

ORDINANCE NO. 15,423

AN ORDINANCE ESTABLISHING THE IOWA CONVENTION AND ENTERTAINMENT REINVESTMENT DISTRICT PURSUANT TO IOWA CODE CHAPTER 15J.

WHEREAS, the City of Des Moines has submitted to the Iowa Economic Development Authority ("IEDA") an application to establish a reinvestment district pursuant to Iowa Code Chapter 15J, the Iowa Reinvestment Act (the "Act" or "IRA"), and IEDA has approved said application; and

WHEREAS, the City and IEDA have entered into a Reinvestment District Contract showing an award date of May 22, 2015 (the "Contract"); and

WHEREAS, pursuant to the Act and the Contract, the City is required to establish a reinvestment district to carry out the purposes of the Act and the Contract.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DES MOINES, IOWA THAT:

Section 1: There is hereby designated as a reinvestment district to be known as the Iowa Convention and Entertainment Reinvestment District ("District") the following described real estate located in the City of Des Moines, Polk County, Iowa:

BEGINNING AT THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE OF WALNUT STREET AND THE WEST RIGHT OF WAY LINE OF 2ND AVENUE; THENCE WEST ALONG SAID NORTH RIGHT OF WAY LINE TO THE EAST RIGHT OF WAY LINE OF 5TH AVENUE; THENCE NORTH ALONG SAID EAST RIGHT OF WAY LINE TO THE SOUTH RIGHT OF WAY LINE OF GRAND AVENUE; THENCE EAST ALONG SAID SOUTH RIGHT OF WAY LINE TO THE EAST RIGHT OF WAY LINE OF 3RD STREET; THENCE NORTH ALONG SAID EAST RIGHT OF WAY LINE TO THE NORTH RIGHT OF WAY LINE OF GRAND AVENUE; THENCE WEST ALONG SAID NORTH RIGHT OF WAY LINE TO THE EAST RIGHT OF WAY LINE OF 5TH AVENUE; THENCE NORTHWESTERLY ALONG SAID EAST RIGHT OF WAY LINE TO THE SOUTHWEST CORNER OF LOT C IN THE NEW YMCA PLAT, AN OFFICIAL PLAT; THENCE EAST ALONG THE SOUTH LINE OF SAID LOT C TO THE SOUTHEAST CORNER OF SAID LOT C; THENCE CONTINUING EAST ALONG THE EASTERLY EXTENSION OF SAID SOUTH LINE TO POINT ON THE EAST LINE OF LOT B IN SAID PLAT; THENCE NORTH ALONG SAID EAST LINE TO A POINT ON THE SOUTH LINE OF LOT A IN SAID PLAT; THENCE CONTINUING NORTH ON THE NORTHERLY EXTENSION OF THE MOST EASTERLY LINE OF SAID LOT B TO A POINT ON THE NORTH RIGHT OF WAY LINE OF THE EAST/WEST ALLEY IN SAID PLAT; THENCE WEST ALONG SAID NORTH RIGHT OF WAY LINE TO THE SOUTHEAST CORNER OF LOT 15 IN SAID PLAT; THENCE CONTINUING WEST ALONG THE SOUTH LINE OF SAID LOT 15 FOR A DISTANCE OF 10.7 FEET; THENCE NORTHWESTERLY TO A POINT ON THE NORTH LINE OF SAID LOT

15, SAID POINT BEING 1.0 FEET WEST OF THE NORTHEAST CORNER OF SAID LOT 15, ALSO SAID POINT BEING ON THE SOUTH RIGHT OF WAY LINE OF WATSON POWELL JR PARKWAY; THENCE WEST ALONG SAID SOUTH RIGHT OF WAY LINE TO THE EAST RIGHT OF WAY LINE OF 5TH AVENUE; THENCE NORTH ALONG SAID EAST RIGHT OF WAY LINE TO THE NORTH RIGHT OF WAY LINE OF WATSON POWELL JR PARKWAY; THENCE EAST ALONG SAID NORTH RIGHT OF WAY LINE TO THE WEST RIGHT OF WAY LINE OF 4TH STREET; THENCE SOUTHEAST ALONG A STRAIGHT LINE TO THE NORTHWEST CORNER OF LOT 12 IN BLOCK 3 OF BIRD'S ADDITION, AN OFFICIAL PLAT; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 3 TO THE SOUTH LINE OF THE NORTH 44 FEET OF LOT 9 IN SAID BLOCK 3; THENCE EAST ALONG SAID SOUTH LINE AND ITS EASTERLY EXTENSION TO A POINT ON THE EAST RIGHT OF WAY LINE OF THE NORTH/SOUTH ALLEY IN SAID BLOCK 3; THENCE NORTH ALONG SAID EAST RIGHT OF WAY LINE TO THE SOUTH RIGHT OF WAY LINE OF WATSON POWELL JR PARKWAY; THENCE NORTH ON A STRAIGHT LINE TO THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE OF WATSON POWELL JR PARKWAY AND THE EAST RIGHT OF WAY LINE OF THE NORTH/SOUTH ALLEY IN BLOCK 2 OF SAID BIRD'S ADDITION; THENCE NORTH ALONG SAID EAST RIGHT OF WAY LINE TO THE SOUTH RIGHT OF WAY LINE OF PARK STREET; THENCE EAST ALONG SAID SOUTH RIGHT OF WAY LINE TO THE WEST RIGHT OF WAY LINE OF 3RD STREET; THENCE NORTH ALONG SAID WEST RIGHT OF WAY LINE TO THE NORTH RIGHT OF WAY LINE OF PARK STREET; THENCE WEST ALONG SAID NORTH RIGHT OF WAY LINE TO THE SOUTHWEST CORNER OF LOT 9 IN THE OFFICIAL PLAT OF NORTHWEST QUARTER (NW1/4) OF THE SOUTHEAST QUARTER (SE1/4) OF SECTION 4, TOWNSHIP 78 NORTH, RANGE 24 WEST OF THE 5TH P.M., THENCE NORTH ALONG THE WEST LINE OF SAID LOT 9 TO A POINT ON A LINE THAT IS 160 FEET SOUTH OF AND PARALLEL TO THE SOUTH RIGHT OF WAY LINE OF VACATED CENTER STREET; THENCE WEST ALONG SAID PARALLEL LINE TO A POINT ON A LINE THAT IS 415 FEET WEST OF AND PARALLEL TO THE WEST RIGHT OF WAY LINE OF 3RD STREET; THENCE NORTH ALONG SAID PARALLEL LINE AND ITS NORTHERLY EXTENSION TO THE NORTH RIGHT OF WAY LINE OF VACATED CENTER STREET; THENCE WEST ALONG SAID NORTH VACATED RIGHT OF WAY LINE AND ITS WESTERLY EXTENSION TO THE EAST RIGHT OF WAY LINE OF 7TH STREET; THENCE SOUTH ALONG SAID EAST RIGHT OF WAY LINE TO THE SOUTH RIGHT OF WAY LINE OF CENTER STREET; THENCE EAST ALONG SAID SOUTH RIGHT OF WAY LINE TO THE WEST RIGHT OF WAY LINE OF 5TH AVENUE; THENCE SOUTH ALONG SAID WEST RIGHT OF WAY LINE TO THE SOUTH RIGHT OF WAY LINE OF WAGNER STREET; THENCE NORTHEASTERLY ALONG A STRAIGHT LINE TO THE SOUTHWEST CORNER OF LOT 5 IN BLOCK 20 OF FORT DES MOINES, AN OFFICIAL PLAT; THENCE NORTHEASTERLY ALONG THE SOUTH LINE OF SAID LOT 5 AND ITS NORTHEASTERLY EXTENSION AND CONTINUING ALONG THE SOUTH LINE OF LOT 8 OF SAID BLOCK 20 TO THE SOUTHEAST CORNER OF SAID LOT 8, SAID SOUTHEAST CORNER ALSO BEING ON THE

WEST RIGHT OF WAY LINE OF 4TH STREET; THENCE NORTHWESTERLY ALONG SAID WEST RIGHT OF WAY LINE TO THE NORTH RIGHT OF WAY LINE OF THE MOST SOUTHERLY VACATED EAST/WEST ALLEY IN BLOCK 21 OF SAID FORT DES MOINES; THENCE SOUTHWESTERLY ALONG SAID NORTH RIGHT OF WAY LINE TO THE EAST RIGHT OF WAY LINE OF THE NORTH/SOUTH ALLEY IN SAID BLOCK 21; THENCE NORTHWESTERLY ALONG SAID EAST RIGHT OF WAY LINE TO THE SOUTH RIGHT OF WAY LINE OF WALNUT STREET; THENCE NORTHEASTERLY ALONG SAID SOUTH RIGHT OF WAY LINE TO THE WEST RIGHT OF WAY LINE OF 2ND AVENUE; THENCE NORTH ALONG SAID WEST RIGHT OF WAY LINE TO THE POINT OF BEGINNING.

Section 2: In accordance with the Contract, the commencement date for the District shall be April 1, 2018.

Section 3: The City's reinvestment project fund is hereby established pursuant to Iowa Code Section 15J.7.

Section 4: State sales tax revenues and state hotel and motel tax revenues remitted by the Iowa Department of Revenue to the City pursuant to Iowa Code Section 15J.6 ("IRA Revenues") shall be deposited into the reinvestment project fund and shall be used to fund projects within the District from which the revenues were collected.

Section 5: Approved projects to be undertaken in the District are projected to be financed in the following manner:

Project 1

Hotel Component

Redevelopment of a site in the vicinity of the northeast corner of Fifth and Park Streets for a full-service convention center hotel connected to the Iowa Events Center.

	<u>Current</u>
Senior Lien Hotel Revenue Lease/Obligations (senior lien on hotel net revenues, 1 st mortgage)	\$ 33,000,000
EB-5 Lease/Obligations (Subordinate lien on hotel net revenues, 2 nd mortgage secured in part by a \$5,000,000 City guaranty)	20,000,000
Senior Lien IRA Lease/Obligations	13,239,411
Senior Lien IRA City Issued Urban Renewal Revenue Bonds/Note	4,000,000
Subordinate IRA Lease/Obligations (secured by Polk County guaranty)	2,245,998
Facility Fee Lease/Obligations (secured by Polk County guaranty)	9,081,836
City Tax Increment Revenue (TIF) Contribution (funded by the proceeds of G.O. Urban Renewal Obligations - \$9,000,000 and G.O. Urban Renewal Obligations – Annual Appropriation - \$5,200,000)	14,200,000
State Grayfield Grant	900,000
Key Money (hotel manager contribution)	3,000,000
Polk County Cash Contribution (site acquisition and demolition)	6,000,000
Polk County Contribution (reserves)	<u>5,327,804</u>

TOTAL

\$110,995,049

Public Improvement Component

Improvements and renovations to the Fifth and Keo parking structure, skywalks in the vicinity of the Iowa Events Center and convention center hotel and streetscapes to Grand Avenue (between 3rd and 5th Streets), Walnut Street (between 2nd and 5th Streets), 5th Street (between Watson Powell and Court) and Center Street (between 5th and 7th Streets) connecting the Iowa Events Center to other amenities downtown.

Total costs estimated to exceed \$6,800,000 to be financed with a blend of IRA Revenues, private funds raised, other grant funds and proceeds from general obligation bond issues which may be issued in successive years pursuant to the City's capital improvement plan (CIP) to be repaid with tax increment revenues in the Metro Center Urban Renewal Project Area. The total principal amount of City general obligation bond issues may equal the total costs less amounts available from other sources, including IRA Revenues.

Project 2

Redevelopment of three historic, but currently derelict buildings on Court Avenue and 4th Street (Randolph Hotel, Youngerman Building and Earle & Lebosquait Building) for mixed use residential.

Developer Equity	\$1,929,115	
Private 1 st Mortgage Loan	5,680,000	
Private 2 nd Mortgage Loan	835,000	
Private 3 rd Mortgage Loan	2,690,000	
Federal Historic Tax Credit Equity	3,138,265	
State Historic Tax Credit Equity	3,962,455	
Housing Enterprise Zone Tax Credit Equity	677,600	
Housing Enterprise Zone Sales Tax Rebate	<u>174,000</u>	
Total Project Sources	\$19,086,435	
Economic Development Grant to assist in payment of private mortgage loans (funded with tax increment revenues, no issuance of financing obligations or debt, funded on a pay-as-you go rebate basis pursuant to a Development Agreement approved by the City Council on February 23, 2015)	\$ 3,400,000	(Payable in ten installments)

Project 3

Redevelopment of 2.3 acre parcel at 420 Court Avenue for mixed-use Hy-Vee grocery store and residential apartments.

Workforce Tax Credit	\$ 1,000,000				
New Market Tax Credit	2,600,000				
Private Mortgage Loan	14,000,000				
Developer Equity	<u>\$ 8,962,719</u>				
Total Project Sources	\$26,562,719				
Economic Development Grant to assist in installments) payment of private mortgage loan (funded with tax increment revenues, no issuance of financing obligations or debt, funded on a pay-as-you go rebate basis pursuant to a Development Agreement approved by the City Council on April 6, 2015)	\$ 1,900,000	Est.	(Payable	in	fifteen

Section 6: For the Project 1 Hotel Component, IRA Revenues from the District will be utilized to make principal and interest payments on the Senior Lien IRA City-Issued Urban Renewal Note/Bonds in an issued principal amount of approximately \$4,000,000, the Senior Lien IRA Lease/Obligations in an issued principal amount of approximately \$13,300,000 and the Subordinate IRA Lease/Obligations in an issued principal amount of approximately \$2,300,000. The City Tax Increment Revenue (TIF) Contribution is expected to be funded entirely by the proceeds of two general obligation bond issues to be repaid with tax increment revenues in the Metro Center Urban Renewal Project Area, the general obligation urban renewal obligations in an issued principal amount of approximately \$9,710,000 and the general obligation urban renewal obligations – annual appropriation in an issued principal amount of approximately \$5,535,000. The financing for the Project 1 Hotel Component is further set out and described in the Development Agreement between the City, Polk County, Iowa and IEC Hotel Corporation approved by the City Council on November 9, 2015, as may be amended.

Section 7. This ordinance is intended to fully implement Iowa Code Chapter 15J, the Iowa Reinvestment Act. Any ordinances or parts of ordinances inconsistent with the terms of this ordinance are hereby repealed.

Section 8. This ordinance shall be in effect after its final passage, approval and publication as provided by law.

FORM APPROVED:

Lawrence R. McDowell, Deputy City Attorney

T. M. Franklin Cownie, Mayor

Attest:

I, Diane Rauh, City Clerk of the City of Des Moines, Iowa, hereby certify that the above and foregoing is a true copy of an ordinance (Roll Call No. 15-1917), passed by the City Council of said City at a meeting held November 9, 2015 signed by the Mayor on November 9, 2015 and published and provided by law in the Business Record on November 27, 2015. Authorized by Publication Order No. 9387.

Diane Rauh, City Clerk