

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	January 25, 2016
	<b>Agenda Item No.</b>	<b>53</b>
	<b>Roll Call No.</b>	<b><u>16-0163 16-0165 16-0166</u></b>
	<b>Communication No.</b>	<b><u>16-056</u></b>
	<b>Submitted by:</b>	<b>Dan Ritter, Finance Director</b>

**AGENDA HEADING:**

Hold public hearings to institute proceedings for 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:**

Hold two (2) public hearings on the issuance of GO bonds to fund the City contributions and a financing guarantee related to the construction and acquisition of an Iowa Events Center (IEC) 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.

**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:**

A public hearing must be held prior to any borrowing by the City. This hearing is to consider borrowing for a date to be set to provide funding for a City Council approved development agreement with Polk County and the IEC Hotel Corporation for construction and acquisition of a hotel.

- \$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 would complete the necessary steps needed as required.

The final sizing of the bonds and planned sale date will be determine as the project completes.

### **PREVIOUS COUNCIL ACTION(S):**

Date: January 11, 2016

Roll Call Number: [16-0045](#) and [16-0046](#)

Action: On items regarding issuance of bonds, (1-25-16): ([Council Communication No. 16-025](#))

- (A) [Not](#) to exceed \$21,500,000 General Obligation Bonds for Essential Corporate Urban Renewal Purposes. Moved by Hensley to adopt. Motion Carried 7-0.
- (B) [Not](#) to exceed \$5,000,000 Urban Renewal Revenue Bonds. Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 9, 2015

Roll Call Number: [15-1913](#), [15-1914](#) and [15-1915](#)

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.
- (B) [Approval](#) of Amended Joint Agreement authorizing Polk County to proceed with the Iowa Events Center Urban Renewal Area. Moved by Hensley to adopt. Motion Carried 7-0.
- (C) [Approving](#) Reinvestment District Contract with the Iowa Economic Development Authority for the Iowa Convention and Entertainment Reinvestment District. Moved by Hensley to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Addition Council action will be required for the future bond sale.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).