

## Reinvestment District 2023 Annual Report

**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.

Project	Construction Actual or Anticipated Start Date	Estimated Budget	Expenditures to date	Actual or Anticipated Completion Date
Iowa Events Center Hotel	Completed	\$101,677,455	\$101,677,455	March 15, 2018
Randolph Hotel	Completed	\$19,179,900	\$19,179,900	May 25, 2016
420 Court	Completed	\$30,362,610	\$30,362,610	June 8, 2017
Surety Hotel	Completed	\$39,713,689	\$39,713,689	December 9, 2021
Financial Center Hotel	Project on hold; Construction has not begun	\$0	\$0	N/A

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

Project	Expenditures from the Reinvestment Fund
City of Des Moines, IA Series UR CLN Series C	FY23 - \$840,000 principal \$ 77,160 interest
IEC Hotel Corp Series D	FY23 - \$ 0 principal \$325,550 interest
IEC Hotel Corp Series E	FY23 - \$ 0 principal \$298,932 interest
TWELVE MONTHS TOTAL	\$840,000 principal; \$701,642 interest

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.

Project	Total Project Cost Remaining
Iowa Events Center Convention Hotel	\$0 of project costs remain; District infrastructure has various aspects to complete. Of the \$6,800,000 estimated in the application, \$3,114,733 remain.
Randolph Hotel	\$0
Fourth & Court (*fka Court)	\$0
Surety Hotel	\$0
Financial Center Hotel	N/A; Project hasn't started
TOTAL COSTS REMAINING	\$3,114,733 + Financial Center Hotel

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

Project	Funding Amount	Funding Type	Funding Source
<b>Iowa Events Center Convention Hotel</b>			
See attached file for information pertaining to current financing of the Hotel.			
<b>District Infrastructure</b>			
5 <sup>th</sup> & Keo Garage Stair	\$517,500		
5 <sup>th</sup> & Keo Structural Repair	\$324,500		
5 <sup>th</sup> & Keo Mech, Elec, & Plumbing	\$72,000		
5 <sup>th</sup> & Keo Expansion Joint Repair	\$15,000		
5 <sup>th</sup> & Keo Parking Garage Control Equip	\$218,019		
5 <sup>th</sup> & Keo Garage Elevator Lobby HVAC	\$56,455		
Skywalk 4F-4J HVAC Replacement	\$48,500		
Skywalk 4J-4K replacement	\$485,198		
5 <sup>th</sup> & Keo Garage Surface Coatings	\$65,000		
5 <sup>th</sup> & Keo Structural Repairs	\$187,000		
5 <sup>th</sup> & Keo Expansion Joints	\$24,750		
5 <sup>th</sup> & Keo Skywalk LED Light Upgrade	\$6,250		
Total (from prior reporting)	\$2,020,172		
<b>10/1/22-9/30/23</b>			
5 <sup>th</sup> & Keo – steel	\$73,012		
5 <sup>th</sup> Street 2-way conversion	\$1,592,083		
Total (for current year)	\$1,665,095		
<b>TOTAL</b>	<b>\$3,685,267</b>		
<b>Randolph Hotel</b>			
	\$2,090,000		Developer Equity
	\$5,680,000		First Mortgage
	\$835,000		Second Mortgage
	\$2,690,000		Third Mortgage
	\$3,091,452		Federal Historic TC Equity
	\$3,903,348		State Historic TC Equity
	\$716,100		EZ Tax Credit Equity
	\$174,000		EZ Sales Tax Rebate
<b>TOTAL</b>	<b>\$19,179,000</b>		
<b>420 Court</b>			
	\$1,000,000		Workforce Housing Tax Credit
	\$2,600,000		New Market Tax Credit
	\$14,000,000		Mortgage

	\$12,762,610	Equity
<b>TOTAL</b>	<b>\$30,362,610</b>	
<b>Surety Hotel</b>		
	\$4,961,347	Equity
	\$5,063,496	Historic Tax Credits
	\$7,446,317	State Historic Tax Credits
	\$400,000	Brownfield Tax Credits
	\$2,869,184	Project Generated Tax Increment
	\$18,9783,345	Senior Debt Financing
<b>TOTAL</b>	<b>\$39,713,689</b>	

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.

Project	Debt Type	Rate of Interest	Length of Term	Costs of Issuance	Net Proceeds	Repayment Type	Repayment Amount
Iowa Events Center Hotel	GO Bonds, Series 2017B	2.93%	20 years	\$99,967	\$9,099,967	Semi-Annual	\$1,579,499
	GO Annual Appropriations Bonds, Series 2017C	1.62%	8 years	\$80,273	\$5,280,273	Semi-Annual	\$4,337,178
District Infrastructure	Improvements noted in item (d) were included in City of Des Moines’ Capital Improvement Program (CIP)						
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						
Surety Hotel	N/A. This project is fully funded with private financing; no public bonds will be issued to provide the City’s TIF incentive						
Financial Center Hotel	Unknown. Project has not started yet.						

### Reinvestment Fund Activity Summary

Reinvestment Fund Revenue Previous 12 Months	Reinvestment Fund Revenue to-Date	Reinvestment Fund Expenditures Previous 12 Months	Reinvestment Fund Expenditures to-date
FY23 - \$1,963,802	\$5,805,863	FY23 - \$1,541,642	\$6,829,272

Information provided should be the most recent that is available.

**CERTIFICATION OF ACCURACY:**

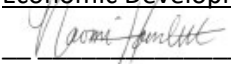
I hereby certify that the information presented to the Iowa Economic Development Authority on the date indicated below is fully complete, true, and correct. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, 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: Naomi Hamlett Phone # 515-283-4015

Title: Economic Development Coordinator

Signature  Date 10/31/23

E-Mail Address [nahamlett@dmgov.org](mailto:nahamlett@dmgov.org)

**Authorized Signatory:**

Name: Matt Anderson

Title: Deputy City Manager

Signature  Date 9/29/23



## 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
    - Series A-1 interest rate varies from month to month, assumed for pro-forma at 3.5%
    - 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.
    - \$3,040,000 Series C-1
      - senior lien
      - not guaranteed
    - \$4,311,000 Series C-2
      - subordinate lien,
      - Guaranteed by Polk County
    - 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





Page Two, continued...

### **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**

---

