PLANNING COMMISSION/
BOARD OF ADJUSTMENT MEETING
CITY COMMISSION ROOM
Tuesday, May 31, 2022
7:00am

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES: May 10, 2022, Planning Commission Minutes.

APPROVAL OF MINUTES: Board of Adjustment Minutes – May 10, 2022

APPROVAL OF AGENDA:

APPEARANCES, ACKNOWLEDGEMENTS, CORRESPONDENCE:

OLD BUSINESS (Planning Commission and Board of Adjustment): None

NEW BUSINESS (Board of Adjustment):

1. Hearing on Appeal No. 669 – PP6 Madison LLC, requesting a Conditional Use that, if granted, will permit the applicant to construct a senior living facility on the property legally described as Lot 5 of Schultz's Addition in the N1/2 of Section 18, Township 106 North, Range 52 West of the 5th PM, Lake County, South Dakota
2. Decision on Appeal No. 669 – PP6 Madison LLC
3. Tax Increment District Number Three – Discuss whether to recommend the formation of a tax incremental district to be located at the following location: Lot 5 of Schultz's Addition in the N1/2 of Section 18, Township 106 North, Range 52 West of the 5th PM, Lake County, South Dakota
4. Recommend Approval of Tax Increment District Number Three to Board of Commissioners.
5. Tax Increment District Number Three – Discuss Project Plan outlining the purpose and intended public improvements of the district.
6. Recommend Approval of Tax Increment District Number Three Project Plan to Board of Commissioners.

NEW BUSINESS (Planning Commission): None

PUBLIC INPUT:

ADJOURNMENT:

Any person with a disability wishing to attend any board meeting who may require special arrangements may contact the Finance Office at 256-7500 and all attempts shall be made to accommodate those requests

PLANNING COMMISSION PROCEEDINGS
CITY OF MADISON
May 10, 2022

Chairman John Groce called the meeting to order at 7:01am.

The following members were present for roll call: Chairman John Groce, Commissioner Jim Iverson, Bob Maxwell, Roger Olson, Donna Fawbush, and Michael Johnson. Also present were Administrative Officials Ryan Hegg, Dan Whitlock, absent were Jennifer Wolff, and City Commission Liaison Jeremiah Corbin

Motion by Commissioner Olson to approve the April 12, 2022 Planning Commission minutes, second by Commissioner Maxwell. Motion carried unanimously.

Motion by Commissioner Fawbush, second by Commissioner Olson to approve the May 10, 2022 agenda. Motion carried unanimously.

Motion by Commissioner Olson, second by Commissioner Fawbush to move into Board of Adjustment at 7:03am. Motion carried unanimously.

Motion by Commissioner Olson. second by Commissioner Johnson to move out of Board of Adjustment and into Planning Commission at 7:44 am. Motion carried unanimously.

This being the time and place set for the hearing on Rezone Appeal No. 666 from PP6 Madison, LLC requesting a change of Zoning of Lot 5 of Schultz's Addition in the N1/2 of Section 18, Township 106 North, Range 52 West of the 5th PM Lake County, South Dakota from R-90 (Single Family Residence) to R-20 (Multiple Family Residence). The following people were in attendance in addition to the Commission and the aforementioned individuals: Bobbie Bohlen

Ryan Hegg went through the contents of the agenda packet. This is a rezone of property that was annexed into the city. The property is located to the East of the hospital and to the south of Terry Schultz's home. All of the utilities and fire plans have been approved. Bobbie Bohlen spoke. The property is going to be used for the construction of a senior facility. It will need to be rezoned from an R-90 to an R-20. Starting of construction is planned for the Summer of 2022. If the rezone is approved they will need to obtain a conditional use for the structure. Commissioner Iverson asked about the R60 designation. Mr. Hegg stated they discussed and looked into the R60 vs R20 designation and the R20 requirements were a better fit.

Motion by Commissioner Iverson, second by Commissioner Olson to approve Rezone Appeal No. 666. Motion carried unanimously.

There were no public input comments.

Motion by Commissioner Iverson, second by Commissioner Johnson to adjourn. Motion carried unanimously.

The meeting adjourned at 7:59 am.

Dan Whitlock
Planning Commission

BOARD OF ADJUSTMENT PROCEEDINGS
CITY OF MADISON
May 10, 2022

The Planning Commission motioned to move into Board of adjustment at 7:03 am.

The following members were present for roll call: Chairman John Groce, Board Members Jim Iverson, Roger Olson, Donna Fawbush, Bob Maxwell and Michael Johnson. Also present were Administrative Officials Ryan Hegg and Dan Whitlock. Absent were Jennifer Wolff and City Commission Liaison Jeremiah Corbin.

This being the time and place set for the hearing on Variance Appeal Request No. 665, Daryl Reverts on behalf of Anna Ketterling. The following people were in attendance in addition to the Board and the aforementioned individuals: Daryl Reverts, Sam Mooney, Brad Gullickson, and Bobbie Bohlen.

Mr. Hegg went through the contents of the packet for Appeal No. 665 – Daryl Reverts on behalf of Anna Ketterling. The proposed garage is a 26' x 28' 2 stall garage. The allowable setback for this particular property is 25' with the setback for this structure being Approximately 17'. Mr. Reverts spoke. The new garage will be detached and sit approximately 3 feet off the house. There is no existing garage on the property. The garage will be placed approximately where the deck was located on the property. They are hoping to break ground next week. Mr. Johnson spoke and stated that he has no issues with the setbacks as long as it is lined up with the house on the property.

There were no additional opponents or proponents. Chairman Groce closed the public hearing and proceeded to the decision agenda item for appeal.

Motion by Mr. Maxwell, second by Mr. Johnson to approve Appeal No. 665.

Motion carried unanimously.

This being the time and place set for the hearing on Conditional Use Appeal Request No. 667, Stein Sign Display. The following people were in attendance in addition to the Board and the aforementioned individuals: Daryl Reverts, Sam Mooney, Brad Gullickson, and Bobbie Bohlen.

Mr. Hegg went through the contents of the packet for Appeal No. 667 – Stein Sign Display. Ryan went through the contents of the agenda packet for Conditional Use No. 667. He stated that he would like to propose the modification of a 10' setback rather than the 20' setback due to the location of the waterline in that area and that it lines up better with the existing signs along Washington Avenue. Sam Mooney spoke. He stated that it will be similar to the sign located on Highway 34 east of town. He stated that it will be a 10' x 20' billboard that will not be real bright and have no flashing or animations. As of right now it will be double sided. Stein Sign has an agreement in place with the Sinclair property. The sign will be use for off premise advertising with 6 second clips. The question was brought up on the height of the sign. Per city code the sign can be up to 40 feet tall. They have had conversations with Prostrollo's and have notified adjacent landowners. They will take a soil sample to make sure everything is good to go with that. They will need to work with the SDDOT on the 10' setback and secure all of the permits needed. The sign will not run controversial or negative ads.

There were no additional opponents or proponents. Chairman Groce closed the public hearing and proceeded to the decision agenda item for appeal.

Motion by Mr. Maxwell, second by Mr. Olson to approve Appeal No. 667 with the condition of a 10' setback instead of 20'.

A verbal roll call vote was taken with 5 responding aye and 1 responding nay. Motion carried.

This being the time and place set for the hearing on Conditional Use Appeal Request No. 668, Martin Gullickson. The following people were in attendance in addition to the Board and the aforementioned individuals: Daryl Reverts, Sam Mooney, Brad Gullickson, and Bobbie Bohlen.

Mr. Hegg went through the contents of the packet for Appeal No. 668 – Martin Gullickson. He stated that Mr. Gullickson would be converting the office spaces at 1527 & 1527 ½ NW 2nd Street into apartments. Brad Gullickson spoke on the behalf of Martin Gullickson. He handed out floor plans to the board members for their review. Apartments would need to be ADA compliant and have the proper firewall protection. They will be 2-bedroom apartments. The parking and fire access have been approved. They will be remodeling the existing building and will look similar to the others they remodeled on the property.

There were no additional opponents or proponents. Chairman Groce closed the public hearing and proceeded to the decision agenda item for appeal.

Motion by Mr. Iverson, second by Ms. Fawbush to approve Appeal No. 668.

Motion carried unanimously.

Motion by Mr. Olson, second by Mr. Johnson to move out of the Board of Adjustment at 7:44am

Motion carried unanimously.

Dan Whitlock
Board of Adjustment

CITY OF MADISON
NOTICE OF PUBLIC HEARING
PROPOSED CONDITIONAL USE PERMIT

Notice is hereby given pursuant to SDCL 11-4-21 that a public hearing will be held before the Board of Adjustment on Tuesday, May 31, 2022 at 7:00am, or as soon thereafter as the matter may be heard, in City Hall, Madison, South Dakota, in the Commission Room, to consider in full or in part the following proposed conditional use permit application.

Appeal No. 669 by PP6 Madison LLC for a conditional use permit that, if granted, will permit the applicant to construct a senior living facility on the property legally described Lot 5 of Schultz's Addition in the N1/2 of Section 18, Township 106 North, Range 52 West of the 5^{th} PM, Lake County, South Dakota.

Any person wishing to present testimony may appear at said hearing or may file written comments with the Finance Officer at 116 W Center Street, Madison, South Dakota, prior to said hearing. **All written comments desired to be included in the agenda packet must be filed no later than end of business on Wednesday, May 25^{th}, 2022.** Disabled individuals may contact the Finance Officer for information and/or special assistance. The request should be made 24 hours in advance of the hearing.

/s/Sonya Wilt
Finance Officer

Published once at the approximate cost of $____.

PL 51622
Rec.# R00002663

$150.00
5/31/22
Agenda

10/29/2009

CITY OF MADISON
CONDITIONAL USE APPLICATION

APPEAL NUMBER 669

APPLICANT (PRINT): PP6 Madison, LLC PHONE: 612-803-3545

ADDRESS: 432 5th Street, Brookings, SD 57006

OWNER (PRINT): Terry Schultz PHONE: 605-256-6529
IF DIFFERENT THAN APPLICANT

ADDRESS: 45485 234th St Madison, SD 57042

I/WE, THE UNDERSIGNED, DO HEREBY PETITION THE BOARD OF ADJUSTMENT OF THE CITY OF MADISON SOUTH DAKOTA, TO ISSUE A CONDITIONAL USE PERMIT FOR THE PROPERTY DESCRIBED AS:

LEGAL DESCRIPTION (Please print or type)

Lot 5 of Schultz's Addition in the N1/2 of Section 18, Township 106 North, Range 52 West oif the 5th PM, Lake County, South Dakota

GENERAL AREA OR STREET ADDRESS: Located off Hwy 34, Neighboring the Hospital Property

EXISTING LAND USE: Farmland **EXISTING ZONING**: ~~AG~~ R-20

SIZE OF PARCEL: ACRES / SQFT 10.25 LOT DIMENSIONS: WIDTH 326 LENGTH 1119 DEPTH ______

SURROUNDING LAND USE

NORTH: Hwy
SOUTH: Ag
EAST: Residence - Acreage
WEST: Hospital Property

PLEASE DESCRIBE WHAT YOU PROPOSE TO DO AND WHY YOU ARE SEEKING A CONDITIONAL USE PERMIT (attach a separate letter of explanation if necessary)

PP6 is requesting a conditional use permit to allow a senior living facility on the property. This would be in conjunction with the rezoning request from ~~Ag~~ to ~~R-60~~.
R-90 R-20

I (we) further state that if this request is granted, I (we) will proceed with the actual construction in accordance with the plans herewith submitted within one year or additional time as extended from the effective date of the appeal.

SIGNATURE OF APPLICANT [signature]

SIGNATURE OF OWNER (IF DIFFERENT THAN APPLICANT) Terry Schultz

NOTE: A SKETCH OF PROPOSED PROPERTY SHALL ACCOMPANY THIS APPLICATION, SHOWING THE FOLLOWING:

1. NORTH DIRECTION
2. DIMENSIONS OF PROPOSED STRUCTURE
3. STREET NAMES
4. OTHER INFORMATION AS MAY BE REQUESTED
5. LOCATION OF PROPOSED STRUCTURE ON LOT
6. DIMENSIONS OF FRONT AND SIDE SET BACKS
7. LOCATION OF ADJACENT EXISTING BUILDINGS

THE BOARD OF ADJUSTMENT MAY REQUIRE THAT SUCH PLANS BE PREPARED BY A REGISTERED ENGINEER OR LAND SURVEYOR.

***PLEASE USE THE ATTACHED SKETCH INSTRUCTION SHEET FOR AN EXAMPLE.*

FOR OFFICIALUSE ONLY

DATE FILED WITH ADMINISTRATIVE OFFICIAL: ______
FEE PAID (NON-REFUNDABLE): ______ YES ______ NO
DATE OF HEARING: ______
ACTION BY BOARD OF ADJUSTMENT: ______

(1) ARCHITECTURAL SITE PLAN

DUE DILIGENCE REPORT

LOCAL ORDINANCE CHECK:

VERIFY LOCAL ADOPTED CODES:

BUILDING CODE:	2021 INTERNATIONAL BUILDING CODE
ACCESSIBILITY:	2010 ADA and ANSI A117.1 (2009)
PLUMBING CODE:	2015 UNIFORM PLUMBING CODE (STATE COMMISSION REQ.)
MECHANICAL CODE:	2021 INTERNATIONAL MECHANICAL CODE
ELECTRICAL CODE:	2020 NATIONAL ELECTRICAL CODE (STATE COMMISSION REQ.)
ENERGY CODE:	NO ADOPTION OF IECC
FIRE CODE:	2021 INTERNATIONAL FIRE CODE

REVIEW APPLICABLE IBC AMENDMENTS, CITY OF MADISON (CHAPTER 4)

NONE

REVIEW APPLICABLE ZONING REQUIREMENTS, CITY OF MADISON (CHAPTER 17)

HOUSING REQUIREMENT BREAKDOWN

INTERNATIONAL BUILDING CODE:
WITH RESPECT TO MULTI-FAMILY HOUSING, DETERMINES SCOPING, HOW MANY UNITS REQ'D, ETC.

2010 ADA STANDARDS FOR ACCESSIBLE DESIGN:
WITH RESPECT TO MULTI-FAMILY HOUSING, LISTS TECHNICAL REQUIREMENTS FOR PUBLIC FACILITIES. IN THIS FACILITY, IT GOVERNS ALL AMENITY SPACES AND COMMON AREAS NOT WITHIN DWELLING UNITS. THE 2010 ADAAG DOES NOT GOVERN DWELLING UNIT DESIGN.

LOADING REQUIREMENTS
LANDSCAPING REQUIREMENTS

PARKING REQUIREMENTS:

	IL	AL	STAFF
COUNT:	19 Units	31 UNITS	20 ASSUMED
RATIO:	1.50 / UNIT	1 / 4 UNITS	1 / EMPLOYEE
REQ'D	29 STALLS	8 STALLS	20 STALLS

TOTAL REQ'D: 57 STALLS
TOTAL PROVIDED: 70 STALLS (56 + 14 GARAGE)

Note:
1. Parking counts will exceed parking requirements.

Unit Breakdown Area Schedule (Rentable)

Name	Area	Count
ASSISTED LIVING		
AL 1-Bed A	462 SF ... 472 SF	20
AL 1-Bed B	533 SF ... 545 SF	4
AL 1-Bed C	527 SF ... 529 SF	2
AL 2-Bed D	686 SF ... 686 SF	2
AL 2-Bed E	687 SF ... 689 SF	2
AL Studio F	496 SF	1
		31
INDEPENDANT LIVING		
IL 1-Bed A	714 SF ... 715 SF	14
IL 1-Bed B	725 SF	1
IL 1-Bed C	718 SF	1
IL 2-Bed D	1168 SF ... 1173 SF	3
		19
TENANT GARAGE		
Tenant Garage	260 SF ... 262 SF	13
		13

PRELIMINARY PLANS - NOT FOR CONSTRUCTION

dA group
Architecture | Planning | Interiors
434 5th Street, Suite 1, Brookings, SD 57006 | P: 605.692.4008
2301 W Russell St, Suite 1, Sioux Falls, SD 57104 | P: 605.692.4008

PRELIMINARY PLANS
NOT FOR CONSTRUCTION

REVISIONS

SHEET NAME: ARCHITECTURAL SITE PLAN

PROJECT NO: DA21_077

PEACEFUL PINES SENIOR LIVING (PP6)
MADISON, SD

PROJECT MANAGER: MATTHEW WEISS

DATE: 04.12.2022

SHEET: AC1.0

1 ARCHITECTURAL SITE PLAN

DUE DILIGENCE REPORT

LOCAL ORDINANCE CHECK:

VERIFY LOCAL ADOPTED CODES:

BUILDING CODE	2021 INTERNATIONAL BUILDING CODE
ACCESSIBILITY	2010 ADA and ANSI A117.1 (2009)
PLUMBING CODE	2015 UNIFORM PLUMBING CODE (Restroom Fixtures allowed to be calculated by either UPC or IBC)
MECHANICAL CODE	2015 INTERNATIONAL MECHANICAL CODE
ELECTRICAL CODE	2017 NATIONAL ELECTRICAL CODE
ENERGY CODE	NO ADOPTION OF IECC
FIRE CODE	2015 INTERNATIONAL FIRE CODE

REVIEW APPLICABLE IBC AMENDMENTS, CITY OF MADISON (CHAPTER 6)

NONE

REVIEW APPLICABLE ZONING REQUIREMENTS, CITY OF MADISON (CHAPTER 17)

HOUSING REQUIREMENT BREAKDOWN

INTERNATIONAL BUILDING CODE:
WITH RESPECT TO MULTI-FAMILY HOUSING, DETERMINES SCOPING: HOW MANY UNITS REQ'D, ETC.

ANSI A117.1-2009:
WITH RESPECT TO MULTI-FAMILY HOUSING, LISTS TECHNICAL REQUIREMENTS FOR DWELLING UNITS, INCLUDING FULLY ACCESSIBLE, TYPE 'A', AND TYPE 'B' UNITS.

2010 ADA STANDARDS FOR ACCESSIBLE DESIGN:
WITH RESPECT TO MULTI-FAMILY HOUSING, LISTS TECHNICAL REQUIREMENTS FOR PUBLIC FACILITIES. IN THIS FACILITY, IT GOVERNS ALL AMENITY SPACES AND COMMON AREAS NOT WITHIN DWELLING UNITS. THE 2010 ADAAG DOES NOT GOVERN DWELLING UNIT DESIGN.

FEDERAL FAIR HOUSING ACCESSIBILITY GUIDELINES (FHAG):
WITH RESPECT TO MULTI-FAMILY HOUSING, LISTS TECHNICAL REQUIREMENTS FOR DWELLING UNITS. OVERLAPS WITH TECHNICAL COVERAGE OF ANSI A117.1 (ANSI A117.1 PREVAILS). WHERE ANSI A117.1 DOES NOT APPLY, LISTS TECHNICAL REQUIREMENTS FOR ALL DWELLING UNITS, AND PROVIDES GUIDANCE TO DESIGN & BUILD ADAPTABLE DWELLING UNITS.

LOADING REQUIREMENTS
LANDSCAPING REQUIREMENTS

PARKING REQUIREMENTS:

	IL	AL	STAFF
COUNT:	19 Units	31 UNITS	20 ASSUMED
RATIO:	1.50 / UNIT	1 / 4 UNITS	1 / EMPLOYEE
REQ'D	29 STALLS	8 STALLS	20 STALLS

TOTAL REQ'D: 57 STALLS
TOTAL PROVIDED: 65 STALLS (51 + 14 GARAGE)

Note:
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Unit Breakdown Area Schedule (Rentable)

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TENANT GARAGE		
Tenant Garage	260 SF ... 262 SF	13
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PRELIMINARY PLANS - NOT FOR CONSTRUCTION

dA group
Architecture | Planning | Interiors
434 5th Street, Suite 1
Brookings, SD 57006 | P: 605.692.4008
2301 W. Russell St. Suite 1
Sioux Falls, SD 57104 | P: 605.692.4008

STAMP:
PRELIMINARY PLANS
NOT FOR CONSTRUCTION

REVISIONS
NO. DESCRIPTION DATE

SHEET NAME:
ARCHITECTURAL SITE PLAN

FULL-SCALE: 30x42
HALF-SCALE: 15x21
DRAWING MAY NOT BE PRINTED TO SCALE

PROJECT NO.: DA21_077
PEACEFUL PINES SENIOR LIVING (PP6)
MADISON, SD
PROJECT MANAGER: MATTHEW WEISS
DATE: 04.12.2022
SHEET: AC1.1

EXHIBIT B

Project Description

HME Management of Brookings, SD, conducted two Senior Living surveys to understand the demand factor in Lake County and the surrounding primary market area (PMA). Viewpoint Consulting Group, located in Greenfield, MN, did the Initial Demand Assessment for Senior Housing in the region. Additionally, a Senior Living Statewide Assessment was conducted in-house by HME to assess the needs across the state.

These studies looked at existing facilities, demographics, and the South Dakota 2017-2019 State Plan on Aging to ascertain the expected market demand.

In 2035, it is estimated the number of senior population (65+) will increase in South Dakota by 84 percent. In Lake County, this cohort will make up over 20 percent of the population.

This project accomplishes two primary goals: increasing the housing supply and job creation.

Housing is a necessary infrastructure to attract incoming citizens and to keep family members present and close to healthcare and loved ones. This facility will provide the next steps in the housing continuum and open additional preexisting homes for younger families.

The initial $15,000,000 investment within the community will result in a substantial increase for property tax revenue, estimated at $175,000 per year, upon completion. The economic impact of this project will be ongoing, starting with the initial investment from PP6 Madison into the community with this construction project. The creation of an estimated 20 jobs is projected to have an annual economic impact of $1.2 million to $1.4 million of additional payroll to the community. As this region continues to grow and thrives, increasing the housing supply for all its residents is critical.

The proposed Madison Senior Living Community project will include the following:

- A core facility, approximately 67,394 sq ft in size, with assisted and independent living units will be located adjacent to the hospital.
- An existing assisted living facility will be converted into 24 available memory care with services units.

The construction work is expected to begin in the summer of 2022 and be substantially complete in late 2023.

A second phase to the overall project would include the development and construction of 20 townhomes for aging-in-place residents. These units may have access to the nearby amenities and should add to the overall community atmosphere.

To: Chairperson
Lake County Commissioners
200 E. Center Street
Madison, SD 57042

From: Jameson Berreth, City Administrator
City of Madison

RE: Notice to create Tax Increment District #3

NOTICE OF PUBLIC HEARING OF THE MADISON CITY PLANNING COMMISSION ON THE CREATION OF THE TAX INCREMENT DISTRICT NUMBER THREE,

Notice is hereby given pursuant to § 11-9-3 of the South Dakota Codified Laws, that a public hearing shall be conducted at City of Madison, City Hall Commission Room, Madison South Dakota, on __________ or as soon thereafter as can be heard by the Madison Planning Commission on the question of whether to recommend the formation of a tax incremental district to be located in the following location:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH

The Tax Increment District would be created to assist with public improvements related to the construction of senior living community development which provides assisted and independent living within one community, as well as future townhomes.

At said time and place, the City Planning Commission shall give all parties who appear or submit written comments an opportunity to express their views with respect to the proposal creation of the District and its proposed location. Written comments will be received at the office of the Planning Department until the date and time set for the public hearing.

To: Mayor
City of Madison
116 W. Center Street
Madison, SD 57042

From: Jameson Berreth, City Administrator
City of Madison

RE: Notice to create Tax Increment District #3

NOTICE OF PUBLIC HEARING OF THE MADISON CITY PLANNING COMMISSION ON THE CREATION OF THE TAX INCREMENT DISTRICT NUMBER THREE,

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LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH

The Tax Increment District would be created to assist with public improvements related to the construction of senior living community development which provides assisted and independent living within one community, as well as future townhomes.

At said time and place, the City Planning Commission shall give all parties who appear or submit written comments an opportunity to express their views with respect to the proposal creation of the District and its proposed location. Written comments will be received at the office of the Planning Department until the date and time set for the public hearing.

To: Mr. Jay Gilbertson, Manager
East Dakota Water Development District
32B Airport Ave.
Brookings, SD 57006

From: Jameson Berreth, City Administrator
City of Madison

RE: Notice to create Tax Increment District #3

NOTICE OF PUBLIC HEARING OF THE MADISON CITY PLANNING COMMISSION ON THE CREATION OF THE TAX INCREMENT DISTRICT NUMBER THREE,

Notice is hereby given pursuant to § 11-9-3 of the South Dakota Codified Laws, that a public hearing shall be conducted at City of Madison, City Hall Commission Room, Madison South Dakota, on __________ or as soon thereafter as can be heard by the Madison Planning Commission on the question of whether to recommend the formation of a tax incremental district to be located in the following location:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH

The Tax Increment District would be created to assist with public improvements related to the construction of senior living community development which provides assisted and independent living within one community, as well as future townhomes.

At said time and place, the City Planning Commission shall give all parties who appear or submit written comments an opportunity to express their views with respect to the proposal creation of the District and its proposed location. Written comments will be received at the office of the Planning Department until the date and time set for the public hearing.

To: Joel Jorgenson, Superintendent
Madison Central school District
800 N.E 9th Street
Madison, SD 57042

From: Jameson Berreth, City Administrator
City of Madison

RE: Notice to create Tax Increment District #3

NOTICE OF PUBLIC HEARING OF THE MADISON CITY PLANNING COMMISSION ON THE CREATION OF THE TAX INCREMENT DISTRICT NUMBER THREE,

Notice is hereby given pursuant to § 11-9-3 of the South Dakota Codified Laws, that a public hearing shall be conducted at City of Madison, City Hall Commission Room, Madison South Dakota, on __________ or as soon thereafter as can be heard by the Madison Planning Commission on the question of whether to recommend the formation of a tax incremental district to be located in the following location:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH

The Tax Increment District would be created to assist with public improvements related to the construction of senior living community development which provides assisted and independent living within one community, as well as future townhomes.

At said time and place, the City Planning Commission shall give all parties who appear or submit written comments an opportunity to express their views with respect to the proposal creation of the District and its proposed location. Written comments will be received at the office of the Planning Department until the date and time set for the public hearing.

TO BE PUBLISHED

NOTICE OF PUBLIC HEARING OF THE MADISON CITY PLANNING COMMISSION ON THE CREATION OF THE TAX INCREMENT DISTRICT NUMBER THREE,

Notice is hereby given pursuant to § 11-9-3 of the South Dakota Codified Laws, that a public hearing shall be conducted at City of Madison, City Hall Commission Room, Madison South Dakota, on ___________ or as soon thereafter as can be heard by the Madison Planning Commission on the question of whether to recommend the formation of a tax incremental district to be located in the following location:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH

The Tax Increment District would be created to assist with public improvements related to the construction of senior living community development which provides assisted and independent living within one community, as well as construction of future townhomes.

At said time and place, the City Planning Commission shall give all parties who appear or submit written comments an opportunity to express their views with respect to the proposal creation of the District and its proposed location. Written comments will be received at the office of the Planning Department until the date and time set for the public hearing.

EXTRACT OF MINUTES OF MEETING OF THE CITY COMMISSION,
CITY OF MADISON, SOUTH DAKOTA

Pursuant to due call and notice thereof, a meeting of the Planning Commission of Madison, South Dakota, was duly held in the Madison City Hall on the 31^{st} day of May, 2022 at 7:00 am

The following members were present:

The following were absent:

The matter of approving and recommending Tax Incremental District Three, City of Madison was presented to the Planning Commission. After discussion of the same, and after public comment on the proposed tax incremental district, member _____________ moved that the following resolution be passed:

RESOLUTION APPROVING AND RECOMMENDING OF TAX INCREMENTAL DISTRICT PLAN NUMBER THREE, CITY OF MADISON

WHEREAS, the Planning Commission of City of Madison, South Dakota, received an application to create a Tax Incremental District and thereafter prepared a Notice of Hearing held on May 31st, 2022 advising interested parties that they were being given a reasonable opportunity to express their views on the proposed creation of a Tax Incremental District on real property consisting of the following parcels:

District Legal Description:

The real property to be located within the Tax Increment District is within the boundaries of the City of Madison and described as follows:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH DAKOTA

WHEREAS, such Notice was published in the official newspapers in City of Madison not less than ten (10) nor more than thirty (30) days from the date of the hearing which was held On May 31st, 2022

WHEREAS, a copy of the Notice was sent prior to publication by first-class mail to the Chief Executive Officers of the following taxing entities:

City of Madison
Lake County
Madison School District
Water Development District

WHEREAS, a hearing was held on May 31st, 2022, as provided in such Notice, and all interested parties were allowed a reasonable opportunity to be heard on the proposed Tax Incremental District Three plan;

NOW THEREFORE, BE IT RESOLVED by the Planning Commission of City of Madison, South Dakota:

1. **Authority and Declaration of Necessity.** The Planning Commission declares the necessity for the approval of Tax Incremental District Number Three plan, City of Madison, Lake County (hereinafter sometimes referred to as the "District"), pursuant to SDCL Chapter 11-9, and finds that the improvement of the area within the District are likely to enhance significantly the value of substantially all of the other real property in the District and is necessary for economic development within the County and the City of Madison

2. **Findings.** The Planning Commission finds that there is statutory authority to refer said district to the Madison City Commission for their consideration and that all notice requirements have been met and all findings required by statute are hereby made.

A. The proposed improvements will create new jobs and diversify the overall economic base of the City of Madison through commercial and housing opportunities.
B. The South Dakota Department of Revenue has reviewed the TIF Plan and classified the Tax Increment District Three of City of Madison to be Economic Development.
C. Not less than twenty-five percent, by area, of the real property within the district is a blighted area as defined under SDCL 11-9-11.
D. At least fifty percent 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
E. The improvement of the area is likely to significantly enhance the value of substantially all other real property in the district;

3. **Boundaries of District**. The Boundaries of the district are determined to be as follows:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., LAKE COUNTY, SOUTH DAKOTA

4. **Recommendation of Tax Increment Plan.** The Planning Commission of the City of Madison does hereby adopt the Tax Increment Plan Number Three and recommends to the City of Madison City Commission

Passed this __ day of ________, 2022

____
Chairman

ATTEST:

____
Finance Officer

Submitted by:
PP6 Senior Living, LLC

May 2022

Prepared by Tobin Morris
Colliers Securities LLC
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INTRODUCTION – THE PROJECT

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

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

In addition to increasing property valuation, creating a Tax Increment District for the benefit of economic development can mean retaining and creating more jobs. Today's business climate allows corporations the flexibility to call any state in the union their home. It is up to local communities to attract and retain companies to their communities. Using Tax Increment Financing is one of the most powerful economic development tools to help communities achieve their goals.

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

The primary objective of TIF #3 is to create a senior living community development within the City of Madison that provides three continuing levels of care within one community. The three levels of resident care provided will be independent senior living, assisted senior living, and memory care. The proposed project consists of a two phased build out: Phase I is the senior living community and Phase II will be the addition of a multi-unit facility within the same site.

Kirk Simet is the founder and CEO of SLH Holdings which is an asset holding and real estate development company based out of Brookings, SD. Kirk's 40+ years of combined development, marketing, and sales expertise led to the formation of the full-service firms SLH Holdings and HME Management. SLH primarily focuses on real property in the Senior Living, Multi-Family, Commercial, and Residential markets and has over 20 successful projects in South Dakota, Minnesota, and North Dakota. HME manages all property, marketing, design, construction, accounting, administrative, property management and human relation functions for SLH's various entities. See page 4 for recent projects by the Developer.

HME conducted two Senior Living Demand Assessments to understand the demand factor in Lake County and the surrounding primary market area. Viewpoint Consulting Group, located in Greenfield, MN, did the Initial Demand Assessment for Senior Housing in the region. Additionally, a Senior Living Statewide Assessment was conducted in-house to assess the needs across the state. These studies looked at existing facilities, demographics, and the South Dakota 2017-2019 State Plan on Aging to ascertain the expected market demand. Based upon these assessments, it is predicted that by 2035, the estimated number of senior population (65+) will increase in South Dakota by 84%. In Lake County, this cohort will make up over 20% of the population. As this region continues to grow and thrive housing for all its residents is critical.

This Project accomplishes two primary goals; job creation and housing. Providing housing for a growing market and population sector along with creating jobs and opportunities to the area are critical to a thriving and growing community. The estimated annual economic impact of $1,200,000 in payroll (growing up to $1.4 at full capacity) based on the creation of 20+ jobs. Housing is a necessary infrastructure to attract incoming citizens and to keep family members present and close to healthcare and loved ones. This facility will provide the next steps in the housing continuum and open additional preexisting homes for younger families.

The proposed Madison Senior Living Community, housing up to 50 residents, will include the following:

- A core facility of approximately 67,000 sq ft located adjacent to the hospital
- Both Assisted and Independent Living units, offering a variety of amenities, including dining room, lounge, multi-purpose room, exercise room, and resident laundry rooms
- 14 tenantt garages
- 24 Memory Care units will operate off site at newly renovated Heritage Sr. Living

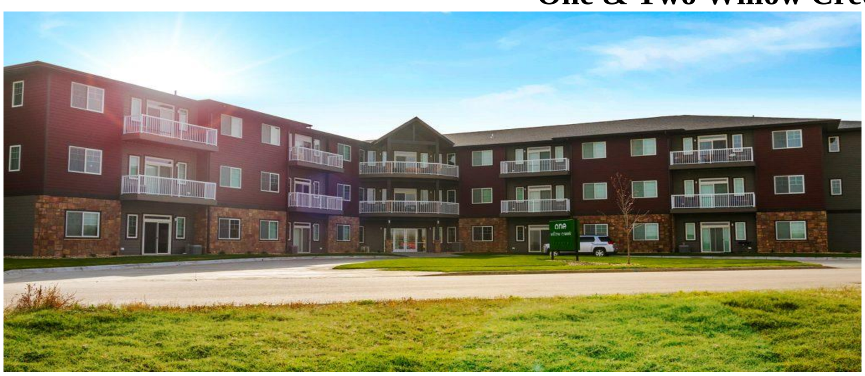
A senior living community of this size and type will benefit the surrounding community and the city through senior care, employment, and community presence as it has done in previous locations.

Developer's Recent Projects:

Peaceful Pines Senior Living – Rapid City, SD

- Independent living, assisted living, and memory care
- 121 resident apartments

One & Two Willow Creek Apartments – Watertown, SD



- Upscale apartments
- Over six different floor plans
    - 78units
    - 2 bed - 2 bath / 1bed - 1 bath
    - Garages

Edgewood Assisted Living

- Watertown, Sisseton, Flandreau, Pierre, Sioux Falls, SD
- Mandan, ND

PURPOSE & GENERAL DEFINITIONS

The property upon which this Tax Incremental District (TID) is proposed to be implemented is located within City of Madison, South Dakota.

As such, the creation of City of Madison TIF #3 shall be conditioned upon the creation of the District by resolution, and the establishment of the TID boundaries and approval of the TID Project plan by the City of Madison Planning and Zoning Commission.

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

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

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, and to promote economic development throughout the District.

The intention of this TIF Project is to construct senior living community development in the City of Madison to provide continuing levels of care within one community. The three levels of residence provided will be independent senior living, assisted senior living, and memory care.

This project accomplishes two primary goals; of job creation and housing by providing housing for a growing market and population sector along with creating job expansion and opportunities to the area. Housing is a necessary infrastructure to attract incoming citizens and to keep family members present and close to healthcare and loved ones. This facility will provide the next steps in the housing continuum and open additional preexisting homes for younger families.

The economic impact of this project will be ongoing, starting with an initial investment of $16,000,000. This will result in a substantial increase for real-estate tax revenue upon completion of the project, currently estimated at over $175,000.

General Definitions

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

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

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

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

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

"City Commission" means the City Commission of Madison, South Dakota

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

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

"Developer" means HME Senior Living

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

"District" means the Tax Incremental District.

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

"Fiscal year" means that fiscal year for City of Madison

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

"Governing body" means the City of Madison, South Dakota

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

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

"Planning Commission" means the City of Madison Planning Commission

"Plan" means this Project Plan.

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

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

"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 defined and created by resolution of the governing body and named City of Madison Tax Incremental District #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.

Representatives of the Developer have approached officials of City of Madison regarding the possibility of creating a Tax Incremental Financing District ("TID") to assist in the Project Costs within the Plan on land located within City of Madison.

The primary objective of TIF #3 is to create a senior living community development which provides assisted and independent living within one community, while utilizing an existing, well-known facility that will serve the needs of residents in memory care. It is expected that this development will benefit the surrounding community, not only by providing a unique continuing care campus for aging residents to continue to live in Madison, but also by keeping those residents close to family and friends within their familiar community. A second phase to the overall project would include the development and construction of a multi-unit facility for aging-in-place residents. These units may have access to the nearby amenities and should add to the overall community atmosphere.

This major investment into the community will have long-term benefits including senior care, new employment opportunities, a stronger community presence, and an estimated annual economic impact of $1,400,000 once at full capacity.

<u>Property Within Tax Increment #3</u>

The real property to be located within the Tax Increment District is within the City of Madison, described as follows:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., CITY OF MADISON, LAKE COUNTY, SOUTH

TAXABLE VALUE OF CITY OF MADISON

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2022 Taxes Payable value for City of Madison is $383,777,433. The base value of the taxable property for inclusion into this Tax Incremental District #3, as estimated but not yet verified by Lake County Director of Equalization, is $28,200.

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

There are currently two other active TIF Districts in City of Madison.

CITY OF MADISON

Tax Increment District	Base Value
1	$ 834,600
2	$ 25,100
TOTAL	**$ 859,700**

Madison City Current Taxable Value	$ 239,178,423
All TIF Base Value must be less than 10%	**$ 23,917,842**

Using the estimates provided for TID #3, the value of all existing Tax Increment Districts combined is less than 1 % of the total 2022 Taxable Valuation.

KIND, NUMBER, LOCATION, AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS – SDCL § 11-9-13(1)

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred. The Project Costs 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.

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.

Costs of Public Works and Improvements

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

The following are estimated costs of the Project:

Kind of Project	Location[1]	Amount	Reference[2]
Capital Costs (Street, Water & Sewer) (cleaning & grading of land & associated costs)[2]	District		11-9-15(1)
Financing Costs	District		11-9-15(2)
Real Property Assembly	District		11-9-15(3)
Professional Fees	District		11-9-15(4)
Administrative Costs	District		11-9-15(5)
Relocation Costs	District		11-9-15(6)
Organizational Costs	District		11-9-15(7)
Discretionary Costs and Grants	District	**$4,000,000**	11-9-15(8)
Eligible Project Costs		**$4,000,000**	

The above are estimates of the costs involved in the project; the final total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only projected expenditures, the total authorized TID costs is expected to be $4,000,000. This amount is the controlling value with respect to authorized TID Project Costs rather than the particular line-item amounts contained in the above Chart and Schedule 1.

The line-item categories proposed are for guidance only, and actual costs will be determined upon completion of the improvements. The above total represents eligible Project Costs. Only such amounts as are feasible will be allowed by the City or by monetary obligation.

[1] District shall mean the Tax Increment District.

[2] SDCL §11-9-15 (1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent 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.

Entity	Eligible Amount	Requested Amount	Reference[2]
Developer	$3,627,327	$3,000,000	11-9-15(5)
City	$1,000,000	$1,000,000	11-9-15(5)

<u>Conditions of the Developer Agreement relating to Constitutional Debt</u>

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 obligation of the City to pay pursuant to the proposed Agreement does not constitute a general indebtedness of the City or a charge against the City's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated within the Agreement by reference. It is also is to be specifically agreed that the City has made no representation that the proceeds from such 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.

Additionally, the City's obligations to make the payments set forth in the proposed Agreement shall be lawfully made from funds to be budgeted and appropriated on an ANNUAL BASIS for that purpose during the City's then current fiscal year, thus not counting towards Constitutional Debt. 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, then the Agreement shall terminate upon the end of the fiscal year for which funds were approved or authorized, without penalty to the City. 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. 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 financially detrimental to future improvements on said property.

It is further understood that the amount of $4,000,000 will be the maximum amount the City will ever pass on acting as a conduit for TIF #3. This amount will include any and all interest associated with the debt and the controlling value of the TIF will never pay more than $4,000,000 All TIF revenue will be passed onto the Developer 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 Chapter 11-9 of the South Dakota Codified Laws (the "Grant"). The Grant is a personal property right vested with the Developer on the effective date of this 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 the infrastructure improvements, the Developer shall certify to the City's Finance Officer the costs of construction, including capital costs, Professional Fees, and contingency costs. The Developer shall provide contractor/supplier invoices or other supporting documentation upon request of the Finance Officer. Upon certification and verification of costs, the City shall pay all available tax increment fund revenues not to exceed $4,000,000.

Developer agrees to supervise the construction of the Project, as shown in Exhibit B, and cause the construction to be performed substantially in accordance with the Project Plan and the plans and specifications approved by the appropriate department of City. Developer also agrees to provide periodic reports of such construction to City upon reasonable request.

Developer and City agree that all positive tax increment revenues will be split on a 75% / 25% basis, where 75% is payable to the Developer, and 25% is payable to the City. Developer will use their allocated TIF revenue (75%) to reimburse the project costs associated with the development. The City will use their allocated TIF revenue (25%) to offset costs associated with the Hwy 34 Bypass, from the general vicinity of the four way stop by Prostrollo Auto Mall going West to approximately Pizza Ranch, whether those costs be maintenance, repair or construction work located on Hwy 34 Bypass, it will be up to the discretion of the City.

Expenditures Exceeding Estimated Cost

Any expenditures, which in sum would exceed the total amount of the TID amount of $4,000,000, will require an amendment of this Plan. All amendments would be undertaken pursuant to SDCL §11-9-23.

When the expenditures within the Plan are increased in excess of more than 35 percent of the total above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

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

Detailed List of Estimated Project Costs

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

FEASIBILITY STUDY, ECONOMIC DEVELOPMENT STUDY, AND FISCAL IMPACT STATEMENT

Feasibility Study

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

Economic Development Study

Attached is Schedule 3 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the bonds are repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

Fiscal Impact Statement

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

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS

The payment of Project Costs is anticipated to be made by the City to Developer from the special fund of the Tax Incremental District. SDCL § 11-9-13(5). Pursuant to the Developer's Agreement, the City will pay to the Developer all available tax increment funds it receives from the District.

Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #3 shall be the amount sufficient to reimburse the City for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed $4,000,000 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. The final terms and conditions will be set forth in the Developer's Agreement.

Duration of Tax Increment Plan

The duration of the Plan will extend to the number of years it will take for the reimbursement of the City, the extinguishment of bonds and the monetary obligation except that the Plan duration **shall not exceed 20 calendar years** of revenue from the year 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 the taxes from that base which will be the value set for the 2021 assessment year for taxes payable in 2022. The tax increment will be available to the taxing jurisdictions after dissolution, which is at or before twenty years after the creation of the District. Schedule 5 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of all bonds and monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

GENERAL FUND

Mechanisms are built within State Codified Law to ensure that school districts are held harmless by TIF districts for their General Fund. For these purposes, law (SDCL 13-13-10.2) defines three classifications of TIFs:

- Economic Development - Any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial by the governing body that has zoning authority over the land contained within the tax incremental district
- Industrial – Any factory or any business engaged primarily in the manufacturing or assembly of goods, the processing of raw materials, and the wholesale distribution of products for resale
- Affordable Housing – Includes an area where: 1. The original selling price of any house in the district will be at or below the first-time homebuyer purchase price limit being used by the South Dakota Housing Development Authority as of the date the house is sold; OR 2. The monthly rental rate of all multifamily housing units in the district will be at or below the calculated rent for the state's eighty percent area median income as of the date the district is created, for a minimum of five years following the date of first occupancy.
- Local – Any tax incremental districts that do not fall under Economic Development or Industrial

Public school districts are generally funded through the State Aid to Education formula. The two primary channels of the formula are State Aid and Local Effort. Multiple agencies of the State of South Dakota calculate the amount of General Fund monies to be distributed to school districts each year through the State portion. Local effort is considered the amount of revenue that is generated by local property taxes at maximum levies.

If a TIF is classified as Economic Development, Industrial, or Affordable Housing, the school funding that would be generated by the increment valuation is considered lost local effort and is paid through the State Aid side of the formula. If a TIF is classified as Local, the affected school district funding must be recouped through local effort in the form of an additional levy added to the General and Special Education Funds. In either scenario, the school district receives the financial need associated with the increment valuation.

City of Madison TIF #3 has already received the preliminary classification from the Department of Revenue. The TIF is considered Economic Development; therefore, any lost local effort of the General Fund will be covered through the State Aid to Education Formula.

CAPITAL OUTLAY FUND

The impact of a TIF to the Capital Outlay Fund is minimal. Starting on July 1, 2020, a school district is limited to the amount of capital outlay dollars they can receive by either:

A. the previous year's maximum allowable can be increased by a growth factor plus 3%

Or

B. a per student amount.

The primary impact would be to the first scenario; a TIF would delay annual growth until the TIF is completed. However, once the TIF is dissolved, all increment value would be considered new growth for the school district.

If a school district falls under a per student limitation, they will see no impact to their funding due to the TIF.

SPECIAL EDUCATION FUND

The Special Ed Fund has the potential to see the greatest negative impact from the creation of a TIF district.

If the school district requests their special education monies in the form of a levy, then the exclusion of the TIF increment in the tax base would mean the school district is not receiving as much as it could.

If the school district submits their request in a dollar amount, then the fund would see no impact from a TIF district.

BOND REDEMPTION FUND

The school district is always able to ask for the needed money for the principal and interest of their bond repayment. The only impact a TIF would have on this fund is by holding back the increment value, lowering tax base for the spreading of the tax burden and creating a slightly higher levy for the local taxpayers.

MAPS

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

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

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

CHANGES TO CITY COMPREHENSIVE/MASTER PLAN MAP, BUILDING CODES & CITY ORDINANCES PER SDCL §11-9-16 (4)

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

LIST OF ESTIMATED NON-ELIGIBLE PROJECT COSTS

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

Item	Amount
Construction of Assisted Living	$10,000,000
Construction of Multi-Unit Facility	$6,000,000
TOTAL	**$16,000,000**

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN

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

PERFORMANCE BOND, SURETY BOND OR OTHER GUARANTY

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

LIST OF SCHEDULES

LIST OF ATTACHMENTS

Attachment 1 - Descriptions of Real Property

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

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

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

SCHEDULE 1
DETAIL OF PROJECT COSTS

The following are estimate TIF eligible costs for the project as provided by the Project Engineers.

Bid Item	Item Description	Quantity	Unit	Unit Price	Total
1	Mobilization	1	LS	$272,000.00	$272,000.00
2	Clearing & Grubbing	1	LS	$5,000.00	$5,000.00
3	Stockpiling/Placing Topsoil	25,000	CY	$12.00	$300,000.00
4	Unclassified Excavation	75,000	CY	$5.00	$375,000.00
5	Remove & Replace Asphalt	55	SY	$150.00	$8,250.00
6	Remove & Replace Sidewalk	12	SY	$100.00	$1,200.00
7	Remove & Reset Culvert & Riprap	2	EA	$5,500.00	$11,000.00
8	Storm Sewer/Detention Pond Structure	2	EA	$20,000.00	$40,000.00
9	Culvert	100	LF	$80.00	$8,000.00
10	Flared End Section	4	EA	$1,000.00	$4,000.00
11	Type B Inlet	4	EA	$3,500.00	$14,000.00
12	RCP Storm Pipe	150	LF	$80.00	$12,000.00
13	Underground Detention Piping	700	LF	$150.00	$105,000.00
14	Underground Detention Manifold and Outlet Structure	1	LS	$30,000.00	$30,000.00
15	Underground Roof Drain Collection System Pipe	1,400	LF	$100.00	$140,000.00
16	Underground Roof Drain Collection System Manhole	12	EA	$3,000.00	$36,000.00
17	Underground Roof Drain Collection System Downspout	12	EA	$1,500.00	$18,000.00
18	8" PVC Sewer Main	2,100	LF	$75.00	$157,500.00
19	4" PVC Sewer Service	1,325	LF	$50.00	$66,250.00
20	48" Sewer Manhole	8	EA	$5,500.00	$44,000.00
21	4" Cleanout	25	EA	$500.00	$12,500.00
22	Connect to Existing Manhole	1	EA	$1,500.00	$1,500.00
23	4" PVC Water Service	20	LF	$65.00	$1,300.00
24	6" PVC Water Main	175	LF	$85.00	$14,875.00
25	8" PVC Water Main	800	LF	$110.00	$88,000.00
26	1" Poly Water Service Line	1,350	LF	$50.00	$67,500.00
27	1" Tapping Saddle	24	EA	$625.00	$15,000.00
28	8" MJ Plug	1	EA	$750.00	$750.00
29	6"x6"x4" Tee	1	EA	$800.00	$800.00
30	8"x8"x6" Tee	6	EA	$1,000.00	$6,000.00
31	8"x8"x8" Tee	1	EA	$1,500.00	$1,500.00
32	4" Gate Valve	1	EA	$1,200.00	$1,200.00
33	6" Gate Valve	2	EA	$1,600.00	$3,200.00
34	8" Gate Valve	3	EA	$2,000.00	$6,000.00
35	1" Curb Stop	24	EA	$800.00	$19,200.00
36	Fire Hydrant W/Aux Valve	5	EA	$7,500.00	$37,500.00
37	Connect to Existing Water Main	3	EA	$2,500.00	$7,500.00
38	5" Asphalt Pavement	2,175	TON	$150.00	$326,250.00
39	6" Base Course	3,900	TON	$45.00	$175,500.00
40	Curb & Gutter	2,750	LF	$35.00	$96,250.00
41	Sidewalk	12,000	SF	$10.00	$120,000.00
42	Sidewalk Header Curb	3,425	SF	$20.00	$68,500.00
43	6" Driveway	105	SY	$100.00	$10,500.00
44	Retaining Wall	1,450	SF	$200.00	$290,000.00
45	Pavement Marking	1	LS	$5,000.00	$5,000.00
46	Permanent Signing	1	LS	$5,000.00	$5,000.00
47	Erosion Control/Seeding	1	LS	$75,000.00	$75,000.00
48	Traffic Control	1	LS	$15,000.00	$15,000.00
49	Power, Gas, Tele Trench	1,750	LF	$14.00	$24,500.00
50	Lighting, Conduit	1	LS	$100,000.00	$100,000.00
51	Construction Staking	1	LS	$50,000.00	$50,000.00

Total Construction Cost	**$3,293,025.00**
10% Contingency	$329,302.50
Total Cost	**$3,622,327.50**

Estimates TID Eligible of Project Costs Requested

The City of Madison has determined that this will be an economic development Tax Increment District, thus the eligible cost will be in the form of an infrastructure grant that will not exceed $4,000,000. This is a permitted use under SDCL 11-9-15.

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

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

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

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

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

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

(6) Relocation costs;

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

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

SCHEDULE 2
ECONOMIC FEASIBILITY STUDY & TAXABLE VALUE

The City has been asked to create a Tax Increment District to help offset the expansion associated with this project. This feasibility study provides that the Project Costs can be financed through tax increment financing under South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9). Tax increment financing is an indispensable self-financing tool used throughout the United States to help local governments successfully develop and redevelop areas and encourage economic development.

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

Tax increment financing is permitted only in connection with a "Project Plan" duly adopted by the City. The property is currently estimated to have a taxable value of $28,200. The improvements to be made to the property are estimated to add to the assessed valuation. The estimated increment resulting from the improvements would be approximately $15,000,000 in new value once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

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

For purposes of this Project Plan, the Developer is projecting that the infrastructure and site improvements will be built through up to 2 phases and fully developed by calendar year 2023.

The City's role is to simply act as a conduit for the revenue and pass on all positive increment to the Developer or to reimburse the City for their expenses, of which, will never exceed $4,000,000 in total payments, or 20 years, whichever comes first.

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

City of Madison TID #3 is proven feasible based upon the projections made by the Developer, projecting a total in excess of $4,000,000 in tax revenue during the life of the 20-year TIF.

The calculations of the estimated tax increment valuation and tax generated for the TID can be found in the following tables. For purposes of this Project Plan, it is anticipated no increment generated by City TID #3 will be available until the earliest of calendar year 2021 and thereafter.

TID Tax Revenue Estimates Available for City of Madison

This project will have properties that are classified as Non-Ag Other. The following projections show that the TIF #3 is projected to be financially feasible

City of Madison
Tax Increment District #4
Revenue Assumptions

Assumed Base Value $ 28,200

Construction Year	Valuation Year	Revenue Year	Valuation Increment	Total School "Other"	Madison City	Lake County	Water District	Total Mill Rate*	Total Revenue Increment	Total Increment for Debt Service
2022	2023	2024	4,000,000	11.051	6.241	2.547	0.023	19.862	$ 78,887.89	$ 78,887.89
2023	2024	2025	5,000,000	11.051	6.241	2.547	0.023	19.862	$ 99,310.00	$ 178,197.89
2024	2025	2026	4,000,000	11.051	6.241	2.547	0.023	19.862	$ 79,448.00	$ 257,645.89
2025	2026	2027	2,000,000	11.051	6.241	2.547	0.023	19.862	$ 39,724.00	$ 297,369.89
2026	2027	2028		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2027	2028	2029		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2028	2029	2030		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2029	2030	2031		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2030	2031	2032		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2031	2032	2033		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2032	2033	2034		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2033	2034	2035		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2034	2035	2036		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2035	2036	2037		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2036	2037	2038		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2037	2038	2039		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2038	2039	2040		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2039	2040	2041		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2040	2041	2042		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
2041	2042	2043		11.051	6.241	2.547	0.023	19.862		$ 297,369.89
										$ 5,570,019.83

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

Note: The Increment Valuations above are for projection purposes only and do not reflect what the actual number(s) may be. These projection numbers have not been certified or assessed by the Lake County Director of Equalization.

SCHEDULE 3
ECONOMIC DEVELOPMENT STUDY

The City of Madison has been approached concerning the creation of a tax increment district (TID) located within the city limits. Per South Dakota Codified Law 11-9-8, the governing body must make a finding that not less than 50%, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the State through the promotion and advancement of industrial, commercial, manufacturing, agricultural and natural resources, and the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

Study Area Boundary

The Project boundaries are described and depicted on the maps in Attachments 1 and 2 of this Plan.

Establishing Economic Development

South Dakota law describes economic development as activity that stimulates and develops the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources. The definition of Economic Development for State Aid to Education Formula purpose is any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial. The proposed City of Madison TID #3 meets both of these criteria. The area within the boundaries of the TIF is to continue to be developed into a senior living community development.

The project will lie within the City of Madison. The Project is estimated to have an annual economic impact of $1,400,000 based on the creation of 20+ jobs.

The project is expected to be completed by 2023 calendar year.

Finding That the Improvements to the Area Are Likely to Enhance Significantly the Value of Substantially All of The Other Real Property in The District

It is definitively found that once the improvements set forth within the Project Plan are initiated, the improvements will enhance significantly the value of substantially all of the other real property in the district. The City of Madison TID #3 will have a tremendous economic impact on the region’s infrastructure advancement and the labor force.

Conditions Within the Study Area; Land Use and Planning Land Use, Planning and Comprehensive Plan

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

Findings within the Project Area Analysis

It is found 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 of South Dakota through the promotion and advancement of industrial, commercial, manufacturing, agricultural, and natural resources. It is also 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 accordance with SDCL 11-9-8.

The Project area currently consists of an undeveloped area between the Madison Regional Hospital and Eagan Ave in the City of Madison. The project will create jobs and provide housing for a growing market and population sector along with creating job expansion and opportunities to the area.

The investment of about $16,000,000 in the Project area will stimulate and develop the general economic welfare and prosperity of the State through the promotion of employment and advancement of commerce during the construction period. The Project will enhance the community of Madison City by creating additional jobs and will have a substantial annual economic impact to the region and state.

SCHEDULE 4

FISCAL IMPACT STATEMENT FOR CITY OF MADISON TID #3

A fiscal impact statement shows the impact of the TID, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the District. The following fiscal impact statement is intended to provide only a brief 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 challenge a more detailed, complete financial analysis.

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 Madison Tax Increment District Number 4.

"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, are estimated at taxable purposes up to $16,000,000 .
2. The average tax levy of all taxing districts will be $19.862 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2024 and end prior to 2043.
4. The discretionary formula will be waived by Developer.

SCHEDULE 5
ESTIMATED CAPTURED TAXABLE VALUES

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

* Actual valuation shall depend upon the value determined by the Lake County Director of Equalization when assessed, with the application of dollars-per-thousand from local taxes. All tax increment revenues shall be from Generally Applicable Taxes attributable to the improvements to be constructed in the TID. The potential for total increment collections is estimated to be at the maximum range of $4,000,000 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2024, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

The following dollars-per-thousand rates are the current taxing rates of the local taxing jurisdictions for Non-AG Other property types:

2022 Property Tax Rate

2021 Payable in 2022	$ per $1,000 assessed
City of Madison	$ 6.241
Lake County	$ 2.547
Water District	$ 0.023
School District "Other"	$ 11.051
Total Tax Levy	**$ 19.862**

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

ATTACHMENT 1

Descriptions of real property:

LOT 5 OF SCHULTZ'S ADDITION IN THE N1/2 OF SECTION 18, TOWNSHIP 106 NORTH, RANGE 52 WEST OF THE 5TH P.M., CITY OF MADISON, LAKE COUNTY, SOUTH

ATTACHMENT 2

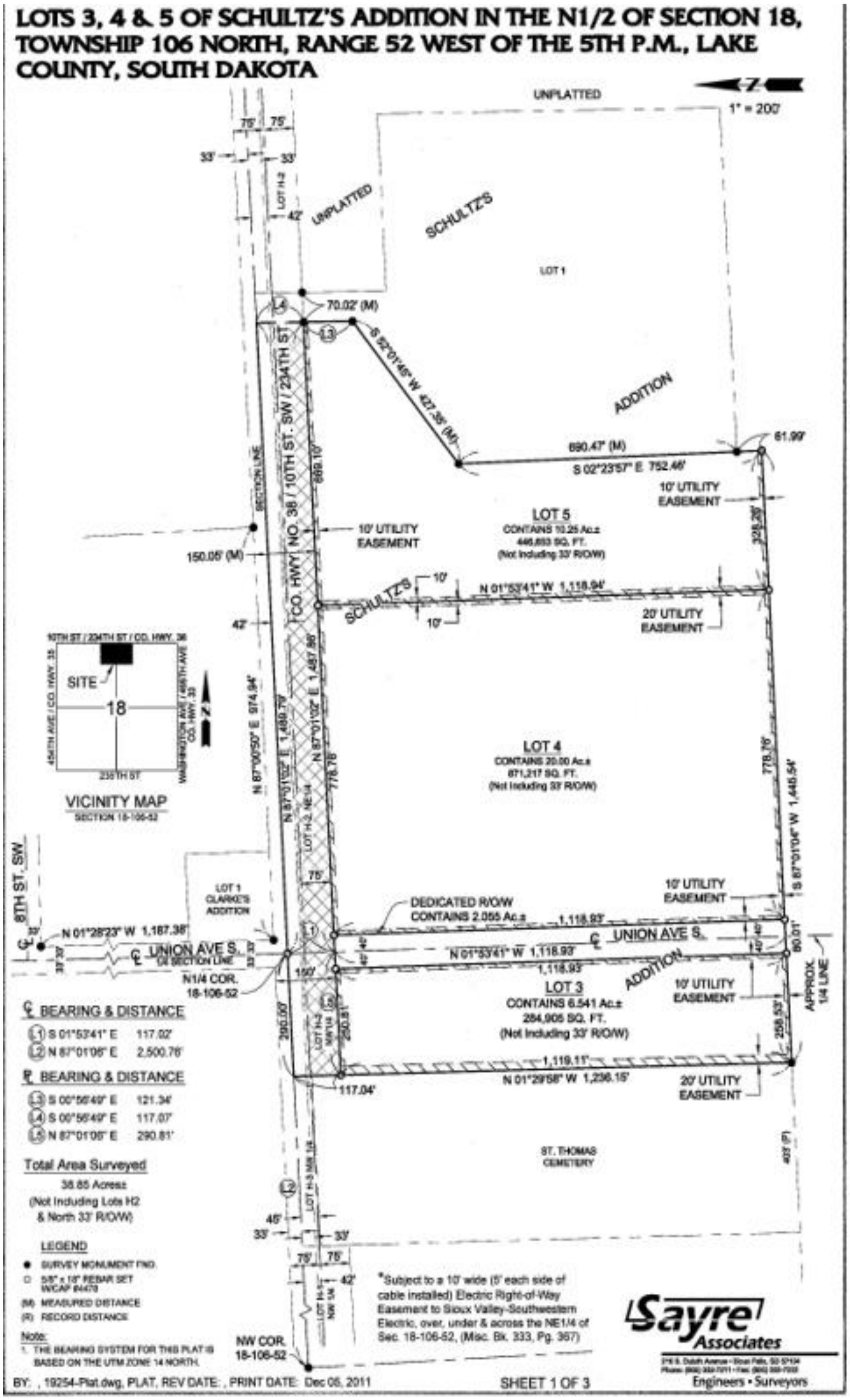
Conditions picture for City of Madison Tax Incremental District #3, SDCL § 11-9-16(1)

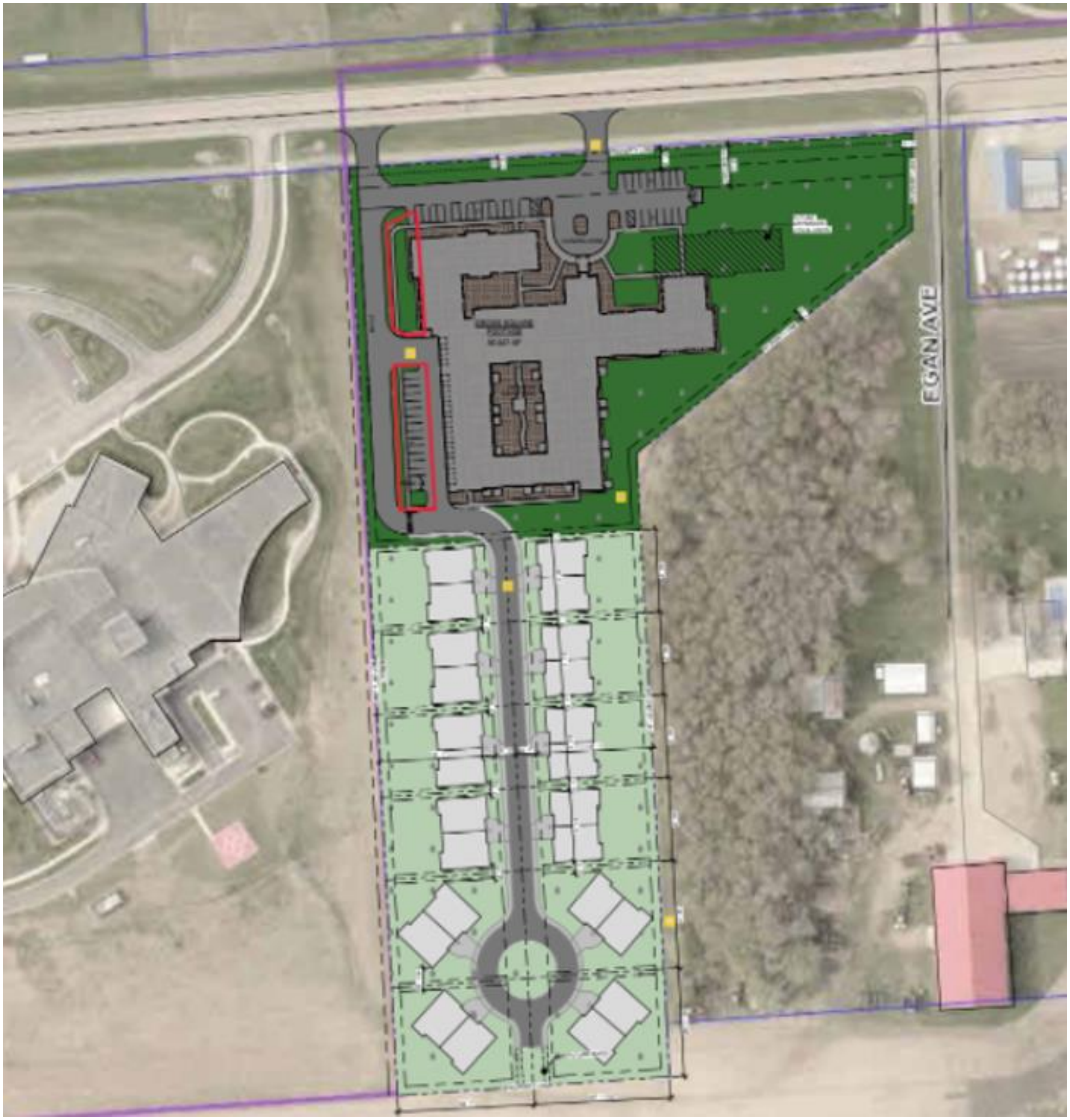
The following is a picture showing the current conditions of the proposed location of TIF #3

ATTACHMENT 3

Improvements map for City of Madison Tax Incremental District #3, SDCL § 11-9-16(2).

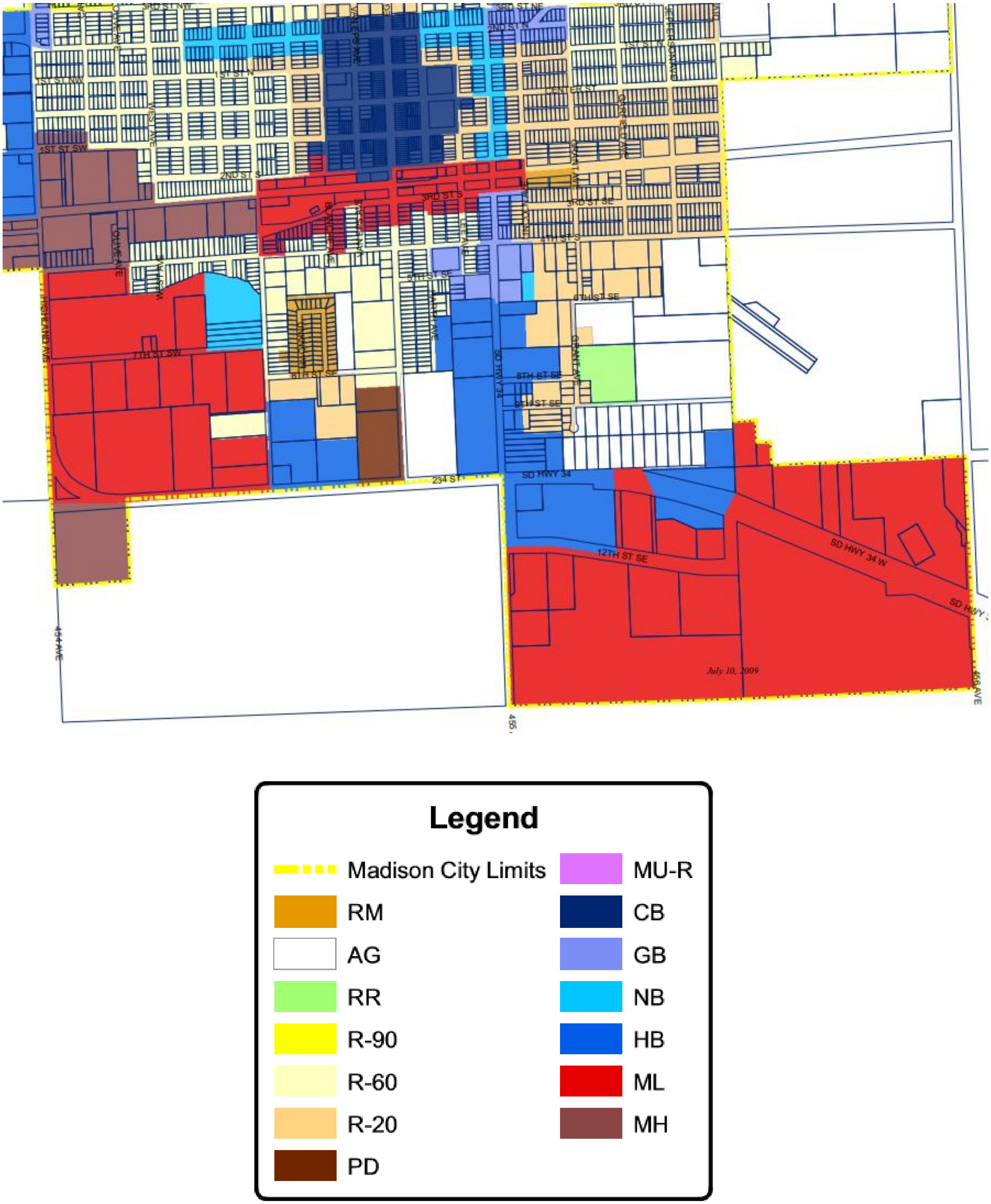
The following is a plat map of the Tax Increment District:




EGAN AVE

ATTACHMENT 4

Zoning Change Map for City of Madison Tax Incremental District #3, SDCL § 11-9-16(2).



SOUTH DAKOTA DEPARTMENT OF REVENUE
445 East Capitol Avenue • Pierre, SD 57501
(605) 773-3311 • dor.sd.gov

May 5, 2022

City Finance Office
116 W. Center St
Madison SD 57042

RE: Preliminary Classification of City of Madison # 3

Dear Jameson Berreth:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on 05/05/2022.

Upon review of the provided information, the Department has determined the preliminary classification for the TIF District "City of Madison # 3" to be Economic Development for the purposes of the State Aid to Education formula.

If you have any questions or concerns, please do not hesitate to contact this office.

Sincerely,

Wendy Semmler, Director
Property Tax Division

http://dor.sd.gov