

TAX INCREMENT FINANCE DISTRICT #2

CLARK COUNTY



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INTRODUCTION – THE PROJECT

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

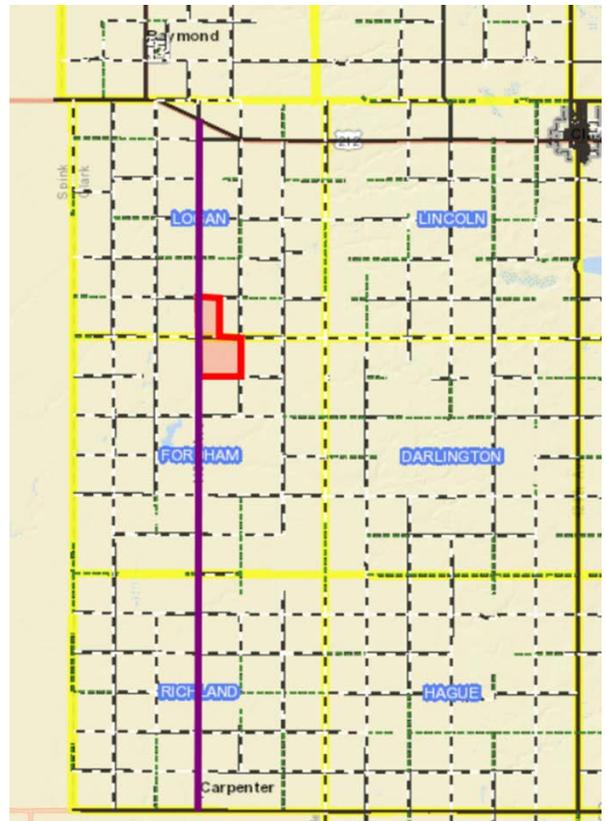
Specifically, money for improvements and other incentives comes from the growth in property valuations and the corresponding property tax revenues — the tax increment. A tax increment is the difference between the amount of property valuation present within the TIF district before TIF district designation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

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

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

The intention of this TIF Project is the reconstruction of Clark County Highway 17 (designated in purple at right) to grow the regional economy in northeast South Dakota. The investment of local infrastructure is crucial for enhancing the economic viability of the region.

The catalyst of this TIF will be a new dairy that is currently at the location of the existing Clark Feeders feedlot (located in the red area at right). It must be noted that none of the TIF proceeds will offset costs of the building of the dairy. Rather, it will be the increment value from the dairy that will be used to fund the infrastructure improvements necessary.



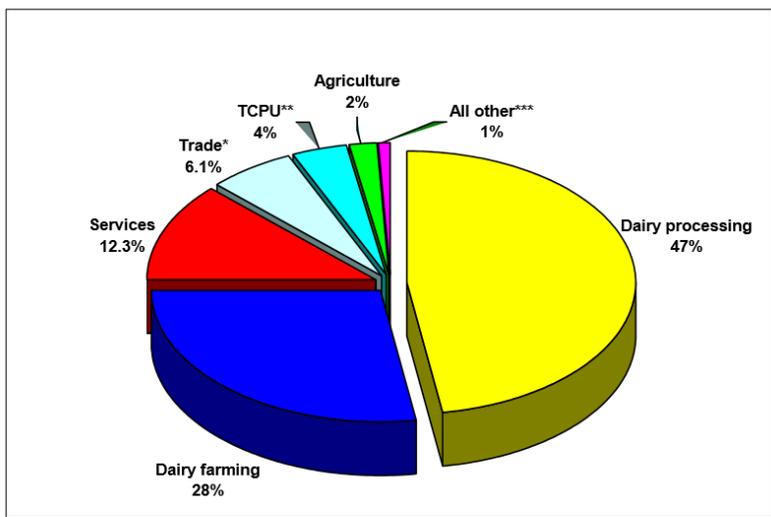
Based in Morris, MN, Riverview, LLP began as a family-owned crop and beef farm in 1939 and has grown into a multi-faceted, ever-changing partnership. Over the years, the vision of an adaptable, integrated agricultural operation continued to grow as dairies, beef feedlots, crop production systems, and construction crews were added. Today, the company is structured as a partnership and is predominantly owned by Riverview employees who strive to provide a respectful, ethical work environment, ensure animal health and comfort, enhance the productivity of the land, and add value to the communities in which we live and work. Riverview currently has approximately 1,300 full time employees in five states, of which approximately 200 are located in South Dakota.

The dairy industry makes a significant contribution to the South Dakota economy in both production and processing. There are currently 118,000 dairy cows in 235 dairy farms in the state, producing over 2.5 billion pounds of milk annually. Not only does the dairy industry have staggering effects on the economy in regards to dairy production and processing, but it also creates jobs, pays taxes, and supports local farming for forage and feed:

- One dairy cow generates \$25,000 of economic impact to the community each year
- Current annual payroll for an 11,000-cow Riverview dairy is approximately \$3,000,000
- Business taxes paid by the dairy industry: \$23,037,058
- Local economy benefits:
 - Local Farmer Profitability - Provides local market for approximately 8,000 acres of crops
 - Repairs – Opportunity for local vendors to partake in the annual cost of equipment and facility repairs of over \$400,000
 - Utilities – Annual cost of a dairy’s utilities is \$600,000, which benefits operations by providing stable electrical loads.
 - Construction – Opportunities for local vendors to take part in multimillion-dollar projects
 - Custom Harvesting – Provides seasonal work for up to 30+ individuals, often local farmers looking to diversify their farming operations.

The Economic Multiplier Effect of One Cow = \$25,000

(Estimated with the IMPLAN Model and 2008 data – latest available)



* Trade: wholesale and retail trade.
 **TCPU: transportation, communication, and public utilities.
 ***All other: construction, government, minerals/raw materials.

Source: MDA/AMS

PURPOSE & GENERAL DEFINITIONS

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

As such, the creation of Clark County TIF #2 shall be conditioned upon the creation of the District by resolution, and the establishment of the TID boundaries and approval of the TID Project plan by the County Planning and Zoning Commission.

The purpose of this Plan, to be implemented by Clark County, South Dakota is to satisfy the requirements for a Tax Increment District #2 as specified in SDCL Chapter 11-9. The principal purpose of the Plan is to define eligible property and to define a Tax Increment Plan for funding eligible activities in an eligible area of the County. The Plan will describe the boundary, estimated costs, feasibility and fiscal impact of the District.

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

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, and to promote economic development throughout the District by providing assistance to improve the County's road infrastructure.

The intention of this TIF Project is the reconstruction of Clark County Highway 17 to grow the regional economy in northeast South Dakota by improving access to a new Riverview Dairy.

The dairy industry makes a significant contribution to the South Dakota economy in both production and processing. There are currently 118,000 dairy cows in 235 dairy farms in the state, producing over 2.5 billion pounds of milk annually. Not only does the dairy industry have staggering effects on the economy in regards to dairy production and processing, but it also creates jobs, pays taxes, and supports local farming for forage and feed:

- Economic impact of dairy production: \$ 647 million annually
- Economic impact of dairy processing: \$1.77 billion annually
- Jobs created by the dairy industry: 6,230
- Each year, South Dakota dairy cows consume an average
 - 927,000 tons of forage (corn or hay based)
 - Over 11 million bushels of corn
 - 74,250 tons of dried distillers grains
 - 31,000 tons of soybean meal



Riverview provides additional community benefits by providing free educational programs to area schools and donating to local non-profits in the areas where they operate.

General Definitions

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

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

“Blighted or Economic Development” SDCL § 11-9-8.

- (1) Not less than twenty-five percent, by area, of the real property within the district is a blighted area or not less than fifty percent, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and
- (2) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

“Commission” means the Board of Commissioners of Clark County, South Dakota

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

“Department of Revenue” means the South Dakota Department of Revenue.

“Developer” means Riverview, LLP

“Developer’s Agreement” means the agreement between Developer and Clark County concerning this Tax Incremental District.

“District” means the Tax Incremental District.

“Engineer” means Clark Engineering

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

“Fiscal year” means that fiscal year for Clark County

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

“Governing body” means the Clark County 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 Clark County Planning Commission

“Plan” means this Project Plan.

“Project Costs” means any expenditure or monetary obligations by Clark County, 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 Clark County 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 County 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 County defined and created by resolution of the governing body and named Clark County Tax Incremental District #2.

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

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

CREATION OF CLARK COUNTY TAX INCREMENT DISTRICT

#2

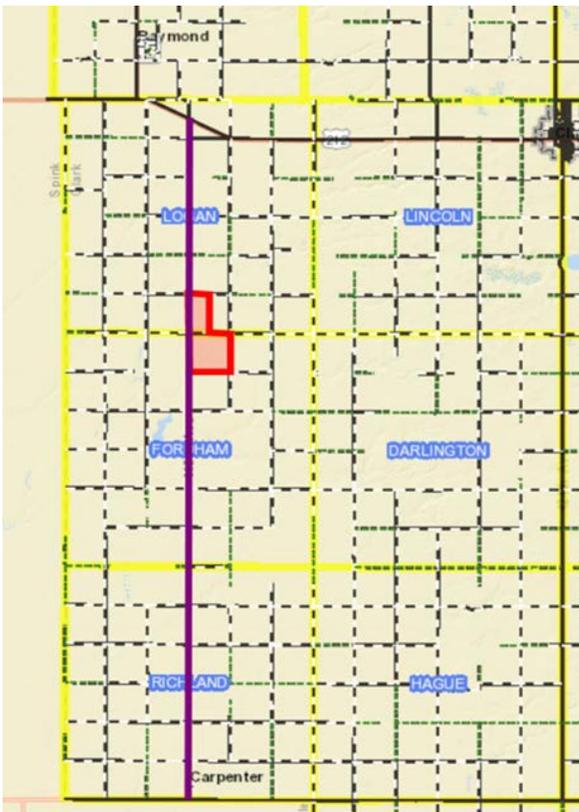
Representatives of the Developer have approached officials of Clark County regarding the possibility of creating a Tax Incremental Financing District (“TID”) to assist in the Project Costs within the Plan on land located within the Clark County, South Dakota.

Riverview’s Clark Dairy project, which is the economic development project being serviced by the improvement to Clark County Road 17, will require 42 permanent full-time jobs once fully operational. Riverview’s existing feedlot facility at this location currently provides 10 full-time jobs, and the Clark Dairy project will create approximately 32 new full-time jobs. During construction, Clark Dairy will create approximately 150 temporary full-time construction jobs.

Property Within Tax Increment #2

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

- NW1/4 3-115-59
- NE1/4 3-115-59
- SE1/4 3-115-59
- SW1/4 3-115-59
- West ½ of Section 34, T115N, R59W
- 415th Avenue to US Hwy 212 and right of ways
- 415th Avenue South to the Hwy 28



TAXABLE VALUE OF CLARK COUNTY

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2020 Taxes Payable value for Clark County is \$1,244,358,732. The base value of the taxable property for inclusion into this Tax Incremental District #2, as estimated but not yet verified by Clark County Director of Equalization, is \$3,522,905.

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.

CLARK COUNTY

Tax Increment Dist	Base Value
1	\$ 64,925
2	\$ 3,522,905
TOTAL	\$ 3,587,830

Clark County Current Taxable Value	1,244,358,732
All TIF Base Value must be less than 10%	124,435,873

The total base value of all active and projected TIF districts in Clark County is less than ten (10) percent of total taxable value in the county. Using the estimates provided for TID #2, the combined base value is less than .5% of the total 2020 Taxable Valuation.

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

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred. The Project Costs include capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs, discretionary costs and grants, plus any costs incidental thereto.

All Project Costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project constitutes economic development which is a proper public purpose of the County. The County exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The County shall enter into all contracts in accordance with South Dakota Law.

Costs of Public Works and Improvements

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

The following are estimated costs of the Project:

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

The above are estimates of the costs involved in the project; the final total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only projected expenditures, the total authorized TID costs is expected to be \$9,000,000. This amount is the controlling value with respect to authorized TID Project Costs rather than the particular line item amounts contained in the above Chart and Schedule 1. The line item categories proposed are for guidance only, and **actual costs will be determined upon completion of the improvements.** The above total represents eligible Project Costs. Only such amounts as are feasible will be allowed by the County or by monetary obligation.

¹District shall mean the Tax Increment District.

²SDCL §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.

Expenditures Exceeding Estimated Cost

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

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

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

Detailed List of Estimated Project Costs

Attached as Schedule 1 is a detailed list of estimated Project Costs for 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, ECONOMIC DEVELOPMENT STUDY, AND FISCAL IMPACT STATEMENT

Feasibility Study

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

Economic Development Study

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

Fiscal Impact Statement

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

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS

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

Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #2 shall be the amount sufficient to reimburse the County for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed \$9,000,000 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. The final terms and conditions will be set forth in the Developer's Agreement.

Duration of Tax Increment Plan

The duration of the Plan will extend to the number of years it will take for the reimbursement of the County, the extinguishment of bonds or 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

The site will generate taxes to the local jurisdictions at or above the assessed value of the base. All taxing districts shall receive the taxes from that base which will be the value set for the 2020 assessment year for taxes payable in 2021. The tax increment will be available to the taxing jurisdictions after dissolution, which is at or before twenty years after the creation of the District. Schedule 5 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of all bonds or monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

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

GENERAL FUND

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

- 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

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.

Clark County TIF #2 will be classified as Economic Development; therefore, any lost local effort of the General Fund will be covered through the State Aid to Education Funding formula.

CAPITAL OUTLAY FUND

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

- A. the previous year's maximum allowable can be increased by 3% plus a growth factor
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 in a single year for the school district.

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

SPECIAL EDUCATION FUND

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

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

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

BOND REDEMPTION FUND

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

MAPS

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

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

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

SUPPLEMENTARY FINDINGS

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

No changes to neither County ordinances nor the County 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.

Item	Amount
Construction of dairy	60,000,000
TOTAL	\$60,000,000

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN

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

PERFORMANCE BOND, SURETY BOND OR OTHER GUARANTY

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

LIST OF SCHEDULES

SCHEDULE 1 - Estimated Project Cost

SCHEDULE 2 - Economic Feasibility Study & Estimated Captured Taxable Values

SCHEDULE 3 - Economic Development Study

SCHEDULE 4 - Fiscal Impact Statement

LIST OF ATTACHMENTS

Attachment 1 - Descriptions of Real Property

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

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

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

SCHEDULE 1

DETAIL OF PROJECT COSTS

The following are estimate costs from the Developer for the project in relation to the road improvements from the facility going North to US 212:

Item	Description	Unit	Quantity	Unit Price	Total Price
1	Mobilization	LS	1	\$ 250,000.00	\$ 250,000.00
2	Base Course	Ton	16,263	\$ 25.00	\$ 406,575.00
3	Asphalt Concrete Pavement	Ton	17,192	\$ 65.00	\$ 1,117,480.00
4	SS-1h or CSS-1h Asphalt for Tack	Gal	3,872	\$ 5.00	\$ 19,360.00
5	Granular Subbase	Ton	40,656	\$ 22.00	\$ 894,432.00
6	Woven Separator Fabric	SqYd	77,440	\$ 2.50	\$ 193,600.00
7	Traffic Control Signs	LS	1	\$ 15,000.00	\$ 15,000.00
8	Traffic Control, Miscellaneous	LS	1	\$ 10,000.00	\$ 10,000.00
9	Remove Asphalt Concrete Pavement	SqYd	77,440.0	\$ 3.10	\$ 240,064.00
10	Placing Topsoil	CuYd	35,495	\$ 5.50	\$ 195,222.50
11	Permanent Pavement Markings	Mile	5.5	\$ 1,200.00	\$ 6,600.00
12	Erosion Control	LS	1	\$ 8,000.00	\$ 8,000.00
Subtotal					\$ 3,356,333.50
Road Design/ Survey/ Permitting					\$ 140,000.00
Wetland Mitigation					\$ 125,000.00
Structure Design/ Hydraulics					\$ 60,000.00
Construction Administration					\$ 100,000.00
Opinion of Probable Cost					\$ 3,781,333.50

The following estimate is for the road improvements related to the site and going South to the City limits of Carpenter



OPINION OF PROBABLE COST

Project: Clark County 17 Road Improvements
Option #1 - Subgrade Reinforcement
Additional 12 Miles
Location: Clark County, South Dakota
Date: July 16, 2020

Item	Description	Unit	Quantity	Unit Price	Total Price
1	Mobilization	LS	1	\$ 350,000.00	\$ 350,000.00
2	Base Course	Ton	38,500	\$ 25.00	\$ 962,500.00
3	Asphalt Concrete Pavement	Ton	50,800	\$ 65.00	\$ 3,302,000.00
4	SS-1h or CSS-1h Asphalt for Tack	Gal	18,300	\$ 5.00	\$ 91,500.00
5	Granular Subbase	Ton	96,100	\$ 22.00	\$ 2,114,200.00
6	Woven Separator Fabric	SqYd	197,150	\$ 2.50	\$ 492,875.00
7	Traffic Control Signs	LS	1	\$ 15,000.00	\$ 15,000.00
8	Traffic Control, Miscellaneous	LS	1	\$ 15,000.00	\$ 15,000.00
9	Remove Asphalt Concrete Pavement	SqYd	183,050	\$ 3.10	\$ 567,455.00
10	Placing Topsoil	CuYd	80,000	\$ 5.50	\$ 440,000.00
11	Permanent Pavement Markings	Mile	12	\$ 1,200.00	\$ 14,400.00
12	Erosion Control	LS	1	\$ 50,000.00	\$ 50,000.00
Subtotal					\$ 8,414,930.00
*Design and Construction Engineering					\$ 400,000.00
Opinion of Probable Cost					\$ 8,814,930.00

OPINION OF PROBABLE COST



Project: Clark County 17 Road Improvements
Option #2 - Cement Stabilization
Additional 12 Miles
Location: Clark County, South Dakota
Date: July 16, 2020

Item	Description	Unit	Quantity	Unit Price	Total Price
1	Mobilization	LS	1	\$ 350,000.00	\$ 350,000.00
2	Base Course	Ton	58,000	\$ 25.00	\$ 1,450,000.00
3	Asphalt Concrete Pavement	Ton	50,800	\$ 65.00	\$ 3,302,000.00
4	SS-1h or CSS-1h Asphalt for Tack	Gal	18,300	\$ 5.00	\$ 91,500.00
5	Stabilized Full Depth Reclamation	SqYd	183,050	\$ 3.00	\$ 549,150.00
6	Portland Cement for Stabilized Full Depth Reclamation	Ton	5,000	\$ 305.00	\$ 1,525,000.00
7	Traffic Control Signs	LS	1	\$ 15,000.00	\$ 15,000.00
8	Traffic Control, Miscellaneous	LS	1	\$ 15,000.00	\$ 15,000.00
9	Remove Asphalt Concrete Pavement	SqYd	183,050	\$ 3.10	\$ 567,455.00
10	Placing Topsoil	CuYd	80,000	\$ 5.50	\$ 440,000.00
11	Permanent Pavement Markings	Mile	12	\$ 1,200.00	\$ 14,400.00
12	Erosion Control	LS	1	\$ 50,000.00	\$ 50,000.00
Subtotal					\$ 8,369,505.00
*Design and Construction Engineering					\$ 400,000.00
Opinion of Probable Cost					\$ 8,769,505.00

Estimates TID Eligible of Project Costs Requested

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

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

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

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

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

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

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

(6) Relocation costs;

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

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

The Developer's Agreement will be the controlling document in terms of how much TIF proceeds are passed on from the County to the Developer. The TIF Plan states what the

maximum amount can be passed on, but the Agreement will control how much the County will forward on to the Developer. It is anticipated through the Developer’s Agreement that the following structure will be proposed for the financing of TIF #2.

Option A (South 12 miles)	
Riverview Contribution	\$2,600,000
Riverveiw Interest Reserve Payment*	\$400,000
20-Year TIF	\$4,000,000
LIIP Grant	\$500,000
RPP (Sales Tax Rebate)	\$1,300,000
Clark County	\$600,000
Total	\$9,400,000

SCHEDULE 2

ECONOMIC FEASIBILITY STUDY & TAXABLE VALUE

The County 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 County to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a “Project Plan” duly adopted by the County. The property is currently estimated to have a taxable value of \$3,522,905. 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 \$33,800,000 in new value once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

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

For purposes of this Project Plan, the Developer is projecting that the Clark Dairy will be built and fully developed by calendar year 2022.

The County’s role is to simply act as a conduit for the revenue and pass on all positive increment to the Developer or to reimburse the County for their expenses, of which, will never exceed \$9,000,000 in total payments, or 20 years, whichever comes first. However, the Developer’s Agreement will be the controlling document in terms of how much increment will be forwarded on to the Developer. It is proposed that up to \$4,000,000 in principle will be allocated for debt retirement. The interest rate of the financing is unknown at this time.

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.

Clark County TID #2 is proven feasible based upon the projections made by the Developer, projecting revenue close to \$4,000,000 in tax revenue during the life of the 20-year TIF. The calculations of the estimated tax increment valuation and tax generated for the TID can be found in the following tables. For purposes of this Project Plan, it is anticipated no increment generated by County TID #2 will be available until the earliest of calendar year 2023 and thereafter. These projections do not account for any appreciation of the assessed value

TID Tax Revenue Estimates Available for Clark County

This project will have properties that are classified as Ag.

Clark County Tax Increment District #2 Revenue Assumptions

Assumed Base Value \$ 3,522,905									
Construction Year	Valuation Year	Revenue Year	Valuation Increment	Total School "Ag"	Fordham TWP	Clark County	Total Mill Rate*	Total Revenue Increment	Total Increment for Debt Service
2021	2022	2023	33,800,000	3.559	0.443	3.103	7.105	\$ 215,118.76	\$ 215,118.76
2022	2023	2024	400,000	3.559	0.443	3.103	7.105	\$ 2,842.00	\$ 217,960.76
2023	2024	2025	500,000	3.559	0.443	3.103	7.105	\$ 3,552.50	\$ 221,513.26
2024	2025	2026	500,000	3.559	0.443	3.103	7.105	\$ 3,552.50	\$ 225,065.76
2025	2026	2027		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2026	2027	2028		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2027	2028	2029		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2028	2029	2030		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2029	2030	2031		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2030	2031	2032		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2031	2032	2033		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2032	2033	2034		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2033	2034	2035		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2034	2035	2036		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2035	2036	2037		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2036	2037	2038		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2037	2038	2039		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
2038	2039	2040		3.559	0.443	3.103	7.105	\$ -	\$ 225,065.76
								\$	4,030,579.18

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

** Assumes future structures will be built once the Dairy is fully operational

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

SCHEDULE 3

ECONOMIC DEVELOPMENT STUDY

Introduction

Clark County 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 Clark County TID #2 meets both of these criteria.

The area within the boundaries of the TIF is generally located Fordham Township in Clark County, SD with respect to where the increment will be generated. The intention of this TIF Project is the reconstruction of Clark County Highway 17 to nurture the regional economy in northeast South Dakota.

The project is expected to be completed during the 2022 calendar year.

Finding That the Improvements to the Area Are Likely To Enhance Significantly the Value Of Substantially All Of The Other Real Property In The District

It is definitively found that once the improvements set forth within the Project Plan are initiated, the improvements will enhance significantly the value of substantially all of the other real property in the district. The Clark County TID #2 will revitalize economic development in Clark County and the northeast region of the state. 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 Clark County 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.

The Project area is located in a 360 acre section of agricultural land in Fordham Township in Clark County. The new dairy will generally stay within the footprint of the existing feedlot.

The investment in the Project area will stimulate and develop the general economic welfare and prosperity of the region through the promotion of employment and economic development.

SCHEDULE 4

FISCAL IMPACT STATEMENT FOR CLARK COUNTY TID #2

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 Clark County Tax Increment District #2

“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 at \$33,800,000
2. The average tax levy of all taxing districts will be \$7.105 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2022 and end prior to 2040.
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 Clark 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 Clark 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 \$3,781,334 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2021, 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 Agricultural property types:

2020 Property Tax Rate

2019 Payable in 2020	\$ per \$1,000 assessed
Clark County	\$ 3.103
Fordham Township	\$ 0.443
<u>School "Ag"</u>	<u>\$ 3.559</u>
Total Tax Levy	\$ 7.105

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.

DESCRIPTIONS OF REAL PROPERTY:

- NW ¼ 3-115-59 Parcel ID 1813
- NE ¼ 3-115-59 Parcel ID 1812
- SE ¼ 3-115-59 Parcel ID 1815
- SW ¼ 3-115-59 Parcel ID 1814
- West ½ of Section 34 T115N, R59W
- That portion of 178th street and right of ways from NE ¼ 3-115-59 Parcel ID 1812 and NW ¼ 3-115-59 Parcel ID 1813 to 415th Avenue
- 415th Avenue to US Hwy 212 and right of ways
- 415th Avenue South to Hwy 28

ATTACHMENT 2

Conditions picture for Clark County Tax Incremental District #2, SDCL § 11-9-16(1)

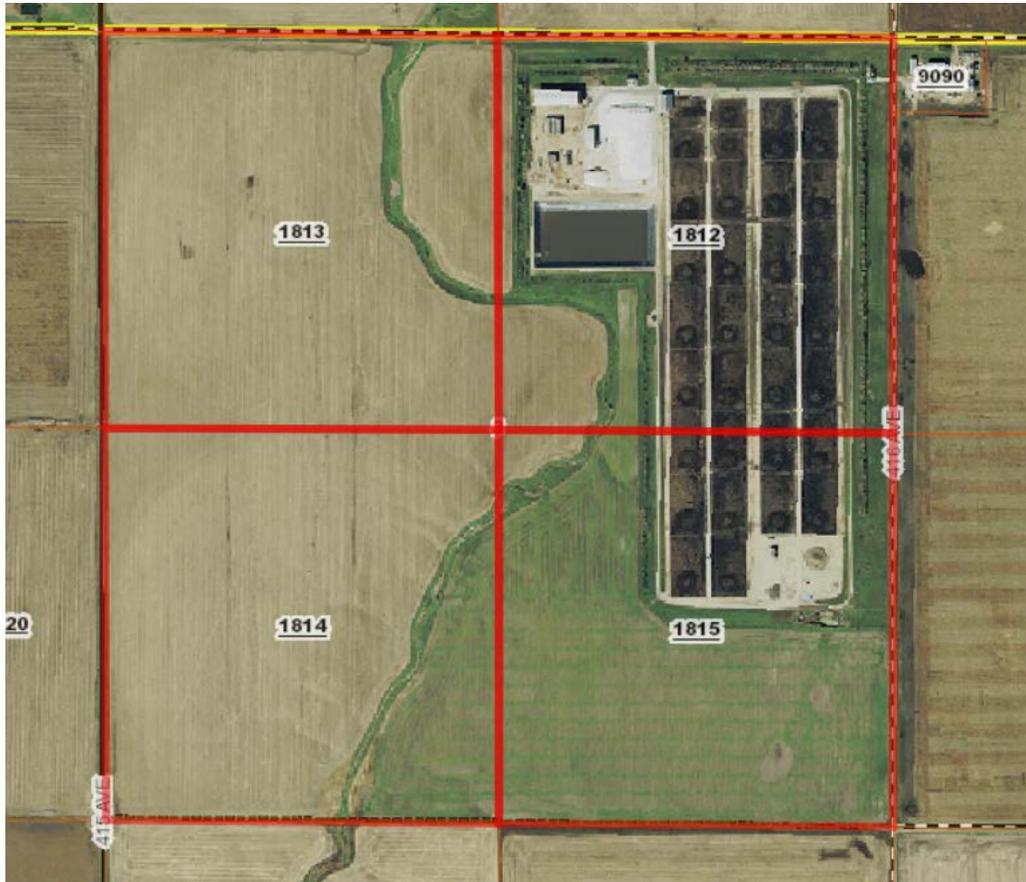
The following is a picture showing the current conditions of the proposed location of TIF #2



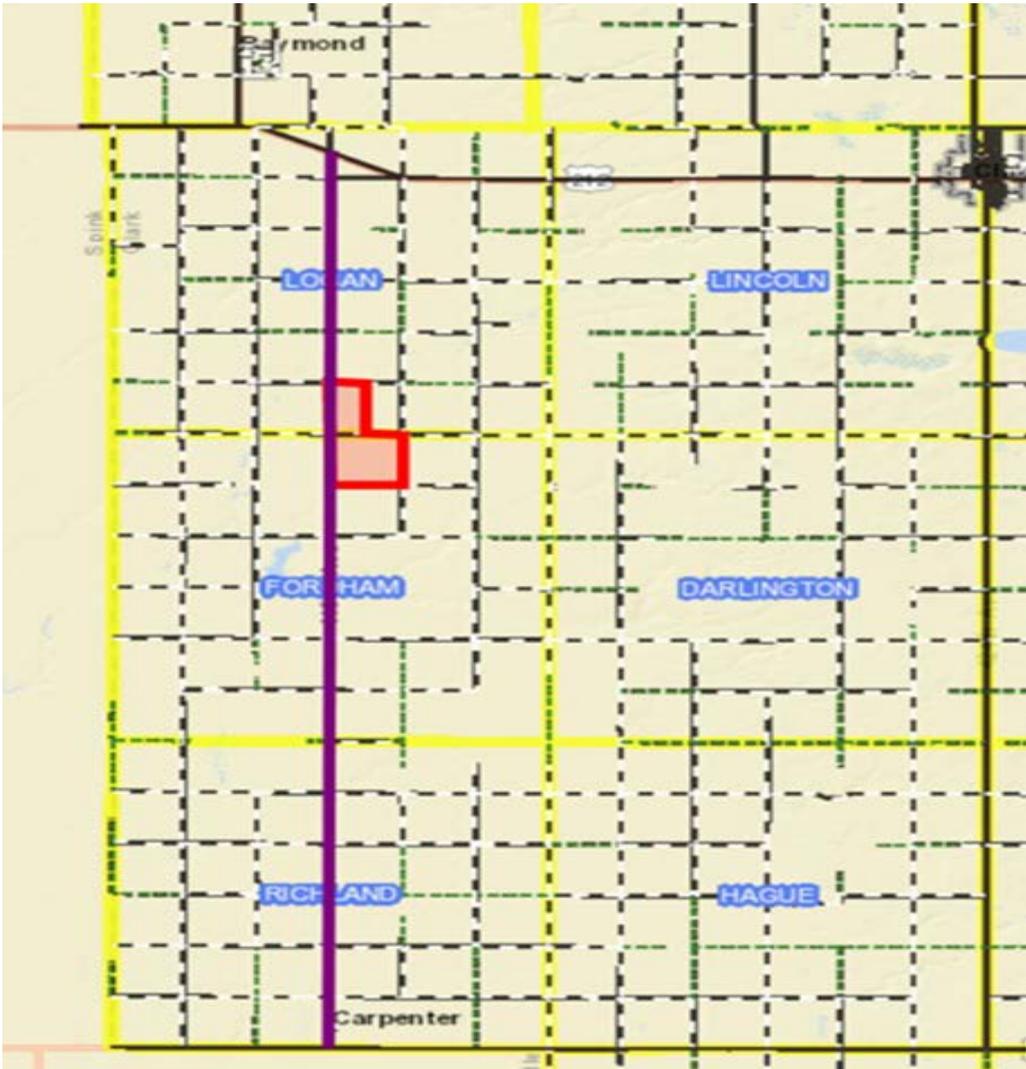
ATTACHMENT 3

Improvements map for Clark County Tax Incremental District #2, SDCL § 11-9-16(2).

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



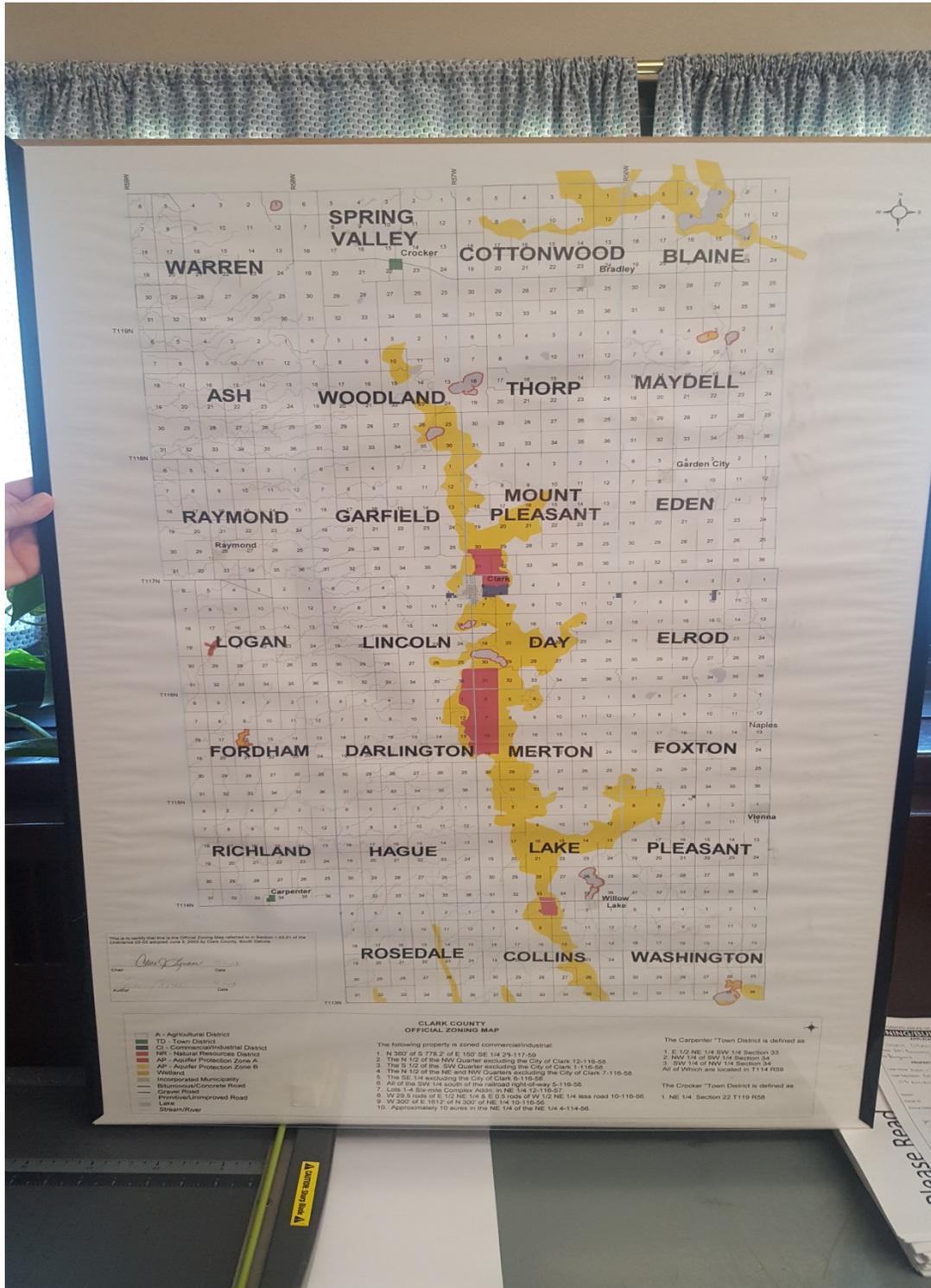
Listed below is map showing the location of possible road improvements



ATTACHMENT 4

Clark County Zoning Map for Clark County Tax Incremental District #2, SDCL § 11-9-16(2).

No changes will be required to the current zoning.





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

May 12, 2020

Toby Morris
Dougherty & Company LLC
124 W Dakota Ave
Pierre SD 57501

RE: Preliminary Classification for Clark County TIF #2 (Riverview LLP)

Dear Toby:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on May 11, 2020.

Upon review of the provided information the Department has determined the classification for the TIF District "Clark County TIF #2" to be Economic Development for the purposes of the State Aid to Education formula.

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

Sincerely,

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

Wendy Semmler, Property Tax Program Manager
Property Tax Division

<http://dor.sd.gov>