

Investment District 2021 Annual Report

Recipient: City of Grinnell

Boutique Hotel and Event Center

- a. **The Hotel Grinnell (Boutique Hotel and Event Center)** has been in operation for slightly more than four years. Hotel Grinnell received its occupancy permit and liquor license from the city of Grinnell on Wednesday, August 30, 2017. Hotel Grinnell officially opened on Tuesday, September 5, 2017. Hotel Grinnell continues to build a customer base and has been a very popular destination for social and conference events. The response to the project has been overwhelmingly positive from customers and citizens. The quality built into the Hotel Grinnell has exceeded our expectations. The hotel developer reports that the total project cost was \$7+ million.
- b. The city of Grinnell made payment to Hotel Grinnell in the amounts of \$33,799.74 (09/22/20), \$3,057.56 (01/01/21), \$4,680.96 (03/22/21), \$8,593.55 (06/07/21), and \$8,594.26 (09/07/21) for a total of \$58,726.07. This is equal to 80% of the first IRA collections to date. Hotel Grinnell is eligible to receive up to \$2,580,000 over the 20-year term of the Grinnell IRA. The negative impacts of COVID-19 on the hospitality industry have been severe and this payment from the IRA program comes at a critical time.
- c. This project is complete.
- d. The construction loan amount is \$7.1 million, and the primary investors contributed \$450,000. The rate of interest is 4.5%. We have previously provided a copy of the construction loan agreement.

Mortgage Loan	\$5,500,000
Historic Tax Credits (State)	\$1,150,668 (bridge loan being finalized now)
Developer Equity Deferred	\$200,000
Investor Equity	\$250,000

- e. There were no bonds issued for this project or other indebtedness incurred by the city of Grinnell. We have previously provided the construction loan document for the Hotel Grinnell.



Photo of Hotel Grinnell East Façade in evening. This photo shows the conversion of the former Grinnell Junior High School into a boutique hotel-events center. 9/11/17



Photo of one of the rooms in Hotel Grinnell. Each room is unique in size and furnishings. The hotel supports various social events and business travel. 9/11/18



Photo of former Grinnell Junior High Theater which now serves conference attendees and social events. Hotel Grinnell has become a very popular wedding venue. 9/11/18

Central Park and City Infrastructure

- a. The reconstruction of **Central Park** is complete. The response to the official opening of the renovated Central Park in May 2018 was positive. The level of activity and volume of users in the park far exceeded our expectations. One feature, the splash pad, received accolades from the community and was in almost constant use through the summers of 2018-2021. The quality of the design and craftsmanship is exceptional. Professional fees and items purchased by the city outside the construction project will bring the total project cost to approximately \$3.5 million. The **City Infrastructure and Streetscape Project** is also complete which wraps up the final phase of an \$18 million project to rebuild the public infrastructure in the downtown.
- b. At this point, the city has not spent any money on this project from the reinvestment project fund.

- c. The final cost for the Central Park project is \$3.5 million which includes professional fees and purchases made directly by the city. The construction contract sum for the City Infrastructure and Street Scape project is \$3.9 million.

d. Central Park

Iowa Great Places Grant	\$ 150,000
Grinnell Hotel/Motel Tax	\$ 550,000
Private Donations	\$ 650,000
City of Grinnell TIF	\$ 600,000
G.O. Bonds	<u>\$1,550,000</u>
Total	\$3,500,000

City Infrastructure and Streetscape

Storm Sewer Fund	\$ 300,000
Sanitary Sewer Fund	\$ 300,000
Water Fund	\$ 100,000
TIF/Hotel-Motel	\$ 400,000
G.O. Bonds	<u>\$2,800,000</u>
Total	\$3,900,000

- e. The amount of the G.O. Bond for the Central Park project was \$1,550,000. The term is 20 years and the interest rate is 2.65%. The source of funds for repayment will be TIF and IRA proceeds.

The amount of the G.O. Bond for the City Infrastructure and Streetscape project was \$2,800,000. The term is 10 years and the interest rate is 2.65%. The source of funds for repayment will be TIF and IRA proceeds.

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM	\$	2,706,000.00
2. Net change by Change Orders		\$341,167.25
3. CONTRACT SUM TO DATE (Line 1 ± 2)	\$	3,047,167.25
4. TOTAL COMPLETED & STORED TO DATE		\$2,997,522.31
(Column G on G703)		
5. RETAINAGE:		
a. 5 % of Completed Work		149,876.12
(Column D + E on G703)		
b. 5 % of Stored Material	\$	-
(Column F on G703)		
Total Retainage (Lines 5a + 5b or		
Total in Column I of G703)	\$	149,876.12
6. TOTAL EARNED LESS RETAI	\$	2,847,646.19
(Line 4 Less Line 5 Total)		
7. LESS PREVIOUS CERTIFICATES FOR		
PAYMENT (Line 6 from prior Certificate)	\$	2,815,786.06
8. CURRENT PAYMENT DUE	\$	31,860.13
9. BALANCE TO FINISH, INCLUDING RETAINAGE	\$	199,521.06
(Line 3 less Line 6)		

OWNER CHANGE ORDERS	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$331,232.93	\$0.00
Total approved this Month	\$9,934.32	\$0.00
TOTALS	\$341,167.25	\$0.00
NET CHANGES by Change Order		\$341,167.25

Excerpt from a Pay Request for the Central park project above.

Excerpt from a Pay Request for the Downtown Streetscape Project below.

Total Contract Sum	\$3,512,898.25
Net Change Orders	\$203,297.04
Contract Sum to Date	\$3,716,195.29
Stored Materials	\$0.00
Total Completed To Date	\$3,932,576.16
5% Retainage (\$65,000)	\$25,000.00
Total Earned Less Retainage	\$3,907,576.16
Less Previous Certificates for Payment	\$3,797,616.18
Current Payment Due	\$109,959.98
Balance To Finish, Including Retainage	0



Photo of new performance stage in Central Park at the start of Thursday Music in the Park. 9/11/18



Photo of the new shelter building in Central Park and splash pad and play equipment in the background. 9/11/18



Photo of interior of the new shelter at Central Park with lighting. 9/11/18



Photo of the completed reconstruction of Broad Street and 5th Avenue which is the final segment of the \$18 million reconstruction of all public infrastructure in Grinnell's downtown. This effort started in 2004. This area is also the heart of the Zone of Confluence. This photo shows the Drake Community Library and the Hotel Grinnell would be just to the right side of the photo or south. 9/11/18

Zone of Confluence

- a. Grinnell College continues to acquire properties in the Zone of Confluence.
 - Renovation work on one of these historic properties is complete. This space is now home to Mahaska Communications Group who is in the process of a complete fiber build out in Grinnell.
 - Grinnell College and the city of Grinnell have been working with Merge Urban Development to redevelop 1020 Main Street which is a vacant commercial property in Grinnell's central business district and the Zone of Confluence. The project is also located in Grinnell's Opportunity Zone. The project will be a mixed use residential and commercial building with an estimated cost of \$9.36 million. Construction on this project is expected to begin in spring 2022. The project will include 53 residential units and 6,988 square feet of commercial and support space on the first floor. The total square footage for the project is 50,868. This project was awarded \$1 million from the Iowa Workforce Housing Tax Incentive. We have identified two potential retail tenants for this space.

- b. At this point, the city has not spent any money on this project from the reinvestment project fund.
- c. The College's primary activity in the Zone has been Building and Land Acquisition. The total project budget in the IRA application for the Zone of Confluence was \$10 million. Approximately \$3,000,000 has been spent to date on Building and Land Acquisition along with Professional Fees and investments by the College to address deferred maintenance in the acquired properties. The total project costs remaining are \$7 million.
- d. Grinnell College has funded all expenditures related to this project.
- e. There were no bonds issued for this project or other indebtedness incurred by the city of Grinnell. Grinnell College did not issue debt to fund these activities.



Image depicting the proposed mixed use commercial and residential building planned to begin construction in 2021 at 1020 Main Street.



Photo of the demolition/cleared site of the former Grinnell Sporting Goods which relocated south on Main Street. This site is immediately east of the former McNally's site. The demolition makes way for a new multi-use building at this site. Grinnell College acquired this property in 2019. Development of this project is in process and construction is anticipated for spring 2022. 09/28/20



Photo of the former Windstream parking lot. Grinnell College has purchased of this property. In the background you can see the former Grinnell Sporting Goods and former McNally's lots. Grinnell College also owns the brick building shown partially in the left of this photo. Grinnell College has developed plans to utilize this site for residential student housing and possible mixed use on the first floor. Development of this project is in process and construction is anticipated for 2022. 10/01/19

Grinnell College Campus Improvements

a. Construction on campus:

- Construction of the Humanities and Social Studies Complex (HSSC) began in January 2017, with McGough Construction serving as the construction manager. The new addition, representing approx. 80% of the overall building, is complete and occupied. Work is complete on the historic revitalization of the Carnegie and Alumni Recitation Hall buildings, which form the remaining two pavilions of the Complex. Grinnell College received the occupancy permit for the entire HSSC project in late June 2020. The complex is now occupied and in use.
- Three student houses that occupied the site of the new Admissions and Financial Student Services (AFSS) have been relocated a block north, making way for construction of the new AFA building, which began in September 2017. The project construction is complete. The building was occupied in October 2018.

- b. At this point, the city has not spent any money on this project from the reinvestment project fund.
- c. Construction costs:
- The contract sum for construction of the Humanities and Social Studies Complex is \$88.8 million. Of that, approximately \$87.3 million has been paid to McGough through Aug. 2020. The balance to finish is \$1.5 million. Owner construction costs account for another \$4.1 million, of which \$3.3 million has been paid to date.
 - The contract sum for construction of the Admission and Student Financial Services Center (ASFS) is \$9.2 million, of which all has been paid. The Owner construction costs to prepare the site, relocate the houses, and extend college utilities added another \$1.3 million to the project, of which all has been paid.
- d. Sources/amounts of funding for work completed on Campus Improvements so far. The Board of Trustees of the College authorized a financing plan that relies upon a mix of gifts (\$20 million) and bonds (up to \$120 million) to cover the costs of design, construction, furnishing, etc. for the HSSC, ASFS, and campus landscaping.
- e. Describe any indebtedness incurred for the project here: rate of interest, length of term, cost of issuance, net proceeds and sources of repayment.
- In January 2017, with the support of the Iowa Higher Education Loan Authority (IHELTA), the College issued bonds to finance three major campus projects – the HSSC, the ASFS, and comprehensive campus landscaping. Terms of the deal were as follows.
- f. Debt service on the Series 2017 issue will be covered through the College's operating budget. The first semi-annual payment was made June 2017. The issue will be paid off in December 2046.

**IHELA
Grinnell College
Revenue Bonds
Series 2017**

As of 02/03/17
"AAA/Aaa" Rated
HSSC Project
30yr Fully Amortizing

SOURCES & USES

SOURCES	Series 2017 New Money
Principal Amount	\$ 104,455,000.00
Original Issue (Discount) / Premium	16,247,057.35
Total	120,702,057.35

USES

Deposit to Project Fund	\$ 120,006,964.28
Underwriter's Discount	301,755.14
Financial Advisor	89,909.54
Bond / Disclosure Counsel	104,455.00
Moody's Rating Fee	75,000.00
S&P Rating Fee	67,750.00
IHELA Fee	15,445.50
IHELA Fee Reimbursement	1,000.00
IHELA Financial Advisor	10,000.00
IHELA Miscellaneous Costs	100.00
IHELA Counsel	10,000.00
Auditor Fee	6,000.00
College's General Counsel	3,067.00
MuniHub Fee	1,000.00
Des Moines Register Tombstone	2,546.00
Financial Printer	2,301.52
Financial Printer (Total Choice)	513.37
Trustee Fee	2,750.00
Trustee's Counsel	1,500.00
Total	120,702,057.35

ASSUMPTIONS

Dated Date	2/7/2017
First Interest Date	6/1/2017
First Maturity Date	12/1/2021
Final Maturity Date	12/1/2046
Series 2017 Call Date	12/1/2026
Debt Service Reserve Fund Requirement	None

RESULTS

Average Coupon	4.874517%
Arbitrage Yield	2.933336%
All Inclusive Cost of Capital	3.751262%
Net Interest Cost	4.106495%
True Interest Cost	3.726029%
Average Life	19.876
Life of Issue	29.817
Weighted Average Maturity (WAM)	19.851



Photo of the occupied Grinnell College Humanities and Social Studies Complex. 09/28/20



Photo of the new Admissions and Financial Student Services building on Grinnell College's campus. 09/28/20

Please provide the following:

- a. The status of each project undertaken within the district in the previous twelve months, including whether construction has begun on any project in the district or when the start of construction is anticipated and a summary of developer spending on projects within the district.
- b. An itemized list of expenditures from the municipality's reinvestment project fund in the previous twelve months that have been made related to each project being undertaken within the district.
- c. The amount of the total project cost remaining for each project being undertaken within the district as of the date the report is submitted.
- d. The amounts, types, and sources of funding used for each project described in paragraph "a".
- e. The amount of bonds issued, or other indebtedness incurred for each project described in paragraph "a", including information related to the rate of interest, length of term, costs of issuance, and net proceeds. The report shall also include the amounts and types of moneys to be used for payment of such bonds or indebtedness.

Information provided should be the most recent that is available.

CERTIFICATION OF ACCURACY:


I hereby certify that the information presented to the Iowa Economic Development Authority on the date indicated below is fully complete, true, and correct. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision, as provided in Iowa Code section 15A.3 and other applicable law.

I further depose that the signature below is my own proper signature and that I have the authority to submit this information on behalf of the Recipient.

Prepared By:

Name: Russell L. Behrens Phone # 641 236 2600

Title: City of Grinnell City Manager


Signature  Date 9/30/2021

E-Mail Address rbehrens@grinnelliowa.gov

Authorized Signatory:

Name: Dan F. Agnew

Title: Mayor, City of Grinnell

Signature  Date 9/30/2021

Quarter	Quarter Ending	\$ Amount	Date Received/Anticipated
FY20 Q3	03-31-20	\$42,249.67	08-24-20
FY20 Q4	06-30-20	\$3,821.96	11-24-20
FY21 Q1	09-30-20	\$5,581.20	02-24-21
FY21 Q2	12-31-20	\$10,741.94	05-24-21
		\$62,394.77	

Quarter	Quarter Ending	\$ Amount	Date Received/Anticipated
FY21 Q3	03-31-21	\$19,314.35	08-24-21
FY21 Q4	06-30-21	\$10,653.87	11-24-21
FY22 Q1	09-30-21	\$0	02-24-22
FY22 Q2	12-31-21	\$0	05-24-22
		\$29,968.22	

Hotel Grinnell receives 80% of all Iowa Reinvestment Act collection to a maximum of \$2,580,000. The term of the IRA is 20 years.

FY 20-21 total IRA revenue = \$62,394.77 x 80% = \$49,915.82 Hotel Grinnell 20% = \$12,478.95 City

FY 21-22 total IRA revenue = \$29,968.22 x 80% = \$23,974.58 Hotel Grinnell 20% = \$21,000.00 City

In FY 20-21 the city of Grinnell collected \$62,394.77 and paid 80% or \$49,915.82 to Hotel Grinnell. The city is holding \$12,478.95 in our Iowa Reinvestment Act Fund from FY 21-22.

In FY 21-22 the city of Grinnell has collected \$29,968.22 to date and paid 80% or \$23,974.58 to Hotel Grinnell. The city of Grinnell is holding \$5,993.64 in our Iowa Reinvestment Act Fund from FY 21-22.

Reinvestment District Annual Report

Amount spent from the district fund (the funds captured and reinvested through the program) in the previous 12 months: \$37,033.09

Total amount spent from the district fund to date: \$73,890.39