brookings
MARKETPLACE

Memo To: Mayor Keith Corbett
Members of the Brookings City Council
From: Brookings Marketplace, LLC
Subject: Progress Report
Date: August 2, 2017

The purpose of this memo is to provide the City of Brookings with a progress report highlighting our efforts to develop the Brookings Marketplace project. The report covers the period of time from January, 2017 when the development agreement between the City and Brookings Marketplace, LLC was approved through July 2017. The report is divided into three sections.

- Section One: Administrative/Planning/Marketing Activities
- Section Two: Significant Results
- Section Three: Objectives Moving Forward

Section One: Administrative/Planning/Marketing

It was generally believed that because of the disruption that would be caused by the reconstruction of 6th Street and the I-29 interchange, 2017 would be a year that would be primarily devoted to the formation of the development team, completion of due diligence activities by the members of the Development Team and commencement of marketing efforts. The goal of the Development Team was to position the project in the market so that real interest in the site would begin to materialize in 2018.

To successfully accomplish their initial objectives of developing a site plan, identifying prospects and completing the due diligence work outlined in the development agreement, team leaders established a systematic and focused routine for the group that was intended to insure that the Marketplace moved forward on a systematic basis. The following items were accomplished:

Administrative

- The team leaders finished legal work necessary to put the Operating Agreement for Brookings Marketplace, LLC in place.

- Scheduled regular monthly meetings of the project team. The meetings have been held in either Sioux Falls or Brookings and have allowed team members an opportunity to meet face to face to review progress, discuss problems and establish goals.

- Scheduled regular weekly conference calls between the members of the marketing group. The goal of the marketing group has been to systematically identify prospects that would fill

gaps that currently exist in the Brookings retail market and find prospects that might identify Brookings as a logical expansion opportunity in eastern South Dakota.

The marketing group consists of Reggie Kuipers, Bender Commercial Real Estate, Steve Schwanke, Inland Development Partners and Jon Fahning, Shingobee Real Estate. Reggie's focus is on the marketing of the project to local and regional retail prospects while Jon and Steve have focused on larger regional and national prospects.

- Had regular contact with city personnel and members of the Brookings Economic Development Corporation staff to discuss prospects, project timing, zoning issues and environmental concerns. The objective of these meetings was to exchange information and make certain that local officials of what was being done to move the Marketplace forward.

Planning

In order to successfully present a vision of the Marketplace project to prospective tenants and the community and to move forward with the due diligence activities outlined in the Development Agreement between the City and Marketplace, LLC, it was necessary to expand the development team to include an architectural design firm capable of capturing the team's vision for the site and an engineering firm knowledgeable of the site as it currently exists and qualified to address the drainage and environmental issues that have been identified on site.

Three architectural firms (Perspective, Inc. Confluence and JLG, Inc.) were invited to submit design proposals and participate in team interviews. After presentations and interviews, Perspective, Inc. was selected to become a member of the development team.

Banner Associates was selected to provide engineering services for the project. Banner is currently revising the ALTA survey for the site, completing analysis of drainage and wetland issues on site and completing preliminary design for the infrastructure that will need to be constructed on site.

Developing the initial site plan for the project was time consuming and intense. Several plans were reviewed and discussed as the Development Team members sought a plan that would attract prospective tenants, maximize the development potential of the site and be consistent with the overall objectives of the City. Site planning was further complicated by the presence of the natural drainage way that runs through the site. Finalizing a site plan that maintained the drainage flow through the site and took advantage of the aesthetic possibilities of the natural area and addressed the requirements of the Corp of Engineers was a complex process.

After reviewing the various environmental reports that had been done during the time the was acquiring the site, legal counsel for Marketplace, LLC recommended that additional work be completed to update the Phase I Environmental report that was completed in 2011, and that further testing be undertaken to determine the extent of any environmental issues that may exist under the concrete slab that remains from the former SDDOT highway maintenance shop and office building. Geotek Testing and Engineering Services, Inc. was retained to complete this work. The updated Phase I has been finished and the development team is working to schedule the testing needed for the former maintenance shop site.

The final planning and development activity initiated during the time period covered in this report is the submission of the rezoning application for the site. The zoning application was submitted to the Community Development Department on July 17th. The application was reviewed and approved by the Planning Commission on August 1st. The zoning application is scheduled to be on the City Council agenda for review and approval August 22nd and September 12th.

Marketing/Community Awareness

Beginning in March, the members of the marketing team began a systematic assessment of the existing Brookings retail environment and an analysis of likely prospects that might have an interest in doing business in Brookings. Existing retail leakage reports, data compiled by the Brookings Economic Development Corporation and the marketing team's knowledge and familiarity with national and regional prospects were instrumental in shaping the initial strategy that evolved for the project. The strategy formed the basis for the presentation that was taken to the ICSC conference in May. A copy of the ICSC marketing package is attached to this report as Tab A.

Three team members (Reggie Kuipers, Steve Schwanke and Jon Fanning) from the Marketplace, LLC attended the ICSC conference in Las Vegas in May. During their time at the conference, marketing team members participated in 12 scheduled calls on potential retail tenants and made 60-70 informal contacts with prospective clients. Team members were also able to participate in various social functions that enabled them to further introduce Brookings to the retail market.

In addition to getting ready for ICSC, development team members also focused on building community awareness and support for the Marketplace. In July (6th and 10th) community meetings were held to introduce the Marketplace to the community and to seek public input. The first meeting was held in cooperation with the East Brookings Business and Industry Council. At the first "open house" style meeting more than 30 attendees were able to review the development plan and offer suggestions and ideas for how to improve the project. The most frequently asked question from attendees was "How soon can you get started with construction?"

The second community meeting, held at City Hall drew over 20 attendees. At both meetings attendees were given an opportunity to complete a short written questionnaire. Attendees were asked four questions:

- What do you like best about the Marketplace project?
- Do you have suggestions about how to improve the project?
- Would you like us to stay in contact with you as the project moves forward?
- Do you have any other thoughts about the Marketplace that you would like to share?

A total of 9 questionnaires were completed. A summary of the responses to the questionnaire is included in Tab B.

Section Two: Significant Results

As stated earlier in the report, because of the rebuilding of 6th Street, 2017 was viewed

by members of the Development Team as a year that would be devoted primarily to planning and marketing. It was generally believed that retailers would not take a serious look at Brookings' potential until street construction was nearing completion and it was possible easily drive to the site. The surprise (pleasant) has been the level of interest that was generated at ICSC and as a result of the contacts (regional/local) that have been made by the marketing team. As of the date of this report, the marking team is actively working with three potential junior box tenants in an effort to secure Letters of Intent. While not binding, a Letter of Intent is the first step toward securing tenants for the Marketplace.

The team also has initial discussions underway with several restaurant prospects and other tenants that could occupy space in one or more strip centers that could be developed in the project.

Section Three: Objectives Moving Forward

Looking forward, marketing will continue to be a priority function of the members of the Development team. During the next six-nine months, team members will also strive to accomplish the following objectives:

August

- Planning Commission approval of rezoning application
- Completion of final environmental reports

September

- Rezoning approved by the City Council
- Continue tenant negotiations
- Secure initial approval of wetlands designation from the Corp of Engineers
- Preliminary infrastructure improvements budget complete
- Project proforma complete
- Submission of Preliminary Tax Increment Financing Plan to the City

October

- Submission of Tax Increment Financing Plan to the City
- Continued tenant discussions

November

- Continued tenant discussions

December

- Approval of TIF district by City Council
- Submission of infrastructure financing/loan application to a local lender(s)

January

- Preliminary infrastructure loan application approval
- Infrastructure plan released for contractor bidding

- Third Letter of Intent received

February

- Infrastructure loan closed
- Infrastructure bids received

March

- Infrastructure bids approved

April

- Phase I land sale from City to Marketplace LLC

May

- Phase I infrastructure work commences.

Tab A:

ICSC Marketing Information Brochure

brookings MARKETPLACE

BROOKINGS, SOUTH DAKOTA

INLAND DEVELOPMENT PARTNERS

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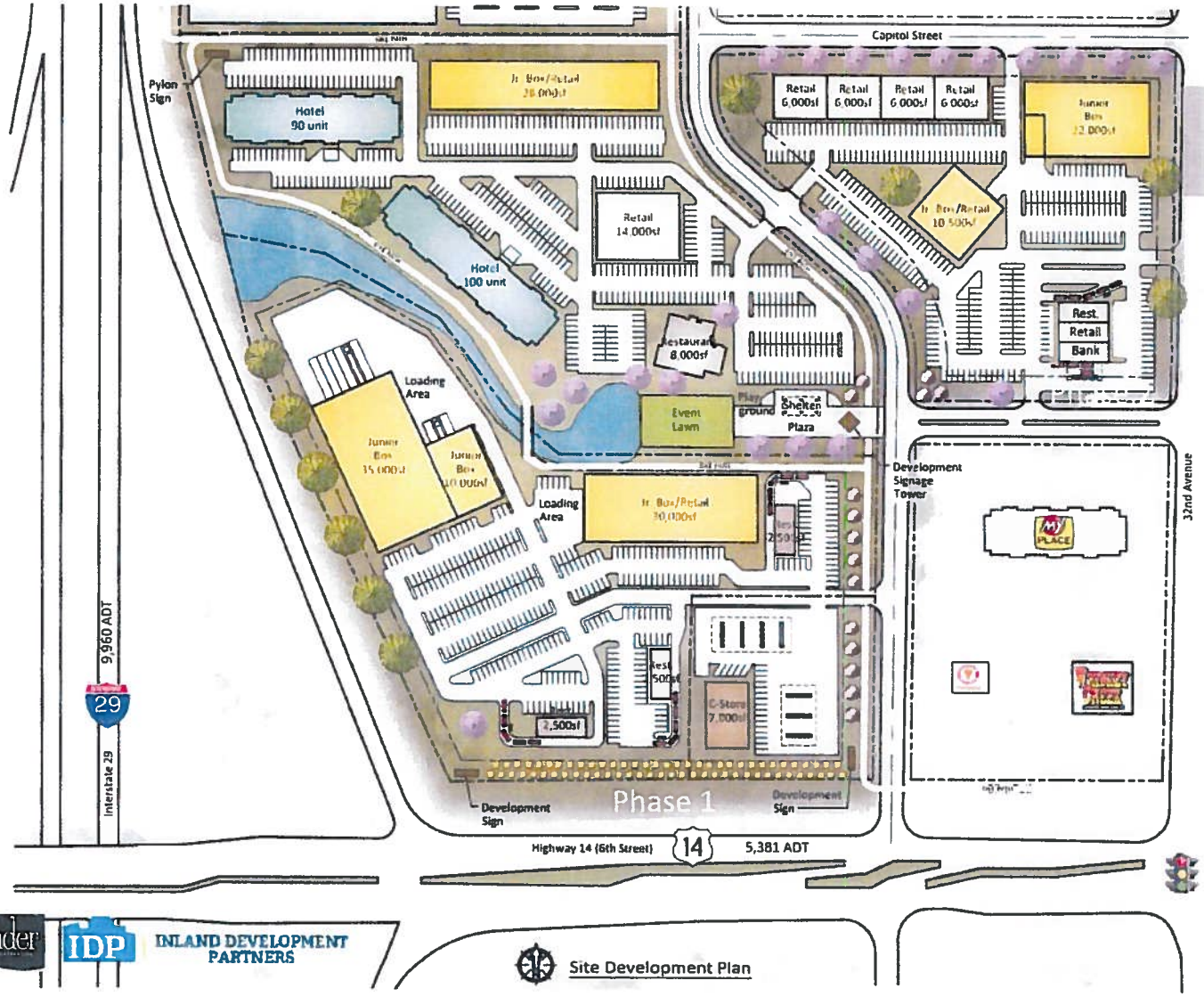
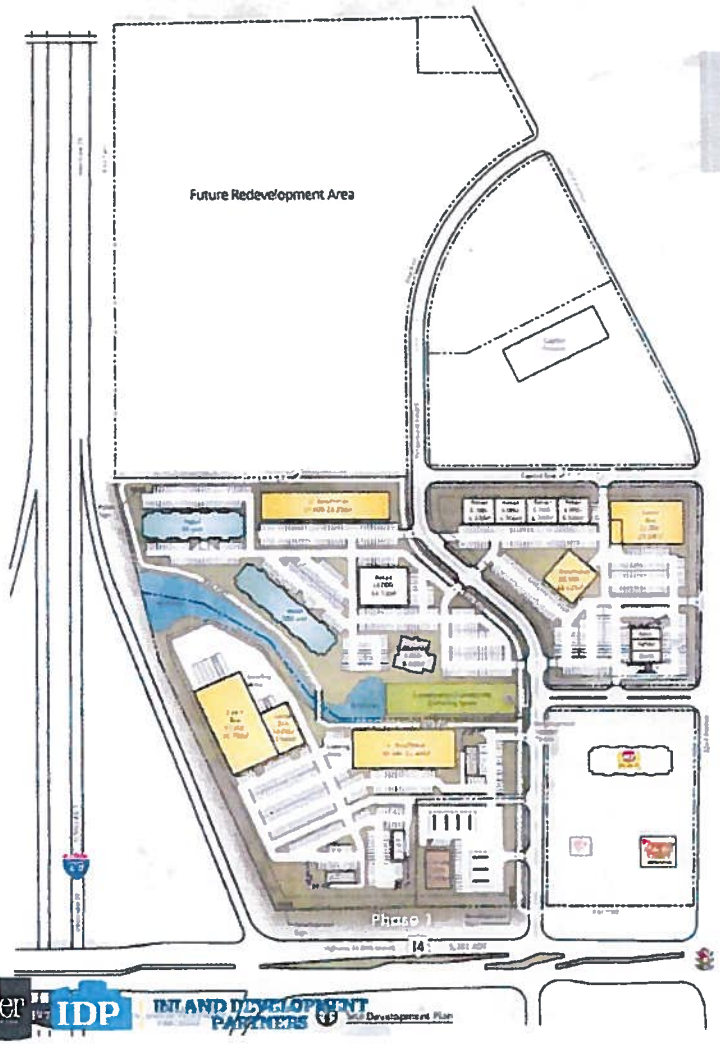


Bender IDP INLAND DEVELOPMENT PARTNERS

Site Development Plan

[SITE PLAN]

- Parcel Size: 28.5 Acres
  - Phase 1: 21.4 Acres
  - Phase 2: 7.1 Acres
- Build-Ready Lots
  - Junior Box
  - Retail Strip
  - Hotels
  - C-Store
  - Drive-Thru Pads
- Phase 1 Available Spring 2018
- Combined Average Daily Count of 15,000 vehicles



Bender IDP INLAND DEVELOPMENT PARTNERS

[SUMMARY]

A GROWING COMMUNITY
- 4th Largest City in South Dakota
- Population 23,643

QUALITY OF LIFE
- Best Place to Live in South Dakota- Niche, 2016

STRONG EMPLOYMENT
- 2nd largest employer of manufacturing in South Dakota
- 2.5% unemployment rate
- Major Manufacturing Employees
  - Daktronics – 1,605 employees
  - Larson Manufacturing – 516 employees
  - 3M – 1,008 employees

HIGHER EDUCATION
- Home of South Dakota State University – South Dakota's largest University
- 2016 enrollment: 12,613
- 4,463 employees
- Offering 7 majors, 36 specializations, 75 minors, 33 masters and 15 PhD programs
- Research: over 58 million expensed in 2014

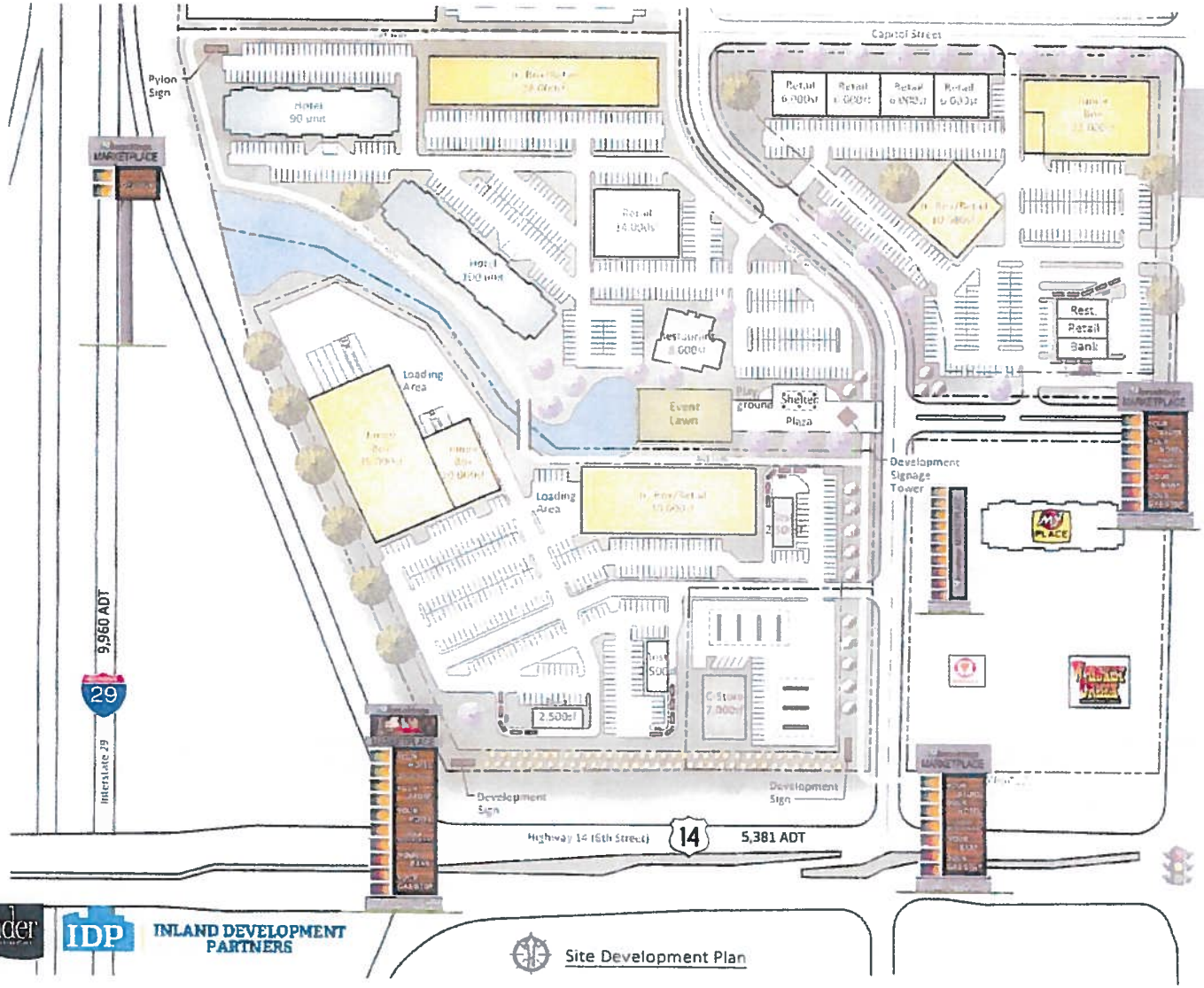
SWIFTEL CENTER
- City owned event center located 2 blocks from the Marketplace
- 30,000 SF event center
- 117,152 people attended 262 events held in 2016
- Planning underway for facility upgrades and expansion

STRONG RETAIL GROWTH
- **Total Sales- Brookings**
  635.8 m Up 23% since 2012
- Total Retail Sales
  358.7 m Up 19% since 2012
- Total General Merchandise
  102.4 m Up 13% since 2012
- Total Eating/Drinking
  64.8 m Up 26% since 2012
- Total Food Stores
  54.4 m Up 13% since 2012
- Total Apparel/Accessories
  8.4 m Up 44% since 2012
- Total Automotive/Gas
  18.7 m Up 46% since 2012
- Total Home Furniture/Furnishings
  19.8 m Up 30% since 2012

RECREATION CENTER
- Planning is underway for a 150,000 sf city owned recreation center that would include
  - Fieldhouse
  - Indoor Pool
  - Tennis Facility
  - Gyms

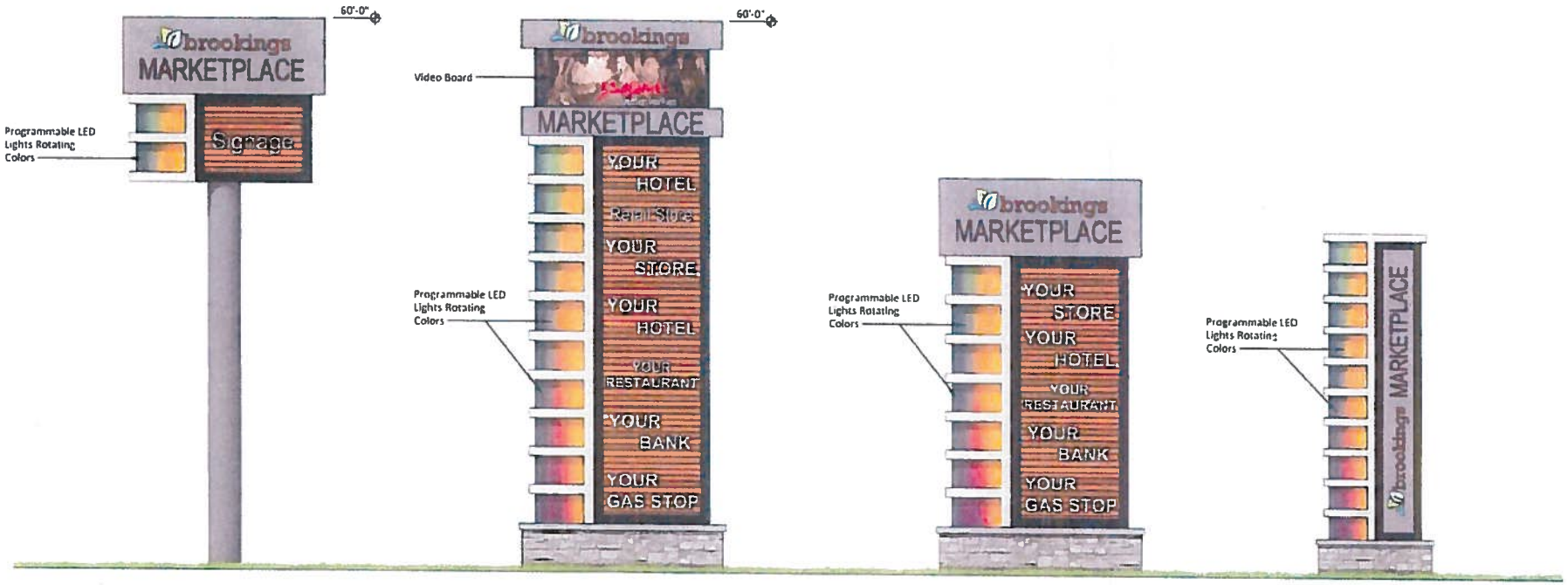
[VICINITY MAP]

- National Retailers
  - Walmart
  - Runnings
  - Lowes
- Major Employers
  - South Dakota State University
  - Daktronics
  - 3M
  - HyVee
  - Brookings Health Systems
  - Walmart
  - Aramark
  - Brookings School District



[SIGNAGE]

- Pylon Signage
- Development Signage
- Development Signage Tower



DEVELOPMENT SIGNAGE

Bender

IDP INLAND DEVELOPMENT PARTNERS

Demographic and Income Profile

Brookings Marketplace
Brookings, South Dakota, 57006
Drive Time: 20 minute radius

Prepared by Reggie Kuipers, SIOR

Summary	Census 2010	2016	2021
Population	29,835	32,161	33,827
Households	11,234	12,408	13,217
Families	6,045	6,505	6,956
Average Household Size	2.35	2.31	2.29
Owner Occupied Housing Units	6,267	6,774	7,235
Renter Occupied Housing Units	4,957	5,633	5,982
Median Age	25.8	27.4	28.6

Trends: 2016 - 2021 Annual Rate	Area	State	National
Population	1.02%	1.17%	0.84%
Households	1.27%	1.21%	0.79%
Families	1.10%	1.08%	0.72%
Owner HHs	1.33%	1.24%	0.73%
Median Household Income	3.35%	2.52%	1.89%

Households by Income	2016 Number	2016 Percent	2021 Number	2021 Percent
<$15,000	1,821	14.7%	1,932	14.6%
$15,000 - $24,999	1,509	12.2%	1,815	13.7%
$25,000 - $34,999	1,485	12.0%	903	6.8%
$35,000 - $49,999	1,902	15.3%	1,535	11.6%
$50,000 - $74,999	2,046	16.5%	2,482	18.8%
$75,000 - $99,999	1,484	12.0%	1,697	12.8%
$100,000 - $149,999	1,483	12.0%	1,950	14.8%
$150,000 - $199,999	346	2.8%	518	3.9%
$200,000+	331	2.7%	384	2.9%
Median Household Income	$44,932		$52,974	
Average Household Income	$62,016		$69,107	
Per Capita Income	$24,319		$27,365	

Population by Age	Census 2010 Number	Census 2010 Percent	2016 Number	2016 Percent	2021 Number	2021 Percent
0 - 4	1,753	5.9%	1,796	5.6%	1,882	5.6%
5 - 9	1,557	5.2%	1,676	5.2%	1,742	5.1%
10 - 14	1,423	4.8%	1,524	4.7%	1,689	5.0%
15 - 19	3,513	11.8%	3,564	11.1%	3,686	10.9%
20 - 24	6,254	21.0%	6,124	19.0%	6,045	17.9%
25 - 34	4,131	13.8%	5,020	15.6%	5,055	14.9%
35 - 44	2,765	9.3%	2,909	9.0%	3,430	10.1%
45 - 54	3,010	10.1%	2,940	9.1%	2,818	8.3%
55 - 64	2,565	8.6%	3,050	9.5%	3,103	9.2%
65 - 74	1,451	4.9%	1,957	6.2%	2,539	7.5%
75 - 84	909	3.0%	1,000	3.1%	1,227	3.6%
85+	504	1.7%	569	1.8%	612	1.8%

Race and Ethnicity	Census 2010 Number	Census 2010 Percent	2016 Number	2016 Percent	2021 Number	2021 Percent
White Alone	27,800	93.2%	29,107	90.5%	30,245	89.4%
Black Alone	252	0.8%	697	2.2%	886	2.6%
American Indian Alone	279	0.9%	465	1.4%	548	1.6%
Asian Alone	867	2.9%	1,063	3.3%	1,210	3.6%
Pacific Islander Alone	8	0.0%	10	0.0%	10	0.0%
Some Other Race Alone	210	0.7%	360	1.1%	431	1.3%
Two or More Races	425	1.4%	458	1.4%	497	1.5%
Hispanic Origin (Any Race)	519	1.7%	955	2.7%	1,008	3.0%

Data Note: Income is expressed in current dollars.

Source: Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

May 09, 2017

Demographic and Income Profile

Brookings Marketplace
Brookings, South Dakota, 57006
Drive Time: 10 minute radius

Prepared by Reggie Kuipers, SIOR

Summary	Census 2010	2016	2021
Population	21,776	23,150	24,191
Households	8,153	8,866	9,392
Families	3,859	4,106	4,305
Average Household Size	2.26	2.23	2.22
Owner Occupied Housing Units	3,887	4,082	4,313
Renter Occupied Housing Units	4,266	4,784	5,078
Median Age	24.3	24.8	25.3

Trends: 2016 - 2021 Annual Rate	Area	State	National
Population	0.88%	1.17%	0.84%
Households	1.16%	1.21%	0.79%
Families	0.95%	1.08%	0.72%
Owner HHs	1.12%	1.24%	0.73%
Median Household Income	3.30%	2.52%	1.89%

Households by Income	2016 Number	2016 Percent	2021 Number	2021 Percent
<$15,000	1,519	17.1%	1,615	17.2%
$15,000 - $24,999	1,249	14.1%	1,515	16.1%
$25,000 - $34,999	1,150	13.0%	686	7.3%
$35,000 - $49,999	1,326	15.0%	1,069	11.4%
$50,000 - $74,999	1,348	15.2%	1,615	17.2%
$75,000 - $99,999	930	10.5%	1,076	11.5%
$100,000 - $149,999	918	10.4%	1,258	13.4%
$150,000 - $199,999	224	2.5%	328	3.5%
$200,000+	203	2.3%	231	2.5%
Median Household Income	$39,692		$46,682	
Average Household Income	$56,951		$63,585	
Per Capita Income	$22,122		$24,917	

Population by Age	Census 2010 Number	Census 2010 Percent	2016 Number	2016 Percent	2021 Number	2021 Percent
0 - 4	1,111	5.1%	1,119	4.8%	1,185	4.9%
5 - 9	1,013	4.7%	1,033	4.5%	1,069	4.4%
10 - 14	856	3.9%	927	4.0%	981	4.1%
15 - 19	3,003	13.8%	3,046	13.2%	3,126	12.9%
20 - 24	5,745	26.4%	5,646	24.4%	5,603	23.2%
25 - 34	3,014	13.8%	3,669	15.8%	3,754	15.5%
35 - 44	1,775	8.2%	1,842	8.0%	2,163	8.9%
45 - 54	1,839	8.4%	1,812	7.8%	1,752	7.2%
55 - 64	1,553	7.1%	1,807	7.8%	1,859	7.7%
65 - 74	887	4.1%	1,197	5.2%	1,495	6.2%
75 - 84	612	2.8%	644	2.8%	768	3.2%
85+	368	1.7%	408	1.8%	429	1.8%

Race and Ethnicity	Census 2010 Number	Census 2010 Percent	2016 Number	2016 Percent	2021 Number	2021 Percent
White Alone	20,088	92.3%	20,651	89.2%	21,272	87.9%
Black Alone	221	1.0%	606	2.6%	760	3.2%
American Indian Alone	213	1.0%	349	1.5%	408	1.7%
Asian Alone	777	3.6%	946	4.1%	1,073	4.4%
Pacific Islander Alone	7	0.0%	6	0.0%	8	0.0%
Some Other Race Alone	133	0.6%	237	1.0%	283	1.2%
Two or More Races	336	1.5%	352	1.5%	379	1.6%
Hispanic Origin (Any Race)	343	1.6%	564	2.4%	659	2.7%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

May 09, 2017

Demographic and Income Profile

Brookings Marketplace
Brookings, South Dakota, 57006
Drive Time: 30 minute radius

Prepared by Reggie Kuipers, SIOR

Summary	Census 2010	2016	2021
Population	40,592	42,942	44,666
Households	15,591	16,339	17,695
Families	9,984	9,532	9,918
Average Household Size	2.35	2.32	2.31
Owner Occupied Housing Units	9,597	10,126	10,636
Renter Occupied Housing Units	5,994	6,213	7,060
Median Age	28.0	29.9	31.5

Trends: 2016 - 2021 Annual Rate	Area	State	National
Population	0.79%	1.17%	0.84%
Households	1.00%	1.21%	0.79%
Families	0.80%	1.00%	0.72%
Owner HHs	0.99%	1.24%	0.73%
Median Household Income	2.84%	2.52%	1.89%

Households by Income	2016 Number	2016 Percent	2021 Number	2021 Percent
<$15,000	2,266	13.9%	2,372	13.4%
$15,000 - $24,999	1,841	11.5%	2,238	12.6%
$25,000 - $34,999	1,833	11.5%	1,242	7.0%
$35,000 - $49,999	2,632	15.6%	2,121	12.0%
$50,000 - $74,999	3,013	17.9%	3,498	19.8%
$75,000 - $99,999	2,193	13.0%	2,507	14.2%
$100,000 - $149,999	1,971	11.7%	2,562	14.5%
$150,000 - $199,999	455	2.7%	656	3.7%
$200,000+	437	2.6%	500	2.8%
Median Household Income	$47,370		$54,477	
Average Household Income	$63,054		$70,015	
Per Capita Income	$25,041		$28,025	

Population by Age	Census 2010 Number	Census 2010 Percent	2016 Number	2016 Percent	2021 Number	2021 Percent
0 - 4	2,530	6.3%	2,530	5.9%	2,577	5.8%
5 - 9	2,256	5.6%	2,368	5.5%	2,447	5.5%
10 - 14	2,159	5.3%	2,184	5.1%	2,411	5.4%
15 - 19	4,208	10.4%	4,189	9.8%	4,304	9.6%
20 - 24	6,750	16.6%	6,683	15.6%	6,476	14.5%
25 - 34	5,383	13.3%	6,266	14.6%	6,226	13.9%
35 - 44	3,940	9.7%	4,031	9.4%	4,641	10.4%
45 - 54	4,639	11.4%	4,380	10.2%	4,060	9.1%
55 - 64	3,979	9.8%	4,643	10.8%	4,727	10.6%
65 - 74	2,399	5.9%	3,122	7.3%	3,861	8.6%
75 - 84	1,511	3.7%	1,627	3.8%	1,971	4.4%
85+	834	2.1%	918	2.1%	963	2.2%

Race and Ethnicity	Census 2010 Number	Census 2010 Percent	2016 Number	2016 Percent	2021 Number	2021 Percent
White Alone	37,223	91.7%	38,423	89.5%	39,593	88.6%
Black Alone	299	0.7%	786	1.8%	977	2.2%
American Indian Alone	1,117	2.8%	1,232	2.9%	1,311	2.9%
Asian Alone	941	2.3%	1,177	2.7%	1,326	3.0%
Pacific Islander Alone	9	0.0%	11	0.0%	11	0.0%
Some Other Race Alone	385	0.9%	605	1.4%	694	1.6%
Two or More Races	627	1.5%	709	1.7%	753	1.7%
Hispanic Origin (Any Race)	824	2.0%	1,297	3.0%	1,476	3.3%

Data Note: [illegible]
Source: [illegible]

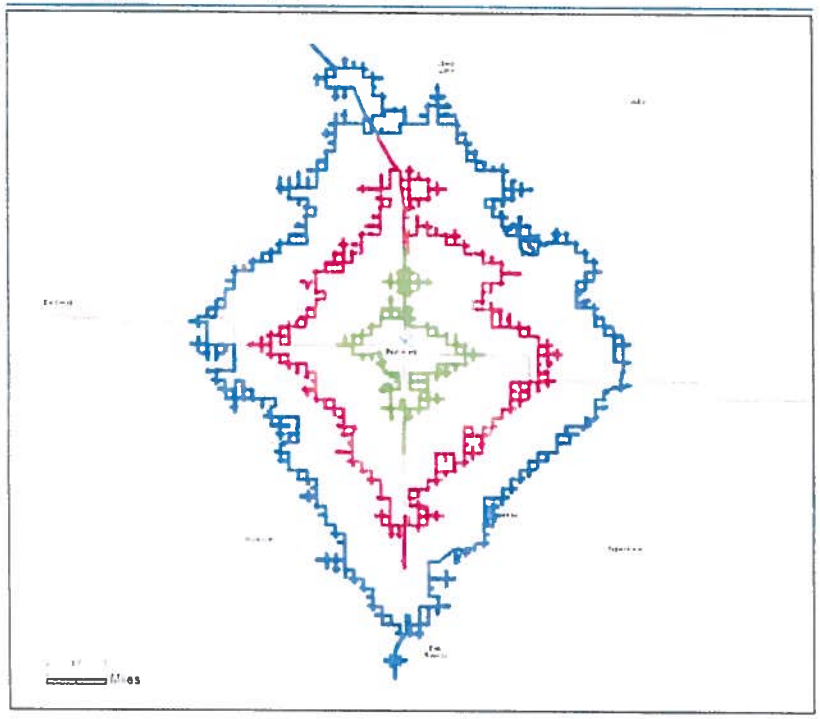
May 09, 2017

Bender IDP INLAND DEVELOPMENT PARTNERS

Site Details Map

Brookings Marketplace
Brookings, South Dakota, 57006
Drive Time: 10, 20, 30 minute radii

Prepared by Reggie Kuipers, SIOR
Latitude: 44.31252 Longitude: -96.75557



This site is located in:

City: ---
County: Brookings County
State: South Dakota
ZIP Code: 57006
Census Tract: 46011958600
Census Block Group: 460119586002
CBSA: Brookings, SD Micropolitan Statistical Area

May 09, 2017

brookings MARKETPLACE

BROOKINGS, SOUTH DAKOTA

IDP INLAND DEVELOPMENT PARTNERS

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A joint venture by Bender Midwest Development, Inc. and
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Tab B:

Community Meetings Summary

Brookings Marketplace
Community Meetings Summary

Two meetings were held:

- July 6, 2017
  - 4:30 – 6:30 PM
  - Whiskey Creek Restaurant
  - 30 signed in
- July 10, 2017
  - 4:30-6:30
  - Brookings City/County Building
  - 20 signed in

Summary of Questionnaire Responses

- Questionnaires Filled Out: 9

<u>Question #1: What do you like best about the Marketplace project?</u>

Total Responses to Question #1: 8

Comments:

- Integration of the bike trail (2)
- Water feature (3)
- Outdoor entertainment area (2)
- Possibility of more shopping (2)
- More eating places
- Good land use with variety of commercial uses
- Finally being developed

<u>Question #2: Do you have any suggestions that you would like to make that would improve the proposed Marketplace plan?</u>

Total Responses to Question #2: 5

Comments:

- Add a Firehouse Subs
- Add a Kohl's Store
- Be sure to work with the public who live within one mile of the project (including those outside the city limits)
- Plan appears to have several drive-up food businesses. Would like other family type restaurants (IHOP, Smitties, Perkins)
- Be creative with water management. Where possible use permeable surfaces or other methods.

Question #3: Would you like us to stay in contact with you regarding the project as we move forward. If so please provide us with you e-mail address.

Total Responses to Question #3: 2

Question #4: Do you have any other thoughts about the Marketplace that you would like to share?

Total responses to Question #4: 4

Comments:

- A focus on "place making" would really help make this a destination. That is hard to read in at this stage but I really hope to see that developed more.
- Keep up the good work.
- Can't wait.
- If this goes through, what is the plan for the traffic lights on 34th/Hwy 14 by pass and on 32nd/Hwy 14 by pass?