



# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

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February 3, 2014

President's Plaza Development Team

Pat Hall

c/o Pat Hall Premier Properties

632 Main St.

Rapid City, SD 57701

Hani Shafai

c/o Dream Design International

528 Kansas City Street

Rapid City, SD 57701

Re: President's Plaza

Dear Pat and Hani,

Thank you for the opportunity to meet with your development team and several members of the City Council last Friday to discuss the President's Plaza project.

Here is a brief summary of the main questions I asked and your responses as I understood them.

1. You previously said without New Market Tax Credits (NMTC's) that the project will be scaled down; in general terms what does this scaled down version look like? What could you build with the existing commitment, and with no additional taxpayer funds?
  - You would likely reduce retail and office space and eliminate the hotel while staying within the required contractual amount (89,000 sq. ft.). If you are provided an additional \$5 million infusion of cash into the project, you would add an additional 150 parking stalls to the 350 already planned, for a total of 500 parking stalls. Size range of the project would be 89,000 – 350,000 sq. ft. In addition, 100 of 150 additional stalls would be leased back to you by the City. Without these additional 150 parking stalls, the hotel would not be possible.
2. What is the % of overall cost over 20 years (including interest on the TIF) that you or other private equity is contributing?
  - This answer is not currently available since the size of the project has not been finalized, however, you do not plan to provide the answer to this question at any point. You stated it is not the City's concern to know how much private equity is being put into the project.



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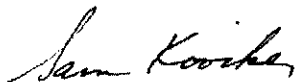
- Based on timing considerations and the fact you believe it's not the City's business, you reiterated your opposition to an independent outside financial review to include the following items:
  - Full Financial review of project
    - Review of Market Study
    - Review of the proof of financing
    - Review of leases
  - Financial wherewithal of the developers

3. Why not go to the private sector for the additional \$5 Million?

- Private sector funding is not available because none of the additional monies would go into the private portion of the project; the parking ramp would be owned and operated by the city.

It was also mentioned Friday the \$5 million cash infusion would result in smaller TIF costs. I spoke with Pat Hall Monday morning. He said he would have to look at the numbers to see if he would support amending the agreements to directly reduce the TIF eligible cost by the amount of the \$5 million cash infusion. Pat also clarified the structure size would likely be 300,000 sq. ft. or greater, however, that size would include the parking structure, which would not be taxable. The square footage of a 500 stall parking ramp is not known at that this time, but would be provided later.

Sincerely,



Sam Kooiker, Mayor  
Rapid City, South Dakota

CC: City Council members