

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	January 11, 2016
	Agenda Item No.	22
	Roll Call No.	<u>16-0045</u>
	Communication No.	<u>16-025</u>
	Submitted by:	Dan Ritter, Finance Director

AGENDA HEADING:

Resolution setting the date of hearings for a meeting on the issuance of not to exceed \$21.5 million of General Obligation (GO) bonds and not to exceed \$5 million of urban renewal revenue bonds and providing publications of notice.

SYNOPSIS:

The action is to set the date of hearings for January 25, 2015, on the financing of the City contributions and a financing guarantee related to the construction and acquisition of an Iowa Events Center hotel. The contributions and payment of guarantee, if such payment is needed, would be paid by issuance of GO bonds repaid with tax increment revenues and urban revenue bonds repaid with Iowa Reinvestment Act, new State sales tax and new hotel and motel tax revenues. The agreement states that procedural steps for City financing must be completed by February 1, 2016. This action is the first procedural step needed.

FISCAL IMPACT:

Amount: \$14.2 million of net GO bond proceeds to be repaid with tax increment revenues, up to \$5 million of net GO bond proceeds in the event payout of the guarantee is required to be repaid with tax increment revenues, and \$4 million of net urban renewal revenue bond proceeds to be repaid with Iowa Reinvestment Act, State sales tax and State hotel and motel tax revenues.

Funding Source: Tax Increment Financing (TIF) – Metro Center (S371CM99) page 39, and Iowa Reinvestment Act new State Sales Tax and new State Hotel and Motel Tax revenues.

ADDITIONAL INFORMATION:

On November 9 2015, City Council approved a development agreement with Polk County and the IEC Hotel Corporation for construction and acquisition of a hotel. The City must complete all procedural steps necessary to fund its financial commitments:

- \$14.2 million grant from the net proceeds of GO/TIF bonds for construction of the hotel project and \$5 million to guarantee a portion of the debt service issued by or on behalf of the IEC Hotel Corporation for construction of the hotel project with any payout of the guarantee from the net proceeds of GO/TIF bonds. The first hearing is for an amount not exceed \$21.5 million which includes debt issuance and the cost related to the issuance.

- \$4 million grant from the net proceeds of urban renewal revenue bonds payable from Iowa Reinvestment Act State sales tax revenues and State hotel and motel tax revenues. The second hearing is for an amount not to exceed \$5 million which includes the debt issuance and the cost related to the issuance.

Section 7.14 of the agreement states the agreement shall be null and void if completion of the procedural steps do not occur by February 1, 2016. This action is the first procedural step needed as required under Iowa law - to set the date of hearing of the proposed actions to occur on January 25, 2016.

PREVIOUS COUNCIL ACTION(S):

Date: November 9, 2015

Roll Call Number: [15-1913](#)

Action: Items regarding the Full-Service Convention Center Hotel connected to the Iowa Events Center: ([Council Communication No. 15-602](#))

- (A) [Approving](#) Development Agreement with Polk County, Iowa and IEC Hotel Corporation. Moved by Hensley to adopt; refer to the City Manager to provide Council with a timeline for the City's obligations. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

If approved, a public hearing will be set for January 25, 2015. Additional Council approvals will be necessary for the issuance of debt in early 2018 if the project moves forward.

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