

Preliminary Review of Proposed Tax Increment Project

Applicant: DTH, LLC

Proposed Project Title: TID #36 Third Revised Disk Drive

Purpose of Tax Increment District: This Tax Increment District and the Project Plan were approved on October 16, 2002. The purpose of Tax Increment District #36 was to facilitate the development of commercial property located west of Haines Avenue. The Tax Increment Funds were to be utilized for the extension of water, sanitary sewer, Disk Drive roadway improvements and the realignment of the Williston Basin Interstate gas transmission line west of Haines Avenue as Phase I. Phase II included the extension of roads, water, sewer and storm drainage improvements to the City Park/School site. The First Revised Project Plan #36 was approved June 6, 2005 to change the road alignment to the City/School site from a north/south access to an east/west access. The Second Revised Project Plan was approved on June 5, 2006 to reallocate costs within the Project Plan and to provide funding for Champion Drive for additional access to the City/School property.

The applicant is requesting an amendment to the project costs to reallocate the Developer costs to reflect the actual costs.

The proposed change would reallocate the project costs, removing Necessary and Convenient Costs of \$19,615.00 from Phase I Contingency and \$222,051.21 from Phase II Contingency line items and adding Capital Costs of \$51,556.41 to the Road Construction for Kathryn Avenue (Phase II), Professional Service Costs of \$44,658.59 for Engineering Design for Kathryn Avenue (Phase II), and reallocating \$140,786.22 for Road Construction for Champion Drive (Phase II) and \$4,664.99 for Engineering Design for Champion Drive (Phase II) Costs under the Necessary and Convenient Cost line item.

The anticipated commercial development in the area will generate revenues to repay the costs of the identified improvements.

Existing Boundaries: TID #36 boundaries extend north from Interstate 90 to Northridge Subdivision and from the east property boundary of Lowe's Subdivision to Bunker Drive.

Existing Base Valuation: \$17,911,615 valuation by the South Dakota Department of Revenue for TID #36

Current Valuation: \$58,479,837 as determined by the S.D. Department of Revenue

Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended</u>
Capital Costs:			
Road Construction and Water/Sewer Extension (Phase I)	\$507,398.74	\$0	\$507,398.74
Road Construction, Storm Drainage, Water/Sewer Extension Kathryn(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 Administration (Phase I)	\$16,079.00		\$16,079.00
Engineering Design, Construction and Admin Kathryn Ave (Phase II)	\$100,000.00	\$44,658.59	\$144,658.59
Legal (Phase I)	\$8,160.00		\$8,160.00
Financing Costs:			
Interest Paid to 6-1-05	\$84,160.57		\$84,160.57
Interest Paid after 6-1-05	\$759,959.32		\$759,959.32
Relocation Costs	\$123,638.00		\$123,638.00
Necessary and Convenient Costs:			
Contingency (Phase I)	\$66,610.86	\$(19,615.00)	\$46,995.86
Contingency (Phase II)	\$222,051.21	\$(222,051.21)	\$0
Road Construction, Storm Drainage, Water/Sewer Extension Champion Dr (Phase II)	\$308,180.00	\$140,786.22	\$448,966.22
Engineering Design, Construction and Admin Champion Dr (Phase II)	\$30,818.00	\$4,664.99	\$35,482.99
TOTAL	\$3,219,055.70	\$0	\$3,219,055.70

Identified Funding Sources: The adopted Project Plan was financed by the developer.

Anticipated Time Frame: As per the Finance Office, all Capital Costs and Finance Costs have been certified and paid. There is \$203,641.44 in the fund balance. If the reallocation is approved, this Tax Increment District can be paid off this year.

Comments: The Bank loan has been paid off. The developer is seeking repayment of the additional costs incurred with no additional interest reimbursement.