Planning Commission Meeting Agenda
City Council Chambers, City Hall, 612 N. Main Street
February 27, 2023

1. **Call to Order**
2. **Roll Call**
3. **Declaration Of Conflicts Of Interests**
4. **Approve Agenda**
5. **Approve Previous Minutes-2-13-23**
6. **Schedule Next Meeting-3-13-23 @ 12:00 P.M.**
7. **Plat: Lot 1 of Albrecht's Addition in the NE ¼ of Section 18, T 103 N, R 60 W of the 5th P.M., Davison County, South Dakota; as requested by Bruce Albrecht.**
8. **Hearing and Action on Establishing the Boundaries and Approval of the Project Plan for Tax Increment Financing District #29.**
9. **Other Business:**
10. **Public Input:**
    If you need to address the Board on an item that was not on the agenda, excluding personnel items, please come forward to the podium and state your name and your concern. Presentations are limited to three minutes. Items will be considered but no action will be taken at this time.
11. **Adjourn**

Individuals with disabilities who require special assistance to take part in this meeting may contact one of the following at City Hall (605) 995-8420 at least 24 hours prior to the meeting with requests for assistance: Human Resources Officer or the City Administrator.

Planning Commission Minutes

City Council Chambers, City Hall, 612 N. Main Street

February 13, 2023

1. Call to Order

Chairperson Larson called the February 13, 2023 City Planning Commission Meeting to order at 12:00 P.M. noon in the Council Chambers, City Hall, 612 N Main Street.

2. Roll Call

Quorum is met, simple majority vote required for all items.
Present: Allen, Genzlinger, Jirsa (telephonically), Larson, Osterloo, Schmitz, Sonne.
Absent: Penney
Staff Present: Ellwein, Mayor Everson, Hegg, Jenniges, J Johnson, Schroeder.

3. Declaration Of Conflicts Of Interests

None.

4. Approve Agenda

Motion by Schmitz, seconded by Sonne to approve the proposed agenda. Roll call vote: Genzlinger – aye, Jirsa – aye, Larson – aye, Osterloo – aye, Penney – absent, Schmitz – aye, Sonne – aye. 6 aye, 0 nay, 1 absent; motion carried.

5. Approval of Previous Minutes

Motion by Genzlinger, seconded by Schmitz to approve the proposed minutes of the January 23, 2023 Planning Commission meeting. Roll call vote: Genzlinger – aye, Jirsa – aye, Larson – aye, Osterloo – aye, Penney – absent, Schmitz – aye, Sonne – aye. 6 aye, 0 nay, 1 absent; motion carried.

6. Schedule Next Meeting

Motion by Genzlinger, seconded by Osterloo to set the date for the next Planning Commission meeting for February 27, 2023. Roll call vote: Genzlinger – aye, Jirsa – aye, Larson – aye, Osterloo – aye, Penney – absent, Schmitz – aye, Sonne – aye. 6 aye, 0 nay, 1 absent; motion carried.

7. Plan Approval: Pro Contracting-1905 W Havens, zoned Highway Business District

Jenniges explained the applicant would like to put an addition on of 100' x 60'. This would be built over an existing gravel lot. Jenniges said that Hegg has seen the plans and it will meet the building code and does not need to be sprinkled. The applicant was not present to answer questions.

Public Works Director Schroeder stated that due to the building being erected on existing gravel, no drainage plan is required with the building permit.

Motion by Genzlinger, seconded by Jirsa to approve the plan. Roll call vote: Genzlinger – aye, Jirsa – aye, Larson – aye, Osterloo – aye, Penney – absent, Schmitz – aye, Sonne – aye. 6 aye, 0 nay, 1 absent; motion carried.

8. Rezoning: William Wittstruck-1005 S Kimball St and lot to the south

Jenniges explained that notices were published in the official newspaper and letters sent to neighbors with three letters returned in favor that made the packet and one in favor that did not make the packet, but there were no comments on it. Jenniges stated the applicant came in for a building permit to build a shed, but in R3 you can not have an accessory building without a dwelling, so the applicant applied for the rezone. The applicant was present to answer questions.

Wittstruck said he would like to build a 40' x 60' storage shed that will look nice and fit in the neighborhood. He plans to drain the building to the east road.

Public Works Director Schoeder noted that the lot is not over 1 acre, so no drainage plan is required. Jenniges stated that if this were to be rezoned, the site plan would still have to come before this board before a building permit can be approved.

Motion by Schmitz, seconded by Jirsa to recommend approval of the rezone. Roll call vote: Genzlinger – aye, Jirsa – aye, Larson – aye, Osterloo – aye, Penney – absent, Schmitz – aye, Sonne – aye. 6 aye, 0 nay, 1 absent; motion carried.

9. Other Business:

None.

10. Public Input:

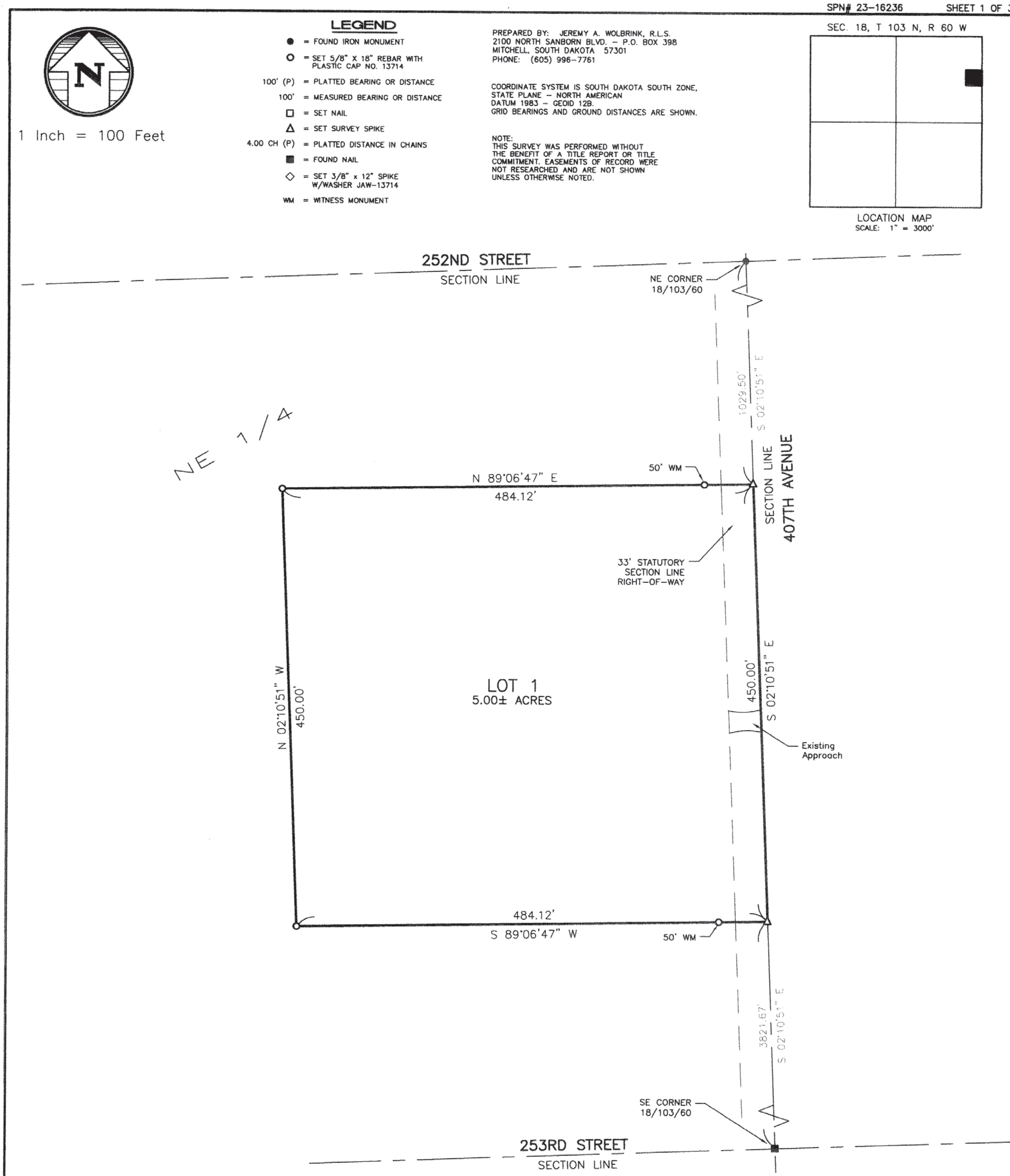
None.

11. Adjourn

Chairperson Larson adjourned the meeting at 12:08 P.M.

____

Jay A. Larson
Planning Commission Chairperson



A PLAT OF LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA

SURVEYOR'S CERTIFICATE

I, Jeremy A. Wolbrink, the undersigned, do hereby certify that I am a Registered Land Surveyor in and for the State of South Dakota. At the request of Bruce Albrecht, as owner, and under his direction for purposes indicated therein, I did on or prior to January 8, 2023, survey those parcels of land described as follows: LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA. In my professional opinion and to the best of my knowledge, information and belief, the within and foregoing plat is true and correct.

Dated this 14TH day of FEBRUARY, 2023.

Registered Land Surveyor #SD13714

REGISTERED LAND SURVEYOR REG. NO. 13714 JEREMY A. WOLBRINK SOUTH DAKOTA
2-14-23

SPN & Associates
Engineers, Planners and Surveyors
2100 North Sanborn Blvd. - P.O. Box 398 Mitchell, South Dakota 57301
Phone: (605) 996-7761 Fax: (605) 996-0015

A PLAT OF LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA

OWNER'S CERTIFICATE, DEDICATION AND AGREEMENT OF PROTECTION OF WATER

KNOW ALL MEN BY THESE PRESENTS that I hereby certify that I am the absolute and unqualified owner of all of the land included in the within and foregoing plat; the plat is of a parcel of ground located in THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA; that the plat has been made at my request and under my direction for the purposes indicated therein; which said property as so surveyed and platted shall hereafter be known as LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, as shown by this plat; and I hereby dedicate to the public, for public use forever as such, the streets, alleys and easements, if any, as shown and marked on said plat; and that development of the land included within the boundaries of said Lot 1 shall conform to all existing applicable zoning, subdivision, erosion, sediment control and drainage regulations and ordinances; further that there now exists 407th Avenue. Pursuant to SDCL 11-3-8.1 and 11-3-8.2 the developer of the property described within this plat shall be responsible for protecting any waters of the state located adjacent to or within such platted area from pollution from sewage from such subdivision and shall, in prosecution of such protections conform to and follow all regulations of the South Dakota Department of Agriculture and Natural Resources relating to the same. Additionally, the developer of the property described within this plat shall be liable for any pollution that occurs from failure to execute such protections or follow such regulations, exception being those lots in subdivisions that show documentation that wastewater drainage shall be connected to a municipal system.

IN WITNESS WHEREOF, I have hereunto set my hand this _______ day of ________________, 2023.

____
Bruce Albrecht

STATE OF SOUTH DAKOTA)
)SS
COUNTY OF DAVISON)

On this, the _______ day of _______________, 2023, before me, ______________________________, the undersigned officer, personally appeared Bruce Albrecht, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

____
Notary Public, South Dakota
My Commission Expires:_____________________

RESOLUTION OF CITY PLANNING COMMISSION

WHEREAS, the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, prepared by Jeremy A. Wolbrink, duly licensed Land Surveyor in and for the State of South Dakota, heretofore filed in the office of the City Finance Officer of Mitchell, South Dakota, has been submitted to the City Planning Commission of the said City of Mitchell, South Dakota; and

WHEREAS, the City Planning Commission, in regular meeting assembled, had duly considered said plat and finds as a fact that said plat is in conformity and does not conflict with the Master Plan for the City of Mitchell, South Dakota, heretofore adopted by this Commission;

NOW THEREFORE, be it resolved by the City Planning Commission of Mitchell, South Dakota, that the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, prepared by Jeremy A. Wolbrink, a Land Surveyor, be and the same is hereby approved and its adoption by the City Council of the City of Mitchell, South Dakota, is hereby recommended.

The undersigned hereby certifies that the foregoing resolution was passed by the City Planning Commission of Mitchell, South Dakota, at a meeting thereof held on the _______ day of ___________________, 2023.

____
Chairperson/Vice-Chairperson of Mitchell City Planning Commission

RESOLUTION OF CITY COUNCIL

WHEREAS, it appears that the City Planning Commission of the City of Mitchell, South Dakota, did duly consider and did recommend the approval and adoption of the hereinafter described plat, at its meeting held on the ______ day of _________________, 2023; and

WHEREAS, it appears from an examination of the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, as prepared by Jeremy A. Wolbrink, a duly licensed Land Surveyor in and for the State of South Dakota, that said plat is in accordance with the system of streets and alleys set forth in the Master Plan adopted by the City Planning Commission of the City of Mitchell, South Dakota, and that such plat has been prepared according to law;

THEREFORE, be it resolved by the City Council of Mitchell, South Dakota, that the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, prepared by Jeremy A. Wolbrink, be and the same is hereby approved and the description set forth therein and the accompanying surveyor's certificate shall prevail.

The undersigned hereby certifies that the foregoing resolution was passed by the City of Mitchell, South Dakota, at a meeting held on the ________ day of __________________, 2023.

____
Finance Officer/Deputy Finance Officer of City of Mitchell

REGISTERED LAND SURVEYOR
13714
JEREMY A.
WOLBRINK
SOUTH DAKOTA
2-14-23

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A PLAT OF LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA

RESOLUTION OF COUNTY PLANNING COMMISSION

WHEREAS, the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, prepared by Jeremy A. Wolbrink, duly licensed Land Surveyor in and for the State of South Dakota, heretofore filed in the office of the County Auditor of Davison County, South Dakota, has been submitted to the County Planning Commission of the said County of Davison, South Dakota; and

WHEREAS, the County Planning Commission, in regular meeting assembled, had duly considered said plat and finds as a fact that said plat is in conformity and does not conflict with the Master Plan for the County of Davison, South Dakota, heretofore adopted by this Commission;

NOW THEREFORE, be it resolved by the County Planning Commission of Davison County, South Dakota, that the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, prepared by Jeremy A. Wolbrink, a Land Surveyor, be and the same is hereby approved and its adoption by the Board of Commissioners of the County of Davison, South Dakota, is hereby recommended.

The undersigned hereby certifies that the foregoing resolution was passed by the County Planning Commission of Davison County, South Dakota, at a meeting thereof held on the _______ day of ___________________, 2023.

____
Chairperson/Vice-Chairperson of Davison County
Planning Commission

RESOLUTION BY BOARD OF COUNTY COMMISSIONERS

Be it resolved by the Board of County Commissioners of Davison County, South Dakota, that the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, which has been submitted for examination pursuant to law, is hereby approved and the County Auditor is hereby authorized and directed to endorse on such plat a copy of this Resolution and certify the same.

____
Chairperson/Vice-Chairperson, Board of County Commissioners
of Davison County

AUDITOR'S CERTIFICATE

I do hereby certify that the above resolution was adopted by the Board of County Commissioners of Davison County, South Dakota, at a regular meeting held on ____________________, 2023, approving the above-named plat.

____
Auditor/Deputy Auditor, Davison County

CERTIFICATE OF HIGHWAY AUTHORITY

The location(s) of the existing approach(es) is/are hereby approved. Any change in the location(s) of the existing approach(es) shall require additional approval.

By:______________________________ Title:______________________________ Date:____________________
Highway Authority

CERTIFICATE OF COUNTY TREASURER

I hereby certify that all taxes which would, if not paid, be liens upon any of the land included in the within and foregoing plat, as shown by the records of my office, have been fully paid.

______________________________ ____________________
Treasurer/Deputy Treasurer, Davison County Date

DIRECTOR OF EQUALIZATION

I hereby certify that a copy of the plat of LOT 1 OF ALBRECHT'S ADDITION IN THE NE 1/4 OF SECTION 18, T 103 N, R 60 W OF THE 5TH P.M., DAVISON COUNTY, SOUTH DAKOTA, has been received by me and is filed in my office.

______________________________ ____________________
Director of Equalization/Deputy Director Date
of Equalization, Davison County

REGISTER OF DEEDS

STATE OF SOUTH DAKOTA)
)SS
COUNTY OF DAVISON)

FILED for record this ______ day of __________________, 2023, at ________________, and recorded in Book ________ of Plats on Page(s) ___________ therein and recorded on Microfilm Number ______________.

______________________________ By______________________________
Register of Deeds, Davison County Deputy

REGISTERED LAND SURVEYOR 13714 JEREMY A. WOLBRINK SOUTH DAKOTA
2-14-23

SPN & Associates
Engineers, Planners and Surveyors
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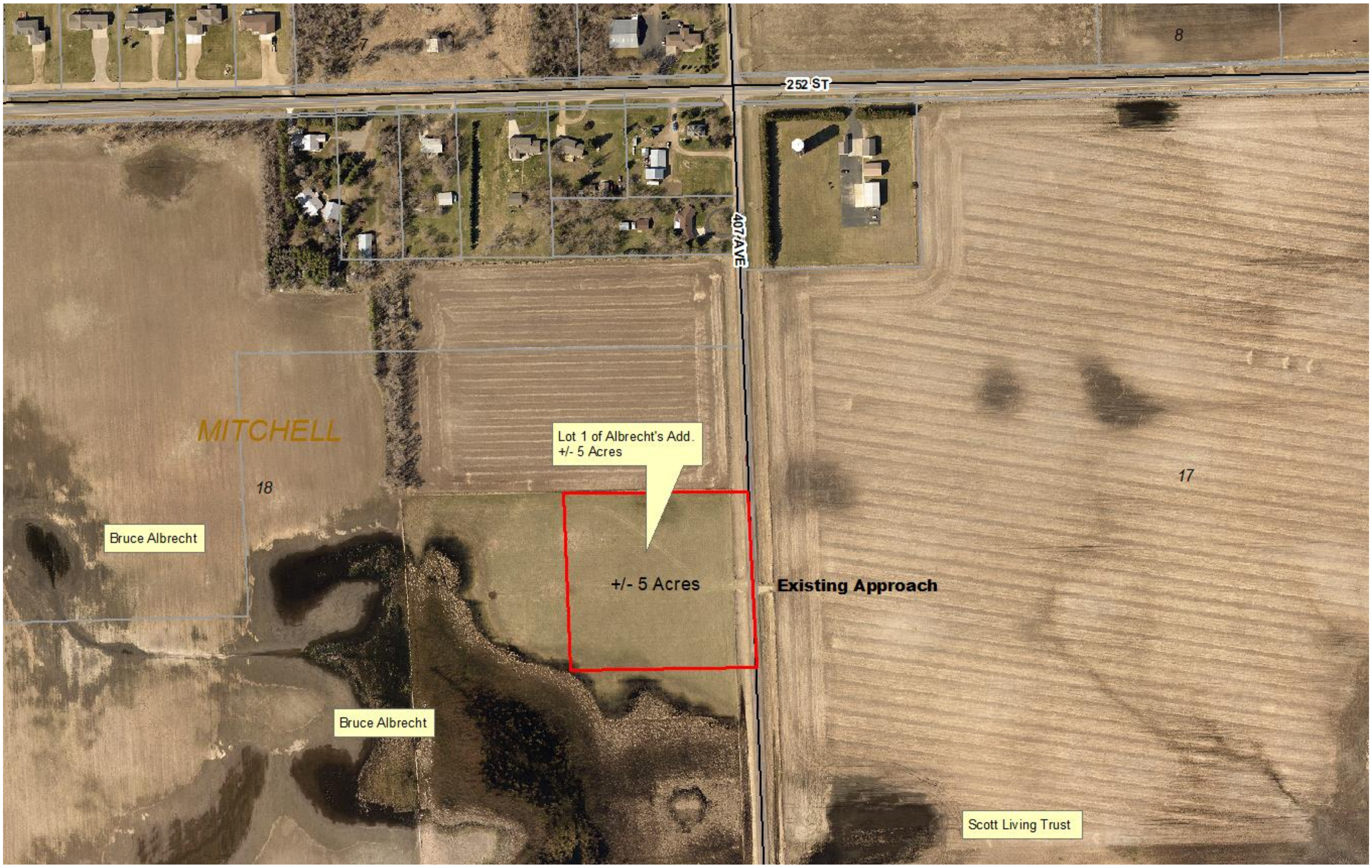

7
8
252 ST
407 AVE
MITCHELL
18
17
Lot 1 of Albrecht's Add.
+/- 5 Acres
+/- 5 Acres
Existing Approach
Bruce Albrecht
Bruce Albrecht
Scott Living Trust

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN to the general public and all interested parties that the City of Mitchell Planning Commission will conduct a public hearing and acted upon in the City Hall Council Chambers at 612 North Main Street, Mitchell, South Dakota at 12:00 pm (noon) on February 27, 2023 in regards to a proposed project plan and the establishment of boundaries for the proposed tax increment financing district known as City of Mitchell Tax Incremental District Number Twenty-Nine (29).

The following real property is to be included in this district and is legally described as follows:

LOTS SEVEN, EIGHT, NINE AND TEN, BLOCK 2, ORIGINAL TOWN (NOW) CITY OF MITCHELL, DAVISON COUTNY, SOUTH DAKOTA.

At the above stated time and place, all interested parties will be afforded a reasonable opportunity to express their views on the proposed creation of the Tax Incremental District and its proposed boundaries. The project plan may be viewed on the city's website at www.cityofmitchell.org. Following such hearing, the matter will be heard and acted upon by the Mitchell City Council on March 6, 2023 at 6:00 pm in the City Hall Council Chambers.

Dated this 9th day of February, 2023.

____
Michelle Bathke – Finance Officer

Published once: 15th day of February, 2023
Approximate publication cost: ____________

Tax Incremental District

Number 29

City of Mitchell, SD

Economic Development Project Plan

In conjunction with

JOHN ADAMO, Developer

Table of Contents

Introduction

Tax Increment Financing (TIF) is an incentive utilized by local governments to attract private development and investment. New investment equals new jobs, more customers, and in turn, more investment opportunity. Additionally, TIFs are used to clean up blighted areas located within a city. The incentive can also help attract and retain existing businesses and workers that might otherwise find more attractive options elsewhere. The jobs and additional investment, both private and public, mean more money for the community. Tax Increment Financing helps to overcome costs that often prevent redevelopment, to include demolition and remodel costs in blighted areas of a community, and private investment from occurring in the community. As a result, the TIF area itself improves and property values increase.

Specifically, money for improvements and other incentives comes from the growth in property tax revenues - the tax increment. A tax increment is the difference between the amount of property tax revenue generated from property within the TIF district before TIF district designation and the amount of property tax revenue generated from property within the TIF district after TIF designation. Property taxes collected on properties included in the TIF at the time of its designation continue to be distributed to the city, school district, county and all other taxing districts in the same manner as if the TIF district did not exist. Only property taxes collected as a result of the incremental increase in the value of these properties after formation of the TIF district are available for use by the counties or cities to fund projects costs in the TIF district.

In addition to increasing property valuation, creating a Tax Increment District for the benefit of economic development can mean revitalizing downtown/core business districts of cities in South Dakota that have deteriorated over time, causing businesses to leave the downtown area and relocate, sometimes in other communities, leading to a “blighted” downtown core business area. It is up to local communities to attempt to revitalize and bring downtown districts back to “life” by maintaining historic downtown buildings, providing remodeled and attractive housing options in the downtown business area and new retail businesses. Using Tax Increment Financing is one of the most powerful economic development that helps accomplish revitalizing “blighted” areas which, in turn, creates jobs and economic development, to include additional sales tax for cities local communities and the State of South Dakota.

A local government, per South Dakota Codified Law, Chapter 11-9, can designate a specific area within its boundaries as a redevelopment area appropriate for a TIF district and prepare a plan for development. TIF projects must be recommended for approval by the County or City Planning Commission and the County or City Commission/Council.

Purpose & General Definitions as used in this Plan

The property upon which this Tax Incremental District (TID) is proposed to be implemented is located within Davison County, South Dakota, and is located within the city limits of the City of Mitchell.

As such, the creation of City of Mitchell TIF #29 shall be conditioned upon the creation of the District by resolution, and the establishment of the TID boundaries and approval of the TID Project plan by the City of Mitchell Planning and Zoning Commission along with the City Council.

The purpose of this Plan, to be implemented by the City of Mitchell, South Dakota is to satisfy the requirements for a Tax Increment District Number #29 as specified in SDCL Chapter 11-9. The principal purpose of the Plan is to define eligible property and to define a Tax Increment Plan for funding eligible activities in an eligible area of the City. The Plan will describe the boundary, estimated costs, feasibility and fiscal impact of the District.

This Plan was prepared for adoption by the City Council in recognition that the area requires a coordinated, cooperative strategy, with financing possibilities, to promote economic development and accomplish the City's development objectives for improving the continued viability by promoting economic development within the City, and specifically the City's "Downtown Core Business District."

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, and to promote economic development throughout the District. The project will not proceed and is not economically feasible but for the use of Tax Incremental Financing.

Development in the area is anticipated to occur starting in the fall of 2022, with the potential for tax increment financing to provide the impetus and means to undertake this development at faster pace than might occur otherwise, but more importantly to ensure that the City's Core Downtown Business District continues its revitalization of Mitchell "Main Street."

The following terms found in this Plan are defined as the following:

"Base" or "Tax Incremental Base" means the aggregate assessed value of all taxable property located within a Tax Incremental District on the date the district is created, as determined by SDCL § 11-9-20.

"Blighted or Economic Development" SDCL § 11-9-8.

(1) Not less than twenty-five percent, by area, of the real property within the district is a blighted area or not less than fifty percent, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and

(2) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

"City Council" means the City of Mitchell, South Dakota

"Calendar Year" means the starting date of January 1 to an ending date of December 31.

"Department of Revenue" means the South Dakota Department of Revenue.

"Developer" means John Adamo.

"Developer's Agreement" means the agreement between Developer and City of Mitchell concerning this Tax Incremental District.

"District" means the Tax Incremental District.

"Economic Development" means all powers expressly granted and reasonably inferred pursuant to SDCL § 9-54.

"Fiscal year" means that fiscal year for City of Mitchell.

"Generally Applicable Taxes" shall have the same meaning as set forth in 26 CFR § 1.141-4(e).

"Governing body" means the Mitchell City Council, South Dakota.

"Grant" means the transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the municipality;

"Infrastructure Improvements" means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement, for the benefit of or for the protection of the health, welfare, or safety of the public generally.

"Plan" means this Project Plan.

"Planning Commission" means the Mitchell City Planning Commission South Dakota

"Project Costs" means any expenditure or monetary obligations by City of Mitchell, whether made, estimated to be made, incurred or estimated to be incurred, which are listed as Project Costs herein will include any costs incidental thereto but diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by City of Mitchell in connection with the implementation of this Plan.

"Project Plan" means a properly approved Plan for the development or redevelopment of a tax incremental district including all properly approved amendments thereto as recommended pursuant to SDCL§ 11-9-1 3.

"Public Works" means the Infrastructure Improvements, the acquisition by purchase or condemnation of real and personal property within the Tax Incremental District and the sale, lease, or other disposition of such property to private individuals, partnerships, corporations, or other entities at a price less than the cost of such acquisition which benefit or further the health, safety, welfare and economic development of the County and Project Costs.

"Taxable Property" means all real taxable property located in a Tax Incremental District.

"Tax Incremental District" means a contiguous geographic area within a County defined and created by resolution of the governing body and named City of Mitchell Tax Incremental District #29.

"Tax Increment Valuation" is the total value of the Tax Incremental District minus the tax incremental base pursuant to §11-9-19.

"Tax Increment Law" means South Dakota Codified Laws Chapter 11-9.

Creation of City of Mitchell, South Dakota TID #29

Adamo has recently purchased a commercial building located at 300 North Main Street, Mitchell, South Dakota, known as the "Woolworth Building." The Developer has approached officials with City of Mitchell regarding the possibility of creating a Tax Incremental Financing District ("TID") to assist in the Project Costs within the Plan on land which is located within City of Mitchell, South Dakota. As presented by the Developer, the TID will consist of one phase, as follows:

Reconstruct and remodel a historic building consisting of three floors and a basement, located at 300 North Main Street, Mitchell, South Dakota, known as the "Woolworth Building". The project will include a partial remodel, following plans designed by a contractor to comply with and retain the historic attributes of the structure. The first floor shall be partially remodeled/reconstructed to continue to be utilized for commercial/retail space or a combination of the two. Floors 2 and 3 will be remodeled and continue to be used for apartments. It is anticipated that the Woolworth Building renovation shall be completed by summer 2024. The Developer has indicated that the project will not proceed and is not economically feasible but for the use of Tax Incremental Financing for the Project.

Timing and weather permitting, Developer intends to begin remodel/construction on the Woolworth Building in the spring of 2023 with a completion date by late summer 2024.

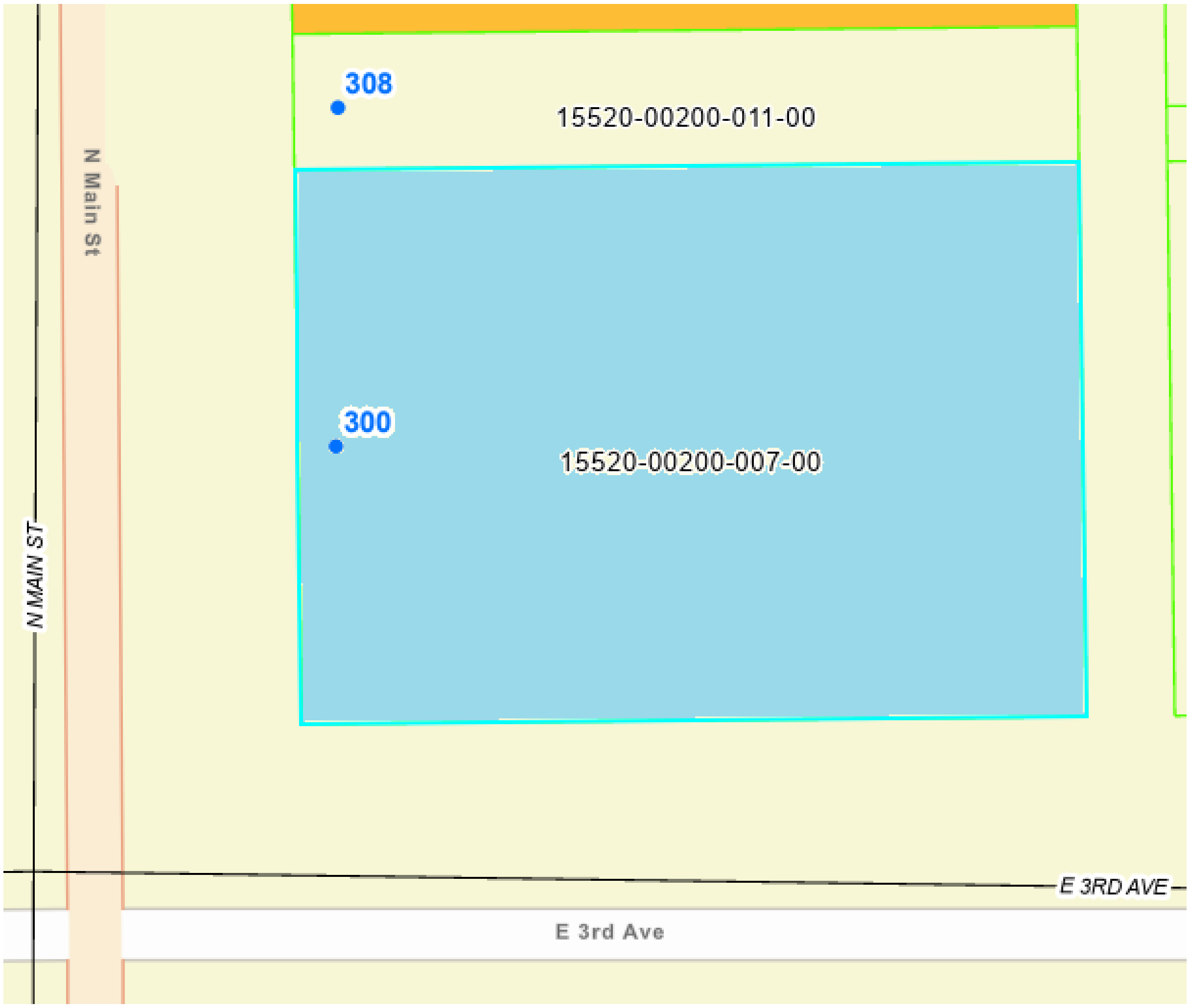
Property within Tax Increment District #29

The real property to be located within the Tax Increment District is legally described as follows:

> Lots Seven (7), Eight (8), Nine (9) and Ten (10), Block Two (2), Original Town (now City) of Mitchell, Davison County, South Dakota.

Furthermore, Developer, in his individual capacity, is the sole owner of all real property to be included in the TID.

A map of the TIF boundary area (in blue) is as follows:



Taxable Value of City of Mitchell

State law requires that tax increment districts cannot exceed ten percent of the taxable value of City of Mitchell. The current value for City of Mitchell is approximately $1,219,928,179. The base value of the taxable property for inclusion into this Tax Incremental District #29, as per the Director of Equalization's records is $397,815.

11-9-7. Maximum percentage of taxable property in municipality permitted in districts. In order to implement the provisions of this chapter, the resolution required by § 11-9-5 shall contain a finding that the aggregate assessed value of the taxable property in the district plus the **tax incremental base of all other existing districts does not exceed ten percent** of the total assessed value of taxable property in the municipality.

Total base value of active TIF Districts in City of Mitchell, South Dakota is as follows:

TIF #	Certified Base Value State of South Dakota Department of Revenue City of Mitchell
7	$265,415
8	$6,002,565
9	$50,400
14	$37,850
16	$5,005,495
19	$13,370
20	$151,890
21	$142,235
23	$3,004,275
24	$612,635
26	$0
27	$1,002,685
28	$2,119,490
29	$55,610
30	$397,815
Total Base Value(s)	$18,861,730

The total value of all active TIF districts in City of Mitchell is less than ten (10) percent of total taxable value in the City. Using the estimates provided, with TID #29 included, the total Tax Increment Districts combined is 1.73% when compared to the 2022 Taxable Valuation.

Kind, Number, Location and Detailed Costs of Proposed Public Works and Improvements. SDCL § 11-9-13(1).

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred. The Project Costs may, in any TIF, include capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs, discretionary costs and grants, plus any costs incidental thereto.

The City is working to develop an economic and competitive base to benefit the City and the State of South Dakota as a whole. All Project Costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project constitutes economic development which is a proper public purpose of the City. The City exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The City shall enter into all contracts in accordance with South Dakota law.

A combination of private investment and tax increment financing will assist progress toward the overall objectives of the Developer. The Woolworth Building area remodel is part of the overall global mission of the Developer which includes:

- To recruit new business(s) to the City of Mitchell
- To retain and expand existing business(s) within the City of Mitchell
- To address and remedy conditions in the area that impair or arrest the sound growth of City of Mitchell;
- To develop, redevelop and rehabilitate the area in a manner which is compatible with and complementary to unique circumstances in the area;
- To effectively utilize undeveloped and underdeveloped land;
- To ultimately contribute to increased revenues for all taxing entities;
- To improve areas that are likely to significantly enhance the value of substantially all property in the district.

Costs of Public Works or Improvements

In accordance with SDCL § 11-9-14 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

Although the estimated costs of the Project are approximately $1,720,000, Developer is requesting a TIF in the amount of $548,091, and will pay the remaining amount through self-funding. The requested TIF amount is set forth in the table below:

Kind of Project	Location[1]	Amount	Reference[2]
Capital Costs (Street, Water & Sewer) (Cleaning & grading of land & associated costs)	District		11-9-15(1)
Financing Costs	District		11-9-15(2)
Real Property Assembly	District		11-9-15(3)
Professional Fees	District		11-9-15(4)
Administrative Costs	District		11-9-15(5)
Relocation Costs	District		11-9-15(6)
Organizational Costs	District		11-9-15(7)
Discretionary Costs and Grants	District	$548,091	11-9-15(8)
Eligible Project Costs		$548,091	

[1] District shall mean the Tax Increment District.
[2] SDCL §11 -9-15
(1)) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixture s; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds or notes issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the Project Plan, are sufficient to pay the principal of and interest on the tax incremental bonds or notes when due;
(2) Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for Project Costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;
(3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a Project Plan;
(4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;
(5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a Project Plan;
(6) Relocation costs;

(7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and
(8) Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans.

All of the above are estimates of the costs involved in the project, and the actual total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only estimated costs, the total authorized TID costs of $548,091 is the controlling value with respect to authorized TID Project Costs, rather than the particular line item amounts contained in the above Chart and Schedule 1. The line item categories proposed are for guidance only, and actual costs will be determined upon completion of the improvements.
The above total represents eligible Project Costs. Only such amounts as are feasible will be allowed by the City or by monetary obligation. Developer reserves the right to be reimbursed for any expenses and advances made by the Developer for the TIF project from TIF funds, so long as the total amount of funds advanced for the TIF District do not exceed $548,091.

*Costs incurred may be allocated and may be completed in any order.

<u>Expenditures Exceeding Estimated Cost</u>

Any expenditures which in sum would exceed the total amount of the TID amount of $548,091 will require an amendment of this Plan. All amendments would be undertaken pursuant to SDCL §11-9-23.

When the expenditures within the Plan are increased in excess of the total above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

If the Project Costs are not provided for in the original plan, the governing body would be required to amend the plan which requires the South Dakota Department of Revenue to re-determine the tax increment base when additional Project Costs are added to a plan. SDCL §11-9-23.

<u>Developer's Agreement</u>

The City of Mitchell will enter into a Developer's Agreement with Developer with the following as the guidelines for the Agreement:

Financing Terms:

- Amount. The total amount of the TIF will not exceed $548,091.
- Interest Rate. There may be no interest rate associated with this TIF.
- Length. The TIF will not exceed 20 calendar years from the year of creation.
- Expiration. The TIF will expire at the end of 20 years or when the $548,091 has been paid out in tax payment to the Developer from the taxes generated within the District, whichever comes first. Should there be a balance on the TIF note at the end of year 20, the TIF will still expire.

Legal Terms:

- Should the State of South Dakota not classify the TIF as economic development, the TIF will not be finalized and will cease to exist.
- Any owners of real property located within the TIF District will waive their right to the discretionary tax abatement.

Conditions of the Developer Agreement relating to Constitutional Debt:

The exclusive funding mechanism for this TID will be a grant pass-through of positive tax increment from the TID receipted into the TIF Fund. It is specifically a condition of the proposed Developer's Agreement that the City's obligation to pay is limited to the proceeds of the positive tax increment from the TID receipted into the TIF Fund. The City shall have no obligation to commit any City funds from any other source into the TIF Fund other than the positive tax increment from the TID receipted into the TIF Fund. It is also to be specifically agreed that the City has made no representation that the proceeds from the TIF Fund shall be sufficient to retire any indebtedness incurred by Developer. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocation of the positive tax increment payments and the fund created by the TID to 20 years from the year of creation. As such, it is further understood that the amount of $548,091 will be the maximum amount the City will ever pass on acting as a conduit for TIF #29 for eligible project costs, including any and all interest which may apply.

All TIF revenue will be passed onto the Developer as a grant until the full amount has been paid or 20 years from the year of creation, whichever happens first. The payment of tax increment funds under this Agreement is a grant under SDCL Chapter 11-9 (the "Grant"). The Grant is a personal property right vested with the Developer on the effective date of the Developer Agreement. The City will grant this amount to the Developer and thus not have to account for any assets on the City's financial statement. The Developer will be responsible for obtaining their financing and the City will not be liable for any Developer debt.

Upon completion of the construction of project involving eligible project costs, the Developer shall certify to the City's Finance Officer the eligible project costs in sufficient detail to determine that payment of grant funds is solely for eligible project costs. The Developer shall provide contractor/supplier invoices or other supporting documentation upon request of the Finance Officer. Upon certification and verification of eligible project costs, the City shall pass-through all available tax increment fund revenues not to exceed $548,091 in a manner consistent with this section.

Given that the exclusive funding mechanism for this TID is the grant pass-through of positive tax increment from the TIF Fund, that no tax increment bonds will be issued in relation to this TID, and that the City shall have no obligation to commit other City funds, the City's obligation hereunder shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. In recognition that the City cannot appropriate funds that no have accrued, the City's exclusive obligation shall be to budget and appropriate the positive tax increment from the TID receipted into the TIF Fund on an annual basis during the City's then current fiscal year, as may be required. Notwithstanding anything to the contrary contained in the proposed Agreement, the City hereby acknowledges and agrees that the obligations of the City under this Agreement are a material inducement for Developer to incur various development and construct improvements upon the TID property and the failure to pay tax increment to Developer will be financial detrimental to future improvements on said property.

If at any time during the term of this Agreement, the governing body of the City shall fail or refuse to approve or authorize the funds due hereunder, and if the TID is eligible to be terminated pursuant to SDCL 11-9-46, then the Agreement shall terminate upon the end of the fiscal year for which funds were approved or authorized, without penalty to the City.

Developer Terms:

- John Adamo will act as the Developer and all TIF proceeds will flow to Developer.
- Developer will certify the costs to the City for reimbursement.
- The City of Mitchell reserves the right to charge an annual administration expense. This fee will be used to offset any future expenses that may occur due to reporting. The amount will not exceed $5,000.00 in a calendar year.
- The Developer agrees to waive the discretionary formula for all construction within the TIF.

Detailed List of Estimated Project Costs

Attached as Schedule 1 is a detailed list of estimated Project Costs as per SDCL § 11-9-13(3). No expenditure for Project Costs is provided for more than five years after the District is created.

Feasibility Study

An economic feasibility study per SDCL § 11-9-13(2) is attached as Schedule 2.

Economic Development Study

Not less than 50% of the area within the proposed district will stimulate and develop the general economic welfare and prosperity of the state through commercial, manufacturing and agricultural development as evidenced by the Economic Development Study attached as Schedule 3.

Fiscal Impact Statement

Attached is Schedule 4, a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the TIF advances are repaid, upon all entities levying property taxes in the District. Required as per SDCL § 11-9-13(4).

Method of Financing. Timing of Costs and Monetary Obligations

The payment of Project Costs is anticipated to be made by the City to Developer from the special fund of the Tax Incremental District. SDCL § 11-9-13(5). Pursuant to the

Developer's Agreement, the City will pay to the Developer all available tax increment funds it receives from the District.

Maximum Amount of Tax Incremental Revenue

The maximum amount of tax incremental revenue bonds or monetary obligations to be paid through Tax Increment District #29 shall be the amount sufficient to reimburse the City for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed $548,091 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. The final terms and conditions will be set forth in the Developer's Agreement

Duration of Tax Incremental Plan

The duration of the Plan will extend to the number of years it will take for the reimbursement of the City and the extinguishment of TIF monetary obligations, except that the Plan duration **shall not exceed 20 calendar years** of revenue from the date of creation of the District.

Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions

The site will generate taxes to the local jurisdictions at or above the assessed value of the Base. All taxing districts shall receive that base which will be the value set for 2023 taxes payable in 2023. The tax increment will be available to the taxing jurisdictions at or before twenty (20) years after the creation of the District. Schedule 5 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds and monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

Conditions Map, Improvements Map, Zoning Change Map

The Conditions map, SDCL § 11-9-16(1), is included as Attachment 2.

The Improvements map, SDCL § 11-9-16(2), is included as Attachment 3.

The Zoning Change Map, SDCL § 11-9-16(3), is included as Attachment 4.

Changes to the City of Mitchell Comprehensive/Master Plan/ Map, Building Codes & County Ordinances per SDCL § 11-9-16(4)

No changes to City ordinances nor the City Master Plan are required.

List of Estimated Non-Project Costs

The following is a list of the Non-Project Costs per SDCL § 11-9-16(5). All costs are listed as taxable value; actual non-project costs will exceed the following amounts.

Item	Amount
Project Costs	$1,720,000
TOTAL	$1,720,000

Statement of Displacement and Relocation Plan

No residents or families will be displaced by the Project. SDCL § 11-9-16(6)

Performance Bond Surety Bond or other Guaranty

As security for its fulfillment of the agreement with the governing body, a purchaser or lessee of redevelopment property may furnish a performance bond, with such surety and in such form and amount as the governing body may approve or make such other guaranty as the governing body may deem necessary in the public interest. This additional security may be provided for in a Developer's Agreement.

List of Schedules

SCHEDULE 1 - Estimated Project Cost

SCHEDULE 2 - Economic Feasibility Study

SCHEDULE 3 - Economic Development Study

SCHEDULE 4 - Fiscal Impact Statement

SCHEDULE 5 - Estimated Captured Taxable Values

List of Attachments

Attachment 1 - Descriptions of Real Property

Attachment 2 - Conditions Map, SDCL § 11-9-16(1)

Attachment 3 - Improvements Map, SDCL § 11-9-16(2)

Attachment 4 - Zoning Change Map SDCL § 11-9-16(3)

Schedule 1 – "Detail of Project Costs"

Kind of Project	Number of Projects	Location[1] 1 above	Amount	Reference[2]
Capital Costs (Street, Water & Sewer) (Cleaning & grading of land & associated costs)		District		11-9-15(1)
Financing Costs		District		11-9-15(2)
Real Property Assembly		District		11-9-15(3)
Professional Fees		District		11-9-15(4)
Administrative Costs		District		11-9-15(5)
Relocation Costs		District		11-9-15(6)
Organizational Costs		District		11-9-15(7)
Discretionary Costs and Grants	1	District	$548,091	11-9-15(8)
Eligible Project Costs			$548,091	

1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the project plan, are sufficient to pay the principal of and interest on the tax incremental bonds when due;

2) Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for project costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;

3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a project plan;

4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a project plan;

6) Relocation costs;

7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and

8) Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts, the implementation of project plans, or to stimulate and develop the general economic welfare and prosperity of the state

Estimates TID Eligible of Project Costs Requested

The City of Mitchell has determined that this will be an economic development Tax Increment District, thus the eligible cost will be in the form of a grant that will not exceed $548,091. This is a permitted use under SDCL 11-9-15.

11-9-15. Specific items included in project costs. Project costs include:

1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the project plan, are sufficient to pay the principal of and interest on the tax incremental bonds when due;

2) Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for project costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;

3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a project plan;

4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a project plan;

6) Relocation costs;

7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and

8) Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts, the implementation of project plans, or to stimulate and develop the general economic welfare and prosperity of the state.

Total Costs	Non-Project Costs	**TIF Eligible Costs**
Rehabilitation of Units: • Bathrooms • Kitchens • Paint • Lighting/Electrical • Framing/Sheetrock • Floors • Windows	$550,000	
Creation of Office Spaces (less electrical & plumbing)	$350,000	
Common Areas, Public Hallways, Plumbing Repair, Flooring, Paint, and a Community Restroom		$250,000
Tuck Point (Historic Building)		$150,000
Public Elevator & Shaft		$400,000

Total of Non-Project Costs and Public Infrastructure (Estimates): $1,700,000
Non-Project Costs Total: $900,000
TIF Eligible Costs Total: $800,000
Costs sought from TIF Funds: $548,091

It is anticipated that the Developer shall self-fund the remodel costs associated with this Project. As such, we are not showing an amortization schedule for repayment of a loan or an interest rate associated with the Project. Developer proposes to provide the City with invoices for the costs associated with the Project and would use funds released by the City to either pay such invoice or reimburse the Developer for its costs of the same.

We are not asking for the full amount of the project costs as it could not be supported by the estimated increment generated. We want to show that the Developer will have significant costs invested in the Project in addition to the proposed TIF funds.

Schedule 2 - "Economic Feasibility Study"

Developer has approached the City of Mitchell regarding the possibility of creating a Tax Incremental Financing District to assist with help in offsetting the costs associated with the restructure/remodel of the Woolworth Building.

The Woolworth Building is a Historic Building located in the City's core downtown business district, at the corner of 3rd and Main Streets. The building has fallen into a state of disrepair with water leakage and dilapidated, non-functioning elevator. The first floor of the building has been partially unoccupied, and the upper two floors have numerous repairs needed to keep occupying, including repair/replacement of windows. If not made, the above issues will continue to worsen and may lead to the building being abandoned and will require the Woolworth Building to be demolished as a "nuisance property."

Renovation/Reconstruction Project

The renovation/reconstruction project of the Woolworth Building is estimated to be in the approximate amount of $1,720,000; however, Developer is using the amount of $1,500,000 in additional assessed value over and above the current assessed value as an approximate full and true assessment value as a "conservative estimate."

Renovation/Reconstruction will consist of the following:

- The second and third floors of the Woolworth Building consist of apartment units. At least ten (10) of those units are in such a condition of disrepair that they cannot be rented. The Davison County Assessor's records confirm that many of the apartments are not usable in their present condition. The amount of rehabilitation needed varies significantly among these apartment units. On the second floor of the building, there were, at one time, a number of units which were used for small offices—mostly medical or dental. These are readily identified from the exterior where the names and professions of the former proprietors are still visible. Developer plans to restore both the small offices and the apartments. There is also a communal bathroom which was used for the office space that needs to be restored.
- The elevator is inoperable. Developer has had the elevator inspected, and it cannot be restored. It must be replaced with a new elevator, and the shaft must be modernized.
- The hallways on the second and third floors are shabby and worn. Developer will restore those to their former condition. This involves, among other things, removing the exterior-type carpet that was installed at some point and installing hard surface floors.
- Many of the windows on the Woolworth Building are original, but require restoration. Others were removed over the years and replaced by vinyl windows. Developer plans to replace the vinyl windows and restore the original windows.
- Some of the brick is in poor condition and allows for water intrusion. Tuck pointing is necessary.
- The roof is in decent condition, but nearing the end of its useful life and will require replacement.
- Some of the commercial space on the first floor has been so poorly utilized over the years that it is literally "landlocked" at this time, with no access to the street. Developer's goal is to fully utilize the available space, and this necessarily involves providing street access, to-wit: door(s) and window(s) as required, but consistent

with the original building exterior and the building's status as a recognized historical building on the National Registry.

The City has been asked to create a Tax Increment District to help offset the nuisance removal, renovation/remodel and construction costs associated with Project. This feasibility study provides that the Project Costs can be financed through tax increment financing under South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9), with the balance of the costs to be paid by the Developer. Tax increment financing is an indispensable self-financing tool used throughout the United States to help local governments successfully develop and redevelop areas and encourage economic development.

In tax increment financing, the current real property tax assessed value of all properties in a designated project area ("tax increment financing district") is established as the "base value." As development in the tax increment financing district increases the assessed values of the redeveloped properties, a portion of the additional tax revenue generated by the increase in assessed value over the base value is set aside and committed by the City to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a "Project Plan" duly adopted by the City. The property is currently taxable at $397,815. The improvements to be made to the property are estimated to add approximately $1,500,000 to the full and true tax valuation and approximately $1,357,500 to the tax assessed valuation. The estimated increment resulting from the improvements would be approximately $28,846 annually in new taxes once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

All of the project costs are found to be necessary and convenient to the creation of the Tax Incremental District and the implementation of the project.

For purposes of this Project Plan, the Developer is projecting that the remodel of the Woolworth Building will be fully completed by late fall 2024. It is anticipated that the Developer will procure financing to fund the TID improvements through Developer-advanced funds, however, should the self-funding become unfeasible, the Developer may seek other financing at Developer's sole risk and expense. Developer shall not use TIF proceeds for any interest or fees associated with any such alternative financing. The City at no time shall ever be responsible for any loan the Developer secures. The City's role is to simply act as a conduit for the tax revenue and pass on all positive increment to the Developer, of which, will never exceed $548,091 in total payments, or 20 years, whichever comes first.

A portion of the development within the District could qualify for the discretionary tax abatement. However, City of Mitchell TIF regulations require a developer to waive the "real property" discretionary formula as a condition of approving a TIF. Developer is aware of this requirement.

It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal and interest when due, whether by means of a taxable bond or loan. The actual repayment schedule may change, but all principal and interest shall be paid within the life of the TIF. Utilizing the information regarding expected increment valuation and tax generation, it is possible to estimate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

For purposes of this Project Plan, it is anticipated no increment generated by City TID #29 will be available until calendar year 2024 and thereafter. The calculation of the estimated tax increment valuation and tax generated for City of Mitchell TID #29 is presented in the tables below.

TID TAX REVENUE ESTIMATES AVAILABLE
FOR CITY OF MITCHELL TID #29

Revenue Assumptions / Feasibility Study **WOOLWORTH BUILDING**

Levies are based on 2021 payable in 2022

Construction Year	Valuation Year	Revenue Year	Valuation Increments	Valuation Total	Davison County	City of Mitchell	JR	Mitchell School District	Total Mill Rate*	Non-Ag Factor	Total Revenue Increment	Cumulative Amt Paid
2023	2024	2025	$ 1,500,000.00	$ 1,500,000.00	0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 28,846.88
2024	2025	2026			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 57,693.75
2025	2026	2027			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 86,540.63
2026	2027	2028			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 115,387.50
2027	2028	2029			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 144,234.38
2028	2029	2030			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 173,081.25
2029	2030	2031			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 201,928.13
2030	2031	2032			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 230,775.00
2031	2032	2033			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 259,621.88
2032	2033	2034			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 288,468.75
2033	2034	2035			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 317,315.63
2034	2035	2036			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 346,162.50
2035	2036	2037			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 375,009.38
2036	2037	2038			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 403,856.25
2037	2038	2039			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 432,703.13
2038	2039	2040			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 461,550.00
2039	2040	2041			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 490,396.88
2040	2041	2042			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 519,243.75
2041	2042	2043			0.00421	0.005758	0.000063	0.011219	0.021250	0.905	$ 28,846.88	$ 548,090.63
2042	2043	-										
2043	-	-										

Assumptions:

Once $548,091 is paid out from the TIF or the 20 years are completed – The TIF will automatically expire.

*Assumes Mill Levies remain constant for the duration of the TIF

Note: These numbers are for projection purposes only and do not reflect what the actual number(s) may be. The projection numbers are based on assumptions provided by the Developer.

Schedule 3 - "Economic Development Study"

SECTION 1 - INTRODUCTION

The City has been approached concerning the creation of a tax increment district located within City limits. In order to determine whether a tax increment district (TID) may be created, the governing body must make a finding that not less than 50%, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the State through the promotion and advancement of industrial, commercial, manufacturing, agricultural and natural resources, and the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

SECTION 2 - STUDY AREA BOUNDARY

The Study area is described as the area depicted on the map attached to this Study (Attachments 1 and 2).

SECTION 3 - ESTABLISHING ECONOMIC DEVELOPMENT

South Dakota law describes economic development as activity that stimulates and develops the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources. The area making up the boundaries of proposed City of Mitchell TID #29 currently consists of a partially occupied, deteriorating three-story historic building that has a number of structural problems.

SECTION 4 - FINDING THAT THE IMPROVEMENTS TO THE AREA ARE LIKELY TO ENHANCE SIGNIFICANTLY THE VALUE OF SUBSTANTIALLY ALL OF THE OTHER REAL PROPERTY IN THE DISTRICT

It is specifically found that once the improvements set forth within City of Mitchell TID #29 Project Plan are commenced the improvements enhance significantly the value of substantially all of the other real property in the District and will help the entire City core business district continue to develop, adding sales tax dollars to the City and to the State of South Dakota.

SECTION 5 - CONDITIONS WITHIN THE STUDY AREA; LAND USE AND PLANNING LAND USE, PLANNING AND COMPREHENSIVE PLAN

The City of Mitchell Comprehensive Plan is consistent with the proposed use of the District.

SECTION 6 - FINDINGS WITHIN THE STUDY AREA ANALYSIS

In accordance with state law, it is found that not less than fifty percent (50%) by area of the real property within the District will stimulate and develop the general economic welfare and prosperity of the State of South Dakota through the promotion and advancement of industrial, commercial, manufacturing, agricultural, and natural resources, and it is found that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the District in accord with SDCL 11-9-8(1) and (2).

The study area currently consists of a partially occupied three-story historic building that has numerous structural issues. The Developer is proposing to renovate and bring back to life the Woolworth Building with new retail/commercial space on the first floor and renovation of apartments and office space on floors 2 and 3, refurbishing a partially blighted building in the middle of the City's core downtown area.

In accordance with State Law, the following addresses specific characteristics of economic development are found within the Study Area with corresponding portions of 11-9-8 and 11-9-11:

The investment of more than $1,700,000 in the study area will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of commerce during the construction period. More than fifty percent, by area, of the real property within the District will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of commerce. The development will cause more employment and will clear a partially "blighted" building structure in the City's core downtown area. The completion of the project will generate additional economic activity through retail commerce and development.

Schedule 4 - "Fiscal Impact Statement"

Fiscal Impact Statement City of Mitchell- Tax Increment District #29

INTRODUCTION

The fiscal impact statement is intended to provide a succinct analysis of the estimated impact of the Tax Increment District to the public pursuant to SDCL § 11-9-13 (4). It is not intended to rival the level of detail required by a detailed financial analysis. A fiscal impact statement shows the impact of the Tax Increment District, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the District.

DEFINITIONS

"Assumptions" means factors or definitions used in the fiscal analysis. Assumptions may include facts and figures identified by the District and educated guesses that are sometimes necessary when not all of the information is available. Assumptions are often used to extrapolate an estimate. Assumptions may include an estimate of tax levies of each taxing entity, the school aid formula contribution, the value of the real property, etc.

"Base Revenues" means the taxes collected on the base value.

"Fiscal Impact" means the increase or decrease in revenues and generally refers to an impact to revenues caused by the district.

"Revenue" means ad valorem taxes.

"Tax Increment District" means City of Mitchell, Tax Increment District Number 29.

"Taxing Districts" means all political subdivisions of the state which have ad valorem taxing power over property within the boundaries of the Tax Increment District.

"Tax Increment Revenues" means all revenues above the Base Revenues.

ASSUMPTIONS

(1) The property will have improvements which at completion will be valued for taxable purposes at $1,357,500.
(2) The average tax levy of all taxing districts will be $21.250 per thousand dollars of taxable valuation.
(3) Tax increment will start to be collected in 2025 and end prior to 2043.
(4) The discretionary formula will be waived by Developer.

FISCAL IMPACT

The total fiscal impact upon the taxing entities during the term of the Tax Increment District is as follows:

Valuation Assumptions	Base Full/True Value	Increase	Positive Increment
Land/Existing Improvements	$397,815	0	0
Additional Improvements	$0	$ 1,357,500	$ 1,357,500
Total Positive Increment	$0	$ 1,357,500	$ 1,357,500

Schedule 5 - "Estimated Captured Taxable Values"

For purposes of this Project Plan, Developer assumes that **Developer will elect not to use the real property tax discretionary formula** currently utilized in City of Mitchell, South Dakota, pertaining to payment of real property taxes (i.e., 20% Year 1; 40% Year 2; 60% Year 3; 80% Year 4; and 100% Year 5).

It is further assumed, for purposes of this Plan, that the remodel of the Woolworth Building will be completed by summer 2023, with the improvements estimated to be assessed in the approximate amount of $1,357,500, which will generate $28,846 in annual real property taxes upon completion.

*Actual valuation shall depend upon the value determined by the Davison County Director of Equalization when assessed, with the application of dollars-per-thousand from local taxes. All tax increment revenues shall be from Generally Applicable Taxes attributable to the improvements to be constructed in the TID. The potential for total increment collections are estimated to be at the maximum range of $548,091 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2025, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

The following dollars-per-thousand rates are the current taxing rates of the local taxing jurisdictions:

2021 Property Tax Rate	
2021 Payable in 2022	**$ per $1,000 assessed**
Davison County	$4.210
City of Mitchell	$5.758
JR Water	$.063
School District	$11.219
Total Tax Levy	**$21.250**

Utilizing the information regarding expected increment valuation and tax generation, it is possible to generate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

Attachment 1

Description of Real Property:

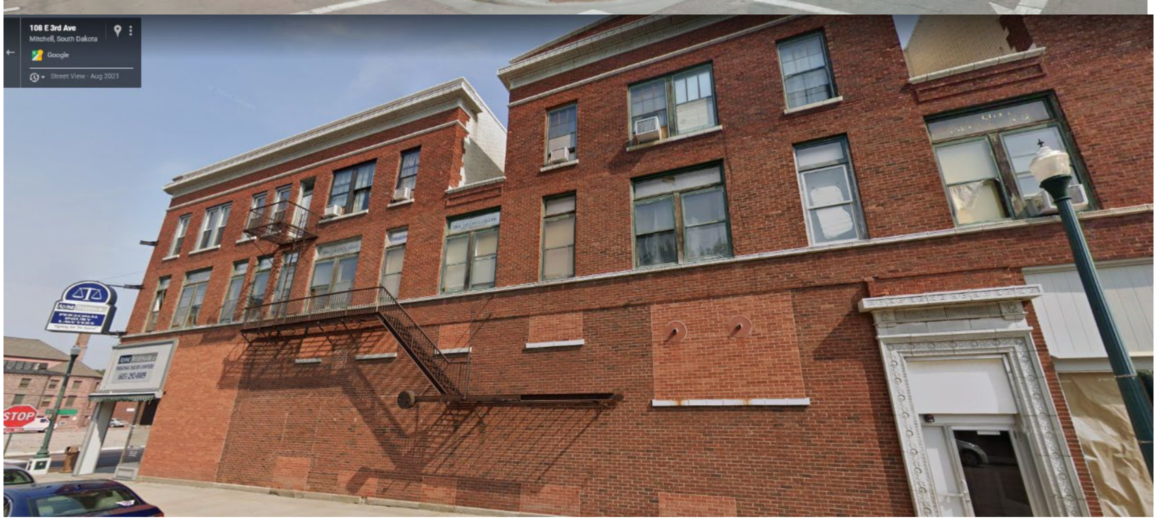
The real property to be located within the Tax Increment District is legally described as follows:

> Lots Seven (7), Eight (8), Nine (9) and Ten (10), Block Two (2), Original Town (now City) of Mitchell, Davison County, South Dakota.

Attachment 2

Conditions picture for City of Mitchell Tax Incremental District #29, SDCL § 11-9-16(1)

The following are pictures showing the current conditions of the proposed location of TIF #29:



Attachment 3

Improvements map for City of Mitchell Tax Incremental District #29, SDCL § 11 -9-16(2).

Maps pending design.

The project will include a partial remodel, following plans designed by a contractor to comply with and retain the historic attributes of the structure. The first floor shall be partially remodeled/reconstructed to continue to be utilized for commercial/retail space or a combination of the two. Floors 2 and 3 will be remodeled and continue to be used for apartments, as more particularly set forth in Schedule 2, under Renovation/Reconstruction Project found on page 20 of this project plan.

Attachment 4

Zoning Change Map for City of Mitchell Tax Incremental District #29, SDCL § 11-9-16(3).

- No proposed changes as the property is currently zoned as Commercial Business.