28 September 2018

To: Lisa Connell  
Project Manager, Iowa Economic Development Authority

From: Erin Olson-Douglas  
Economic Development Coordinator

CC: Scott Sanders, Matt Anderson, Bob Fagen, City of Des Moines  
Mark Wandro, Polk County  
Gerry Nugent, IEC Hotel Corporation Board  
Alaina Santizo, Iowa Economic Development Authority

Re: Iowa Convention and Entertainment Reinvestment District – annual report

Dear Lisa,

The following are responses to inquiries cited in the 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  
The IEC Convention Hotel completed construction and obtained its Permanent Certificate of Occupancy on March 15, 2018. The total project cost was $101,677,455.

   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.

   Fourth + Court (fka 420 Court)  
Fourth + Court with upper floor apartments, ground floor Hy-Vee, and parking deck completed construction and obtained its Permanent Certificate of Occupancy on June 8, 2017. The total project cost ended up at $30,362,610

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.

Iowa Convention and Entertainment District established its commencement date as 2nd Quarter 2018. Sales tax permit information has been submitted to Iowa Department of Revenue for 2nd and 3rd Quarters of this year, but funding has not yet been received.
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:** Project is complete; $0 of project costs remaining.

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

**Fourth + Court:** Project is complete; $0 of project costs remaining.

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

**Iowa Events Center Convention Hotel**
Construction sources and uses information provided in the final IRA application remain current. On March 21, 2018, the IEC Convention hotel transferred to permanent financing. See attached file for information pertaining to current financing.

<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>

**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)

<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>$12,762,610</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$30,362,610</strong></td>
</tr>
</tbody>
</table>

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

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**
See attached.

The following details the summary provided in #7 of the attachment regarding TIF bonds: The City of Des Moines issued General Obligation Bonds, Series 2017B in the amount of $8,915,000 on September 12, 2017. The true interest cost was 2.93% and will mature on June 1, 2037. The City also issued General Obligations Annual Appropriation Bonds, Series 2017C on September 12, 2017 in the amount of $4,785,000. The true interest cost was 1.62% and will mature on June 1, 2025

**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)
Recipient: City of Des Moines

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 #515.779.9988
Title: Economic Development, director
Signature [Signature] Date: September 28, 2018
E-Mail Address: eodouglas@dmgov.org

Authorized Signatory:
Name: Scott Sanders
Title: City Manager
Signature [Signature] Date 9/28/18
BORROWINGS, AMOUNTS, SOURCE OF REPAYMENT
AT CLOSING OF FINANCING

IEC Hotel Corporation Debt

Lease Purchase Certificates of Participation, Senior Lien Series A
1. $10,000,000 Series A-1
2. $30,000,000 Series A-2
   • Paid from a senior lien on the net operating income of the hotel; no claim to the IRA, the City's TIF or any other form of guarantor. Collateral position through the lease purchase agreement.
   • Matures 2042.
   • Series A-1 is paid out of surplus cash flow recapture, and is expected to mature in 2025
     o Series A-1 interest rate varies from month to month, assumed for pro-forma at 3.5%
     o Series A-2 has a swapped interest rate which is fixed through 2028, at 4.55%.

Lease Purchase Certificates of Participation, Subordinate Lien Series B
3. $27,750,000
   • Purchased by Polk County
   • Paid from a subordinate lien on the net operating income of the hotel; no claim to the IRA, the City's TIF or the County.
   • Interest rate is 4%
   • Matures 1/1/2049

Lease Purchase Certificates of Participation, Facility Fee Series C
4. $7,351,000 Facility Fee Series C.
   • Paid from the 3% facility fee to be charged on all hotel room nights.
   • No claim to the net operating income of the hotel, the IRA or the City's TIF.
     o $3,040,000 Series C-1
       ➢ senior lien
       ➢ not guaranteed
     o $4,311,000 Series C-2
       ➢ subordinate lien
       ➢ Guaranteed by Polk County
     o Swapped interest rate which is fixed through 2028, at 4.55% for C-1 and 4.56% for C-2

Lease Purchase Certificates of Participation, Iowa Reinvestment Act Senior Lien Series D
5. $8,500,000
   • Paid (on parity basis with $4,000,000 City of Des Moines UR CLN noted below) from a senior lien on the IRA tax
   • Not paid from the net operating income of the hotel or the City's TIF
   • Guaranteed by the City of Des Moines.
   • 3.83% interest rate (fixed for life of loan)
   • Matures 6/1/2038
Lease Purchase Certificates of Participation, Iowa Reinvestment Act Subordinate Series E
6. $7,805,000
   • Paid from a subordinate lien on the IRA tax,
   • Not paid from the net operating income of the hotel or the City’s TIF.
   • Guaranteed by Polk County
   • 3.83% interest rate (fixed for life of loan)
   • Matures 6/1/2038

City of Des Moines Debt Funding

City of Des Moines, Iowa, General Obligation Urban Renewal (TIF) Bonds
7. $14,200,000
   • Issued August 14, 2017
   • City intends to abate the levy of property taxes tied to the bonds out of the new TIF increment created by the hotel. No claim to the net operating income of the hotel or the IRA.

City of Des Moines, Iowa, Urban Renewal Iowa Reinvestment Act Capital Loan Notes Series C
8. $4,000,000
   • Paid from a senior lien on the IRA tax (on a parity basis with IEC Series D),
   • Not paid from the net operating income of the hotel or the City’s TIF.
   • No third party guarantees,
   • Sold to several Des Moines-area business leaders and companies
   • 4.00% interest rate
   • Issued March 20, 2018; matures 6/1/2024

Additional Funding

IEDA Grayfield Grant
9. $1,000,000 provides net $900,000 after fees

Key Money
10. $3,000,000 cash payment up-front from hotel operator. Not a loan, rather, it is a contribution that the operator recovers over time from a portion of its hotel management fees.

Sub-Total Funding = 113,506,000

Non-Reimbursed Funding

Polk County Cash contribution
11. $6,000,000 cash contribution

Total Project = $119,506,000