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
   Abatement and demolition activities to remove the existing building on the site are planned to take place October 2015 – February 2016; commencement of hotel construction is planned for March 2016

   Randolph Hotel
   Financing closed and construction commenced in April 2015.

   420 Court
   The property was conveyed to the developer and construction commenced in August 2015.

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 (none of the commercial and/or hotel establishments have opened)

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
   The full project cost remains; design and other predevelopment costs are borne by the developer

   Randolph Hotel
   $10,731,097 remaining as of September 30, 2015
420 Court
$24,307,747 left as of September 30, 2015

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

Randolph Hotel

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer Equity</td>
<td>$2,090,000</td>
</tr>
<tr>
<td>First Mortgage</td>
<td>$5,680,000</td>
</tr>
<tr>
<td>Second Mortgage</td>
<td>$835,000</td>
</tr>
<tr>
<td>Third Mortgage</td>
<td>$2,690,000</td>
</tr>
<tr>
<td>Federal Historic TC Equity</td>
<td>$3,091,452</td>
</tr>
<tr>
<td>State Historic TC Equity</td>
<td>$3,903,348</td>
</tr>
<tr>
<td>EZ Tax Credit Equity</td>
<td>$716,100</td>
</tr>
<tr>
<td>EZ Sales Tax Rebate</td>
<td>$174,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,179,900</strong></td>
</tr>
</tbody>
</table>

420 Court

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Housing Tax Credit</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>New Market Tax Credit</td>
<td>$2,600,000</td>
</tr>
<tr>
<td>Mortgage</td>
<td>$14,000,000</td>
</tr>
<tr>
<td>Equity</td>
<td>$10,995,001</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$28,595,001</strong></td>
</tr>
</tbody>
</table>

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
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 on or around March 1, 2018, with hotel acquisition occurring simultaneous with the issuance of the bonds. As such, the bonds have not yet been issued

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)
27 October 2015

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 
Tim Oswald, Piper Jaffray 
Mark Wandro, Polk County 
Alaina Santizo, Iowa Economic Development Authority

Re: Iowa Convention and Entertainment Reinvestment District – annual report update

Dear Lisa,

Per your additional request for a summary of developer spending over the last 12 months (ending September 30, 2015), I have received the following information from the developers of the respective projects:

**Iowa Events Center (IEC) Hotel:**

- Predevelopment costs by DSM Convention Hotel, LLC  
  (architectural, engineering, and development administration fees)  
  $ 745,993
- Legal and other professional services fees by IEC Hotel Corporation  
  $ 126,113

IEC Hotel TOTAL (10/01/14 – 09/30/15)  
$ 872,116

**Randolph Hotel (by Sherman Associates):**

- Building Acquisition
  - Loan interest  
    $ 97,320
  - Construction Costs  
    $4,355,169
- Soft Costs  
  (incl professional fees, FF&E, taxes, interest, insurance, carrying costs)  
  $2,210,219

Randolph TOTAL (10/01/14 – 09/30/15)  
$6,662,708

**420 Court (by 420 Court, LLC):**

- Site Acquisition  
  $ 321,328
- Construction Costs (earthwork)  
  $ 770,890
- Soft Costs  
  $2,019,785

420 Court TOTAL (10/01/14 – 09/30/15)  
$3,112,003
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: ___Erin Olson-Douglas_________ Phone # ___515.283.4021____
Title: ___Economic Development Coordinator______
Signature ___EOD__
E-Mail Address __eodouglas@dmgov.org__________________________

Authorized Signatory:

Name: ___Scott Sanders________________________
Title: ___City Manager________________________
Signature ___Scott Sanders________________________
Date ___10/1/15___