



***Pennington County***  
***Commissioners***

315 Saint Joseph Street, Suite 156  
Rapid City, SD 57701  
(605) 394-2171  
Fax – (605) 394-6833

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August 7, 2008

Office of the Mayor  
Mayor Alan Hanks  
300 6<sup>th</sup> Street  
Rapid City, SD 57701

Dear Mayor Hanks:

Ref: Tax Increment Financing (TIF) Districts

At the past two County Commission Meetings, the Commission has had discussion on the use of Tax Increment Financing Districts. The Commission does feel that TIF's are a good economic tool if used appropriately.

Our current county liaison to the TIF Committee, Commissioner Schmidt, has briefed us on several aspects of the TIF Committee. It is our understanding that the City may discontinue the TIF Committee and give responsibility for TIF review to Growth Management (City Planning Department).

It is the desire of the Pennington County Commission that if the City decides to continue the TIF Committee that Pennington County be allowed a liaison position so that the concerns of the County can be expressed.

Your favorably consideration is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Young".

Brenda Young, Chair  
Pennington County Board of Commissioners



August 18, 2008

City of Rapid City  
Attn: Marcia Elkins  
300 6<sup>th</sup> Street  
Rapid City, SD 57701

RE: Proposed TIF Guidelines

Dear Marcia,

I can offer my perspective to you on Committee Recommendation No. 4 in the Draft "Final Report" from the Tax Increment Financing Guidelines Review Committee that sets some of the financing terms for funding of the tax increment improvements.

As currently written, the guideline would reduce our interest in participating in Tax Increment Financing in the future, especially larger ones.

First, our primary funding sources come from the local community through deposits (checking, savings, money markets and time deposits). The majority of deposits re-price in one year or less. Therefore, a rate lock period of five years could create a funding mismatch that may last up to four years and can materially affect earnings and bring about regulatory scrutiny.

Second, the "rate index" chosen is used as a tool to manage funding costs and interest rate risk. A mandate on the specific index and margin would diminish our interest in participating Tax Increment Financing as restricts our ability to manage risks to earnings.

Third, a substantial amount of preliminary work is required before a contract for construction is executed. Not allowing interest expense until construction is slated to begin within 20 days does not appear realistic for the developer or lender.

Fourth, setting a rate change at the time improvements are deemed substantially complete is not directly related to transaction risk or funding costs. Completion of the Tax Increment District improvements by themselves does not equal an

709 MAIN STREET RAPID CITY, SD 57701 PH: 1-605-399-BANK (2265) or 1-877-965-2265 WWW.BANKWEST-SD.COM

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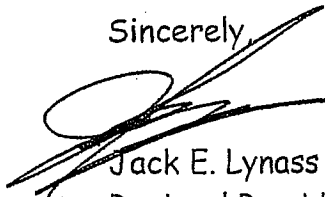
acceleration of the tax increment (cash flow) sufficient to retire the TIF loan. It is the additional "value added" improvements, such as residential and commercial structures that accelerate the cash flow, which in turn retires the TIF loan. Loan pricing is directly related to the risk level of the transaction and the cost of funds lent to complete the improvements.

Finally, the TIF loan can be refinanced via revenue bonds issued by the City at any time. Realistically, revenue bonds would be available when TIF cash flows become predictable near years four or five. A prepayment penalty may be appropriate. This will enhance our yield for taking the upfront risk if the intent is to payoff the original TIF loan when transaction risk has been greatly diminished.

I have attached an Exhibit A to reflect the changes needed to the proposed language on Committee Recommendation No. 4 in the Draft "Final Report" from the Tax Increment Financing Guidelines Review Committee for our continued participation in Tax Increment Financing.

If you have any questions for me regarding this letter, I can be reached directly at (605) 399-4101.

Sincerely,



Jack E. Lynass  
Regional President

## EXHIBIT A

The Committee recommends that the City Council approve the following revised language modifying the recently approved Interest Rate Bench Mark language:

The Tax Increment Finance interest rate shall not exceed nine (9) percent. ~~No interest expense will be allowed until a contract for construction to begin within 20 days is executed by the developer.~~ During the construction phase of the project the interest rate shall not exceed nine (9) percent. ~~Upon substantial completion of the improvements, or within 5 years, whichever is less, the rate shall be reset at not more than three (3) percent over the published ten (10) year U.S. Treasury rate not to exceed nine (9) percent. That rate shall remain in effect for a five year period, at which time it will be reset using the same formula.~~ The City shall also retain the right to refinance any Tax Increment Finance through the use of Revenue Bonds or any other funding source available during the life of the Tax Increment Finance. ~~In case of a dispute as to the date of substantial completion, the City Council's determination shall be final.~~

Marcia:

Since the general public will not be able to speak at the July 10th meeting, it is not worth my while to attend, and I have some serious concerns about some of the proposed changes. And, yes I will try my best to attend the public hearing on July 27th.

So on with my concerns.

Page 6 - Items 7, 12 & 13 should be deleted! #7 - Why should we as taxpayers pay for the demolition of existing structures, like the \$1.5 million on Founders Park.

#12 - Again the discretion of the City Council should not allow for other frivolous give-aways. # 13 - Why on earth should taxpayers pay for the remodeling, repair or alteration of existing buildings, THAT'S INSANE!!!! Doesn't this City expect a developer to pay for any thing?

Under Project Costs Not Allowed: There should be a period after the word allowed, with the rest of the sentence being deleted.

Page 7 - # 2 is a direct conflict with the previous page where the City is allowing everything under the sun to be paid for by the taxpayers. # 9 - Why is all the i.e. costs a responsibility of the taxpayers, again, doesn't the City expect the developer to pay for anything?

Page 8 - It seems to me that item # 4 has the cart before the horse, you are going to publish a notice for a public hearing by the City Council before it is approved by # 5 the Planning Commission. That just proves my contention that the Planning Commission is nothing but a rubber stamp committee for the City Council.

Page 9 - The very top of the page, resubmission cannot occur for 180 days from the date of denial and payment of a new fee. Without this the project and costs to the City for staff time will be just as wasteful as you have now by allowing a developer to keep continuing in perpetuity.

I have other concerns, but these are the major ones that I hope can be changed before the public hearing.

Fred Weishaupl

**Fred W. Weishaupl**  
**2602 Springbrook Rd.**  
**Rapid City, SD 57702**  
**(605) 342-1928**  
**fredandkaryl@rap.midco.net**

July 23, 2008

Tax Increment Finance  
Project Review Committee  
City of Rapid City  
300 Sixth St.  
Rapid City, SD 57701

**RE: Draft of TAX INCREMENT FINANCING IN RAPID CITY**

To Whom it May Concern:

Listed below are my concerns with the Draft of the TIF revisions:

Page.4 - SDCL 11-9-10 number (4) What does "Insanitary" mean, I could not find it in my Funk & Wagnall's and even my computer says it is not a word. Just because it is in the State Codes does not make it correct or even a word. So what does it mean?

The definition of 'blight' is inadequate and needs to be more definitive. I realize that a definition is in the State Codes; however, a City or Community can insert a more definitive definition of the word and I think it is imperative that this is done in Rapid City, OR THE CITY COUNCIL'S PRESENT AND FUTURE CAN STILL GIVE AWAY THE FARM AS HAS BEEN DONE IN THE PAST.

Page 6 - item # 7 - Why should we as taxpayers foot the bill of demolition of existing structures, like the \$1.5 million in Founders Park.

Item # 12 - Again the discretion of the City Council should not allow for frivolous give away to anyone that asks. THIS ITEM SHOULD BE DELETED IN ITS ENTIRETY!

Item # 13 - Why on earth should taxpayers pay for the remodeling, repair or alteration of existing buildings - THAT'S INSANE!!!! Doesn't this City expect the developer to pay for anything? THIS ITEM SHOULD BE DELETED IN ITS ENTIRETY!

Under Project Costs Not Allowed: There should be a period after the word allowed, with the rest of the sentence being deleted.

Page 7 - item # 2 is in direct conflict with the previous page where the City is allowing every thing under the sun and stars to be paid for by the taxpayers.

Item # 9 - Why are all the i.e. costs a responsibility of the taxpayers, again, doesn't the City expect the developer to pay for anything?

Page 8 - item # 4 - It seems to me that item # 4 has the cart before the horse, you are going to publish a notice for a public hearing by the City Council before it is approve by # 5, the Planning Commission. That pretty well proves my contention that the Planning Commission is nothing but a rubber stamp committee for the City Council.

Page 9 - The very top of the page, resubmission cannot occur for 180 days from the date of denial and payment of a new fee. Without this the project and costs to the City for staff time will be just as wasteful as you have now by allowing a developer to keep continuing a project in perpetuity. And a bad example of continuous continuation is the proposed Wal-Mart along Highway 16, which has been ongoing for over 2 years. All projects should have a time limit for the number of continuations and more fees need to be paid so that staff can justify spending time on a dead issue.

My last concern is, I have heard that the TIF Committee as we know it today is being done away with when these new guidelines are adopted. It is not stated in the TIF guide, so will the existing TIF Committee be disbanded???

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Fred Weishaupl', written in a cursive style.

Fred Weishaupl



# Canyon Lake

RESORT

605-388-8000 • Fax 605-388-0772  
2720 Chapel Lane, Rapid City, SD 57702  
www.canyonlakeresorts.com

7/24/2008

Re: Draft of Tax Increment Financing in Rapid City

The following are questions in regards to the possible creation of a Tax Increment District in the Canyon Lake/Chapel Valley area.

Can Tax Increment Financing be used currently and in the future to upgrade or build the following types of privately controlled utilities or infrastructure located in the city limits of Rapid City?

1. Lift Station
2. Water storage tank
3. Water lines
4. Roads

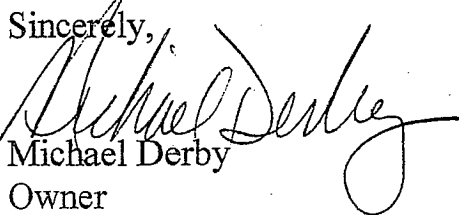
Can Tax Increment Financing be used to purchase land to create a pocket park?

Can Tax Increment Financing be used to demolish a Homeowner Association's tennis courts and create a pocket park?

Can a Tax Increment District encompass Canyon Lake Park and help finance dam and spillway repairs, a lake bypass system and dredging?

Thank you for the opportunity to ask these questions.

Sincerely,



Michael Derby  
Owner



# McMahon INVESTMENTS INC.

22345 W. NIKE RD. RAPID CITY SO. DAK. 57701

PH; 605 343-5955

July 24, 2008

In March 2008 I heard on the radio that a parcel of our property consisting of 140 Acres was included in a TIF for the Brookfield Development. When I went to talk to Karen Bulman I found out that another 140 Acre parcel of our property was included in a TIF for the Disk Dr. extension to Kohl's without our knowledge and consent. This property wasn't even connected to Disk Dr. it is 1/4 mile away. Taking property owners land into TIF'S without their knowledge and consent just isn't right. In the future I hope the TIF Committee and City Council changes the way things are done. I would hope that they make it mandatory that the TIF Applicant notifies landowners who they want to include in their TIF. The landowners may have plans for their own land.

In the future when it comes time to develop our property we want to have the ability to use all of our property in a TIF if at all possible. We don't want to be sitting in second position on property that we have owned for almost 50 years.

Thank you for your consideration.



Paul Evans  
McMahon Investments Inc.

**Mitchell Sharlene**

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**From:** Site Administrator - www.RCGov.org [jean.hawkinson@rcgov.org]  
**Sent:** Tuesday, July 29, 2008 5:19 PM  
**To:** Mitchell Sharlene  
**Subject:** Notification from www.RCGov.org - A user has submitted a form request.

A user has submitted a request from the web site, www.rcgov.org.

Date: Tuesday, July 29, 2008 at 5:19:28 PM  
Form: [http://rcgov.org/planning/committeeminutes/tif/tif\\_comment3.htm](http://rcgov.org/planning/committeeminutes/tif/tif_comment3.htm)  
User IP Address: 24.220.254.128

-----  
The following information was supplied by the user.  
-----

a-subject: TIF Guidelines Comments  
c-Name: Nancy Jensen  
d-Address: 5440 Plains Vista Court  
e-Phone: 399-9559  
f-EmailAddress: ndjensen@wescomm.com  
g-I (We) have the following comments regarding the current Tax Increment Financing Policy:  
After attending many of the meetings these past several months, I feel that alot of your changes are good. However, I still feel the blight issue has been abused and bent beyond all forms of it's original intention.

j-Submit: Submit

## Mitchell Sharlene

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**From:** Site Administrator - www.RCGov.org [jean.hawkinson@rcgov.org]  
**Sent:** Tuesday, July 29, 2008 6:01 PM  
**To:** Mitchell Sharlene  
**Subject:** Notification from www.RCGov.org - A user has submitted a form request.

A user has submitted a request from the web site, www.rcgov.org.

Date: Tuesday, July 29, 2008 at 6:00:32 PM  
Form: [http://www.rcgov.com/planning/committeeminutes/tif/tif\\_comment3.htm](http://www.rcgov.com/planning/committeeminutes/tif/tif_comment3.htm)  
User IP Address: 24.220.254.128

-----  
The following information was supplied by the user.  
-----

a-subject: TIF Guidelines Comments  
c-Name: Nancy Jensen  
d-Address: 5440 Plains Vista Court  
e-Phone: 399-9559  
f-EmailAddress: ndjensen@wescomm.com  
g-I (We) have the following comments regarding the current Tax Increment Financing Policy: Please forgive the previous message, I seem to have hit a key that I was not intending to hit as I was not ready to submit my comments, I was continuing to type but my comments were submitted incompleated. Hopefully you can paste this together with the previous sentences? (continued) We live in a pretty unique city with lots of areas that should not be classified as blighted, they should be incorporated into the city instead of being leveled and filled in to accomodate the whims of the developer. This city is at the mercy of the competence of the people who are chosen to serve on the many boards and the quality of the city employees who make the big decisions. I can only hope that in the future we will have people who are farsighted enough to see that destroying the exisiting landscape and replacing it with concrete and asphalt is not the answer. I would like to see the blighted sec  
tion of this project revisited with specific warnings that these type of areas be handled with the utmost conservation and minimal destruction of their original state. Just because we have the power and capability with the use of earth moving equipment to level an area does not mean it is right to do so. I can think of more than one area in this city where it seems pretty dumb. Thank you for your attention.  
j-Submit: Submit

## Mitchell Sharlene

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**From:** Site Administrator - www.RCGov.org [jean.hawkinson@rcgov.org]  
**Sent:** Tuesday, July 29, 2008 6:58 PM  
**To:** Mitchell Sharlene  
**Subject:** Notification from www.RCGov.org - A user has submitted a form request.

A user has submitted a request from the web site, [www.rcgov.org](http://www.rcgov.org).

Date: Tuesday, July 29, 2008 at 6:58:03 PM  
Form: [http://www.rcgov.com/planning/committeeminutes/tif/tif\\_comment3.htm](http://www.rcgov.com/planning/committeeminutes/tif/tif_comment3.htm)  
User IP Address: 208.107.138.178

-----  
The following information was supplied by the user.  
-----

a-subject: TIF Guidelines Comments  
c-Name: Sally Broucek  
d-Address: 412 Tamarack Dr.  
e-Phone: 605-343-8855  
f-EmailAddress: [sdbroucek@rap.midco.net](mailto:sdbroucek@rap.midco.net)  
g-I (We) have the following comments regarding the current Tax Increment Financing Policy:  
I feel no TIF should be used to help Developers pay for moving dirt and filling gullies.  
The city should be very careful what they spend this money on, it does take tax money out  
of the budget for a number of years. Maybe there should be a cap on them like \$5,000,000.  
Also if you need money for a project float a bond for it.  
j-Submit: Submit

## Mitchell Sharlene

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**From:** Site Administrator - www.RCGov.org [jean.hawkinson@rcgov.org]  
**Sent:** Tuesday, July 29, 2008 7:02 PM  
**To:** Mitchell Sharlene  
**Subject:** Notification from www.RCGov.org - A user has submitted a form request.

A user has submitted a request from the web site, www.rcgov.org.

Date: Tuesday, July 29, 2008 at 7:01:53 PM  
Form: [http://www.rcgov.com/planning/committeeminutes/tif/tif\\_comment3.htm](http://www.rcgov.com/planning/committeeminutes/tif/tif_comment3.htm)  
User IP Address: 208.107.138.178

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The following information was supplied by the user.  
-----

a-subject: TIF Guidelines Comments  
c-Name: Sally Broucek  
d-Address: 412 Tamarack Dr.  
e-Phone: 605-343-8855  
f-EmailAddress: sdbroucek@rap.midco.net  
g-I (We) have the following comments regarding the current Tax Increment Financing Policy:  
I feel no TIF should be used to help Developers pay for moving dirt and filling gullies.  
The City should be very careful what they spend this money on, it does take tax money out  
of the budget for a number of years. Maybe there should be a cap on them like \$5,000,000.  
Also if you need money for a project float a bond for it.

Also there will be no extra sales tax from a business if it just moves from one location  
to another, such as Scheels, Target, Denver Mattress, Sams Club and etc. So where is all  
this tax going to come from to benefit the City?

j-Submit: Submit