



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

Office of the Mayor

300 6th Street

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November 5, 2019

City Council Members
300 Sixth Street
Rapid City, SD 57701

Dear Council Members:

I am providing you with the status on the selection process for the future development in the 500 block of Saint Joseph Street (formerly referred to as President Plaza).

As you recall, Elevate Rapid City covered the expense of hiring TEGRA Group to oversee the selection process for the City of Rapid City. The Elevate Executive Board advertised for requests for proposals (RFPs) for a mixed use development in the 500 block of Saint Joseph Street. Three proposals were submitted.

On October 17, 2019, all three development companies presented their proposals and were interviewed by the Elevate Executive Board including myself, City Attorney Joel Landeen and Destination Rapid City CEO Dan Senftner. The proposals were all of good quality and provided the private sector's input and preliminary analysis into the needs of our downtown area. There were positive points to all three proposals.

All three developers provided a proposal to include living space, commercial and parking. Two of the three included a hotel in their proposals. The developers submitting proposals were:

- Merge Urban Development Group from Cedar Falls, Iowa
- Legacy Development from Sioux Falls, South Dakota
- Lloyd Company from Sioux Falls, South Dakota who also recently opened an office in Rapid City.

In the days following the interview process, the selection committee reached consensus that the City's chosen developer for the site should be Lloyd Company. Overall, Lloyd will still need to do formal market analysis, but they are further along in their research of the viability of their proposal; they have a strong history of successful projects similar to what they are proposing and; their project appears to be the right mix of uses for the downtown area.

Attached is a letter from Elevate Rapid City Executive Board Chairman David Lust.



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The next steps will be to follow up with Lloyd Company with the securing of a non-binding letter of intent to be signed while the development agreement is being negotiated. Obviously, the negotiation of this agreement will be very important as it will detail the City's participation in this public/private partnership.

Approval of the development agreement must come from the City Council. This agreement will be brought to the City Council members well in advance of the targeted meeting date. I cannot say for certain how long it will take to negotiate this agreement.

City Attorney Joel Landeen has expressed interest in hiring an outside law firm who is well versed in complicated developer agreements to protect the City's interests on this project. Mr. Landeen believes this area is vitally important and not doing so in the past was one of the weaknesses of the failed previous project at this location. I believe this is a wise idea and funding exists for this purpose in the City Attorney budget.

I am very pleased at the outcome of this selection process and believe the taxpayer's interests are being protected to the greatest extent possible. I truly believe the development in the 500 block of Saint Joseph Street will be the cornerstone of the new Downtown Rapid City.

I would welcome council feedback on this issue if you are so inclined. I'm also willing to meet with individual council members to answer any questions or share additional details as needed. Please let me know at your earliest convenience.

Sincerely,



Steve Allender, Mayor
Rapid City, South Dakota



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Rapid City, SD 57701
elevaterapidcity.com

October 28, 2019

Honorable Steve Allender
Mayor of Rapid City
Office of the Mayor and City Council
300 Sixth Street
Rapid City, SD 57701

Re: Mixed Use Development Proposal at 5th and St. Joseph

Dear Mayor:

Thank you for your participation and engaging discussion during last Thursday's interview and selection session of the three real estate development proposals. As demonstrated by their responses and interview presentations, real estate developers are optimistic on the opportunity to create a viable and successful mixed-use development in downtown Rapid City.

Although each proposal presented noteworthy aspects, after deliberation and thoughtful consideration the Selection Committee concludes that Lloyd Companies presents the best, most complete proposal. Our deliberation also concluded that both the Merge and Legacy proposals have positive aspects, but Lloyd Companies presented a well-conceived work plan with an adequate financial analysis. Based on these core attributes the Selection Committee unanimously recommends the City move forward to begin negotiation of a non-binding Letter of Intent followed by a Development Agreement with the Lloyd Companies.

We look forward to next steps and advancing this important project.

Very truly yours,

Elevate Rapid City, Board of Directors

A handwritten signature in blue ink, appearing to read "David Lust", is written over a horizontal line.

David Lust, Chairman

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