

Reinvestment District 2016 Annual Report

Recipient: Iowa Convention and Entertainment Reinvestment District

Please provide the following:

- a. The status of each project undertaken within the district in the previous twelve months, including whether construction has begun on any project in the district or when the start of construction is anticipated and a summary of developer spending on projects within the district.
- b. An itemized list of expenditures from the municipality's reinvestment project fund in the previous twelve months that have been made related to each project being undertaken within the district.
- c. The amount of the total project cost remaining for each project being undertaken within the district as of the date the report is submitted.
- d. The amounts, types, and sources of funding used for each project described in paragraph "a".
- e. The amount of bonds issued or other indebtedness incurred for each project described in paragraph "a", including information related to the rate of interest, length of term, costs of issuance, and net proceeds. The report shall also include the amounts and types of moneys to be used for payment of such bonds or indebtedness.

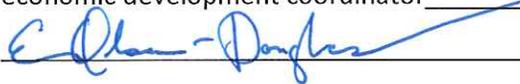
Information provided should be the most recent that is available.

CERTIFICATION OF ACCURACY:

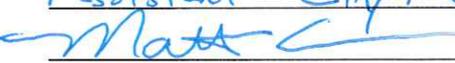
I hereby certify that the information presented to the Iowa Economic Development Authority on the date indicated below is fully complete, true, and correct. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision, as provided in Iowa Code section 15A.3 and other applicable law.

I further depose that the signature below is my own proper signature and that I have the authority to submit this information on behalf of the Recipient.

Prepared By:

Name: Erin Olson-Douglas _____ Phone #: 515.283.4021 _____
Title: economic development coordinator _____
Signature  Date: 30 September ____
E-Mail Address: eodouglas@dmgov.org _____

Authorized Signatory:

Name: Matt Anderson
Title: Assistant City Manager
Signature  Date 9/30/16



6 October 2016

To: Lisa Connell
Project Manager, Iowa Economic Development Authority

From: Erin Olson-Douglas
Economic Development Coordinator

CC: Scott Sanders and Matt Anderson, City of Des Moines
Mark Wandro, Polk County
Alaina Santizo, Iowa Economic Development Authority

Re: ****UPDATED****
Iowa Convention and Entertainment Reinvestment District – annual report

Dear Lisa,

The following are responses to questions posed in the request for an annual report:

- a. *The status of each project undertaken within the district in the previous twelve months, including whether construction has begun on any project in the district or when the start of construction is anticipated.*

Iowa Events Center Convention Hotel

As of early September, 2016, construction is approximately 15% complete, including:

- Ground Level - Footings and foundation are 100% complete, with Mechanical, Electrical, Plumbing Systems (MEPS) rough in just over 50% complete.
- Level 1 – Structural framing is nearly 50% complete with the exterior envelope and MEPS rough in just starting.
- Level 2 – Structural framing is nearly 10% complete with the exterior envelope and MEPS rough in also just starting. Pouring of the floor has commenced.
- Level 3 through 8 – All between 2% to 7% progress with cast-in-place (CIP) framing for various levels of the elevator shafts.
- Elevators – fund 30% of the \$1.8MM in elevator costs this month
- Site Grading/Excavation/Backfill and Site Utilities – All 40-50% complete. Backfill the next couple weeks and digging hole on the SE corner of the site for underground storm water retention basin
- Guest Room Mock Ups – Two rooms are being fully built out inside the 611 5th project office building just south of the site. Those rooms will be complete when Hilton's architect is scheduled to make all the final finish selections from these mock up rooms on October 5th.

A summary of spending for the IEC convention hotel is included in the attached spreadsheet

Randolph Hotel

The Randolph Hotel conversion to apartments with ground floor restaurants completed construction and obtained its Permanent Certificate of Occupancy on May 25th, 2016. The total project cost ended up at \$19,179,900.

420 Court

Construction has been underway for just over a year, with significant progress evident. The building is fully enclosed, most exterior finishes are installed, the parking structure has been erected and interior work on the apartments and Hy-Vee is underway. The summary of construction spending over the last 12 months (ending September 30, 2016) for the project is:

Construction Costs: \$12,858,847.47
Loan Interest: \$369,281.50
Soft Costs: \$1,219,062.22

- b. An itemized list of expenditures from the municipality's reinvestment project fund in the previous twelve months that have been made related to each project being undertaken within the district.

N / A (IEC Convention Hotel has been established as the trigger to begin the district - opening anticipated March 2018)

- c. The amount of the total project cost remaining for each project being undertaken within the district as of the date the report is submitted.

Iowa Events Center Convention Hotel
\$84,523,174 project cost remaining (see attached spreadsheet for detail)

Randolph Hotel
Project is complete; \$0 of project costs remaining.

420 Court
\$ 11,216,926.33 (estimated) project cost remaining as of September 30, 2016.

- d. The amounts, types, and sources of funding used for each project described in paragraph "a".

Iowa Events Center Convention Hotel
sources and uses information provided in the final IRA application remain current; see attached spreadsheet for information pertaining to current financing

Randolph Hotel	
Developer Equity	\$ 2,090,000
First Mortgage	\$ 5,680,000
Second Mortgage	\$ 835,000
Third Mortgage	\$ 2,690,000
Federal Historic TC Equity	\$ 3,091,452
State Historic TC Equity	\$ 3,903,348
EZ Tax Credit Equity	\$ 716,100
EZ Sales Tax Rebate	\$ 174,000
Total	\$19,179,900

420 Court - Knapp Properties and Hy-Vee to confirm	
Workforce Housing Tax Credit	\$ 1,000,000
New Market Tax Credit	\$ 2,600,000
Mortgage	\$14,000,000
Equity	\$13,120,859
Total	\$30,720,859

- e. *The amount of bonds issued or other indebtedness incurred for each project described in paragraph “a”, including information related to the rate of interest, length of term, costs of issuance, and net proceeds. The report shall also include the amounts and types of moneys to be used for payment of such bonds or indebtedness.*

Iowa Events Center Convention Hotel

Bank loans at 3.50% to DSM Hotel LLC, mature 3/31/2018 and repaid by bonds issuance and net proceeds detail in attached spreadsheet. The bonds for the Iowa Events Center Convention Hotel cannot be issued until the hotel is completed and open, at which time the IEC is obligated to purchase the Hotel from DSM Hotel LLC. We currently expect that bonds will be issued by March 1, 2018, with hotel acquisition occurring simultaneous with the issuance of the bonds.

Randolph Hotel – N/A (this project is fully funded with private financing; no public bonds will be issued to provide the City’s TIF incentive)

420 Court – N/A (this project is fully funded with private financing; no public bonds will be issued to provide the City’s TIF incentive)

IEC Hotel Update
10/1/2015 to 9/30/2016

Project Costs:	Total thru Draw 6	Reported previously	Net Amount		Remaining
	8/31/2016	thru/including Predev #3	for 9/30/2016 report		to Fund
Predevelopment	\$ 3,483,345	\$ 745,993	\$ 2,737,352	architectural, design, engineering, dev admin	\$ 5,744,613
Legal and Other Prof Service Fees	\$ 774,864	\$ 126,113	\$ 648,751	Legal costs/bond commitment costs	\$ 55,000
FF&E/OS&E/F&B/Art	\$ 28,236	\$ -	\$ 28,236	Fixtures, Food Service/ IT/Art	\$ 9,999,588
Construction Financing Costs	\$ 1,366,979	\$ -	\$ 1,366,979	lender/trustee legal, interest, 3rd party reports, title and inspections	\$ 3,171,696
Construction Contract	\$ 11,653,371	\$ -	\$ 11,653,371	hard construction costs	\$ 64,574,275
Other Soft Costs	\$ 158,673	\$ -	\$ 158,673	perf bond, contingency, transfer tax, DAS booster	\$ 978,002
TOTAL USES:	\$ 17,465,468	\$ 872,106	\$ 16,593,362		\$ 84,523,174

Sources of Funding:	Total thru Draw 6	Reported previously	Net Amount		Remaining
	8/31/2016	thru/including Predev #3	for 9/30/2016 report		to Fund
Polk County	\$ 4,023,397	\$ 872,106	\$ 3,151,291	Polk County	\$ -
Bridge Loan (Bankers Trust)	\$ 13,442,072	\$ -	\$ 13,442,072	Bank financing	\$ 12,557,923
Construction Loan (Bankers Trust)	\$ -	\$ -	\$ -	Bank financing	\$ 71,965,245
TOTAL SOURCES:	\$ 17,465,469	\$ 872,106	\$ 16,593,363		\$ 84,523,168