

Investment District 2023 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 six 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 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 shown below.

Amount of Payment to Hotel Grinnell	Date of Payment
\$33,799.74	09/22/20
\$3,057.56	01/04/21
\$4,680.96	03/22/21
\$8,593.55	06/07/21
\$8,594.26	09/07/21
\$15,451.48	12/03/21
\$3,775.03	01/03/22
\$18,574.56	03/07/22
\$6,249.39	05/02/22
\$16,473.85	06/06/22
\$13,202.80	09/06/22
\$25,490.01	09/06/22
\$30,010.69	12/05/22*
\$26,464.81	03/06/23
\$14,505.72	06/05/23

\$29,190.57	08/29/23
\$258,114.98	

**Hotel Grinnell begins receiving 100% of quarterly IRA revenues – has previously been receiving 80%. Development Agreement was amended by the Grinnell City Council.*

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. The Grinnell City Council recently amended the Development Agreement to provide 100% of the IRA collections to Hotel Grinnell until the maximum grant amount of \$2,580,000 is reached. The city holds \$42,621.22 in IRA funds that may be allocated to other eligible activities.

- 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
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 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 2018-2022. 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 has made strategic land acquisitions in the Zone of Confluence.
 - Renovation work on one of these historic properties at 1001 Broad Street 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 \$10.5 million. Construction on this project is expected to begin in spring 2024. 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. The city has worked with Merge Urban Development to amend the development agreement to include approximately 30 parking spaces built under the structure. Due to the significant amount of development

occurring in the area there was concern parking may become challenging. The city is spending an additional \$550,000 to support the lower-level parking at the Merge Urban Development project. The redesign of the building to accommodate the lower-level parking delayed construction until spring 2024.

- Grinnell College has begun construction on Renfrow Hall (the anchor building for what has been referred to in previous reports as the Civic Engagement Quad) to be used for residential student housing and civic engagement. Renfrow Hall presents a distinctive model for student residential living, education, and development. In its civic innovation pavilion, it will provide a space where members of the college and town community can gather for dialogue, exchange, and collaborative brainstorming on community engagement work. The total approved project cost is \$85 million and is expected to open in Fall 2024.
- b. At this point, the city has not spent any money on this project from the reinvestment project fund.
- c. Grinnell College has funded all expenditures related to this project.
- There were no bonds issued for this project or other indebtedness incurred by the city of Grinnell.
 - Grinnell College in conjunction with the Iowa Higher Education Loan Authority (IHELA) issued bonds in April 2021 to partially finance the CEQ and 3 other projects. Terms of the deal are noted below.
 - Debt service on the Series 2021 issue will be covered through the College’s operating budget. The first semi-annual payment was made June 2021. The issue will be paid off in December 2051.

**Iowa Higher Education Loan Authority
Private College Facility Revenue Bonds (Grinnell College Project)
Taxable Series 2021
Final Pricing**

Dated Date	04/08/2021
Delivery Date	04/08/2021
Last Maturity	12/01/2051
Arbitrage Yield	3.033119%
True Interest Cost (TIC)	3.054058%
Net Interest Cost (NIC)	3.046534%
All-In TIC	3.083097%
Average Coupon	3.033000%
Average Life (years)	30.647
Weighted Average Maturity (years)	30.647
Duration of Issue (years)	20.140
Par Amount	60,600,000.00
Bond Proceeds	60,600,000.00
Total Interest	56,329,533.15
Net Interest	56,580,895.34
Total Debt Service	116,929,533.15
Maximum Annual Debt Service	61,518,999.00

Average Annual Debt Service

3,815,338.71



Image depicting the proposed mixed use commercial and residential building planned to begin construction in 2024 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 to be developed by Merge Urban Development. Grinnell College acquired this property in 2019. Development of this project is in process and construction is anticipated for spring 2024. 09/13/22



**Grinnell College has made substantial progress with the construction of Renfrow Hall. This project is a direct result of discussions and planning work performed jointly by Grinnell College and the community as part of the Iowa Reinvestment Act proposal. This project will bring new residents to the downtown, enhance community engagement, and build on our downtown vitality. The video link provided depicts the building upon completion, and the significance of the project: https://www.youtube.com/watch?v=-5_xXHh92PE
<https://magazine.grinnell.edu/news/new-residence-hall-naming-honors-edith-renfrow-smith> 10/02/23.**



Artist rendering of the Grinnell College Renfrow Hall. Construction of Renfrow Hall has begun. The project includes student residence units, community space, and multiuse flex spaces. The project is projected to cost \$85 million for this core residential building.

Grinnell College Campus Improvements

b. 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 also 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 Student Financial Services (ASFS) have been relocated a block north, making way for construction of the ASFS building, which began in September 2017. The project construction is complete. The building was occupied in October 2018.

c. At this point, the city has not spent any money on this project from the reinvestment project fund.

d. Construction costs:

- The contract sum for construction of the HSSC was \$88.8 million, of which all has been paid. Owner construction costs account for another \$4.1 million, of which all has been paid.
- The contract sum for construction of the ASFS building was \$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.

- e. Sources/amounts of funding for work completed on Campus Improvements so far. The Board of Trustees of the College authorized a financing plan that relied 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.
- f. 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 (IHELA), 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.
- g. 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 10/3/2023

E-Mail Address rbehrens@grinnelliowa.gov

Authorized Signatory:

Name: Dan F. Agnew

Title: Mayor, City of Grinnell

Signature  Date 10/3/2023