Planning Commission Agenda
City Council Chambers, City Hall, 612 N. Main Street
May 28, 2024

1. **12:00 PM Call to Order**
2. **Roll Call**
3. **Declaration Of Conflicts Of Interests**
4. **Approve Agenda**
5. **Approval of Previous Minutes: May 13, 2024**
6. **Schedule Next Meeting: June 10, 24**
7. **Hearing and Action on Establishing the Boundaries and Approval of the Project Plan for Tax Increment Financing District #35**
8. **Other Business:**
9. **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.
10. **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
City Council Chambers, City Hall, 612 N. Main Street
May 13, 2024

1. Call to Order
Chairperson Larson called the May 13, 2024 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:
Doescher, Genzlinger, Larson, Osterloo, Sonne.
Absent: Havlik, Jirsa, Schmitz.
Staff Present: Dammann, Ellwein, Mayor Everson, Hegg, Jenniges, J Johnson, Schroeder.

3. Declaration Of Conflicts Of Interests
None.

4. Approve Agenda
Motion by Genzlinger, seconded by Osterloo to approve the amended agenda. All present voting aye; motion carried.

5. Approval of Previous Minutes: April 22, 2024
Motion by Sonne, seconded by Osterloo to approve the proposed minutes of the April 22, 2024 Planning Commission Meeting. All present voting aye; motion carried.

6. Schedule Next Meeting: May 28, 2024
Motion by Genzlinger, seconded by Sonne to set the date for the next Planning Commission Meeting for May 28, 2024. All present voting aye; motion carried.

7. Plat: Lot 5-A, a subdivision of Lot 5 of North Maui's First Addition, a subdivision of Lot 4 in the East 1/2 of the West 1/2 of Section 31, T 104 N, R 60 W of the 5th P.M., Davison County, South Dakota; as requested by Scott Palmer
Jenniges noted this is outside the city limits but within the ETJ, so it's still the City of Mitchell zoning authority. The applicant is subdividing his existing parcel to build a residence on and the bank is requesting that it be on a separate parcel to the shed. Davison County Planning Commission has heard and approved it already. The County Commission will hear about it on May 14, 2024. The applicant was not present to answer questions.

Genzlinger inquired about the condition of Sara Ave. Jenniges replied that it is an unimproved gravel ROW, and it is the developers' responsibility to maintain the road.

Motion by Genzlinger, seconded by Osterloo to approve the plat. All present voting aye; motion carried.

8. Plat: Lot 4 of D. & D. Long's First Addition, a subdivision of Irregular Tract No. 3 in the Northeast Quarter (NE 1/4) of Section 23, Township 103 North, Range 60 West of the 5th P.M., Davison County, South Dakota; as requested by Longs

Jenniges noted this is outside the city limits but within the ETJ, so it's still the City of Mitchell zoning authority. The applicant is parceling off a piece of property to sell for a residence to be built on. Davison County Planning Commission has heard and approved it already. The County Commission will hear it on May 14, 2024. The applicant was present to answer questions.

Motion by Sonne, seconded by Osterloo to approve the plat. All present voting aye; motion carried.

9. Plat: Tract 1 of Blacksten Addition in the Northwest Quarter of the Southwest Quarter (NW 1/4, SW 1/4) of Section 2, Township 102 North, Range 60 West of the 5th P.M., Davison County, South Dakota; as requested by Scott Blacksten

Jenniges noted this is outside the city limits and the ETJ but within 3 miles of the city limits, so the city has to approve of the plat as well. The zoning authority is Davison County. The land is currently described by measurements, so a building permit can not be obtained per county ordinance. They are platting it to come in compliance with the ordinance. Any variances required will only be heard by the county. Davison County Planning Commission has heard and approved the plat. Davison County Commission will hear it on May 14, 2024. The applicant was not present to answer questions.

Motion by Genzlinger, seconded by Sonne to approve the plat. All present voting aye; motion carried.

10. Plat: Tract A and Tract B of Skinner's Addition, in the SW 1/4 of Section 14, T 102 N, R 60 W of the 5th P.M., Davison County, South Dakota; as requested by Loren & Suzanne Skinner

Jenniges noted this is outside the city limits and the ETJ but within 3 miles of the city limits, so the city has to approve of the plat as well. The zoning authority is Davison County. The applicant is subdividing his existing parcel for his son to build on the new parcel. The bank is requiring the land to be built on be in the son's name. The existing shed where the property lines meet has been removed. Any variances required will only be heard by the county. Davison County Planning Commission has heard and approved the plat. Davison County Commission will hear it on May 14, 2024. The applicant was not present to answer questions.

Motion by Osterloo, seconded by Sonne to approve the plat. All present voting aye; motion carried.

11. Plat: Lots 1, 2, and 3, and Trudeau Court, all in Trudeau Addition in the East 1/2 of

the SW 1/4 of the SE 1/4 of Section 3, T 102 N, R 60 W of the 5th P.M., Davison County, South Dakota; as requested by Ray & Rhonda Trudeau

Jenniges noted this is outside the city limits and the ETJ but within 3 miles of the city limits, so the city has to approve of the plat as well. The zoning authority is Davison County. The applicant is platting off three lots for his children to build on and a road. Davison County LEPC has approved the road name. There is floodplain in this area, but they will be building outside of it as per Davison County ordinance. Any variances required will only be heard by the county. There is a drainage easement between lots 1 and 2 for the abutting subdivision to drain their water across the land down to the creek. Davison County Planning Commission has heard and approved the plat. Davison County Commission will hear it on May 14, 2024. The applicant was not present to answer questions.

Motion by Genzlinger, seconded by Sonne to approve the plat. All present voting aye; motion carried.

12. Plan Approval: Sandbox Ventures, 715 S Rowley St, zoned Highway Oriented Business

Jenniges noted the applicant would like to build a spec commercial building, similar to Danny Prom on S Burr St. It will be a metal building that has to be structurally stamped because it is over 50' wide. It meets setbacks for Highway Oriented Business. There will be off-street parking on the south side of the building. Neighbors can request a privacy fence be built at the applicants expense. The applicant has a purchase agreement for the property with the condition the board approves the plan. Jenniges gave the history of the rezone as well as the two prior plan approvals that were approved but never built.

Motion by Osterloo, seconded by Sonne to approve the plan. All present voting aye; motion carried.

13. Other Business:

None.

14. Public Input:

None.

15. Adjourn

Chairperson Larson adjourned the meeting at 12:16 P.M.

____

Jay A. Larson
Planning Commission Chairperson


Copper Flats LLC-TIF #35
S CAPITAL ST


2315 S CAPITAL ST
2311 S CAPITAL ST
2305 S CAPITAL ST
2510 S CAPITAL ST

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 May 28, 2024 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 Thirty-five (35).

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

PLAT OF LOT 1A IN BLOCK 3 OF STARDUST SUBDIVISION TO THE CITY OF MITCHELL, DAVISON COUNTY, 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.cityofmitchellsd.gov. Following such hearing, the matter will be heard and acted upon by the Mitchell City Council on June 3, 2024 at 6:00 pm in the City Hall Council Chambers.

Dated this 9th day of May, 2024.

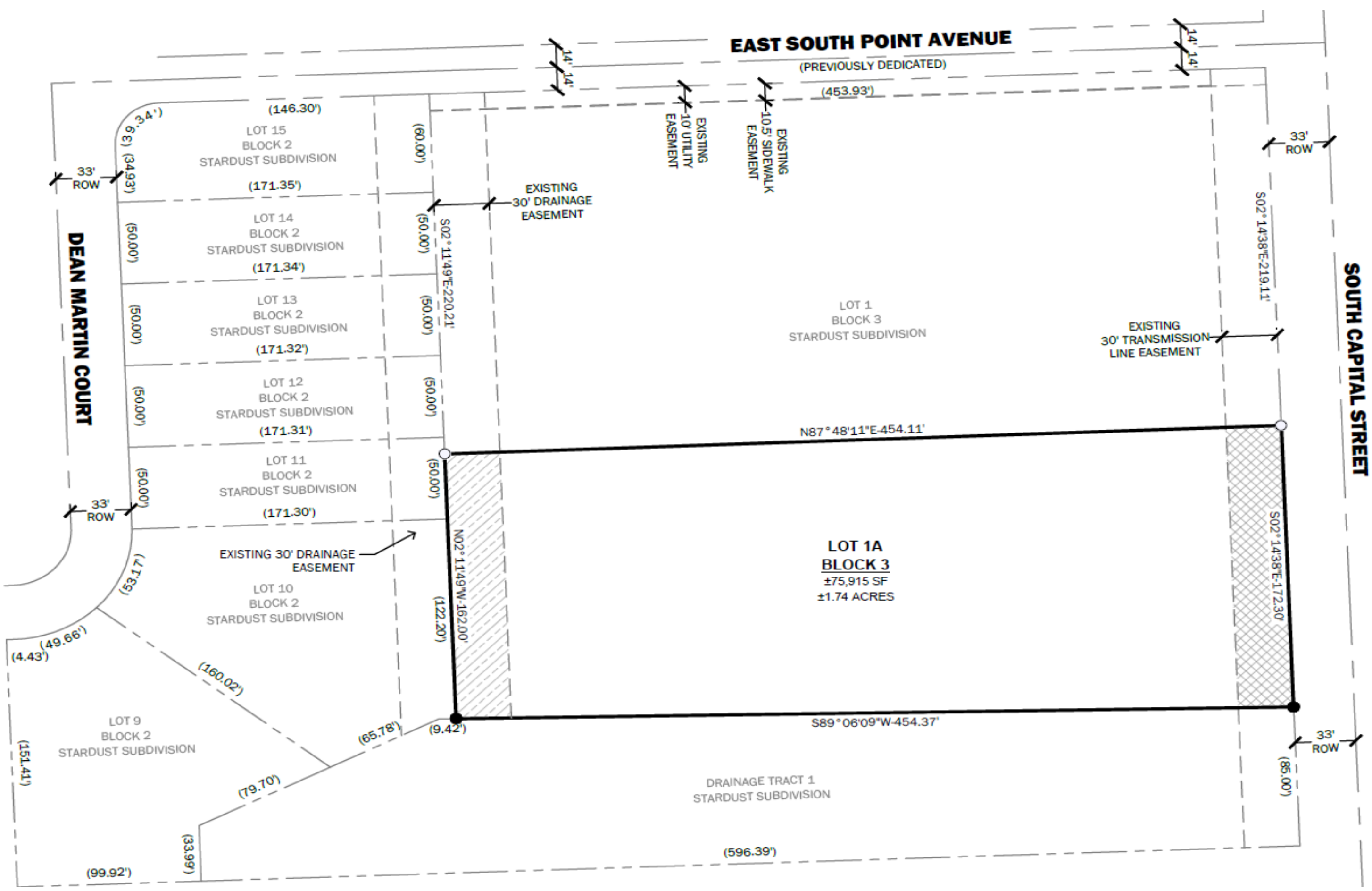
____
Michelle Bathke – Finance Officer

Published once:15th day of May, 2024
Approximate publication cost: ____________

TAX INCREMENTAL DISTRICT
NUMBER 35
CITY OF MITCHELL

TAX INCREMENTAL
PROJECT PLAN
In conjunction with
COPPER FLATS, LLC, Developer

Mitchell TIF District 35 Boundary Map



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INTRODUCTION AND PURPOSE

The purpose of this Plan, to be implemented by the City of Mitchell, Davison County, South Dakota, is to satisfy the requirements for a Tax Incremental District Plan Number 35, City of Mitchell, Davison County as specified in SDCL Chapter 11-9. There are 11 mandated requirements of the Plan, each to be addressed in this Plan. 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.

This Plan was prepared for adoption by the City Planning Commission and the City Council in recognition that the area requires a coordinated, cooperative strategy, with financing possibilities, to promote economic development through the construction of Affordable Housing through a three-story, low-income multi-housing project that will consist of thirty-five (35) one-, two- and three-bedroom apartment units. The name of the project is the "Copper Flats Project." The apartment mix will consist of ten (10) 1-bedroom units, seventeen (17) 2-bedroom units, and eight (8) 3-bedroom units. The intent of the Copper Flats Project is to create a 35-unit apartment complex with proposed rents which will include all utilities with the rental rates to be at or below the South Dakota Housing Development Authority at the time such rental agreement is entered into. The intent of the TIF Project is to create an affordable rental complex with rental units to be rented at a monthly rental rate to be at or below 80% of the area median income, as more fully set forth on page 20 of this Project Plan.

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 to provide Affordable Housing and to promote economic development throughout the TIF District and the City of Mitchell.

Development in the area is anticipated to occur in the near future, with the potential for tax increment financing to provide the impetus and means to undertake this development at a faster pace than might occur otherwise.

The Copper Flats real estate and building (when completed) will be owned by Copper Flats Apartments Limited Partnership, a South Dakota limited partnership ("Copper Flats LP"). The project will be developed by Copper Flats, LLC, a South Dakota nonprofit limited liability company ("Developer"), which is also the General Partner in Copper Flats LP. Copper Flats LP has entered into a Commercial Real Estate Purchase Agreement to purchase the real property to be included within the TIF. The purchase is conditioned upon the TIF being approved.

GENERAL DEFINITIONS AS USED IN THIS PLAN

The following terms found in this Plan have the following meanings:

"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" means property that meets any of the following criteria:

Any area, including slum area, in which the structures, buildings, or improvements, by reason of:

(1) dilapidation, age, or obsolescence;

(2) inadequate provisions for ventilation, light, air, sanitation, or open spaces;

(3) high density of population and overcrowding;

(4) the existence of conditions which endanger life or property by fire and other causes; or

(5) any combination of such factors;

are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area[1]; or

Any area which by reason of:

(1) the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;

(2) predominance of defective or inadequate street layouts;

(3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

(4) unsanitary or unsafe conditions;

(5) deterioration of site or other improvements;

(6) diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;

(7) defective or unusual conditions of title;

(8) the existence of conditions which endanger life or property by fire and other causes; or

(9) any combination of such factors;

substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area [2]; or

Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area.[3]

"City of Mitchell" means Mitchell, South Dakota.

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

"Developer" means Copper Flats, LLC, a South Dakota limited liability company.

"Developer's Agreement" means the agreement between Copper Flats, LLC and the 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.

[1] SDCL § 11-9-9
[2] SDCL § 11-9-10
[3] SDCL § 11-9-11

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

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

"Governing body" means City of Mitchell City Council.

"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.

"Municipality" means any incorporated city or county in this state.

"Owner" means Copper Flats Apartments LP, a South Dakota limited partnership.

"Planning Commission" means City of Mitchell Planning Commission.

"Plan" means this Project Plan.

"Project Costs" means any expenditure or monetary obligations by Developer, 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 Developer in connection with the implementation of this Plan.

"Project Plan" means properly approved Plan for the development or redevelopment of a tax incremental district including all properly approved amendments thereto as recommended pursuant to SDCL § 11-9-13.

"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 City 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 City and/or County defined and created by resolution of the governing body and named City of Mitchell Tax Incremental District #35.

"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.

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PROPERTY WITHIN THE TAX INCREMENT DISTRICT

The real property to be located within the Tax Increment District will have a legal description of:

> Lot One A (1A) in Block Three (3) of Stardust Subdivision to the City of Mitchell, Davison County, South Dakota, consisting of 75,915 square feet, more or less (1.74 acres, more or less)

The area making up Tax Increment District #35 is shown on the Boundary Map attached to the following page.

CREATION OF CITY OF MITCHELL TID NUMBER 35

Copper Flats, LLC desires to create a Tax Incremental Financing District ("TID") to assist in the purchase of real property, construction of public infrastructure and other TID eligible expenses on land located within the corporate limits of the City of Mitchell, Davison County, South Dakota. As presented by the Developer, the TID will consist of one phase as follows:

> Land acquisition, site preparation (utilities, asphalt, concrete), and other TID eligible expenses for the Affordable Rental Housing Project area proposed for the TID area.

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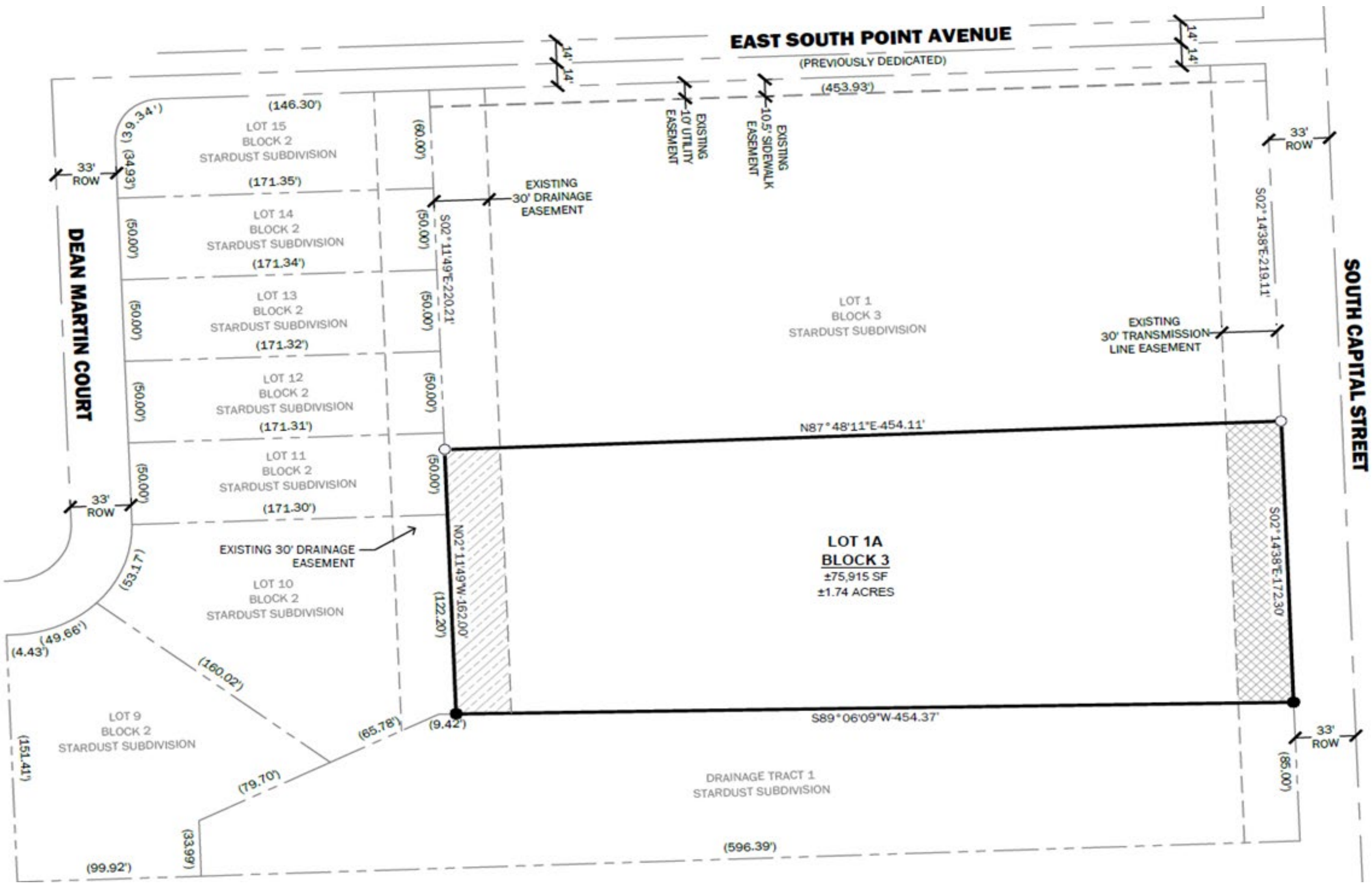
Figure 1. TID 35 Boundary

Mitchell TIF District 35 Boundary Map

TIF boundary outlined in **bold** below.



Listing Of Kind, Number, Location And Detailed Costs Of Proposed Public Works And Improvements[4]

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 by the Developer. The Project Costs may 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, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the City.

The City is working to develop an economic and competitive base to benefit the City and the state 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 an Affordable Housing Project and 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 Developer or its assignee 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 following additional objectives:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City;
- To implement the Comprehensive Plan and its related element;
- To 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 encourage the voluntary construction of buildings, improvements, and conditions;
- To watch for market and/or project opportunities to promote economic development, and when such opportunities exist, to take action within the financial, legal and political limits of the City to acquire land, pursue redevelopment, improvement and construction projects; and
- To improve areas that are likely to significantly enhance the value of substantially all property in the district.

Taxable Value Of Mitchell

State law requires that tax increment districts cannot exceed ten percent of the taxable value of the City of Mitchell. This value for Mitchell is approximately $1,486,087,639.00. The base value of the taxable property for inclusion into this Tax Incremental District, as per the Director of Equalizations records is $132,851 as set forth on the following page:

[4] SDCL §11-9-16(1)

TIF 35 Base Valuations

Lot One A (1A) in Block Three (3) of Stardust Subdivision to the City of Mitchell, Davison County, South Dakota

Full & True Base Value: $132,851

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Total base value of active TIF Districts in Mitchell is as follows:

Tax Increment District Number 8	$6,002,565
Tax Increment District Number 9	$50,400
Tax Increment District Number 14	$37,850
Tax Increment District Number 16	$5,005,495
Tax Increment District Number 19	$13,370
Tax Increment District Number 20	$151,890
Tax Increment District Number 21	$125,082
Tax Increment District Number 23	$3,004,275
Tax Increment District Number 24	$401,798
Tax Increment District Number 26	$0
Tax Increment District Number 27	$1,002,685
Tax Increment District Number 28	$2,119,490
Tax Increment District Number 29	$397,815
Tax Increment District Number 30	$55,610
Tax Increment District Number 31	$615,554
Tax Increment District Number 32	$1,557,071
Tax Increment District Number 33	$818,913
Tax Increment District Number 34	$1,325,237
Tax Increment District Number 35	$132,851
TOTAL	$22,817,951

The total value of all active TIF districts in Mitchell is less than 10% of total taxable value in the City. Using the base values provided above with the inclusion of the proposed TIF #35, the total Tax Increment Districts combined is less than 2% when compared to the 2023 Taxable Valuation.

The proposed Tax Incremental District will promote economic growth and enhancements in City of Mitchell. It is anticipated that a majority of properties within the district will see increases in their property valuation as a result of improvements made possible through creation of the proposed Tax Incremental District.

Costs of Public Works or Improvements

In accordance with SDCL § 11-9-16 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements:

Kind of Project Cost	Number of Projects	Location[5]	Amount	Reference[6]
Capital Costs		District	$0	11-9-14(1)
Financing Costs		District	$0	11-9-14(2)
Real Property Assembly		District	$0	11-9-14(3)
Professional Fees		District	$0	11-9-14(4)
Administrative Costs		District	$0	11-9-14(5)
Relocation Costs		District	$0	11-9-14(6)
Organizational Costs		District	$0	11-9-14(7)
Discretionary Costs and Grants		District	$675,486	11-9-14(8)
		Eligible Project Costs	$675.486	

*See Schedule 1 - list of TIF-Qualified project costs to be paid by Developer which qualify as project costs under 11-9-14(1) through (7).

[5] District shall mean the Tax Increment District.

[6] SDCL §11-9-14

(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 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.

Estimated costs for non-project costs and TIF eligible costs may vary from actual costs incurred during construction. The grant to Developer is not controlled by the individual line items for TIF eligible costs. TIF proceeds may flow through to Developer for certified TIF eligible expenses, without respect to a particular line item, based on the actual costs incurred for those TIF eligible expenses up to the total authorized TIF request amount of $675,486.

EXPENDITURES EXCEEDING ESTIMATED COST

Any expenditures which in sum would exceed the total amount stated above will require an amendment of this plan. All amendments are undertaken pursuant to SDCL §11-9-23.

DEVELOPER'S AGREEMENT

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 $675,486.
- 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 $675,486 has been paid out in tax payment to the Developer from the taxes generated within the District, whichever comes first.

Legal Terms:

- Should the State of South Dakota not classify the TIF as affordable housing, 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 $675,486 will be the maximum amount the City will ever pass on acting as a conduit for TIF #35 for eligible project costs.

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 $675,486 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:

- Copper Flats LLC will act as the Developer and all TIF proceeds will flow to Developer.
- Developer will certify the costs to the City for reimbursement.
- The Developer agrees to maintain maximum monthly rental-rates consistent with the guidance provided by the South Dakota Housing Authority for affordable housing.
- The Developer shall submit a report to the City no later than November 15 of each calendar year on a form provided by the City.
- 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.

FEASIBILITY STUDY[7]

An economic feasibility study is attached as Schedule 4. The project is only feasible if there is contribution from the City through the Tax Increment District.

ECONOMIC DEVELOPMENT STUDY

Not less than 50% of the area will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, and manufacturing by creating affordable housing for workforce, as indicated in the Economic Development Study attached as Schedule 5.

DETAILED LIST OF ESTIMATED PROJECT COSTS[8]

Attached as Schedule 1 is a detailed list of estimated Project Costs. No expenditure for Project Costs is provided for more than five years after the district is formed.

FISCAL IMPACT STATEMENT[9]

Attached as Schedule 3 is the Fiscal Impact Statement on other taxing districts found within the Tax Increment District, both until and after the loans are repaid.

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS[10]

Project Costs shall be paid by the proceeds of tax increment revenue. The City may reimburse for administrative costs from the tax increments at the end of the Plan after payment of all approved reimbursable costs.

MAXIMUM AMOUNT OF TAX INCREMENTAL REVENUE

The maximum amount of monetary obligations to be paid through Tax Increment Number 35 shall not to exceed $675,486, or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District plus interest. In the alternative or in combination therewith, the City may issue one or more tax increment bond series or may enter into one or more development agreements whereby the tax increment revenues would be used in accordance with the terms and conditions of the development agreements (the “monetary obligation”).

DURATION OF TAX INCREMENTAL PLAN

The duration of the Plan will extend to the number of years it will take for the extinguishment of any bonds or monetary obligations; however, in no event may the positive tax increments be allocated longer than twenty (20) years after the calendar year of creation.

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[7] SDCL §11-9-16(2)
[8] SDCL §11-9-16(3)
[9] SDCL § 11-9-16(4)
[10] SDCL § 11-9-13(5)

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 2024 and thereafter. The tax increment will be available to the taxing jurisdictions at or before 20 years after at the creation of the District. Schedule 2 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds or monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value plus the tax incremental values.

CONDITIONS MAP[11], IMPROVEMENTS MAP[12], ZONING CHANGE SCHEDULE[13]

The conditions map is attached as Attachment 1. The Improvements map is attached as Attachment 2. The Zoning Change Schedule is attached as Attachment 3.

CHANGES TO THE CITY OF MITCHELL MASTER PLAN, MAP, BUILDING CODES AND CITY ORDINANCES[14]

The City has made or will make such changes in the master plan, map, building codes and City ordinances as indicated on Attachment 3.

LIST OF ESTIMATED NON-PROJECT COSTS[15]

The following is a list of the non-Project Costs. All costs are listed as taxable value, actual non-project costs will exceed the following amounts.

Item	Amount
Affordable Apartment Rental Complex	$1,899,981*
Total Non-Project Cost	$1,899,981*

*The above estimates are the estimated tax-assessed values of the structure which have been determined by utilizing the “factor” number used by Davison County to arrive at tax-assessed value. The factor in effect at the time of drafting this Project Plan is .913. Therefore, estimated tax-assessed value of all construction is $1,899,981.

[11] SDCL § 11-9-16(1)
[12] SDCL § 11-9-16(2)
[13] SDCL § 11-9-16(3)
[14] SDCL §11-9-16(4)
[15] SDCL §11-9-16(5)

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN[16]

No residents or families will be displaced by the Project. There are no families or persons residing on the premises. Therefore, no relocation Plan is needed.

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 Detail of Project Costs
SCHEDULE 2 Estimated Captured Taxable Values
SCHEDULE 3 Fiscal Impact Statement
SCHEDULE 4 Economic Feasibility Study
SCHEDULE 5 Economic Development Study

ATTACHMENTS

Attachment 1. Map and Legal Description and existing uses and conditions

Attachment 2. Map of Real property/Improvement

Attachment 3. List of proposed changes in zoning ordinances

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[16] SDCL §11-9-16(16)

SCHEDULE 1 – "DETAIL OF PROJECT COSTS"

Kind of Project Cost	Number of Projects	Location[17]	Amount	Reference[18]
Capital Costs		District	$0	11-9-14(1)
Financing Costs		District	$0	11-9-14(2)
Real Property Assembly		District	$0	11-9-14(3)
Professional Fees		District	$0	11-9-14(4)
Administrative Costs		District	$0	11-9-14(5)
Relocation Costs		District	$0	11-9-14(6)
Organizational Costs		District	$0	11-9-14(7)
Discretionary Costs and Grants	1	District	$675,486	11-9-14(8)
		Eligible Project Costs	$675,486	

[17] District shall mean the Tax Increment District.

[18] SDCL §11-9-14 (see page 9)

TIF ELIGIBLE EXPENSES/RESPONSIBLE DEVELOPER

SDCL 11-9-15

Copper Flats Apartments Cost Breakdown

Description	Total Cost	Non-Elgible Expenses	Elgible TIF Expenses
Tax Credit Fees	**$64,800**	$ 64,800	
Rent-Up/Marketing	**$10,000**	$ 10,000	
Operating Reserves	**$119,357**	$ 119,357	
Operating Interest	**$15,000**	$ 15,000	
Debt Service Reserves	**$38,185**	$ 38,185	
Land	**$305,000**	$ -	*$ 305,000*
On Site Improvements (Utilities, Asphalt, concrete)	**$420,013**	$ -	*$ 420,013*
Landscaping	**$36,547**	$ -	*$ 36,547*
Earthwork	**$239,976**	$ -	*$ 239,976*
Fire Booster Pump	**$40,000**		*$ 40,000*
New Building	**$4,003,792**	$ 4,003,792	
General Requirements	**$370,000**	$ 370,000	
Excise Taxes	**$111,612**		*$ 111,612*
Building permit	**$27,596**		*$ 27,596*
Construction Contingency**	**$170,176**	$ 142,970	*$ 27,206*
Architect Fee-Design (VDW)	**$100,000**	$ 84,000	*$ 16,000*
Engineer/Survey	**$20,674**	$ -	*$ 20,674*
CPA Cost Certification	**$10,000**	$ 10,000	
Surveys	**$2,500**	$ -	*$ 2,500*
Construction Insurance	**$32,469**	$ 27,397	*$ 5,072*
Construction Loan Origination Fee	**$65,000**	$ 54,925	*$ 10,075*
Construction Loan Line of Credit	**$10,000**	$ 10,000	
Title & Recording	**$15,000**	$ 15,000	
Legal Fees	**$17,500**	$ 17,500	
Permanent Loan Orig Fee	**$5,350**	$ 5,350	
Property Appraisal	**$5,000**	$ 5,000	
Market Study (Danter)	**$5,000**	$ 5,000	
Environmental Reports	**$5,000**	$ -	*$ 5,000*
Grand Totals	**$6,265,547**	**$ 4,998,276.20**	**$ 1,267,271.28**

* The Eligible TIF Expenses depicted as a portion of the entire cost reflect that portion which is TIF Eligible compared to the portion allocated to non-eligible expenses.

** Construction Contingencies directly correspond to cost including but not limited to: on-site improvements, landscaping, earthwork, new building, and more.

Despite TIF-eligible expenses exceeding greater than $1.4 Million Dollars, Developer is only seeking reimbursement of $675,486 from TIF revenue, as that is the anticipated amount of real estate taxes estimated to be generated from the TIF.

Earthwork includes mass grading, the pouring of foundations, and back filling.

On site improvements include a 30,00+ SF parking lot, sidewalk, landscaping, curb/gutter, and trash enclosures.

SCHEDULE 2 – "ESTIMATED CAPTURED TAXABLE VALUES"

INCREMENT-ESTIMATED TAXES THAT WILL GO TO TAX INCREMENT FUND

Taxing Districts	**Levy ($ per 1000)**
Davison County	$3.520
Mitchell School District	$10.600
James River Water Development District	$0.006
City of Mitchell	$4.530
Total Tax Levy	$18.71

Based upon the foregoing tables and for purposes of this Project Plan, the construction of the project will commence in 2024 and be completed in the spring of 2025.

It is anticipated that the Developer will procure financing to fund the public infrastructure going into the TID improvements by way of several different funding sources, to include:

- a portion of construction financing by Midwest Housing Development Fund through a loan;
- a portion of permanent financing through a fixed-interest loan from Midwest Housing Development Fund;
- a portion of construction financing and permanent financing through SDHDA, through a home loan;
- a portion of construction financing; and
- a portion of permanent financing through SDHDA through a Housing Trust Fund loan.

It is assumed that all obligations within the TID will be adequately secured as to allow the payment of principal and interest when due.

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TO ACCOMMODATE TABLE]

Revenue Assumptions / Feasibility Study

Levies are based on 2023 payable in 2024

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
2024	2025	2026	$ 2,081,031.00	$ 2,081,031.00	0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 35,551.88
2025	2026	2027			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 71,103.76
2026	2027	2028			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 106,655.64
2027	2028	2029			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 142,207.52
2028	2029	2030			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 177,759.40
2029	2030	2031			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 213,311.28
2030	2031	2032			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 248,863.16
2031	2032	2033			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 284,415.04
2032	2033	2034			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 319,966.92
2033	2034	2035			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 355,518.80
2034	2035	2036			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 391,070.68
2035	2036	2037			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 426,622.56
2036	2037	2038			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 462,174.44
2037	2038	2039			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 497,726.32
2038	2039	2040			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 533,278.20
2039	2040	2041			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 568,830.08
2040	2041	2042			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 604,381.96
2041	2042	2043			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 639,933.84
2042	2043	2044			0.0035199	0.0045328	0.000058	0.0106010	0.0187117	0.913	$ 35,551.88	$ 675,485.72
2043	2044	-										
2044	-	-										

Valuation Increment * Non-Ag Factor * Total Mill Rate

True & Full Value of Improvements	$	2,081,031.00
Assessed Value of Improvements	$	1,899,981.30

Assumptions:

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

Notes:

* 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 - “FISCAL IMPACT STATEMENT”

FISCAL IMPACT STATEMENT - TAX INCREMENT DISTRICT NUMBER 35

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 § 11-9-16(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 35

“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 an estimated amount of $1,899,981.

2. The average tax levy of all taxing districts will be $18.71 per thousand dollars of taxable valuation (2024).

3. Tax increment will start to be collected in 2026 and end in or prior to 2044.

4. The discretionary formula will be waived by the Developer of the project.

FISCAL IMPACT:

The total fiscal impact upon the taxing entities during the term of the Tax Increment District will be an estimated $675,486. There will be no fiscal impact for the first year of the Tax Increment District.

SCHEDULE 4 – "ECONOMIC FEASIBILITY STUDY"

The City of Mitchell has been approached by Copper Flats, LLC ("Developer") concerning the creation of a tax increment district to be located within the City of Mitchell, Davison County, South Dakota. The Project which will consist of an Affordable Housing Project consisting of a multi-family rental housing unit consisting of 35 one, two- and three-bedroom apartment units. The unit "mix" will consist of 10 one-bedroom units, 17 two-bedroom units and 8 three-bedroom units. The project will be located on approximately 1.74 acres of land, more or less, located within the City of Mitchell. This land has not previously been developed.

The Developer has indicated that the project is not feasible without the assistance of the Tax Increment District. This is a "but for" type of tax increment district financing. The project will not proceed "but for" the assistance from the City through the creation of a tax increment district for the project.

The City has made it clear that City funding for these public improvements must be supported by the tax revenues generated by the Project, and not by the general revenues of the City. The vehicle through which this can be accomplished is through tax increment financing under the South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9). Tax increment financing is an indispensable self-financing tools 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 City of Mitchell has guidelines for the use of tax increment financing within the City. While the guidelines are consistent with South Dakota Codified Law and the process is generally the same as provided for within statute, there are a few exceptions and instances where the City has taken the liberty to further define and interpret.

The estimated increment resulting from the improvements would be $675,486.

SCHEDULE 5 – "ECONOMIC DEVELOPMENT STUDY"

SECTION 1- INTRODUCTION

The City has been approached concerning the creation of a tax increment district located within the City of Mitchell, Davison County, South Dakota. 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, Affordable Housing, 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. This Schedule will address Economic Development through the development of an Affordable Housing Project within the City of Mitchell city limits.

SECTION 2 - STUDY AREA BOUNDARY/FINDING OF BLIGHT

The Study area is described as the area depicted on the map attached to this Project Plan as Attachment 1 and includes the legal descriptions set forth within this Project Plan. The TIF area contains 1.74 acres of open ground. It currently has no site improvement. An open area such as this within the city limits of the City of Mitchell substantially impairs and arrests the sound growth of the City as defined by SDCL 11-9-11, which provides an "open area" as blighted. A factor keeping this area from being further developed is the cost of public infrastructure and site preparation. The approval of this TIF will provide a way for Developer to provide the required infrastructure, which cannot be done without the TIF.

SECTION 3 - ESTABLISHING AFFORDABLE HOUSING CRITERIA

Developer has identified real property located in Mitchell, South Dakota, near the intersection of E. Spruce Street and South Capital Street, consisting of 1.74 acres. The project will provide for the construction of a new three-story building consisting of 35 one-, two- and three-bedroom apartment units, consisting of 10 one-bedroom units, 17 two-bedroom units, and 8 three-bedroom units. Although the South Dakota Department of Revenue requires a monthly rental rate to be at or below the calculated rent for the state's 80% area median income as of the date the district is completed, this project will provide for 4 units at 40% of Davison County's area median income; 11 units at 50% of Davison County's area median income; 11 units at 60% of Davison County's area median income; and 9 more units at 60% of Davison County's area median income that may ultimately qualify for 70%-80% of Davison County's area median income. One hundred percent (100%) of the units will qualify for the low-income housing tax credit provided for by Section 42 IRC of 1986.

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

The primary goal of the TID is to provide additional Affordable Housing options to the Mitchell, South Dakota area by developing a project to be constructed upon real property located within the TID boundaries, to complete site preparation and public infrastructure necessary to serve the real property located within the TID boundaries.

The TID area consists of a large, undeveloped tract (1.74 acres) within the corporate city limits of the City. The completion of the Affordable Housing apartment complex will allow for the creation of new jobs and the retention of existing jobs and develop not only the general economic welfare and prosperity of the City of Mitchell, but also of the State of South Dakota through promotion and advancement of commercial and industrial business.

It is specifically found that once the improvements set forth within City TID #35 Project Plan are completed, this project will significantly enhance the value of substantially all of the other real property in the TID District. It is anticipated that the Project will provide additional development and employment opportunities in the Mitchell and Davison County area through providing Affordable Rental Housing options in Mitchell, South Dakota.

Section 5 - Conditions within the Study Area; Land Use and Planning

Land Use and Planning

Comprehensive Plan

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

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 by increasing the number of Affordable Rental Housing units in Mitchell, Davison County area, as well as creating new employment opportunities and retaining existing jobs for the Mitchell area, 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).

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ATTACHMENT 1

LEGAL DESCRIPTION

Lot One A (1A) in Block Three (3) of Stardust Subdivision to the City of Mitchell, Davison County, South Dakota, consisting of 75,915 square feet, more or less (1.74 acres, more or less)

ATTACHMENT 2

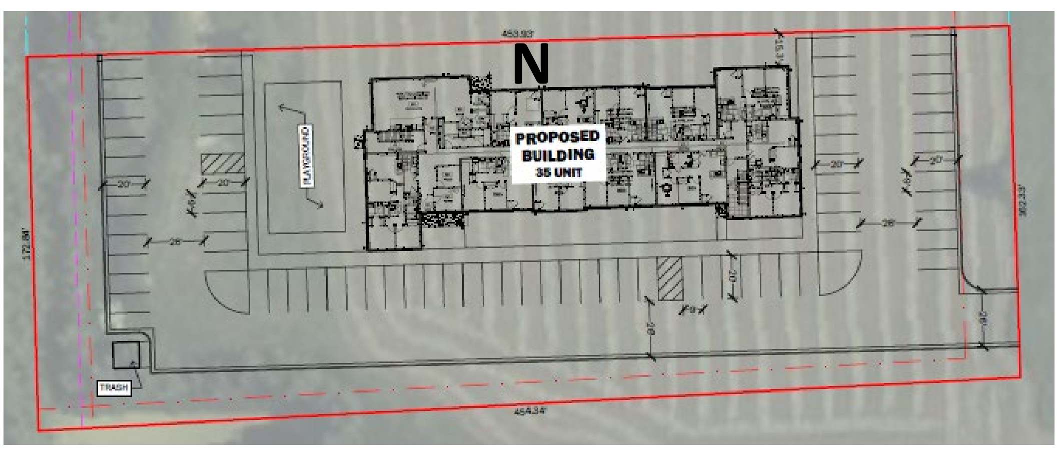
CONDITIONS MAP

ATTACHMENT 3

MAP OF REAL PROPERTY/IMPROVEMENTS

1 **Northwest Perspective**
Scale: NTS

2 **Southeast Perspective**
Scale: NTS

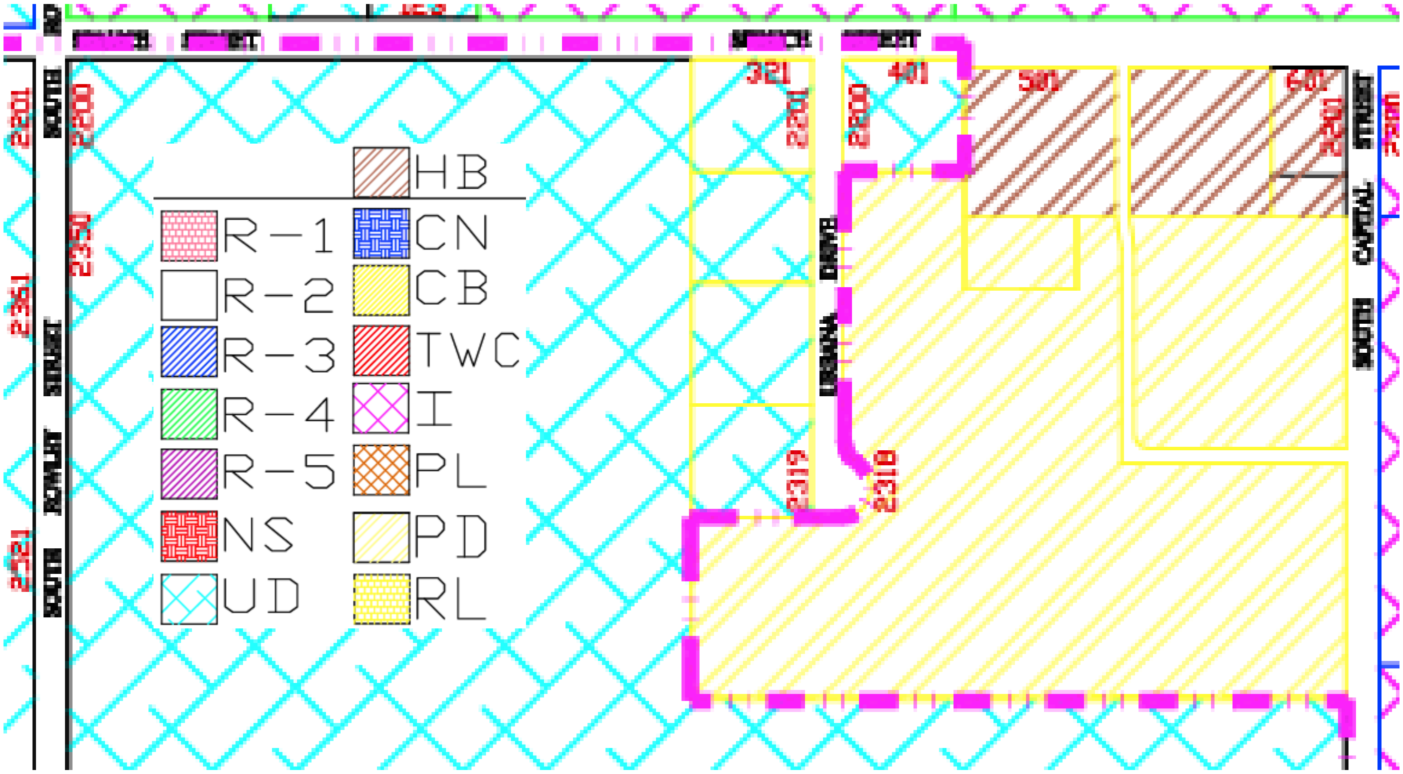


The real property to be located within the Tax Increment District is located near the intersection of E. Spruce Street and South Capital Street in Mitchell, South Dakota, as legally described on page 4 of the Project Plan.

The image is only intended to show the areas with improvements, and does not reflect the actual TIF boundaries described in the Project Plan.

ATTACHMENT 4

LIST OF PROPOSED CHANGES IN ZONING ORDINANCES



No zoning changes are necessary as the real property is currently zoned as South Pointe Village Planned Development District.