

**PLANNING COMMISSION/
BOARD OF ADJUSTMENT MEETING
CITY COMMISSION ROOM
Tuesday, April 14, 2026
7:00am**

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES: March 10, 2026, Planning Commission Minutes

APPROVAL OF MINUTES: March 10, 2026, Board of Adjustment Minutes

APPROVAL OF AGENDA:

APPEARANCES, ACKNOWLEDGEMENTS, CORRESPONDENCE: None

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

NEW BUSINESS (Board of Adjustment):

1. Hearing on Appeal No. 762 – Giga Project 19 Madison LLC for a conditional use application that if granted would allow the applicant to construct a 10 MW air-cooled modular data facility. The properties are legally described as Block One Ash Hill Addition to the City of Madison in the SW1/4 of Section 8, TWP 106-N R52 W of the 5th PM and The South Sixty-six Feet (66') of the East Three Hundred Thirty Feet (330') Lot Thirteen (13) Block Three (3) Shimerda's Addition to the City of Madison, South Dakota.
2. Decision on Appeal No. 762 – Giga Project 19 Madison LLC
3. Hearing on Appeal No. 763 – Giga Project 19 Madison LLC for a variance that if approved would permit the applicant to use material defined as sheet siding in the GT-1 District. The properties are legally described as Block One Ash Hill Addition to the City of Madison in the SW1/4 of Section 8, TWP 106-N R52 W of the 5th PM and The South Sixty-six Feet (66') of the East Three Hundred Thirty Feet (330') Lot Thirteen (13) Block Three (3) Shimerda's Addition to the City of Madison, South Dakota.
4. Decision on Appeal No. 763 – Giga Project 19 Madison LLC

NEW BUSINESS (Planning Commission):

1. Hearing on Appeal No. 761 River of Life Christian Fellowship to Rezone property at 610 NE 3rd Street from R-60 (Duplex Residence) to GB (General Business). The property is legally described as Lots Two (2), Three (3), and Four (4) except the East Fourteen (14) feet of Litch's Subdivision of a part of Block Nine (9) of Fuller Bros. Addition to Madison, Lake County, South Dakota
2. Decision on Appeal No. 761 – River of Life Christian Fellowship
3. Approve Plat of Lots 1, 2, 3, 4, and 5 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota.
4. Approve Plat of Lots 8, 9, 10, and 11 in Block 2 AND Lots 6, 7, 8, 9, and 10 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota.
5. Public Hearing – Tax Increment District Number Eight.
6. Consideration and Recommendation to the City Commission for Approval of Tax Increment District Number Eight and Adoption of the Tax Increment Plan.

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.

**Join the meeting via Zoom: <https://us06web.zoom.us/j/88197604793>
Meeting ID 881 9760 4793**

**PLANNING COMMISSION PROCEEDINGS
CITY OF MADISON
March 10, 2026
7:00 am**

Chairman John Groce called the meeting to order at 7:01 am. The following members were present for roll call: John Groce, Jim Iverson, Bob Maxwell, Jacob DeBoer, Roger Olson, Kerry Barlow and Travis Olson. Ryan Hegg, Dan Whitlock, Chad Van Den Hemel, Jennifer Hasleton, Jeff Wieman, Jenny Wolff, Jeff Hyland, Heather Lee, Dennis Larson, Kenneth Clements, Amanda Palli, Nick Bird, Steven Pedersen, Lee Schelling, John Nelson, Jason Kearin, Dail Dailing, Janice Dailing, Richard Buechler, Daniel Cross, Scott Brown, Cinda Brown, Tanner Engbrecht, Patrick Routier and Brianna Routier were also in attendance.

Motion by Commissioner Roger Olson to approve January 13, 2026, Planning Commission Meeting Minutes. Seconded by Commissioner DeBoer. Motion carried unanimously.

Motion by Commissioner Iverson to approve January 13, 2026, Board of Adjustment Meeting Minutes. Seconded by Commissioner Roger Olson. Motion carried unanimously.

Motion by Commissioner DeBoer to approve the March 10, 2026, agenda. Seconded by Commissioner Roger Olson. Motion carried unanimously.

Old Business: None

Motion by Commissioner Iverson, seconded by Commissioner DeBoer to move into Board of Adjustment at 7:03 am. Motion carried unanimously.

Motion by Commissioner Iverson, seconded by Commissioner DeBoer to move out of Board of Adjustment and into Planning Commission at 7:42 am. Motion carried unanimously.

Hearing on Appeal No. 758 – Steven Pedersen to Rezone from R-90 (Single Family Residence) to R-60 (Duplex Residence). Mr. Pedersen described the goal to rezone to allow more options for mentioned properties. Several adjacent landowners spoke against the rezone and regarding concerns of allowing smaller lots and duplex homes. Desire to keep the neighborhood as planned.

Motion to “keep said properties at R-90 and not Rezone or recommend to the City Commission” made by Commissioner Iverson, seconded by Commissioner DeBoer. Roll call vote taken. Motion passed unanimously to not recommend rezone.

Public Input: None

Commissioner Roger Olson motioned to adjourn. Seconded by Commissioner DeBoer. Motion carried unanimously. Meeting adjourned at 8:24 am.

Dan Whitlock
Planning Commission

**BOARD OF ADJUSTMENT PROCEEDINGS
CITY OF MADISON
March 10, 2026**

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

The following members were present for roll call: John Groce, Jim Iverson, Travis Olson, Jacob DeBoer, Roger Olson, Kerry Barlow and Jenny Wolff. Also present were Administrative Officials Ryan Hegg and Dan Whitlock. The following people were in attendance in addition to the Board, Jennifer Hasleton, Chad Van Den Hemel, Jeff Wieman, Jeff Hyland, Heather Lee, Dennis Larson, Kenneth Clements, Amanda Palli, Nick Bird, Steven Pedersen, Lee Schelling, John Nelson, Jason Kearin, Dail Dailing, Janice Dailing, Richard Buechler, Daniel Cross, Scott Brown, Cinda Brown, Tanner Engbrecht, Patrick Routier and Brianna Routier.

This being the time and place set for the hearing on variance Appeal Request No. 759 Jeff Hyland for a variance that if granted, would permit the applicant to construct a 60'x60' addition to facility with a 5' setback at 222 SW 4th Street. Mr. Whitlock went through the contents of the packet explaining the placement of the addition and required setbacks per zoning requirements. Mr. Hyland explains the needs for the size of the addition. Metal bars/rods for production can be 20'-25' in length. Saws and forklift use requires more space. A retaining wall would be built to match the wall along SW 4th Street. Addition would not cause property to exceed maximum lot coverage limitations.

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. Roger Olson, second by Mr. DeBoer to approve Appeal No. 759. Roll call vote taken. Motion failed 4-3.

This being the time and place set for the hearing on conditional use Appeal Request No. 760 Heather Lee for a conditional use that if granted, would permit the applicant to run an indoor playground in a Central Business zone located at 105 S Egan Avenue. Mr. Whitlock went through the contents of the packet explaining the request. Ms. Lee describes the intent of the business. Arcade games, play area, birthday parties. Hours of operation 10am-9pm. Parents required for children under 12. Some minor interior renovations.

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. DeBoer, second by Mr. Roger Olson to approve Appeal No. 760. Roll call vote taken. Motion passed unanimously.

Motion by Mr. Iverson, second by Mr. DeBoer to move out of the Board of Adjustment at 7:42am. Motion carried unanimously.

Dan Whitlock
Board of Adjustment

CITY OF MADISON
CONDITIONAL USE APPLICATION

APPEAL NUMBER 762

APPLICANT (PRINT): Giga Project 19 Madison LLC PHONE: (775) 351-4720

ADDRESS: 35529 US HWY 96 S, Buna, TX 77612

OWNER (PRINT): Giga Energy Inc. PHONE: _____
IF DIFFERENT THAN APPLICANT

ADDRESS: _____

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)

Block One Ash Hill Addition to the City of Madison in the SW1/4 of Section 8, TWP 106-N R52 W of the 5th PM
The South Sixty-six Feet (66') of the East Three Hundred Thirty Feet (330') Lot Thirteen (13) Block Three (3)
Shimerda's Addition to the City of Madison, South Dakota.

GENERAL AREA OR STREET ADDRESS: 43.9939, -97.10045

EXISTING LAND USE: Ag Land EXISTING ZONING: Light Manufacturing

SIZE OF PARCEL: ACRES / SQFT 3.73 ac. LOT DIMENSIONS: WIDTH 330' LENGTH 513' DEPTH _____

SURROUNDING LAND USE
NORTH: Ag Dwelling
SOUTH: Commercial
EAST: Ag Land
WEST: Ag Dwelling

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

Please refer to accompanying memorandum.

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) _____

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 OFFICIAL USE ONLY

DATE FILED WITH ADMINISTRATIVE OFFICIAL: 3/24/2010
FEE PAID (NON-REFUNDABLE): X YES _____ NO _____
DATE OF HEARING: APRIL 14, 2010
ACTION BY BOARD OF ADJUSTMENT: _____

Pool 06283



MEMORANDUM

Date: March 25, 2026
To: City of Madison
From: Camille Foley
Subject: Letter of Explanation for Conditional Use Permit

The purpose of this Memorandum is to provide an explanation of the uses and implications of a proposed 10 MW air-cooled modular data center, to be constructed within 3.73 acres under Option to Lease by the applicant from the City of Madison in Lake County, South Dakota.

The proposed facility will be constructed at approximately 43.9939, -97.10045, on a portion of parcel IDs 215300030013010 and 215290010001010, more specifically described as: Block One Ash Hill Addition to the City of Madison in the SW1/4 of Section 8, TWP 106-N R52 W of the 5th PM; The South Sixty-six Feet (66') of the East Three Hundred Thirty Feet (330') Lot Thirteen (13) Block Three (3) Shimerda's Addition to the City of Madison, South Dakota.

The site area is currently classified as Light Manufacturing, with a mix of Ag Land, Ag Dwelling, and Commercial classifications on adjacent parcels. The nearest house is located approximately 0.25 miles from the proposed site area. Under City Ordinance No. 1481, the proposed use falls under Section 17.116.05. Conditional Uses for a Light Manufacturing District, specifically item 13: "Other industrial or commercial uses determined by the Board of Adjustment to be consistent with the intent of the District that can meet the performance standards listed herein".

The proposed project shall meet the aforementioned performance standards, as detailed below:

Physical Appearance: All equipment used to construct the proposed facility will be new and in operable condition. The site area will be fully enclosed with a 6-8' chain link perimeter fence and will be staffed during the day. A tree line will be established along the southern edge of the property to minimize visual impact of the site along Highway 34. The proposed facility will be constructed using 8 Giga Energy Air Boxes and 4 three-phase oil-filled medium voltage transformers. Site photos from an operational facility are included below and a preliminary site and landscaping plan is attached for visual reference.

Fire Hazard: Air Boxes are internally cooled using fans and do not consume any water. Though the proposed facility poses no specific fire hazards, a 26' fire access lane has been considered in design and the City has confirmed that fire suppression (hydrant) exists adjacent to the site. In addition to this, a pre-construction plan will be shared with the City Fire Chief ahead of site mobilization to ensure compliant fire protection and prevention measures are taken.

Noise: The proposed facility shall not exceed normal traffic sound during operations. If requested, mitigation measures such as sound walls or berms may be employed. Sound meter readings at a similarly sized facility utilizing sound walls, which came online in early 2026, measured approximately 50 decibels at the 500' property line. For reference, busy streets measure 70 to 80 decibels at peak. Given the site's proximity to South Dakota Highway 34 (approximately 0.06 miles south of the site area), negligible noise impact is expected.

Sewage and Liquid Wastes: The proposed facility does not involve the discharge of any liquid wastes of a radioactive or chemical nature.

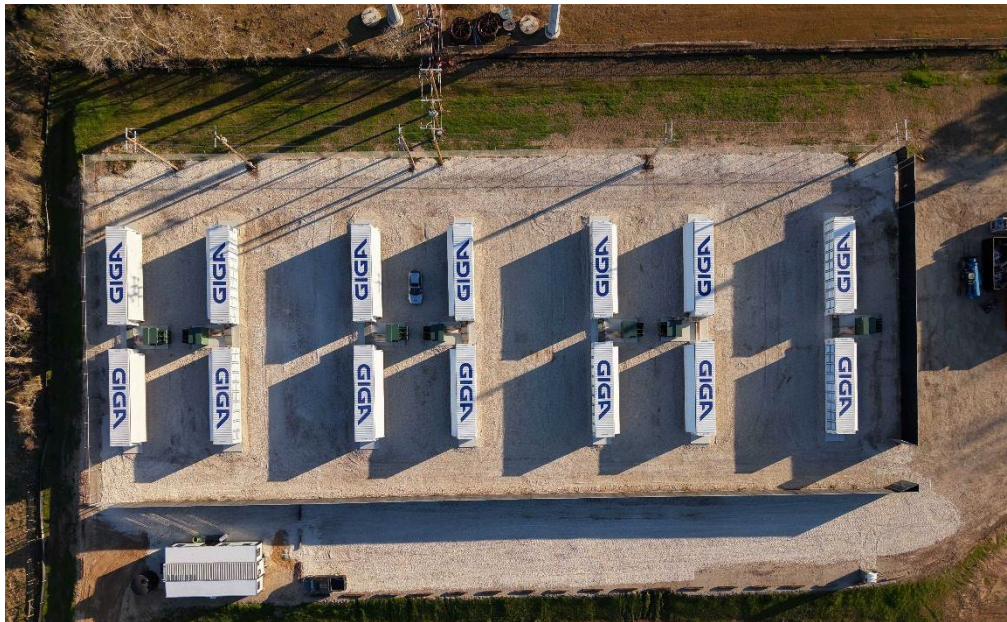
Air Contaminants: The proposed facility does not involve the release of any air contaminants.

Odor: The proposed facility does not involve the release of any odors.

Gases: The proposed facility does not involve the release of sulfur dioxide, hydrogen sulfide, or carbon monoxide.

Vibration: The proposed facility shall not produce vibration exceeding a displacement of three thousandths (0.003) of an inch measured at the parcel line.

Glare and Heat: The proposed facility does not use any equipment inducing AU glare.







AcoustiFence® Noise Mitigating Fence & Curtains (Patented)

Sound Transmission Report

For Manufacturer Info:

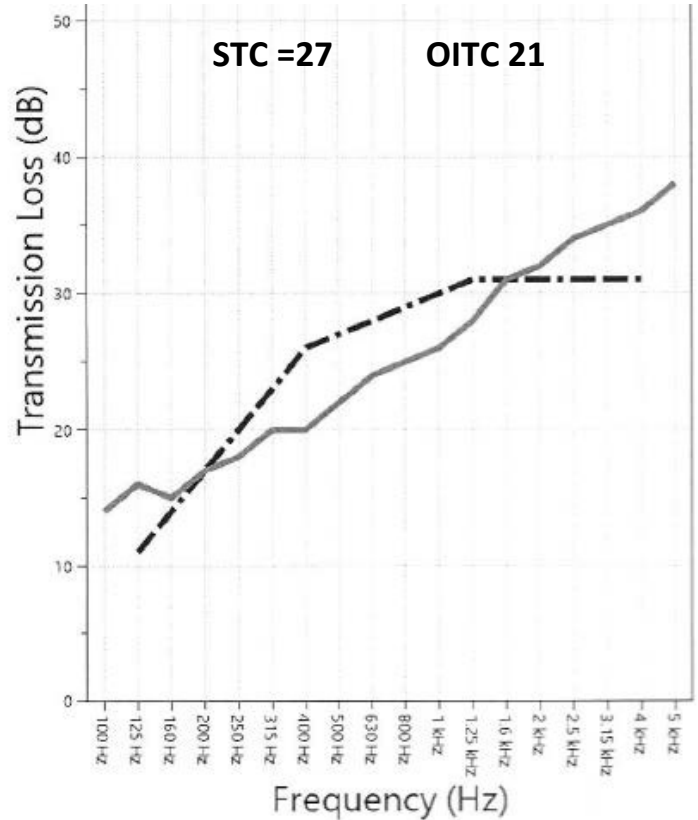
Contact:

Acoustiblok, Inc.
6900 Interbay Boulevard
Tampa, Florida 33616 U.S.A
Call - (813) 980-1400
Fax - (813) 549-2653
Email - sales@acoustiblok.com
www.acoustiblok.com

Product Description

Basic Use

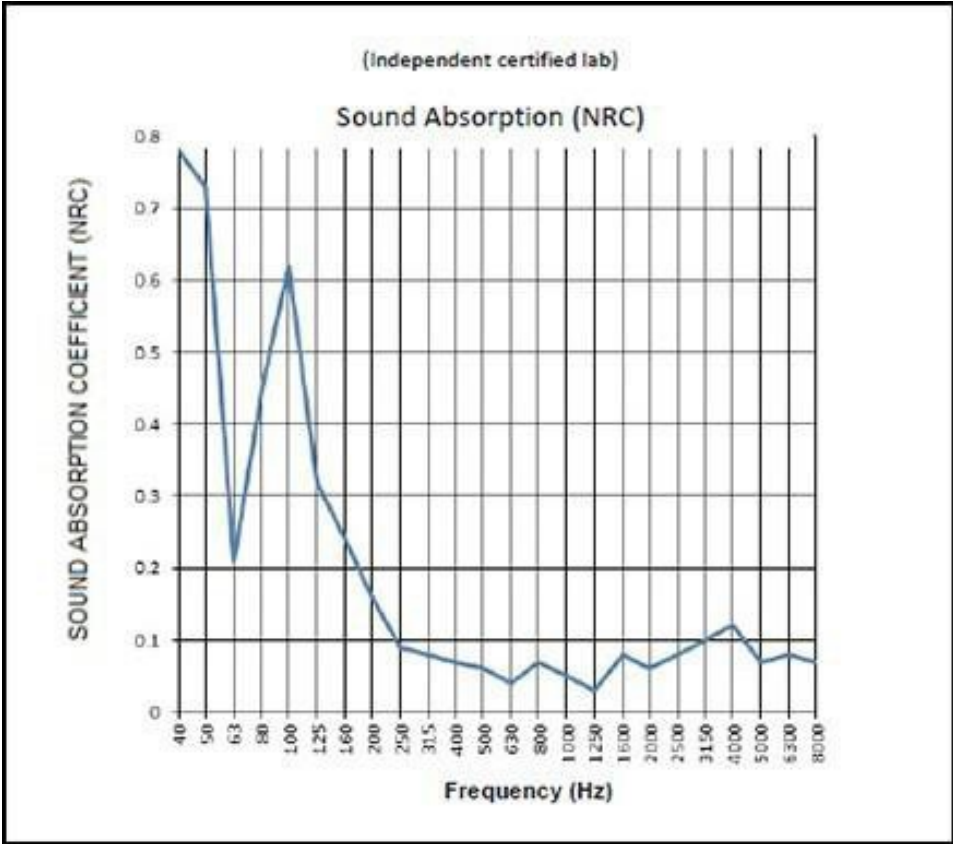
Originally developed by Acoustiblok, for noise isolation on offshore Drilling rigs, but has since proven successful in many other demanding outdoor and indoor settings, I.E. industrial facilities, Road, Rail and Countless others.



Benefits:

- Independent lab Tested to 1,974 LB PSI TENSILE STRENGTH.
- Effectively reduces exterior noise.
- Portable Fence Rolls up to 10". Easy to install.
- Vermon Proof
- Resistant to UV, dirt, and water
- Resistant to corrosion, mold, and mildew
- HD Printing of foliage ETC. Available

Acoustifence is a unique proprietary material. At only 1/8 of an inch thick it is 1 pound per square foot and VERY flexible. As such it has great mass which moves easily from sound waves and rather than stopping sound it transforms sound into internal and inaudible friction energy (with minimal trace amounts of heat). It also has the benefit that at very low frequencies test results indicate an NRC of 0.78. High wind durability is assured with independent test lab results indicating the material to withstand "1,974 lb. Per sq. inch".



Physical Properties

- Independent lab Tested to 1,974 LB PSI TENSILE STRENGTH.
- Barium free
- STC 27, OITC 21 per ASTM E90-02 & ASTM E413-87
- Size - 6 ft.(1.83m) x 30 ft.(9.14m) x 0.125 in.(.3mm) – 180 ft² (16.83m²) or CUSTOM LENGTH 6' OR 8' wide curtains
- Color - black or green or HD printed.
- High UV resistance
- Heat tolerance: 200°F (93°C) for 7 days, less than 1% shrinkage with no deformation.
- Properties not affected by freeze/thaw cycles.
- No fungal or algal growth and no visible disfigurement, per ASTM D3273 and ASTM D3274 (rating=10)
- Extremely high dielectric (v/mil) 360
- Weight per curtain: Approx. 1lb per sqft
- Flame Spread 15 (ATSM E84)

MATERIAL SPECIFICATIONS - PART# " ACOUSTIFENCE 6X30 OR CUSTOM CURTIANS

Acoustical Rating	STC 27 / OITC 21
Size	6 ft. (1.83m) x 30 ft. (9.14m) x 0.125 in (3mm) or custom curtains
Weight	1lb per SQ FT
Fastening	Black brass grommets as we deem necessary
Color	Black, Green, Printed
(This is an industrial product and minor surface blemishes are a possibility)	

Information herein is, to the best of our knowledge and belief, accurate. However, since conditions of handling and use are beyond our control, we make no guarantee of results and assume no liability for damages incurred by the use of this material/product. All material/products may present unknown health hazards and should be used with caution. Although certain hazards are described herein, we cannot guarantee that these are the only hazards that exist. Final determination of suitability of this material/product is the sole responsibility of the user. No representations or warranties, either expressed or implied, of merchantability, fitness for a particular purpose or any nature are made hereunder with respect to the information contained herein or the material/product to which the information refers. It is the responsibility of the user to comply with all applicable federal, state and local laws and regulations. Specifications subject to change without notice.



CITY OF MADISON
VARIANCE APPLICATION

APPEAL NUMBER 763

APPLICANT (PRINT): Giga Project 19 Madison LLC PHONE: (775) 351-4720

ADDRESS: 35529 US HWY 96 S, Buna, TX 77612

OWNER (PRINT): Giga Energy Inc. PHONE: _____
IF DIFFERENT THAN APPLICANT

ADDRESS: _____

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

LEGAL DESCRIPTION (Please print or type)

Block One Ash Hill Addition to the City of Madison in the SW1/4 of Section 8, TWP 106-N R52 W of the 5th PM.
The South Sixty-six Feet (66') of the East Three Hundred Thirty Feet (330') Lot Thirteen (13) Block Three (3)
Shimerda's Addition to the City of Madison, South Dakota.
GENERAL AREA OR STREET ADDRESS: 43.9939, -97.10045

EXISTING LAND USE: Ag Land **EXISTING ZONING:** Light Manufacturing

SIZE OF PARCEL: ACRES / SQFT 3.73 ac **LOT DIMENSIONS:** WIDTH 330' LENGTH 513' DEPTH _____

SURROUNDING LAND USE
NORTH: Ag Dwelling
SOUTH: Commercial
EAST: Ag Land
WEST: Ag Dwelling

PLEASE PROVIDE A BRIEF STATEMENT OF THE VARIANCE DESIRED AND PLEASE STATE THE HARDSHIP REQUIRING RELIEF. (Proof of hardship is on the applicant - Hardship examples are odd size or shape of the lot, unusual topography, etc. attach a letter of explanation to document requirements necessary to approve if necessary)

Please refer to accompanying memorandum.

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) _____

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

- 2. 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 OFFICIAL USE ONLY

DATE FILED WITH ADMINISTRATIVE OFFICIAL: 3/24/2010
FEE PAID (NON-REFUNDABLE): X YES NO
DATE OF HEARING: April 19, 2010
ACTION BY BOARD OF ADJUSTMENT: _____

Pool 06283



MEMORANDUM

Date: March 25, 2026
From: Camille Foley
To: City of Madison
Subject: Letter of Explanation for Variance Request

This letter is submitted in conjunction with the variance request for a proposed 10 MW air-cooled modular data center, to be constructed within 3.73 acres under Option to Lease by the applicant from the City of Madison in Lake County, South Dakota. The project will be situated across parcel IDs 215300030013010 and 215290010001010, located within the GT-1 zoning district. The applicant requests a variance from the prohibition on “sheet siding” in the district, including metal exterior finishes on structures and equipment to be installed onsite.

As detailed below, the unique physical characteristics of the project satisfy the requirements for granting a variance.

Special Conditions are Peculiar to the Planned Facility: The planned facility will be comprised of prefabricated, metal-clad modular enclosures similar in size and structure to shipping containers. Metal siding is the industry-standard material utilized on these structures due to their durability, optimized cooling & efficiency, and electromagnetic shielding. Given these unique circumstances, siding on this type of enclosure is not easily substituted with different materials.

Strict Application of the Ordinance Deprives the Applicant of Rights Enjoyed by Others in the District: Other properties within the GT-1 district are permitted to use exterior materials that are suitable to and compatible with their respective uses. The prohibition on metal sheet siding was presumably designed to address aesthetic concerns related to conventional buildings and structures. However, applying this restriction to prefabricated containerized units, for which metal is the only functionally appropriate exterior, effectively deprives the applicant of the ability to construct a facility utilizing this kind of specialized enclosure in the district.

The Special Conditions Are Not the Result of the Applicant’s Actions: The need for this variance does not arise from any self-created hardship. The planned facility’s use of metal sheet siding is an inherent characteristic of the planned infrastructure, not a deliberate circumvention of the GT-1 district siding requirements.

Granting the Variance Will Not Confer Any Special Privilege: The requested variance is limited in scope and tailored to the specific circumstances of the planned facility. The applicant does not seek a blanket exception to the exterior material standards of the GT-1 district, but rather recognition that the siding prohibition was not intended to, and should not, apply to prefabricated containerized metal structures. Any other applicant with a site located in the GT-1 district intending to construct a similar type of facility would be entitled to seek the same relief. Granting this variance does not provide the applicant with a benefit that is unavailable to others; it simply acknowledges that the strict application of the ordinance to this unique type of facility produces an inequitable result that the variance process is designed to remedy.

For the foregoing reasons, the applicant respectfully submits that all required findings for a variance have been satisfied. The special conditions of the planned facility are unique, not self-created, and not shared by other projects within the GT-1 district. The strict application of the

siding prohibition would deprive the applicant of rights commonly enjoyed by others in the district, and granting the variance will not confer any special privilege.

Kind Regards,

Camille Foley

CITY OF MADISON
PETITION FOR A CHANGE IN ZONING CLASSIFICATION

3/26/2013

APPEAL NUMBER 761

APPLICANT (PRINT): River of Life Christian Fellowship PHONE: 469-810-2899

ADDRESS: 610 NE 3rd ST Madison, SD 57042

OWNER (PRINT): by Bobby Gibrant (President) PHONE: 469-810-2899
IF DIFFERENT THAN APPLICANT

ADDRESS: _____

I/WE, THE UNDERSIGNED, DO HEREBY PETITION THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA, TO ISSUE A CHANGE IN ZONING CLASSIFICATION FOR THE PROPERTY DESCRIBED AS:

LEGAL DESCRIPTION (Please print or type)

Lots 2-3-4 Litch's Sub Fuller Bros Exc E14' Lot 4 Exempt

GENERAL AREA OR STREET ADDRESS: 610 NE 3rd ST Madison SD 57042

EXISTING LAND USE: Church EXISTING ZONING: R-60

SIZE OF PARCEL: ACRES / SQFT, 49 LOT DIMENSIONS: WIDTH _____ LENGTH _____ DEPTH _____

SURROUNDING LAND USE/ZONING
NORTH: R-60
SOUTH: General Business
EAST: R-60
WEST: R-60

PLEASE DESCRIBE WHAT YOU PROPOSE TO DO AND WHY YOU ARE SEEKING A CHANGE IN ZONING CLASSIFICATION INCLUDING DISCUSSION ON WHAT CHANGE OR CHANGING CONDITIONS MAKE THE PASSAGE OF THIS AMENDMENT NECESSARY (attach a separate sheet of paper if necessary)

Seeking a GB zone (General Business) To allow for a better and more advantageous use of the property. For Not only "Not for profit" entities but "For Profit" businesses as well. offering tax Revenue for the city of Madison.
Benefiting our usage, a New owner and the benefit of the city of Madison. Currently are several GB entities operating around us - Across the Street (100') and several locations within - 200'-400' feet from our location -

SIGNATURE OF APPLICANT River of Life Christian Fellowship by Bobby Gibrant (President)

SIGNATURE OF OWNER (IF DIFFERENT THAN APPLICANT) _____

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

FOR OFFICIAL USE ONLY

DATE FILED WITH ADMINISTRATIVE OFFICIAL: 3/19/2016

FEE PAID (NON-REFUNDABLE): X YES _____ NO

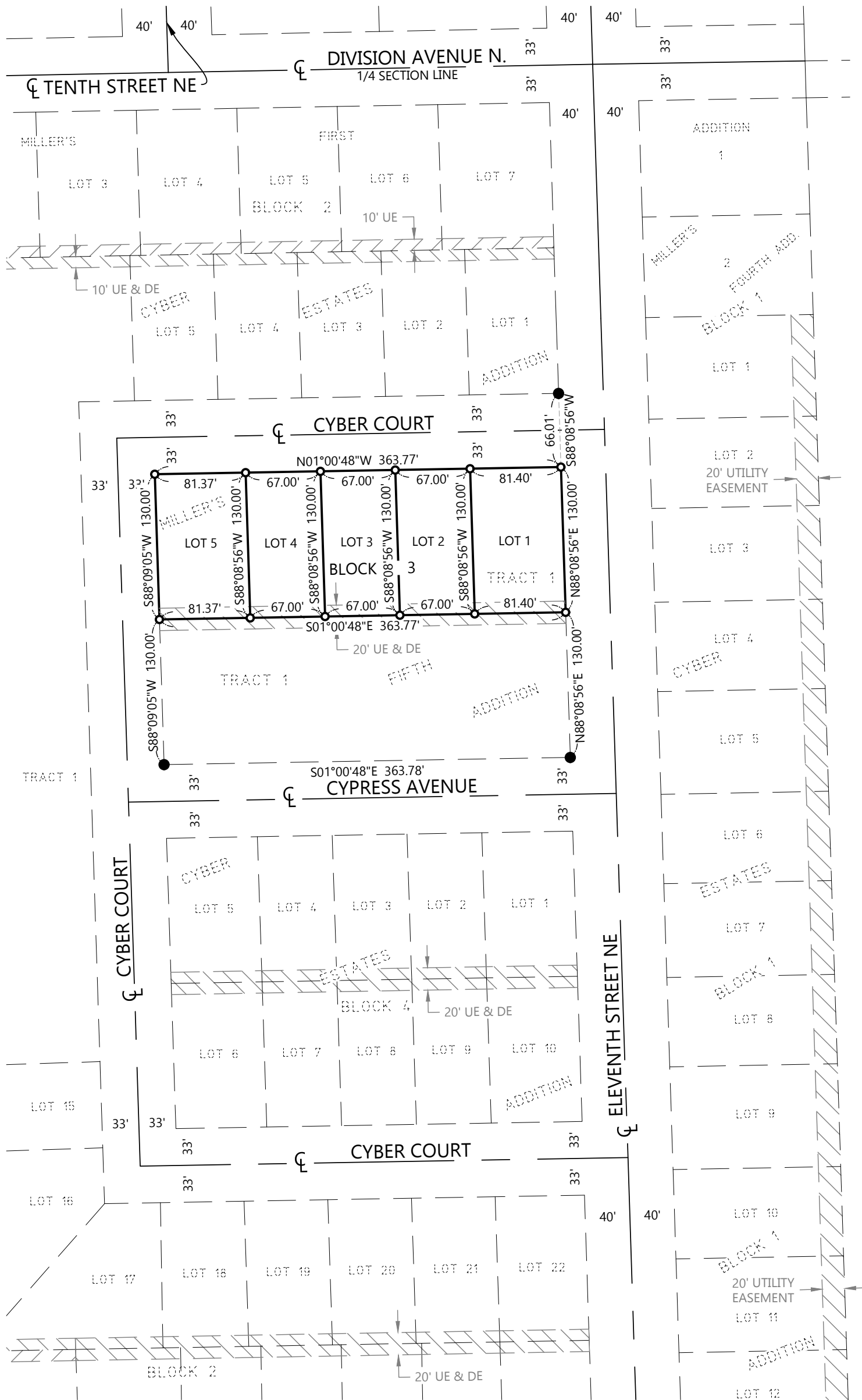
DATE OF HEARING: April 14 2016

ACTION BY BOARD OF ADJUSTMENT: _____

200105869



**PLAT OF
LOTS 1, 2, 3, 4, AND 5 IN BLOCK 3, CYBER ESTATES ADDITION
TO THE CITY OF MADISON, LAKE COUNTY, SOUTH DAKOTA**



LOT INFORMATION

LOT	SQ. FT.	Acres±
1	10,581	0.243
2	8,709	0.200
3	8,709	0.200
4	8,709	0.200
5	10,577	0.243

Notes:
The bearing system for this plat is based on the UTM Zone 14 North.

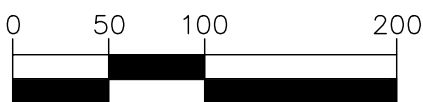
This plat was prepared without the benefit of a title commitment.

Legend

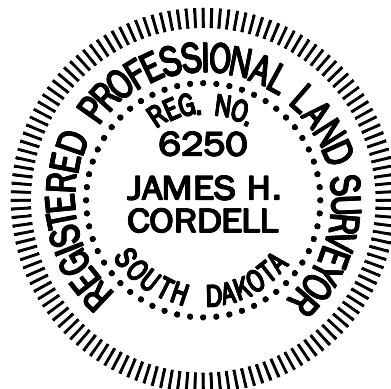
- - Denotes 5/8 inch by 18 inch rebar set and marked by License No. 6250
- - Denotes found monument
- UE - Utility Easement
- DE - Drainage Easement



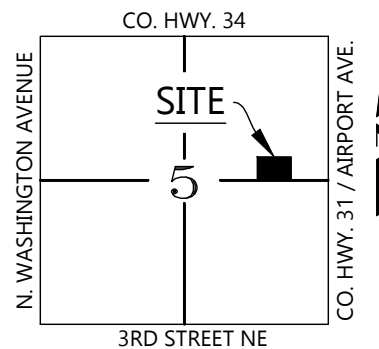
GRAPHIC SCALE



(IN FEET)



UNPLATTED
NE 1/4 5-106-52



VICINITY MAP
SECTION 5-106-52

Total Area Surveyed:
1.086 Acres±



216 S. Duluth Avenue • Sioux Falls, SD 57104
Phone: (605) 332-7211 • Fax: (605) 332-7222

Engineers • Surveyors

**PLAT OF
LOTS 1, 2, 3, 4, AND 5 IN BLOCK 3, CYBER ESTATES ADDITION
TO THE CITY OF MADISON, LAKE COUNTY, SOUTH DAKOTA**

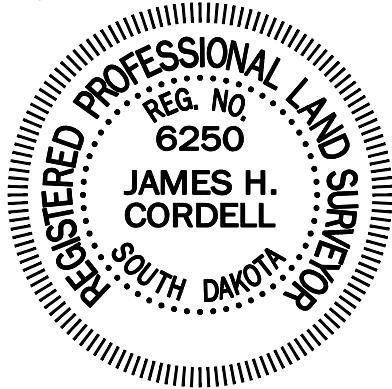
SURVEYOR'S CERTIFICATE

I, James H. Cordell, a Registered Land Surveyor of the State of South Dakota, do hereby certify that I did on or before February 9, 2026, survey and replat a part of Tract 1 of Miller's Fifth Addition to the City of Madison, Lake County, South Dakota, into lots and a block as shown. The same shall hereafter be known and described as **Lots 1, 2, 3, 4, and 5 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota.**

I further certify that to the best of my knowledge the plat correctly represents the same, is true and correct and that it was made under my direct supervision.

Dated this ____ day of _____, 20____.

SD Registered Land Surveyor No. 6250



OWNER'S CERTIFICATE OF COMPLIANCE

We, Nielson Development, LLC, do hereby certify that we are the sole, absolute, and unqualified owner of all land included in the above plat and that said plat has been made at our request and in accordance with our instructions for the purpose of transfer, and that the development of this land shall conform to all existing applicable zoning, subdivision and erosion and sediment control regulations as well as all water pollution prevention control rules, codes and laws. This parcel of land is free from any encumbrances.

We hereby dedicate to the public for public use forever the streets, roads and alleys, parks and public grounds, if any, as shown on said plat, including all sewers, culverts, bridges, water distribution lines, sidewalks and other improvements on or under the streets, alleys, parks and public grounds whether such improvements are shown or not. We also hereby grant easements to run with the land for water, drainage, sewer, gas, electric, telephone or other public utility lines or services under, on or over those strips of land designated hereon as easements.

On our behalf as the owners and also binding on behalf of future successors and assigns, we hereby waive any rights of protest to any special assessment program which may be initiated by the City for the purpose of installation of improvements required by the Subdivision Ordinance of the City of Madison.

We do hereby certify that this replat will not place any existing lot or building in violation of any applicable ordinance, code, regulation, or law including but not limited to zoning, building, subdivision, and flood prevention.

We further certify that this platting of said described Lots 1, 2, 3, 4, and 5 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, does hereby vacate the following platting: a part of Tract 1 of Miller's Fifth Addition to the City of Madison, Lake County, South Dakota, said plat on file at the Register of Deeds office in Book 16 of Plats, page 10. Said plat, hereby vacated, is situated within Lots 1, 2, 3, 4, and 5 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, as surveyed.

Dated this ____ day of _____, 20____.

Owner: Nielson Development, LLC

By: _____

Title: _____

STATE OF SOUTH DAKOTA)

§
COUNTY OF _____)

On this ____ day of _____, 20____, before me, the undersigned officer, personally appeared _____, who acknowledged ____self to be the _____ of Nielson Development, LLC, and that ____he as such _____ being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by ____self as _____.

In witness thereof, I have hereunto set my hand and official seal.

My commission expires: _____

Notary Public, State of South Dakota

CITY ENGINEER'S CERTIFICATE

I, _____, City Engineer of the City of Madison, do hereby certify that this plat has been reviewed by me or my authorized agent and that this plat is recommended for approval by the City Commission.

Signed on this ____ day of _____, 20____.

City Engineer, Madison, South Dakota

PLANNING COMMISSION CERTIFICATE

Approval of the plat of Lots 1, 2, 3, 4, and 5 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, is hereby granted by the City Planning Commission on this ____ day of _____, 20____.

Chair, City Planning Commission

CITY COMMISSION APPROVAL

Resolution Number _____

Be it resolved by the City Commission of the City of Madison, that the plat Lots 1, 2, 3, 4, and 5 in Block 3, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, is hereby approved and that the City Finance Officer of the City of Madison is hereby directed to endorse on such plan a copy of this resolution and certify the same thereon.

Adopted this ____ day of _____, 20____.

Mayor, City of Madison

Attest: _____
City Finance Officer

CITY FINANCE OFFICER'S CERTIFICATE

I, _____, the duly appointed, qualified and acting City Finance Officer of the City of Madison, South Dakota hereby certify that I have compared the copy of the foregoing Resolution No. _____ with the original as contained in the minutes of the said board of City Commissioners for the meeting of said board held on the ____ day of _____, 20____, and that the foregoing is a true and correct copy of said resolution and that the same has not been altered, modified, or amended, on this ____ day of _____, 20____.

City Finance Officer, Madison, South Dakota

COUNTY TREASURER'S CERTIFICATE

I, Treasurer of Lake County, South Dakota, do hereby certify that all taxes which are liens upon any land included in the above (and the foregoing) plats, as shown by the record of my office, have been fully paid.

Dated this ____ day of _____, 20____.

Treasurer, Lake County, South Dakota

DIRECTOR OF EQUALIZATION

I, Director of Equalization of Lake County, South Dakota, do hereby certify that a copy of the above plat has been filed at my office.

Director of Equalization, Lake County, South Dakota

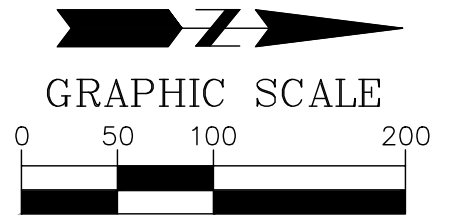
REGISTER OF DEEDS

Filed for record this ____ day of _____, 20____, at ____ o'clock, ____m., and recorded in Book ____ of Plats on Page _____.

Register of Deeds, Lake County, South Dakota

**PLAT OF
LOTS 8, 9, 10, AND 11 IN BLOCK 2 AND LOTS 6, 7, 8, 9 AND 10 IN
BLOCK 3, CYBER ESTATES ADDITION**

TO THE CITY OF MADISON, LAKE COUNTY, SOUTH DAKOTA

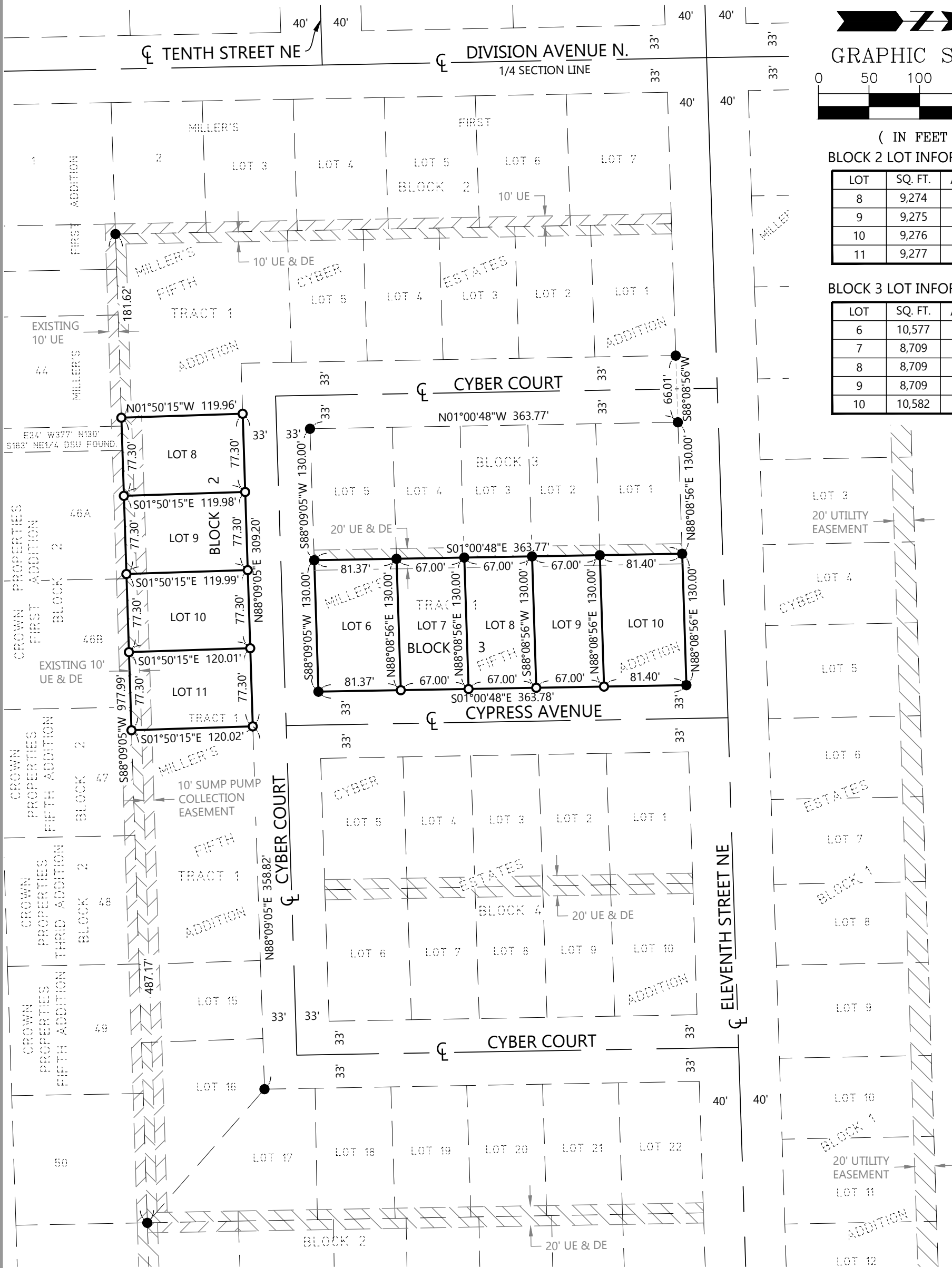


BLOCK 2 LOT INFORMATION

LOT	SQ. FT.	Acres±
8	9,274	0.213
9	9,275	0.213
10	9,276	0.213
11	9,277	0.213

BLOCK 3 LOT INFORMATION

LOT	SQ. FT.	Acres±
6	10,577	0.243
7	8,709	0.200
8	8,709	0.200
9	8,709	0.200
10	10,582	0.243



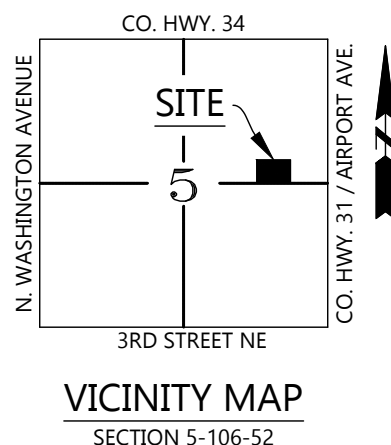
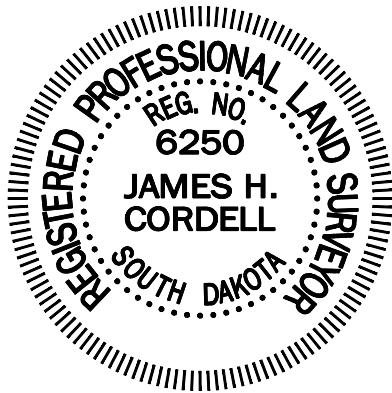
Notes:

The bearing system for this plat is based on the UTM Zone 14 North.

This plat was prepared without the benefit of a title commitment.

Legend

- - Denotes 5/8 inch by 18 inch rebar set and marked by License No. 6250
- - Denotes found monument
- UE - Utility Easement
- DE - Drainage Easement



**Total Area Surveyed:
1.938 Acres±**



216 S. Duluth Avenue • Sioux Falls, SD 57104
Phone: (605) 332-7211 • Fax: (605) 332-7222

Engineers • Surveyors

**PLAT OF
LOTS 8, 9, 10, AND 11 IN BLOCK 2 AND LOTS 6, 7, 8, 9 AND 10 IN
BLOCK 3, CYBER ESTATES ADDITION
TO THE CITY OF MADISON, LAKE COUNTY, SOUTH DAKOTA**

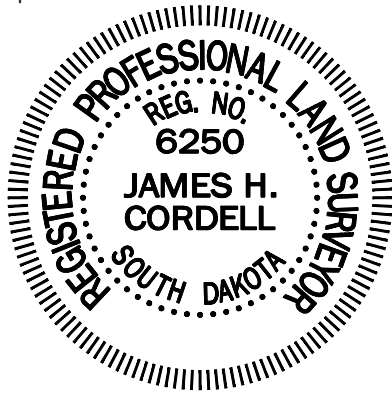
SURVEYOR'S CERTIFICATE

I, James H. Cordell, a Registered Land Surveyor of the State of South Dakota, do hereby certify that I did on or before March 26 9, 2026, survey and replat a part of Tract 1 of Miller's Fifth Addition to the City of Madison, Lake County, South Dakota, into lots and a block as shown. The same shall hereafter be known and described as **Lots 8, 9, 10, and 11 in Block 2 and Lots 6, 7, 8, 9, and 10, Cyber Estates Addition to the City of Madison, Lake County, South Dakota.**

I further certify that to the best of my knowledge the plat correctly represents the same, is true and correct and that it was made under my direct supervision.

Dated this ____ day of _____, 20____.

SD Registered Land Surveyor No. 6250



OWNER'S CERTIFICATE OF COMPLIANCE

We, Nielson Development, LLC, do hereby certify that we are the sole, absolute, and unqualified owner of all land included in the above plat and that said plat has been made at our request and in accordance with our instructions for the purpose of transfer, and that the development of this land shall conform to all existing applicable zoning, subdivision and erosion and sediment control regulations as well as all water pollution prevention control rules, codes and laws. This parcel of land is free from any encumbrances.

We hereby dedicate to the public for public use forever the streets, roads and alleys, parks and public grounds, if any, as shown on said plat, including all sewers, culverts, bridges, water distribution lines, sidewalks and other improvements on or under the streets, alleys, parks and public grounds whether such improvements are shown or not. We also hereby grant easements to run with the land for water, drainage, sewer, gas, electric, telephone or other public utility lines or services under, on or over those strips of land designated hereon as easements.

On our behalf as the owners and also binding on behalf of future successors and assigns, we hereby waive any rights of protest to any special assessment program which may be initiated by the City for the purpose of installation of improvements required by the Subdivision Ordinance of the City of Madison.

We do hereby certify that this replat will not place any existing lot or building in violation of any applicable ordinance, code, regulation, or law including but not limited to zoning, building, subdivision, and flood prevention.

We further certify that this platting of said described Lots 8, 9, 10, and 11 in Block 2 and Lots 6, 7, 8, 9, and 10 in Block 2, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, does hereby vacate the following platting: a part of Tract 1 of Miller's Fifth Addition to the City of Madison, Lake County, South Dakota, said plat on file at the Register of Deeds office in Book 16 of Plats, page 10. Said plat, hereby vacated, is situated within Lots 8, 9, 10, and 11 in Block 2 and Lots 6, 7, 8, 9, and 10 in Block 2, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, as surveyed.

Dated this ____ day of _____, 20____.

Owner: Nielson Development, LLC

By: _____

Title: _____

STATE OF SOUTH DAKOTA)

§

COUNTY OF _____)

On this ____ day of _____, 20____, before me, the undersigned officer, personally appeared _____, who acknowledged ____self to be the _____ of Nielson Development, LLC, and that ____he as such _____ being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by ____self as _____.

In witness thereof, I have hereunto set my hand and official seal.

My commission expires: _____

Notary Public, State of South Dakota

CITY ENGINEER'S CERTIFICATE

I, _____, City Engineer of the City of Madison, do hereby certify that this plat has been reviewed by me or my authorized agent and that this plat is recommended for approval by the City Commission.

Signed on this ____ day of _____, 20____.

City Engineer, Madison, South Dakota

PLANNING COMMISSION CERTIFICATE

Approval of the plat of Lots 8, 9, 10, and 11 in Block 2 and Lots 6, 7, 8, 9, and 10 in Block 2, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, is hereby granted by the City Planning Commission on this ____ day of _____, 20____.

Chair, City Planning Commission

CITY COMMISSION APPROVAL

Resolution Number _____

Be it resolved by the City Commission of the City of Madison, that the plat Lots 8, 9, 10, and 11 in Block 2 and Lots 6, 7, 8, 9, and 10 in Block 2, Cyber Estates Addition to the City of Madison, Lake County, South Dakota, is hereby approved and that the City Finance Officer of the City of Madison is hereby directed to endorse on such plan a copy of this resolution and certify the same thereon.

Adopted this ____ day of _____, 20____.

Mayor, City of Madison

Attest: _____
City Finance Officer

CITY FINANCE OFFICER'S CERTIFICATE

I, _____, the duly appointed, qualified and acting City Finance Officer of the City of Madison, South Dakota hereby certify that I have compared the copy of the foregoing Resolution No. _____ with the original as contained in the minutes of the said board of City Commissioners for the meeting of said board held on the ____ day of _____, 20____, and that the foregoing is a true and correct copy of said resolution and that the same has not been altered, modified, or amended, on this ____ day of _____, 20____.

City Finance Officer, Madison, South Dakota

COUNTY TREASURER'S CERTIFICATE

I, Treasurer of Lake County, South Dakota, do hereby certify that all taxes which are liens upon any land included in the above (and the foregoing) plats, as shown by the record of my office, have been fully paid.

Dated this ____ day of _____, 20____.

Treasurer, Lake County, South Dakota

DIRECTOR OF EQUALIZATION

I, Director of Equalization of Lake County, South Dakota, do hereby certify that a copy of the above plat has been filed at my office.

Director of Equalization, Lake County, South Dakota

REGISTER OF DEEDS

Filed for record this ____ day of _____, 20____, at ____ o'clock, ____m., and recorded in Book ____ of Plats on Page ____.

Register of Deeds, Lake County, South Dakota

Sayre
Associates

216 S. Duluth Avenue • Sioux Falls, SD 57104
Phone: (605) 332-7211

Engineers • Surveyors



Tax Increment Finance District #8

Madison, South Dakota

On behalf of: The Summit at VanEps Apartments, LLC

Tobin J. Morris
Managing Director
+1 605 280-5559
tobin.morris@colliers.com

Colliers Securities LLC
124 W Dakota Ave Pierre, SD
57501



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Introduction – The Project

Key Components of Tax Increment Financing

1. **Attracting Investment:** TIF enables local governments to support private development by using the anticipated increase in property tax revenues to fund projects in the designated district. As property values rise from new development, more tax dollars are generated. This growth in tax revenue can be used for further improvements, helping to overcome initial barriers to development.
2. **Property Tax Increment:** The core mechanism of TIF is the “tax increment” the difference between the property tax valuation before the TIF district is created and the increased valuation after the district is formed. For example:
 - o Before the TIF: The properties in the district have a certain valuation.
 - o After the TIF: The properties increase in value due to improvements and development, leading to higher property taxes.
 - o The Increment: The tax revenue from the increase in property value (the increment) is used to fund specific redevelopment projects within the district.
3. **Allocation of Funds:** While the base-level property tax revenue (from the original property value) continues to be distributed to local governments (city, county, school district, etc.), the additional revenue generated by the increased property value (the tax increment) is retained within the TIF district to finance redevelopment efforts.
4. **Economic Development and Job Creation:** TIF helps local governments address the costs associated with development, making it a powerful tool for both attracting new businesses and retaining existing ones. The economic activity generated by TIF can result in new jobs, an increased customer base, and greater investment opportunities, all of which benefit the community.
5. **Legal Framework in South Dakota:** According to South Dakota Codified Law, Chapter 11-9, local governments have the authority to designate specific areas within their jurisdiction as TIF districts. These districts are often located in areas that require revitalization or have significant potential for development. The development plan for a TIF district must be recommended for approval by both the City Planning Commission and the City Commission.

The Project

The Summit at Van Eps Apartments (the “Project”) is a proposed multifamily housing development located along SW 1st Street and Van Eps Avenue in Madison. The Project is being advanced through a partnership between Lloyd Companies and Inter-Lakes Community Action Partnership (ICAP), with the shared objective of expanding affordable housing opportunities while strengthening access to essential community services for low-income residents in Lake County.

The development represents a coordinated effort to integrate housing stability with direct service accessibility in a centralized, community-focused location.

Introduction – The Project

Strategic Location & Integration with Community Services

The Project site is located immediately adjacent to ICAP's existing facility, positioning residents within close proximity to one of Lake County's primary service providers.

ICAP delivers a broad range of programs designed to support low-income individuals and families, including:

- Head Start early education programming
- Utility and rental assistance
- Food distribution services
- Access to an onsite community health worker

The adjacency of the housing development to ICAP's campus creates a unique opportunity to integrate affordable housing with supportive services, reducing transportation barriers and strengthening service delivery efficiency. This model enhances housing stability by co-locating residential units with essential community resources.

Residential Component & Accessibility

The Summit at Van Eps Apartments will consist of 28 multifamily rental units designed to accommodate a range of household types and income levels. The unit mix includes:

- 3 studio units
- 15 one-bedroom units
- 6 two-bedroom units
- 4 three-bedroom units

The Project has been designed with accessibility and inclusion in mind and will include:

- 3 mobility-accessible units
- 1 sensory-accessible unit

These features ensure compliance with applicable accessibility standards and promote equitable housing opportunities for individuals with disabilities.

Introduction – The Project

Expansion of Community Support Infrastructure

In addition to the residential component, the Project supports ICAP’s expanding community outreach efforts.

ICAP currently provides meal services to community members, serving up to 250 meals per day. The development includes space for a 2,287-square-foot commercial kitchen, which will allow ICAP to expand meal service capacity to approximately 700 meals per day.

This enhancement represents a significant expansion of community support infrastructure and aligns with the Project’s broader objective of addressing both housing needs and basic nutritional support within the community.

Affordability Structure & Federal Housing Policy Alignment

Rental rates at The Summit at Van Eps Apartments will be restricted to serve low-income households. To facilitate long-term affordability, the Developer intends to pursue an allocation of Low-Income Housing Tax Credits (LIHTC) through the South Dakota Housing Development Authority pursuant to Internal Revenue Code Section 42.

The LIHTC program requires the formation of a limited partnership ownership structure to allocate federal tax credits and depreciation to the tax credit investor. The ownership entity will consist of:

- A wholly-owned subsidiary of ICAP will hold .01% as General Partner and a subsidiary of Midwest Housing Equity Group, Inc. will hold 99.99% as the Limited Partner.

This structure is standard under Section 42 and is necessary to secure federal tax credit equity that makes the development financially feasible while maintaining restricted rental rates.

Property Tax Status & Return to the Tax Rolls

ICAP is currently a tax-exempt nonprofit organization, and the existing property is exempt from real estate taxation under SDCL 10-4-9.2.

However, the LIHTC ownership structure results in the property being owned by a mixed-ownership limited partnership that allocates economic interests to private parties. Under South Dakota law, property qualifies for exemption only when it is owned by a benevolent organization and used exclusively for benevolent purposes, and where no private interest benefits from the property.

Because the Project will be owned and operated through a limited partnership structure consistent with Internal Revenue Code Section 42 requirements, the improvements will not meet the exclusive ownership standards required for exemption. As a result, the completed development will be fully taxable real property.

Introduction - The Project

The following shows the conceptual design of the proposed apartments:



Purpose & General Definitions

Purpose of the TIF District

The proposed Tax Increment District (TID) is located within the City of Madison, South Dakota.

As such, the creation of the City of Madison TIF #8 will be presented for the recommendation of the district's boundaries through a resolution and recommendation of the TID Project Plan by the City Planning and Zoning Commission.

This Plan, which will be implemented by the City of Madison, is designed to meet the requirements for a Tax Increment District as outlined in SDCL Chapter 11-9. The primary objective of the Plan is to identify eligible properties and establish a Tax Increment Plan to fund activities within the designated area. It will also outline the boundaries, estimated costs, feasibility, and fiscal impact of the district.

The central goal of this plan is to utilize Tax Increment Financing (TIF) as a mechanism to stimulate private sector development, promote redevelopment, and encourage economic growth within the district. This plan will provide a structured financial vehicle to manage and administer the funds generated by the district.

Income Characteristics of Madison's Renter Households

A significant portion of Madison's renter population earns incomes well below levels necessary to support prevailing market rents. According to the 2022 Madison Housing Study, nearly 52 percent of renter households earn less than \$25,000 annually, while owner households are far more likely to have incomes above \$50,000. The estimated median income for renter households in Madison is approximately \$22,972, substantially below the median income for homeowners and families.

Tight Rental Market and Limited Housing

Madison's rental market is characterized by extremely tight conditions. The Housing Study reports that conventional market-rate multifamily housing operates at near-full occupancy, with vacancy rates of less than one percent. The limited vacancies that do exist are generally attributable to normal unit turnover rather than excess supply. Such conditions restrict housing choice and mobility for renters, particularly for lower-income households and those relying on rental assistance. In a market with virtually no available units, households with limited incomes face increased competition for housing and reduced access to safe, stable, and affordable rental options.

Mismatch Between Housing Supply and Low-Income Demand

The Study identifies a mismatch between the existing housing supply and the needs of lower-income households. Much of Madison's rental housing stock is older, with a majority of rental units constructed prior to 1980. Additionally, a significant portion of subsidized housing inventory is oriented toward senior or disabled populations, leaving fewer options for low-income individuals and families seeking general-occupancy units. The continued reduction in average household size, coupled with changing household compositions including a growing share of single-person and single-parent households, underscores the demand for well-designed, smaller-scale multifamily units affordable at lower income levels.

Purpose & General Definitions

Tax Increment Financing and Economic Development

While Tax Increment Financing districts in South Dakota are statutorily classified as Affordable Housing, Economic Development, Industrial, or Local, the underlying purpose of each classification is fundamentally economic development. Regardless of its legal designation, the establishment of a TIF district is intended to stimulate private investment, expand the local tax base, and facilitate orderly community growth. Whether the district supports housing, commercial activity, industrial expansion, or related public infrastructure, the resulting development promotes job creation, workforce stability, increased property valuation, and long-term fiscal sustainability for the municipality. In this respect, the subject development constitutes economic development in both its direct and indirect impacts, consistent with the broader intent of Tax Increment Financing as a tool to advance community growth and economic vitality.

Purpose & General Definitions

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 significantly enhance the value of substantially all of the other real property in the district.

“Commission” means the City of Madison City Commission

“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 The Summit at VanEps Apartments, LLC

“Developer’s Agreement” means the agreement between Developer and the 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 the 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, City Commission

“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 the 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 the 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 the City of Madison Tax Increment District #8.

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

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

Creation of Madison Tax Increment District #8

Creation of the District

Representatives of the Developer have approached officials of the 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 the City of Madison, South Dakota.

The City of Madison is committed to fostering a diverse and resilient local economy that promotes upward economic mobility, strengthens overall economic well-being, and enhances quality of life for its residents. A critical component of this effort is the expansion of attainable housing opportunities. Through the creation of an Affordable Housing Tax Increment Financing (TIF) District, the City seeks to support the development of housing that is accessible to working families and individuals, thereby strengthening workforce stability, supporting local employers, and ensuring the community's long-term economic vitality.

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2026 valuation of the City of Madison is \$545,138,164. The base value of the taxable property for inclusion into this Tax Incremental District #8, as estimated but not yet verified by the Lake County Director of Equalization, is \$0.

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 five other active TIF district in the City of Madison. Using the estimates provided for TID #8, the value of all existing Tax Increment Districts combined is less than 1% of the total 2026 Taxable Valuation.

CITY OF MADISON	
<u>Tax Increment District</u>	<u>Base Values</u>
2	\$25,100
3	\$28,200
5	\$76,753
6	\$3,459,644
7	\$51,600
8	\$0
Total	\$3,641,297
<i>City of Madison Taxable Value</i>	<i>\$545,138,164</i>
<i>All Base Values must be < 10%</i>	<i>\$54,513,816</i>

Property Within Tax Increment #8

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 101 BLK 16 ORIGINAL PLAT TO MADISON

All Located in the City of Madison, Lake County, South Dakota including within and adjacent rights-of-way.

Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements – SDCL § 11-9-13(1)

Project Costs

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 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 \$637,593. 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.

PROJECT COSTS			
Kind of Project	Location ¹	Amount	Reference ²
Capital Costs (Street, Water & Sewer) (cleaning & grading of land & associated costs)	District		11-9-15(1)
Financing Costs	District		11-9-15(1)
Real Property Assembly	District		11-9-15(1)
Professional Fees	District		11-9-15(1)
Administrative Costs	District		11-9-15(1)
Relocation Costs	District		11-9-15(1)
Organizational Costs	District		11-9-15(1)
Discretionary Costs and Grants	District	\$637,593	11-9-15(1)
Eligible Project Costst		\$637,593	

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.

Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements - SDCL § 11-9-13(1)

Conditions of the Developer Agreement relating to Constitutional Debt

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 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 \$637,593 will be the maximum amount the City will ever pass on acting as a conduit for TIF #8. This amount will include any and all interest associated with the debt and the controlling value of the TIF will never pay more than \$637,593.

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 \$637,593 to the Developer.

Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements - SDCL § 11-9-13(1)

Expenditures Exceeding Estimated Cost

Any expenditures, which in sum would exceed the total amount of the TID amount of \$637,593 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 each of the phases of 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

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

Economic Development Study

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

Fiscal Impact Statement

Attached is Schedule 5 a Statement showing the Estimated Captured Taxable Values. Required as per SDCL § 11-9-13(5).

Method Of Financing, Timing Of Costs And Monetary Obligations

Method of Finance

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 or assignees 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 #8 shall be the amount sufficient to reimburse the Developer for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed \$637,593 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 date of creation of the District.



Estimated Impact Of Tax Increment Financing On Revenues Of Taxing Jurisdictions

Impact

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 2025 taxes payable in 2026. The tax increment will be available to the taxing jurisdictions 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 the 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 and Special Education Funds. For these purposes, law (SDCL 13-13-10.2) defines four 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.

All public school districts are 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.

The City of Madison TIF #8 will be classified as Affordable Housing; therefore, any lost local effort will be covered through the State Aid to Education Formula.

Estimated Impact Of Tax Increment Financing On Revenues Of Taxing Jurisdictions

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 a 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.



Supplementary Findings

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

No changes to either City ordinances or the City Master Plan are required.

LIST OF ESTIMATED NON-PROJECT COSTS

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

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 ESTIMATED NON-PROJECT COSTS

Item	Amount
Completed Development Costs	\$6,913,968
Total	\$6,913,968

The costs above are related to the construction of the buildings within the District and are deemed non - eligible for Tax Increment reimbursement. These costs are further defined on page 19.

List of Schedules

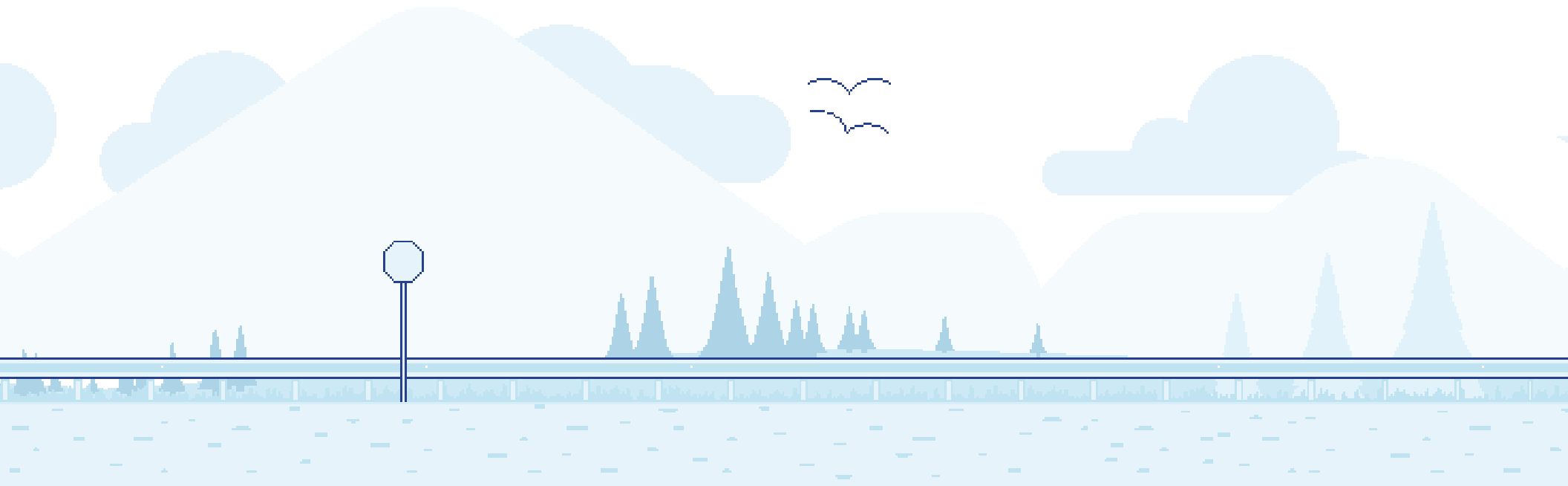
Schedule 1 - Estimated Project Costs

Schedule 2 - Economic Feasibility Study & Estimated Captured Taxable Values

Schedule 3 - Economic Development Study

Schedule 4 - Fiscal Impact Statement

Schedule 5 - Estimated Captured Taxable Values



Schedule 1

Engineer's Opinion of Probable Costs

Estimates TID Eligible of Project Costs Requested

The City of Madison has determined that this will be an affordable housing Tax Incremental District, thus the eligible cost will be in the form of an infrastructure grant that will not exceed \$637,593 This is a permitted use under SDCL 11-9-15. 11-9-15. Specific items included in project costs. Project costs include:

- (1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds / debt 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 / debt 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.

Engineer's Opinion of Probable Costs

The following engineer's estimate shows the estimated costs of Infrastructure:

Description	Total Cost	Non-Eligible Expenses	Eligible TIF Expenses	TIF Requested
Land	\$0	\$0	\$0	\$0
On Site Improvements (Utilities, Asphalt, concrete)	\$230,947	\$0	\$230,947	\$230,947
Landscaping	\$8,300	\$0	\$8,300	\$8,300
Earthwork	\$174,350	\$0	\$174,350	\$174,350
New Building	\$4,200,925	\$4,200,925	\$0	\$0
General Requirements	\$363,000	\$326,700	\$36,300	\$36,300
OH & P	\$483,000	\$483,000	\$0	\$0
Excise Taxes	\$109,983	\$98,985	\$10,998	\$10,998
Building permit	\$27,221	\$24,499	\$2,722	\$2,722
Contingency	\$125,000	\$112,500	\$12,500	\$12,500
Architect Fee-Design (VDW)	\$168,757	\$151,881	\$16,876	\$16,876
Legal Fees	\$22,500	\$20,250	\$2,250	\$2,025
Engineer/Survey	\$22,408	\$0	\$22,408	\$22,408
CPA Cost Certification	\$10,000	\$10,000	\$0	\$0
Construction Insurance	\$30,527	\$27,474	\$3,053	\$2,747
Construction Interest	\$812,000	\$812,000	\$0	\$0
TIF Reimbursable Interest	\$122,894	\$0	\$122,894	\$90,420
Operating Interest	\$60,000	\$60,000	\$0	\$0
Construction Loan Origination Fee	\$50,000	\$45,000	\$5,000	\$0
Construction Loan Credit Enhancement	\$10,000	\$9,000	\$1,000	\$0
Title & Recording	\$15,000	\$15,000	\$0	\$0
Property Appraisal	\$5,000	\$5,000	\$0	\$0
Market Study (Danter)	\$7,500	\$0	\$7,500	\$7,500
Environmental Reports	\$5,000	\$0	\$5,000	\$5,000
Tax Credit Fees	\$60,000	\$60,000	\$0	\$0
Rent Up Marketing	\$20,000	\$20,000	\$0	\$0
Consultants Fees	\$145,000	\$130,500	\$14,500	\$14,500
Operating Reserves	\$108,254	\$108,254	\$0	\$0
Debt Service Reserves	\$22,500	\$22,500	\$0	\$0
Grand Totals	\$7,420,066	\$6,743,468	\$676,598	\$637,593

Schedule 2

Feasibility Study, Economic Development Study, And Fiscal Impact Statement

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 \$0. 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 \$2,334,485 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.

The City's role is to simply act as a conduit for the revenue and pass on all positive increment to the Developer, per the Developer's Agreement. The Agreement will state the conditions of which to receive the positive increment, of which, will never exceed \$637,593 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.

The City of Madison TID #8 is proven feasible based upon the projections made by the Developer, projecting a total in excess of \$637,593 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 the City of Madison TID #8 will be available until the earliest of calendar year 2028 and thereafter.

TID Tax Revenue Estimates Available for the City of Madison TID #8

The following shows the TIF projections and the total amount the TIF would produce over the course of its 20 year lifespan. The projections are hypothetical and are based off of the Developer's buildout schedule.

School	County	City	Fire	Water	Ambulance	Total	Equalized
9.635	2.717	4.895	0	0.019	0	17.268	90%

Construction Year	Valuation Year	Revenue Year	28 Unit Apartment	Kitchen	Other	Other	Total Amount Available for D/S
2026	2027	2028	\$15,384	\$5,508			\$20,892
2027	2028	2029	\$30,768	\$5,508			\$36,276
2028	2029	2030	\$30,768	\$5,508			\$36,276
2029	2030	2031	\$30,768	\$5,508	\$0		\$36,276
2030	2031	2032	\$30,768	\$5,508	\$0	\$0	\$36,276
2031	2032	2033	\$30,768	\$5,508	\$0	\$0	\$36,276
2032	2033	2034	\$30,768	\$5,508	\$0	\$0	\$36,276
2033	2034	2035	\$30,768	\$5,508	\$0	\$0	\$36,276
2034	2035	2036	\$30,768	\$5,508	\$0	\$0	\$36,276
2035	2036	2037	\$30,768	\$5,508	\$0	\$0	\$36,276
2036	2037	2038	\$30,768	\$5,508	\$0	\$0	\$36,276
2037	2038	2039	\$30,768	\$5,508	\$0	\$0	\$36,276
2038	2039	2040	\$30,768	\$5,508	\$0	\$0	\$36,276
2039	2040	2041	\$30,768	\$5,508	\$0	\$0	\$36,276
2040	2041	2042	\$30,768	\$5,508	\$0	\$0	\$36,276
2041	2042	2043	\$30,768	\$5,508	\$0	\$0	\$36,276
2042	2043	2044	\$30,768	\$5,508	\$0	\$0	\$36,276
2043	2044	2045	\$30,768	\$5,508	\$0	\$0	\$36,276
			\$538,440	\$93,644	\$0	\$0	\$637,593

Tax increment projections may be adversely affected by Senate Bill 96, enacted in March 2026, and any resulting reduction in county taxes on owner-occupied property.

Due to the structure of the Low-Income Housing Tax Credit (LIHTC) program associated with the Project, ownership of the property is anticipated to transition to a nonprofit entity after the initial fifteen (15) year compliance period. Upon such transfer, the taxable value of the property may be reduced or eliminated, which could result in little or no incremental taxable value remaining within the Tax Increment District after Year 15.

Multifamily

\$1,980,000 Projected Valuation			28 Units	
Year	% Assessed	Projected Valuation	Taxable Valuation	Taxation
2026	0%	\$ -	\$ -	\$ -
2027	0%	\$ -	\$ -	\$ -
2028	50%	\$ 990,000	\$ 891,000	\$ 15,384
2029	100%	\$ 1,980,000	\$ 1,782,000	\$ 30,768
2030	100%	\$ 1,980,000	\$ 1,782,000	\$ 30,768
2031	100%	\$ 1,980,000	\$ 1,782,000	\$ 30,768

Kitchen

\$354,485 Projected Valuation				
Year	% Assessed	Projected Valuation	Taxable Valuation	Taxation
2026	0%	\$ -	\$ -	\$ -
2027	0%	\$ -	\$ -	\$ -
2028	100%	\$ 354,485	\$ 319,037	\$ 5,508
2029	100%	\$ 354,485	\$ 319,037	\$ 5,508
2030	100%	\$ 354,485	\$ 319,037	\$ 5,508
2031	100%	\$ 354,485	\$ 319,037	\$ 5,508

TID Tax Revenue Estimates Available for the City of Madison TID #8

Note Date: 06/01/26
Note Rate: 3.00%
Proceeds: 413,597.00

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
						413,597.00
06/01/26	0.00	0.00	0.00	0.00	0.00	413,597.00
12/01/26	0.00	0.00	0.00	0.00	6,203.96	413,597.00
06/01/27	0.00	0.00	0.00	0.00	6,203.96	413,597.00
12/01/27	0.00	0.00	0.00	0.00	6,203.96	413,597.00
06/01/28	4,242.29	6,203.96	10,446.25	10,446.25	0.00	409,354.71
12/01/28	4,305.93	6,140.32	10,446.25	10,446.25	0.00	405,048.78
06/01/29	12,062.52	6,075.73	18,138.25	18,138.25	0.00	392,986.26
12/01/29	12,243.46	5,894.79	18,138.25	18,138.25	0.00	380,742.80
06/01/30	12,427.11	5,711.14	18,138.25	18,138.25	0.00	368,315.69
12/01/30	12,613.51	5,524.74	18,138.25	18,138.25	0.00	355,702.18
06/01/31	12,802.72	5,335.53	18,138.25	18,138.25	0.00	342,899.46
12/01/31	12,994.76	5,143.49	18,138.25	18,138.25	0.00	329,904.70
06/01/32	13,189.68	4,948.57	18,138.25	18,138.25	0.00	316,715.02
12/01/32	13,387.52	4,750.73	18,138.25	18,138.25	0.00	303,327.50
06/01/33	13,588.34	4,549.91	18,138.25	18,138.25	0.00	289,739.16
12/01/33	13,792.16	4,346.09	18,138.25	18,138.25	0.00	275,947.00
06/01/34	13,999.04	4,139.21	18,138.25	18,138.25	0.00	261,947.96
12/01/34	14,209.03	3,929.22	18,138.25	18,138.25	0.00	247,738.93
06/01/35	14,422.17	3,716.08	18,138.25	18,138.25	0.00	233,316.76
12/01/35	14,638.50	3,499.75	18,138.25	18,138.25	0.00	218,678.26
06/01/36	14,858.08	3,280.17	18,138.25	18,138.25	0.00	203,820.18
12/01/36	15,080.95	3,057.30	18,138.25	18,138.25	0.00	188,739.23
06/01/37	15,307.16	2,831.09	18,138.25	18,138.25	0.00	173,432.07
12/01/37	15,536.77	2,601.48	18,138.25	18,138.25	0.00	157,895.30
06/01/38	15,769.82	2,368.43	18,138.25	18,138.25	0.00	142,125.48
12/01/38	16,006.37	2,131.88	18,138.25	18,138.25	0.00	126,119.11
06/01/39	16,246.46	1,891.79	18,138.25	18,138.25	0.00	109,872.65
12/01/39	16,490.16	1,648.09	18,138.25	18,138.25	0.00	93,382.49
06/01/40	16,737.51	1,400.74	18,138.25	18,138.25	0.00	76,644.98
12/01/40	16,988.58	1,149.67	18,138.25	18,138.25	0.00	59,656.40
06/01/41	17,243.40	894.85	18,138.25	18,138.25	0.00	42,413.00
12/01/41	17,502.05	636.20	18,138.25	18,138.25	0.00	24,910.95
06/01/42	17,764.59	373.66	18,138.25	18,138.25	0.00	7,146.36
12/01/42	7,146.36	107.20	7,253.56	7,253.56	0.00	0.00
06/01/43	0.00	0.00	0.00	0.00	0.00	0.00
12/01/43	0.00	0.00	0.00	0.00	0.00	0.00
06/01/44	0.00	0.00	0.00	0.00	0.00	0.00
12/01/44	0.00	0.00	0.00	0.00	0.00	0.00
06/01/45	0.00	0.00	0.00	0.00	0.00	0.00
12/01/45	0.00	0.00	0.00	0.00	0.00	0.00
06/01/46	0.00	0.00	0.00	0.00	0.00	0.00
	413,597.00	104,281.81	517,878.81	517,878.81	18,611.88	

Total Interest 122,893.69
 Total TIF Amount 536,490.69

Schedule 3

Economic Development Study

Introduction

The City of Madison has been approached concerning the creation of a tax increment district (TID). 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 by the governing body that has zoning authority over the land contained within the TIF district. The proposed City of Madison TID #8 meets both of these criteria.

The proposed development will consist multifamily property.

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 TIF #8 will revitalize economic development to the City of Madison and the eastern region of the State of South Dakota. A supplemental use of the TIF will be improvements as deemed necessary within the developed area.

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

The City of Madison's 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 economic development. 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.

Schedule 4

Fiscal Impact Statement for the City of Madison TID #8

Introduction

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 the City of Madison Tax Increment District Number 8.

“**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 is estimated at taxable purposes projected to exceed \$2,334,485.
2. The average tax levy of all taxing districts will be \$17.266 “Other” per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2028 and end prior to 2046.
4. The discretionary formula will be waived by Developer.

Schedule 5

Estimated Captured Taxable Values

For purposes of this Project Plan, it is assumed that the **Developer will elect not to use the real property tax discretionary formula** currently utilized in Lake County, 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 are estimated to be at the maximum range of \$637,593 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2028, 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 "Other" property types:

2026 Property Tax Rate	
Entity	Mill Rate
Lake County	2.717
Madison School District	9.635
City of Madison	4.895
East Dakota Water District	0.019
Total	17.266

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.

List of Attachments

Attachment 1 - Description of Real Property

Attachment 2 - TID Boundary Map

Attachment 3 - Conditions map, SDCL § 11-9-16(1)

Attachment 4 - Improvements map, SDCL § 11-9-16(2)

Attachment 5 - Zoning Change Map SDCL § 11-9-16(3)

Attachment 6 - Department of Revenue Classification

Attachment 1

Description of Real Property

Description of Real Property:

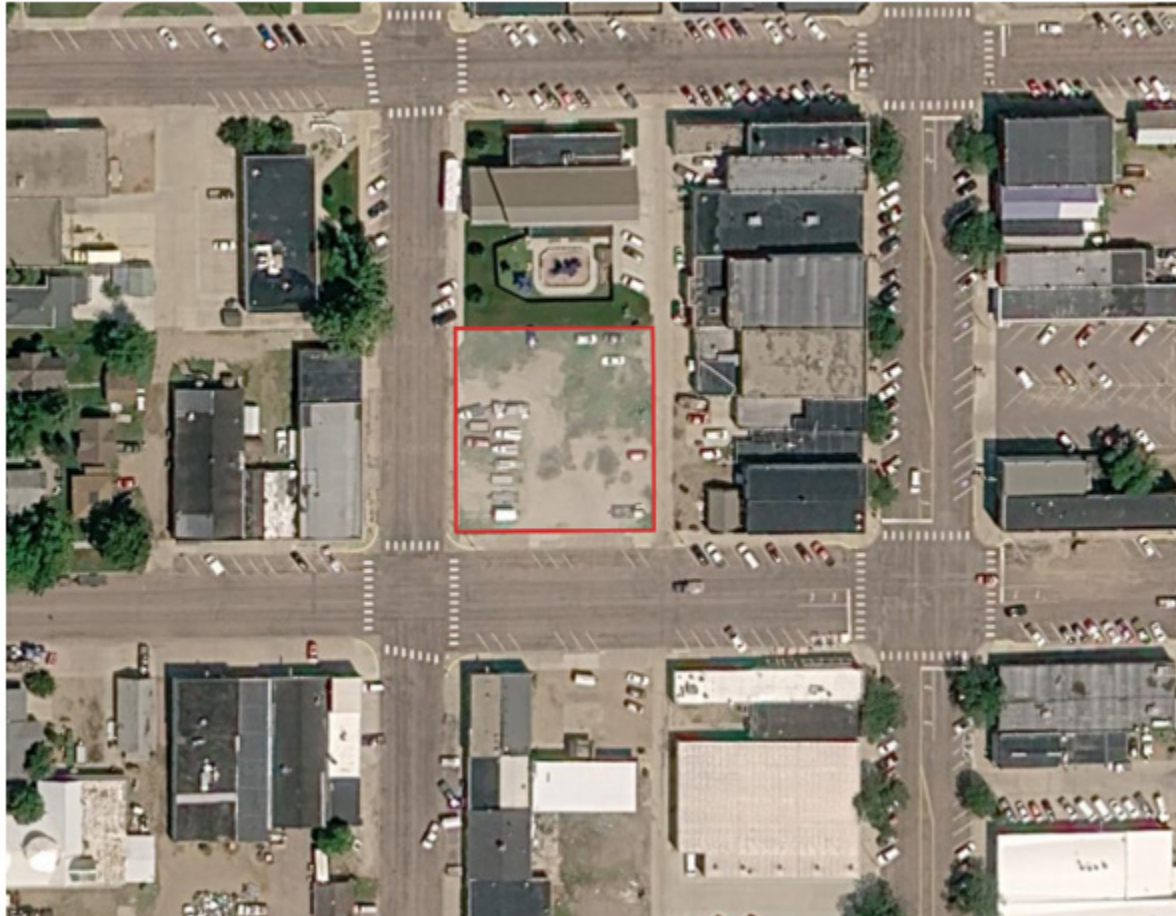
- LOT 101 BLK 16 ORIGINAL PLAT TO MADISON

All located in the City of Madison, Lake County, South Dakota including within and adjacent right-of-way.

Attachment 2

Tax Increment District Boundary Map

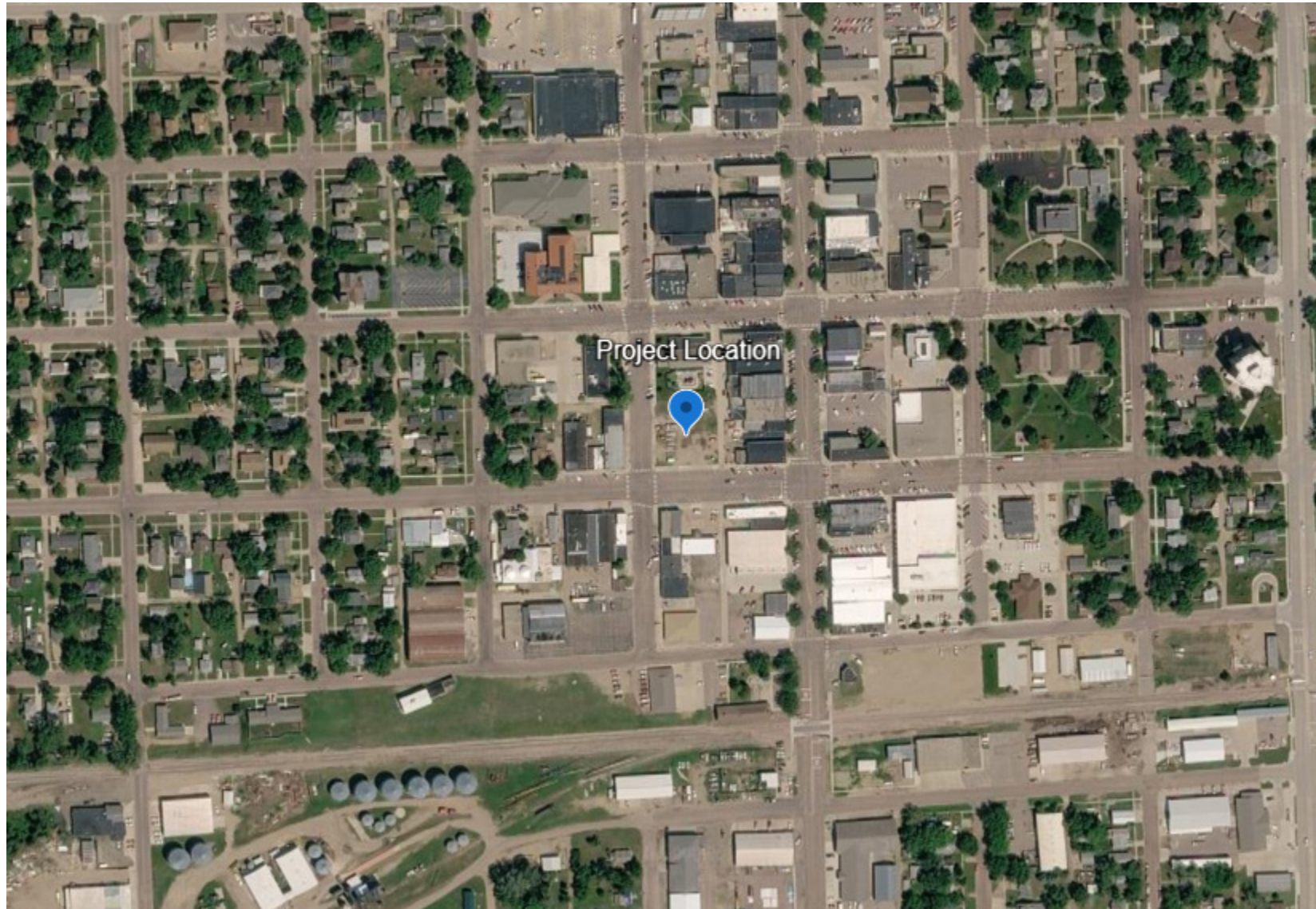
The following image shows the preliminary boundary of the tax increment district:



Attachment 3

Conditions picture for the City of Madison Tax Incremental District #8, SDCL § 11-9-16(1)

The following image shows the current condition of the proposed location of TID #8:



Attachment 5

Zoning Change Map SDCL § 11-9-16(3)



Date: August 22, 2025

Lloyd Companies
Attention: Aubrey Baumann
150 E 4th Place #600
Sioux Falls, SD 57104

Re: Lot 101 Block 16 Original Plat, Madison, South Dakota (122 SW 1st Street)

Dear Ms. Baumann:

I am writing the letter in response to your request concerning zoning compliance with applicable regulations. I hereby certify to you the following:

- (a) The subject property is zoned CB Central Business, pursuant to which mixed business and apartment buildings can be constructed without the need for variance or exception of use.
- (b) There are no known environmental issues applicable to the project or the land, however a variance was required and granted by the Board of Adjustment to allow the number of residential units to be twenty-eight. There are no other known variances, conditional use permits, or special non-conforming use permits for this property
- (c) There are no known zoning or building violations on file.
- (d) The land is not located in a 100 year floodzone.
- (e) The property/project is located within the corporate limits of the City of Madison and that all municipal utility services are available to the said property, including water, drainage, storm sewer, sanitary sewer, and electric.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Hegg", written over a horizontal line.

Ryan Hegg
Director of Engineering and Community Development



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

March 26, 2026

City Finance Office
116 W Center Street
Madison SD 57042

RE: Preliminary Classification of City of Madison # 8

Dear Amy Sad:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on 03/25/2026.

Upon review of the provided information, the Department has determined the preliminary classification for the TIF District "City of Madison # 8" to be Affordable Housing 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,

A handwritten signature in blue ink, appearing to read 'W. Semmler', is written over a light blue horizontal line.

Wendy Semmler, Director
Property Tax Division