



**City of Vermillion**  
**Planning Commission Agenda**  
5:30 p.m. Regular Meeting  
Monday, August 12, 2013  
Large Conference Room – 2<sup>nd</sup> Floor  
City Hall  
25 Center Street  
Vermillion, SD 57069

1. **Roll Call**
2. **Minutes**
  - a. July 8, 2013 Regular Meeting.
3. **Adoption of the Agenda**
4. **Visitors To Be Heard**
5. **Public Hearings**
  - a. Zoning Ordinance Amendment – Chapter 155 Section 155.074, to add guidelines for fence installation.
6. **Old Business**
7. **New Business**
  - a. Plan for TIF 6 (Bliss Pointe Development).
8. **Adjourn**

**WELCOME TO YOUR PLANNING COMMISSION MEETING**

If you wish to participate in the discussion, the meeting provides several opportunities. After the minutes are approved, the Chairperson will ask if any visitors wish to be heard. Any item not on the agenda may be discussed. During the discussion of agenda topics, anyone may comment. The Chairperson will recognize you if you raise your hand. Please introduce yourself with your name and address when addressing the Planning Commission. Discussion occurs before motions are made and seconded. Discussion also occurs after the motion is seconded and before the vote. You may participate each time if you wish. Your suggestions and ideas are welcome. The best decisions are made when everyone participates and provides information.

**Meeting Assistance:** The City of Vermillion fully subscribes to the provisions of the Americans with Disabilities Act of 1990. If you desire to attend this public meeting and are in need of special accommodations, please notify the City Manager's Office at 677-7050 at least 3 working days prior to the meeting so appropriate auxiliary aids and services can be made available.

Unapproved Minutes  
Vermillion Planning Commission  
Monday July 8, 2013 Regular Meeting

The regular meeting of the Vermillion Planning Commission was called to order in the Large Conference Room at City Hall on July 8, 2013 at 5:30 p.m.

1. Roll Call

Present: Fairholm, Forseth, Howe, Gruhn, Manning, Muenster, Tuve, Iverson.

Staff present: José Dominguez, City Engineer and Andrew Colvin, Assistant City Manager.

2. Minutes

a. June 28, 2013 Regular Meeting.

Moved by Forseth to approve the June 28, 2013 Regular Meeting Minutes, seconded by Manning. Motion carried 8-0.

3. Adoption of the Agenda

Moved by Muenster to adopt the agenda as printed, seconded by Gruhn. Motion carried 8-0.

4. Visitors to be Heard

5. Public Hearing

a. A proposal to rezone Tract 1, or portion thereof, Bliss Third Addition to the City of Vermillion, Clay County, South Dakota from the Natural Resource Conservation District to the Bliss Pointe Planned Development District (located north of Main Street and west of Stanford Street).

Andy Colvin reported that a public hearing is required to change the zoning for a portion of Bliss Pointe Tract 1 from Natural Resource Conservation (NRC) to the Bliss Pointe Planned Development District. Andy stated that, when property is annexed into the city, it enters at the most restrictive zoning, being NRC. Andy stated that the proposed Bliss Pointe Planned Development District will be divided into four areas and reviewed the makeup of each area. Andy answered questions of the Planning commission on the ordinance.

Moved by Fairholm to approve the amendment creating the Bliss Pointe Planned Development District, seconded by Manning. Motion carried 7-0 with Howe abstaining.

b. Creation of a Tax Increment Financing District on Tract 1, or portion thereof, Bliss Third Addition to the City of Vermillion, Clay County, South Dakota (located north of Main Street and west of Stanford Street).

Andy Colvin reported that the Vermillion Area Chamber and Development Company has been going to great lengths to develop a solution for the shortage of affordable, single-family housing in the community. To assist the VCDC with the development costs, it was proposed that the

City create a tax incremental district. The Planning Commission is required to hold a public hearing and notice was sent to the School Board and County Commission as required by statute. Andy reviewed a map of the proposed district noting that, if approved, a tax incremental plan will be developed that details the project costs and timeline that will be presented to the Planning Commission for consideration before coming to the City Council. Discussion followed.

Moved by Forseth to approve the addition, seconded by Tuve. Motion carried 7-0 with Howe abstaining.

6. Old Business

7. New Business

a. Final Plat of Blocks 1, 2, 3, 4, 5 & 6, Bliss Pointe Addition to the City of Vermillion, Clay County, South Dakota.

Jose Dominguez, City Engineer, reported on the location of the property being platted. Jose stated that the final plat will affect an area of roughly 28-acres in area, with the remaining area staying within Outlot A Bliss Pointe Addition. The plat will also provide for extending West Clark Street from Stanford Street to Kennedy Street. It will also dedicate the right-of-way for a portion of Cornell Street and two new roadways. The final plat will include six blocks for development. The plat will also include the dedication of the required utility and drainage easements. Jose stated that the developer will be asked to sign an agreement/covenant to further detail the property owner's responsibilities over the drainage and easements. Discussion followed.

Moved by Forseth to approve the plat, seconded by Muenster. Motion carried 7-0 with Howe abstaining.

8. Adjourn

Moved by Manning to adjourn, seconded by Fairholm. Motion carried 8-0.

Chairman Iverson declared the meeting adjourned at 6:15 p.m.

# *Planning Commission Agenda Memo*

**From:** Ted Cherry, City Intern

**Meeting:** August 12th, 2013

**Subject:** Ordinance 1304 – Amending Chapter 155 Fences

**Presenter:** Ted Cherry

**Background:** City zoning code permits several types of residential perimeter fences available to the general public to install. This ordinance will help guide property owners on acceptable aesthetics. There are currently no ordinances regulating which sides of fences face outwards on properties.

**Discussion:** The proposed ordinance would be adding to the existing ordinances in place regulating residential fences in city limits. Residents would have additional criteria to meet when installing a perimeter fence on their property which abuts city property or faces a street/alleyway. This ordinance would not only give residents direction to follow when purchasing and building fences, but will also allow the fences in neighborhoods to be more aesthetically pleasing and cohesive.

The added ordinance is not expected to pose undue effects on property owners if they plan on installing fences. The requirement would be brought to the attention of the person taking out the required fence permit. All other ordinances regulating fence installation will still be in effect.

**Conclusion/Recommendations:** Administration recommends approval of ordinance 1304.

ORDINANCE NO. 1304

AN ORDINANCE AMENDING CHAPTER 155 SECTION 155.074, OF THE REVISED ORDINANCES OF THE CITY OF VERMILLION, SOUTH DAKOTA, TO ADD GUIDELINES FOR FENCE INSTALLATION.

BE IT ORDAINED, by the Governing Body of the City of Vermillion, South Dakota, that Chapter 155 Section 155.074 is amended as follows:

155.074 FENCES

(I) All exterior fences constructed, which are parallel to and/or face the street/alley, shall have the smooth/finished side, the side without the support bracings or frame, of the fence facing the toward the outside when there is only one smooth/finished side.

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA

BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY: \_\_\_\_\_  
Michael D. Carlson, Finance Officer

First Reading: August 19, 2013  
Second Reading: September 3, 2013  
Published: August 16, 2013  
Effective: October 2, 2013

## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Vermillion Planning Commission will meet at 5:30 p.m. on Monday, the 12th day of August, 2013, in the large conference room at City Hall, located at 25 Center Street in the City of Vermillion, at which time the said Planning Commission will hear, consider and act upon a recommendation for the following:

A proposal to amend chapter 155 section 155.74 of the Vermillion Ordinance Code:

### 155.074 FENCES

(I) All exterior fences constructed, which are parallel to and/or face the street, alley, or any public property, shall have the smooth/finished side, the side without the support bracings or frame, of the fence facing the toward the outside when there is only one smooth/finished side.

Notice is further given that at the times and places aforesaid any person may appear and be heard upon all matters pertaining to the said zone change. The hearing is open to all interested parties. Information regarding accessibility for the disabled may be obtained by calling the Office of the City Manager at 677-7050. Anyone unable to attend may submit written comments prior to the hearing.

Publish: June 28, 2013

Published once at the approximate cost of \$\_\_\_\_\_

# *Planning Commission Agenda Memo*

**From:** Andrew Colvin, Assistant City Manager

**Meeting:** August 12, 2013

**Subject:** Plan for TIF 6 (Bliss Pointe)

**Presenter:** Andrew Colvin

**Background:** The Vermillion Area Chamber and Development Company has been going to great lengths to develop a solution for the shortage of affordable, single-family housing in the community. The VCDC board authorized the purchase of farmland in May 2013 from the Bliss Family; with approximately 30 acres developable. The land is located west of Stanford Street and has been annexed into the City. The Bliss Pointe Planned Development Zoning District was approved by the Planning Commission on July 8<sup>th</sup> and adopted by the City Council on August 5<sup>th</sup>.

In order to assist with development costs, the city is creating a tax increment district. The district was created by the City Council on July 15<sup>th</sup> after a recommendation from the Planning Commission. The next and final step in setting up the TIF District for Bliss Pointe is approval of the TIF 6 Plan.

**Discussion:** The state statute pertaining to the TIF plan is as follows:

11-9-13. Project plan for each district--Contents. The planning commission shall adopt a project plan for each tax incremental district and submit the plan to the governing body. The plan shall include a statement listing:

- (1) The kind, number, and location of all proposed public works or improvements within the district;
- (2) An economic feasibility study;
- (3) A detailed list of estimated project costs;
- (4) A fiscal impact statement which shows the impact of the tax increment district, both until and after the bonds are repaid, upon all entities levying taxes upon property in the district; and
- (5) A description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred.

No expenditure may be provided for in the plan more than five years after a district is created unless an amendment is adopted by the governing body under § 11-9-23.

Enclosed is a draft plan for TIF #6. The Planning Commission is asked to consider and adopt the plan, which will be forwarded to the City Council for approval.

**Compliance with Comprehensive Plan:** The Comprehensive Plan calls for the development of undeveloped ground within the City. In addition, the project will be increasing the affordable housing stock in Vermillion. Both of these will be accomplished by creating a tax increment district.

**Conclusion/Recommendations:** Staff recommends the Planning Commission review the plan and forward a recommendation of approval to the City Council.

PROJECT PLAN

CITY OF VERMILLION  
TAX INCREMENT DISTRICT #6  
BLISS POINTE PLANNED DEVELOPMENT DISTRICT

District Created – July 15, 2013

Plan Approved \_\_\_\_\_, 2013

DRAFT

## 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 according to the criteria set forth in SDCL Ch. 11-9. The improvements are completed without incurring a general obligation for the taxpayers of the entire City of Vermillion (city hereafter). Tax Increment Financing (TIF) is an incentive utilized by local governments to stimulate development and investment. TIF helps to overcome the extraordinary costs that often prevent private investment from occurring in difficult to develop areas of the community. As a result, the TIF area itself improves and property values increase.

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 Valuation 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. The property in the proposed Tax Incremental District will be developed for residential housing and limited commercial. The City will issue a Private Placement Bank Qualified Tax Increment bond to finance the site improvements and if needed other advances from the City and/or VCDC will be made for interest or contingency, to be repaid after the bond is retired.

This financing method is invaluable for encouraging growth and development of blighted properties including open area impairing growth, since the amount of funds available for use by the project plan is directly related to the increase in valuation which a given project or development will create. TIF projects must be recommended for approval by the Vermillion City Planning Commission and the Vermillion City Council.

## OVERVIEW

The City Council via a resolution on July 15, 2013 created the boundaries of Tax Increment District #6 (TIF 6 hereafter). The Tax Increment District consists of Blocks 1-6 Bliss Pointe Addition to the City of Vermillion that is approximately 28 acres in size. This property is located west of Stanford Street between West Main and West Cherry Streets. The TIF property being developed is the first phase of the approximately 50 acres purchased by the Vermillion Chamber of Commerce and Development Company (VCDC) to address the housing needs of the community. The development of this property will have a significant impact on housing options for families looking to relocate to Vermillion or move on the next level of homeownership. This property is all located within the Bliss Pointe Planned Development District. The Planned

Development District is divided into four areas. Area A will be single-family detached dwellings; Area B will include a mix of single-family detached dwellings and single-family attached dwellings by conditional use permit; Area C will include multiple family housing; Area D is for light commercial, including primarily office and retail. The property in TIF 6 has development property available in Area A, B and D. A map of TIF 6 and the Bliss Pointe Planned Development District are included at the end of the plan.

The plan proposes to fund the infrastructure development costs to be incurred by the VCDC for the proposed district consists of grading, water, sanitary sewer, street surfacing, street lighting and other utility services. The VCDC will be marketing the lots with the lot sale proceeds used to retire the VCDC debt on the land purchase with the excess available for TIF payments and/or to fund future phases of the development.

The TIF financing method is invaluable for encouraging growth and development in areas with special development problems or opportunities, since the amount available for use by the project plan is directly related to the increase in valuation which a given project or development creates.

The project area of TIF 6 has never been developed. The area of TIF 6 has been farmland to the best knowledge of the City and the VCDC.

There are no existing structures within the TIF 6 project boundaries. This area consisted of undeveloped farm ground, some of which was annexed into the city limits after being purchased by the VCDC. All of the property in Bliss Pointe and TIF 6 is now within City limits. Following annexation the property was rezoned into the Bliss Pointe Planned Development District.

As noted in this section of the plan, the project area recently has been rezoned into the Bliss Pointe Planned Development District with this phase consisting of 68 single family residential lots, 9 lots for townhome and 3 light commercial lots.

The following maps are provided at the end of the project plan in compliance with state law and to better describe the project plan:

- Attachment 1 – Existing Conditions map
- Attachment 2 – List of Real Property improvements
- Attachment 3 – Zoning district of TIF 6 Project area
- Attachment 4 – Map of TIF 6 Project with proposed improvements

### ELEMENTS OF THE PROJECT PLAN

1. In accordance with SDCL 11-9-13 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

The public works activities will consist of (1) grading, (2) storm sewer, (3) water, (4) sanitary sewer, (5) street lighting, (6) streets, (7) electric utility connections and (8) natural gas service will be located within the District on the streets and servicing the lots shown in Attachment 4.<sup>1</sup> The VCDC will contract for the improvements within the TIF district that will be funded by

---

<sup>1</sup> SDCL § 11-9-13(1)

grants from the City from the TIF bond proceeds. All improvements will be in the TIF district. The estimated project costs are as follows:

<u>Kind of Project Cost</u>				
Capital Cost	245,796			
Financing Costs	915,196			
Real Property Assembly	-			
Professional Fees	15,000			
Administrative Costs	-			
Relocation Costs	-			
Organizational Costs	-			
Discretionary Costs and Grants	<u>2,095,810</u>			
Total Eligible Project Costs	3,271,802			

\* The City reserves the right to move project costs from one category to another without requiring an amendment to the plan.

The City zoning ordinance was amended prior to the adoption of this plan. No other changes will be needed to the City’s master plan, building codes or city ordinances as a result of this project plan.<sup>2</sup>

2. Economic feasibility study<sup>3</sup>

Current Valuation

Blocks 1-6 of the Bliss Pointe Addition are located in portions of two parcels of property on the Clay County records. In accordance with SDCL 11-9-20, the certification of the base value has been requested from the South Dakota Department of Revenue following creation and approval of the district by the City Council. The anticipated certified base value of the property in TIF 6 is less than \$92,007 (the current value of the two parcels).

Expected Increase in Valuation

Estimated Future Valuation of Proposed District

Estimated Assessed Value of District	\$92,007
Estimated Assessed Value of Project (year 20)	\$16,732,309
Other Anticipated Increases in Assessed Value	0
Estimated Increase in Assessed Value of Land*	0
Estimated Total Valuation (year 20)	\$ 16,824,316

<sup>2</sup> SDCL § 11-9-16(4)

<sup>3</sup> SDCL § 11-9-13(2)

\*For purposes of TIF 6, the increase in land value is not included in these estimates. Any additional value will pay off the loan earlier than anticipated.

Revenue Estimates from Tax Increments

The TIF 6 Plan anticipates 38 semi-annual payments over 19 years. The potential negative short-term impact on various taxing districts will be offset by the increase in the tax base in future years.

2012 Owner Occupied Tax Levies and Percentage of Total Levy

<u>Taxing Entity</u>	<u>Tax Levy*</u>	<u>Percentage of Total Levy</u>
Vermillion Public School District	10.887	58.53%
Clay County	6.29	28.04%
City of Vermillion	5.214	23.24%
Vermillion Basin Water District	.041	.18%

\*Rates per \$1,000 of assessed valuation

The estimated tax increment available to pay for project costs in the TIF 6 Plan is 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. The housing sites will be sold by the VCDC starting in 2014 with structures to be constructed thereafter. The projection is that 77 structures will be completed by 2019 and no value was included for the three commercial lots.



### 3. Detailed list of project costs<sup>4</sup>

The VCDC as the land owner/developer will be making the improvements to the property for the residential and commercial lots. The VCDC will use the lot sale proceeds to retire the VCDC debt on the land and assist with the retirement of the TIF bonds or use the funds for developing the balance of the property. The City will make grants of the bond proceeds to VCDC to assist with the financing of the improvements.

The estimated cost of engineering, grading, water, sanitary sewer, electric, natural gas, street lighting and paving along with a contingency are estimated at \$2,095,810. The site improvements will begin in the fall of 2013 and are anticipated to be completed in 2014.

The TIF bond proceeds will be granted to the VCDC for the improvement costs while the VCDC will fund \$60,000 of the site engineering costs and the City will provide the funding for the contingency of \$319,000 along with the capitalized interest costs estimated at \$245,796 to reduce the amount of the bond. The costs advanced by the VCDC and City will be reimbursed with interest after the TIF bonds are retired.

The debt on the Tax Increment District Project Costs covered in the Plan will be retired by deposits made in the TIF 6 as taxes are paid on the property in succeeding years. The City's Finance Office will make the disbursements from the 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 are retired or in no event may the positive tax increments be allocated longer than twenty years after the calendar year of creation. The final payment based upon the estimates in this plan is scheduled to be made in June 2028 depending upon the interest rate on the bonds and projections of taxable value generated within the district.

---

<sup>4</sup> SDCL §11-9-13(3)

Total Estimated Project Costs to be Paid by the Tax Increment District:			
Capital Costs:			
Capitalized Interest		245,796	
Financing Costs:			
Bond Interest Payments	528,273		
Interest on Funds Advanced	<u>386,923</u>	915,196	
Professional Fees:			
Bond Issuance Costs		15,000	
Discretionary Costs and Grants:			
Engineering			
Design	60,000		
Construction Admin/Inspection	80,000		
Construction			
Site Costs			
Grading	381,704		
Traffic Control	2,000		
Erosion Control	54,250		
Storm Sewer	125,501		
Water	275,180		
Sanitary Sewer	271,431		
Street lighting	49,400		
Surfacing	577,650		
City to reimburse Storm Sewer	(125,501)		
City to reimburse oversize water costs	(16,000)		
<u>Utility Services</u>			
Electric Service Fee \$235 per lot	18,095		
Natural Gas extension to property \$300/lot	23,100		
Contingency at 20% of Construction Costs	<u>319,000</u>	<u>2,095,810</u>	
Total Project Costs		3,271,802	

\* The City reserves the right to move project costs from one category to another without requiring an amendment to the plan. These estimated engineering, construction, utility services and contingency project costs are intended to be expended as grants as allowed by SDCL Ch 11-9.

Capital Costs – The capital costs of \$245,796 are for capitalized interest for 2013 through 2016 or until the tax increment revenues are sufficient to meet the interest payments.

Financing Costs – The financing costs for this Project Plan are dependent on the interest rate obtained. The interest rate on the bonds is the twenty year Treasury Bill rate plus half a point which will be adjusted every five years but no rate adjustment will increase/decrease the rate more than twenty-five percent from the previous rate. The interest rate estimated for this project is 5% for the TIF bonds and 1% less for the VCDC/City advances. It is estimated that the TIF Bond financing costs will total \$528,273. The interest on funds advanced of \$407,044 is based upon the entire contingency expended. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

Real Property Assembly Costs – No real property assembly costs are anticipated as the City will not be acquiring any real or personal property. The VCDC is and has been the owner of Blocks 1-6 Bliss Pointe Addition prior to TIF 6 being created.

Professional Service Costs – Professional service costs are estimated at \$15,000 for Bond Counsel is anticipated in the Project Plan.

Imputed Administrative Costs – All Tax Increment District actions require municipal staff time to prepare and enact. The City, to assist in the project, will forgo any administrative costs.

Relocation Costs – No relocation costs are anticipated in the Project Plan. No residents or families will be displaced by the project. There are no families or persons residing on the premises. A relocation plan is not needed.<sup>5</sup>

Organizational Costs – No organizational costs are anticipated in the Project Plan.

Payments and Grants – The VCDC as owner/developer of the land will be contracting for the engineering, construction, utility improvements including contingency that will be covered by grants from the City from the TIF proceeds.

List of Estimated Non-Project Costs – It is anticipated that there will be no non-project costs for the TIF district.<sup>6</sup>

#### 4. Fiscal impact statement<sup>7</sup>

There will be no adverse impact on the City, County, or School District during the duration of the TIF 6 since the development would not have occurred without the creation of TIF 6. In fact, by setting a new and updated base value, there will be additional revenue being created. Further, a positive impact on these taxing jurisdictions will occur when TIF 6 is dissolved and the development in TIF 6 will become part of the tax base of all affected taxing jurisdictions. When this occurs, the tax rates of the taxing jurisdictions will be lower than they would have been had the TIF 6 not been established.

---

<sup>5</sup> SDCL § 11-9-16(6)

<sup>6</sup> SDCL § 11-9-16(5)

<sup>7</sup> SDCL § 11-9-13(4)

It is anticipated that the taxable value of the single family dwelling constructed on the parcels included in TIF 6 will increase an average of 1% per year over the life of the TIF. The single family dwellings will be constructed during the first few years of the TIF and will retain their value over the life of the TIF. The impact of tax incremental financing on the assessed value of each taxing jurisdiction in which TIF 6 is located in whole or in part would also remain stable from year to year. Based on this assumption, it is anticipated that tax increment will be captured annually as shown. The estimate is based on the qualifications identified in this report and does not include the possible tax increment derived from the three parcels zoned for commercial development or tax rate changes after 2013.

Total assessed value of TIF 6 upon certification is estimated to be less than \$92,077.

Below is information which shows the impact of TIF 6, both until and after the Developer's debt is retired, upon all entities levying taxes upon property in TIF 6.

Year	Valuation	Vermillion School District	Clay County	City of Vermillion	Vermillion Basin Water District	Total
<u>Paid</u>	<u>Increase*</u>	<u>District</u>	<u>County</u>	<u>Vermillion</u>	<u>District</u>	<u>Total</u>
2016	1,450,000	15,786	7,560	9,121	59	32,526
2017	4,343,000	47,282	22,644	27,317	178	97,422
2018	6,401,128	69,689	33,375	40,263	262	143,590
2019	9,968,162	108,523	51,974	62,700	409	223,606
2020	12,591,309	137,082	65,651	79,199	516	282,448
2021	14,556,489	158,476	75,898	91,560	597	326,531
2022	14,702,054	160,061	76,657	92,476	603	329,796
2023	14,849,075	161,662	77,423	93,401	609	333,094
2024	14,997,565	163,278	78,197	94,335	615	336,425
2025	15,147,541	164,911	78,979	95,278	621	339,790
2026	15,299,016	166,560	79,769	96,231	627	343,188
2027	15,452,007	168,226	80,567	97,193	634	346,619
2028	15,606,527	169,908	81,372	98,165	640	350,086
2029	15,762,592	171,607	82,186	99,147	646	353,586
2030	15,920,218	173,323	83,008	100,138	653	357,122
2031	16,079,420	175,057	83,838	101,140	659	360,694
2032	16,240,214	176,807	84,676	102,151	666	364,300
2033	16,402,616	178,575	85,523	103,172	673	367,943
2034	16,566,643	180,361	86,378	104,204	679	371,623

\* The above table reflects an estimate of the valuations and tax increment of the District. Actual valuations and increments may vary.

## 5. Methods of Financing<sup>8</sup>

Below 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.

The City will issue a Private Placement Tax Incremental Revenue bond for \$1,732,000 in the fourth quarter of 2013. The interest rate on the bonds will be the current twenty year Treasury Bill rate plus half a point. The rate will be adjusted every five years to the current twenty year treasury bill rate plus half a point but may not increase or decrease by more than twenty-five percent from the previous rate.

The VCDC will advance \$60,000 for the preliminary engineering to be reimbursed, plus interest at 1% less than the rate on the TIF bond, after the TIF bond is repaid.

The City will advance the estimated \$319,000 for construction contingency. The City Council will annually consider budgeting the capitalized interest until the TIF revenues are sufficient to cover the bond interest. The advances are to be reimbursed, plus interest at 1% less than the rate on the TIF bond, after the TIF bond is repaid.

---

<sup>8</sup> SDCL § 11-9-13(5)

The projected amortization for the TIF Bond is as follows:

No.	Payment Date	Beginning Balance	Interest	Capital Int Payment	Tax Inc Payment	Principal Payment	Loan Balance	Cummulative Interest
1	12/31/2013	1,732,000	18,523	18,523			1,732,000	18,523
2	06/30/2014	1,732,000	43,300	43,300			1,732,000	61,823
3	12/31/2014	1,732,000	43,300	43,300			1,732,000	105,123
4	06/30/2015	1,732,000	43,300	43,300			1,732,000	148,423
5	12/31/2015	1,732,000	43,300	43,300			1,732,000	191,723
6	06/30/2016	1,732,000	43,300	27,037	16,263		1,732,000	235,023
7	12/31/2016	1,732,000	43,300	27,037	16,263		1,732,000	278,323
8	06/30/2017	1,732,000	43,300		48,711	5,411	1,726,589	321,623
9	12/31/2017	1,726,589	43,165		48,711	5,546	1,721,043	364,788
10	06/30/2018	1,721,043	43,026		71,795	28,769	1,692,274	407,814
11	12/31/2018	1,692,274	42,307		71,795	29,488	1,662,785	450,120
12	06/30/2019	1,662,785	41,570		111,803	70,233	1,592,552	491,690
13	12/31/2019	1,592,552	39,814		111,803	71,989	1,520,563	531,504
14	06/30/2020	1,520,563	38,014		141,224	103,210	1,417,353	569,518
15	12/31/2020	1,417,353	35,434		141,224	105,790	1,311,563	604,952
16	06/30/2021	1,311,563	32,789		163,266	130,477	1,181,086	637,741
17	12/31/2021	1,181,086	29,527		163,266	133,738	1,047,348	667,268
18	06/30/2022	1,047,348	26,184		164,898	138,715	908,633	693,452
19	12/31/2022	908,633	22,716		164,898	142,182	766,451	716,167
20	06/30/2023	766,451	19,161		166,547	147,386	619,065	735,329
21	12/31/2023	619,065	15,477		166,547	151,071	467,994	750,805
22	06/30/2024	467,994	11,700		168,213	156,513	311,481	762,505
23	12/31/2024	311,481	7,787		168,213	160,426	151,056	770,292
24	06/30/2025	151,056	3,776		169,895	166,118	(15,063)	774,069

\* The above table reflects an estimate of the valuations and tax increment of the District. Actual valuations and increments may vary.

The projected amortization of the City/VCDC advances to the project is as follows:

		Beginning			Tax Inc	Advance	Cummulative
	<u>Date</u>	<u>Balance</u>	<u>Advance</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u>	<u>Interest</u>
No	10/15/2013	-	60,000			60,000	
1	12/31/2013	60,000	18,523	513		79,036	513
2	06/30/2014	79,036	363,300	7,981		450,317	8,494
3	12/31/2014	450,317	43,300	9,006		502,623	17,500
4	06/30/2015	502,623	43,300	10,052		555,976	27,553
5	12/31/2015	555,976	43,300	11,120		610,395	38,672
6	06/30/2016	610,395	27,037	12,208		649,640	50,880
7	12/31/2016	649,640	27,037	12,993		689,669	63,873
8	06/30/2017	689,669		13,793		703,463	77,666
9	12/31/2017	703,463		14,069		717,532	91,736
10	06/30/2018	717,532		14,351		731,883	106,086
11	12/31/2018	731,883		14,638		746,520	120,724
12	06/30/2019	746,520		14,930		761,451	135,654
13	12/31/2019	761,451		15,229		776,680	150,883
14	06/30/2020	776,680		15,534		792,213	166,417
15	12/31/2020	792,213		15,844		808,058	182,261
16	06/30/2021	808,058		16,161		824,219	198,422
17	12/31/2021	824,219		16,484		840,703	214,907
18	06/30/2022	840,703		16,814		857,517	231,721
19	12/31/2022	857,517		17,150		874,668	248,871
20	06/30/2023	874,668		17,493		892,161	266,365
21	12/31/2023	892,161		17,843		910,004	284,208
22	06/30/2024	910,004		18,200		928,204	302,408
23	12/31/2024	928,204		18,564		946,768	320,972
24	06/30/2025	946,768		18,935	15,063	950,641	339,907
25	12/31/2025	950,641		19,013	169,895	799,759	358,920
26	06/30/2026	799,759		15,995	171,594	644,160	374,915
27	12/31/2026	644,160		12,883	171,594	485,450	387,799
28	06/30/2027	485,450		9,709	173,310	321,849	397,508
29	12/31/2027	321,849		6,437	173,310	154,976	403,945
30	06/30/2028	154,976		3,100	175,043	(16,967)	407,044

\* The above table reflects an estimate of the valuations and tax increment of the District. Actual valuations and increments may vary.

Attachment 1

Existing Conditions Map  
(SDCL § 11-9-16(1))

Legal Description

Blocks 1-6 Bliss Pointe Addition to the City of Vermillion, Clay County, South Dakota according to the recorded plat thereof.

DRAFT

Attachment 2

List of Real Property Improvements

Improvements to be located in the tax increment district are shown below:

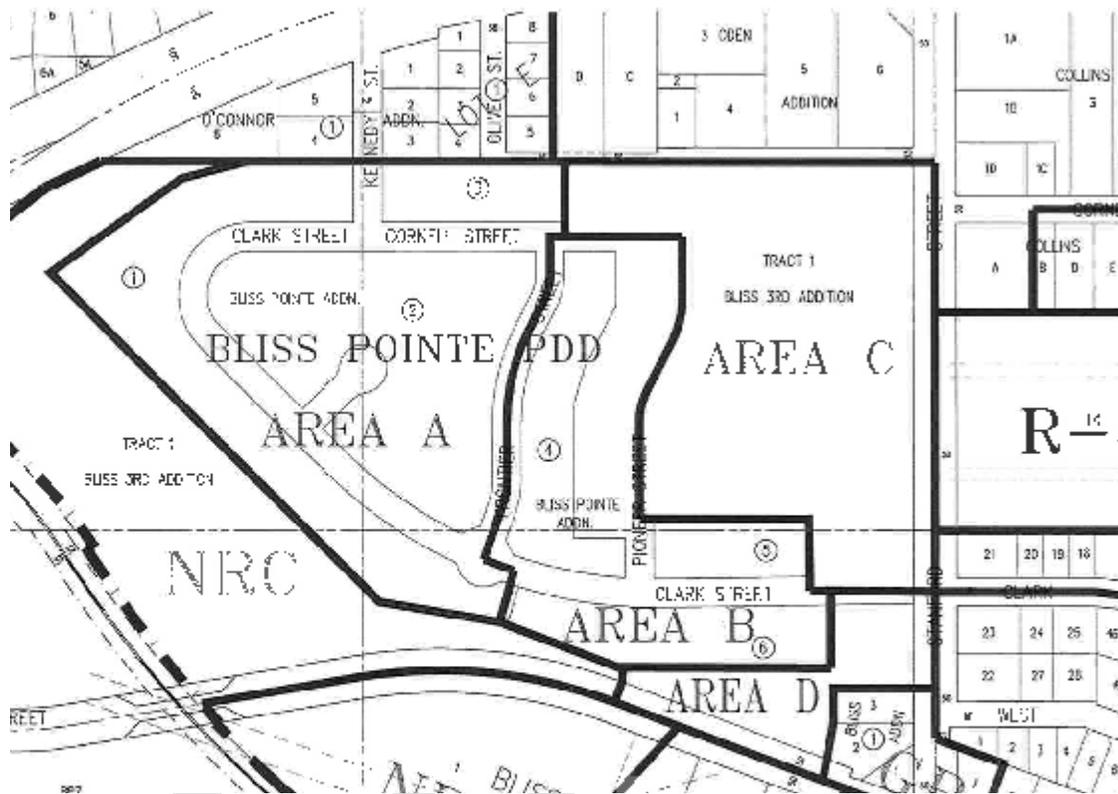
Engineering and Construction Inspection  
Grading  
Traffic Control  
Erosion Control  
Storm Sewer  
Water  
Sanitary Sewer  
Electric  
Natural Gas  
Street Lighting  
Surfacing  
Contingency  
Financing Costs  
Bond Issuance Costs

All improvements will be made within boundaries of the Tax Increment District Number 6 as shown in Attachment 4.

Attachment 3  
(SDCL § 11-9-16(3))  
Zoning Changes

All zoning changes have taken place prior to this plan

The property is zoned Bliss Pointe Planned Development District



Attachment 4  
(SDCL § 11-9-16(2))

Map of TIF 6 Project with proposed improvements

