

COMMUNITY PLANNING & DEVELOPMENT SERVICES

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

APPLICATION FOR TAX INCREMENT FINANCING

LEGAL DESCRIPTION

Legal Description *(Attached additional sheets as necessary)* See Attached.

Location Sixth and St. Joseph Street, Rapid City, SD

Size of Site-Acres Near 5.97 Acres

APPLICANT

Name President's Plaza, LLC Phone 605-348-0538

Address 528 Kansas City Street, Suite 4 Fax 605-348-0545

City, State, Zip Rapid City, SD 57701

PROJECT PLANNER - AGENT

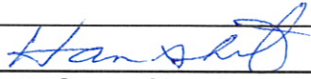
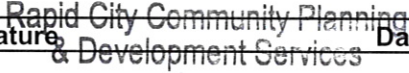
Name Dream Design International, Inc. Phone 605-348-0538

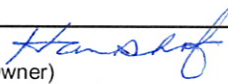

Address 528 Kansas City Street, Suite 4 Fax 605-348-0545

City, State, Zip Rapid City, SD 57701

RECEIVED

APR 02 2012

	4-2-2012		
Property Owner Signature	Date	Property Owner Signature	Date

			
Applicant Signature (if difference from Property Owner)	Date	Applicant Signature (if difference from Property Owner)	Date
Print Name: Hani Shafai		Print Name:	
Title* Managing Member		Title*	

*required for Corporations, Partnerships, Etc.

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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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**APPLICATION FOR
TAX INCREMENT
FINANCING**

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.	
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 checked="" 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 checked="" type="checkbox"/>

LEGAL DESCRIPTION

All of Block 95, including the alley located in Block 95, Less the N 90 feet of Lots 17-21, Block 95 in the Original Town of Rapid City.

Lots 1-9 of Block 105 in the Original Town of Rapid City.

All of Sixth Street Right-of-Way lying adjacent to Blocks 94 and 95 in the Original Town of Rapid City.

All of Fifth Street Right-of-Way lying adjacent to Blocks 95 and 96 in the Original Town of Rapid City.

All of Kansas City Street Right-of-Way lying adjacent to Blocks 95 and 105 in the Original Town of Rapid City.

All located in Section 1, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota.

ST. JOE PARKING IMPROVEMENTS TIF

1- PROJECT DESCRIPTION:

The City of Rapid City Downtown Business District consists of many businesses that have made up the core of the business community in the City. Several improvements have been made in the downtown area over the past two decades to bring more activities into the downtown. The City has contributed several million dollars to help re-develop the downtown including parking structure, Main Street Square, and Street reconstruction and Streetscape. The City has also solicited private proposals to partner with the City to construct additional parking and attract residential and commercial activities into the downtown. The City has approved TIF#62 to provide for such needs. The TIF area has included properties that stretched from Omaha Street to Columbus Street. The proposed replacement TIF will reduce the area incorporated within the TIF boundary to 5.97 Acres instead of the currently approved near 24 acres.

The proposed TIF will replace the existing TIF 62 and provide the following goals:

- **Provide additional parking to satisfy the current and some future parking needs of the downtown**
- **Remove contaminated soil contaminating groundwater under several buildings downtown.**
- **Bury and relocate portions of power line downtown Rapid City**
- **Provide additional downtown residential living spaces**
- **Provide additional quality retail and office space in the heart of downtown**
- **Create a project that defines downtown Rapid City and complements its historic image.**
- **Increase the retail capacity and tax base of the downtown business district**
- **Make downtown Rapid City a destination for tourists visiting this region**

The replacement of the existing TIF will:

- 1- Put back near half a million dollar of accumulated taxes into the general fund.
- 2- Release near 19 acres from the TIF area.
- 3- Allow for the annual taxes of near \$160,000 to be placed into the public entities.
- 4- Reduce the area encumbered within the TIF (max. allowed is 10%)

2- PURPOSE OF THE TAX INCREMENT DISTRICT FINACING:

The purpose of this TIF is to revitalize the downtown Rapid City by providing additional parking and increase activities downtown. This purpose includes:

- **Provide additional parking to satisfy the current and some future parking needs of the downtown**
- **Remove contaminated soil contaminating groundwater under several buildings downtown.**
- **Bury and relocate portions of power line downtown Rapid City**
- **Provide additional downtown residential living spaces**
- **Provide additional quality retail and office space in the heart of downtown**

- **Create a project that defines downtown Rapid City and complements its historic image.**
- **Increase the retail capacity and tax base of the downtown business district**
- **Make downtown Rapid City a destination for tourists visiting this region**

3- PROJECT COSTS:

The project will include the redevelopment of public parking and environmental remediation of Tract A Block 95 downtown Rapid City. The project costs are estimated to be \$11,676,375.

Please see "EXHIBIT 1" for project costs.

4- PRELIMINARY DEVELOPMENT FINANCING PLAN:

The developer will fund the TIF component of the project through a loan at US Bank. The terms of the loans have not been finalized. It is anticipated that the interest rate over the life of the TIF will be near 6.5%. It is anticipated that the interest rate will not exceed 9% during the life of the TIF. Developer attached a copy of the letter of commitment from the bank.

5- LIST OF ENTITIES INVOLVED:

The project will be developed by a local development company by the name President's Plaza, LLC. The members of this company are Pat Hall and Hani Shafai who own equal shares in the development company.

6- PROJECT FINANCIAL FEASIBILITY (PRO FORMA)

The housing project will not be financially feasible without a tax increment financing assistance. Please see the attached "EXHIBIT 2"

7- PROJECT FEASIBILITY:

This project would not proceed without the use of a Tax Increment District.

8- STATUTORY CRITERIA AND OTHER CRITERIA:

The project meets the requirements for SDCL 11-9-8 as listed below:

- 1- The proposed project is located in a district area that has more than 25%, by area, of the real property within its boundary is blighted; This is a result of the contaminated soil and ground water on the site.
- 2- The improvements of the area will significantly enhance all the real property in the district.

This project is proposed in an area conducive to disease and is defined as blight and meets the requirements for SDCL 11-9-9 as listed below:

- 1- Dilapidation, due to groundwater and soil contamination impacting adjacent properties;
- 2- The existence of conditions which endanger life or property due to environmental issues;
- 3- The area is conducive to ill health, due to environmental contamination, which is detrimental to the public health, safety, and welfare.

The lack of parking infrastructure in the area on which the project will be developed has driven away prospective professional employers from the downtown area. The property impaired the growth and meets the blight requirements for SDCL 11-9-10 as listed below:

- 1- The presence of a substantial number of environmental contamination
- 2- Deterioration of the site and other improvements;
- 3- The existence of conditions which endanger life or property by environmental contaminations.
- 4- The area impairs the sound growth of the community.

The site meets the requirements for blight as defined by SDCL 11-9-11 because the site has environmental issues and is an open space flat underutilized as a one level parking lot while the community lacks the public parking facilities.

In addition, the project meets the following criteria:

- 1- This project will not occur without the use of Tax Increment Financing. Please refer to the PRO FORMA shown in "EXIHIBIT 2"
- 2- The project will eliminate potential hazard to the public due to unsafe environmental issues.
- 3- The project will result in the additional redevelopment of a downtown District as shown in the City's guide Appendix A.

ADDITIONAL CRITERIA:

- 1- The project complies with the adopted Comprehensive Plan for the City and is consistent with the prepared master plans for the City of Rapid City.
- 2- The City of Rapid City has removed the old structures on the site to construct public parking. Such plan existed since mid 1970's.
- 3- The TIF will only fund public improvements, required for public use and protection.

DISCRETIONARY CRITERIA:

- 1- The TIF proceeds are used for the construction of public improvements.
- 2- The site displays conditions of blight as defined by the provision SDCL 11-9.

- 3- The costs included in the TIF are limited to those specific costs that exceed the typical or average construction costs (public parking, Environmental Cleanup)
- 4- The TIF is being utilized to redevelop an area that has created a social and economic liability to the community.
- 5- The project will provide additional economic development downtown by providing the needed parking for the existing businesses downtown.
- 6- The project will attract additional residents downtown to create additional activities in downtown.
- 7- The project will attract midsize conventions to downtown to help with business activities downtown.
- 8- Create a better and more enjoyable atmosphere to the downtown retailers and to their clients.
- 9- Bring additional professional businesses to downtown.

9- CONCEPTUAL PLANS

Please see attached site plan.

10-DEVELOPMENT TIME SCHEDULE:

Project construction will start in the summer of 2012 and will take 20-24 months to complete.

11- LLC ARTICLES OF CORPORATION:

See attached

12-LIST OF PUBLIC AND PRIVATE IMPROVEMENTS:

See attached Exhibit 2

13-FINANCIAL INFORMATION:

President's Plaza, LLC is a new limited liability corporation and has no financial information at this time.

14-WAGE SCALE:

The project will employ near 350 jobs. The jobs will be ranging from service jobs of a scale of near \$12.00 per hour to professional jobs of more than \$50,000 per year.

DOWNTOWN REVITALIZATION TIF

TIF Amount	11,676,375		Interest Rate =	6.25%
Date	Increment	Taxes	Balance	Interest
2012	0	0	0	0
2013	36,500,000	0	11,676,375	729,773
2014	36,500,000	0	12,406,148	775,384
2015	65,500,000	766,500	13,181,533	823,846
2016	65,500,000	766,500	13,238,879	827,430
2017	65,500,000	1,375,500	13,299,808	831,238
2018	65,500,000	1,375,500	12,755,546	797,222
2019	65,500,000	1,375,500	12,177,268	761,079
2020	65,500,000	1,375,500	11,562,847	722,678
2021	65,500,000	1,375,500	10,910,025	681,877
2022	65,500,000	1,375,500	10,216,402	638,525
2023	65,500,000	1,375,500	9,479,427	592,464
2024	65,500,000	1,375,500	8,696,391	543,524
2025	65,500,000	1,375,500	7,864,416	491,526
2026	65,500,000	1,375,500	6,980,442	436,278
2027	65,500,000	1,375,500	6,041,219	377,576
2028	65,500,000	1,375,500	5,043,295	315,206
2029	65,500,000	1,375,500	3,983,001	248,938
2030	65,500,000	1,375,500	2,856,439	178,527
2031	65,500,000	1,375,500	1,659,466	103,717
2032	65,500,000	1,375,500	387,683	24,230

EXISTING TIF #62

TIF Amount		Interest Rate =		
11,676,375		6.25%		
Date	Increment	Taxes	Balance	Interest
2012	0	166,433	(373,059)	0
2013	36,500,000	166,433	11,136,883	696,055
2014	36,500,000	166,433	11,666,506	729,157
2015	65,500,000	932,933	12,229,230	764,327
2016	65,500,000	932,933	12,060,624	753,789
2017	65,500,000	1,541,933	11,881,480	742,593
2018	65,500,000	1,541,933	11,082,140	692,634
2019	65,500,000	1,541,933	10,232,841	639,553
2020	65,500,000	1,541,933	9,330,461	583,154
2021	65,500,000	1,541,933	8,371,682	523,230
2022	65,500,000	1,541,933	7,352,979	459,561
2023	65,500,000	1,541,933	6,270,608	391,913
2024	65,500,000	1,541,933	5,120,588	320,037
2025	65,500,000	1,541,933	3,898,692	243,668
2026	65,500,000	1,541,933	2,600,427	162,527
2027	65,500,000	1,541,933	1,221,021	76,314