

SOUTH RAPID CITY TAX INCREMENT DISTRICT

6- & 7- Project Performa:

The development of the south side of Rapid City has been difficult due to lack of infrastructure. This project will provide the needed commercial development on the south side of Rapid City. The infrastructure needs for this area are so large and so regional in nature that the proposed Stoneridge development cannot happen without this TIF. Attached is a copy of the Performa for this project.

The project construction is split into different phases. This project will have two approaches for development. One approach is to sell the property to lot developers or buyers. The second is to lease the lots or build on them and lease them as needed. It has been the policy of THF that they lease lots to maintain control over the quality of their development.

BLACK HILLS CENTER PERFORMA
Rapid City, South Dakota

Jan 13 2011

	Tenant	Lease Start	Lease End	Square Feet	Rent per Square Foot	Stabilized Annual Rents	2014	2015	2016	2017	2018
<u>Anchors</u>											
Wat-Mart											
Total				19,600	15.00	294,000	294,000	294,000	294,000	294,000	294,000
See costs and reim. Below											
<u>Shops/Mini-Anchors</u>											
Small Shops				19,600	15.00	294,000	294,000	294,000	294,000	294,000	294,000
Total				19,600	15.00	294,000	294,000	294,000	294,000	294,000	294,000
<u>Outparcels</u>											
Outparcel #1						50,000	50,000	50,000	50,000	50,000	50,000
Outparcel #2								100,000	100,000	100,000	100,000
Outparcel #3						50,000	50,000	50,000	50,000	50,000	50,000
Outparcel #4						50,000	50,000	50,000	50,000	50,000	50,000
Outparcel #5						50,000	50,000	50,000	50,000	50,000	50,000
Outparcel #6						50,000	50,000	50,000	50,000	50,000	50,000
Outparcel #7								50,000	50,000	50,000	50,000
Outparcel #8								50,000	50,000	50,000	50,000
Outparcel #9								50,000	50,000	50,000	50,000
Outparcel #10								50,000	50,000	50,000	50,000
Outparcel #11								50,000	50,000	50,000	50,000
Outparcel #12								50,000	50,000	50,000	50,000
Outparcel #13								50,000	50,000	50,000	50,000
Outparcel #14								50,000	50,000	50,000	50,000
Total						150,000	250,000	350,000	550,000	650,000	750,000
Total				19,600		444,000	544,000	644,000	844,000	944,000	1,044,000
<u>Expenses</u>											
Vacancy						14,700	14,700	14,700	14,700	14,700	14,700
Taxes (Net)						980	980	980	980	980	980
Insurance (Net)						196	196	196	196	196	196
CAM (Net)						1,470	1,470	1,470	1,470	1,470	1,470
Management Fee - Anchors											
Management Fee						17,760	21,760	25,760	33,760	37,760	41,760
Administrative/Professional Fees						3,332	3,332	3,332	3,332	3,332	3,332
Structural						1,960	1,960	1,960	1,960	1,960	1,960
Total						40,398	44,398	48,398	56,398	60,398	64,398
Net Operating Income						403,602	499,602	595,602	787,602	883,602	979,602
<u>Cash on Cost Returns</u>											
TOTAL COSTS LESS REIMBURSEMENT											
WALMART LAND SALE											
TOTAL INVESTMENT WITHOUT TIF						3.35%	4.15%	4.94%	6.54%	7.34%	8.13%
PUBLIC INFRASTRUCTURE TIF											
TOTAL INVESTMENT AFTER TIF						3.88%	4.80%	5.72%	7.56%	8.49%	9.41%

Budget
13,545,313
(1,500,000)
12,045,313
(1,633,056)
10,412,257

BLACK HILLS CENTER DEVELOPMENT

BUILDING CONSTRUCTION COST	BUDGET
Tenant	
Wal-Mart (Constructed by Purchaser)	-
Small Shops - 19,600 SF @ \$80 psf	1,568,000
Sub-Total Building	1,568,000
Tenant Finish @ \$5 psf	98,000
Winter/Spring Conditions	-
Building Contingency	-
Total Building	1,666,000
OFF SITE DEVELOPMENT COST	
Fifth Street Turn Lanes	528,185
Caatron Blvd Turn Lanes	96,000
Stumer Road Turn Lanes & Blvd Extension	195,000
Black Hills Blvd Turn Lanes and Blvd Extension	37,000
Signal BH Blvd & Caatron, Stumer Rd & Caatron	366,871
Sub-Total	1,223,056
Stumer Road	
Lights	72,000
Electrical Development	25,000
Entry Medians	70,000
Traffic Engineer	70,000
Traffic Engineer Design Fees (Streets)	136,500
Traffic Engineer Design Fees (Signals)	46,000
Survey / As Builts - Off Site	15,000
Utility Relocations (Lump Sum)	50,000
Sub-Total	484,500
Regional Detention Pond Expansion and Drainage Easement Expansion	
Earthwork	35,000
60" Pipe	198,690
Rip Rap	3,250
E&S Control	5,000
Slope Blanket	30,000
Sub-Total Off-Site Drainage	271,940
Total Off-Site	1,979,496
ON SITE DEVELOPMENT COST	
Clear/Grade/Fill	465,000
Proofroll, topsoil	19,800
4' GAB (WM Pad)	300,000
2' GAB (Retail Shops)	44,632
8" depth all access and staging area (WM) & Site Prep	45,640
E&S Controls / Mobilization	50,000
Curbs/Gutters/Sidewalks	203,394
WM 3' Concrete Buffer	53,584
Paving/Striping/Signage	1,907,675
Guard Rail/Fencing/Misc	107,600
Electrical Development	27,500
Gas Development	10,000
Other Utilities by Contractor (temp)	20,000
Landscaping and Irrigation	280,000

BLACK HILLS CENTER DEVELOPMENT

Demolition	-
Parking Lot Lighting / Site Lighting	154,000
Pylon Sign (3 see below)	100,000
Retaining Wall (WM and Shops)	215,103
Sewers - Sanitary	74,000
Sewers - Storm	648,000
Telephone Development	27,500
Trash Receptacle	-
Utility/Detention Impact Fees	77,548
Water Lines	215,000
Slope Stabilization	40,000
Temporary and Permanent grass	-
Contingency @ 7.5%	334,367
OH & P	-
Total On-Site	6,420,341

SOFT COST

Land Interest (0 Months @ 0.00%)	-
Public Improvement Interest (12 Months @ 6.00%)	89,032
Construction Interest (18 Months @ 6.00%)	346,805
Point Fee Construction Loan (1/2 Point)	53,985
Point Fee Perm Loan (1/2 Point)	53,985
Appraisal	15,000
Architect (19,600 SF @ \$2.00 psf)	39,200
Builder's Risk Insurance	10,000
Construction Manager	25,000
Construction Staking	50,000
Engineering	250,000
Environmental	15,000
Construction Testing	100,000
Inspections - Building & Materials	-
Legal Fees	197,403
Legal Fees - Land Use Counsel	2,597
Office Overhead	175,000
Permits & Fees	50,000
Drainage Basin Fee	-
Real Estate Taxes	15,000
Soil Borings and Reports	65,000
Soils - Compaction Testing	50,000
Soils - Construction Observations	-
Survey / As Builts	60,000
Title Insurance	25,000
Travel	125,000
Other Developer's Costs	250,000
Contingency @ 5%	81,864
Total Soft Cost	2,144,671

Total Budget Before Fees **12,918,064**

PROJECT FEES

Land Acquisition Fee	-
Leasing Fee - Shops and Mini Anchors (\$3 psf)	58,800
Leasing Fee - Outparcels (\$15k each)	180,000
Development Fee (\$1 psf) Wal-Mart	154,776
Total Fees	393,576

Total Budget Prior to Reimbursements **13,311,640**

BLACK HILLS CENTER DEVELOPMENT

PROJECT DEVELOPMENT COSTS SUMMARY

1/12/2011

TOTAL SITE DEVELOPMENT COSTS (PROJECTED)	11,565,640.02
19,500 sqft Retail Shops (Structures)	1,666,000.00
TOTAL DEVELOPMENT COSTS (PROJECTED)	13,231,640.02
Less Wal Mart Contribution for Site Construction (PROJECTED)	(3,946,327.00)
Fifth Street Developer's Costs (DONE)	1,300,000.00
Mass Grading (DONE)	1,600,000.00
Raw Land and Holding Costs (ONGOING)	1,280,000.00
TOTAL ESTIMATED DEVELOPEMT COSTS	13,465,313.02