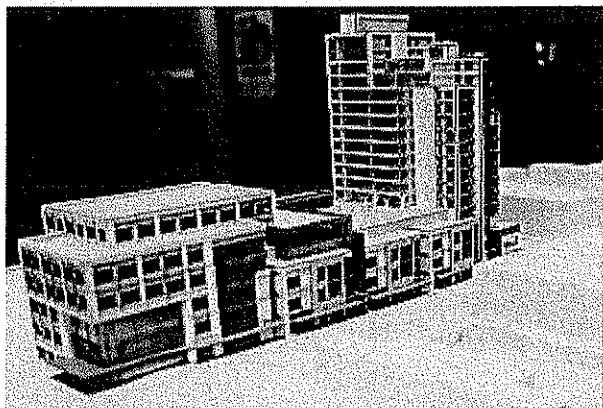




Presidents Plaza likely to break ground this year



MARCH 13, 2013 5:30 AM • DANIEL SIMMONS-RITCHIE
JOURNAL STAFF

After years of delay, Rapid City's skyline is set to be radically altered.

A developer announced Tuesday that he expects to begin construction this year on Presidents Plaza, a long-awaited, 15-story development on Sixth and St. Joseph streets that would feature condominiums, office space, a conference center, a restaurant, a 100-room hotel and a 500-stall

parking garage.

Hani Shafai, president of Dream Design International, told the city's public works committee that Congress had finally allocated tax credits he needs to begin the project, which he estimates will cost between \$41 million and \$49 million.

While he stressed that the final release of tax credits wasn't confirmed, he was confident the project would be approved. He expected confirmation from the U.S. Department of the Treasury between late March and mid April.

"The project is moving forward and moving right where we expected it to be," he said.

Council members at Tuesday's meeting expressed unanimous support for the development.

"This is a project that radically transforms a downtown that is already transforming, but really, to me, pushes it over the top," Ron Sasso said.

Speaking after the meeting, Shafai said construction would take 18 months and ideally open during the city's summer tourist season.

He expected the plaza to employ 200 people after construction, a mix of new hires and transfers from Rapid City businesses that have pledged to relocate.

"This is going to be a shot in the arm for the economy," Shafai said. "The national economy and our local economy."

Shafai said he couldn't reveal which businesses would set up in Presidents Plaza. He said some were relocating from outside South Dakota and didn't want to upset their local communities.

As part of Shafai's presentation to the public works committee, he requested the council pass a resolution to show the city's support for the project. He said that support would help guarantee the release of federal tax credits.

"That support is not required, but it's a big plus," Shafai said.

The committee moved to let the full council vote on that resolution on Monday night.

The tax credits sought by Shafai are called New Market Tax Credits. The federal government funnels funds through community-development entities to developers through a matching grant program. The developer receives 39 percent of what they invest in the project, up to a certain maximum amount.

In order to qualify for New Market Tax Credits, the project must be in a low-income census tract, with certain qualifications. Presidents Plaza falls into a low-income zone that includes downtown Rapid City, stretching north along Haines Avenue into North Rapid, with Anamosa Street serving as the northern border of the tract.

In that tract, 41 percent of the 5,000 people live in poverty. To be eligible for New Market Tax Credits, more than 30 percent of people must live in poverty in the area.



Presidents Plaza groundbreaking pushed back to 2013

AUGUST 01, 2012 5:30 AM • AARON ORLOWSKI
JOURNAL STAFF



Construction on Presidents Plaza will not begin this fall as planned, project head Hani Shafai said Tuesday.

Instead of breaking ground in September, Shafai told the Rapid City Council's Public Works Committee the new target date is March 2013 — and that will depend on financing. If construction begins then, the 15-story downtown building could be

completed in March 2015.

Presidents Plaza, a project that has been in the works for years, is estimated to cost between \$41 million and \$49 million and would offer retail and office space, a 100-room hotel, a conference center, a restaurant and condominiums. The project — slated for Sixth and St. Joseph streets — also would include 500 parking spaces.

The developers encountered a roadblock acquiring New Market Tax Credits, a crucial financing component for the project. Shafai, president of Dream Design International and partner in Presidents Plaza LLC, said Tuesday they still expect to secure those credits.

"We're very confident that we will get New Market Tax Credits because there are an abundance of New Market Tax Credits available in the market," he said. "There's no reason to panic, and that won't change, but it will take a few months to get to that point."

The U.S. Department of Treasury offers the 39 percent corporate income tax credit to developers investing in qualified projects in low-income communities.

Shafai said those credits are needed for the Presidents Plaza to be built as it is now proposed.

"Without those New Market Tax Credits, it would be not be feasible to build the project as it is today. Without the New Market Tax Credits, the project would have to be re-sized," he said.

Such a redesign would take additional time and delay construction until June, Shafai said.

A developer can acquire New Market Tax Credits if a proposed project meets certain requirements. Shafai assured the committee that Presidents Plaza meets those requirements.

Shafai said he would know by December if he has the funding, but he wanted to delay the start of construction until spring instead of trying to work through the winter.

Mayor Sam Kooiker pressed Shafai to commit to a firm construction start date whether he secures New Market Tax Credit financing or not. Shafai said he couldn't do that.

"I would not really be able to commit to a date other than to say we plan to start construction in March," he said.

Kooiker mentioned previous commitments Shafai had made concerning the plaza project.

"We were assured financing was available. Now, what I'm hearing is the New Market Tax Credits, if they don't come through, will require a redesign of the project and a delay," Kooiker said, adding that he was still optimistic and excited about the project. "There was proof of financing submitted and commitments made."

Shafai sought to reassure the committee of his commitment to Presidents Plaza and said that investors have already spent \$1 million in design costs for the project.

Presidents Plaza went through several layers of scrutiny in recent months, including a rejection by the state Historic Preservation Commission, before the city council approved it June 18. The city requested some external design changes to match the look and character of downtown that forced internal structural changes, further delaying the project.

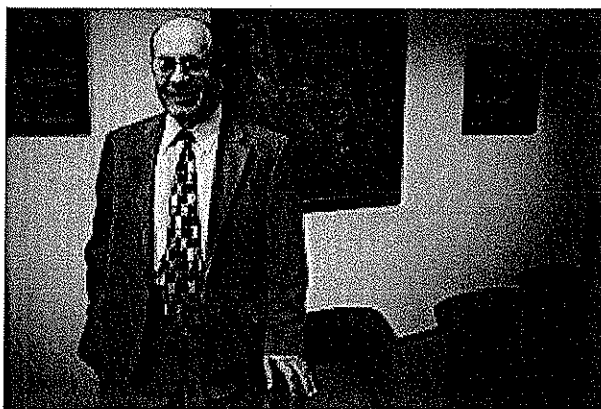
Public Works Committee members said they understood Shafai's difficulties, and they continue to support the project.

"Being a complicated project for a town this size, we need to give you a little leeway, a little time to get your ducks in a row," Ward 4 Alderman John Roberts said.

"As a developer, I can tell you things just don't go the way you want them to all the time," Ward 3 Alderman Chad Lewis said.



Another delay better than nothing



MARCH 03, 2011 6:00 AM • JOURNAL EDITORIAL BOARD

There's plenty of reason for people to roll their eyes upon hearing the Rapid City Council last week granted yet another extension to Presidential Plaza developers to provide proof of funding for the project.

It's the fourth extension granted over the past year. And it has been three decades since the site originally was cleared to make way for a similar development that never

panned out.

There is new reason, however, to hope the latest delay might end with some actual results.

A recent change in leadership has raised new hope that the \$23 million plaza project will start moving forward.

Hani Shafai, president of Dream Design International, and Pat Hall, a local realtor, have taken over as lead developers in the St. Joe Investment group, which has been working on the Presidential Plaza since 2009.

Bryan Vulcan, a member of the original investment group, compared the move to putting a new engine in a car.

He is hoping the new team's experience and resources will make it easier to obtain bank financing for the Plaza project at Sixth and St. Joseph streets.

Once private financing is secured, the project will get \$2.8 million in city Vision 2012 funds to build 350 public parking spaces at the site.

Although plans for Presidential Plaza will be modified in coming months, 20,000 square feet of office space and 40 loft apartments also were proposed for the site.

Shafai has indicated the final project will go beyond that. An enhanced project will be a good fit with other downtown development projects now under way, including Main Street Square and renovation of the former Sears building adjacent to the square.

Although the city's patience was wearing thin after the repeated requests for deadline extensions, there are no alternate plans for developing the Presidential Plaza site.

If other developers were lining up with financing in hand, that would be another story. But that's not the case, and there is no urgency to break ground.

Had the extension been denied, the site would sit empty anyway, and anyone interested in developing the site would have to start from scratch. Approving the extension at least offers hope that the site will be developed sooner instead of later.

If completing the project as soon as possible is the city's goal, it made the right choice in granting the extension.