



CITY OF WATERLOO, IOWA

CITY HALL • 715 Mulberry Street • Waterloo, IA 50703 • (319) 291-4301 Fax (319) 291-4286

October 1, 2015

Ms. Lisa Connell, Project Manager – Compliance
Iowa Economic Development Authority
200 East Grand
Des Moines, IA 50309

RE: Iowa Reinvestment District Contract - Waterloo

Dear Ms. Connell:

We are pleased to provide the enclosed project report for the Iowa Reinvestment District for the initial reporting period.

The City and the Cedar Valley TechWorks have taken a number of actions for the development of projects in the Reinvestment District.

The first report attached is provided by the developer that is working on the Tech II building, including the project narrative, expense report and signed certification. The second report attached is provided by the Cedar Valley TechWorks and the City of Waterloo.

The project has been met with great excitement from the business and general community, as well as serving as a genesis for further projects in the area. Since the final IRD contract approval announcement, a \$10.5 million, 68-unit, multi-story condominium project has begun construction near the TechWorks campus site and a development agreement has been approved for a \$5.2 million microbrewery/pub/multiple retail tenant space project at another nearby site.

We believe that the Reinvestment District project is already showing signs of success as a catalyst for further development.

We want to take this opportunity to again thank the Iowa Economic Development Authority for your support of this catalytic project for Waterloo and the State of Iowa. Please contact me with any questions you have.

Sincerely,

Buck Clark
Mayor

C: Alaina Santizo, Project Manager
Noel Anderson, Community Planning & Development Director
Michelle Weidner, Chief Financial Officer
Steve Dust, Greater Cedar Valley Alliance and TechWorks
Rodney Blackwell, FDP

CITY WEBSITE: www.cityofwaterlooia.com

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An Equal Opportunity/Affirmative Action Employer

Iowa Reinvestment District
City: Waterloo
Contract Number: 15-RD-001

Project Update to IEDA as of September 30, 2015:

Project 1:

Tech 2 Mixed-Use Hotel, Corporate Training & Campuswide Project - FDP

FDP, the developer for the Techworks 2 building, secured a letter of intent from Consolidated Restaurant Operations, Inc. (CRO) to install a III Forks Steakhouse restaurant and catering facility in the Techworks building. (www.3forks.com) III Forks is a great addition to the project adding a higher end steakhouse restaurant that will be capable of handling the \$5 million dollar per year restaurant sales and catering anticipated at the facility. III Forks, which features USDA Prime steaks, has consistently been considered one of America's top steakhouse concepts. Its original Dallas location has consistently been one of the top grossing steakhouses in Texas. III Forks has restaurants at 4 locations in Texas, 3 in Florida, 1 in Illinois and 1 in California. It is also expanding into the Philadelphia market.

CRO is a 75-year old full-service restaurant company headquartered in Dallas, Texas with 110 locations world-wide. Their other brands include: III Forks, Cool River, Cantina Laredo, El Chico, Black Oak Grill, Lucky's and Good Eats.

The Waterloo Hotel, LLC, the hotel entity, applied for its Marriott franchise and expects approval November 12, 2015. FDP WTC LLC, the landlord entity, entered into a consulting contract and management contract with Hospitality Specialists, Inc. on August 21, 2015. The management contract is a 10 year contract for Hospitality Specialists, Inc. to run the hotel. The consulting contract is the contract that allows them to assist FDP in obtaining the Courtyard by Marriott franchise and ensuring that the hotel is built according to Marriott requirements. FDP has engaged Invision to complete additional documents required for Marriott. Invision is also working on mobilizing construction documents and also on designing the III Forks space. Once these are complete, final plans will be submitted for SHPO approval so that the Part II conditions can be resolved.

FDP has been negotiating site acquisition with Cedar Valley TechWorks and has reached agreement on most terms. Survey work is underway.

Weekly finance meetings with attorneys and lenders (this includes the tax credit investor, the City of Waterloo, the developer, the bridge loan lender and the main lender and their respective counsel). Drafts of the collateral assignment, assignment of membership interest, personal guaranty – shortfall, second mortgage and intercreditor agreements are being refined. FDP received a commitment letter from EHCP Iowa Fund IV, LLC to invest in the project, as the state Historic Tax Credit investor. FDP had previously reported the term sheet with Commerce Bank that will buy the tax credit from EHCP. This is a normal structure that FDP has employed before in two previous historic renovations in Davenport.

FDP has mobilized Ryan Companies and are in negotiations with them on a construction manager contract, which will allow open bidding by contractors. Prior to that, FDP engaged Daxon Construction to conduct discussions with Waterloo-based contractors to gauge the accuracy of the budget. They determined that FDP would benefit from open bidding.

Expenditures on the project are solely funded by the owner and no borrowings have been undertaken yet. FDP will complete the final appraisal on the property in the next couple of weeks.

The City of Waterloo held the necessary bond hearings and obtained city council approve to issue bonds September 8th. Speer Financial, Inc. is working on the offering memorandum with planned distribution approximately October 26th, with the bond sale for Bond Issue 2 tentatively scheduled for Nov 9th. The team is discussing intercreditor arrangements and determining how funds will be borrowed from the various sources during construction. We are trying to ensure that all financings can be closed at the same time. We do not anticipate any issues with completing this prior to the end of the year.

TechWorks 2 Spending Report	Vendor	Budget	Expended	Prior to 6/30/2013	12 mos 6/30/2014 Expended	15 mos 9/30/2015 Expended	Remaining
Acquisition	Cedar Valley Techworks	\$ 500,000.00					\$ 500,000.00
Working Capital Fund	City of Waterloo	\$ 1,000,000.00					\$ 1,000,000.00
Bond Issue Three Escrow	City of Waterloo	\$ 1,125,777.23					\$ 1,125,777.23
Ryan Contract - includes demo	Ryan Companies	\$ 21,688,198.00	\$ 279,620.23			\$ 9,500.00	\$ 21,399,077.77
Site Improvements	Ryan Companies	\$ 2,500,000.00					\$ 2,500,000.00
FF&E	Marriott/Hospitality Specialists	\$ 3,110,400.00					\$ 3,110,400.00
Deere Ti	John Deere	\$ 450,000.00					\$ 450,000.00
Restaurant Ti	Ill Forks	\$ 1,000,000.00					\$ 1,000,000.00
Finishing Reserve	Contingency	\$ 465,840.18					\$ 465,840.18
Construction Contingency Reserve	Contingency	\$ 734,749.00					\$ 734,749.00
Abatement	Cardo ATC	\$ 255,000.00	\$ 12,280.00				\$ 242,720.00
Insurance/Bonding	Ryan Companies	\$ 455,515.00					\$ 455,515.00
Construction Loan Interest	Blackhawk Bank/First Midwest	\$ 414,375.00					\$ 414,375.00
Bridge Loan Interest - Bridge Lender	Dubuque Bank & Trust	\$ 416,122.28					\$ 416,122.28
Permits & Fees	City of Waterloo	\$ 180,799.00					\$ 180,799.00
Accounting & Legal	Deloitte	\$ 30,000.00	\$ 590.00			\$ 21,600.00	\$ 7,810.00
	Winthrop & Weinstein	\$ 150,000.00			\$ 41,045.36	\$ 6,394.22	\$ 102,560.42
	Burke Burns & Pinelli, LTD	\$ 20,000.00	\$ 11,785.59				\$ 8,214.41
	Bush Motto Green Koury	\$ 50,000.00	\$ 10,342.25		\$ 9,621.25	\$ 193.50	\$ 29,843.00
	Tallgrass Historians LC	\$ 60,000.00	\$ 16,269.42		\$ 20,494.50		\$ 23,236.08
	Heritage Consulting Group	\$ 1,807.31	\$ 1,807.31				\$ -
	Hess Roise	\$ 1,225.00			\$ 1,225.00		\$ -
	Department of Cultural Affairs	\$ 35,000.00	\$ 1,750.00				\$ 33,250.00
Closing Costs	Various Lenders	\$ 70,000.00					\$ 70,000.00
	Bankers Trust	\$ 500.00				\$ 500.00	\$ -
Appraisal	First Midwest Bank	\$ 50,000.00	\$ 16,400.00			\$ 16,625.00	\$ 16,975.00
Construction & Soil Testing	Weston Solutions	\$ 74,561.00	\$ 15,354.92		\$ 6,180.61		\$ 53,025.47
Environmental Testing & Report	Terracon	\$ 135,000.00					\$ 135,000.00
Survey	Various	\$ 28,000.00	\$ -			\$ 808.00	\$ 27,192.00
Architect & Engineer	Invision	\$ 900,000.00			\$ 233,090.60	\$ 48,846.74	\$ 618,062.66
Master Planning Services	Vandewalle & Associates	\$ 150,000.00					\$ 150,000.00
	Multivista	\$ 3,467.00	\$ 3,467.00				\$ -
	Jim Bowman	\$ 8,082.00				\$ 8,082.00	\$ -
	Daxon Construction	\$ 100,000.00				\$ 10,000.00	\$ 90,000.00
Hotel Consulting	Hospitality Specialists	\$ 250,000.00				\$ 50,000.00	\$ 200,000.00
Soft Cost Contingency	Contingency	\$ 135,582.00					\$ 135,582.00
Developer Fees	Financial District Properties	\$ 5,800,000.00	\$ 300,000.00		\$ 300,000.00	\$ 375,000.00	\$ 4,825,000.00
		\$ 42,350,000.00	\$ 669,666.72	\$ 611,657.32	\$ 547,549.46	\$ 40,521,126.50	
Memo: Waterloo Hotel LLC		\$ 250,000.00				\$ 95,500.00	
Marriott Franchise Fee							

Reinvestment District 2015 Annual Report

Please provide as much information on 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.
- 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.

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: Jennifer Kakert Phone # 563-324-9898
Title: CFO
Signature: Jennifer Kakert Date: 9/30/15
E-Mail Address: jkakert@fdp-usa.com

Authorized Signatory:

Name: Rodney Blackwell
Title: Managing Member
Signature: [Signature] Date: 9/30/15

Iowa Reinvestment District
City: Waterloo
Contract Number: 15-RD-001
Project Update to IEDA as of September 30, 2015

Page 1 of 2

Project # 1:

Tech I Light Manufacturing, Industrial Incubator, Makerspace – Cedar Valley TechWorks

From the 2013 legislative appropriations TechWorks received and spent \$2.3M for capital improvements to the Tech I building. The project was completed on time and budget and prepared the space for the University of Northern Iowa's Metal Casting Center/Additive Manufacturing Center. TechWorks is in negotiations with a private sector company who will occupy space adjacent to UNI. The collaboration of these two entities is projected to make exponential gains in the additive manufacturing industry throughout the state and nation.

In addition to the appropriated funds, the Additive Manufacturing Center was also awarded \$2.7M from the Iowa Strategic Infrastructure Fund in June 2015. These dollars will be used for additional equipment and build-out for the Additive Manufacturing Center (at TechWorks) and creation of the design lab programmed by both University of Northern Iowa and Hawkeye Community College.

Both the \$2.3M appropriation and the \$2.7M award are listed as sources to the project budget listed on the IRD application.

Project # 2:

TechWorks Campus Outlots

Attached is the TechWorks Campus site plan with outlots 4 (1.65 acres) & 5 (.76 acres) identified for retail or contributing businesses to the district. The city of Waterloo is working with Buxton & Associates on strengthening the retail environment including the area surrounding TechWorks campus. Lot's 6 (1.93 acres) and 7 (2.4 acres) are the areas dedicated to the Marina and associated contributing businesses to the district.

TechWorks is in the process of preparing RFP's to local commercial brokers for recruitment of retail businesses for lots 4 & 5 followed by RFP's for the marina and supporting businesses for lots 6 & 7.

Project 3:

Marina

City staff is working with our consultants, Vandewalle & Associates, to develop a Request For Proposal package for the proposed Marina operator and has begun environmental work on the future marina riverfront site.

Iowa Reinvestment District
City: Waterloo
Contract Number: 15-RD-001

Project update to IEDA as of September 30, 2015

City of Waterloo Miscellaneous Expenses

Project # 1 - TechWorks

Legal Services

Ahlers & Cooney, PC

12/26/2011	13,347.43
2/28/2012	10,757.50
1/31/2013	1,982.50
4/26/2013	1,995.00
10/28/2013	4,410.00
6/30/2015	<u>14,914.50</u>

47,406.93

Project # 3 - Marina

Environmental Assistance Contract -

Impact7G

9/30/2014	3,380.00
3/31/2015	3,792.50
4/30/2015	292.50
5/29/2015	920.00
6/30/2015	<u>650.00</u>

9,035.00

Total

56,441.93

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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: Michelle Weidner Phone # (319) 291-4323
Title: Chief Financial Officer
Signature Michelle Weidner Date 10-1-15
E-Mail Address michelle.weidner@waterloo-ia.org

Authorized Signatory:

Name: Ernest Clark
Title: MAYOR
Signature Ernest J. Clark Date 10/1/2015