

**DEADWOOD PLANNING AND ZONING COMMISSION**

**Wednesday, April 17, 2019 – 5:00 p.m.**

City Hall, 102 Sherman Street, Deadwood, SD

**AGENDA**

1. Call Meeting to Order
2. Approval of March 20, 2019 Minutes
3. Sign Review Commission  
**Vacant Building Window Displays**  
No Action Required  
  
**Tony Farhat – 614 Main – Replace Existing Sign**  
Action Required:
  - a. Approval/ Denial by Sign Review Commission
4. Planning and Zoning Commission  
**Tax Increment District #12 Project Plan**  
Action Required:
  - a. Approval/Denial Recommendation to City Commission  
**Resolution Approving Project Plan for Tax Increment District #12**  
No Action Required  
  
**Resolution Creating Tax Incremental District #12**  
No Action Required  
  
**Contract for Private Development Tax Increment District #12**  
No Action Required
5. Items from Staff
  - a. Outlaw Square
  - b. Hwy 14A/85
  - c. Whitewood Creek
  - d. City Hall Parking Lot
  - e. Horse Sanctuary
6. Adjourn

CITY OF DEADWOOD  
PLANNING AND ZONING COMMISSION  
Wednesday, March 20, 2019

The meeting of the Deadwood Planning and Zoning was called to order by Chairperson Tony Biesiot on Wednesday, March 20, 2019 at 5:00 p.m. in the Deadwood City Hall Meeting Room, located at 102 Sherman Street, Deadwood, SD 57732.

**Planning and Zoning Commission Present:** Tony Biesiot, Brett Runge, Jim Shedd, and Bill Rich

**Absent:** John Martinisko

**Board of Adjustments Present:** Charlie Struble

**Staff Present:**

Bob Nelson Jr., Trent Mohr and Bonny Anfinson

**Approval of March 6, 2019 Minutes:**

*It was moved by Mr. Shedd and seconded by Mrs. Runge to approve the March 6, 2019 meeting minutes. Aye - All. Motion carried.*

**Sign Review Commission**

**65 Sherman Street – Ashley Miller – Install New Window Sign**

Mr. Mohr stated the applicant has submitted a sign permit for a vinyl window sign to be installed at 65 Sherman Street. The sign and its location are compliant with the sign ordinance and requires no variances. *It was moved by Mr. Rich and seconded by Mr. Shedd to approve the vinyl window for 65 Sherman Street. Aye - All. Motion Carried.*

**Planning and Zoning Commission and Board of Adjustments:**

**Plat – Stage Run Development – Deadwood Stage Run LLC**

Mr. Nelson Jr. stated this is a final plat submitted by Deadwood Stage Run LLC to transfer property. Legally described as Lot 20, Block 2 of Palisades Tract of Deadwood Stage Run Addition; All located in the SW ¼ Section 14, the SE ¼ of Section 15, the NE ¼ NE ¼ of Section 22 and the N ½ NW ¼ of Section 23, T5N, R3E, B.H.M., City of Deadwood, Lawrence County, South Dakota. This property is zoned R1- Residential District. *It was moved by Mrs. Runge and seconded by Mr. Rich to approve the final plat for the SW ¼ Section 14, the SE ¼ of Section 15, the NE ¼ NE ¼ of Section 22 and the N ½ NW ¼ of Section 23, T5N, R3E, B.H.M., City of Deadwood, Lawrence County, South Dakota. Aye - All. Motion Carried.*

**Items From Staff** (no action taken)

- **Outlaw Square:** The next bid packet is out for the foundations of the stage, restrooms, gazebo, and utility locations. They are doing the last of the dig on the retaining wall. The conduits were encased in concrete and had to demo. There was a concern about jack hammering into high voltage lines. The power has affected the power and traffic lights on Shine, Main and Pine. The lights keep flashing because there is now something wrong with the controller. They did locate the back wall of the theater building. It will be recorded.
- **Highway 14A/85:** There is a pre-construction meeting in Rapid City Thursday. We should get a complete schedule at that time.
- **Whitewood Creek:** The project has been awarded to Donarski Landscaping. It will be three to four weeks before they start. The project is for Super 8 to Deadwood Gulch.
- **City Hall Parking Lot:** The City is working on the redesign of the parking lot between City Hall and Family Dollar. We are working with the Baptist Church and Family Dollar to remove the jersey barriers and have a common entrance in the center. Family Dollar will get a centralized opening for their lot and the City would get the same.
- **CDBG:** Staff is working on a Community Development Block grant application to help with partial funding for the Rec Center addition. The addition will be dedicated for senior space. It would be about \$280,000 in grant funds.
- **Meeting Time:** There will be a survey in the City Newsletter requesting the public's input on moving the Planning and Zoning meetings and the Historic Preservation Commission meetings to daytime meetings instead of evening. The meeting would be at 3:00 instead of 5:00.
- **City Commissioner Opening:** There is an opening for a one year term on the City Commission. You can contact Mayor Ruth if you are interested in applying.

**Adjournment:**

*It was moved by Mrs. Runge and seconded by Mr. Shedd to adjourn the Regular Meeting of the Planning and Zoning Commission. Aye - All. Motion carried.*

There being no further business, the Planning and Zoning Commission adjourned at 5:08 p.m.

ATTEST:

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Chairman, Planning & Zoning Commission

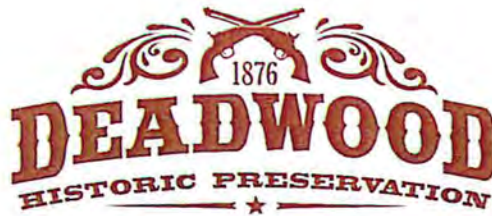
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Secretary, Planning & Zoning Commission

*Bonny Anfinson, Planning & Zoning Office/Recording Secretary*



OFFICE OF  
PLANNING, ZONING AND  
HISTORIC PRESERVATION  
108 Sherman Street  
Telephone (605) 578-2082  
Fax (605) 578-2084



Kevin Kuchenbecker  
Historic Preservation Officer  
Telephone (605) 578-2082  
kevin@cityofdeadwood.com

## MEMORANDUM

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**Date:** March 4, 2019  
**To:** Deadwood Historic Preservation Commission  
**From:** Kevin Kuchenbecker, Historic Preservation Officer  
**Re:** Vacant Building Window Displays

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The Main Street Initiative Design Committee along with the Historic Preservation Commission is working in tandem on the overall beautification of Historic Main Street and the National Historic Landmark District. One issue noticed on Main Street is the empty store fronts with unattractive window displays. The Design Committee decided a good solution to this problem is to place panels of historic photographs in the windows. These panels will be reusable and can be moved to other windows once the building is sold or reopened.

Deadwood History, Inc. is able to print the photograph and prepare for installation at a cost of \$85 each. The Historic Preservation Office is requesting to utilize Public Ed and Advocacy funds for this project at a cost not to exceed \$2,700.00.

See attached information for additional details.

**Recommended Motion:** *Move to approve the use of Public Ed and Advocacy funds, not to exceed \$2,700.00, for the vacant building window display project.*

Back to Agenda





### Midnight Star

North End - 54", 56", 22", door, door, 22" 45", 45" 68" South End

All windows 84" high.

Frosted Trim is ~ 4" wide around main windows and 3" wide around the two windows ne





### Dairy Queen

North End - 11", 40", 46", 54", 36", door, 36" 54", 46", 40", 11" South End

All windows 79" high.

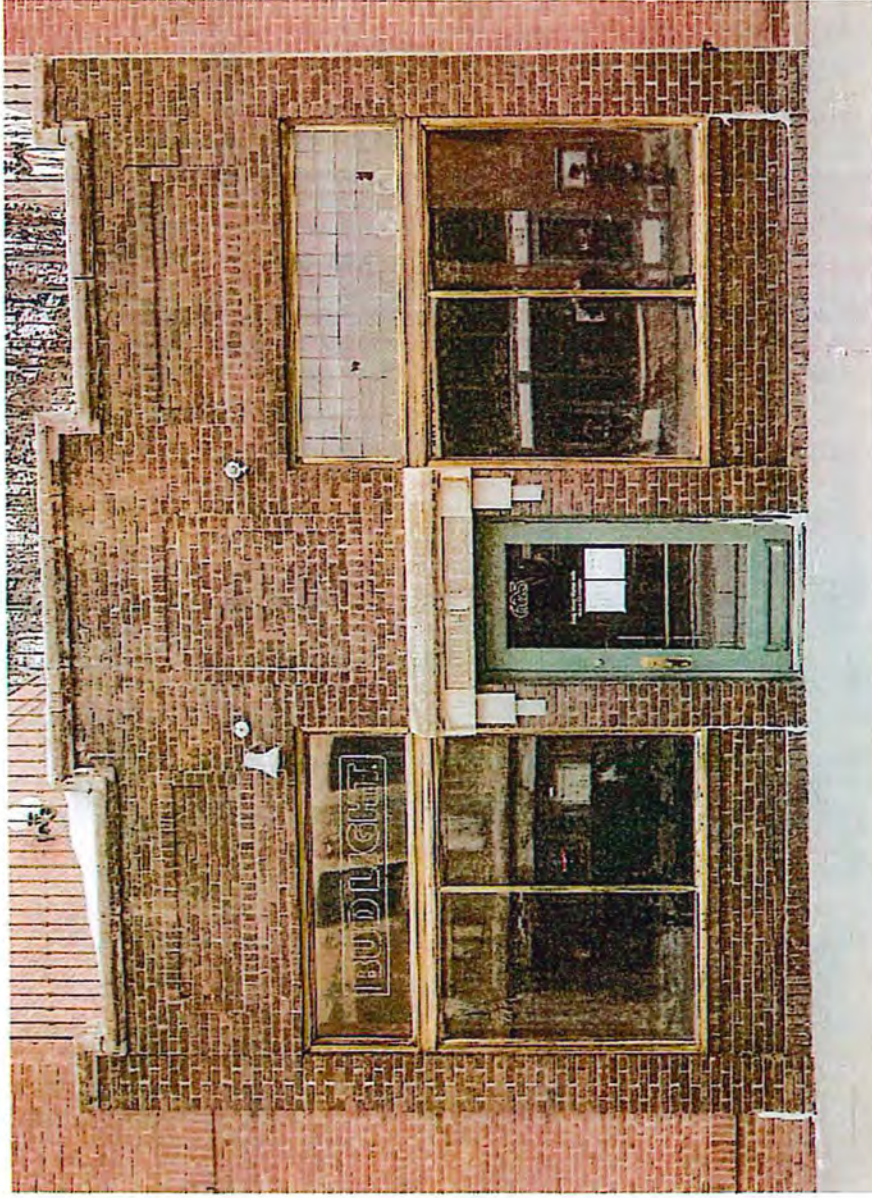




**Celebrity (South Building)**

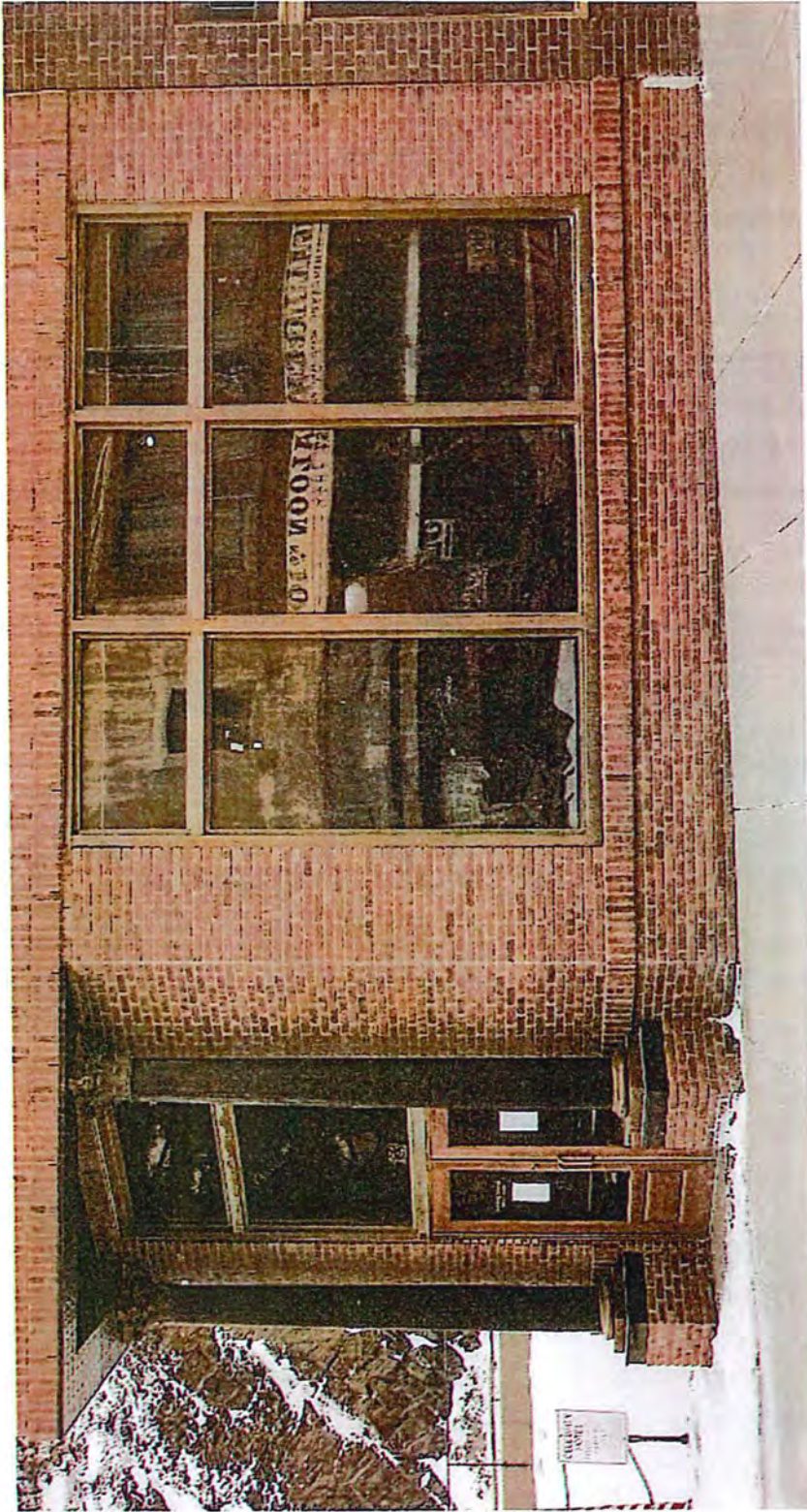
North End - 43", 43", 43", 32", door, 28" 61", 61", 48", 48" South End  
All windows 87" high.





**Celebrity (Middle Building)**  
North End - 43", 43", door, 43", 43" South End  
All windows 74" high.





**Celebrity (North Building)**  
North End - 51", 51", 51", 51", South End  
All windows 99" high.



## SIGN PERMIT STAFF REPORT

Sign Review Commission

April 17, 2019

**Applicant:** Tony Farhat

**Address:** 614 Main Street, Deadwood, SD 57732

**Site Address of Proposed Signage:** 614 Main Street (AVA Apparel)

### Computation of Sign Area

**Building Frontage:** 50 Feet

**Total Available Signage:** 100 Square Feet

**Existing Signage:** One projecting sign – Railway Society (5.8 Square Feet) One projecting sign – to be replaced (14.55 Square Feet)

**Remaining Available Signage Area:** 94.2 Square Feet

**Proposed Sign Project:** Replace existing sign with new projecting sign (17 Square Feet) in same location.

**Proposed Building Materials:** Wood and Metal. (see attached rendering).

**Proposed Lighting of the Signs:** None.

**Location of Proposed Sign:** Attached is a photograph showing the current sign. New sign would be in this same location.

### Discussion

The sign permit application in review is proposed at a location inside the locally-designated historic district which is regulated by chapter 15.32.300 of the sign ordinance. The current signage at the subject property is compliant with the sign ordinance. The sign proposed in the current application is regulated by 15.32.090 of the Sign Ordinance, reference below.

- A. *Before any sign can be erected or altered in any way, a valid permit must be issued. Any further alteration of the sign shall require an amendment of the existing permit or the issuance of a new permit. Such changes, as well as original permits, shall be issued pursuant to review by the sign review commission. It is unlawful to display, construct, erect, locate or alter any sign without first obtaining a sign permit for such sign.*

The applicant wishes to replace the existing projecting sign. In 2015 the existing sign was repainted for this business. This will be the first sign of a completely new design for this business.

The proposed sign and its location require no new variances from what were granted for the existing sign.



## Variances

The sign permit application in review as proposed requires no additional variances from the sign ordinance. Signage variances may be obtained if the sign review commission is able to find *"special circumstances or conditions such as the existence of buildings, topography, vegetation, sign structures, distance or other matters on adjacent lots or within the adjacent public right-of-way that would substantially restrict the effectiveness of the sign in question and such special circumstances or conditions are peculiar to the business or enterprise to which the applicant desires to draw attention and do not apply generally to all businesses or enterprises in the area."* However, it is the responsibility of the applicant to provide adequate evidence of such special circumstances or conditions.

## Sign Review Commission Action

Motion to approve sign permit for new projecting sign at 614 Main Street

OR

Motion to deny proposed sign permit application as submitted.



52"

48"

Designed exclusively for:

AVA APPAREL - TONY

Date:

2/29/19

Address:

614 MAIN ST. DEADWOOD

Phone:

605-453-4440



Tim Peterson  
ARTIST

3123 E. FAIRGROUNDS LOOP STE. C  
SPEARFISH, SD 57783

(605) 642-5794

50% DEPOSIT REQUIRED ON ALL  
WORK. BALANCE DUE ON  
COMPLETION.

This design is the property of the designer, and may not  
be reproduced in any manner without written permission.



## Trent Mohr

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**From:** tim@timpetersonstudio.com  
**Sent:** Wednesday, April 10, 2019 6:22 PM  
**To:** Trent Mohr  
**Subject:** Ava Apparel sign permit information

Hi, Trent,  
To confirm, the sign I am proposing for Ava Apparel at 614 Main St. will be made of aluminum panels over a steel and wood structure.  
Thanks,  
Tim Peterson  
Flat Earth Art Co.  
Spearfish, SD  
605-642-5794



Sign Location



# **CITY OF DEADWOOD**

## **TAX INCREMENT DISTRICT #12 PROJECT PLAN**

### **Affordable Housing Stage Run Apartments**

Prepared by the  
BKE Consulting  
For the City of Deadwood  
May 6, 2019

## INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area, which has been determined to be blighted or will stimulate and develop the general economic welfare and prosperity of the State. South Dakota Codified Law (SDCL) Chapter 11-9 give municipalities the ability to create and use Tax Increment Financing as a tool to encourage either the redevelopment of property and/or economic development opportunities in the community. Deadwood Tax Increment District #11 was created to stimulate the economic welfare of the state, region, and community by promoting commercial development.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the City Council. This valuation is termed the Tax Increment Base for the district, or simply the "base valuation." As the property taxes for the property are paid, that portion of the taxes paid on the Base Valuation continue to go to those entities, (City, County, School, etc.), which levy property taxes.

When in succeeding years the assessed valuation of the district increases, the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the "increment." When the tax bills are paid, only that portion of the tax bill, which results from the Base Valuation, is paid to the taxing entities. The remainder of the tax bill, known as the tax increment, is deposited in a special fund. It is this plan, which determines how these accumulated funds will be used. It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. The creation of this Tax Increment District for economic development purposes will not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment.

For the purpose of this document, the following terms are defined as the following:

### *Affordable Housing*

For the purposes of SDCL13-13-10.9, affordable housing is only those tax increment financing districts 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, being used by the South Dakota Housing Development Authority, as of the date the district is created, for a minimum of five years following the date of first occupancy.

### *Base Valuation 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. (SDCL § 11-9-20)

### *Blighted Areas*

- A. Areas conducive to disease or crime defined as blighted. Any area, including slum area, in which the structures, buildings, or improvements, by reason of:
  - (1) Dilapidation, age, or obsolescence;
  - (2) Inadequate provisions for ventilation, light, air, sanitation, or open spaces;
  - (3) High density of population and overcrowding;
  - (4) The existence of conditions which endanger life or property by fire and other causes;or
- (5) Any combination of such factors;



are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area. (SDCL § 11-9-9)

- B. Developed areas impairing growth defined as blighted. Any area which by reason of:
- (1) The presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;
  - (2) Predominance of defective or inadequate street layouts;
  - (3) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
  - (4) Insanitary or unsafe conditions;
  - (5) Deterioration of site or other improvements;
  - (6) Diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;
  - (7) Defective or unusual conditions of title;
  - (8) The existence of conditions which endanger life or property by fire and other causes; or
  - (9) Any combination of such factors; substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area. (SDCL § 11-9-10)
- C. Open areas impairing growth defined as blighted. Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area. (SDCL § 11-9-10)

*City*

City of Deadwood, South Dakota

*Developer*

Stage Run Properties, LLC

*Developer's Agreement*

The agreement between Developer and City concerning this Tax Incremental District.

*District*

Deadwood Tax Incremental District #12.

*Economic Development*

That not less than fifty percent, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and

The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district. (SDCL § 11-9-8)

*Fiscal Year*

The fiscal year of City of Deadwood.

*Grant*

The transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the municipality. (SDCL § 11-9-1(3))

*Infrastructure Improvements*

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

*Municipality*

Any incorporated city or county in the state. (SDCL § 11-9-1(4))

*Planning Commission*

The City of Deadwood Planning and Zoning Commission.

*Project Costs*

Any expenditure or monetary obligations by City of Deadwood, whether made, estimated to be made, incurred or estimated to be incurred, which are listed as Project Costs herein will include any costs incidental thereto but diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by City of Deadwood in connection with the implementation of this Plan. (SDCL § 11-9-14)

*Project Plan*

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. (SDCL § 11-9-1(6))

*Taxable Property*

All real taxable property, in accordance with SDCL 10-4, located in a Tax Incremental District.

*Tax Incremental District*

A contiguous geographic area within a City and/or County defined and created by resolution of the governing body and named City of Deadwood Tax Incremental District #12.

*Tax Increment Valuation or Increment*

The total value of the Tax Incremental District minus the tax incremental base pursuant to SDCL § 11-9-19.



## **OVERVIEW**

Through this document, the City of Deadwood Planning and Zoning Commission addresses legal requirements of specifying a Project Plan for the development of Tax Incremental District #12. The plan proposes that tax increment funds generated by the development of multifamily dwelling units that will be used to pay for the costs associated with improvements involving sitework and utilities improvements that are necessary for the multifamily development to take place.

Principal elements addressed in this plan include the following:

1. Existing uses and proposed development activities within the designated Tax Incremental District boundary;
2. Developer's planned economic development proposal within the legally established Tax Incremental District project area;
3. Listing of estimated Project Costs that are proposed for the Tax Incremental District and that will be funded by incremental tax revenues generated within the District;
4. Description of proposed method of financing estimated Project Costs specified in Item 3 above;
5. Specific delineation of the Tax Incremental Base, as specified under South Dakota Law (SDCL 11-9), and the fiscal impact of the proposed Tax Incremental District project upon those entities levying taxes on property in the District; and
6. Economic feasibility of the overall development project and its associated ability to generate incremental tax revenue sufficient to retire the debt incurred in the process of funding Project Costs referenced in Item 3 above.

## **TAX INCREMENT DISTRICT**

In an associated action, Tax Increment District #12 is being created. TID #12 is located east side of the Stage Run subdivision (see Exhibit 1). All projects that are funded through tax increment financing must be located within the District and must be under construction within five years of creation of the District.

## **BASE VALUE ANALYSIS OF THE CITY OF DEADWOOD**

State law requires that tax increment districts cannot exceed ten percent of the taxable value of City of Deadwood (SDCL § 11-9-7). This value for City of Deadwood is approximately \$216,680,997. The total amount of value allowed in Tax Increment Districts in the City of Deadwood is \$14,606,259. The Department of Revenue has not established the base value of the Tax Incremental District #12 (SDCL § 11-9-20) as of this time. It is projected that the base value of this parcel will be approximately \$189,330. In Table #1, it documents the current active Tax Increment Districts in the City of Deadwood and their base values when they were created. The creation of this District does not exceed the maximum value allowed in Tax Increment Districts.



<b>Table #1 Base Value Analysis</b>	
2018 Deadwood Valuation	\$216,680,997
SDCL 11-9-7 - 10% Based Valuation	\$20,295,494
Tax Incremental District #6	\$140,605
Tax Incremental District #8	\$878,448
Tax Incremental District #9	\$551,358
Tax Incremental District #10	\$9,551,358
Tax Incremental District #11(est.)	\$3,484,490
Tax Incremental District #12(est.)	\$189,330
Total Base Value in Tax Incremental Districts	\$14,801,589
<b>Base Valuation Remaining</b>	<b>\$6,872,510</b>

## PROJECT DEVELOPMENT

The developer is proposing to construct a series of duplex and 4-plex apartment buildings on a recently platted lot on the east of the Stage Run development. The units will be an up/down duplex units connected a two-stall garage with a few just duplex units. The units will be similar to units the developer constructed on the west side of the development. The size of all units will be two bedrooms and two bath and 835 square feet.

In 2018, the South Dakota Legislature changed a number of the provisions to the Tax Increment Financing statutes. One of the changes was defining how Tax Increment Financing can be used for affordable housing. For multifamily housing, the rental rates must meet the following requirements – “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, being used by the South Dakota Housing Development Authority, as of the date the district is created, for a minimum of five years following the date of first occupancy.” South Dakota Housing Development Authority rental rate for a two-bedroom apartment is \$1,284. With the assistance of Tax Increment Financing, the developer is planning to have the rates in the \$900 to \$1,000 per month range which significantly lower than the minimum rate requirement. As part of the associated Developer Agreement, the developer will be required to provide documentation on the previous year rental rates to insure compliance with the state statutes.

In the recent adopted Comprehensive Plan Housing Element, the community identified a number of “wish list” items which included more housing (of all types), affordable and quality housing and apartments/multi-family housing units. In addition, the Comprehensive Plan Housing Element first two principles are:

- Improve the availability of housing for all income levels, making it possible for more people to both live and work in Deadwood.
- Encourage the development of a variety of housing types to better meet the needs of individuals throughout their lifetimes.

The propose development helps meet the adopted Deadwood Comprehensive Plan’s “wish list” items and principles of to diversify the housing option available to residents at an affordable level.

This need for this type of housing was identified in the 2016 Deadwood/Lead Housing Study. In that report, it identified a need for 72-82 rental units to be developed by 2021. The study was



completed before expansion of a number of hotel/gaming establishments and the announcement of the expansion of the Sanford Underground Research Facility for LBNF/DUNE facility. This growth is putting additional pressure for all types of housing in the community.

All project expenditures must be completed within five years. Should the tax increment revenues exceed the anticipated loan payments, the district debt would be retired early resulting in the full value of the property being returned to the tax rolls more quickly.

## **EXISTING LAND USES**

The property is currently vacant/open space except for old storage/barn building. Lot C2 of Block 1 of Palisade Tract, Deadwood Stage Run Addition is identified as Commercial within the Stage Run Planned Unit Development Designation. Multi-family dwelling units are an allowed use as part of the Planned Unit Development. Tract B-1A of Tract B of M.S. 751 is zoned Park Forest. (see Exhibit 2)

## **PROPOSED LAND USES/ZONING**

There will be no proposed changes to any land uses or zoning. Lot C2 of Block 1 of Palisade Tract, Deadwood Stage Run Addition has a Neighborhood Residential land use designation on the Deadwood Comprehensive Plan Future Land Use Map. Tract B-1A of Tract B of M.S. 751 has a Forest Reserve land use designation on the Deadwood Comprehensive Plan Future Land Use Map. (See Exhibit 3)

## **CHANGES TO THE MASTER PLAN, MAP, BUILDING CODES, AND MUNICIPAL ORDINANCES**

This plan does not address issues of or changes to the Deadwood Comprehensive Plan or map, master plan, building codes or municipal ordinances since none of these actions are required to implement the provisions of this Project Plan.

## **PROPOSED METHOD FOR THE RELOCATION OF DISPLACED PERSONS**

No statement of a proposed method for the relocation of displaced persons is included, since such displacement is not applicable with respect to this Tax Incremental District project.

## **ELEMENTS OF THE PROJECT PLAN**

This Project Plan, as required by SDCL 11-9-13, will address the following elements:

- 1) Public Works and Other Improvements;
- 2) Economic Feasibility Study;
- 3) Project Costs;
- 4) Fiscal Impact Statement; and,
- 5) Financing Method Description.

Additionally, the following exhibits are offered:

- Tax Increment District Boundary Map
- Existing Land Use
- Existing Zoning
- Proposed Improvements

## 1. PUBLIC WORKS AND OTHER IMPROVEMENTS (SDCL § 11-9-13 (1))

The project plan includes the following Tax Increment District costs associated with the proposed development. (Exhibit #4):

Removals, Demolition & Mobilization	\$42,000
Sitework & Excavation	\$495,600
Utilities	\$174,500
Interior Streets	\$159,000
<b>Total cost of all improvements</b>	<b>\$871,100</b>

## 2. ECONOMIC FEASIBILITY STUDY (SDCL § 11-9-13 (2))

Tax Increment District #12 is proposed for creation in accordance with SDCL 11-9-2 to 11-9-11. As of this date, the assessed valuation for the proposed district is projected as \$189,330. In accordance with SDCL 11-9-20, certification of the base value will be requested from the South Dakota Department of Revenue following creation and approval of the district by the City Council.

### ANTICIPATED CERTIFIED BASE VALUATION OF PROPERTY IN TAX INCREMENT DISTRICT #12 - \$189,330

### EXPECTED INCREASE IN VALUATION

The applicant is proposing to construct 38 apartment units in the Stage Run Development. It is estimated that the cost of the proposed expansion will be approximately \$4,037,500 and \$3,648,000 in new assessed value.

### ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Estimated Assessed Value of District	\$	189,330
Estimated Assessed Value of Project	\$	3,648,000
Other Anticipated Increases in Assessed Value	\$	0
Estimated Total Increment Valuation	\$	3,648,000

### REVENUE ESTIMATES FROM TAX INCREMENTS

The Plan anticipates 40 semi-annual payments over 20 years. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

### Non-Agricultural (Other) 2018 Tax Levies and Percentage of Total Levy

Taxing Entity	Tax Levy	% of Total Levy
School District 40-1	.011545	54.02%
City of Deadwood	.004989	23.34%
Lawrence County	.004038	18.89%
Sanitary District	.000799	3.74%
Total Mill Levy	.021371	

2018 Non-Agricultural Tax Rate: **21.371 Mills**



The estimated tax increment available to pay for project costs in the Plan can be calculated by multiplying the anticipated tax rate by the increment in valuation. This calculation results in the following tax increments, which become available as taxes are paid for the applicable periods. This plan does not anticipate any additional increment other than those identified in the plan.

#### **OVERALL PROJECTED TAX INCREMENT INCOME**

Built Date	Assessment Date	Taxes Paid	Commercial Increment	Tax Increment
2019	2020	2021	\$1,824,000	
2020	2021	2022	\$1,824,000	
2021	2022	2023		\$35,083
2022	2023	2024		\$70,165
2023	2024	2025		\$70,165
2024	2025	2026		\$70,165
2025	2026	2027		\$70,165
2026	2027	2028		\$70,165
2027	2028	2029		\$70,165
2025	2026	2027		\$70,165
2026	2027	2028		\$70,165
2027	2028	2029		\$70,165
2028	2029	2030		\$70,165
2029	2030	2031		\$70,165
2030	2031	2032		\$70,165
2031	2032	2033		\$70,165
2032	2033	2034		\$70,165
2033	2034	2035		\$70,165
2034	2035	2036		\$70,165
2035	2036	2037		\$70,165
2036	2037	2038		\$35,083
2037	2038	2039		\$70,165
2038	2039	2040		\$70,165
2031	2032	2033		\$70,165
2032	2033	2034		\$70,165
2033	2034	2035		\$70,165
2034	2035	2036		\$70,165
2035	2036	2037		\$70,165
2036	2037	2038		\$70,165

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/30: \$16,663,320

NOTE: Tax increment payments are calculated using 90% of estimated future property valuation and 100% of expected 2018 mill levy.

### **3. PROJECT COSTS** (SDCL § 11-9-13 (3))

The following description is the costs associated with the development of the multi-family housing in the Stage Run Addition. These include site development, utilities, and interior streets, fees, and other costs.

## Tax Incremental District #12 Development Costs

	Development Costs <sup>(1)</sup>	Tax Incremental District Costs <sup>(2)</sup>	Total Costs
<b>Capital Costs</b>			
Removals, Demolition & Mobilization		\$42,000	\$42,000
Sitework & Excavation		\$495,600	\$495,600
Building Construction (38 units)	\$4,037,500		\$4,037,500
Utilities		\$174,500	\$174,500
Interior Streets		\$159,000	
Sub-Total	\$4,037,500	\$871,100	\$4,749,600
Contingency Costs	\$403,750	\$217,775	\$621,525
Capital Cost Total	\$4,441,250	\$1,088,875	\$5,371,125
Professional Fees Engineering	\$87,110		
Financing Costs (only District related) Interest		\$137,684	\$137,684
<b>Administrative Costs</b>			
Organization Costs Project Plan Preparation		\$15,000	\$15,000
<b>Total Costs</b>	<b>\$4,528,360</b>	<b>\$1,241,559</b>	<b>\$5,523,809</b>

<sup>(1)</sup> SDCL § 11-9-16(5) - A list of estimated nonproject costs.

### **District Project Costs** (SDCL § 11-9-14)

The following costs have been identified as eligible costs to be included in the Project Plan.

Kind of Project	Number of Projects	Location	Amount	Reference <sup>(2)</sup>
Capital Costs	5	District	\$1,088,875	11-9-15(1)
Financing Costs	1	District	\$137,684	11-9-15(2)
Real Property Assembly				11-9-15(3)
Professional Fees				11-9-15(4)
Imputed Administrative Costs				11-9-15(5)
Relocation Costs				11-9-15(6)
Organizational Costs		District	\$15,000	11-9-15(7)



Discretionary Costs and Grants			11-9-15(8)
Eligible Project Costs			<b>\$1,241,559</b>

<sup>(2)</sup> 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 increment 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 increment 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 obligations prior to maturity and a reserve for the payment of principal and interest on obligations in an amount determined by the governing body to be reasonably required for the marketability of obligations;
- (3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a district less any proceeds to be received by the municipality from the sale, lease, or other disposition of 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 a district 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 a district, the implementation of project plans, or to stimulate and develop the general economic welfare and prosperity of the state. No payment or grant may be used for any residential structure pursuant to § 11-9-42.

Based on discussion with the City, it was determined that the maximum allowed expenditures would not exceed \$300,000 not including financing costs. This was due the current city debt capacity and potential other City projects. This Project Plan authorizes a \$300,000 of Tax Increment Financing to use for the \$1,103,875 of eligible costs plus financing costs. The remaining balance will be the responsibility of developer.

<b>AUTHORIZE TOTAL CONSTRUCTION COSTS AND FEES .....</b>	<b>\$300,000</b>
<b>ESTIMATED TOTAL ELIGIBLE FINANCING COSTS .....</b>	<b>\$137,684</b>
<b>ESTIMATED TOTAL ELIGIBLE PROJECT COSTS .....</b>	<b>\$437,684</b>

#### **4. FISCAL IMPACT STATEMENT** (SDCL § 11-9-13 (4))

The impact on taxing entities can be derived from determining the tax increment anticipated during the life of the district. The true impact on taxing entities of the Plan is the increase in valuation of the property within the Tax Increment District. The taxing entities are only foregoing that income during the life of the district and will realize that income as soon as the debt from the project costs in the Plan is retired. The purpose of this Plan is to encourage that increase in valuation.

At first glance it may appear that the negative impact on the various taxing entities is notable. But when it is considered that without the use of the Tax Increment Finance proposed in this plan it is very likely that there would be no increase in the taxable value of the property within this District or, at least, any increase would be significantly delayed, the impact can be considered truly positive.



The impact on the various taxing entities after the Tax Incremental District is influenced by the entity's relative share of the total tax levy burden within the District. A specific entity would receive its relative proportion of the estimated annual taxes that would become available to all taxing entities after the Tax Incremental District debt is retired or the District is dissolved, whichever occurs first.

#### NET IMPACT ON TAXING ENTITIES

Year Pd	NA Increment*	School	City	County	Sanitary	Total
2021	\$1,641,600	\$18,952	\$8,190	\$6,629	\$1,312	\$35,083
2022	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2023	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2024	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2025	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2026	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2027	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2028	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2029	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2030	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2031	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2032	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2033	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2034	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2035	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2036	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2037	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2038	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165
2039	\$3,283,200	\$37,905	\$16,380	\$13,258	\$2,623	\$70,165

\*The increment value increase is based on 90% of full and true value.

Estimated Payout for Tax Increment District #12

There is impact on the Lead-Deadwood School Districts but because this Tax Incremental District meets the requirements of SDCL 13-13-10(9) for affordable housing development, the impact is only for the Capital Outlay and Special Education portion of the School District mill levy. The Tax Incremental District retains that portion of the increment that would go to the Lead-Deadwood School Districts; however, the State makes up the difference to the School District to their General Fund. It is estimated that the Tax Increment District #12 will dissolve at the end of 2027.

#### **5. FINANCING METHOD** (SDCL § 11-9-13 (5))

The financing method to be used in the funding of this Plan is to be obtained by the Developer. Since the Developer will be responsible for any principle and interest payments due, it is imperative that adequate growth and improvements are occurring to offset the cost of those improvements. If the tax increment revenues exceed the anticipated loan payments, the debt will be retired early. Deposits made in the Tax Incremental District as taxes are paid on the property

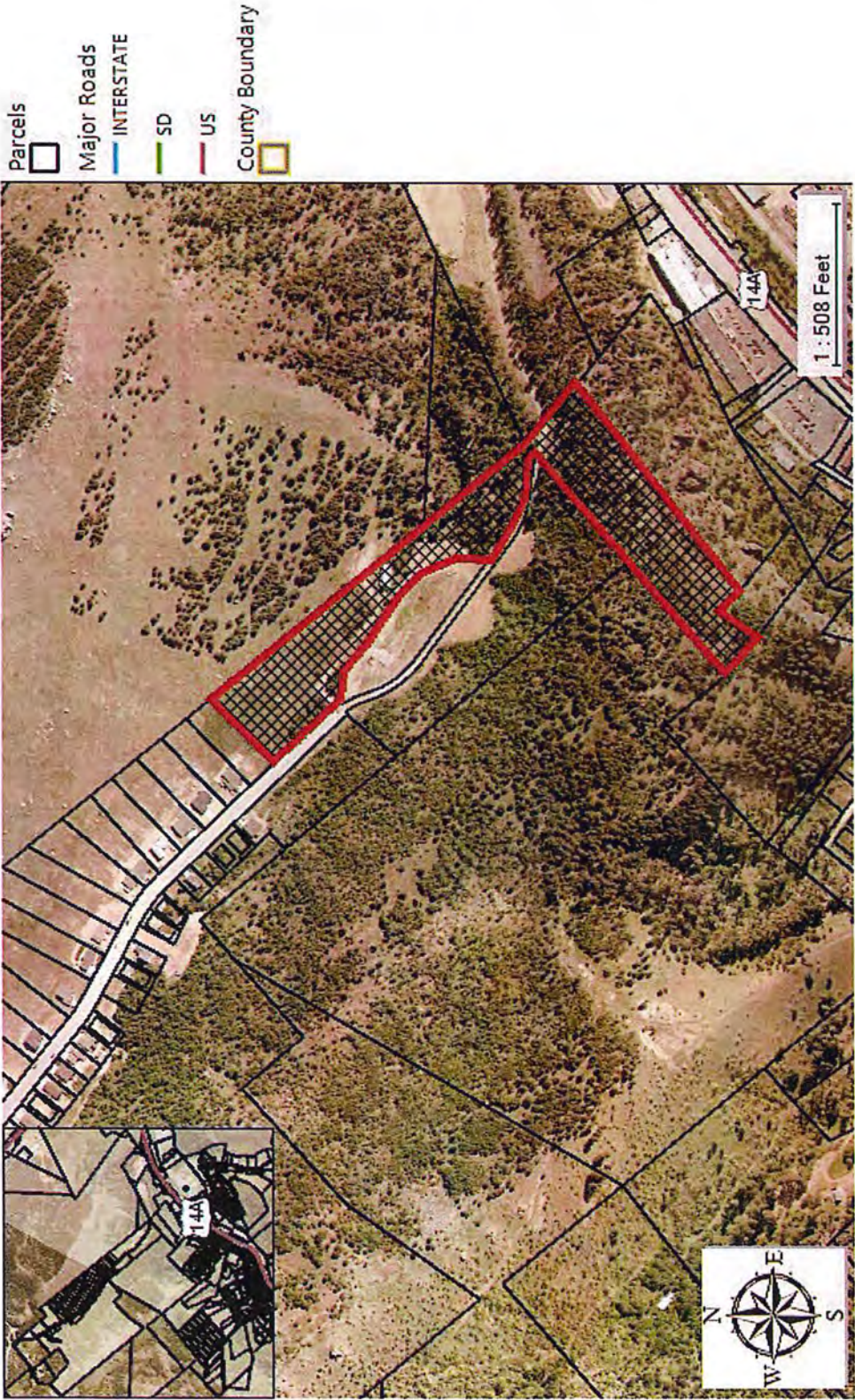


in succeeding years will retire the debt on the Tax Incremental District Project Costs covered in the Plan. The City of Deadwood Finance Officer will make the disbursements from that fund in accordance with this Plan. According to SDCL 11-9-25, positive tax increments will be allocated to that fund until the debt from the project costs is retired or twenty years.

	YEAR 2019	BALANCE FORWARD	PROJECT COST	INTEREST	NEW BALANCE	TIF PAYMENT	CAPITALIZED INTEREST	YEAR END BALANCE
1	2019.1	\$0	\$150,000	\$5,250	\$155,250	\$0	\$5,250	\$155,250
	2019.2	\$155,250	\$150,000	\$10,684	\$315,934	\$0	\$10,684	\$315,934
2	2020.1	\$315,934	\$0	\$11,058	\$326,991	\$0	\$11,058	\$326,991
	2020.2	\$326,991	\$0	\$11,445	\$338,436	\$0	\$11,445	\$338,436
3	2021.1	\$338,436	\$0	\$11,845	\$350,281	\$17,541	\$0	\$332,740
	2021.2	\$332,740	\$0	\$11,646	\$344,386	\$17,541	\$0	\$326,845
4	2022.1	\$326,845	\$0	\$11,440	\$338,284	\$35,083	\$0	\$303,202
	2022.2	\$303,202	\$0	\$10,612	\$313,814	\$35,083	\$0	\$278,731
5	2023.1	\$278,731	\$0	\$9,756	\$288,487	\$35,083	\$0	\$253,404
	2023.2	\$253,404	\$0	\$8,869	\$262,273	\$35,083	\$0	\$227,190
6	2024.1	\$227,190	\$0	\$7,952	\$235,142	\$35,083	\$0	\$200,060
	2024.2	\$200,060	\$0	\$7,002	\$207,062	\$35,083	\$0	\$171,979
7	2025.1	\$171,979	\$0	\$6,019	\$177,998	\$35,083	\$0	\$142,916
	2025.2	\$142,916	\$0	\$5,002	\$147,918	\$35,083	\$0	\$112,835
8	2026.1	\$112,835	\$0	\$3,949	\$116,784	\$35,083	\$0	\$81,702
	2026.2	\$81,702	\$0	\$2,860	\$84,561	\$35,083	\$0	\$49,479
9	2027.1	\$49,479	\$0	\$1,732	\$51,210	\$35,083	\$0	\$16,128
	2027.2	\$16,128	\$0	\$564	\$16,692	\$35,083	\$0	\$0
<b>Totals</b>			<b>\$300,000</b>	<b>\$137,684</b>		<b>\$437,684</b>	<b>\$38,436</b>	



Exhibit #1  
Tax Increment District #12 Boundary





# Exhibit #2 Tax Increment District #12 Zoning Districts

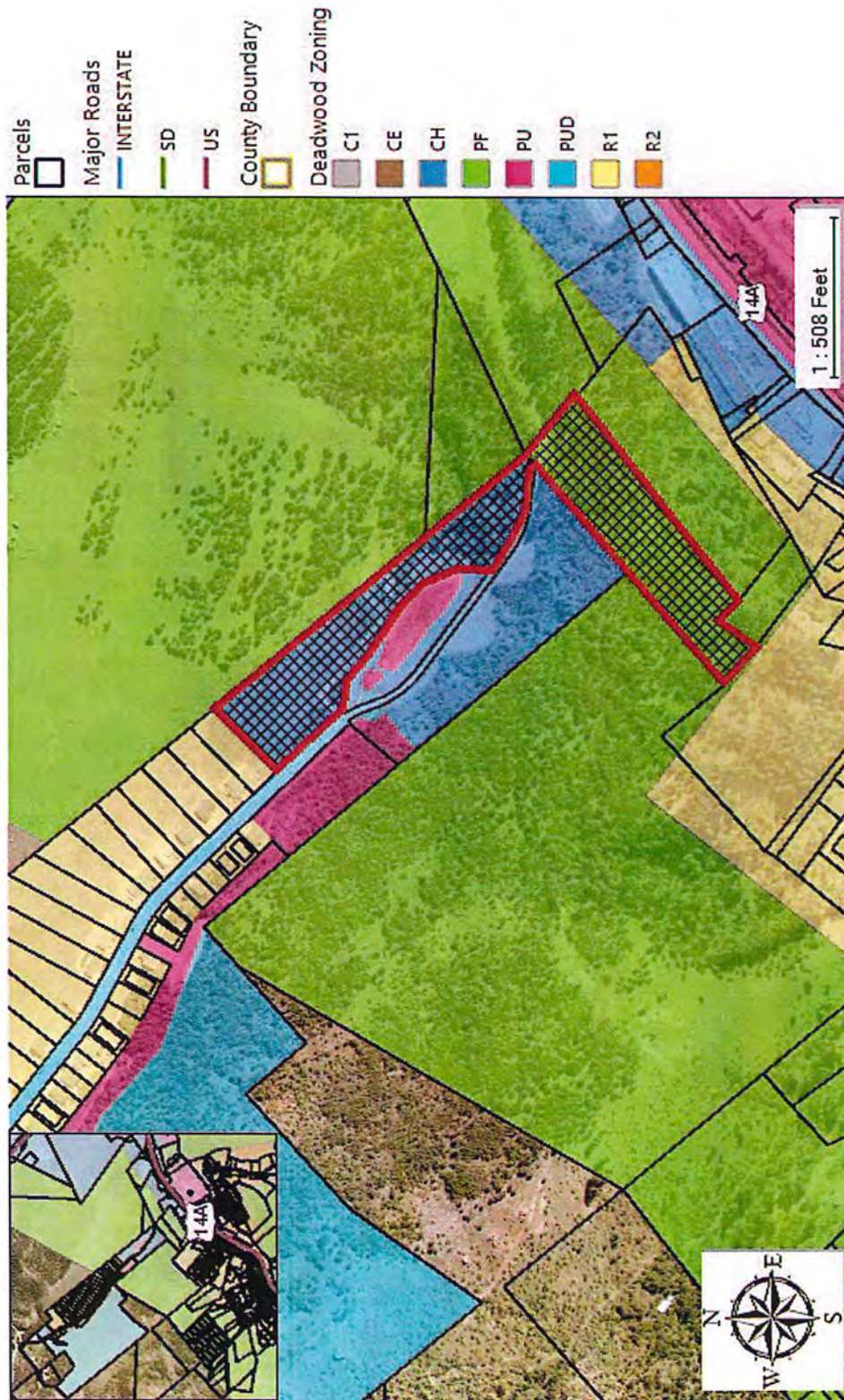
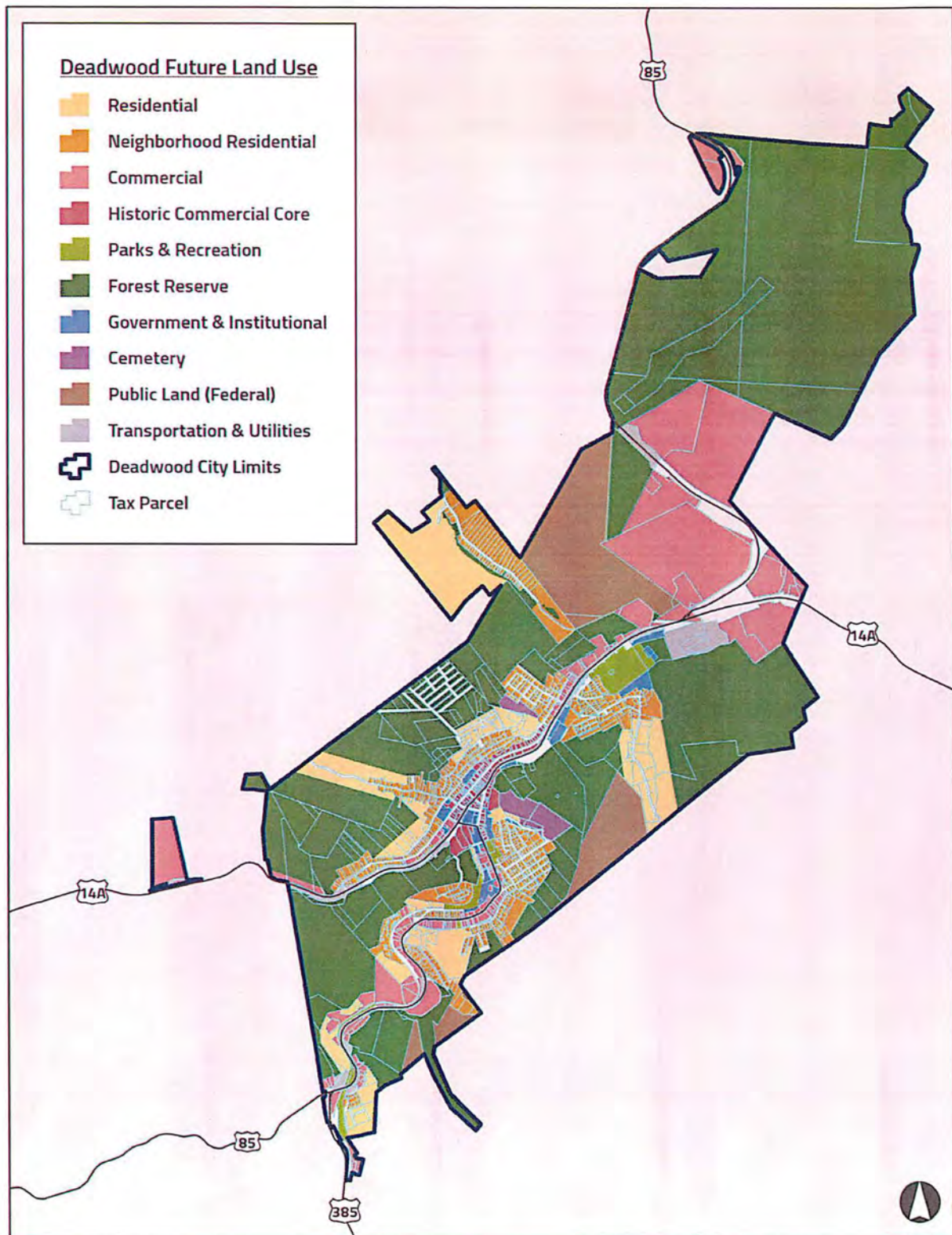




Exhibit #3  
Deadwood Comprehensive Plan Future Land Use Map





[illegible]

**RESOLUTION #\_\_\_\_\_**

**RESOLUTION APPROVING PROJECT PLAN  
FOR TAX INCREMENT DISTRICT #12  
AS SUBMITTED BY THE DEADWOOD PLANNING COMMISSION**

WHEREAS the Deadwood City Commission has determined that it is in the best interest of the City to implement plans which promote economic development and growth in the City. A key component to help with economic development is affordable housing; and

WHEREAS the Commission embraces the concept of Tax Increment Financing as a tool to encourage this desirable growth and redevelopment; and

WHEREAS SDCL 11-9-6 provides for the overlapping of one or more tax incremental districts; and

WHEREAS there has been established Tax Incremental District Number #12, which will overlay Tax Incremental District Number #8, along with additional areas; and

WHEREAS there has been established Tax Increment District Number #12; and

WHEREAS the Commission deems desirable to promote affordable and diversified housing to help with economic development; and

WHEREAS the Project Plan submitted helps make this development feasible by assisting in the development of improvements to promote the multifamily development; and

WHEREAS the use of Tax Increment Funding to promote this development is in keeping within the statutes adopted by the South Dakota State Legislature; and

WHEREAS there has been developed a Project Plan for this Tax Increment District which proposes these improvements; and

WHEREAS the Commission has considered Project Plan submitted by the Planning Commission and determined that the Project Plan for Tax Increment District #12 is economically feasible; and

WHEREAS the Council has further determined that this Project Plan is in conformity with the adopted Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED by the City of Deadwood that Tax Increment District Project Plan for Tax Increment District #12 and is hereby, approved as submitted by the Deadwood Planning Commission.



Dated at Deadwood, Lawrence County, South Dakota, this 6<sup>th</sup> day of May 2019.

CITY OF DEADWOOD

Dave Ruth Jr  
\_\_\_\_\_  
Mayor

ATTEST:

Jessicca McKeown  
\_\_\_\_\_  
Finance Officer

**RESOLUTION #**

**RESOLUTION CREATING TAX INCREMENTAL DISTRICT #12**

WHEREAS the Deadwood City Commission deems it necessary to create a tax incremental district, pursuant to SDCL 11-9-6, that includes real property as more particularly described herein; and,

WHEREAS the property within the following described District meets the qualifications and criteria set forth in SDCL 11-9 for an overlay tax incremental district; and,

WHEREAS the Council finds that:

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
3. The aggregate assessed value of taxable property in the proposed district plus the tax incremental base of all other existing districts does not exceed ten percent (10%) of the total assessed value of property within the City of Deadwood; and

NOW, THEREFORE, BE IT RESOLVED by the City of Deadwood that the real property legally described below shall constitute the final boundaries of Tax Incremental District Number #12:

Lot C2 of Block 1 of Palisade Tract, Deadwood Stage Run Addition, Sections 14 and 23, T5N, R3E, BHM, City of Deadwood, Lawrence County, South Dakota; and

Tract B-1A of Tract B of M.S. 751, Section 23, T5N, R3E, BHM, City of Deadwood, Lawrence County, South Dakota

All Located in the City of Deadwood, Lawrence County, South Dakota including within and adjacent rights-of-ways.

Dated at Deadwood, Lawrence County, South Dakota, this 6<sup>th</sup> day of May 2019.

CITY OF DEADWOOD

Dave Ruth Jr.

\_\_\_\_\_  
Mayor

ATTEST:

Jessicca McKeown

\_\_\_\_\_  
Finance Officer



**CONTRACT FOR PRIVATE DEVELOPMENT  
TAX INCREMENT DISTRICT #12**

THIS AGREEMENT, made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2019, between SECOND STAGE, LLC (herein referred to as "Developer"), a South Dakota limited liability company, and the City of Deadwood, a municipal Corporation and political subdivision of the State of South Dakota.

SECTION 1. The City of Deadwood created Tax Incremental District #12 by Resolution Number \_\_\_\_, on May 6, 2019.

SECTION 2. The City of Deadwood approved the Project Plan for Tax Incremental District #12 by Resolution Number \_\_\_\_, on May 6, 2019.

SECTION 3. The estimated tax incremental base value of property located in Tax Incremental District #12, as recorded by the Lawrence County Director of Equalization, has an aggregate assessed value of \$189,330.

SECTION 4. The Developer will secure financing to fund estimated project costs for construction of costs of site improvements, utility improvements, and interior streets specified in the approved Project Plan authorizes up to **\$300,000** in front-end project costs for repayment utilizing project tax increment revenue receipts. Project funding to be secured by the Developer, anticipated to be in the form of a bond or note, will bear an average interest rate over the life of the loan not to exceed seven percent (7.00%) per annum. Further, borrowed funds secured through third-party financing shall not be eligible for interest rate reimbursement exceeding the actual interest rate charged by the third-party lending source, notwithstanding the maximum interest rate specified above.

Documentation of third-party loan secured by Developer, including amount of principal, interest rate and repayment or amortization schedule, shall be provided to City by Developer. Additionally, both parties acknowledge and agree that loan repayment information, including year-end loan balances, are necessary for City to comply with annual outstanding debt reporting information required by the State of South Dakota, and Developer agrees to provide such required information so that City can prepare such reports in a timely manner.

SECTION 5. Total estimated project costs, as set forth in the approved Project Plan, are as follows:

**Capital Costs**

Removals, Demolition & Mobilization	\$42,000
Sitework & Excavation	\$495,600
Utilities	\$174,500
Interior Streets	\$159,000
Contingency Costs	<u>\$217,775</u>
	\$1,088,875

**Financing Costs (only TIF related)**

Interest (7%)	\$137,684
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**Organization Costs**

TIF Plan Preparation	<u>\$15,000</u>
Sub-Total	\$15,000

<b>ESTIMATED TOTAL ELIGIBLE PROJECT COSTS</b>	<b>\$1,241,559</b>
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SECTION 6. The Developer shall complete construction of project improvements specified in the Project Plan no later than five (5) years from the creation Deadwood Tax Increment District #12. Property contained in Deadwood Tax Increment District #12 is described as follows:

Lot C2 of Block 1 of Palisade Tract, Deadwood Stage Run Addition, Sections 14 and 23, T5N, R3E, BHM, City of Deadwood, Lawrence County, South Dakota; and

Tract B-1A of Tract B of M.S. 751, Section 23, T5N, R3E, BHM, City of Deadwood, Lawrence County, South Dakota

All Located in the City of Deadwood, Lawrence County, South Dakota including within and adjacent rights-of-ways.

Project improvements to be constructed with Tax Increment District funds shall conform to plans and specifications prepared and submitted to the City of Deadwood by the Developer in conjunction with the apartment development project. Official documents of record in this matter shall be those plans and specifications approved by the City in conjunction with issuing any and all project building permits, and these documents shall be maintained in the Planning and Zoning Office. Further, all included site improvements



shall be in full conformity with all applicable state and city codes and ordinances.

All construction activity authorized with the approved Project Plan shall comply with the "State Bid Law" requirements in the same manner in which the City of Deadwood is required to bid and award construction projects. Specifically, it is a condition of this agreement that all provisions of South Dakota law regarding the expenditure of public funds are incorporated herein, and the requirements of Chapter 5-18 of the South Dakota Codified Laws are an integral part of this agreement. The Developer shall provide documentation of compliance with Chapter 5-18 upon the request of the City. In addition, the developer shall coordinate the following:

1. Publication of the Bid Notice and shall provide the City Finance Officer a copy of Affidavit of Publication of this notice;
2. The Bid Opening shall occur in City Hall with the City Finance Officer or designated official compiling the Bid Tab.
3. The Developer shall provide a copy of Notice of Award and Notice to Proceed to the City Finance Officer;
4. The Developer shall provide a copy all contract(s) and change order(s) of all construction activity authorized with the approved Project Plan.

Upon completion of the improvements specified in Section 4, the Developer shall certify to the City Finance Officer that such improvements have been completed and shall certify the amount of money disbursed therefore. The City shall have the right to require reasonable documentation to establish that the amounts set forth in the Tax Increment District #12 Project Plan have been disbursed in payment for the authorized expenditures. Further, the City shall have the right to inspect the premises at reasonable times and at reasonable intervals for the purpose of establishing that the improvements have been completed in a workmanlike manner. Any inspection made by the City pursuant to this provision shall be solely for the purpose of financial administration, and no liability shall accrue to the City arising out of any alleged insufficiency of such inspection.

SECTION 7. All positive tax increments received from Tax Increment District #12 shall, upon receipt by the City, be deposited in a special fund to be known as the "Tax Incremental District #12 Fund." The City shall, within thirty (30) days after receipt of each tax increment payment from the Lawrence County Treasurer, disburse all amounts in the fund to the Developer, or its designee, subject to the following limitation: At no time shall the cumulative total payments from the fund exceed the smaller of: (a) the total amount of Project Costs of \$300,000, as specified in Section 4 of this Agreement; plus all associated financing costs, in an amount not to exceed the interest rate limitation specified in Section 4; or (b) disbursements in the amount certified pursuant to Section 6 of this Agreement; plus all associated financing costs, in an amount not to exceed the interest rate limitation specified in Section 4.

SECTION 8. It is contemplated by the parties to this Agreement that the Developer may assign its interest under this Agreement as security for the note or loan agreement,



or other financing as described in Section 4 hereof. It is understood and agreed, by and between the parties that any such assignment shall be in writing and, if the City shall make disbursement pursuant to such assignment that it shall, to the extent of such disbursement, relieve the City of the obligation to make such disbursement to the Developer.

SECTION 9. The parties agree that time is of the essence of this Agreement.

SECTION 10. It is specifically a condition of this Agreement and a condition of the City's obligation to pay, that all sums payable shall be limited to the proceeds of the positive tax increment from Tax Incremental District #12 receipted into the special fund specified in Section 7 hereof. The obligation of the City to pay pursuant to this 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 herein by reference. It is also specifically agreed that the City has made no representation that the proceeds from such fund shall be sufficient to retire the indebtedness incurred by the Developer under Section 4 hereof. In addition, the Developer specifically agrees to hold the City harmless and indemnify the City regarding any indebtedness incurred herein.

The parties further agree that in addition to provisions of SDCL 11-9-25 defining maximum limits of the duration of positive tax increment payments to the fund created by Section 7 hereof, this Agreement further restricts the life of Tax Incremental District #12 to the earlier of the following:

1. The retirement of all outstanding authorized Tax Incremental District #12 debt, as specified in Section 7 of this Agreement; or
2. Payment of the final positive tax increment payment authorized in the Project Plan specified in Section 2 of this Agreement shall occur no longer than 20 years from date of the creation of the District.

Further, the parties to this Agreement recognize and acknowledge that projected tax increment revenue payments derived in the Project Plan specified in Section 2 of this Agreement utilized estimated property valuations based upon project components and cost estimates provided by the Developer for estimating future tax payments based upon the real property tax structure and taxation rates currently existing in Lawrence County and the City of Deadwood. However, both parties acknowledge that there can be no certainty that future tax rates will be at or above the rates utilized in the Project Plan.

SECTION 11. Per SDCL 13-13-10.10(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, being used by the South Dakota Housing Development Authority, as of the date the district is created, for a minimum of five years following the date of first occupancy." The Developer shall provide documentation detailing the rental rates for each unit for the year. The documentation shall be submitted



to the City Finance Office no later than January 31 of each year and shall submit the documentation each year until five years after the 1<sup>st</sup> unit is occupied. All rents shall be at or below the requirements of SDCL 13-13-10.10(2).

SECTION 12. If one or more provisions of this Agreement shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

SECTION 13. This document, along with the Project Plan for Tax Incremental District #12, constitutes the entire agreement between the parties. No other promises or considerations form a part of this Agreement. All prior discussions and negotiations are merged into these documents or intentionally omitted. In the event of a conflict between the Project Plan and this Agreement, this Agreement shall be controlling.

SECTION 14. This Agreement shall be construed and the parties' actions governed by the laws of the State of South Dakota. Any dispute arising out of or related to this Agreement shall be litigated in the Seventh Judicial Circuit Court for the State of South Dakota, located in Deadwood, Lawrence County, South Dakota.

Dated at Deadwood, Lawrence County, South Dakota, this \_\_\_ day of \_\_\_\_\_ 2019.

City of Deadwood

Stage Run Properties, LLC

\_\_\_\_\_  
Dave Ruth, Jr.  
Mayor

\_\_\_\_\_  
Scot Munro, Member

ATTEST:

\_\_\_\_\_  
Jessica McKeown  
Finance Officer