

January 24, 2014

Mayor Sam Kooiker

Members of the City Council:

Jerome Wright, Amanda Scott, John Roberts, Ritchie Nordstrom, Charity Doyle, Bonny Petersen, Bill Clayton, Steve Laurenti, Chad Lewis, Brad Estes.

Subject: Presidents Plaza - Council Committee Report

Appendix A includes a letter to the President's Plaza Committee, Rapid City Common Council and a comparative analysis of the current agreement and an alternative proposal with additional parking and cash infusion by the City.

It is the recommendation of the Council's Committee on President's Plaza that we proceed with the project with the following specific conditions and findings:

As stated in prior agreements, the TIF, along with the \$2.8 million in Vision Funds, construction of a 350 parking stalls, the contribution of the property by the City, environmental cleanup, and utility relocation would still be in effect. There is no downsizing of the current agreement(s).

This proposal allows utilization of the \$2.0 million for parking improvements from Destination Rapid City and meets their goal of improved parking and vitality to downtown Rapid City.

For an additional \$3.0 million City money and \$2.0 million from Destination Rapid City, the project will proceed on an accelerated schedule as follows:

Agreement completion	February 28, 2014
Design Completions	March 2014 through August 2014
Construction begins	September 2014
Construction complete	September 2016
Occupancy begins	October 2016

There are no New Market Tax Credits included in this proposal, nor is the financing dependant upon them.

The City will receive a 500 parking stall structure, environmental cleanup, utility relocation and approximately 350,000 square feet of additional taxable retail, commercial, hotel, and residential use in downtown Rapid City.

The City will finally fulfill a commitment made in 1974 to provide and improve parking in downtown Rapid City, specifically in the St. Joseph St. area.

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All monies contributed by the City through the Vision Fund, TIF, and cash, will go only to the new parking structure, environmental cleanup, utility relocation and directly related items. No City money will be used to pay for any construction of non-parking structure improvements or any part of the Private Developers commercial or residential property.

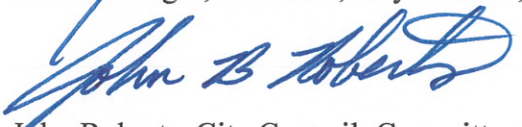
The City taxpayers, for their total investment of \$2.8 million in Vision money, a cash infusion of \$3.0 million, and the use of a TIF, will receive a minimum of 500 parking stalls, environmental cleanup, utility relocation and an approximately 350,000 square feet of new taxable and productive property. This property will contribute for years to come in economic vitality and activity in the downtown business district and the entire community. The infusion of the cash from the City and Destination Rapid City will allow for a larger scope of work. The attached financial analysis shows the pay off of the TIF approximately two years sooner. With earlier than expected tax revenues, we receive at or about the same cost, a larger parking structure, (500 vs 350 parking spaces) and a specific and accelerated completion schedule. A source of the additional \$3.0 million in funding will need to be identified by the Council, and areas such as the SAB 28 funds, excess cash reserve, are potential funding sources.

Upon the City Council agreeing to the basic terms of the letter from the developer and the summary above, the development of the appropriate contractual, financial assurance, construction documents, and related documentation, can be processed in good faith and in a progressive manner to achieve the above schedule. We can achieve a long sought goal that has been evasive too long, bringing extra parking to downtown Rapid City, re-investment in economic activity, a shorter construction period, and the TIF is paid off sooner.

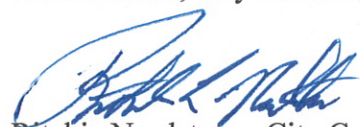
Signed,



Jerome Wright, President, City Council, Committee Chair Date 1/27/2014



John Roberts, City Council, Committee Member Date 1-27-2014



Ritchie Nordstrom, City Council, Committee Member Date 1-28-14

CC President's Plaza Group
Project File

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APPENDIX

A

January 15, 2014

President's Plaza Committee, Rapid City Council
300 6th Street
Rapid City, South Dakota 57701

Subject: President's Plaza

Dear Committee Members,

It is appreciated that the committee has shown leadership in getting the President's Plaza to completion in thinking what is best for Rapid City. The following recommendations are the terms we can and will accept upon legal review and appropriate amendments within our current agreements:

The TIF, along with the \$2.8 million in Vision Funds, construction of 350 parking spots, the contribution of the property, environmental cleanup and utility location, as stated in prior agreements, would still be in effect.

For an additional \$3.0 million City money and \$2.0 million from Destination Rapid City, the project will proceed on an accelerated schedule, and the City will gain:

- Approximately \$50 million in property tax values.
- All City contributions will go to pay for increased parking capacity.
- A multi-level parking structure with a minimum of 500 parking spots.
- 350,000 sq. ft. of additional taxable retail, commercial, hotel, and residential use in down town Rapid City.
- Complete a commitment of 40 years to increase parking and retail activity on St. Joseph Street, and adjoining areas.
- **Total City contribution will be \$5.8 million towards a project that includes \$14 million dollars to construct more than 500 parking spaces, bury the power lines and perform environmental cleanup.**

Projected Accelerated Project Schedule:

- | | |
|-------------------------|--------------------------------|
| • Agreement Completion | February 28, 2014 |
| • Design Completions | March 2014 through August 2014 |
| • Construction begins | September 2014 |
| • Construction complete | September 2016 |
| • Occupancy | October 2016 |

PRESIDENT'S PLAZA, LLC

BY: 