

TAX INCREMENTAL DISTRICT

NUMBER 3,

TEA

TAX INCREMENTAL

PROJECT PLAN

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INTRODUCTION AND PURPOSE

The purpose of this Plan, to be implemented by the City of Tea is to satisfy the requirements for a Tax Incremental District Plan Number 3, Tea 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.

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 of the City of Tea.

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 through public investment.

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 the development of the Bakker Landing Addition and the overall 85th Street Interchange corridor at a faster pace than might occur otherwise.

At the formation of the Bakker Landing Addition, the City of Tea intended to create TIF districts throughout all properties within the preliminary plan. The City received the support of the Developer through the creation of City of Tea TIF #1 and TIF #2. The primary objective of TIF #3 is to invest in an economic development boost for the community and region. The City intends to utilize TIF proceeds for property acquisition, infrastructure improvements, and construction of a regional based indoor athletic facility. The purpose of the facility is to serve the Sioux Falls and surrounding region in the hosting of a multitude of regional sporting events, tournaments, practices and specialize trainings.

The City of Tea wishes to intensify their efforts to build and protect a long-lasting local economy, both in job creation and diversifying their sales tax base. Ensuring a strong economic presence will allow both the City and the State to benefit every year from the sales tax dollars generated by spending in the area. The City intends to be an active participant in encouraging the growth of this area in coordination with the new 85th Street corridor. The primary objective is to assist stimulation of the overall Tea economy through the development of a regional indoor athletic facility. The City intends to utilize TIF proceeds for the acquisition of property, construction of the facility, and surrounding infrastructure improvements.

The City will utilize TIF #3 to fund infrastructure improvements necessary for access into the Bakker Landing Development, including 85th Street from Sundowner Avenue to the new 85th Street Interchange, the 85th Street Interchange, and Sundowner Avenue Improvements, all within the boundaries of the defined TIF District. Infrastructure includes water main, sewer main, storm sewer and all aspects of street surfacing construction. The installation of this infrastructure will open up new parcels for future development and create public access to the development.

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.

"City" means the City of Tea, Lincoln County, South Dakota.

"City Council" means the City Council of the City of Tea.

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

"District" means Tax Incremental District Number 3.

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

"Fiscal year" means that fiscal year of the Tea.

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

"Governing body" means the City Council.

"Grant" 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 county;

"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 in this state.

"Planning Commission" means the Tea Planning Commission.

"Plan" means this Project Plan.

"Project" means Economic Development driven Regional and Community Indoor Athletic Facility and surrounding infrastructure improvements.

"Project Costs" means any expenditure or monetary obligations by the Tea, 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 the City of Tea 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 § 11-9-16.

"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" a contiguous geographic area within a City defined and created by resolution of the governing body and named Tea Tax Incremental District Number 3;

"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.

PROPERTY WITHIN THE TAX INCREMENT DISTRICT

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

Tract 4, Bakker Landing 1st Add, City of Tea

19 - 100-50 Govt Lots 1 & 2 NW1/4 *ex S 10 Rds & Lot H-1 & Tr 1 Sundowner Invest, Tea

Lot 1, Block 8, Bakker Landing 1st Add, City of Tea

Lot 2, Block 8, Bakker Landing 1st Add, City of Tea

Lot 1, Block 7, Bakker Landing 1st Add, City of Tea

Lot 2, Block 7, Bakker Landing 1st Add, City of Tea

Lot 5, Block 8, Bakker Landing 1st Add, City of Tea

Tract 5, Bakker Landing 1st Add, City of Tea

Tract 4, Bakker Landing 1st Add, City of Tea

Lot 4, Block 8, Bakker Landing 1st Add, City of Tea

Lot 3A, Block 8, Bakker Landing 1st Add, City of Tea

Lot 3B, Block 8, Bakker Landing 1st Add, City of Tea

Lot 1, Block 11, Bakker Landing 1st Add, City of Tea

Tract 3A, Bakker Landing 1st Add, Govt Lot 1, NW1/4 19 100 50

Lot 9, Block 1, Bakker Landing 1st Add, City of Tea

Lot 2, Block 11, Bakker Landing 1st Add, City of Tea

Tract 6A, Bakker Landing 1st Add, City of Tea

Lot 2A, Block 11, Bakker Landing 1st Add, City of Tea

including all right-of-way and public dedications lying adjacent thereto, connecting said properties, which includes the right-of-ways known as Sundowner Avenue east to Interstate 29 Right of Way, Trade Street from Sundowner Avenue east to Enterprise Avenue, and all properties north to 270th Street – Market Street from Enterprise Avenue to Interstate 29 Right of Way and all properties north to 270th Street (the "District").

LISTING OF KIND, NUMBER, LOCATION AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS¹.

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 City. The Project Costs includes capital costs, financing costs, real property assembly costs, professional fee costs, imputed

¹ SDCL §11-9-16(1).

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 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 following additional objectives:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City;
- 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 land;
- To improve pedestrian, bicycle, vehicular, and transit-related circulation and safety;
- 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.

TAXABLE VALUE OF TEA

State law requires that tax increment districts cannot exceed ten percent of the taxable value of the Tea. The total value of the base of all active tax Increment districts in Tea plus base of Tax Increment District 3 is significantly less than 10% of total taxable value in the City.

The proposed Tax Incremental District will promote economic growth and enhancements in Tea. 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. The district will further promote affordable commercial development within the City of Tea.

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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	Location ²	Amount	Reference ³
Capital Costs		District	30,000,000	11-9-14(1)
Financing Costs		District	600,000	11-9-14(2)
Real Property Assembly		District	5,500,000	11-9-14(3)
Professional Fees		District	350,000	11-9-14(4)
Administrative Costs		District	10,000	11-9-14(5)
Relocation Costs		District	0	11-9-14(6)
Organizational Costs		District	25,000	11-9-14(7)
Discretionary Costs and Grants		District	0	11-9-14(8)
Eligible Project Costs			\$36,485,000.00	

The City may reallocate the kind of Project Costs administratively without an amendment of this plan, provided the sum does not exceed the total listed above.

The above total represents eligible Project Costs. **ONLY SUCH AMOUNTS AS ARE FEASIBLE WILL BE FINANCED BY A MONETARY OBLIGATION, WHICH IS ESTIMATED TO BE \$36,485,000.00.**

²District shall mean the Tax Increment District .

³SDCL §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.

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

FEASIBILITY STUDY⁴

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 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 development by providing commercial development, the Economic Development Study attached as Schedule 5.

DETAILED LIST OF ESTIMATED PROJECT COSTS⁵

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 unless an amendment to the project plan is made.

FISCAL IMPACT STATEMENT⁶

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

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS⁷

Project Costs shall be paid by the proceeds of tax increment revenue. There shall be no advances by the City. 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 3 shall not to exceed \$36,485,000.00 principal amount or such lesser amount as may be feasible with the estimated revenue generated

⁴ SDCL §11-9-16(2)

⁵ SDCL §11-9-16(3)

⁶ SDCL § 11-9-16(4).

⁷ SDCL § 11-9-13(5)

by the Tax Increment District plus interest. In the alternative or in combination therewith, the City 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 INCREMENT PLAN

The duration of the Plan will extend to the number of years it will take for the extinguishment of the monetary obligation, except that the Plan duration shall not exceed 20 years following the year of creation of the District.

ESTIMATED IMPACT OF TAX INCREMENT DISTRICT ON REVENUES OF TAXING DISTRICTS

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 2024 taxes payable in 2025 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 3 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

CONDITIONS MAP⁸, IMPROVEMENTS MAP⁹, ZONING CHANGE MAP¹⁰

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

CHANGES TO THE TEA MASTER PLAN, MAP, BUILDING CODES AND ORDINANCES¹¹.

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

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⁸ SDCL § 11-9-16(1)

⁹ SDCL § 11-9-16(2)

¹⁰ SDCL § 11-9-16(3)

¹¹ SDCL §11-9-16(4)

LIST OF ESTIMATED NON-PROJECT COSTS¹².

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.

Project	
Total Non-Project Cost*	\$110,000,000.00

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN¹³

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.

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¹² SDCL §11-9-16(5)

¹³ SDCL § 11-9-16(16)

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 and uses

Attachment 3. Map of proposed changes in zoning ordinances

SCHEDULE 1 – "DETAIL OF PROJECT COSTS"

Kind of Project Cost	Number of Projects	Location ¹⁴	Amount	Reference ¹⁵
Capital Costs		District	30,000,000	11-9-14(1)
Financing Costs		District	600,000	11-9-14(2)
Real Property Assembly		District	5,500,000	11-9-14(3)
Professional Fees		District	350,000	11-9-14(4)
Administrative Costs		District	10,000	11-9-14(5)
Relocation Costs		District	0	11-9-14(6)
Organizational Costs		District	25,000	11-9-14(7)
Discretionary Costs and Grants		District	0	11-9-14(8)
Eligible Project Costs			\$36,485,000.00	

The City may reallocate the kind of Project Costs administratively without an amendment of this plan, provided the sum does not exceed the total listed above.

¹⁴District shall mean the Tax Increment District .

¹⁵SDCL §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.

SCHEDULE 2 – "ESTIMATED CAPTURED TAXABLE VALUES"

BASE-ESTIMATED TAXES THAT WILL GO TO TAXING DISTRICTS DURING TIF

INCREMENT-ESTIMATED TAXES THAT WILL GO TO TAX INCREMENT FUND

Taxing Districts	Levy
	\$ per 1000
County	1.946
School District	13.307
City	4.965
Total Tax Levy	20.218

*Total improvements are estimated to exceed \$110,000,000. The estimated payoff date of tax increment obligations will be reduced by additional increment. The estimated captured taxable values will be as follows:

Tax Collected	Assessed	Taxes
2024	\$	-
2025	\$	-
2026	\$ 25,500,000.00	\$ 515,559.00
2027	\$ 46,750,000.00	\$ 945,191.50
2028	\$ 68,000,000.00	\$ 1,374,824.00
2029	\$ 93,500,000.00	\$ 1,890,383.00
2030	\$ 93,500,000.00	\$ 1,890,383.00
2031	\$ 93,500,000.00	\$ 1,890,383.00
2032	\$ 93,500,000.00	\$ 1,890,383.00
2033	\$ 93,500,000.00	\$ 1,890,383.00
2034	\$ 93,500,000.00	\$ 1,890,383.00
2035	\$ 93,500,000.00	\$ 1,890,383.00
2036	\$ 93,500,000.00	\$ 1,890,383.00
2037	\$ 93,500,000.00	\$ 1,890,383.00
2038	\$ 93,500,000.00	\$ 1,890,383.00
2039	\$ 93,500,000.00	\$ 1,890,383.00
2040	\$ 93,500,000.00	\$ 1,890,383.00
2041	\$ 93,500,000.00	\$ 1,890,383.00
2042	\$ 93,500,000.00	\$ 1,890,383.00
2043	\$ 93,500,000.00	\$ 1,890,383.00

SCHEDULE 3 - "FISCAL IMPACT STATEMENT"

FISCAL IMPACT STATEMENT- TAX INCREMENT DISTRICT NUMBER 3

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 Tea Tax Increment District Number 3.

"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 a minimum of \$110,000,000.00.
2. The average tax levy of all taxing districts will be \$20.218 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2026 and is authorized by law to be collected through 2043.
4. There is no discretionary formula applied to the properties.

FISCAL IMPACT:

The total fiscal impact upon the taxing entities during the term of the Tax Increment District will be an estimated \$31,191,319.50. There will be no fiscal impact for the first four years of the Tax Increment District. On the 4th and following years the potential fiscal impact estimated to end on 2035:

Tax Collected		Assessed	Taxes
2024		\$	-
2025		\$	-
2026	\$	25,500,000.00	\$ 515,559.00
2027	\$	46,750,000.00	\$ 945,191.50
2028	\$	68,000,000.00	\$ 1,374,824.00
2029	\$	93,500,000.00	\$ 1,890,383.00
2030	\$	93,500,000.00	\$ 1,890,383.00
2031	\$	93,500,000.00	\$ 1,890,383.00
2032	\$	93,500,000.00	\$ 1,890,383.00
2033	\$	93,500,000.00	\$ 1,890,383.00
2034	\$	93,500,000.00	\$ 1,890,383.00
2035	\$	93,500,000.00	\$ 1,890,383.00
2036	\$	93,500,000.00	\$ 1,890,383.00
2037	\$	93,500,000.00	\$ 1,890,383.00
2038	\$	93,500,000.00	\$ 1,890,383.00
2039	\$	93,500,000.00	\$ 1,890,383.00
2040	\$	93,500,000.00	\$ 1,890,383.00
2041	\$	93,500,000.00	\$ 1,890,383.00
2042	\$	93,500,000.00	\$ 1,890,383.00
2043	\$	93,500,000.00	\$ 1,890,383.00

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SCHEDULE 4 – “ECONOMIC FEASIBILITY STUDY”

The project is proposed to be constructed on land located within Bakker Lander 1st Addition in the City of Tea.



The Project is not feasible without the assistance of the Tax Increment District. This is a “but for” type of tax increment district financing district. The project will not proceed “but for” 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 assessed value of all properties within the boundaries of the tax increment upon creation is designated the “base”. All taxing districts continue to receive their taxes levied upon the Base. Taxes levied on any increases above the base (the “Tax Increment”) are paid to the City and deposited into the tax increment fund of District.

Tax increment financing is permitted only in connection with a “Project Plan” duly adopted by the City. The City of Tea 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 future tax increment, as evidenced by the table below, indicates that the tax increment district and its financing would be feasible. Only project cost amounts feasible will be financed through the tax increment.

Tax Collected		Assessed	Taxes
2024			\$ -
2025			\$ -
2026	\$	25,500,000.00	\$ 515,559.00
2027	\$	46,750,000.00	\$ 945,191.50
2028	\$	68,000,000.00	\$ 1,374,824.00
2029	\$	93,500,000.00	\$ 1,890,383.00
2030	\$	93,500,000.00	\$ 1,890,383.00
2031	\$	93,500,000.00	\$ 1,890,383.00
2032	\$	93,500,000.00	\$ 1,890,383.00
2033	\$	93,500,000.00	\$ 1,890,383.00
2034	\$	93,500,000.00	\$ 1,890,383.00
2035	\$	93,500,000.00	\$ 1,890,383.00
2036	\$	93,500,000.00	\$ 1,890,383.00
2037	\$	93,500,000.00	\$ 1,890,383.00
2038	\$	93,500,000.00	\$ 1,890,383.00
2039	\$	93,500,000.00	\$ 1,890,383.00
2040	\$	93,500,000.00	\$ 1,890,383.00
2041	\$	93,500,000.00	\$ 1,890,383.00
2042	\$	93,500,000.00	\$ 1,890,383.00
2043	\$	93,500,000.00	\$ 1,890,383.00

This document represents the feasibility study required under Tax Increment District Law Section 11-9-16 (Subsections 2, 4 and 5). The study concludes that the proposed project is feasible. It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal and interest when due.

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SCHEDULE 5 – “ECONOMIC DEVELOPMENT STUDY”

SECTION 1- INTRODUCTION

The City has been approached concerning the creation of a tax increment district. If the City finds that" conditions exist in not less than 50% of the proposed tax increment district area 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 development by providing commercial activities, it may create a tax Increment district. The Purpose of the study is to determine if there are sufficient facts to warrant the creation of a district in the City.

In addition to studying the subject area for the defined blighting conditions, staff has evaluated the area for the existence of assets or opportunities for private investment, as creation and reinvestment of TIF funds in a District depends primarily on new private investment generating new property taxes. Finally, staff reviewed the Study Area for localized physical and institutional impediments to investment in the study area.

SECTION 2 - STUDY AREA BOUNDARY

The Study area is described as:

Tract 4, Bakker Landing 1st Add, City of Tea

19 - 100-50 Govt Lots 1 & 2 NW1/4 *ex S 10 Rds & Lot H-1 & Tr 1 Sundowner Invest, Tea

Lot 1, Block 8, Bakker Landing 1st Add, City of Tea

Lot 2, Block 8, Bakker Landing 1st Add, City of Tea

Lot 1, Block 7, Bakker Landing 1st Add, City of Tea

Lot 2, Block 7, Bakker Landing 1st Add, City of Tea

Lot 5, Block 8, Bakker Landing 1st Add, City of Tea

Tract 5, Bakker Landing 1st Add, City of Tea

Tract 4, Bakker Landing 1st Add, City of Tea

Lot 4, Block 8, Bakker Landing 1st Add, City of Tea

Lot 3A, Block 8, Bakker Landing 1st Add, City of Tea

Lot 3B, Block 8, Bakker Landing 1st Add, City of Tea

Lot 1, Block 11, Bakker Landing 1st Add, City of Tea

Tract 3A, Bakker Landing 1st Add, Govt Lot 1, NW1/4 19 100 50

Lot 9, Block 1, Bakker Landing 1st Add, City of Tea

Lot 2, Block 11, Bakker Landing 1st Add, City of Tea

Tract 6A, Bakker Landing 1st Add, City of Tea

Lot 2A, Block 11, Bakker Landing 1st Add, City of Tea

including all right-of-way and public dedications lying adjacent thereto, connecting said properties, which includes the right-of-ways known as Sundowner Avenue east to Interstate 29 Right of Way, Trade Street from Sundowner Avenue east to Enterprise Avenue, and all properties north to 270th Street – Market Street from Enterprise Avenue to Interstate 29 Right of Way and all properties north to 270th Street (the "District").

SECTION 3 - ESTABLISHING ECONOMIC DEVELOPMENT

South Dakota Codified Law § 11-9-8 requires a finding that 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 development; and that the improvement of the area is likely to significantly enhance the value of substantially all other real property in the district.

SECTION 4 - HISTORY OF THE STUDY AREA

The study area has been open and in the process of commercial development as shown:



SECTION 5 - STUDY AREA DESCRIPTION

The study area consists of bare ground and developing commercial buildings. The area lying south and north of the the study area has developed into commercial lots.

SECTION 6 - CONDITIONS WITHIN THE STUDY AREA

Structures

There are no structures within the study area.

Conditions that endanger life and property

The area will support fire suppression systems with the construction of water infrastructure.

Infrastructure

New water, sewer, gas and electrical service will be required to be constructed.

Lot Layout

The tracts will be required to be platted into lots.

Demographic Character of the Study Area

The district has a population of 0.

Tax Generation from the Area

The District currently generates taxes as an other and agricultural tax rate.

Land Use and Planning

Current land use is not at its highest and best use.

Zoning

The property is currently zoned for planned unit development.

SECTION 7 - FINDINGS WITHIN THE STUDY AREA – ANALYSIS

The construction of commercial buildings has a multiplier effect on the Tea economy. It generates additional economic activities as the newly employed workers spend their wages on goods and services, leading to increased demand in other sectors, such as retail, hospitality, and transportation. The construction industry is labor-intensive, requiring a significant workforce. When commercial buildings are constructed, it creates jobs for architects, engineers, construction workers, and various skilled and unskilled laborers. This, in turn, reduces unemployment rates and stimulates economic activity.

Once completed, commercial buildings will house businesses, offices, and retail spaces. The presence of these establishments attract more consumers, leading to increased foot traffic and higher sales for nearby businesses. This boost in economic activity leads to increased consumer spending and improved Tea economy. Completed commercial buildings will contribute to tax revenues. Property taxes, sales taxes, and business taxes generated from commercial activities contribute to funding public services and infrastructure development, further supporting economic growth within Tea.

Commercial construction can further spur additional real estate development. As businesses establish themselves in the new commercial spaces, it may attract further investment in the area, leading to the development of residential properties, recreational facilities, and other amenities.

Commercial construction projects often involve infrastructure improvements in the surrounding area, such as road expansions, utility upgrades, and other public enhancements. These improvements not only support the new commercial development but also benefit the community at large.

The construction of commercial buildings can positively impact property values in the surrounding area. This can lead to increased wealth for property owners, potentially encouraging them to invest in other ventures and contribute to economic development. The availability of commercial spaces can foster entrepreneurship and business growth. Entrepreneurs may find opportunities to establish new businesses or expand existing ones, creating a dynamic and competitive business environment that stimulates economic development.

In summary, the construction of commercial buildings contributes to job creation, increased consumer spending, tax revenue, real estate development, infrastructure improvement, and overall economic growth, making it a significant driver of economic development in both local and national contexts.

SECTION 8 - CONCLUSIONS

Based on the findings of this study, it is determined that the Study Area will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of commercial development; and that the improvement of the area is likely to significantly enhance the value of substantially all other real property in the district.

ATTACHMENT 1

Existing Conditions Map



ATTACHMENT 2

(List of Real Property Improvements) Improvements are to be located and are shown below:

Item	Amount
Commercial Buildings	\$110,000,000

All improvements will be made within the boundary of the Tax Increment District Number 3 as shown below.



