

Rushmore Corridor Redevelopment

TIF Application

December 18, 2015



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Rapid City Community Planning
& Development Services

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ATTACHED:

- EXHIBIT 1 – Estimated Probable TIF Costs
- EXHIBIT 2 – Property Owners’ List
- EXHIBIT 3 – Project Pro Forma
- EXHIBIT 4 – Estimated Probable Costs
- EXHIBIT 4A – Estimated Probable Costs (Including Non-TIF Financing Costs)
- EXHIBIT 5 – Estimated TIF Cashflow Projections
- EXHIBIT 5A – Estimated TIF Cashflow Projections (including TIF #70)

APPENDIX:

- Articles of Organization for KS West, LLC and SK East, LLC
- Letter of Interest (LOI) from First National Bank
- Exhibit A - Public Improvements
- Exhibit B - Site Plan
- Exhibit C - Rushmore Corridor Redevelopment TID Boundary

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 1715 Catron Blvd and Adjacent Unplatted Parcel

Size of Site—Acres 58.63

APPLICANT

Name KS West, LLC Phone (605) 381-0727

Address PO Box 1820 Fax _____

City, State, Zip Rapid City, SD 57709

2ND APPLICANT

Name SK East, LLC Phone (605) 348-0538

Address 528 Kansas City Street Fax (605) 348-0545

City, State, Zip Rapid City, SD 57701

KS West, LLC

SK East, LLC

<u>[Signature]</u>	<u>12-17-15</u>	<u>[Signature]</u>	
Property Owner Signature	Date	Property Owner Signature	Date
<u>[Signature]</u>		<u>[Signature]</u>	<u>12-17-15</u>
Applicant Signature	Date	Applicant Signature	Date
(if difference from Property Owner) <u>Ryan Kaski; Hani Shafiq</u>		(if difference from Property Owner)	
Print Name: <u>Managing M.</u>		Print Name: <u>Ryan Kaski, Hani Shafiq</u>	
Title* <u>Managing members</u>		Title* <u>Managing members</u>	

*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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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 FOR RUSHMORE CORRIDOR REDEVELOPMENT TID:

PARCEL 1 – TRACT 1 OF THE WATERSLIDE ADDITION, LOCATED IN SECTION 26, T1N, R7E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

PARCEL 2 – UNPLATTED BALANCE OF THE S1/2 SE1/4 NW 1/4; UNPLATTED BALANCE OF THE NE 1/4 SW 1/4, LOCATED IN SECTION 26, T1N, R7E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

RIGHT OF WAY – FURTHER DESCRIBED AS A PORTION OF THE CATRON BOULEVARD DEDICATED RIGHT OF WAY EXTENDING FROM THE EASTERN BOUNDARY OF SOUTH DAKOTA STATE HIGHWAY 16 DEDICATED RIGHT OF WAY TO THE EASTERN BOUNDARY OF WELLINGTON DRIVE DEDICATED RIGHT OF WAY, LOCATED IN THE NW 1/4 OF SECTION 26, T1N, R7E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

RUSHMORE CORRIDOR REDEVELOPMENT TIF

1. PROJECT DESCRIPTION:

The Buffalo Crossing Development is mainly a redevelopment of the old Rushmore Waterslide, located at the intersection of US Highway 16 and Catron Blvd. The development will mainly include:

1. Center of Excellence Medical & Research Center to capture some of the leakage of local patients to out-of-town facilities
2. Transitional Medical Physical Rehabilitation Facility
3. Other medical and professional offices
4. Hospitality facilities to address the needs of Black Hills Corporation and the Rapid City Regional Hospital

The proposed Tax Increment District area is limited to the Buffalo Crossing property and the Catron Blvd public Right of Way in front of the property – see EXHIBIT 'A' (Public Improvements). The TIF is to cover costs of major regional public infrastructure components including:

1. Healing Way Road Improvements, which include a five lane road that transition into three lanes. This road can be built with concrete to ensure longer life for the road which would serve as the main access to nearly 180 acres of commercial gateway property on that corner. Most of the property is owned by owners other than the applicant. The road will also serve as a safer access to the existing medical facilities at the intersection of Addison and Highway 16. Typically (and as per City Ordinance), the City would be responsible for the oversize costs on this road.
2. A Traffic signal and lights at the intersection of Healing Way and Catron Blvd. These components are typically paid for by the City and the State if within a state highway. Traffic signals installed in the recent years have been paid for through the establishment of Tax Increment Financing.
3. The improvements also include a 12" water main to provide regional fire protection and deliver water to a future water tank located just east of the Buffalo Crossing Subdivision. The required water main needed for Buffalo Crossing is 8" and the City is responsible for the difference in costs between the 8" and the 12" water mains.

These public improvements being included in the TIF are consistent with:

- a. HWY 16 - SDDOT & City of Rapid City Major Corridor Transportation Study
- b. Major Street Plan adopted by the City Council - July 7, 2014
- c. Comprehensive Future Land Use Plan adopted by the City Council - April 23, 2014
- d. Rapid City Utility System Master Plan Adopted - April 2008

WHY CREATE A TIF?

1. The TIF components include oversize costs that would have been paid for by the City.
2. Buffalo Crossing is a redevelopment of an area that was used as a water slide for near 40 years.
3. Buffalo Crossing will have a huge economic and social impact on the community including:
 - a. Create more than one hundred million dollars in development
 - b. The chance to provide more than 400 full time jobs with annual payroll of more than \$25 million dollars
 - c. Create more than \$1.2 million dollars in real estate tax
 - d. Provide for close to 180 full time construction jobs annually over the next 5 years
 - e. Result in \$2.7 million in sales tax on the construction materials over the next 5 years
4. Components being requested have been approved for TIF components next door to Buffalo Crossing.
5. Buffalo Crossing will provide state of the art medical facility for services that do not currently exist within local medical services. The facility will capture the leak in the medical industry that is lost to out of town facilities.
6. The TIF will free up funds to be able to build 80 rehabilitation rooms instead of 54 rooms resulting in 30 additional full time professional jobs.
7. The TIF will allow for concrete pavement instead of asphalt providing twice the longevity for the street system.
8. The Buffalo Crossing will also have some hospitality and retail services to serve the new jobs within that corridor and create additional sales tax revenue.
9. Despite of the huge economic impact of this project and the huge number of jobs created, this project is not requesting any City or State subsidy other than allowing it to freeze the property taxes at where they exist today for a period of 15 years. This results in no loss of any existing revenue and will have a huge impact on the community by providing services that do not currently exist in the region and create hundreds of new jobs. This project will also enhance the quality of life within the community. See EXHIBIT 'B' (Site Plan).

2. PURPOSE OF THE TAX INCREMENT DISTRICT FINANCING:

1. Redevelopment of deteriorating property on a highly visible gateway corridor to Rapid City, including the removal an abandoned water slide park and removal of billboards.
2. Stimulate economic development in the community through the development of new medical facilities not currently offered in Rapid City, as well as new office, hospitality, retail, and residential uses in an accessible and beautiful location. Employment of these facilities is anticipated to add at least 400 new jobs for Rapid City.
3. Increase the safety of the community by providing secondary access from a signalized intersection to the proposed TID as well additional properties beyond.
4. Spur further development of the area by installing utilities needed for adjoining properties to the proposed TID.

3. PROJECT COSTS:

The project will include the construction Healing Way and the installation of a traffic signal at Catron Boulevard including associated electrical. This includes:

1. Construction costs for Healing Way, estimated costs of \$1,800,000;
2. Professional Fees for the design of Healing Way, estimated costs of \$144,000;
3. Contingency for the Construction of Healing Way, estimated costs of \$180,000;
4. Traffic Signal and associated Electrical, estimated costs of \$400,000;
5. Professional Fees for design of the traffic signal, estimated costs of \$40,000;
6. Contingency for the traffic signal, estimated costs of \$40,000;
7. Necessary and Convenient costs of \$2,000;
8. Financing Expenses, estimated based on 7.0% at \$1,895,674;
9. The total costs anticipated for the project are \$4,501,674.

It is anticipated that the TIF funding tool will be utilized for \$4,501,674 of the project costs to cover the construction costs for public improvements as described, and financing expenses. Please see "EXHIBIT 1".

4. PRELIMINARY DEVELOPMENT FINANCING PLAN:

The developer will fund the TIF component of the project through a loan at First National 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 4.75%. It is anticipated that the interest rate will not exceed 9% during the life of the TIF.

5. LIST OF ENTITIES INVOLVED:

The project is being proposed by KS West, LLC and SK East, LLC. Corporate documents for this entity are attached. Ryan Kaski and Hani Shafai are the owners of both entities. "EXHIBIT 2" is a list of all current property owners of record for the properties proposed to be included in this TID.

6. PROJECT FINANCIAL FEASIBILITY (PRO FORMA):

The proposed development is a marginal investment without the TIF, and would be scaled back if the TIF is not approved. Please see the attached "EXHIBIT 3".

7. PROJECT FEASIBILITY:

The items being proposed to be covered by the TIF in this application are for public improvements that will serve all properties in the vicinity as well the general public when complete. The construction of Healing Way, the traffic signal, and the public utilities would all be scaled back to provide for only the most immediate of needs without the TIF.

8. STATUTORY CRITERIA:

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

1. The improvements of the area will significantly enhance the value of all the real property in the district.

This project is proposed is partially in a developed area impairing growth and meets the requirements for SDCL 11-9-10 as listed below:

1. Deterioration of site or other improvement;

This project proposed is also partially in an open area impairing growth and meets the requirements for SDCL 11-9-11 because of the lack of modern roads and utilities in the area inhibits the growth.

In addition, the project meets the following criteria:

1. The project will eliminate potential safety hazards to the public due to the removal of structures on the abandoned water park, as well as provide safer access to the existing medical development south of the proposed TID (eliminating a left turn across oncoming Highway 16 traffic).

2. The project will not provide assistance to retail or service business competing with existing businesses in Rapid City. The main anchor of the project will be medical facilities not currently offered in Rapid City, ending a leak of business to medical facilities outside the area.
3. The project will bring new or expanded employment opportunities, as the development will attract nearly 400 new jobs to the City.

ADDITIONAL DISCRETIONARY CRITERIA:

1. This project will create a minimum of 50 new jobs.
2. All TIF proceeds are to be used for the construction of public improvements.
3. The project involves the startup of an entirely new business or business operation located within Rapid City.
4. The project also involves the expansion of an existing business located within Rapid City.
5. The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization.
6. The developer agrees to waive the five year tax abatement.
7. The project complies with the adopted Comprehensive Plan for the City and is consistent with the goals for the Gateway and Entrance Corridors to the City of Rapid City.

9. CONCEPTUAL PLANS:

Please see the attached conceptual master plans showing the proposed layout for public and private improvements.

10. DEVELOPMENT TIME SCHEDULE:

Phase 1 of the TIF Components will be completed by July 2017. Phase 1 of the Private Construction will be completed by December 2016. Phase 2 of the TIF Components to be completed by July of 2017. The balance of public and private work would be completed soon after.

11. LIST OF PUBLIC AND PRIVATE IMPROVEMENTS:

The project will include the construction Healing Way and the installation of a traffic signal at Catron Boulevard including associated electrical. This includes:

1. Construction costs for Healing Way, estimated costs of \$1,800,000;
2. Professional Fees for the design of Healing Way, estimated costs of \$144,000;
3. Contingency for the Construction of Healing Way, estimated costs of \$180,000;
4. Traffic Signal and associated Electrical, estimated costs of \$400,000;
5. Professional Fees for design of the traffic signal, estimated costs of \$40,000;
6. Contingency for the traffic signal, estimated costs of \$40,000;
7. Necessary and Convenient costs of \$2,000;
8. TIF Financing Expenses, estimated based on 7.0% at \$1,895,674.17.

It is anticipated that the TIF funding tool will be utilized for \$4,501,674 of the project costs to cover the construction costs for public improvements as described, and financing expenses. Please see "EXHIBIT 1".

1. Non-TIF Local Street Construction Costs, estimated at \$2,000,000;
2. Non-TIF Grading and Regional Public Storm Water Costs, estimated at \$950,000;
3. Non-TIF Billboard Removal and Buyout Costs, estimated at \$120,000;
4. Construction of Professional Offices, estimated at \$40,000,000;
5. Construction of Hotel or Hotels, estimated at \$12,000,000;
6. Construction of Restaurants, estimated at \$1,500,000;
7. Construction of Residential, estimated at \$17,500,000;
8. Construction of Nursing Care Facilities, estimated at \$14,000,000;
9. The total costs anticipated for the non-TIF components of the project are \$88,070,000.00.

12. LLC ARTICLES OF CORPORATION:

See attached.

13. FINANCIAL INFORMATION:

KS West, LLC and SK East, LLC are new limited liability corporations and have no financial information at this time.

14. WAGE SCALE:

The development will eventually employ a minimum of 400 employees at an average wage exceeding minimum wage.

EXHIBIT 1
Rushmore Corridor Redevelopment TIF
ESTIMATED PROBABLE TIF COSTS

ITEM	COST
HEALING WAY STREET IMPROVEMENTS	1,800,000.00
HEALING WAY PROFESSIONAL FEES	144,000.00
HEALING WAY CONTINGENCIES	180,000.00
ELECTRICAL AND TRAFFIC SIGNAL	400,000.00
ELECTRICAL AND TRAFFIC SIGNAL PROFESSIONAL FEES	40,000.00
ELECTRICAL AND TRAFFIC SIGNAL CONTINGENCIES	40,000.00
NECESSARY AND CONVENIENT COSTS	2,000.00
FINANCING EXPENSES	1,895,674.00
TOTAL TIF PROJECT COSTS	4,501,674.00

EXHIBIT 2
Buffalo Crossing TIF
PROPERTY OWNERS LIST

Property ID #	Property Address	Owner	Owner's Address	Legal Description	Acres
3726100008	1715 Catron Boulevard	KS West, LLC	528 Kansas City St	Tract 1 of the Waterslide Addition, Section 26, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota	15.63
3726326005	n/a	SK East, LLC	PO Box 1820	Unplatted Balance S 1/2 of SE 1/4 NW 1/4, Unplatted Balance of NE 1/4 SW 1/4, Section 26, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota	43
Total Area (Acres) =					58.63

EXHIBIT 3
Rushmore Corridor Redevelopment TIF
Project Pro Forma

ITEM	COST w/o TIF		COST w/ TIF		VALUE
Road Construction Costs	\$	1,800,000.00	\$	-	
Professional Fees	\$	144,000.00	\$	-	
Contingencies	\$	180,000.00	\$	-	
Traffic Signal and Electrical	\$	400,000.00	\$	-	
Professional Fees	\$	40,000.00	\$	-	
Contingencies	\$	40,000.00	\$	-	
Local Street	\$	2,000,000.00	\$	2,000,000.00	
Grading & Storm Water	\$	950,000.00	\$	950,000.00	
Billboard Removal & Buyout	\$	120,000.00	\$	120,000.00	
Medical and Professional Offices	\$	40,000,000.00	\$	40,000,000.00	\$ 40,000,000.00
Hotels	\$	12,000,000.00	\$	12,000,000.00	\$ 12,000,000.00
Restaurants	\$	1,500,000.00	\$	1,500,000.00	\$ 1,500,000.00
Residential	\$	17,500,000.00	\$	17,500,000.00	\$ 17,500,000.00
Transitional Physical Rehab Facility	\$	14,000,000.00	\$	14,000,000.00	\$ 14,000,000.00
Land (Net Value)	\$	2,000,000.00	\$	2,000,000.00	\$ 9,534,000.00
Finance	\$	480,000.00	\$	320,000.00	
TOTAL	\$	92,674,000.00	\$	90,390,000.00	\$ 94,534,000.00
Net Profit	\$	1,860,000.00	\$	4,144,000.00	
Percent Return		2.01%		4.58%	

EXHIBIT 4
Rushmore Corridor Redevelopment TIF
ESTIMATED PROBABLE COSTS

ITEM	TIF	NON TIF	FUNDING	DATE
LOCAL STREETS	-	2,000,000.00	Private	2016 - 17
GRADING AND REGINAL PUBLIC STORM WATER	-	950,000.00	Private	2015 - 16
BILLBOARD REMOVAL AND BUYOUT	-	120,000.00	Private	2015
PROFESSIONAL OFFICES	-	40,000,000.00	Private	2016 - 18
HOTELS	-	12,000,000.00	Private	2016
RESTAURANTS	-	1,500,000.00	Private	2016 - 17
RESIDENTIAL	-	17,500,000.00	Private	2016 - 18
TRANSITIONAL MEDICAL PHYSICAL REHABILITATION FACILITY	-	14,000,000.00	Private	2017
HEALING WAY ROAD IMPROVEMENTS	1,800,000.00	-	Private	2016
HEALING WAY PROFESSIONAL FEES	144,000.00	-	Private	2015 - 16
HEALING WAY CONTINGENCIES	180,000.00	-	Private	2016
ELECTRICAL AND TRAFFIC SIGNAL	400,000.00	-	Private	2017
ELECTRICAL AND TRAFFIC SIGNAL PROFESSIONAL FEES	40,000.00	-	Private	2017
ELECTRICAL AND TRAFFIC SIGNAL CONTINGENCIES	40,000.00	-	Private	2017
NECESSARY AND CONVENIENT COSTS	2,000.00	-	N/A	N/A
FINANCING EXPENSES	1,895,674.00	-	Private	N/A
TOTAL COSTS	4,501,674.00	88,070,000.00	92,571,674.00	

EXHIBIT 4A
Rushmore Corridor Redevelopment TIF
ESTIMATED PROBABLE COSTS INCLUDING NON-TIF FINANCING COSTS

ITEM	TIF	NON TIF	FUNDING	DATE
LOCAL STREETS	-	2,000,000.00	Private	2016 - 17
GRADING AND REGIONAL PUBLIC STORM WATER	-	950,000.00	Private	2015 - 16
BILLBOARD REMOVAL AND BUYOUT	-	120,000.00	Private	2015
PROFESSIONAL OFFICES	-	40,000,000.00	Private	2016 - 18
HOTELS	-	12,000,000.00	Private	2016
RESTAURANTS	-	1,500,000.00	Private	2016 - 17
RESIDENTIAL	-	17,500,000.00	Private	2016 - 18
TRANSITIONAL MEDICAL PHYSICAL REHABILITATION FACILITY	-	14,000,000.00	Private	2017
HEALING WAY STREET IMPROVEMENTS	1,800,000.00	-	Private	2016
HEALING WAY PROFESSIONAL FEES	144,000.00	-	Private	2015 - 16
HEALING WAY CONTINGENCIES	180,000.00	-	Private	2016
ELECTRICAL AND TRAFFIC SIGNAL	400,000.00	-	Private	2017
ELECTRICAL AND TRAFFIC SIGNAL PROFESSIONAL FEES	40,000.00	-	Private	2017
ELECTRICAL AND TRAFFIC SIGNAL CONTINGENCIES	40,000.00	-	Private	2017
NECESSARY AND CONVENIENT COSTS	2,000.00	-	N/A	N/A
FINANCING EXPENSES	1,895,674.00	13,210,500.00	Private	N/A
TOTAL COSTS	4,501,674.00	101,280,500.00	105,782,174.00	

EXHIBIT 5
TIF PROJECTIONS
ESTIMATED TIF CASH FLOW PROJECTIONS

Year	ITEM	Value	Taxes	Loan Balance	Interest
	Construct Healing Way, Gas Station, Hotel,				
2016	4 townhomes	15,200,000.00	-	2,124,000.00	148,680.00
2017	Construct Signal, 9 homes, Restaurant	19,400,000.00	-	2,752,680.00	192,687.60
2018	Construct 10 Homes, 30,000 Rehab	36,400,000.00	341,544.00	2,945,367.60	206,175.73
	Construct 70,000 Medical Offices, 14				
2019	Homes	70,000,000.00	435,918.00	2,809,999.33	196,699.95
2020	Construct 15 homes	76,000,000.00	817,908.00	2,570,781.29	179,954.69
2021	Construct 20,000 Offices, 10 homes	85,000,000.00	1,572,900.00	1,932,827.98	135,297.96
2022	No Further Development	85,000,000.00	1,707,720.00	495,225.93	34,665.82
2023	No Further Development	85,000,000.00	1,909,950.00	-	-
2024	No Further Development	85,000,000.00	1,909,950.00	-	-
TOTAL INTEREST					1,094,161.75

Conservative Assumptions

One Tax Payment instead of two per year

Interest Rate of 7%

Estimated Home Value \$300,000 to \$400,000 but kept Tax rate at .02247 for all uses.

**EXHIBIT 5A
TIF PROJECTIONS INCLUDING TIF 70
ESTIMATED TIF CASH FLOW PROJECTIONS**

Year	ITEM	Value	Taxes	Loan Balance	Interest	TIF #70	Interest
	Construct Healing Way, Gas Station, Hotel, 4 townhomes	15,200,000.00	49,000.00	2,124,000.00	148,680.00	3,400,000.00	238,000.00
2017	Construct Signal, 9 homes, Restaurant	19,400,000.00	49,000.00	2,752,680.00	192,687.60	3,589,000.00	251,230.00
2018	Construct 10 Homes, 30,000 Rehab	36,400,000.00	390,544.00	2,945,367.60	206,175.73	3,791,230.00	265,386.10
2019	Construct 70,000 Medical Offices, 14 Homes	70,000,000.00	484,918.00	3,151,543.33	220,608.03	3,666,072.10	256,625.05
2020	Construct 15 homes	76,000,000.00	866,908.00	3,372,151.37	236,050.60	3,437,779.15	240,644.54
2021	Construct 20,000 Office, 10 homes	85,000,000.00	1,621,900.00	3,608,201.96	252,574.14	2,811,515.69	196,806.10
2022	No Further Development	85,000,000.00	1,756,720.00	3,860,776.10	270,254.33	1,386,421.79	97,049.52
2023	No Further Development	85,000,000.00	1,958,950.00	2,490,477.88	244,333.45	-	-
2024	No Further Development	85,000,000.00	1,958,950.00	1,775,861.34	124,310.29	-	-
2025	No Further Development	85,000,000.00	1,958,950.00	-	-	-	-
2026	No Further Development	85,000,000.00	1,958,950.00	-	-	-	-

TOTAL INTEREST

1,895,674.17

1,545,741.31

Conservative Assumptions

One Tax Payment instead of two per year

Interest Rate of 7%

Estimated Home Value \$300,000 to \$400,000 but kept Tax rate at .02247 for all uses.

Assumptions on TIF 70

Loan balance \$3,400,000

Interest Rate = 7%

Existing Increment Tax Payment \$49,000

No additional payment from BH Corp or other development within TIF 70

Interest Approved in TIF 70

3,071,346.30

With this project TIF 70 Interest

1,545,741.31





December 7, 2015

Dream Design International, Inc.
Attn: Hani Shafai, President
528 Kansas City St, Suite 4
Rapid City, SD 57701

DEC 07 2015

Re: Buffalo Crossing TIF

Dear Mr. Shafai;

I would like to provide you with this Letter of Interest (LOI) in financing the infrastructure improvements under the proposed TIF through the City of Rapid City, South Dakota for the Buffalo Crossing development.

The financing would be for approximately \$2,600,000 at a rate equal to New York Prime + 1.5% at closing. The rate would be variable every five years, with a floor rate of 4.75%. We would have a maximum amortization of 15 years on the loan and a 1% origination fee.

If this is acceptable, please provide the proposed budget, TIF agreement and estimated repayment schedule anticipated with the TIF.

If you have any questions, please feel free to contact me.

Sincerely,

Todd Christoffer
Division President

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

Certificate of Organization

Domestic LLC

ORGANIZATIONAL ID# DL040441

I, **Jason Gant**, Secretary of State of the State of South Dakota, hereby certify that the Articles of Organization of

SK East, LLC

duly signed and verified, have been received in this office and are found to conform to law.

ACCORDINGLY, and by virtue of the authority vested in me by law, I hereby issue this Certificate of Organization and attach hereto a duplicate of the Articles of Organization.

IN TESTIMONY WHEREOF,
I have hereunto set my hand and
affixed the Great Seal of the
State of South Dakota, at Pierre,
the Capital, this 09/24/2014.



A handwritten signature in cursive script that reads "Jason Gant".

Jason M. Gant
Secretary of State

9/29/2014 2:41:28 PM
Change ID: 1197452

Filed this 24th day of Sept, 2014
Jason Sand
SECRETARY OF STATE

ARTICLES OF ORGANIZATION
OF A
DOMESTIC LIMITED LIABILITY COMPANY

RECEIVED
SEP 24 2014
S.D. SEC. OF STATE

1. The name of the limited liability company is SK East, LLC.
2. The duration of the company is perpetual.
3. The street address of the initial designated office is 516 Fifth Street, Rapid City, South Dakota 57701-2703. The mailing address of the initial designated office is P.O. Box 1820, Rapid City, South Dakota 57709-1820.
4. The name and street address of the initial agent for service of process is Richard E. Huffman, 516 Fifth Street, Rapid City, South Dakota 57701-2703.
5. The name and address of the organizer is Richard E. Huffman, 516 Fifth Street, Rapid City, South Dakota 57701-2703.
6. The company is to be member-managed.
7. No members of the company are to be liable for its debts and obligations under SDCL 47-34A-303(c).
8. There are no other provisions which the members elect to set out in these Articles of Organization.

DATED: September 22, 2014.


Richard E. Huffman, Organizer

Consent of Appointment by the Registered Agent

I, Richard E. Huffman, hereby give my consent to serve as the registered agent for SK East, LLC.

DATED: September 22, 2014.


Richard E. Huffman, Registered Agent



Secretary of State

Jason M. Gant

State Capitol | 500 E. Capitol Ave. | Pierre, South Dakota 57501 | sdsos@state.sd.us | sdsos.gov

Return To: DEMERSSEMAN JENSEN TELLINGHUISEN & HUFFMAN LLP CURTIS S JENSEN
PO BOX 1820
RAPID CITY, SD 57709

From: Secretary of State Jason M. Gant
Corporations Division

Filing Date: 09/24/2014

Re: SK East, LLC (DL040441)
Articles of Organization

The documents on behalf of SK East, LLC have been received and filed. Attached is the Certificate along with a receipt for the filing fee of \$200.00. Below is a summary of the transaction.

Remitter	Address	Amount Paid
DEMERSSEMAN JENSEN TELLINGHUISEN & HUFFMAN LLP CURTIS S JENSEN	PO BOX 1820 RAPID CITY, SD 57709	\$200.00
Total:		\$200.00

Description	Invoice Date	Qty	Receipt #	Subtotal
Articles of Organization	09/29/2014	1	235059	\$150.00
Expedited	09/29/2014	1	235059	\$50.00
Refunds	09/29/2014	1	235059	\$0.00
Total:				\$200.00

Administration

Tel: (605) 773-3537
Fax: (605) 773-6580

Corporations

Tel: (605) 773-4845
Fax: (605) 773-4550

Uniform Commercial Code

Tel: (605) 773-3537
Fax: (605) 773-6580



State of South Dakota



OFFICE OF THE SECRETARY OF STATE

Certificate of Organization Domestic LLC

ORGANIZATIONAL ID# DL040440

I, **Jason Gant**, Secretary of State of the State of South Dakota, hereby certify that the Articles of Organization of

KS West, LLC

duly signed and verified, have been received in this office and are found to conform to law.

ACCORDINGLY, and by virtue of the authority vested in me by law, I hereby issue this Certificate of Organization and attach hereto a duplicate of the Articles of Organization.

IN TESTIMONY WHEREOF,
I have hereunto set my hand and
affixed the Great Seal of the
State of South Dakota, at Pierre,
the Capital, this 09/24/2014.



Jason M. Gant
Secretary of State

9/29/2014 2:31:00 PM
Change ID: 1197448

Filed this 24th day of September 2014
Jason Sand
SECRETARY OF STATE

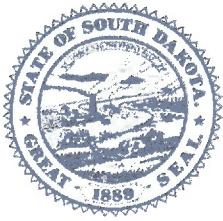
ARTICLES OF ORGANIZATION
OF A
DOMESTIC LIMITED LIABILITY COMPANY

RECEIVED
SEP 24 2014
S.D. SEC. OF STATE

1. The name of the limited liability company is KS West, LLC.
2. The duration of the company is perpetual.
3. The street and mailing address of the initial designated office is 528 Kansas City Street, Suite 4, South Dakota 57701.
4. The name and street address of the initial agent for service of process is Hani Shafai, 528 Kansas City Street, Suite 4, Rapid City, South Dakota 57701.
5. The name and address of the organizer is Curtis S. Jensen, 516 Fifth Street, Rapid City, South Dakota 57701-2703.
6. The company is to be member-managed.
7. No members of the company are to be liable for its debts and obligations under SDCL 47-34A-303(c).
8. There are no other provisions which the members elect to set out in these Articles of Organization.

DATED: September 22, 2014.

Curtis S. Jensen
Curtis S. Jensen, Organizer



Secretary of State

Jason M. Gant

State Capitol | 500 E. Capitol Ave. | Pierre, South Dakota 57501 | sdsos@state.sd.us | sdsos.gov

Return To: DEMERSSEMAN JENSEN TELLINGHUISEN & HUFFMAN LLP CURTIS S JENSEN
PO BOX 1820
RAPID CITY, SD 57709

From: Secretary of State Jason M. Gant
Corporations Division

Filing Date: 09/24/2014

Re: KS West, LLC (DL040440)
Articles of Organization

The documents on behalf of KS West, LLC have been received and filed. Attached is the Certificate along with a receipt for the filing fee of \$200.00. Below is a summary of the transaction.

Remitter	Address	Amount Paid
DEMERSSEMAN JENSEN TELLINGHUISEN & HUFFMAN LLP CURTIS S JENSEN	PO BOX 1820 RAPID CITY, SD 57709	\$200.00
Total:		\$200.00

Description	Invoice Date	Qty	Receipt #	Subtotal
Articles of Organization	09/29/2014	1	235054	\$150.00
Expedited	09/29/2014	1	235054	\$50.00
Refunds	09/29/2014	1	235054	\$0.00
Total:				\$200.00

Administration

Tel: (605) 773-3537
Fax: (605) 773-6580

Corporations

Tel: (605) 773-4845
Fax: (605) 773-4550

Uniform Commercial Code

Tel: (605) 773-3537
Fax: (605) 773-6580



EXHIBIT A
BUFFALO CROSSING
PUBLIC IMPROVEMENTS EXHIBIT
RAPID CITY, SOUTH DAKOTA
OCTOBER 28, 2015

FUTURE SIGNAL

CATRON BLVD

HIGHWAY 16

DRAINAGE AND GREEN
SPACE
EASEMENT

HEALING WAY

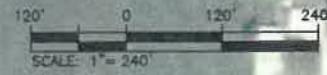
12" WATER MAIN

FUTURE WATER TANK
LOCATION

LEGEND

-  STREET/UTILITY IMPROVEMENTS
-  SIGNALIZED INTERSECTION
-  WATER MAIN

**PRELIMINARY
FOR REVIEW ONLY**



**DREAM DESIGN
INTERNATIONAL, INC.**
CIVIL ENGINEERING, LANDSCAPE ARCHITECTURE,
LAND PLANNING, CONSTRUCTION ADMINISTRATION
528 KANSAS CITY STREET, SUITE 4, RAPID CITY, SD 57701
PHONE: (605) 348-0538 FAX: (605) 348-0545 WWW.DREAMDESIGNINC.COM

PRELIMINARY
FOR REVIEW ONLY

TO REGIONAL HOSPITAL &
REGIONAL AIRPORT

FUTURE SIGNALIZED
FULL ACCESS

HIGHWAY 16

MOUNT RUSHMORE

MEDICAL
FACILITY

RESTAURANT

CONVENIENCE
STORE

VITA COURT

HOTEL

RETAIL/ OFFICE
COMPLEX

DAUGAARD COURT

SCOTTISH RITE
CHILDREN'S
CLINIC

TRANSITIONAL
REHAB FACILITY

BLACK HILLS
OF HOPEDIC
& SPINE
CENTER

JORDAN DRIVE

BLACK HILLS
DERMATOLOGY

HEALING WAY

REVELTS COURT

ADDISON AVE.

PROFESSIONAL
OFFICES

ADDISON AVE.

EXHIBIT B
BUFFALO CROSSING
SITE PLAN EXHIBIT
RAPID CITY, SOUTH
DAKOTA
DECEMBER 2015



PRELIMINARY
FOR REVIEW ONLY

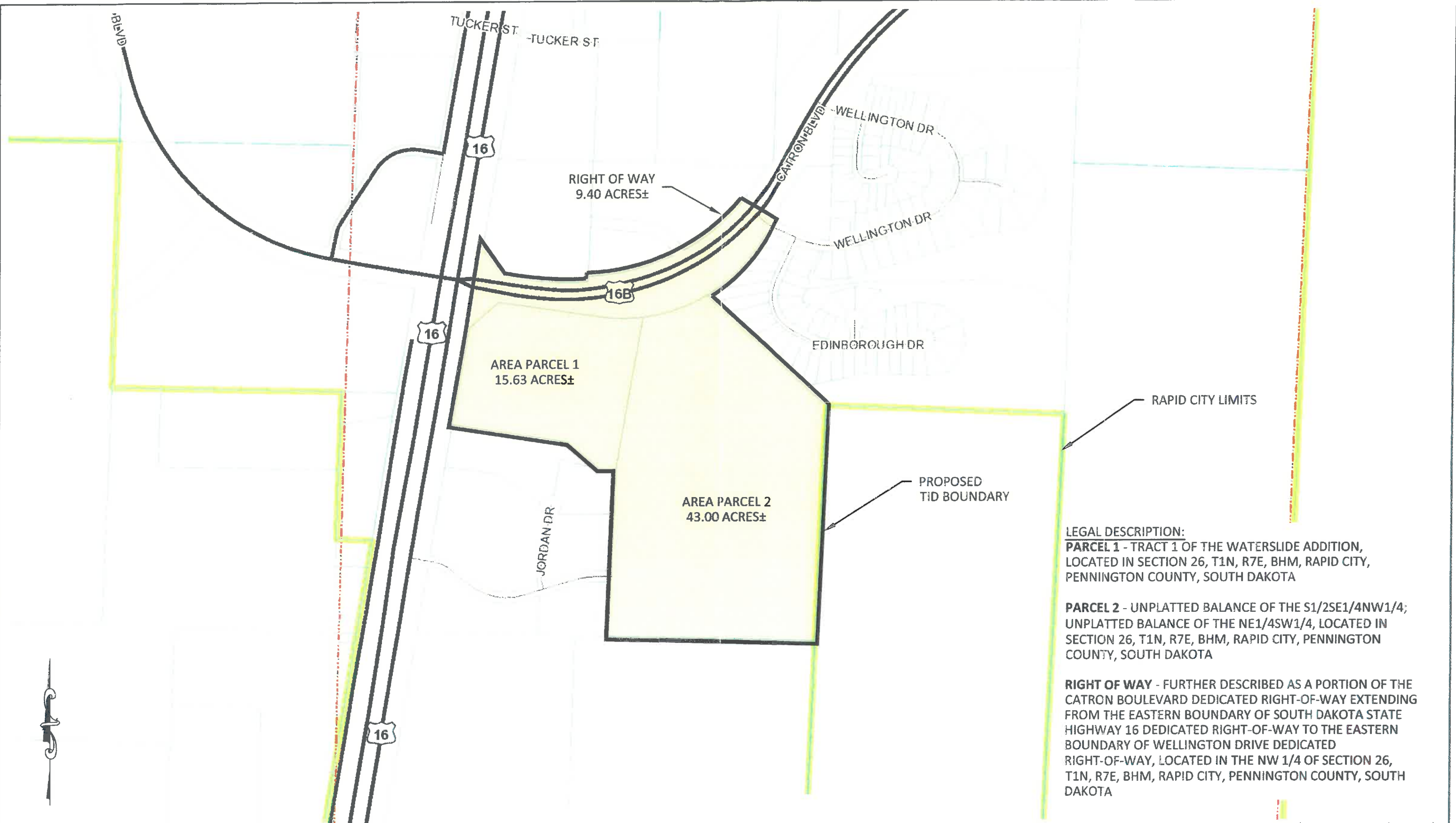
X:\700-749\703 Promise Road\Drawings\EXHIBITS\Master Plan\Overall Master Plan 11.25.15.dwg 12/17/2015 9:19am



**DREAM DESIGN
INTERNATIONAL, INC.**

CIVIL ENGINEERING, LANDSCAPE ARCHITECTURE,
LAND PLANNING, CONSTRUCTION ADMINISTRATION
528 KANSAS CITY STREET, SUITE 4, RAPID CITY, SD 57701
PHONE: (605) 348-0538 FAX: (605) 348-0545 WWW.DREAMDESIGNINC.COM

X:\700-749\703 Promise Road\Drawings\EXHIBITS\TID EXHIBITS\BOUNDARY.dwg 12/17/2015 9:12am



LEGAL DESCRIPTION:
PARCEL 1 - TRACT 1 OF THE WATERSLIDE ADDITION, LOCATED IN SECTION 26, T1N, R7E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

PARCEL 2 - UNPLATTED BALANCE OF THE S1/2SE1/4NW1/4; UNPLATTED BALANCE OF THE NE1/4SW1/4, LOCATED IN SECTION 26, T1N, R7E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

RIGHT OF WAY - FURTHER DESCRIBED AS A PORTION OF THE CATRON BOULEVARD DEDICATED RIGHT-OF-WAY EXTENDING FROM THE EASTERN BOUNDARY OF SOUTH DAKOTA STATE HIGHWAY 16 DEDICATED RIGHT-OF-WAY TO THE EASTERN BOUNDARY OF WELLINGTON DRIVE DEDICATED RIGHT-OF-WAY, LOCATED IN THE NW 1/4 OF SECTION 26, T1N, R7E, BHM, RAPID CITY, PENNINGTON COUNTY, SOUTH DAKOTA

EXHIBIT C
RUSHMORE CORRIDOR REDEVELOPMENT TID
BOUNDARY EXHIBIT
 RAPID CITY, SOUTH DAKOTA
 DECEMBER, 2015



PRELIMINARY
FOR REVIEW ONLY



DREAM DESIGN
INTERNATIONAL, INC.

CIVIL ENGINEERING, LANDSCAPE ARCHITECTURE,
 LAND PLANNING, CONSTRUCTION ADMINISTRATION
 528 KANSAS CITY STREET, SUITE 4, RAPID CITY, SD 57701
 PHONE: (605) 348-0538 FAX: (605) 348-0545 WWW.DREAMDESIGNING.COM