

TAX INCREMENT FINANCE DISTRICT
NUMBER 11,
CITY OF SIOUX FALLS



TAX INCREMENT FINANCE
PROJECT PLAN

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INTRODUCTION AND PURPOSE

The purpose of this Plan, to be implemented by the City of Sioux Falls is to satisfy the requirements for a Tax Increment Finance District Plan Number 11, City of Sioux Falls as specified in SDCL Chapter 11-9. There are 11 mandated requirements, 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 of the City.

This Plan was prepared for adoption by the City Council in recognition that the renewal area requires a coordinated, cooperative strategy, with financing possibilities, to eliminate blight and prevent the spread of blight, and accomplish the City's development objectives for improving the continued viability of the Sioux Falls core.

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, to help eliminate statutory defined blight, to prevent the spread of such blight and to promote economic development throughout the district.

Development and redevelopment 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 redevelopment at a faster pace than might occur otherwise.

The development of commercial residential property which allows for the expansion of market rate housing, the secondary generation of sales tax in the core and the expansion of the city workforce and is an essential governmental purpose and stimulates further economic 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.

"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 area¹; 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 area²; 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 Council" means the City Council of the City of Sioux Falls.

"City of Sioux Falls" means Sioux Falls, South Dakota, a home rule form of government.

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

"District" means the Tax Incremental District.

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

"Fiscal year" means that fiscal year of the City of Sioux Falls.

¹ SDCL § 11-9-9

² SDCL § 11-9-10

³ SDCL § 11-9-11.

"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 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 in this state.

"Planning Commission" means the City of Sioux Falls Planning Commission.

"Plan" means this Project Plan.

"Project Costs" means any expenditure or monetary obligations by the City of Sioux Falls, 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 Sioux Falls 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" 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 City of Sioux Falls Tax Incremental District Number Eleven;

"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:

Description: Legal Description

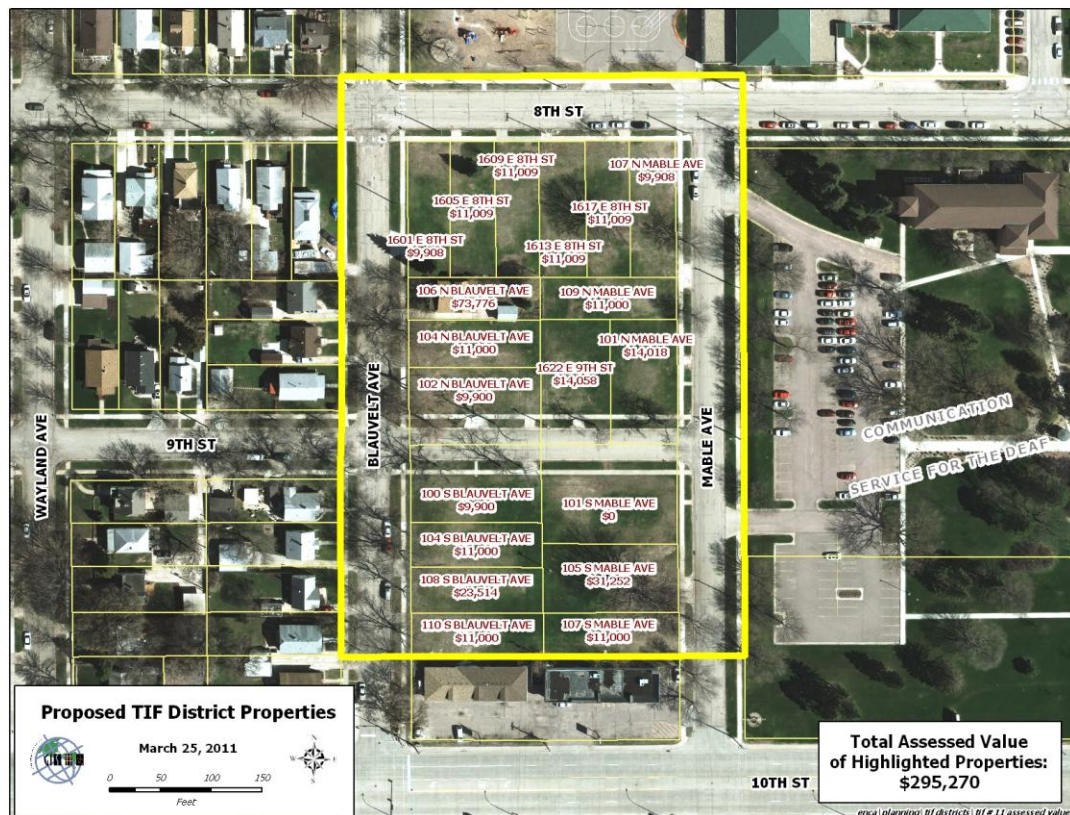
PARCEL 1: Block 2 Dunning and Wagner's Addition except lots 5 through 8; and

PARCEL 2: Block 17 of Emerson and Sherman's Addition; and

PUBLIC RIGHT-OF-WAY: Public right-of-way: all public right of way lying adjacent to parcel 1 and parcel 2 commonly known as Blauvelt Avenue, 8th Street and Mable Avenue;

all in the City of Sioux Falls, Minnehaha County, South Dakota according to the recorded plats thereof. (the "District").

Exhibit:



LISTING OF KIND, NUMBER, LOCATION AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS⁴.

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 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 Increment 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 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 improve pedestrian, bicycle, vehicular, and transit-related circulation and safety;
- To ultimately contribute to increased revenues for all taxing entities;
- To encourage the voluntary rehabilitation of buildings, improvements, and conditions;
- To watch for market and/or project opportunities to eliminate blight, and when such opportunities exist, to take action within the financial, legal and political limits of the City to acquire land, demolish and remove structures, provide relocation benefits, and pursue redevelopment, improvement and rehabilitation projects; and
- To improve areas that are likely to significantly enhance the value of substantially all property in the district.

⁴ SDCL §11-9-13(1).

COSTS OF PUBLIC WORKS OR IMPROVEMENTS

In accordance with SDCL § 11-9-13 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 | | 11-9-14(1) |
| Financing Costs | 1 to 3 | District | \$50,000 | 11-9-14(2) |
| Real Property Assembly | | District | | 11-9-14(3) |
| Professional Fees | | District | | 11-9-14(4) |
| Administrative Costs | 1 to 3 | District | \$25,000 | 11-9-14(5) |
| Relocation Costs | | | | 11-9-14(6) |
| Organizational Costs | | | | 11-9-14(7) |
| Discretionary Costs and Grants | 1 | | \$400,000 | 11-9-14(8) |
| Eligible Project Costs | | | \$475,000 | |

The above total represents eligible Project Costs. Only such amounts as are feasible will be financed by a monetary obligation.⁷

⁵District shall mean the Tax Increment District.

⁶SDCL §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 STUDY.⁸

An economic feasibility study is attached as Schedule 4.

BLIGHT STUDY

Not less than 25% of the area within the proposed district is blighted and in need of redevelopment as indicated in the Blight Study attached as Schedule 5.

DETAILED LIST OF ESTIMATED PROJECT COSTS⁹

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.

FISCAL IMPACT STATEMENT¹⁰

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 OBLIGATIONS¹¹

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 as defined by the development agreement between the City and developer.

⁷ If the project costs are not provided for in the original plan, the governing body would be required to amend the plan which requires the South Dakota Department of Revenue to redetermine the tax increment base when additional project costs are added to a plan. SDCL §11-9-23 By including “wish list” project costs, the governing body protects itself when the assessment is greater than originally estimated.

⁸ SDCL §11-9-13(2)

⁹ SDCL §11-9-13(3)

¹⁰ SDCL § 11-9-13(4).

¹¹ SDCL § 11-9-13(5)

MAXIMUM AMOUNT OF TAX INCREMENTAL REVENUE

The maximum amount of tax incremental revenue to be paid through Tax Increment Number 11 (the “monetary obligation”) shall depend on the anticipated revenues from the tax increment and is anticipated not to exceed \$475,000 principal amount or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. 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.

DURATION OF TAX INCREMENT FINANCE 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 from the date of creation of the District.

ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS

The site will generate taxes to the local jurisdictions at or above the assessed value of the Base. All taxing districts shall receive that base which will be the value set for 2011 taxable payable in 2012. 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 MAP¹², IMPROVEMENTS MAP¹³, ZONING CHANGE MAP¹⁴

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

CHANGES TO THE CITY OF SIOUX FALLS MASTER PLAN, MAP, BUILDINGS CODES AND CITY ORDINANCES¹⁵.

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

¹² SDCL § 11-9-16(1)

¹³ SDCL § 11-9-16(2)

¹⁴ SDCL § 11-9-16(3)

¹⁵ SDCL §11-9-16(4)

LIST OF ESTIMATED NON-PROJECT COSTS¹⁶.

The following is a list of all non-Project Costs.

| Non Project Item |
|------------------|
| \$4,575,660 |

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN¹⁷

There are no families or persons residing on the premises and 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 shall 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 developers agreement.

¹⁶ SDCL §11-9-16(5)

¹⁷ 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 Schedule
- SCHEDULE 5 Blight 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"

SCHEDULE 1 - "DETAIL OF PROJECT COSTS"+

| | |
|------------------------------|--------------------|
| Land* | \$290,000 |
| 52 Units | \$3,506,480 |
| Unit Infrastructure Cost** | \$192,000 |
| Legal/Accounting* | 50,000*** |
| Architect | 58,680 |
| Title/Recording/ Draws | \$6,500 |
| Project Engineering | 15,000 |
| Appraisal | 5,000 |
| Leasing Fee/ Advertising | 19,000 |
| Rent Incentives | 39,000 |
| Financing Fee | 29,000 |
| Construction Interest | 125,000 |
| Construction Management Fees | 50,000 |
| Contingency | 180,000 |
| | |
| TOTAL | \$4,575,660 |

+Amounts are best estimates, actual amounts may differ

*Included in page 6 as "Discretionary Costs and Grants" under SDCL 11-9-14(8). Actual cost of acquisition of real property was significantly greater than stated amount. Amount represents approximately assessed value as listed on the Director of Equalization of Minnehaha County. Expenditure from TIF fund will not take place until Senate Bill 90 takes effect on July 1, 2011.

** Included in page 6 as "Discretionary Costs and Grants" under SDCL 11-9-14(8). Expenditures will include clearing and grading of land, the reconstruction of public sidewalks and other public access areas, the reconstruction of the abandoned public road access points, the construction of storm drainage and storm drainage retention as required by the City of Sioux Falls.

***Included on page 6 as financing costs under SDCL 11-9-14(4). Expenditure from TIF fund will not take place until Senate Bill 90 takes effect on July 1, 2011..

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

Estimated Total Improvements: \$4,031,390*

Taxable Ratio:90.30%

BASE: \$\$295,270

Current Rates:

City: \$4.4980 per thousand

County: \$2.9190 per thousand

School: \$13.1480 per thousand

East River Water Development District: \$.0280

| Improvements Made | Assessed | Collected | Tax Increment | Sioux Falls | ERWD | Minnehaha County | Sioux Falls School District |
|----------------------|----------|-----------|---------------|-------------|--------|---------------------|-----------------------------|
| 2012 | 2013 | 2014 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2013 | 2014 | 2015 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2014 | 2015 | 2016 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2015 | 2016 | 2017 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2016 | 2017 | 2018 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2017 | 2018 | 2019 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2018 | 2019 | 2020 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2019 | 2020 | 2021 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2020 | 2021 | 2022 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2021 | 2022 | 2023 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2022 | 2023 | 2024 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2023 | 2024 | 2025 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2024 | 2025 | 2026 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2025 | 2026 | 2027 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2026 | 2027 | 2028 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2027 | 2028 | 2029 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |
| 2028 | 2029 | 2030 | 74,965.63 | 16,374.27 | 101.93 | 10,626.17 | 47,863.26 |

* \$4,575,660 – 295,270 (BASE) – 50,000 (LEGAL/ACCOUNTING) - \$180,000 (CONTINGENCY) - \$19,000 (LEASING/ADVERTISING)

SCHEDULE 3 - "FISCAL IMPACT STATEMENT"

FISCAL IMPACT STATEMENT- TAX INCREMENT DISTRICT NUMBER ONE

INTRODUCTION

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

DEFINITIONS

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

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

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

"Revenue" means ad valorem taxes.

"Tax Increment District " means City of Sioux Falls, Tax Increment District Number 11.

"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 \$3,640,345.
2. The average tax levy of all taxing districts will be \$20.59 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2014 and end prior to 2030.
4. Interest: The first two (2) years of the monetary obligation or bond, 2012 and 2013 will be capitalized.
5. The discretionary formula will be waived by the property owner.

FISCAL IMPACT:

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

Taxing District will continue to receive taxes on approximately \$296,536 of taxable value throughout the duration of the District.

| Valuation Assumptions | Base | Increase | Positive Increment |
|--------------------------|---------|-----------|--------------------|
| Land | 296,536 | 0 | 0 |
| Buildings | 0 | 3,640,345 | 3,640,345 |
| Total Positive Increment | 0 | 3,640,345 | 3,640,345 |

The following two tables represent the maximum estimated impact based on the cost of construction approach to valuation of the increment. Actual amount are likely to be less due to comparable sales and the income approach to valuation of the real estate.

| Projected Vah \$3,640,345 | | Mill Levy Per 20.593 | | Assessment 90.30% | | |
|---------------------------|----------------|----------------------|---------------------|-------------------|-------------------|--------------------------|
| Construction Year | Valuation Year | Revenue Year | Valuation Increment | % Completed | Taxable Valuation | Amount Available for D/S |
| 2012 | 2013 | 2014 | 401,300 | 10 | 362,374 | 7,462.37 |
| 2013 | 2014 | 2015 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2014 | 2015 | 2016 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2015 | 2016 | 2017 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2016 | 2017 | 2018 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2017 | 2018 | 2019 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2018 | 2019 | 2020 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2019 | 2020 | 2021 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2020 | 2021 | 2022 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2021 | 2022 | 2023 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2022 | 2023 | 2024 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2023 | 2024 | 2025 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2024 | 2025 | 2026 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2025 | 2026 | 2027 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2026 | 2027 | 2028 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |
| 2027 | 2028 | 2029 | 4,031,390 | 100 | 3,640,345 | 74,965.63 |

The maximum fiscal impact to the taxing districts would be as follows:

| Improvements Made | Assessed | Collected | Tax Increment | Sioux Falls | ERWD | Minnehaha County | Sioux Falls School District |
|--------------------------|-----------------|------------------|----------------------|--------------------|-------------|-------------------------|------------------------------------|
| 2012 | 2013 | 2014 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2013 | 2014 | 2015 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2014 | 2015 | 2016 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2015 | 2016 | 2017 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2016 | 2017 | 2018 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2017 | 2018 | 2019 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2018 | 2019 | 2020 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2019 | 2020 | 2021 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2020 | 2021 | 2022 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2021 | 2022 | 2023 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2022 | 2023 | 2024 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2023 | 2024 | 2025 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2024 | 2025 | 2026 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2025 | 2026 | 2027 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2026 | 2027 | 2028 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2027 | 2028 | 2029 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |
| 2028 | 2029 | 2030 | 74,630.91 | 16,301.16 | 101.47 | 10,578.72 | 47,649.55 |

SCHEDULE 4 – “ECONOMIC FEASIBILITY STUDY”



The City of Sioux Falls has been approached by a commercial developer concerning the redevelopment of land within the Whittier neighborhood, east of downtown Sioux Falls. The developer's intent is to build a multi-family complex that without the City's financial participation and support would not be developed for multi-family. An essential component of the project City funding is for certain eligible Project Costs ("Project Costs") needed to support the Project (or any other comprehensive redevelopment of the site), all of which is currently estimated to cost approximately to total \$4,575,660.

The City has recommended support for funding of these public improvements by the tax revenues generated from the Project, and not by the general revenues of the City. The vehicle through which this can be accomplished is tax increment financing, allowed by 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 Sioux Falls 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 proposed TIF District property is currently valued at approximately \$296,536. The improvements to be made to the property are estimated to add \$4,100,660 to the assessed valuation. The estimated increment resulting from the initial improvements would be \$3,640,345 and would generate collected taxes as indicated in the following table. It would be feasible to collectively finance obligations whose annual payments would be a

maximum of \$74,965 (\$3,640,345 value) to minimum \$48,220 (\$2,728,301.46 value). This document represents the feasibility study required under Tax Increment District Law Section 11-9-13 (Subsections 2, 4 and 5). The study concludes that the proposed redevelopment project is feasible. It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal when due.

MAXIMUM INCREMENT

| Pmnt # | Start of Period | Annual Interest Rate | Scheduled Balance | Actual Balance | Scheduled Payment | Interest Portion | Principal Portion |
|--------|-----------------|----------------------|-------------------|----------------|-------------------|------------------|-------------------|
| 1 | 6/1/14 | 7.0000% | 475,000.00 | 475,000.00 | (36,568.00) | (16,625.00) | (19,943.00) |
| 2 | 12/1/14 | 7.0000% | 465,798.62 | 455,057.00 | (36,568.00) | (15,927.00) | (20,641.01) |
| 3 | 6/1/15 | 7.0000% | 456,275.19 | 434,416.00 | (36,568.00) | (15,204.56) | (21,363.44) |
| 4 | 12/1/15 | 7.0000% | 446,418.44 | 413,052.55 | (36,568.00) | (14,456.84) | (22,111.16) |
| 5 | 6/1/16 | 7.0000% | 436,216.70 | 390,941.39 | (36,568.00) | (13,682.95) | (22,885.05) |
| 6 | 12/1/16 | 7.0000% | 425,657.90 | 368,056.34 | (36,568.00) | (12,881.97) | (23,686.03) |
| 7 | 6/1/17 | 7.0000% | 414,729.54 | 344,370.32 | (36,568.00) | (12,052.96) | (24,515.04) |
| 8 | 12/1/17 | 7.0000% | 403,418.70 | 319,855.28 | (36,568.00) | (11,194.93) | (25,373.07) |
| 9 | 6/1/18 | 7.0000% | 391,711.97 | 294,482.21 | (36,568.00) | (10,306.88) | (26,261.12) |
| 10 | 12/1/18 | 7.0000% | 379,595.50 | 268,221.09 | (36,568.00) | (9,387.74) | (27,180.26) |
| 11 | 6/1/19 | 7.0000% | 367,054.96 | 241,040.83 | (36,568.00) | (8,436.43) | (28,131.57) |
| 12 | 12/1/19 | 7.0000% | 354,075.51 | 212,909.26 | (36,568.00) | (7,451.82) | (29,116.18) |
| 13 | 6/1/20 | 7.0000% | 340,641.77 | 183,793.08 | (36,568.00) | (6,432.76) | (30,135.24) |
| 14 | 12/1/20 | 7.0000% | 326,737.84 | 153,657.84 | (36,568.00) | (5,378.02) | (31,189.98) |
| 15 | 6/1/21 | 7.0000% | 312,347.29 | 122,467.86 | (36,568.00) | (4,286.38) | (32,281.62) |
| 16 | 12/1/21 | 7.0000% | 297,453.06 | 90,186.24 | (36,568.00) | (3,156.52) | (33,411.48) |
| 17 | 6/1/22 | 7.0000% | 282,037.53 | 56,774.75 | (36,568.00) | (1,987.12) | (34,580.88) |
| 18 | 12/1/22 | 7.0000% | 266,082.47 | 22,193.87 | (22,970.66) | (776.79) | (22,193.87) |

MINIMUM INCREMENT

| Pmnt # | Start of Period | Annual Interest Rate | Scheduled Balance | Actual Balance | Scheduled Payment | Interest Portion | Principal Portion |
|--------|-----------------|----------------------|-------------------|----------------|-------------------|------------------|-------------------|
| 1 | 6/1/14 | 7.0000% | 475,000.00 | 475,000.00 | (24,110.84) | (16,625.00) | (7,485.84) |
| 2 | 12/1/14 | 7.0000% | 467,514.16 | 467,514.16 | (24,110.84) | (16,363.00) | (7,747.84) |
| 3 | 6/1/15 | 7.0000% | 459,766.32 | 459,766.32 | (24,110.84) | (16,091.82) | (8,019.02) |
| 4 | 12/1/15 | 7.0000% | 451,747.30 | 451,747.30 | (24,110.84) | (15,811.16) | (8,299.68) |
| 5 | 6/1/16 | 7.0000% | 443,447.62 | 443,447.62 | (24,110.84) | (15,520.67) | (8,590.17) |
| 6 | 12/1/16 | 7.0000% | 434,857.45 | 434,857.45 | (24,110.84) | (15,220.01) | (8,890.83) |
| 7 | 6/1/17 | 7.0000% | 425,966.62 | 425,966.62 | (24,110.84) | (14,908.83) | (9,202.01) |
| 8 | 12/1/17 | 7.0000% | 416,764.62 | 416,764.62 | (24,110.84) | (14,586.76) | (9,524.08) |
| 9 | 6/1/18 | 7.0000% | 407,240.54 | 407,240.54 | (24,110.84) | (14,253.42) | (9,857.42) |
| 10 | 12/1/18 | 7.0000% | 397,383.12 | 397,383.12 | (24,110.84) | (13,908.41) | (10,202.43) |
| 11 | 6/1/19 | 7.0000% | 387,180.69 | 387,180.69 | (24,110.84) | (13,551.32) | (10,559.51) |
| 12 | 12/1/19 | 7.0000% | 376,621.18 | 376,621.18 | (24,110.84) | (13,181.74) | (10,929.10) |
| 13 | 6/1/20 | 7.0000% | 365,692.09 | 365,692.09 | (24,110.84) | (12,799.22) | (11,311.61) |
| 14 | 12/1/20 | 7.0000% | 354,380.47 | 354,380.47 | (24,110.84) | (12,403.32) | (11,707.52) |
| 15 | 6/1/21 | 7.0000% | 342,672.95 | 342,672.95 | (24,110.84) | (11,993.55) | (12,117.28) |
| 16 | 12/1/21 | 7.0000% | 330,555.66 | 330,555.66 | (24,110.84) | (11,569.45) | (12,541.39) |
| 17 | 6/1/22 | 7.0000% | 318,014.28 | 318,014.28 | (24,110.84) | (11,130.50) | (12,980.34) |
| 18 | 12/1/22 | 7.0000% | 305,033.94 | 305,033.94 | (24,110.84) | (10,676.19) | (13,434.65) |
| 19 | 6/1/23 | 7.0000% | 291,599.29 | 291,599.29 | (24,110.84) | (10,205.98) | (13,904.86) |
| 20 | 12/1/23 | 7.0000% | 277,694.42 | 277,694.42 | (24,110.84) | (9,719.30) | (14,391.53) |
| 21 | 6/1/24 | 7.0000% | 263,302.89 | 263,302.89 | (24,110.84) | (9,215.60) | (14,895.24) |
| 22 | 12/1/24 | 7.0000% | 248,407.66 | 248,407.66 | (24,110.84) | (8,694.27) | (15,416.57) |
| 23 | 6/1/25 | 7.0000% | 232,991.09 | 232,991.09 | (24,110.84) | (8,154.69) | (15,956.15) |
| 24 | 12/1/25 | 7.0000% | 217,034.94 | 217,034.94 | (24,110.84) | (7,596.22) | (16,514.61) |
| 25 | 6/1/26 | 7.0000% | 200,520.32 | 200,520.32 | (24,110.84) | (7,018.21) | (17,092.63) |
| 26 | 12/1/26 | 7.0000% | 183,427.69 | 183,427.69 | (24,110.84) | (6,419.97) | (17,690.87) |
| 27 | 6/1/27 | 7.0000% | 165,736.83 | 165,736.83 | (24,110.84) | (5,800.79) | (18,310.05) |
| 28 | 12/1/27 | 7.0000% | 147,426.78 | 147,426.78 | (24,110.84) | (5,159.94) | (18,950.90) |
| 29 | 6/1/28 | 7.0000% | 128,475.88 | 128,475.88 | (24,110.84) | (4,496.66) | (19,614.18) |
| 30 | 12/1/28 | 7.0000% | 108,861.69 | 108,861.69 | (24,110.84) | (3,810.16) | (20,300.68) |
| 31 | 6/1/29 | 7.0000% | 88,561.02 | 88,561.02 | (24,110.84) | (3,099.64) | (21,011.20) |
| 32 | 12/1/29 | 7.0000% | 67,549.81 | 67,549.81 | (24,110.84) | (2,364.24) | (21,746.59) |
| 33 | 6/1/30 | 7.0000% | 45,803.22 | 45,803.22 | (24,110.84) | (1,603.11) | (22,507.73) |
| 34 | 12/1/30 | 7.0000% | 23,295.50 | 23,295.50 | (24,110.84) | (815.34) | (23,295.50) |

SCHEDULE 5 BLIGHT STUDY

SECTION 1- INTRODUCTION

The City has been approached concerning the creation of a tax increment district located in the core of Sioux Falls. In order to determine whether a tax increment district may be created, it has been recommended that city staff together with outside consultants conduct a study of the area to determine if conditions exist that meet the definitions of blight described in Title 11-9 and allow consideration of a Tax Increment District to alleviate those conditions. If the City finds, by Resolution, that "blighted" conditions exist in not less than 25% of the area, it may after notification of affected taxing districts and after a public hearing, create a Tax Increment District. The purpose of the study is to determine if impediments to development and other issues of blight exist, pursuant to state law, sufficient enough to warrant the creation of a district. Starting July 1, 2011, a tax increment district may be created where 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. More than 50% of the area will stimulate commercial activity by the construction of multi-family buildings.

In addition to studying the subject area for the defined blighted 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.

SECTION 2 - STUDY AREA BOUNDARY

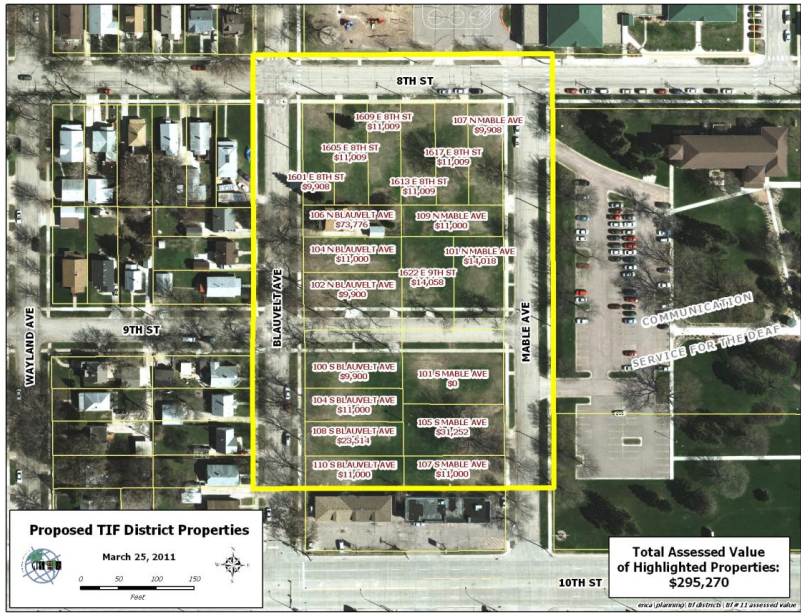
The Study area of the Blight is described as:

Description: Legal Description: PARCEL 1: Block 2 Dunning and Wagner's Addition except lots 5 through 8; and

PARCEL 2: Block 17 of Emerson and Sherman's Addition; and

PUBLIC RIGHT-OF-WAY: Public right-of-way: all public right of way lying adjacent to parcel 1 and parcel 2 commonly known as Blauvelt Avenue, 8th Street and Mable Avenue;

all in the City of Sioux Falls, Minnehaha County, South Dakota according to the recorded plats thereof. (the "District").



SECTION 3 - ESTABLISHING BLIGHT

South Dakota law describes a blighted area as one that contains a set of conditions which constitute blight. There are three statutory areas of blight:

SDCL § 11-9-9 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.

SDCL § 11-9-10. Developed areas impairing growth defined as blighted. 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) Insanitary 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.

SDCL § 11-9-11. 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.

Under South Dakota law the finding of blight may be made based upon a single factor found in SDCL § 11-9-9, 11-9-10 or 11-9-11.

SECTION 4 - HISTORY OF THE STUDY AREA

The study area was developed in the 1910s for single family housing. It existed as single family housing until the early 2000's when it was acquired at significant cost by a local company for a corporate headquarters. The cost of acquisition far exceeds the fair market value of the bare lots. Due to the cost of site acquisition, new construction has not located in the study area.

SECTION 5 - STUDY AREA DESCRIPTION

The study area contained homes, constructed in the early 1900's. They were removed between 2003-2005.

SECTION 6 - CONDITIONS WITHIN THE STUDY AREA

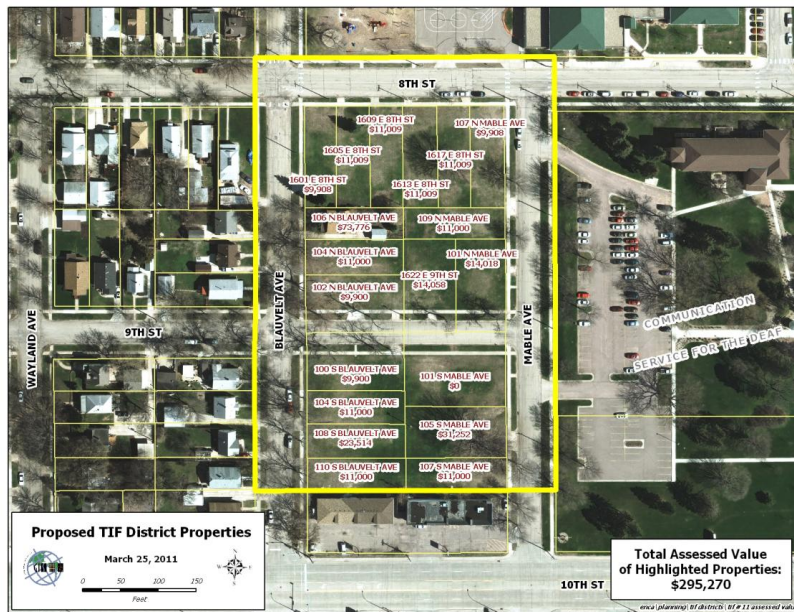
Structures

There is only one structure within the study area, a single story house constructed in the early 1900's.

Infrastructure

The study area's infrastructure is outdated and will need to be removed where present and replaced with new water, sewer, gas and electrical service.

Lot Layout. The original lot layouts are very narrow and long and do not adequately provide for current market requirements. Accessibility is limited due to width.



Abandoned Street. East 9th street between Blauvelt and Maple has been vacated but not removed.

Deterioration of Improvements. Improvements made in the 1900's are no longer useful and will require replacement.

Undeveloped Lots. The study area creates an unattractive nuisance where activities non conducive to economic prosperity can congregate.

Public Utilities

Sewer- Analysis of the City of Sioux Falls Sanitary Sewer Maps reveals that the Study Area has wastewater coverage.

Storm water – Analysis of the City of Sioux Falls Sanitary Sewer Maps reveals that the Study Area has storm sewer coverage.

Potable Water –

Analysis of the City of Sioux Falls Water Maps reveals that the Study Area has water coverage.

Street & Sidewalk Condition –

The study area has a vacated city street running through the middle of the study area. There exists abandoned driveways throughout the study area.

Transportation

The District has access to 8th street, Mable Avenue and Blauvelt Avenue.

Public Safety

Fire – The City of Sioux Falls Fire Department supplied information pertaining to life safety aspects within the study area. Twenty five percent of the District does not meet fire safety standards.

Demographic Character of the Study Area

The district has a population of 2.

Tax Generation from the Area

The District currently generates taxes.

Land Use and Planning

Comprehensive Plan

The Comprehensive plan is consistent with the proposed use of the District.

Zoning

Rezoning of the property to RA-1 was approved by the Planning Commission in August of 2010 and by City Council in September of 2010. RA-1 zoning supports the proposed density of multi-tenant housing.

SECTION 7 - FINDINGS WITHIN THE STUDY AREA – ANALYSIS

In accordance with State Law, the following addresses specific characteristics of blight found within the Study Area with corresponding portions of 11-9-10 and 11-9-11:

Presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures.

There exists faulty lot layout and the presence of a substantial number of substandard, deteriorated and deteriorating infrastructure assets which are conducive to ill health, transmission of disease, juvenile delinquency, crime, and which are detrimental to the public health, safety, morals, or welfare and substantially impairs or arrests the sound growth of City, constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use.

Unsanitary or unsafe conditions.

Some conditions within certain buildings of the Study Area achieve unsafe status due to life-safety and health issues.

The existence of conditions that endanger life or property by fire or other causes.

Some conditions within localized portions of the Study Area listed above achieve unsafe status due to life-safety issues. For example, there is only one fire hydrant on-site currently.

SECTION 8 - CONCLUSIONS

Based on the findings of this study, it is determined that the Study Area contains conditions defined as “blight”.

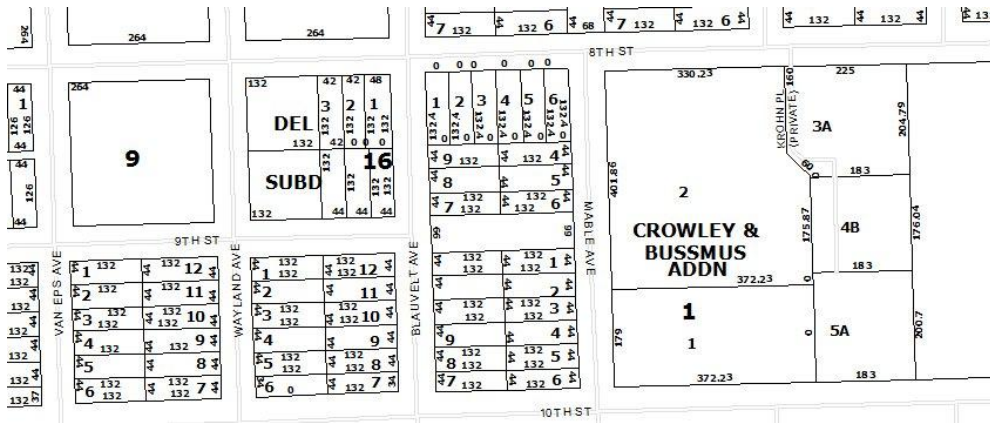
ATTACHMENT 1

Existing Conditions Map



LEGAL DESCRIPTION

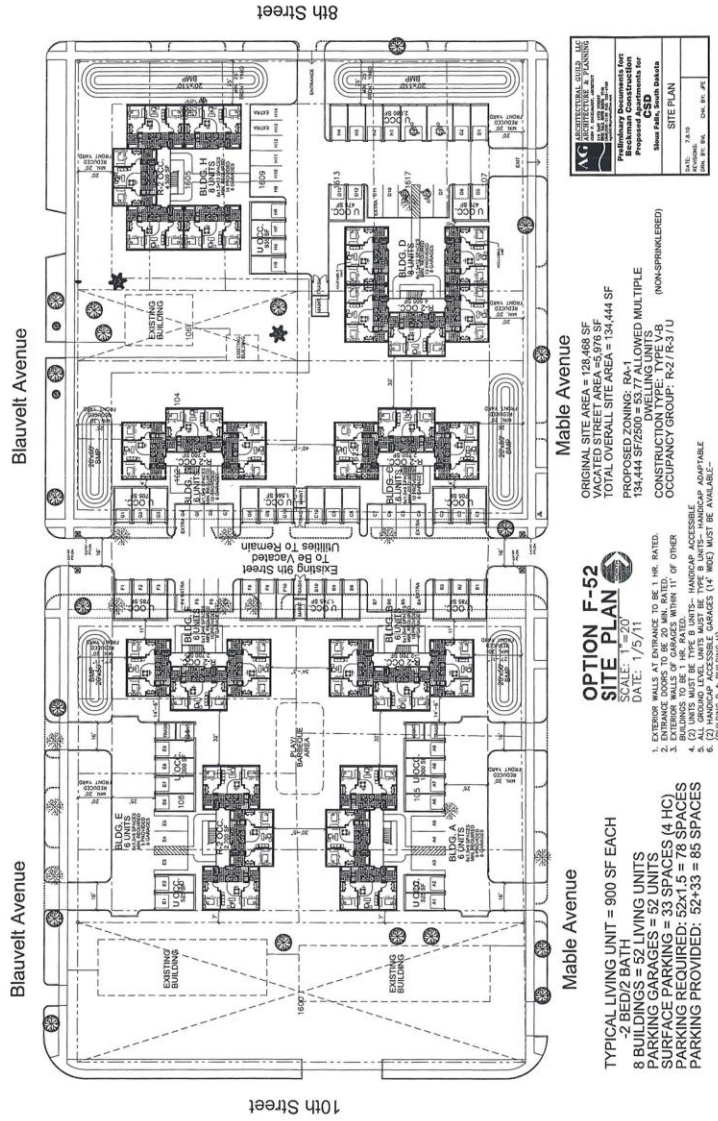
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ATTACHMENT 2

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

All improvements will be made within the boundary of the Tax Increment District Number



The Improvements shall be located in the real property described in Attachment 1 and is the highest and best use for the real property.

ATTACHMENT 3

Zoning Changes

All zoning changes have taken place prior to this agreement.

The property has been rezoned to RA-1.

