



Date November 17, 2025

**RESOLUTION IN SUPPORT OF CHANGES TO FIRST AMENDMENT TO THE
FINAL APPLICATION FOR THE MERLE HAY MALL CAMPUS REINVESTMENT
DISTRICT**

WHEREAS, in 2013, the Iowa Legislature enacted the Iowa Reinvestment District Act (the "Act"), which establishes a program administered by the Iowa Economic Development Authority (IEDA) that allows certain state hotel and motel, and sales and use tax revenues to be reinvested in designated reinvestment districts; and

WHEREAS, in 2020, the Iowa Legislature amended certain parameters of the Act and budgeted an additional \$100 million to be used to fund additional projects across the state. The Act and the administrative rules adopted by IEDA required the submission of a pre-application for provisional approval of a proposed reinvestment district; and

WHEREAS, in January 2021, Council approved the creation of a Board pursuant to Iowa Code chapter 28E along with the City of Urbandale to review the feasibility of, and make application for creation of a reinvestment district for Merle Hay Mall; and

WHEREAS, that 28E Board submitted the pre-application for Iowa Reinvestment Act (IRA) funding for the redevelopment efforts at Merle Hay Mall in February 2021. The pre-application was awarded provisional approval for \$26.5 million in June 2021; and

WHEREAS, the final application was submitted in February 2022 and the application was previously amended on April 7, 2025 by Roll Call No. 25-0506 to reflect certain changes to the project; and

WHEREAS, in May, IEDA requested a new third-party financial feasibility study. The City of Urbandale commissioned that study from AECOM. IEDA has since asked that the most recent Amendment be further amended to include those new numbers within the body of the Amendment. The City Council approved those changes to the Amendment on August 18, 2025. The Urbandale City Council and the 28E Board also approved those changes; and

WHEREAS, since that Council action, IEDA staff has proposed a reduction in the original award amount of \$26.5 million based upon decreased total project costs for the amended proposal, however, the IEDA Board has not yet acted on the original Amendment request; and

WHEREAS, the developer for the reinvestment project has indicated that the submitted total project cost was incomplete because it contained only the developer's costs and not additional



Roll Call Number

Agenda Item Number

28

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costs paid by tenants that comprise the total project cost and City staff has reviewed this requested change and recommend its approval.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa that the City Council expresses its support for, and approval of, the proposed amendment and recommends that the 28E Board submit the amended application to IEDA for potential State of Iowa assistance to provide financial support for the activities within the District.

(Council Communication No. 25-437)

MOVED BY _____ TO ADOPT. SECOND BY _____

FORM APPROVED:

/s/ Gary D. Goudelock Jr.

Gary D. Goudelock Jr.
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT	CERTIFICATE I, LAURA BAUMGARTNER, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written. City Clerk
BOESEN					
SIMONSON					
VOSS					
COLEMAN					
WESTERGAARD					
MANDELBAUM					
GATTO					
TOTAL					
MOTION CARRIED					
APPROVED					
Mayor					

~~August 20~~November xx, 2025

Iowa Economic Development Authority
Attn: Alaina Santizo
1963 Bell Ave. Suite 200
Des Moines, IA 50315

Dear Ms. Santizo:

The 28E Joint Board for the Merle Hay Campus, in conjunction with the City of Urbandale, the City of Des Moines, and Merle Hay Mall, are submitting this request to amend our Iowa Reinvestment Act (IRA) plan outlining our \$26.5 million dollar allocation to support a major reinvestment into the Merle Hay campus. Merle Hay Mall has been a shopping destination for Central Iowa since 1959 and has a long track record of reinvestment and adaptation to the ever-evolving retail landscape. Mall ownership has developed a plan to revitalize the area into a modern shopping and mixed-use sports and entertainment destination that will support the State of Iowa's needs to attract and retain a high-quality workforce now and in the coming decades.

Under the proposed modified Section A and Section B for the Merle Hay plan, the 74.6 acre Merle Hay district would see over \$148 million dollars in reinvestment focused on several main additions and other related projects to reposition the campus into a mixed-use sports, entertainment and shopping district. Mall ownership has provided detail on planned investment information upon which this revised IRA plan application is based. They include:

1. **New 3,500 seat multi-use arena.** This arena will serve as a destination for ice sports, indoor hockey, volleyball and other sports and entertainment events in the Metro area. It will serve as the home for multiple sport teams, including a national volleyball league, Drake Hockey, and the Iowa Demon Hawks. As a multi-use facility, the arena will also be designed to accommodate multiple sporting events, tournaments and medium-sized music and performance events.
2. **Pickleball and Large-Scale Volleyball Facilities.** Dinks Pickleball joined the Merle Hay campus in November of 2023 with a 13-court facility leaning into the growth of the sport in the region. In the first year of operation, Dink's had close to 60,000 players visit its facility. Additionally, a national volleyball league is planning to grow at Merle Hay with an eight (8) court training and competition facility.

3. **Mall Campus Hotel.** Adjacent to (i) the retail complex; (ii) the league volleyball training facility; and (iii) the Arena athletic and entertainment facility will be a national chain hotel specifically designed to serve the desires of fans, athletes, and spectators. The room count is expected to be up to 150 rooms.
4. **Major improvements to Merle Hay Mall.** Transitioning from the athletic and entertainment facilities to the retail center will be new and expanded shopping opportunities, an improved corridor offering additional food and beverage choices, and infrastructure to ensure an elevated experience for residents and visitors.
5. **New Retail Opportunities throughout the campus.** The Merle Hay campus through its reinvestment is creating several areas to accommodate new retail development. These new retail establishments will add to the vibrancy of the campus.
6. **New Housing Opportunities.** The Lillis Lofts was completed on the Mall Campus in 2022 and has 47 work-force housing units. A second residential project is desired within Merle Hay Tower adding much needed living opportunities for the Des Moines and Urbandale communities.

Since the inception of the IRA plan in 2022, the mall has completed retail, mall and stormwater improvements. This includes the completion of the new Kohl's store, the construction and opening of Dink's Pickleball, adding new retailers such as Kid's Empire, Riddle's Jewelry and Five Guys, and new stormwater drainage infrastructure on the east and west side of the campus. Additional hotel and housing improvements will be completed by current and future private partners.

When the Final Application was approved, conditions subsequent with deadlines were incorporated in the award. Those deadlines have passed and we request consideration of the following changes to the conditions subsequent for inclusion in this amendment.

- a) Documentation of committed financing for the first phase of Project 1, Multi-use Arena and volleyball facility, totaling \$41,688,768, by March 31, 2026.
- b) Documentation detailing the selection of the hotel developer for Project 2 – Mall Campus Hotel by December 31, 2027 and documentation that construction financing has closed for this project by December 31, 2028.
- c) Removal of the condition subsequent for the redevelopment of Merle Hay Tower building, which is part of Project 6 – Mixed Use Campus Improvements.

This project has many unique characteristics which this application will describe in detail. One rare aspect of this project is that its success relies upon the cooperation of two cities working hand-in-hand to transform a significant development resource residing within both communities. Our two cities and Polk County have formed a 28E joint entity to administer the Iowa Reinvestment Act. Urbandale, Des Moines and the County understand Merle Hay Mall has had a lasting impact upon both cities; especially the surrounding residential neighborhoods. We must work together to ensure the

sustainability of the positive impact of Merle Hay Mall to realize a new future for the Merle Hay campus that contributes to the economic success and quality of life of our great state. We look forward to the opportunity to continue this transformative project.

Sincerely,

A handwritten signature in dark ink, appearing to read "Curtis Brown", is positioned above a solid red horizontal line.

Curtis Brown
Merle Hay 28E Board Chairperson

DRAFT

Section A – Project and Eligibility

Name of Project/District: Merle Hay Reinvestment District

Date Awarded: April 22, 2022

Most Recent Date Amended: July 22, 2022

Applicant: Merle Hay Reinvestment District Joint 28E Board

Contact Name: Aaron DeJong

Address: 3600 86th St. City: Urbandale State: IA Zip: 50322

Telephone: 515.251.1644 Email: adejong@urbandale.org

Federal Identification Number: 42-6004576 (Urbandale's Fed ID# as Fiscal Agent)

Size of Proposed District: 74.6 acres

Are the parcels contiguous, physically connected? Yes X No

Project Description

The Merle Hay Reinvestment District Plan is a multi-faceted redevelopment of nearly the entire Merle Hay Campus. Major projects include a 3,500 seat multi-use sports and entertainment arena; a 50,000 sf volleyball league and training facility, a thirteen court 73,000 sf indoor pickleball facility, up to 150 room hotel, major improvements to Merle Hay Mall, new retail development, and significant public infrastructure benefitting all the properties within the proposed Iowa Reinvestment District.

The Merle Hay Campus is a 74.6 acre area located on the northwest corner of Merle Hay Road and Douglas Avenue in the cities of Des Moines and Urbandale. The property has a long history of development, reinvestment and change throughout its time as a major destination for the Des Moines Metro region and the State of Iowa.

Original Merle Hay Plaza

On the site of the former Passionist Fathers Monastery, Merle Hay Plaza opened in the summer of 1959 as an open-air plaza shopping center anchored by a Younkers Department Store at the south end and a Sears Department Store at the north end. It was the first shopping center of its kind in Des Moines and the State of Iowa. Merle Hay Tower (a 49,000sf / six-story office building) and Merle Hay Cinema (a 600-seat single screen movie theater) were added in 1963, which made it truly a mixed-use and entertainment location consistent with the trends at the time. Merle Hay Plaza had a wide variety of goods and services. Original tenants included a Walgreens Drug Store; Joseph's Jewelers; Kresge Mart (pre-cursor to K-Mart); and a large restaurant called Bishop's Cafeteria. This wide variety of stores made Merle Hay a weekly shopping destination for the people in its trade area. Federal tax laws at the time encouraged

developers to make their buildings civil defense rated, so Merle Hay Plaza had a large basement that was built out as a bomb shelter.



Merle Hay Plaza capitalized on the burgeoning suburbs in Des Moines to the north and northwest of downtown. It provided a more convenient shopping alternative to traveling to downtown Des Moines as well as provided a closer shopping destination for more rural communities.

Merle Hay Mall – 1972 to 2005

Between 1959 and 1969, enclosed malls began to be more popular, especially in places with cold weather, copying the first enclosed malls built in the Twin Cities in the early 1950s. In 1969, the Plaza property was expanded to the west to include a portion of Urbandale. The original Plaza was enclosed and expanded to the west. The new two-level section included a Montgomery Ward Department Store and a Younger's Store for Homes. The re-named and now fully enclosed Merle Hay Mall reopened in 1972, bringing a much wider variety of men's, women's and children's apparel, two bookstores, two shoe stores and additional jewelry stores. In a move that was unusual at the time, the Mall's ownership redeveloped the former basement bomb shelter into a 24-lane bowling alley on the lower level of the former Merle Hay Plaza.



Merle Hay Mall thrived and at 1.2 million square feet was the largest shopping center in Iowa. The addition of Valley West Mall and Southridge Mall in the late 1970s created more competition for sales and resulted in dividing retail sales in Des Moines into three distinct trade areas. Over time, there was a great deal of overlap between the stores located at the three Des Moines-area malls. The overlap was sustainable for a time, but as demographics changed and generational preferences evolved, area retailers found three locations to be a drag on the business' profits.

By the mid-1990s, many of the retail names were fast disappearing. Retailers tried to adapt their operations to meet the changing trends. The ones who remained found themselves with different real estate preferences and relocated to different types of properties. The pressure on traditional enclosed malls had truly begun.

Merle Hay Mall – 2005 to Present

The addition of Jordan Creek in 2004 created even more competition for Merle Hay and it was time to adapt yet again. It became clear to Merle Hay ownership that the selection of goods and services at the vast majority of malls were occupied by retailers aiming to be a monthly or quarterly needs destination for the customers. Merle Hay saw the need to transition to a location that would satisfy customers' weekly shopping needs.

The best way for Merle Hay to become a weekly needs destination was to add a retailer that provided groceries. Target was the best option in that category and in August 2005, Target opened a 126,000 square foot store with a full grocery selection. By making Merle Hay a weekly needs destination, the path to compete was clear: Merle Hay needed to become the more convenient, weekly needs, value-based shopping center in Des Moines.

The next plan to reinforce convenience as well as add to the selection of different types of retailers to capitalize on the weekly traffic generated by Target was to add "junior anchor" retailers to the store selection at Merle Hay. Junior anchors are smaller in size than anchor stores and are usually 10,000-40,000 square feet in size. At the time, retailers

in this category tended to locate at open-air strip shopping centers only, and not in enclosed malls as they were very focused on the convenience of their customer being able to drive up and park right in front of the store.

In 2008 and 2009 immediately before and at the beginning of the global financial crisis, three junior anchors and two restaurants were added with the development of a streetscape promenade along Merle Hay Road that had the effect of “hybridizing” the enclosed mall into a property with the convenient advantages of a strip center and the wide variety and comfortable year-round shopping and event space of an enclosed mall. Merle Hay ownership persuaded specific retailers that they could have the best of both worlds by having a traditional strip center drive-up convenience on one side of the store and generate mall shoppers by having an entrance on the mall corridor on the other side of the store. These new “double-loaded” stores generated almost double the traffic into the store, with Ross, Ulta, Shoe Carnival, Old Chicago Pizza and Panda Chinese being willing to make the investment to test this theory and joining them with dual entrances. These reinvestments were supported financially by the City of Des Moines through their Urban Renewal program.

As the economy began to recover in 2012-2013, retail continued its evolution from buying ‘stuff’ to buying ‘experiences.’ Merle Hay ownership decided to lean into this trend by adding entertainment options desired by the new retail shopper. The solution was Flix Brewhouse, the first movie theater of its kind in the State of Iowa, took over the second level expansion completed in 1972. Flix combines a micro-brewery on the premises, an 8-screen first-run screens and includes 1,000 seat state of the art cinema experience. Additionally, it boasts a full menu of food and other beverages that are delivered patron’s seats and enjoyed during the movie. These reinvestments were also supported financially by the City of Des Moines through their Urban Renewal program.

In February of 2018, Bon-ton Department Stores (the owner of the Younkers Department store chain) announced as part of its bankruptcy case that it would be closing all of its stores at the end of August 2018. In July of 2018, Sears Department Stores announced that it would be closing its Merle Hay store on October 15, 2018. In short, after more than 59 years of continuous operation the two original anchor stores that book-ended Merle Hay Plaza starting in 1959 were going to close within 35 days of each other. These vacant store areas gave the Merle Hay Campus the opportunity to fully transform into a completely different type of property, one that could meet the needs of a changing demographic (an increasingly entertainment; food and sports-focused customer) as well as capitalize on the changing retail landscape in the Des Moines metro region.

Over the course of 2018-2019, the Polk County Board of Supervisors and the City of Des Moines assisted mall ownership to acquire the Younkers and Sears properties. With these properties again under single ownership, the next phase of the Merle Hay Campus evolution can begin. During 2021, Merle Hay ownership worked toward plat and site plan approval of the new Kohl’s building on the Sears site. This transition was completed in 2023 after the former Sears building was razed and replaced by a new structure to house

Kohl's. Since 2011, the City of Des Moines has committed over \$8 million in tax increment financing (TIF) to assist redevelopments on the Des Moines side of the mall property.

The redevelopment of the Merle Hay Campus is bright as multiple sporting entities have indicated their intent to be tenants for the arena and training facilities. This includes, but will not be limited to the following:

National Volleyball League and Training Facility – Merle Hay has signed a lease with the premier volleyball league in the country to locate their first permanent club in the Des Moines metro area, with eight (8) permanent courts in a brand new 50,000/sf club, fitness, and training facility. The volleyball club will operate year-round with league match play and tournaments running every week from December 1st through May 31st.

Drake Hockey – The Merle Hay Arena will be the home of the Drake Hockey program, an ACHA Division 3 team, with an inter-collegiate competition schedule that includes Creighton University, Northern Illinois University, Illinois State University, Olivet Nazarene, University of Wisconsin at Platteville, University of Kansas, University of Nebraska, Loyola University of Chicago, University of Nebraska, and Wheaton College.

Iowa Demon Hawks – The Iowa Demon Hawks are members of MASL (Major Arena Soccer League) an indoor men's and women's soccer leagues. The Iowa Demon Hawks are proud to represent Iowa in both the MASL2 and MASL-W leagues—hosting international exhibition matches, cultivating local talent, and offering one of the few professional women's indoor soccer opportunities in the nation. The team has already seen great success as the 2023-2024 MASL National Champions. With the ongoing success of the MASL2 and MASL-W teams, ownership is actively preparing to elevate the program to MASL1—the top tier of professional indoor soccer in the U.S.—making the Demon Hawks Iowa's only top-level pro team.

The Future of the Merle Hay Campus

The projects outlined in Section B of this application will transform the Merle Hay Campus into a shopping and entertainment destination for the greater Des Moines region and the State of Iowa. A new permanent volleyball league facility, multi-purpose arena, adjacent multi-story hotel, major retail expansions and improvements, area infrastructure improvements, new plazas and common areas, and transit improvements will reposition the campus into a sought-after location for residents and visitors to enjoy.

In all, the planned improvements described in this application total over \$148 million in investments into the future of the Merle Hay Campus.

Section B: District Plan

Project Plan

The overall plan for the Merle Hay Reinvestment District is to revitalize the region's original major mall complex into an entertainment and shopping destination. The details of the planned improvements are described throughout Section B of this application.

Project Budget Summary

This Plan has several major components to transition the campus into a mix of complementary uses to build excitement and activity. These projects and their overall budget are as follows:

Amount of State Assistance Requested

The Joint 28E board for the Cities of Des Moines and Urbandale received a \$26,500,000 allocation of Iowa Reinvestment Act funding to be reimbursed over a 20 year period from the increase of sales and hotel/motel taxes within the Merle Hay Reinvestment District based upon the assumed base sales year.

The \$26.5 million allocation is 17.8% of the total costs of projects within the Merle Hay Campus.

How the State Assistance will be used

The 28E Board plans to allocate all future IRA payments from the \$26,500,000 allocation to support a financial instrument that will be used to construct the core athletic facilities on the west side of the Mall campus. The City of Urbandale will evaluate financial support of the project, including evaluation of bond issuance, to generate proceeds for athletic facilities construction. We anticipate the principal value of the bond could be approximately \$16,300,000 - \$20,000,000 given the current interest rate environment for similar offerings and the estimated sales tax and hotel revenue to be generated during the 20-year period in the Reinvestment District. This is subject to further verification.

The IRA allocation proceeds would be used for the construction of a Multi-use Arena and Volleyball League Facility. The funding will be outlined by the 28E entity through a future development agreement outlining the commitments, obligations, and expectations between the parties.

District Projects

We are pleased to provide detailed descriptions of all the major projects anticipated to transform the current Merle Hay Mall property into a thriving regional entertainment and shopping campus. Nearly every part of the campus will be touched and improved to breathe new life into northwestern Des Moines and eastern Urbandale and re-establish this long-standing Central Iowa destination as a major attraction for the region and state.

The total summary of costs for all the planned, commenced, and completed projects are as follows:

Project	Project Name	Investment
B1 - A	Merle Hay Arena & League Volleyball Facility	56,923,112
B1 - B	Dink's Pickleball Facility	3,100,000
B2	Mall Campus Hotel	27,000,000
B3	Completed New Kohl's	12,425,000
B4	New Retailer - North of New Kohl's	17,000,000
B5	Completed Credit Union	3,525,000
B6	Completed Mixed-Use Campus Improvements	25,850,000
B6	Commenced Mixed-Use Campus Improvements	15,200,000
B7	Target Store Improvements	3,000,000

TOTAL

\$ 164,023,112

Project	Project Name	Investment
B1 - A	Merle Hay Arena & League Volleyball Facility	41,688,768
B1 - B	Dink's Pickleball Facility	3,100,000
B2	Mall Campus Hotel	27,000,000
B3	Completed New Kohl's	12,425,000
B4	New Retailer - North of New Kohl's	17,000,000
B5	Completed Credit Union	3,525,000
B6	Mixed-Use Campus Improvements	25,850,000
B6	Commenced Mixed-Use Campus Improvements	15,200,000
B7	Target Store Improvements	3,000,000

TOTAL

\$ 148,788,768

Project B1-A: Multi-use Arena and Volleyball League Facility

Detailed Description

The [site of the](#) former Younkers store and the current Food Court will contain a 100,000/ square foot 3,500-seat multi-use sports arena with an NHL regulation ice arena. The Arena will host of sporting events and entertainment. The [site of the](#) upper level of the store as well as the food court will contain eight (8) permanent volleyball courts to house a national volleyball league operation, that will offer competitive team and interstate tournament play for all age groups up through and including a professional women's volleyball team and exhibition games. The arena is designed to also accommodate medium-sized concerts, sports tournaments, trade shows, entertainment, and conventions.

The current [site](#) infrastructure will be re-utilized by [renovating the interior and modifying the a new](#) building structure [specifically designed](#) to accommodate a modern hockey and multi-purpose sports arena. [Originally designed to be a retrofit in to an existing structure, it is now envisioned for the arena to be a new building.](#) Within the arena, the concourse level will be at the same elevation as the main mall corridor. This establishes a 'top loading' design where most attendees enter the arena and walk down to their ticketed seats. The arena plans include 6 private viewing suites, 6 loge seating areas, and personal backed stadium seats for all attendees. [It will also include a center hung score board, a ribbon board, spotlights, and drop down platforms.](#) Locker rooms are planned for the arena; each home team will have a home team locker room and visiting team locker rooms for competition play. There will be additional green rooms for events, a locker room for game officials, and storage for space conversions.

When the arena is converted for music or entertainment acts, it is designed to have a plug-and-play audio system, concert lighting capabilities, and dedicated stage area for travelling acts. The arena can accommodate up to 4,500 attendees when the floor level is utilized for additional seating. [The planned additional FF&E investment after the initial construction in years 3-5 of Arena operations will provide an enhanced spectator and user experience as well as increased income generation with the ability to host multiple events to minimize the time needed to change over between activities.](#)

Approaching the main arena from the mall corridor, one enters the western atrium of the mall campus. This is a significant area to be improved. There will be a secondary entrance to the main arena located on the south end of the atrium. The Arena and Volleyball Training Complex will be new anchors for Merle Hay Mall

Timeline:

Construction Commencement: H1 2026

Construction Completion: H2 2027

Detailed Budget:

Project Name: Merle Hay Arena and Volleyball Facility			
Funding Uses		Funding Sources	
Site work	Included	Option A	Option B
Building Construction	\$ 38,985,000	IRA Bond	\$ 20,000,000 \$ 16,300,000 *
Fixtures & Finishes	\$ 15,229,887	Private Debt	\$ 15,789,359 \$ 17,639,359
Arch & Eng Design	\$ 1,994,525	TIF Financing	\$ 5,500,000 \$ 5,500,000 **
Project Mgmt	\$ 613,700	Restructured Debt	\$ 7,333,753 \$ 9,183,753
Contingency	Included Above	Tenant Sourced	\$ 8,300,000 \$ 8,300,000
Cost of Issuance	Included Above		
Other	\$ 100,000		
Total Project Budget:	\$ 56,923,112	Total Sources	\$ 56,923,112 \$ 56,923,112

Project Name: Merle Hay Arena			
Funding Uses		Funding Sources	
Site work	Included	Option A	Option B
Building Construction	\$ 30,685,000	IRA Bond	\$ 20,000,000 \$ 16,300,000 *
Fixtures & Finishes	\$ 8,295,543	Private Debt	\$ 8,855,015 \$ 10,705,015
Arch & Eng Design	\$ 1,994,525	TIF Financing	\$ 5,500,000 \$ 5,500,000 **
Project Mgmt	\$ 613,700	Restructured Debt	\$ 7,333,753 \$ 9,183,753
Contingency	Included Above		
Cost of Issuance	Included Above		
Other	\$ 100,000		
Total Project Budget:	\$ 41,688,768	Total Sources	\$ 41,688,768 \$ 41,688,768

* - The IRA contribution reflects the estimated value of a bond sold by the City of Urbandale, inclusive of capitalized interest and issuance costs, committed to the construction of the arena and training center. This is for modeling purposes only; final financial instrument to be determined.

** - The City of Urbandale is willing to provide a multi-year Tax Increment Financing rebate duration to the project. This rebate is based upon the increased property taxes resulting from the new construction occurring in Urbandale in the Reinvestment District. The Development Agreement will be finalized after receiving further direction on the IRA allocation and a better understanding of the future assessed valuation anticipated for the project. For modeling purposes only; subject to verification.

Expected new state hotel motel tax and or new state sales tax

Original IRA Plan Description (2022):

Based upon the increased sales taxes from activities to occur within the arena and training center, our economic consultant, HVS Convention, Sports & Entertainment, estimates new sales being \$7,972,000 greater than the base year (2019) sales in 2026 (the stabilized year). Annual sales taxes on these increased sales will be \$558,040 based on the current 7% state and local sales taxes in Urbandale annually. For the Iowa

Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$318,880 annually.

In total, the estimated taxable revenues from the arena and training center from 2023-2042 would be \$187,025,000. This would generate \$13,091,750 in total sales tax revenue over the 20-year life of the Merle Hay Reinvestment District. Total estimated rebates from the IRA would be \$7,481,000 when applying the 4% rebate rate on sales tax revenues for the 20-year collection period.

2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from the sports and entertainment uses would be \$320,759,363 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from retail operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

Project B1-B: Multi-court Pickleball Facility

Detailed Description

The original application plan called for two sheets of ice in the former Kohl's building to house a hockey training facility. It was planned the facility would be operational between September and May but dormant over the summer. Once the Buccaneers were no longer able to move forward with the Training Facility in September of 2022, Merle Hay pivoted and built in conjunction with Dink's Pickleball a thirteen (13) Court facility with future plans to expand to 26 courts. The facility currently has more than 2,500 members and has hosted State pickleball tournaments in multiple age categories and will host matches in the June 2025 National Seniors Pickleball Tournament. As pickleball becomes a winter sport option for kids, our location within walking distance of more than 4,000 high school and middle school students will be ideal. In the first year of operation, close to 60,000 people visited Dink's, with 17,000 unique visitors over that same time frame.

Timeline

This project has been completed.

Detailed Budget

Project Name: Multi-Court Pickleball Facility			
Funding Uses		Funding Sources	
Site work	Included		
Tenant Finish	\$ 2,200,000	Mall Contribution	\$ 250,000
Completed Cost 13 Courts	\$ 780,000	Tenant's Buildout	\$ 2,850,000
Fixtures and furnishings	\$ 120,000		
Total Project Budget:	\$ 3,100,000	Total Funding Sources	\$ 3,100,000

Project B2: Mall Campus Hotel

Detailed Description

An approximately 125-150 room hotel is envisioned for the campus to cater to the multi-night attractions occurring at the arena and Volleyball League & Training center as well as to meet increasing demand in the market area. The hotel would be directly north of Dink's Pickleball. The hotel is planned to have conference facilities to accommodate many public and private gatherings.

The COVID-19 pandemic softened new hotel construction activity throughout the region and country. However, once the Arena and Volleyball Facility (B1) are under construction, hotel brands and operators have indicated a potential interest with the project partners to

construct the hotel. We expect the eventually selected hotel group, as well as others, may begin construction of the hotel while the Arena and Volleyball Facility are also under construction.

The hotel feasibility study previously conducted by HVS modeled a 125-room facility as it is of a more generic size for the Midwestern market.

Timeline

Construction Commencement: January 2027

Construction Completion: December 2028

Detailed Budget

Project Name: Mall Campus Hotel			
Funding Uses		Funding Sources	
Site Preparation	\$ -	Private Equity	\$ 8,100,000
Building Acquisition	\$ -	Private Debt	\$ 18,900,000
Building Construction	\$ 27,000,000		\$ -
Building Remodeling	\$ -		\$ -
Fixtures	\$ -		\$ -
Architectural Design	\$ -		\$ -
Engineering Design	\$ -		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 27,000,000	Total Funding Sources	\$ 27,000,000

Expected new state hotel motel tax and or new state sales tax

The hotel feasibility was not updated for this 2025 Amendment and the original figures from HVS remain.

A new hotel could generate \$5,748,000 in its first year from room rentals, incidentals, and other activities. Based upon the 12% state and local lodging tax rate, this would generate \$862,000 in new tax revenue annually. For the Iowa Reinvestment Act rebates, applying the 5% rebate on increased lodging revenues would generate \$287,000 annually.

In total, the estimated revenues would be \$106,900,000. This would generate \$16,035,000 in total lodging tax revenue over the remaining life of the Merle Hay Reinvestment District. Total estimated rebates from the IRA would be \$5,346,000 when applying the 5% rebate rate on lodging revenues for a 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

New Retail Establishments or Lessors Subject to the Project

- New Hotel Operator to be named

Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The attached HVS hotel study finds a 125-room medium level hotel would generate appropriate revenue to satisfy the construction, operations, and owner profit assuming a \$135,000 per room construction cost.

DRAFT

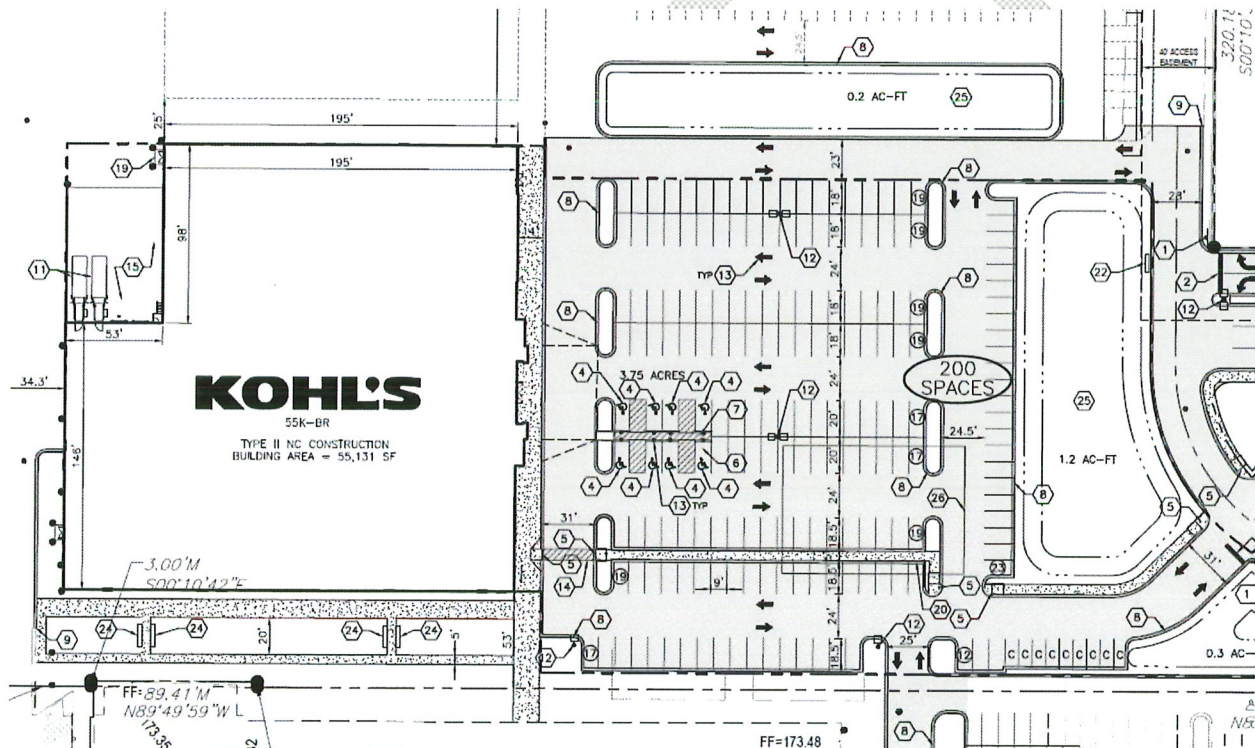
Project B3: New Kohl's Department Store

Detailed Description

Kohl's Department Stores constructed a new 55,000 square foot store on the eastern portion of the campus in Des Moines. Kohl's desired a more visible location, and with Merle Hay ownership purchasing the Sears property in 2020, that desire became a reality. Kohl's relocation also created the availability for their former location to be transformed into a pickleball facility noted as Project B1-B.

The new Kohl's location is detached from the mall building. Its front façade is in line with the northern mall entrance corridor and facilitates easy travel for shoppers and visitors to access Kohl's from the main building.

Kohl's owns their new building while Merle Hay ownership maintains ownership of the land.



Timeline

Construction Begins: Spring 2022

Construction Complete: Fall 2023

Detailed Budget

Project Name: New Kohl's Department Store			
Funding Uses		Funding Sources	
Site Preparation	\$ -		\$ -
Building Acquisition	\$ -	Merle Hay Mall	\$ 9,100,000
Building Construction	\$ 12,425,000	Kohl's	\$ 3,325,000
Building Remodeling	\$ -		\$ -
Fixtures	\$ -		\$ -
Architectural Design	\$ -		\$ -
Engineering Design	\$ -		\$ -
Construction Admin.	\$ -		\$ -
Other	\$ -		\$ -
Total Project Budget:	\$ 12,425,000	Total Funding Sources	\$ 12,425,000

Project has been completed.

Expected new state hotel motel tax and new state sales tax.

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces.

The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

New Retail Establishments or Lessors Subject to the Project

- Kohl's Department Stores

Feasibility Study Findings

2025 IRA Amendment – This section has not been updated as a new feasibility study was not commissioned.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district to protect the sales of individual businesses. Providing the sales information for this project individually would disclose this specific Kohl's store's sales information. State rules allow for the protection of business trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, and B6) would generate \$195,935,000 in annual sales at the stabilized year of 2025.

Applying the validated \$322 per square foot sales assumption for this 55,000 sf project estimates the total sales to be \$17,710,000 per year.

Project B4: New Business Construction Opportunity

Detailed Description

Directly to the north of the new Kohl's store (B3), property exists for an additional 50,000 square feet of development for additional new retailers or businesses. Merle Hay ownership is in discussions with several retailers which would be compatible with the entertainment and shopping theme and would be able to generate new sales in the region.

These new business locations would likely be owned by Merle Hay ownership and leased to the individual tenants. The new retail buildings are planned to be either designed in an in-line configuration related to the new Kohl's building, or as standalone structures throughout the area north of the Kohl's building.

Timeline

Begin Construction: Expected H1 2026

Complete Construction: Expected H2 2027

Detailed Budget

Project Name: New Business Construction Opportunity			
Funding Uses		Funding Sources	
Site Preparation	\$ 750,000	Merle Hay Mall Debt & Equity	\$ 13,000,000
Building Acquisition			
Building Construction	\$ 12,000,000		
Building Remodeling	\$ -		
Fixtures	\$ 4,000,000	Tenant	\$ 4,000,000
Architectural Design	\$ -		
Engineering Design	\$ 250,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 17,000,000	Total Funding Sources	\$ 17,000,000

*The private debt and equity is contingent upon award of the requested Iowa Reinvestment Act allocation.

Expected new state hotel motel tax and or new state sales tax

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in

sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district, rather than identifying specific retail operations, to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time. However, once we do know the specific retailers, we would not be allowed to disclose specific sales figures in order to protect the business' trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects

(B3, B4, B5, and B6) would generate \$190,946,000 in annual sales at the stabilized year of 2029.

Applying the validated \$322 per square foot sales assumption for this 50,000 sf project estimates the total sales to be \$22,540,000 per year.

DRAFT

Project B5: New Outparcel Development

Detailed Description

Resulting from redesigning the eastern main access road to the campus, an approximately 1.5 acre outparcel was created for additional businesses to construct a new building. This parcel was purchased by the Mississippi Valley Credit Union and their new branch opened in the Fall of 2023. The parcel has excellent visibility along the Merle Hay Road corridor, so any use that would benefit from being easily seen by thousands of passersby per day would be attracted to the site.

Timeline

Construction Begin: Summer 2022

Construction Complete: Spring 2023

Detailed Budget

Project Name: New Outparcel Development			
Funding Uses		Funding Sources	
Site Preparation	\$ 150,000		
Land Acquisition	\$ 900,000	Private Equity	\$ 1,233,750
Building Construction	\$ 2,100,000	Private Debt	\$ 2,291,250
Building Remodeling	\$ -		
Fixtures	\$ 300,000		
Architectural Design	\$ 25,000		
Engineering Design	\$ 50,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 3,525,000	Total Funding Sources	\$ 3,525,000

*The private debt and equity is contingent upon award of the requested Iowa Reinvestment Act allocation and successful acquisition of a new tenant to trigger construction of the new building.

Expected new state hotel motel tax and or new state sales tax

With this project being occupied by Mississippi Valley Credit Union, minimal sales tax will be generated by this project.

Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district, rather than identifying specific retail operation, to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time.

|

However, once we do know the specific retailer, we would not be allowed to disclose specific sales figures in order to protect the business's trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation and traffic to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, and B6) would generate \$195,935,000 in annual sales at the stabilized year of 2028.

Applying the validated \$322 per square foot sales assumption for this 2,500 sf project estimates the total sales to be \$805,000 per year.

Project B6: Mixed-Use Campus Improvements

Detailed Description

The Merle Hay campus will receive many significant improvements throughout to improve the visibility, access, connectivity, and retail expansion potential for all the businesses and users in and around the project. Most of the components of this project are retail in nature, while the senior housing conversion component, described further below, is not retail but an important improvement to transform the campus into a mixed-use destination.

Campus Site Improvements (within site improvements on mixed-use map)

A new, modified vehicular and pedestrian entrance to the campus will be established at Merle Hay Road and Madison Avenue. The entrance will be straightened to run east-west and unlock the development of a new outlot along Merle Hay Road. The repositioned entrance will also set the location for a new ring road for the entire campus.

A new main ring road path (see master plan diagram) has been designed to better accommodate all the new and changing uses within the campus, most notably the construction of the Lillis Lofts affordable housing project in the southwest portion of the campus. Originally developed for limited retail uses, the ring road was designed to achieve maximum parking. Now that the campus will have entertainment, housing and retail uses, the design has been modified to better meet the varying demands of the new uses.

The original Merle Hay property was developed in a time when the automobile was set as the American standard and customers desired locations where their auto use was generously accommodated. Today, this logic still holds true, but developments need to look to transition properties into accommodating more than just vehicular modes of transportation.

The Merle Hay Campus will receive significant new pedestrian, bicycle, and bus improvements to set these modes at a more level playing field of accommodation to personal autos. New sidewalks along Merle Hay, the entrance at Madison, and adjacent to all new developments will allow for greater walking and biking to and from the campus.

Merle Hay Campus is currently the terminus of three Des Moines Area Regional Transit (DART) bus routes, with a single bus stop currently located on the east side of the property. Conversations with DART over the years have set the desire to relocate or add a new bus stop to the Merle Hay campus. With the addition of the Arena complex, we are proposing to create a bus stop that is closer to the Arena on the Douglas Avenue façade of the main building near the southern Arena/Mall entrance, in conjunction with the new outdoor plaza area (described below) immediately outside the entrance.

Site Preparation (within site improvements on mixed-use map)

Building demolition and site grading has been completed at the former Sears property on the northeast portion of the campus. This site grading will allow for additional development

parcels for the relocation of Kohl's (B3) and additional businesses to the north of Kohl's (B4).

Storm Water Management (within site improvements on mixed-use map)

Major storm sewer improvements are required to mitigate the campus' deficient storm water detention and water quality design. The campus was originally built in the 1960's when storm water requirements were very different. Merle Hay ownership the City of Urbandale constructed two on-site storm water facilities to best accommodate the former Sear's site's storm water runoff needs. In addition the new Kohl's store (B3) has a redesigned parking area that provides an additional 1.5-acre feet of storm detention facilities. This will meet modern regulations for on-site stormwater detention, as well as additional capacity for additional development within the Merle Hay Campus.

Urbandale is in the process of constructing a major storm sewer project on the campus to convey the rainwater from the campus and the adjoining Downtown Urbandale Neighborhood to the west. The City has installed a 102" diameter storm sewer under the western ring road from the terminus of Airline Avenue and run south to Douglas Avenue. Current costs are estimated to be \$7,000,000. This improvement is a major component to ultimately convey stormwater from Merle Hay and the residential neighborhoods to the west safely into the nearby Rocklyn Creek to eliminate surface stormwater accumulation which has caused significant property damage in the area.

Landscaping Improvements (within site improvements on mixed-use map)

Several of the parking areas will receive landscaping improvements by way of installing many landscape islands. The parking lots adjacent to the new Kohl's (B3) and additional businesses (B4) will receive new landscape islands, as well as new parking for the hotel (B2). All other lots have landscaping islands already installed.

Campus Signage (within site improvements on mixed-use map)

As the campus is to undergo a major revitalization and be transformed into an entertainment and shopping destination, the campus signage is to be modified and replaced to reflect the changing campus. New designs and aesthetics will be implemented across the whole signage plan for the campus to create a new common theme in the monument, directional, and location signage areas.

Improved Campus Boundary (within site improvements on mixed-use map)

At the western edge of the mall campus, an 8-foot wall exists to separate the commercial uses at the mall with the adjacent single-family neighborhood in Urbandale. This wall was constructed several decades ago and is in need of repair and/or replacement. The wall will be replaced with a commercial grade fence, thus removing the eyesore of the existing wall.

Mall Corridor Modernization

The inside corridors of the mall campus will also undergo a transformation by way of implementing a new merchandising plan to highlight the wide variety of goods, services

and entertainment options available at Merle Hay. Merle Hay will remain the convenient, value-oriented mall in the Des Moines region, but will become a stronger state and regional draw with the Multi-Use Arena and Volleyball League Facility. Significant improvements are envisioned, including:

- Seating Areas – The interior mall concourse will be renovated to include new and additional soft seating areas, new carpeting in carpeted sections and new wall finishes
- East Mall Court – The main east mall court will be renovated to remove existing planters and renovate the area to include carpeting and soft seating areas.
- Flooring Upgrades - New flooring in several areas will occur with sustainable floor products to freshen the corridors
- Interior Signage – Directional and directory signage will be upgraded to match the new merchandising plan and match the exterior signing improvements.
- Roofing Replacement – some areas of the corridors will receive new roofing to match the expected life of the new mall improvements.
- Exterior Doors – Exterior doors will be replaced where necessary, as some entrances have recently been replaced.

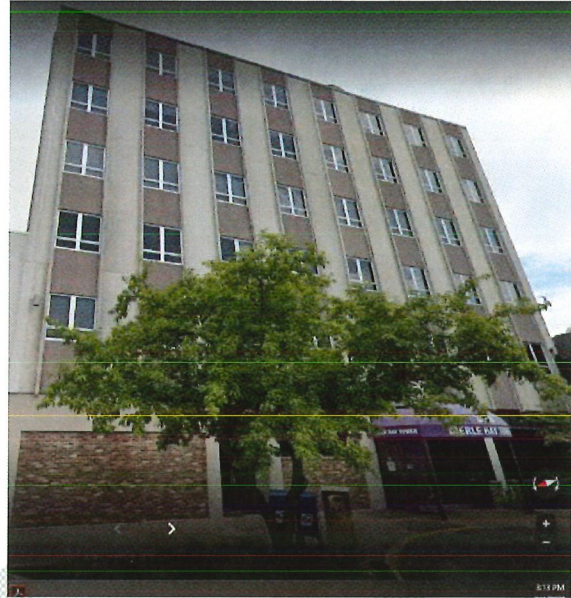
Merle Hay Investors has engaged a design consultant specializing in entertainment and sports complexes to advise the branding transformation for the campus.

Northern Outdoor Area

Having Kohl's project (B3) constructed as a stand-alone building, presented the opportunity to create an outdoor amenity area for the campus. Elevated design is envisioned for the hardscape and softscape in this area to establish a gathering area for visitors and shoppers. Drake Head Start is an early education and pre-school provider located directly adjacent to this outdoor area. Improvements will also be made to have this area also serve as the outdoor play area for Drake Head Start. This Plaza area was completed with the opening of the Kohl's Store in November 2023.

Potential Housing Conversion

Merle Hay Mall includes the Merle Hay Tower building, a 49,000 square foot, 6 story-office building constructed in 1966 and the original Merle Hay Cinema directly to the north. Merle Hay ownership is soliciting offers to sell the building to a developer for the construction of a potential housing apartment building as well as a recreational space in the former theater. Having the ability to walk into the mall complex directly will make this a very attractive apartment location for access to groceries, entertainment, dining, shopping and physical fitness options all without driving or even having to go outside during inclement weather.



Southern Outdoor Plaza

The southern entrance to the main building facing Douglas Avenue will receive significant improvements by creating a new pedestrian plaza. This plaza will facilitate a new bus stop location and outdoor amenity area. Bringing the entertainment outside is the intent for this area with outdoor seating and outdoor games available such as bags, ladder toss, chess and checkers, and others. Utilizing high quality materials like stone and brick for the hard surface will add to the allure of the area and set it as a unique amenity area for the campus.

New Retail Development

With all these major investments occurring within the Merle Hay campus, the ability to attract new and retain existing businesses within the main mall building will be significantly increased. We anticipate many of the currently vacant storefronts to be occupied by national, regional and local retailers which will benefit from the increased activity on the Merle Hay Campus and contribute to the vibrancy of the destination.

The existing retailers and businesses in the main building will also directly benefit from the increased shopper traffic resulting from the new offerings by the new tenants. Specifically, Target Corporation as a main tenant of the mall has planned store and site improvements of approximately \$3,000,000 over the next several years to be a part of the district's transformation.

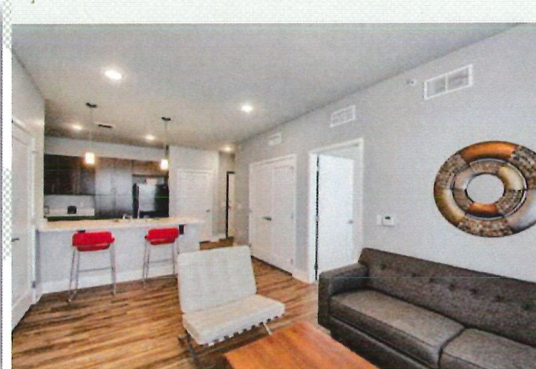
Along the Douglas Ave façade of the main building, storefronts will be added to the areas between Target and the Game Day outdoor dining and bar terrace as well as between the Flix Marquis entrance and the new arena and Mall entrance. The goal is to create a similar streetscape facade and store access along the Douglas Ave façade as currently exists for several stores along the Merle Hay Road façade. The Douglas Avenue stores will receive new facades with store access, or 'double loaded' stores; one access from

the parking area, and a second from within the interior mall corridor. Up to three new façade storefronts will be constructed between Target and Game Day and two façade store fronts between Flix Brewhouse and the Bucs Arena Mall entrance.

Lillis Lofts Multi-Family Affordable Housing Project

Adding to the mixed-use transformation on the campus, a 43-unit multi-family affordable housing project has been built in the southwest portion of the district. With a total budget of nearly \$10 million, TWG Development, through their subsidiary Merle Apartment Partners LC, has constructed a 47-unit multi-family affordable housing project on a 1.69 acre parcel. This project is named Lillis Lofts and was a recipient of State of Iowa affordable housing tax credits in 2019 and an allocation from the Department of Housing and Urban Development through the Low-Income Housing Tax Credit program.

Lillis Lofts is not included as a component of the B6 project sources and uses as it is not connected to the mall building. However, it should be noted as an additional major investment occurring to move the campus into its mixed-use future.



(Concept images and images of similar projects from TWG Development)

Timeline

Construction Begin: Summer 2021

Construction Complete: Ongoing

Detailed Budget

Project Name: Mixed-Use Campus Improvements			
Funding Uses		Funding Sources	
Parking Lot	\$ 2,500,000	Merle Hay Equity	\$ 3,855,000
Land Acquisition	\$ 1,500,000	Merle Hay Debt	\$8,352,500
Building Acquisition		Housing Developer	\$13,000,000
Building Construction			
Building Demolition			
Stormwater Management	\$ 1,650,000		
Building Remodeling	\$ 18,500,000		
Fixtures	\$ 1,650,000		
Architectural Design			
Engineering Design	\$ 50,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 25,850,000	Total Funding Sources	\$ 25,850,000

*The Merle Hay debt and equity is committed conditional to the IRA allocation to the project.

*The City of Des Moines TIF allocation is committed through an existing development agreement.

*The Polk County loan has been executed to assist in purchasing the former Sears property.

Project B6 has commenced and several projects have begun or have been completed. A table noting the commenced project expenses is as follows:

Project Name: Completed Mixed-Use Campus Improvements			
Funding Uses		Funding Sources	
Parking Lot	\$ 650,000	Merle Hay Equity	\$ 2,250,000
Land Acquisition		Merle Hay Debt	\$ 2,250,000
Building Acquisition		Des Moines TIF	\$ 2,800,000
Building Construction	\$ 500,000	Polk County Loan	\$ 2,400,000
Building Demolition	\$ 350,000	Urbandale Stormwater	\$5,500,000
Stormwater Management	\$ 7,500,000		
Building Remodeling	\$ 5,200,000		
Fixtures	\$ 800,000		
Architectural Design			
Engineering Design	\$ 200,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 15,200,000	Total Funding Sources	\$ 15,200,000

Expected new state hotel motel tax and or new state sales tax

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

New Retail Establishments or Lessors Subject to the Project

The following list of businesses represent the known new retail businesses to begin operations within the Reinvestment District and the existing businesses that meet the definition of new businesses in Chapter 15J.2.a and 15J.2.b.

- Kohl's Department Stores, Inc.
- Dinks Pickleball
- Iowa Custom Tees (Kazma)
- 515 Cuts
- Gameday
- Hiking Dog Co.
- Games Workshop Retail, Inc.
- Bath & Body Works, Inc.
- RockTop
- Future Nightmares
- Expertees
- Flix Brewhouse
- H&R Block Eastern Enterprises, Inc.
- Angelica's Design-Youth
- Angelica's Design
- The Des Moines New Age Shop
- Enchanted Beauty
- Old Navy, LLC #5372 LID #2300
- Brow Beauty
- GameStop, Inc.
- Dwarven Workshop, LLC
- Torrid, LLC #5624
- Kids Foot Locker #46884
- Rhea Lana's of West Des Moines
- Drake University Head Start
- California Nails
- Ross Dress For Less
- Serenity Esthetics
- Lenscrafters, Inc. #126
- Shonka Treats, LLC
- Claire's Stores, Inc. #5416
- God's Grace Foods
- Ratt's Underground Records
- Riddle's Jewelry
- Auntie Anne's Pretzels
- Five Guys Burgers and Fries
- Shoe Carnival, Inc. #411
- GameDay Lanes, LLC
- Ulta Salon, Cosmetics & Fragrance, Inc. #334
- Antiques for Freaks and Geeks
- Five Below, Inc. Store #4029
- Target Corporation
- Dark Slide
- Just Paws Gourmet
- White Rabbit VR Arcade
- Expo
- Wolfram RC
- Afrikwave, LLC
- Kids Empire
- Combat Live!
- LOADED
- Vietnam Cafe
- Tamale's Industry
- Maid-Rite Corporation
- GameDay
- Vietnam Café
- Tamale's Industry
- Maid-Rite Corporation
- Piercing Pagoda
- I Talk & Repair
- Sweet Delights
- SLA ATM
- Hurricane Simulator
- ecoADM, LLC
- First Church DSM
- Blank Park Zoo
- JK Vending & Fuzzy Brush
- SanKo Amusements
- Innovative Vending Solutions LLC
- Theisen Vending, Inc.
- DMACC - TK7
- New Retailers within the campus

Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

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The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time. However, once we do know the specific retailer, we would not be allowed to disclose specific sales figures in order to protect the business' trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, B6, and B7) would generate \$195,935,000 in annual sales at the stabilized year of 2029.

Applying the validated \$322 per square foot sales assumption for this project estimates the total sales to be \$146,671,000 per year.

Project B7: Target Department Store Improvements

Detailed Description

The Target Department Store is the main shopping anchor for the campus. Mall ownership reports planned improvements totaling \$3,000,000 to make improvements to the bathrooms, changing areas, checkouts, grocery, and general merchandise sections.

Timeline

Construction Begin: Commenced

Construction Complete: Continuous

Detailed Budget

Project Name:		Target Store Improvements	
Funding Uses		Funding Sources	
Site Preparation	\$ -	Target Equity	\$ 3,000,000
Land Acquisition	\$ -		
Building Acquisition	\$ -		
Building Construction	\$ -		
Building Demolition	\$ -		
Stormwater Management	\$ -		
Building Remodeling	\$ 3,000,000		
Fixtures	\$ -		
Architectural Design	\$ -		
Engineering Design	\$ -		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 3,000,000	Total Funding Sources	\$ 3,000,000

Expected new state hotel motel tax and or new state sales tax

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

New Retail Establishments or Lessors Subject to the Project

The following list of businesses represent the known new retail businesses to begin operations within the Reinvestment District and the existing businesses that meet the definition of new businesses in Chapter 15J.2.a and 15J.2.b.

- Target Department Stores

Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time. However, once we do know the specific retailer, we would not be allowed to disclose specific sales figures in order to protect the business's trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the

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new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, B6, and B7) would generate \$195,935,000 in annual sales at the stabilized year of 2025.

Applying the validated \$322 per square foot sales assumption for this project estimates the total sales to be \$146,671,000 per year.