

City Council



Agenda Item

Subject: Tax Increment Financing District Number 20:
1. Approval of Resolution No. 22-29, Adopting the Boundaries and Approving the Project Plan for Tax Increment Financing District No. 20, generally located south of US Highway 212 and west of Roby Creek, for Economic Development
2. Authorization for the City Manager to sign the Development Agreement between the City of Watertown and Sinclair Land & Cattle, LLC, for Tax Increment District No. 20

Meeting: City Council - Aug 01 2022

From: Heath VonEye, Public Works Director

BACKGROUND INFORMATION:

The Boundaries and Project Plan for Tax Increment Financing District No. 20 were previously adopted and approved at the June 6th, 2022 City Council Meeting. This item is before Council for approval as amendments were made to the Project Plan along with the authorization for the City Manager to sign and enter into the the Development Agreement between the City of Watertown and Sinclair Land & Cattle, LLC, for Tax Increment District No. 20. The following changes were made to the TIF Plan:

1. Project costs increased from \$9.0MM to \$13.0MM
2. This also effected expected revenues and the table for expected revenues was updated to reflect that change, as well as the dates.
3. An amortization schedule was included for financing costs that were also included in the new additional project costs.
4. Projects costs are now being specifically defined as "Discretionary costs and grants" as allowed under SDCL.
5. A more specific timeline has been provided to show project completions on page 13.
6. Verbiage has been added regarding an "Annual Appropriations of Incremental Revenue" as suggested by Toby Morris.

The following information was included in the June 6th, 2022 City Council agenda:

As set forth in South Dakota Codified Law, Chapter 11-9, a local government can designate a specific area within its boundaries as a redevelopment area appropriate for TIF district and prepare a plan for development. TIF projects must be approved by the City Planning Commission and the City Council.

The City of Watertown has been requested to assist in a major development project by creating a Tax Increment Financing District to fund a portion of eligible site improvements at property located at what is referred to as "Sinclair Square" in Watertown. The Watertown Development Company, later referred throughout this document as "WDC", is making the request on behalf of Sinclair Land & Cattle, who is the primary owner of the development property. The developer is Crestone Companies.

Tax Increment Financing District No. 20 is a proposed district of economic development that will be created to assist with the costs of infrastructure and other expenses needed to prepare the area for

the development of commercial businesses, and beautification of the drainage ditch, sewer, and pump station area, as well as extension of 11th Street SE to 10th Avenue SE.

The district is expected to result in approximately ~~\$9.0~~ 13 million dollars in investment over a three-year time frame. The development will prepare for the extension of 11th Street SE, provide improvements to the drainage ditch area, and the construction of four commercial buildings; one bank, two strip malls, and a building annex.

The primary objective of TIF District No. 20 is to support economic development in northeast South Dakota. The development is expected to create jobs, fill needed positions for area employers, and provide site improvements which in turn are expected to enhance Watertown's ability to encourage future growth by attracting workforce and new businesses.

Eligible expenses are intended to be expended as allowed by SDCL 11-9-32 by the Developer. The total TIF Eligible Costs are ~~\$2,506,269~~, approximately \$3,000,000. The estimated Tax Increment Revenue is ~~\$2,531,644~~ approximately \$3,000,000. The property payout is calculated to be 20 years. All obligations of the City are subject to creation of the District and the Development Agreement becoming effective.

A combination of private investment and tax increment financing will assist in the progress toward the following objectives for the City of Watertown:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City.
- To redevelop the area in a manner which is compatible with and complementary to unique circumstances in the area.
- To effectively utilize undeveloped land.
- To improve areas that are likely to significantly enhance the value of all property in the district, and
- To contribute to increased revenues for all taxing entities.

TIF District No. 20 is a site-specific TIF District. In this type of transaction, the local government (City of Watertown) provides a financing commitment to a Developer or the developer's lender on the project to pay up to a maximum amount of future TIF revenue, arising only from the Project itself.

This developer is pursuing financing through a local lender for this development. There shall be no advances by the City of Watertown for this project. The payment of the Estimated Project Costs is expected to be made by the City to the developer or its assignees, from the special fund set aside for the Tax Increment Financing District. SDCL 11-9-30(1). Pursuant to the Developer's Agreement with the City of Watertown. Public-sector risk is extremely limited in this type of TIF District because the TIF funding commitment is only supported by a pledge of site-specific revenues to the extent they materialize. Therefore, if the Project is only partially completed and TIF revenues are less than projected, the developer will simply receive less in payments than originally hoped and be responsible for making up the shortfall.

As confirmed with the Codington County Auditor, the 2020 Taxes Payable value for the City of Watertown is **\$1,729,064,855.00**. The base value of the taxable property for inclusion into this Tax Increment Financing District No. 20, as estimated but not yet verified by S.D. Department of Revenue, is \$2,487,909.00.

The total current base value of all active and inactive TIF Districts in the City of Watertown is ~~\$13,155,821.00~~ \$13,256,109.00. Using the estimates provided for TIF District No. 20, the value of all

existing Tax Increment Financing Districts combined is less than 10% of the total 2020 Taxable Valuation.

The Plan Commission recommended approval at the May 19th, 2022 meeting (5-0).

Applicable **State Statutes** regarding the establishment of Tax Increment Financing Districts are included below for informational purposes only:

SDCL 11-9-4. Recommendation by planning commission for creation of district--Designation of boundaries.

The planning commission shall designate the boundaries of a district that the planning commission recommends be created. The planning commission shall submit the recommendation to the governing body.

SDCL 11-9-5. Governing body resolution creating district--Boundaries--Names.

The governing body shall adopt a resolution that:

1. Describes the boundaries, which may be the same as those recommended by the planning commission, of a district with sufficient definiteness to identify with ordinary and reasonable certainty the territory included. The boundaries may not split a whole unit of property that is being used for a single purpose;
2. Creates the district on a given date;
3. Assigns a name to the district for identification purposes. The first district created in each municipality shall be known as "Tax Increment Financing District Number One, City of Watertown." Each subsequently created district shall be assigned the next consecutive number.

SDCL 11-9-8. Required findings in resolution creating district.

The resolution required by SDCL 11-9-5 shall contain the following findings:

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 development; and
2. The improvement of the area is likely to significantly enhance the value of substantially all other real property in the district.
3. It is not necessary to identify the specific parcels meeting the criteria. No county may create a district located, in whole or in part, within a municipality, unless the governing body of the municipality has consented to creation of a district by resolution.

SUGGESTED MOTION:

1. I move to approve Resolution No. 22-29, Adopting the Boundaries and Approving the Project Plan for Tax Increment Financing District No. 20, generally located south of US Highway 212 and west of Roby Creek, for Economic Development
2. I authorize the City Manager to sign the Development Agreement between the City of Watertown and Sinclair Land & Cattle, LLC, for Tax Increment District No. 20

STAFF REFERENCE(S):

Brandi Hanten

ATTACHMENT(S):

[Tax Increment Financing District 20 Sinclair Square](#)

[Boundary Map](#)

[Landscape Plan](#)

[Resolution No. 22-29](#)

**City of Watertown, S.D.
Tax Increment Financing District
Plan No. 20**

Sinclair Square

**Crestone Companies
Developer**

**Prepared by:
Traci Stein, CEDFP
Watertown Development Company
May 19th, 2022**

Table of Contents

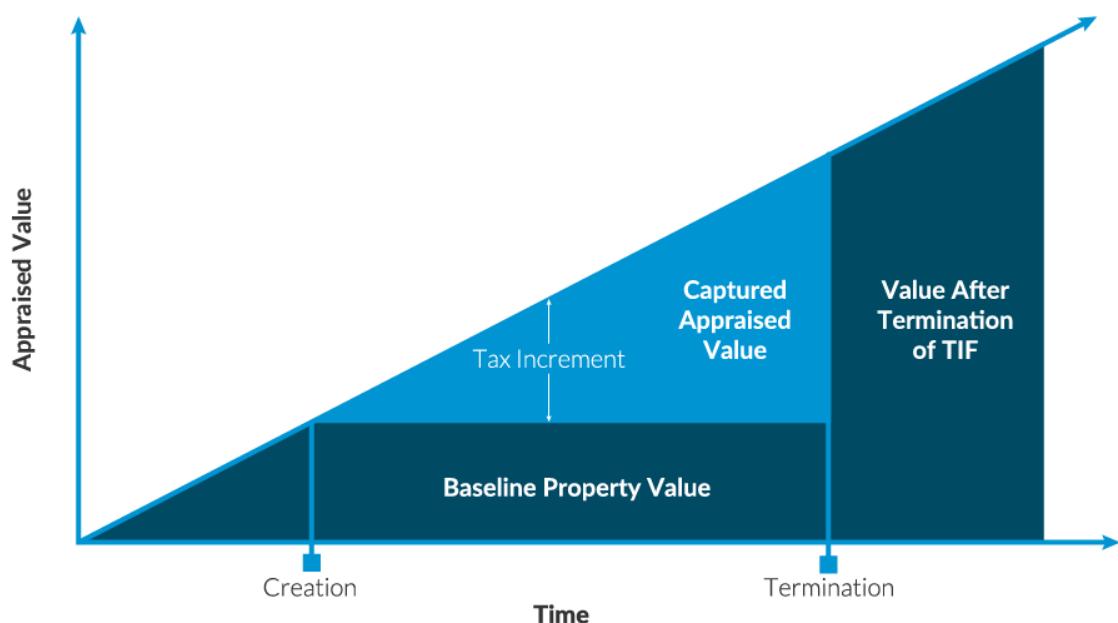
<i>Introduction, Summary, and Purpose</i>	4
<i>Project Plan Requirements – Contents as per SDCL § 11-9-13</i>	6
The Kind, Number, and Location of All Proposed Public Works or Improvements Within the District;.....	6
Economic Feasibility Study	6
Detailed List of Estimated Project Costs.....	6
Fiscal Impact Statement	6
Description of Methods of Financing.....	6
Additional contents of project plan. The project plan for each District shall also include SDCL § 11-9-16:	6
(1) A map showing the existing uses and conditions of real property in the district;	6
(2) A map showing the proposed improvements and uses;.....	6
(3) A map showing the proposed changes of zoning ordinances;.....	6
(4) A statement listing changes needed in the master plan, map, building codes, and municipal ordinances;.	6
(5) A list of estimated non-project costs; and.....	6
(6) A statement of a proposed method for the relocation of persons to be displaced.	6
<i>Proposed Tax Increment Financing District No. 20 Location</i>	7
<i>Schedule 1: Statement of the Kind, Number and Location of All Proposed Public Works or Improvements Within the District SDCL 11-20-13(1)</i>	9
Capital Costs / Real Property Assembly Costs 11-9-15(1)	9
Property, Right of Way and Easement Acquisition	9
Acquisition of Easements.....	9
Demolition.....	9
Site Grading.....	10
Sanitary Sewer System Improvements.....	10
Water System Improvements	10
Stormwater Management System Improvements	10
Electric Service	10
Gas Service.....	10
Communication Infrastructure	10
Street Improvements	11
Streetscaping and Landscaping	11
Financing Costs SDCL 11-9-15(2)	11
Professional Service Costs SDCL 11-9-15(4)	11
Imputed Administrative Costs SDCL 11-9-15(5)	11
Organizational Costs SDCL 11-9-15(7)	11
Environmental Audits and Remediation	11
<i>Schedule 1: Maximum Amount of Tax Increment Revenue</i>	13

<i>Schedule 2: Economic Feasibility Study</i>	14
Definitions.....	14
Key Assumptions	15
Financing and Implementation.....	15
Annual Appropriations of Incremental Revenue	16
<i>Schedule 3: Detailed List of All Project Costs</i>	17
<i>Schedule 4: Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions</i>	19
<i>Schedule 5: Method of Financing</i>	20
<i>Taxable Value of City of Watertown</i>	21
Maximum Percentage of Taxable Property in Municipality Permitted in District.....	21
<i>Additional Contents of Project Plan as Required by SDCL 11-9-16(1)</i>	22
Existing Uses and Conditions of Real Property Map SDCL 11-9-16(1).....	22
Proposed Improvements and Uses Map SDCL 11-9-16(2)	23
Proposed Changes on Zoning Ordinances SDCL 11-9-16(3)	24
Changes to City Comprehensive/Master Plan Map, Building Codes and City Ordinances SDCL 11-9-16(4)	24
<i>Estimated Non-Eligible Project Costs 11-9-16(5)</i>	25
<i>Statement of a Proposed Method for The Relocation of Persons to Be Displaced 11-9-16(6)</i>	25
<i>TIF District No. 20 Classification</i>	26
Summary of Findings	27
<i>Required Findings in Resolution Creating District</i>	28
Economic Development Analysis of City of Watertown TIF District No. 20.....	28
<i>Definitions Used in This Plan</i>	29

Introduction, Summary, and Purpose

Tax increment financing (TIF) is an incentive utilized by local governments to attract private development and investment. New investment creates new jobs, more customers, and in turn, more investment opportunity. TIF can also retain existing businesses that might otherwise find more attractive options elsewhere. The jobs and additional investment, both private and public, mean more revenue for the community. TIF helps to overcome the extraordinary costs that often prevent redevelopment and private investment from occurring in difficult to develop areas of the community. As a result, the TIF District itself improves and property values increase.

In Watertown, TIF funding has been used for the following purposes: to encourage the redevelopment of deteriorated, or otherwise blighted real property; to stimulate economic development in the community by assisting projects that promote the long term economic vitality of Watertown; and, to stimulate increased private investment in areas that would have otherwise remained undeveloped or under-developed and which will, in the long term, provide a significant source of additional tax revenues to all taxing entities.



As set forth in South Dakota Codified Law, Chapter 11-9, a local government can designate a specific area within its boundaries as a redevelopment area appropriate for TIF district and prepare a plan for development. TIF projects must be approved by the City Planning Commission and the City Council.

The City of Watertown has been requested to assist in a major development project by creating a Tax Increment Financing District to fund a portion of eligible site improvements at property located at what is referred to as "Sinclair Square" in Watertown. The Watertown Development Company, later referred throughout this document as "WDC," is making the request on behalf of Sinclair Land & Cattle, who is the primary owner of the development property. The developer is Crestone Companies.

This Plan was prepared for adoption by the Watertown City Planning Commission and the Watertown City Council in recognition that the area requires a coordinated cooperative strategy, with financing possibilities, and accomplish the City's development objectives for improving the continued viability of Watertown.

The purpose of this Plan, to be implemented by the City of Watertown, is to satisfy the requirements for Tax Increment Financing District No. 20, as specified in [SDCL Chapter 11-9. There are 11 mandated requirements](#), each to be addressed in this Plan.

By utilizing Tax Increment Financing, proceeds from anticipated increases in property taxes can be used to fund necessary and eligible improvements at the Project Site. The District is being created by the City of Watertown under the authority provided by [SDCL 11-9](#) and will be designated as "Economic Development" district.

Tax Increment Financing District No. 20 is a proposed district of economic development that will be created to assist with the costs of infrastructure and other expenses needed to prepare the area for the development of commercial businesses, and beautification of the drainage ditch, sewer, and pump station area, as well as extension of 11th Street SE to 10th Avenue SE.

Sinclair Land & Cattle owns the property within the boundary and will contract with Crestone Companies to prepare and construct the area. The development is expected to be financed by a local lender.

The district is expected to result in approximately \$13.0 million dollars in investment over a five-year timeframe. The development will prepare for the extension of 11th Street SE, provide improvements to the drainage ditch area, and the construction of four commercial buildings; one bank, two strip malls, and building annex.

The district is estimated to produce tax incremental revenue of \$3.0 MM over the 20-year life of the TIF District.

The Project Costs included in this Project Plan relate directly to promoting economic development in the district that is consistent with the purpose for which the district was created.

The primary objective of TIF District No. 20 is to support economic development in northeast South Dakota. The development is expected to create jobs, fill needed positions for area employers, and provide site improvements which in turn are expected to enhance Watertown's ability to encourage future growth by attracting workforce and new businesses.

A combination of private investment and tax increment financing will assist in the progress toward the following objectives for the City of Watertown:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City.
- To redevelop the area in a manner which is compatible with and complementary to unique circumstances in the area.
- To effectively utilize undeveloped land.
- To improve areas that are likely to significantly enhance the value of all property in the district, and
- To contribute to increased revenues for all taxing entities.

Project Plan Requirements – Contents as per SDCL § 11-9-13

SDCL states that the planning commission shall adopt a project plan for each district and submit the plan to the governing body.

The purpose of this Plan, to be implemented by the City of Watertown, is to satisfy the requirements for Tax Increment Financing District No. 20, as specified in [SDCL Chapter 11-9](#). There are 11 mandated requirements, each to be addressed in this Plan:

The Kind, Number, and Location of All Proposed Public Works or Improvements Within the District; Included as [Schedule 1](#) is the kind, number, and location of all proposed public works or improvements within the district [SDCL § 11-9-13\(1\)](#).

Economic Feasibility Study included as [Schedule 2](#) is an Economic Feasibility Study per [SDCL § 11-9-13\(2\)](#)

Detailed List of Estimated Project Costs Included as [Schedule 3](#) is a detailed list of estimated Project Costs for the project as per [SDCL § 11-9-13\(3\)](#).

Fiscal Impact Statement Included as [Schedule 4](#) is a Fiscal Impact Statement showing the impact of the Tax Increment Financing District upon all entities levying property taxes in the district. Required as per [SDCL § 11-9-13\(4\)](#).

Description of Methods of Financing SDCL § 11-9-13(5). Included as [Schedule 5](#) is a description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred.

Additional contents of project plan. The project plan for each District shall also include SDCL § 11-9-16:

- (1) [A map showing the existing uses and conditions of real property in the district;](#)
- (2) [A map showing the proposed improvements and uses;](#)
- (3) [A map showing the proposed changes of zoning ordinances;](#)
- (4) [A statement listing changes needed in the master plan, map, building codes, and municipal ordinances;](#)
- (5) [A list of estimated non-project costs; and](#)
- (6) [A statement of a proposed method for the relocation of persons to be displaced.](#)

Proposed Tax Increment Financing District No. 20 Location

The proposed location of the TIF District is in an area that is currently prohibitive of development.

Legal Description:

THAT PORTION OF OUTLOT D IN LOT 3 AND IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER (SE1/4NW1/4) OF SECTION 5, T116N, R52W OF THE 5TH P.M., CITY OF WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA, LYING NORTH OF STREET LOT NO. 1 ADDITION IN SECTION 5, T116N, R52W OF THE 5TH P.M. CITY OF WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA; EXCEPT THE WEST 370' THEREOF; AND EXCEPT THE EAST 146' THEREOF; AND LOTS 5, 6, 7, 8, 9, 10, 11 AND 12 IN DONAHUE'S ADDITION TO WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA LESS LOT H1 AND LOT H2 CONTAINED THEREIN; AND OUTLOT B IN LOT 3 AND IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER (SE1/4NW1/4) OF SECTION 5, T116N, R52W OF THE 5TH P.M., CITY OF WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA, LESS LOT H1 CONTAINED THEREIN; AND ALL THAT PORTION OF THE RIGHT OF WAY DESCRIBED BY METES AND BOUNDS DESCRIPTION AND SHOWN ON THE PLAT MAP RECORDED IN BOOK 91 OF DEEDS ON PAGES 10 AND 11 ACQUIRED FOR DRAINAGE DITCH, SEWER, AND PUMPING STATION LYING NORTH OF STREET LOT NO. 1 ADDITION IN SECTION 5, T116N, R52 WEST OF THE 5TH P.M., CITY OF WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA; LESS LOT PE1; LESS LOT H1; AND LESS LOT H2 CONTAINED THEREIN.

Schedule 1: Statement of the Kind, Number and Location of All Proposed Public Works or Improvements Within the District [SDCL 11-20-13\(1\)](#)

Project costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred as outlined in this Plan. Project Costs will be diminished by any income, special assessments, or other revenues, including user fees or charges.

With all Project Costs, the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating ordinances and plans, judgements or claims for damages and other expenses are included as Project Costs.

The following is a list of public works and other tax increment financing eligible costs that the Developer expects to make, or may need to make, in conjunction with the implementation of the District's Plan. The maps found in this document along with a [Detailed List of Project Costs](#) included as Schedule 3 of this Plan provide additional information as to the kind, number, and location of potential Project Costs.

[Capital Costs / Real Property Assembly Costs 11-9-15\(1\)](#)

Include 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;

Property, Right of Way and Easement Acquisition

The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred to make the property suitable for development. Any revenue received by the Developer from the sale of property acquired pursuant to the execution of this Plan will be used to reduce total Project Costs of the District. If Total Project Costs incurred by the Developer to acquire the property and make it suitable for development exceeded the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in [SD 11-9-15\(3\)](#)

Acquisition of Easements

The Developer may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, alleyways, utilities, stormwater management practices and other public infrastructure. Costs incurred by the Developer to identify, negotiate, and acquire easement rights are eligible Project Costs.

Demolition

To make the site suitable for development, the Developer will incur costs related to demolition and removal of structures or other land improvements, to include abandonment of existing utility services.

Site Grading

Land within the District may require grading to make it suitable for development, to provide access, and to control stormwater runoff. The Developer may need to remove and dispose of excess material or bring in fill material to provide for proper site elevations. Expenses incurred by the Developer for site grading are eligible Project Costs.

Sanitary Sewer System Improvements

There may be inadequate sanitary sewer facilities serving the district. To allow development to occur, the Developer will need to construct, alter, rebuild, or expand sanitary sewer infrastructure within and outside of District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of collection mains; utility access holes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; and all related appurtenances.

Water System Improvements

There may be inadequate water distribution facilities servicing the district. To allow development to occur, the Developer will need to construct, alter, rebuild, or expand water system infrastructure within the district. Eligible Project Cost include, but are not limited to, construction, alterations, rebuilding or expansion of distribution mains, utility access holes and valves, hydrants, service laterals, pumping stations, and all related appurtenances.

Stormwater Management System Improvements

To manage stormwater runoff, the Developer will need to construct, alter, rebuild, or expand stormwater management infrastructure within the district. Examples of eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of stormwater collection mains, utility access holes and valves, service laterals.

Electric Service

To create a site suitable for development the Developer may incur costs to provide, relocate, or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the Developer to undertake this work are eligible Project Costs.

Gas Service

To create sites suitable for development the Developer may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the Developer to undertake this work are eligible Project Costs.

Communication Infrastructure

To create sites suitable for development the Developer may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to telephone lines, cable lines, and fiber optic cable. Costs incurred by the Developer to undertake this work are eligible Project Costs.

Street Improvements

There are inadequate street improvements serving areas of the proposed District. To allow development to occur, the Developer may need to construct or reconstruct streets, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

To attract development consistent with the objectives of this Plan, the Developer may install amenities to enhance the development site, right-of-way, and other public space. These amenities include but are not limited to: Landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles, and related items; and installation of brick or other decorative walks, terraces, and street crossings. These and any other similar amenities installed by the Developer are eligible Project Costs.

Financing Costs [SDCL 11-9-15\(2\)](#)

Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken in this Plan are eligible Project Costs.

Professional Service Costs [SDCL 11-9-15\(4\)](#)

The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the district, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include but are not limited to architectural; environmental; planning; engineering; legal; audit; financial.

Imputed Administrative Costs [SDCL 11-9-15\(5\)](#)

The Developer may charge to the district as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, a City Administrative Fee.

Organizational Costs [SDCL 11-9-15\(7\)](#)

The Developer may charge to the district as eligible Project Costs the costs of informing the public with respect to the creation of the district and the implementation of the Plan.

Environmental Audits and Remediation

If it becomes necessary to evaluate any land or improvement within the district, any cost incurred by the Developer related to site surveys, environmental audits, soil boring testing and remediation are eligible Project Costs.

For the purpose of this plan, project costs are defined below to the developer as discretionary costs and grants under SDCL 11-9-15(8):

Kind of Project	Location	Amount	Reference
Capital	District	0	11-9-15(1)
Financing	District	0	11-9-15(2)
Real Property	District	0	11-9-15(3)
Professional Fees	District	0	11-9-15(4)
Administrative Costs	District	0	11-9-15(5)
Relocation Costs	District	0	11-9-15(6)
Organization Costs	District	0	11-9-15(7)
Discretionary Costs and Grants	District	\$3,068,312.00	11-9-15(8)
Eligible Project Costs		\$3,068,312.00	

Schedule 1: Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue to be paid through Tax Increment Financing District No.20 shall be an amount sufficient to reimburse the Developer for most of the project costs, but not to exceed the total tax increment revenue generated by the Tax Increment District in 20 years. At the time of the creation of TIF District No. 20, the total amount of tax increment revenue estimated to be generated within 20 years is approximately \$3.0 MM, but the amount could be lower or higher. The final terms and conditions will be set forth in the Developer's Agreement with the City of Watertown.

Construction Year	Valuation Year	Revenue Year	Taxable	Total Mill Rate	PROPERTY TAX REVENUE	Frozen Base Property Value Taxes Payable	Amount Available for Debt Service (less base value amount)
2022	2023	2024	\$2,199,967.45	\$ 0.01687	\$ 37,113.45	38,805.68	\$ -
2023	2024	2025	\$3,312,491.86	\$ 0.01687	\$ 55,881.74	38,805.68	\$ 17,076.06
2024	2025	2026	\$6,624,983.73	\$ 0.01687	\$ 111,763.48	38,805.68	\$ 72,957.80
2025	2026	2027	\$9,937,475.59	\$ 0.01687	\$ 167,645.21	38,805.68	\$ 128,839.53
2026	2027	2028	\$13,249,967.45	\$ 0.01687	\$ 223,526.95	38,805.68	\$ 184,721.27
2027	2028	2029	\$13,249,967.45	\$ 0.01687	\$ 223,526.95	38,805.68	\$ 184,721.27
2028	2029	2030	\$13,316,217.29	\$ 0.01687	\$ 224,644.59	38,805.68	\$ 185,838.91
2029	2030	2031	\$13,382,798.37	\$ 0.01687	\$ 225,767.81	38,805.68	\$ 186,962.13
2030	2031	2032	\$13,449,712.37	\$ 0.01687	\$ 226,896.65	38,805.68	\$ 188,090.97
2031	2032	2033	\$13,516,960.93	\$ 0.01687	\$ 228,031.13	38,805.68	\$ 189,225.45
2032	2033	2034	\$13,584,545.73	\$ 0.01687	\$ 229,171.29	38,805.68	\$ 190,365.61
2033	2034	2035	\$13,652,468.46	\$ 0.01687	\$ 230,317.14	38,805.68	\$ 191,511.46
2034	2035	2036	\$13,720,730.80	\$ 0.01687	\$ 231,468.73	38,805.68	\$ 192,663.05
2035	2036	2037	\$13,789,334.46	\$ 0.01687	\$ 232,626.07	38,805.68	\$ 193,820.39
2036	2037	2038	\$13,858,281.13	\$ 0.01687	\$ 233,789.20	38,805.68	\$ 194,983.52
2037	2038	2039	\$13,927,572.53	\$ 0.01687	\$ 234,958.15	38,805.68	\$ 196,152.47
2038	2039	2040	\$13,997,210.40	\$ 0.01687	\$ 236,132.94	38,805.68	\$ 197,327.26
2039	2040	2041	\$14,067,196.45	\$ 0.01687	\$ 237,313.60	38,805.68	\$ 198,507.92
2040	2041	2042	\$14,137,532.43	\$ 0.01687	\$ 238,500.17	38,805.68	\$ 199,694.49
							\$ 3,093,459.56

In the table below, a timeline has been provided to show when projects are proposed to be completed and when incremental revenues are expected for each project.

		Construction Year	Valuation Year	Revenue Year	Project 1	Project 2	Project 3	Project 4	Total Amount Available for D/S
Project 1	\$2,000,000.00	2022	2023	2024	\$28,679.00				\$0.00
Estimated Assessed Value	\$1,700,000.00		2023	2024					\$28,679.00
Estimated Annual Tax Revenue	\$28,679.00		2024	2025	\$28,679.00	\$71,697.500			\$100,376.50
Year Built		2023		2025	\$28,679.00	\$71,697.000	\$43,018.500		\$143,394.50
				2026	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Project 2	\$5,000,000,000	2027	2028	2029	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Estimated Assessed Value	\$4,250,000,000	2028	2029	2030	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Estimated Annual Tax Revenue	\$71,697.500	2029	2030	2031	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Year Built		2024	2030	2031	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
				2031	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Project 3	\$3,000,000,000	2032	2033	2034	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Estimated Assessed Value	\$2,550,000,000	2033	2034	2035	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Estimated Annual Tax Revenue	\$43,018.500	2034	2035	2036	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Year Built		2025	2035	2036	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
				2036	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Project 4	\$3,000,000,000	2037	2038	2039	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Estimated Assessed Value	\$2,550,000,000	2038	2039	2040	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Estimated Annual Tax Revenue	\$43,018.500	2039	2040	2041	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
Year Built		2026	2040	2041	\$28,679.00	\$71,697.000	\$43,018.500	\$43,018.50	\$186,413.00
					\$516,222.00	\$1,218,849.500	\$688,296.00	\$645,277.50	\$3,068,645.00

Schedule 2: Economic Feasibility Study

The table below establishes the current Base Value of the property located in the proposed TIF District No. 20 and estimated incremental tax revenue.

Year	Projected Tax Increment	School District	County	City
2022	\$0.00	\$0.00	\$0.00	\$0.00
2023	\$17,076.06	\$11,567.32	\$3,186.39	\$2,530.67
2024	\$72,957.80	\$49,421.61	\$13,613.92	\$10,812.35
2025	\$128,839.53	\$87,275.90	\$24,041.46	\$19,094.02
2026	\$184,721.27	\$125,130.19	\$34,468.99	\$27,375.69
2027	\$184,721.27	\$125,130.19	\$34,468.99	\$27,375.69
2028	\$185,838.91	\$125,887.27	\$34,677.54	\$27,541.33
2029	\$186,962.13	\$126,648.15	\$34,887.13	\$27,707.79
2030	\$188,090.97	\$127,412.82	\$35,097.77	\$27,875.08
2031	\$189,225.45	\$128,181.32	\$35,309.47	\$28,043.21
2032	\$190,365.61	\$128,953.66	\$35,522.22	\$28,212.18
2033	\$191,511.46	\$129,729.86	\$35,736.04	\$28,382.00
2034	\$192,663.05	\$130,509.95	\$35,950.92	\$28,552.66
2035	\$193,820.39	\$131,293.93	\$36,166.89	\$28,724.18
2036	\$194,983.52	\$132,081.84	\$36,383.93	\$28,896.56
2037	\$196,152.47	\$132,873.68	\$36,602.05	\$29,069.80
2038	\$197,327.26	\$133,669.49	\$36,821.27	\$29,243.90
2039	\$198,507.92	\$134,469.27	\$37,041.58	\$29,418.87
2040	\$199,694.49	\$135,273.05	\$37,262.99	\$29,594.72
Total	\$3,093,459.56	\$2,095,509.50	\$96,206.59	\$76,408.45

*Actual Taxable Valuation will depend upon the value determined by the Codington 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 TIF District. The potential for total increment collections is estimated to be at the maximum range of approximately \$3.0 MM covering a span of captured tax years not to exceed 20. Collection at 100% development completion is anticipated to begin in 2028, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

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 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 Value means the taxes collected on the base value before improvements to the property are made.

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

Amount Available for Debt Service means the increase in property tax revenue less the **Base Value**.

Tax Increment Financing District means City of Watertown, Tax Increment Financing District No. 20.

Taxing Districts means all political subdivisions of the state which have ad valorem taxing power over property within the boundaries of the referenced Tax Increment Financing District No. 20.

Tax Increment Revenues means all revenues above the Base Revenues.

Key Assumptions

1. The property will have improvements which at completion will be valued for taxable purposes at \$13.0 million dollars.
2. The average tax levy of all taxing districts will be \$16.87 per \$1,000 dollars of taxable valuation.
3. Tax increment will start to be collected in 2025 and end in 2042.
4. **The discretionary formula will be waived by the property owner.**

Financing and Implementation

It is assumed that all obligations incurred by the Developer would be secured as to allow the payment of principal and interest when due from lenders involved in the project.

The City's role is to act as a conduit for the revenue and pass on all positive increment to the Developer or its assigns to reimburse them for the Project Costs, or for up to 20 years, whichever comes first.

It should be noted that this plan is based on proposed values of future prospective commercial development, therefore, it is cautioned that unanticipated factors may influence the amount of incremental tax revenue available - such as the types and sizes of building constructed, material estimates, the availability of materials, timeline of construction, and so on may change the outcome of estimated revenue to be more or less than anticipated in this Plan. It should be understood by the Developer that if the estimated property tax revenue from the district does not fully satisfy the Project Costs incurred within 20 years from the implementation of the TIF District, he will be responsible for satisfying any remaining obligations when due.

Also, if TIF Eligible Project Costs, in sum, exceed the total value set forth by 35%, an amendment to the Plan in accordance with [SDCL 11-9-23](#) will be required.

In contrast, if the amounts of revenue are greater than anticipated, the maximum amount of tax increment revenue to be paid through Tax Increment Financing District No.20 shall be an amount sufficient to satisfy the TIF Eligible Project Costs that have been provided in this plan, and the TIF district will be dissolved.

The final terms and conditions will be set forth in the Developer's Agreement with the City of Watertown.

Annual Appropriations of Incremental Revenue

It is specifically a condition of the proposed Developer's Agreement that the City's obligation to pay is limited to the proceeds of the positive tax increment from the TID received into the TIF Fund. The obligation of the city to pay pursuant to the proposed Agreement does not constitute a general indebtedness of the City or a charge against the City's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated within the Agreement by reference. It is also to be specifically agreed that the City has made no representation that the proceeds from such Fund shall be sufficient to retire any indebtedness incurred by Developer. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocation of the positive tax increment payments and the fund created by the TID.

Additionally, the City's obligations to make the payments set forth in the proposed Agreement shall be lawfully made from funds to be budgeted and appropriated on an ANNUAL BASIS for that purpose during the City's then current fiscal year, thus not counting towards Constitutional Debt. If at any time during the term of this Agreement, the governing body of the City shall fail or refuse to approve or authorize the funds due hereunder, then the Agreement shall terminate upon the end of the fiscal year for which funds were approved or authorized, without penalty to the City. The City's obligation hereunder shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. Notwithstanding anything to the contrary contained in the proposed Agreement, the City hereby acknowledges and agrees that the obligations of the City under this Agreement are a material inducement for Developer to incur various development and construct improvements upon the TID property and the failure to pay tax increment to Developer will be financially detrimental to future improvements on said property.

It is further understood that the amount of \$3,093,459 MM will be the maximum amount the city will ever pass on acting as a conduit for TIF #20. This amount will include all interest associated with the debt and the controlling value of the TIF will never pay more than \$3,093,459 MM. All TIF revenue will be passed onto the Developer until the full amount has been paid or 20 years from the year of creation, whichever happens first.

The payment of tax increment funds under this Agreement is a grant under Chapter 11-9 of the South Dakota Codified Laws (the "Grant"). The Grant is a personal property right vested with the Developer on the effective date of this Agreement. The City will grant this amount to the Developer and thus not have to account for any assets on the City's financial statement. The Developer will be responsible for obtaining their financing and the City will not be liable for any Developer debt.

Upon completion of the construction of the infrastructure improvements, the Developer shall certify to the City's Finance Officer the costs of construction, including capital costs, Professional Fees, and contingency costs. The Developer shall provide contractor/supplier invoices or other supporting documentation upon request of the Finance Officer. Upon certification and verification of costs, the City shall pay all available tax increment fund revenues not to exceed \$

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

City of Watertown TIF No. 20 is feasible based on the calculations made, projecting an estimated \$3.0 million dollars in tax increment revenue during the life of the 20-year TIF District. The calculations of the estimated tax increment valuation and tax generated for the TIF District can be found in [Schedule 1](#).

Schedule 3: Detailed List of All Project Costs

The items listed below are estimated Project Costs. The final total may be greater or smaller but are not allowed to exceed 35% of estimated costs without an amendment to this plan. The costs represent identified activities expected to be incurred for the development to occur and for which this TIF District and Project Plan is created. Eligible TIF costs include 2,506,269.66 as listed in the table below, and interest in the amount of \$562,043.00, totaling \$3,068,312.14.

Detailed Estimate of Costs

Sinclair Square

Estimate based off of conceptual plans available as of 2.16.2021

Developer: Crestone Companies
 Construction Manager: Crestone Builders
 Civil Engineer: Aason Engineering
 Landscape Architect: Confluence
 Architect: RSA-Building 2; Others TBD

A	B	C	D	E	F	G
ITEM NO.	DESCRIPTION OF WORK	Building 1 Bank 6000 SF Construction 2022	Building 2 Strip Mall 8000 sf Construction 2022	Building 3 Strip Mall 9600 sf Construction 2023	Building 4 Building Annex 12600 sf Construction 2025	General Sitework Roby Creek Improvements Parklet Streets/Parking Lot Construction 2022
1	12.63% Division 1: General Requirements	\$295,642.58	\$151,611.58	\$181,933.89	\$198,990.20	\$316,649.58
2	3.40% Division 1.1: Contractors Contingency	\$79,569.04	\$40,804.63	\$48,965.56	\$53,556.08	\$85,222.85
3	0.16% Division 2: Existing Conditions	\$3,828.54	\$1,963.36	\$2,356.03	\$2,576.90	\$0.00
4	6.80% Division 3: Concrete	\$159,138.07	\$81,609.27	\$97,931.12	\$107,112.16	\$0.00
5	2.72% Division 4: Masonry	\$63,655.23	\$32,643.71	\$39,172.45	\$42,844.87	\$0.00
6	0.68% Division 5: Metals	\$15,913.81	\$8,160.93	\$9,793.11	\$10,711.22	\$0.00
7	21.51% Division 6: Wood, Plastics, and Composites	\$503,337.18	\$258,121.63	\$309,745.95	\$338,784.64	\$0.00
8	10.17% Division 7: Thermal & Moisture Protection	\$237,905.37	\$122,002.76	\$146,403.31	\$160,128.62	\$0.00
9	5.10% Division 8: Openings	\$119,370.74	\$61,215.77	\$73,458.92	\$80,345.69	\$0.00
10	9.57% Division 9: Finishes	\$224,023.76	\$114,883.98	\$137,860.77	\$150,785.22	\$0.00
11	0.46% Division 10: Specialties	\$10,662.25	\$5,467.82	\$6,561.39	\$7,176.52	\$0.00
12	0.00% Division 11: Appliances	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13	1.84% Division 21: Fire Suppression	\$43,094.59	\$22,099.79	\$26,519.75	\$29,005.97	\$0.00
14	4.76% Division 22: Plumbing	\$111,396.65	\$57,126.49	\$68,551.79	\$74,978.52	\$0.00
15	5.44% Division 23: HVAC	\$127,310.46	\$65,287.41	\$78,344.90	\$85,689.73	\$0.00
16	6.80% Division 26: Electrical	\$159,138.07	\$81,609.27	\$97,931.12	\$107,112.16	\$0.00
17	4.65% Division 31: Earthwork	\$108,718.68	\$55,753.17	\$66,903.80	\$73,176.03	\$0.00
18	0.92% Division 32: Exterior Improvements	\$21,579.12	\$11,066.22	\$13,279.46	\$14,524.41	\$512,067.97
19	0.38% Division 33: Utilities	\$8,911.73	\$4,570.12	\$5,484.14	\$5,998.28	\$0.00
20	2.00% general excise tax	\$46,804.13	\$24,002.12	\$28,802.54	\$31,502.78	\$18,653.52
21	Street Improvements(ROW)					\$21,690.00
22	Public Parking Lot Improvements					\$713,354.00
23	Professional Fees(Pre-Construction, Civil, Conf.)					\$500,631.74
24	Acquisition Costs					\$90,000.00
25	Utility Relocations					\$58,000.00
26						
27						
28						
29						
TOTALS		\$2,340,000.00	\$1,200,000.00	\$1,440,000.00	\$1,575,000.00	\$2,506,269.66

Total Cost of Improvements \$9,061,270

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
12/01/22	0.00	0.00	0.00	0.00	47,500.00	1,900,000.00
06/01/23	0.00	0.00	0.00	0.00	47,500.00	1,900,000.00
12/01/23	0.00	0.00	0.00	0.00	47,500.00	1,900,000.00
06/01/24	0.00	0.00	0.00	0.00	47,500.00	1,900,000.00
12/01/24	0.00	0.00	0.00	0.00	47,500.00	1,900,000.00
06/01/25	5,640.50	47,500.00	53,140.50	53,140.50	0.00	1,894,359.50
12/01/25	5,781.51	47,358.99	53,140.50	53,140.50	0.00	1,888,577.99
06/01/26	5,926.05	47,214.45	53,140.50	53,140.50	0.00	1,882,651.94
12/01/26	6,074.20	47,066.30	53,140.50	53,140.50	0.00	1,876,577.74
06/01/27	29,000.56	46,914.44	75,915.00	75,915.00	0.00	1,847,577.18
12/01/27	29,725.57	46,189.43	75,915.00	75,915.00	0.00	1,817,851.61
06/01/28	53,243.21	45,446.29	98,689.50	98,689.50	0.00	1,764,608.40
12/01/28	54,574.29	44,115.21	98,689.50	98,689.50	0.00	1,710,034.11
06/01/29	55,938.65	42,750.85	98,689.50	98,689.50	0.00	1,654,095.46
12/01/29	57,337.11	41,352.39	98,689.50	98,689.50	0.00	1,596,758.35
06/01/30	58,770.54	39,918.96	98,689.50	98,689.50	0.00	1,537,987.81
12/01/30	60,239.80	38,449.70	98,689.50	98,689.50	0.00	1,477,748.01
06/01/31	61,745.80	36,943.70	98,689.50	98,689.50	0.00	1,416,002.21
12/01/31	63,289.44	35,400.06	98,689.50	98,689.50	0.00	1,352,712.77
06/01/32	64,871.68	33,817.82	98,689.50	98,689.50	0.00	1,287,841.09
12/01/32	66,493.47	32,196.03	98,689.50	98,689.50	0.00	1,221,347.62
06/01/33	68,155.81	30,533.69	98,689.50	98,689.50	0.00	1,153,191.81
12/01/33	69,859.70	28,829.80	98,689.50	98,689.50	0.00	1,083,332.11
06/01/34	71,606.20	27,083.30	98,689.50	98,689.50	0.00	1,011,725.91
12/01/34	73,396.35	25,293.15	98,689.50	98,689.50	0.00	938,329.56
06/01/35	75,231.26	23,458.24	98,689.50	98,689.50	0.00	863,098.30
12/01/35	77,112.04	21,577.46	98,689.50	98,689.50	0.00	785,986.26
06/01/36	79,039.84	19,649.66	98,689.50	98,689.50	0.00	706,946.42
12/01/36	81,015.84	17,673.66	98,689.50	98,689.50	0.00	625,930.58
06/01/37	83,041.24	15,648.26	98,689.50	98,689.50	0.00	542,889.34
12/01/37	85,117.27	13,572.23	98,689.50	98,689.50	0.00	457,772.07
06/01/38	87,245.20	11,444.30	98,689.50	98,689.50	0.00	370,526.87
12/01/38	89,426.33	9,263.17	98,689.50	98,689.50	0.00	281,100.54
06/01/39	91,661.99	7,027.51	98,689.50	98,689.50	0.00	189,438.55
12/01/39	93,953.54	4,735.96	98,689.50	98,689.50	0.00	95,485.01
06/01/40	95,485.01	2,387.13	97,872.14	97,872.14	0.00	0.00
12/01/40	0.00	0.00	0.00	0.00	0.00	0.00
06/01/41	0.00	0.00	0.00	0.00	0.00	0.00
12/01/41	0.00	0.00	0.00	0.00	0.00	0.00
06/01/42	0.00	0.00	0.00	0.00	0.00	0.00
12/01/42	0.00	0.00	0.00	0.00	0.00	0.00
	1,900,000.00	930,812.14	2,830,812.14	2,830,812.14	237,500.00	

Total TIF Amount 3,068,312.14

Eligible expenses are intended to be expended as allowed by [SDCL 11-9-15\(8\)](#) by the Developer. The total TIF Eligible Costs are approximately \$3.0 MM. The estimated Tax Increment Revenue is approximately \$3.0 MM. The property payout is calculated to be 20 years. All obligations of the City are subject to creation of the District and the Development Agreement becoming effective.

Schedule 4: Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions

The tables below detail the tax capture implications to each of the local taxing jurisdictions. After the repayment of the monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

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

2020 Payable in 2021	Dollars Per \$1,000 Assessed
City of Watertown (includes Event Center.313)	\$2.47
Codington County (includes EDWCD .024)	\$3.11
School District "Other"	\$11.29
Total Tax Levy	\$16.87

Year	Projected Tax Increment	School District	County	City
2022	\$0.00	\$0.00	\$0.00	\$0.00
2023	\$17,076.06	\$11,567.32	\$3,186.39	\$2,530.67
2024	\$72,957.80	\$49,421.61	\$13,613.92	\$10,812.35
2025	\$128,839.53	\$87,275.90	\$24,041.46	\$19,094.02
2026	\$184,721.27	\$125,130.19	\$34,468.99	\$27,375.69
2027	\$184,721.27	\$125,130.19	\$34,468.99	\$27,375.69
2028	\$185,838.91	\$125,887.27	\$34,677.54	\$27,541.33
2029	\$186,962.13	\$126,648.15	\$34,887.13	\$27,707.79
2030	\$188,090.97	\$127,412.82	\$35,097.77	\$27,875.08
2031	\$189,225.45	\$128,181.32	\$35,309.47	\$28,043.21
2032	\$190,365.61	\$128,953.66	\$35,522.22	\$28,212.18
2033	\$191,511.46	\$129,729.86	\$35,736.04	\$28,382.00
2034	\$192,663.05	\$130,509.95	\$35,950.92	\$28,552.66
2035	\$193,820.39	\$131,293.93	\$36,166.89	\$28,724.18
2036	\$194,983.52	\$132,081.84	\$36,383.93	\$28,896.56
2037	\$196,152.47	\$132,873.68	\$36,602.05	\$29,069.80
2038	\$197,327.26	\$133,669.49	\$36,821.27	\$29,243.90
2039	\$198,507.92	\$134,469.27	\$37,041.58	\$29,418.87
2040	\$199,694.49	\$135,273.05	\$37,262.99	\$29,594.72
2041	\$200,886.99	\$136,080.85	\$37,485.51	\$29,771.45
Total	\$3,294,346.55	\$2,231,590.35	\$102,454.18	\$81,370.36

All public-school districts are funded through the State Aid to Education Formula. The two primary channels of the formula are State Aid and Local Effort. Multiple agencies of the State of South Dakota calculate the amount of General Fund money 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.

In South Dakota, if a TIF District 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.

City of Watertown TIF District No. 20 will be classified as Economic Development; therefore, any lost local effort will be funded through the State Aid to Education Formula.

Schedule 5: Method of Financing

TIF District No. 20 is a site-specific TIF District. In this type of transaction, the local government (City of Watertown) provides a financing commitment to a Developer or the developer's lender on the project to pay up to a maximum amount of future TIF revenue, arising only from the Project itself.

This developer is pursuing financing through a local lender for this development.

There shall be no advances by the City of Watertown for this project.

The payment of the Estimated Project Costs is expected to be made by the City to the developer or its assigns, from the special fund set aside for the Tax Increment Financing District [SDCL 11-9-30\(1\)](#) pursuant to the Developer's Agreement with the City of Watertown.

Public-sector risk is extremely limited in this type of TIF District because the TIF funding commitment is only supported by a pledge of site-specific revenues to the extent they materialize. Therefore, if the Project is only partially completed and TIF revenues are less than projected, the developer will simply receive less in payments than originally hoped and be responsible for making up the shortfall.

Taxable Value of City of Watertown

Maximum Percentage of Taxable Property in Municipality Permitted in District

The resolution required by [SDCL § 11-9-7](#) shall contain a finding that the aggregate assessed value of the taxable property in the district plus the tax increment base of all other existing districts does not exceed **ten (10) percent** of the total assessed value of all taxable property in the municipality.

As confirmed with the Codington County Auditor, the 2020 Taxes Payable value for the City of Watertown is \$1,729,064,855.00. The base value of the taxable property for inclusion into this Tax Increment Financing District No. 20, as estimated but not yet verified by S.D. Department of Revenue, is \$2,588,197.00.

Currently, there are eighteen pending, active, and inactive TIF Districts under the authority of the City of Watertown, South Dakota.

Tax Increment District Base Value		Maturity
1	\$84,064.00	2024
2	\$25,494.00	2024
3	\$33,117.00	Dissolved
4	\$0.00	Dissolved
5	\$496,156.00	2030
6	\$3,542,623.00	2029
7	\$123,142.00	2039
8	\$473,200.00	2039
9	\$490,590.00	2039
10	\$71,466.00	2039
11	\$125,657.00	confirmed
12	\$67,568.00	confirmed
13	\$70,748.00	confirned
14	\$1,447,544.00	confirmed
15	\$172,359.00	confirmed
16	\$73,096.00	confirmed
17	\$371,193.00	confirmed
18	\$1,300,000.00	pending confirmation
19	\$1,699,895.00	pending confirmation
20	\$2,588,197.00	pending confirmation
TOTAL	\$13,256,109.00	

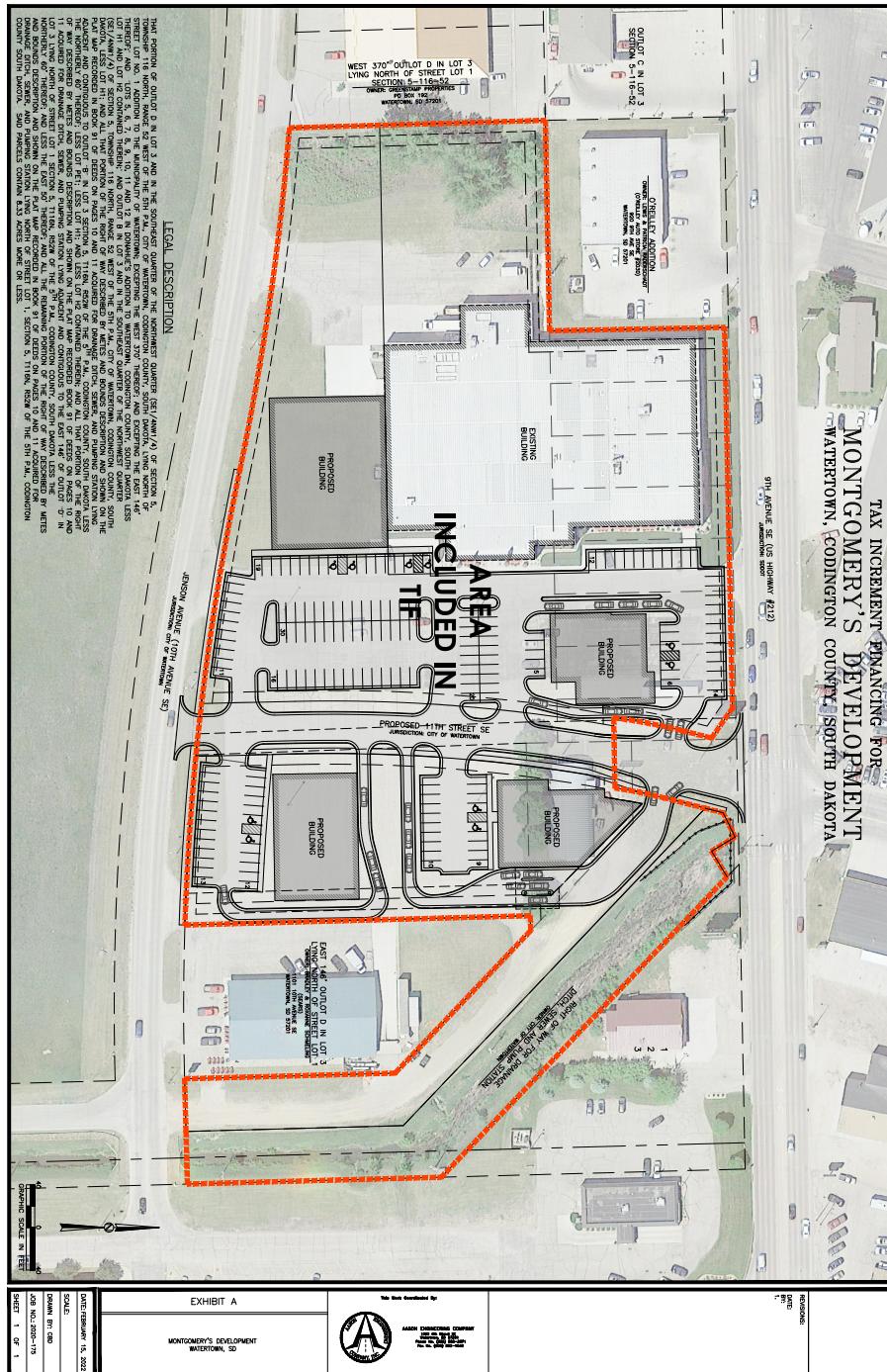
City of Watertown Current Taxable Value: \$1,729,064,855.00

All TIF Base Value must be less than 10%: \$172,906,485.50

The total current base value of all active and inactive TIF Districts in the City of Watertown is \$13,256,109.00. Using the estimates provided for TIF District No. 20, the value of all existing Tax Increment Financing Districts combined is less than 10% of the total 2020 Taxable Valuation.

Additional Contents of Project Plan as Required by SDCL 11-9-16(1)

Existing Uses and Conditions of Real Property Map SDCL 11-9-16(1)

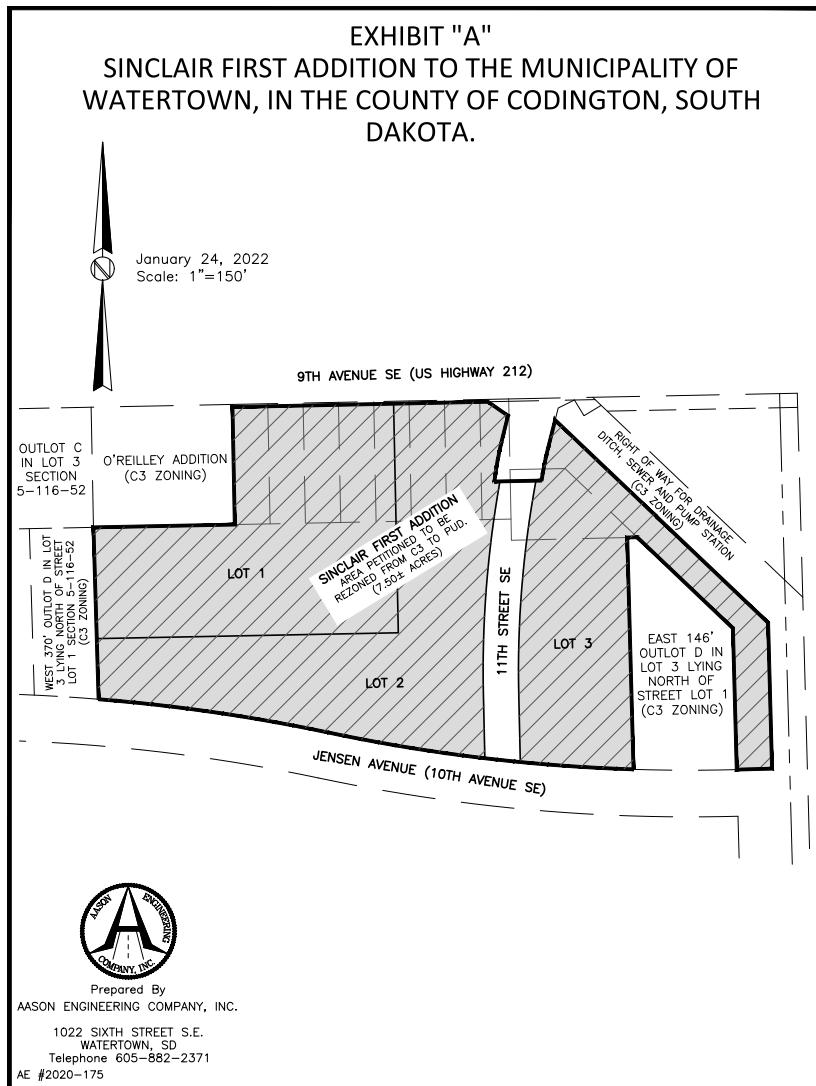


Proposed Improvements and Uses Map SDCL 11-9-16(2)



Proposed Changes on Zoning Ordinances SDCL 11-9-16(3)

The property within the TIF boundary is expected to be rezoned from C3 to PUD.



Changes to City Comprehensive/Master Plan Map, Building Codes and City Ordinances SDCL 11-9-16(4)

The proposed development is consistent with the City of Watertown Master Plan.

Estimated Non-Eligible Project Costs 11-9-16(5)

The following is a detailed list of estimated project costs. Non-Eligible Costs include anything that is not included in the TIF Eligible Items column for Building 1, Building 2, Building 3, and Building 4.

Detailed Estimate of Costs

Sinclair Square

Estimate based off of conceptual plans available as of 2.16.2021

Developer: Crestone Companies
 Construction Manager: Crestone Builders
 Civil Engineer: Aason Engineering
 Landscape Architect: Confluence
 Architect: RSA-Building 2; Others TBD

A	B	C	D	E	F	G	H	I
ITEM NO.	DESCRIPTION OF WORK	Building 1 Bank 6000 SF Construction 2022	Building 2 Strip Mall 8000 sf Construction 2022	Building 3 Strip Mall 9600 sf Construction 2023	Building 4 Building Annex 12600 sf Construction 2025	General Sitework Roby Creek Improvements Parklet Streets/Parking Lot Construction 2022	*TIF Eligible Items	*TIF Eligible Items highlight
1	12.63% Division 1: General Requirements	\$295,642.58	\$151,611.58	\$181,933.89	\$198,990.20	\$316,649.58		
2	3.40% Division 1.1: Contractors Contingency	\$79,569.04	\$40,804.63	\$48,965.56	\$53,556.08	\$85,222.85		
3	0.16% Division 2: Existing Conditions	\$3,828.54	\$1,963.36	\$2,356.03	\$2,576.90	\$0.00		
4	6.80% Division 3: Concrete	\$159,138.07	\$81,609.27	\$97,931.12	\$107,112.16	\$0.00		
5	2.72% Division 4: Masonry	\$63,655.23	\$32,643.71	\$39,172.45	\$42,844.87	\$0.00		
6	0.68% Division 5: Metals	\$15,913.81	\$8,160.93	\$9,793.11	\$10,711.22	\$0.00		
7	21.51% Division 6: Wood, Plastics, and Composites	\$503,337.18	\$258,121.63	\$309,745.95	\$338,784.64	\$0.00		
8	10.17% Division 7: Thermal & Moisture Protection	\$237,905.37	\$122,002.76	\$146,403.31	\$160,128.62	\$0.00		
9	5.10% Division 8: Openings	\$119,370.74	\$61,215.77	\$73,458.92	\$80,345.69	\$0.00		
10	9.57% Division 9: Finishes	\$224,023.76	\$114,883.98	\$137,860.77	\$150,785.22	\$0.00		
11	0.46% Division 10: Specialties	\$10,662.25	\$5,467.82	\$6,561.39	\$7,176.52	\$0.00		
12	0.00% Division 11: Appliances	\$0.00	\$0.00	\$0.00	\$0.00			
13	1.84% Division 21: Fire Suppression	\$43,094.59	\$22,099.79	\$26,519.75	\$29,005.97	\$0.00		
14	4.76% Division 22: Plumbing	\$111,396.65	\$57,126.49	\$68,551.79	\$74,978.52	\$0.00		
15	5.44% Division 23: HVAC	\$127,310.46	\$65,287.41	\$78,344.90	\$85,689.73	\$0.00		
16	6.80% Division 26: Electrical	\$159,138.07	\$81,609.27	\$97,931.12	\$107,112.16	\$0.00		
17	4.65% Division 31: Earthwork	\$108,718.68	\$55,753.17	\$66,903.80	\$73,176.03	\$0.00		
18	0.92% Division 32: Exterior Improvements	\$21,579.12	\$11,066.22	\$13,279.46	\$14,524.41	\$512,067.97		
19	0.38% Division 33: Utilities	\$8,911.73	\$4,570.12	\$5,484.14	\$5,998.28	\$0.00		
20	2.00% general excise tax	\$46,804.13	\$24,002.12	\$28,802.54	\$31,502.78	\$18,653.52		
21	Street Improvements(ROW)					\$211,690.00		
22	Public Parking Lot Improvements					\$713,354.00		
23	Professional Fees(Pre-Construction, Civil, Conf.)					\$500,631.74		
24	Acquisition Costs					\$90,000.00		
25	Utility Relocations					\$58,000.00		
26								
27								
28								
29								
TOTALS		\$2,340,000.00	\$1,200,000.00	\$1,440,000.00	\$1,575,000.00	\$2,506,269.66		*Total TIF

Total Cost of Improvements \$9,061,270

Statement of a Proposed Method for The Relocation of Persons to Be Displaced 11-9-16(6)

Pursuant to [SDCL 11-9-16 \(6\)](#), a statement of a proposed method for the relocation of persons to be displaced needs to be provided.

The property is currently unoccupied by any residential or multi-family structures, therefore, no proposed method for the relocation of persons is needed.

TIF District No. 20 Classification

Mechanisms are built within State Codified Law to ensure that school districts are held harmless by TIF districts for their General and Special Education Funds. For these purposes, law ([SDCL 13-13-10.10](#)) defines four classifications of Tax Increment Financing Districts:

- **Economic Development** – includes only those areas 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 real property contained within the Tax Increment Financing District. This classification is exempt from the provisions of [SDCL 10-12-44\(1\)](#) that require the County Auditor to impose an additional school levy on real property within the district. Any increment value in an Economic Development TIF district is not considered in the state-aid to education formula.
- **Industrial** – includes only those areas 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 real property contained within the Tax Increment Financing District. This classification is also exempt from the provisions of [SDCL 10-12-44\(1\)](#) that require the County Auditor to impose an additional school levy on real property within the district. Any increment value in an Industrial TIF district is not considered in the state-aid to education formula.
- **Affordable Housing** – During the 2018 Legislative Session, the legislature created a fourth TIF district classification for Affordable Housing. The criteria for an Affordable Housing TIF are as follows:
 - (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 TIF district is created, for a minimum of five years following the date of first occupancy.This classification is also exempt from the provisions of [SDCL 10-12-44\(1\)](#) that require the County Auditor to impose an additional school levy on real property within the district. Any increment value in an Industrial TIF district is not considered in the state-aid to education formula.
- **Local** – Local TIF Districts are not presently defined in statute. Rather, local classification is the default classification. Unless the TIF district meets the definition of an Industrial, Economic Development, or Affordable Housing TIF district, it is a Local TIF district. For further clarification, in this classification, the project usually benefits the local government instead of having a regional or statewide benefit. Unlike the other classifications, the assessed value of a Local TIF District for purposes of the state-aid-formula is the total assessed value of the district. The County Auditor is required to impose an additional school levy on all real property within any impacted school district to hold the district(s) harmless.

TIF District No. 20 is expected to be classified as **Economic Development**; therefore, this classification is exempt from the provisions of [SDCL § 10-12-44\(1\)](#) that require the County Auditor to impose an additional school levy on real property within the district. Any increment value in an Economic Development TIF district is not considered in the state-aid to education formula.

Summary of Findings

Below, the WDC has provided a “But for” analysis of the project. SDCL does not require that a “But for” analysis be met before a TIF Plan can be approved, however, this type of analysis is strongly recommended as it helps to answer questions about the transformative nature of the project and the goals and objectives of the community in relation to using Tax Increment Financing.

As documented in this Plan and the attachments contained and referenced herein, the following findings are made:

1. That “But for” the creation of this District, the development projected to occur as detailed in this Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the Developer. In reaching this determination, the WDC has considered that in making the area within the district suitable for this development, the Project will require a substantial investment to pay for the costs of site preparation, construction of public works, installation of infrastructure, professional, legal, and financing costs, and other expenses. Due to the extensive initial investment needed to allow the Project to occur, the Developer has determined that development of the area as proposed will not occur solely from private investment.

Accordingly, the Developer finds that absent the use of Tax Increment Financing, the Project as proposed would not proceed.

2. The economic benefits of the Tax Increment Financing District, as measured by increased employment, attraction of workforce to the Region, and an expected increase in future property values, are beneficial. In making this determination, the WDC has considered the following:

Analysis prepared by the WDC projects that the anticipated economic benefits to be realized within Watertown, Codington County, and Northeast South Dakota are as follows:

- An estimated \$13.0 million dollars of capital investment to develop the area.
- The attraction of additional workforce for the Region.
- The additional expected tax revenues for all taxing districts.

It is also expected that once the improvements within the Project Plan are made, they will significantly enhance the value of other real property surrounding the district.

Required Findings in Resolution Creating District

Economic Development Analysis of City of Watertown TIF District No. 20

The City of Watertown has been approached concerning the creation of a tax increment financing district (TIF District) located within the city limits. Per [South Dakota Codified Law 11-9-8](#), the Governing Body must make a finding that at least 25% of the real property within the district to be blighted or at least 50% of the real property in the district will be developed for economic development purposes and the improvement will significantly enhance the value of all other real property in the district.

Tax Increment Financing District No. 20 is a proposed economic development district that will be created to assist with the payment of costs of public infrastructure and other expenses needed to facilitate the construction.

The investment of about \$13.0 million dollars will stimulate and develop the general economic welfare and prosperity of the State through the promotion of employment and advancement of commerce during the construction period. Upon completion, the Project is expected to enhance the Region by supplying additional property and sales tax revenue and new jobs, having a substantial annual economic impact to the Region and state.

Therefore, it is found that not less than 50%, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the State of South Dakota through the promotion and advancement of industrial, commercial, manufacturing, agricultural, and natural resources. It is also found that the improvement of the area is likely to significantly enhance the value of all real property in the District in accordance with [SDCL 11-9-8](#).

Definitions Used in This Plan

The following terms found in this Plan are defined below:

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

Blighted means property that meets any of the criteria as defined and established by SDCL 11-9-9.

Developer means any individual or entity responsible for carrying out any portion of the projects listed in the TIF Plan, including both expenses considered eligible for TIF reimbursement, and any other costs associated with private projects within the plan. In this Plan, the Developer is Crestone Companies

Developer Project Developer Agreement means any agreement which is binding between the City and one or more Developers, and which specifies the duties, responsibilities, and obligations of all parties relative to the implementation of this plan. The agreement commits the Developer to complete listed projects and commits the city to payments of tax increment revenues to the developer(s), among other items. The agreement can include contingency and performance revisions.

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

Generally Applicable Taxes means taxes that have a uniform rate that is applied to all persons of the same classification in the appropriate authority, and the tax has an applicable manner of determination and collection.

Governing Body means the Watertown, S.D (SOUTH DAKOTA). City Council.

Plan means this Project Plan.

Planning Commission means the City of Watertown S.D. Planning Commission.

Project Costs means any expenditure or monetary obligations by the City of Watertown, 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 expected to be received, by the City of Watertown in connection with the implementation of this Plan.

Project Plan refers to this plan.

Project Site means the location of the project.

Public Works means the Infrastructure Improvements, the acquisition by purchase or condemnation of real and public property within the Tax Increment District and the sale, lease, or other disposition of such property to private individuals, partnerships, corporations, or other entities at a price less than the

cost of such acquisition which benefit or further the health, safety, welfare, and economic development of the City and Project Costs.

SDCL means South Dakota Codified Law.

Taxable Property all taxable property located in a Tax Incremental District.

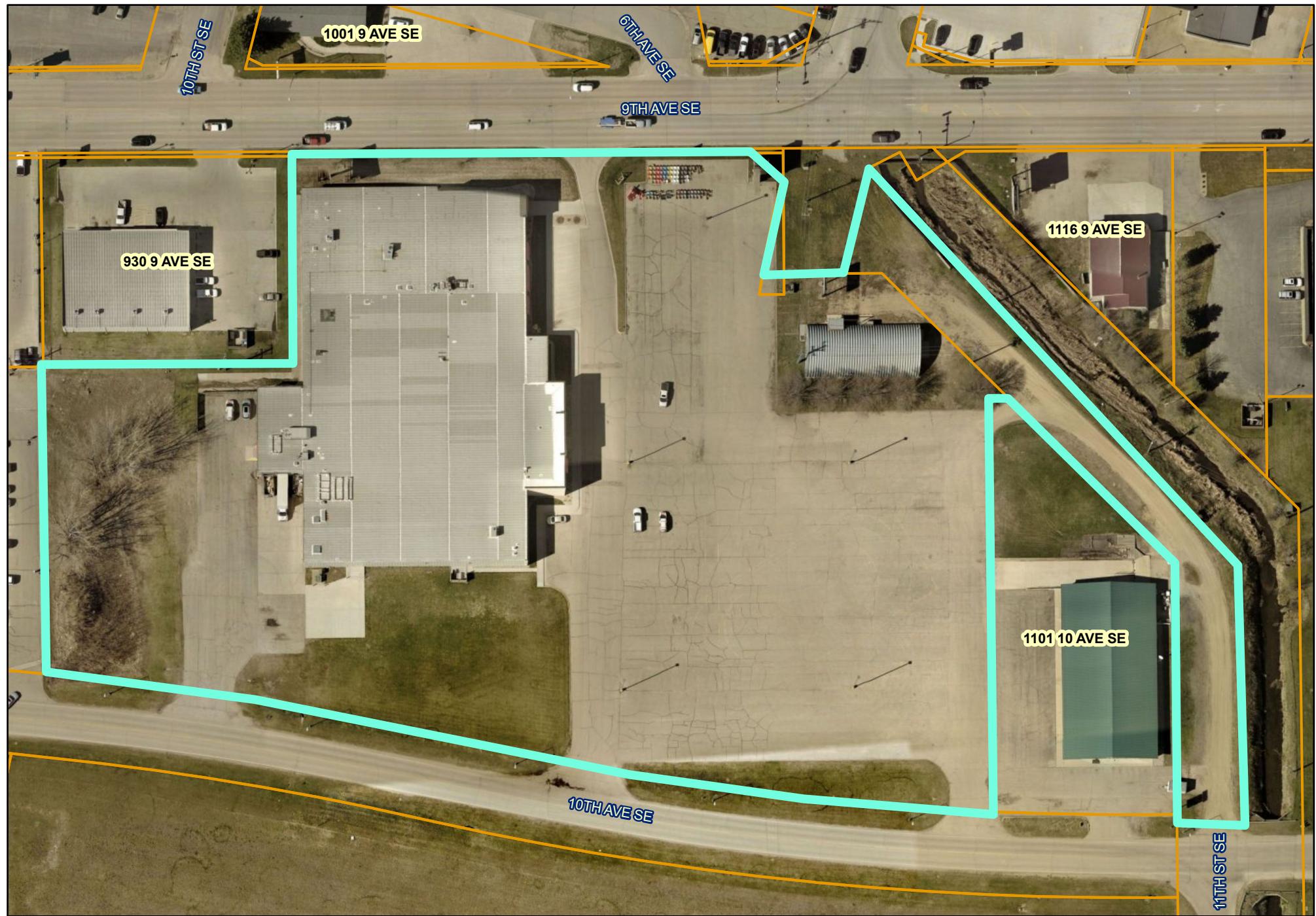
Tax Increment District a contiguous geographic area within the City of Watertown defined and created by resolution of the governing body and named "City of Watertown Tax Increment Financing District Number Twenty" (TIF No.20).

Tax Increment Valuation is the total value of the Tax Increment Financing District minus the tax incremental base pursuant to 11-9-20.

TIF Plan refers to this project plan.

All other definitions in SDCL 11-9 shall apply.

TIF 20 Boundary Map



Proposed Improvements and Uses Map SDCL 11-9-16(2)



RESOLUTION NO. 22-29

A RESOLUTION TO PROVIDE FOR THE CREATION OF TAX INCREMENT DISTRICT NUMBER TWENTY

WHEREAS, the Planning Commission of the City of Watertown has held a public hearing on May 19th, 2022 and adopted and recommended the district boundaries and tax increment plan for Tax Increment District Number Twenty, City of Watertown, South Dakota and;

WHEREAS, the City Council of the City of Watertown, South Dakota (the “City”), has the powers, pursuant to SDCL 11-9-2, to create Tax Increment District Number Twenty, City of Watertown, South Dakota, and to define its boundaries.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATERTOWN, SOUTH DAKOTA:

That pursuant to SDCL Chapter 11-9, the City Council hereby declares the following:

1. **Authority and Declaration of Necessity.** The City of Watertown, South Dakota, declares the necessity for the creation of Tax Increment District Number Twenty, City of Watertown, (hereinafter sometimes referred to as the “District”), pursuant to SDCL Chapter 11-9. Further, the City recognizes that in making the area within the district suitable for this development, the Project will require a substantial investment to pay for the costs of site preparation, construction of public works, installation of infrastructure, professional, legal, and financing costs, and other expenses. Due to the extensive initial investment needed to allow the Project to occur, the Developer has determined that development of the area as proposed will not occur solely from private investment.
2. **Findings.** The City Council makes the following findings with regard to economic development:
 - a. Not less than 50%, by area, of the real property within the district will be developed for economic development purposes;
 - b. Development of the District will stimulate and develop the general economic welfare and prosperity of the State of South Dakota
 - c. Improvements to the District will significantly and substantially enhance the value of all real property within the District; Development of the District will enhance the Region by supplying additional property and sales tax revenue, and new jobs, having a substantial annual economic impact to the Region and state.
3. **Findings of Maximum Percentage of Tax Increment Districts.** The aggregate assessed value of the taxable property in the District, plus all other tax increment districts, does not exceed ten percent (10%) of the total assessed valuation of the City.
4. **Findings of Annual Appropriation TID.** Tax Increment District #20 will be designated as an Annual Appropriations TIF to ensure that it does NOT count against constitutional debt. The Development Agreement does not constitute a debt within the meaning of Article 13, Section 4 of the South Dakota Constitution. No obligation is created beyond a fiscal year in which an annual appropriation has been made.

5. Creation of District. There is hereby created, pursuant to SDCL Chapter 11-9, Tax Increment District Number Twenty, City of Watertown, South Dakota. The District is hereby created on the day this resolution becomes effective which shall be twenty (20) days after publication of this resolution.
6. Designation of District Boundaries. The District shall be located within the northern, southern, western and eastern boundaries of the following described real property:

"THAT PORTION OF OUTLOT D IN LOT 3 AND IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER (SE1/4NW1/4) OF SECTION 5, TOWNSHIP 116 NORTH, RANGE 52 WEST OF THE 5TH P.M., CITY OF WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA, LYING NORTH OF STREET LOT NO. 1 ADDITION TO THE MUNICIPALITY OF WATERTOWN; EXCEPTING THE WEST 370' THEREOF; AND EXCEPTING THE EAST 146' THEREOF;" AND "LOTS 5, 6, 7, 8, 9, 10, 11 AND 12 IN DONAHUE'S ADDITION TO WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA LESS AND LOTS 5, 6, 7, 8, 9, 10, 11 AND 12 IN DONAHUE'S ADDITION TO WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA LESS LOTS 5, 6, 7, 8, 9, 10, 11 AND 12 IN DONAHUE'S ADDITION TO WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA LESS LOT H1 AND LOT H2 CONTAINED THEREIN;" AND OUTLOT B IN LOT 3 AND IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND OUTLOT B IN LOT 3 AND IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER (SE1/4NW1/4) OF SECTION 5, TOWNSHIP 116 NORTH, RANGE 52 WEST OF THE 5TH P.M., CITY OF WATERTOWN, CODINGTON COUNTY, SOUTH DAKOTA, LESS LOT H1; AND ALL THAT PORTION OF THE RIGHT OF WAY DESCRIBED BY METES AND BOUNDS DESCRIPTION AND SHOWN ON THE PLAT MAP RECORDED IN BOOK 91 OF DEEDS ON PAGES 10 AND 11 ACQUIRED FOR DRAINAGE DITCH, SEWER, AND PUMPING STATION LYING ADJACENT AND CONTIGUOUS TO OUTLOT "B" IN LOT 3 SECTION 5, T116N, R52W OF THE 5 P.M., CODINGTON COUNTY, SOUTH DAKOTA LESS B" IN LOT 3 SECTION 5, T116N, R52W OF THE 5 P.M., CODINGTON COUNTY, SOUTH DAKOTA LESS IN LOT 3 SECTION 5, T116N, R52W OF THE 5 P.M., CODINGTON COUNTY, SOUTH DAKOTA LESS TH P.M., CODINGTON COUNTY, SOUTH DAKOTA LESS THE NORTHERLY 60' THEREOF; LESS LOT PE1; LESS LOT H1; AND LESS LOT H2 CONTAINED THEREIN; AND ALL THAT PORTION OF THE RIGHT OF WAY DESCRIBED BY METES AND BOUNDS DESCRIPTION AND SHOWN ON THE PLAT MAP RECORDED BOOK 91 OF DEEDS ON PAGES 10 AND 11 ACQUIRED FOR DRAINAGE DITCH, SEWER, AND PUMPING STATION LYING ADJACENT AND CONTIGUOUS TO THE EAST 146' OF OUTLOT "D" IN "D" IN LOT 3 LYING NORTH OF STREET LOT 1 SECTION 5, T116N, R52W OF THE 5 P.M., CODINGTON COUNTY, SOUTH DAKOTA LESS THE NORTHERLY 60' THEREOF; AND LESS THE EAST 50' THEREOF; AND ALL THE REMAINING PORTION OF THE RIGHT OF WAY DESCRIBED BY METES THE RIGHT OF WAY DESCRIBED BY METES AND BOUNDS DESCRIPTION AND SHOWN ON THE PLAT MAP RECORDED IN BOOK 91 OF DEEDS ON PAGES 10 AND 11 ACQUIRED FOR DRAINAGE DITCH, SEWER, AND PUMPING STATION LYING NORTH OF STREET LOT 1, SECTION 5, T116N, R52W OF THE 5TH P.M., CODINGTON NORTH OF STREET LOT 1, SECTION 5, T116N, R52W OF THE 5TH P.M., CODINGTON COUNTY SOUTH DAKOTA."

7. Creation of Tax Increment Fund. There is hereby created, pursuant to SDCL 11-9-31, a Tax Increment District Number Twenty Fund, which shall be a segregated asset account. All tax increments collected pursuant to Tax Increment District Number Twenty shall be deposited

into the Tax Increment District Number Twenty Fund. All funds in the Tax Increment District Number Twenty Fund shall be used solely for those purposes expressly stated and reasonably inferred in SDCL Chapter 11-9 and per the Developer's Agreement between the Developer and City of Watertown.

8. Adoption of Tax Increment Plan. The City Council of the City of Watertown does hereby adopt the Tax Increment Plan Number Twenty as an Economic Development District as presented.

Dated this 1st day of August, 2022

ATTEST:

CITY OF WATERTOWN

Kristen Bobzien
Finance Officer

Ried Holien
Mayor

The above and foregoing Resolution was moved for adoption by Alderperson _____, seconded by Alderperson _____, and upon voice vote motion carried, whereupon the Mayor declared the Resolution to be duly passed and adopted.

I hereby certify that Resolution No. 22-29 was published in the Watertown Public Opinion, the official newspaper of said City, on the _____ day of August, 2022.

Kristen Bobzien, Finance Officer