844.00	-	8,160.00	123,638.00	-	84,161.00	-	-	-	-	-	-	-	-	498,803.00
Interest Phase I							44,357.00								44,357.00
Cert#2-Phase I	11,150.00	7,696.13	-	-	-	-	11,500.00	-	-	-	-	-	-	9,375.26	39,721.39
Cert#1-Phase II	-	-	-	-	-	-	-	601,961.95	-	131,919.20	-	-	-	61,244.15	795,125.30
Interest Phase II							42,293.00								42,293.00
Cert#2-Phase II	-	-	-	-	-	-	-	429,594.46	-	12,739.39	-	448,966.22	35,482.99	24,784.62	951,567.68
Totals	293,994.00	7,696.13	8,160.00	123,638.00	-	84,161.00	98,150.00	1,031,556.41	-	144,658.59	-	448,966.22	35,482.99	95,404.03	2,371,867.37
Variance	213,404.74	8,382.87	-	-	66,610.86	(0.43)	661,809.32	(51,556.41)	12,000.00	(44,658.59)	222,051.21	(140,786.22)	(4,664.99)	(95,404.03)	847,188.33