



DEVELOPMENT SERVICES DEPARTMENT
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May 14, 2018

Alaina Santizo
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309

Re: Mason City Downtown Reinvestment District

Dear Alaina:

After nearly four years of writing applications, creating maps and spreadsheets, and working with developers and citizens, it's gratifying to know that we are close to bringing approval of this project to a successful conclusion. On behalf of the City, I want to thank you for all of your help and support during this process.

Although there have been many twists and turns in this project, we now have all of the pieces in place to ensure that the Downtown Hotel project can happen. The Downtown Hotel plan (which has concept plan approval by the City) has been received enthusiastically by an investment group currently working with G8 Development. This group includes the firm Thomas USAF, an investor in USDA-backed loans with a track record of financing hotel projects, based in Atlanta; Lantern Capital Advisors, a development consultant, also from Atlanta; and Byline Bank of Indianapolis. These firms have experience with G8 Development. Representatives of all three investors visited Mason City at the end of April. They viewed the Hotel site and met with City representatives. Their enthusiasm for the project and their confidence in G8 Development was evident.

The attached letter from Michael Callas, representing Byline Bank, is a commitment to finance the Downtown Hotel, subject to completion of underwriting (the loan is anticipated to close by June 30). Note that this letter includes a statement by the bank that the USDA is expected to provide a 70 percent guarantee for the \$10 million loan. This bank and investment group are proven lenders in the hotel market.

In addition, please consider the attached letter from Mr. Robert Klocke of First Citizens Bank, Mason City, who contacted the Business Programs and Cooperative Services Director for the Des Moines office of the USDA. Based on Mr. Klocke's discussion, we are confident of USDA approval of a loan guarantee for this project.

We believe that the above referenced document provides the confidence that the IEDA Board seeks in order to approve the Mason City Downtown Reinvestment District. Also attached are

several letters of support from our partners, indicating their continuing commitment to this project.

With the formal approval by the City Council on May 15 of the Amended and Restated Development Agreement between the City and the Mason City Foundation, the two contingencies placed upon us by the IEDA Board in February, to be addressed by May 18, are met. The remaining contingencies will be met by December 31, 2018. Thus, on behalf of our partners, the City respectfully requests that the Board agree that the pertinent contingencies have been met at the May 18 meeting, and formally approve the Mason City Downtown Reinvestment District.

As noted above, there have been several events and decisions made in the past few months that have led us to where we are today. For your convenience, I have summarized all of these events in the attached memorandum. This information provides the background and justification for the actions taken by the City and our partners. We wanted to assure you that the prior uncertainties or delays were based on our desire to make the River City Renaissance the best project it could be, for both Mason City and the State of Iowa.

Again, the City greatly appreciates all of your assistance and the guidance we have received from you and the members of the Board. We look forward to a successful conclusion on Friday. As always, please contact me if you have questions.

Sincerely,



Steven J. Van Steenhuyse, AICP
Director of Development Services
City of Mason City, Iowa

Attachments:

1. Loan Commitment Letter, Byline Bank
2. Letter from Robert Klocke, First Citizens Bank, Mason City
3. Letters of Support from Mayor Bill Schickel
4. Partner Letters of Support: Mason City Chamber of Commerce; Mason City Foundation
5. Addendum, with background information
6. Concept site plan (Exhibit "G" in the Amended and Restated Development Agreement between the City and the Mason City Foundation)