
FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

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IOWA ECONOMIC DEVELOPMENT AUTHORITY BOARD MEETING — OCTOBER 2020

Board Meeting. The Iowa Economic Development Authority (IEDA) Board met on October 16, 2020, and took the following actions:

Financial Assistance Applications. The Board approved the following applications for assistance:

- **Electrical Power Products, Inc. and Electro Management Corp.:** \$109,000 in Investment Tax Credits and \$136,000 for Electrical Power Products and Electro Management, a manufacturing company in Des Moines. The company provides complete power management systems for commercial and utility industries for power generation, transmission, and distribution. The proposed \$5.5 million project will add 60,000 square feet of space for the company and will create two jobs incented at a qualifying wage of \$26.54 per hour. The project also expects to qualify for Tax Increment Financing (TIF) rebates from the City of Des Moines totaling over \$1.0 million. The Board awarded tax benefits through the High Quality Jobs (HQP) program.
- **Frontier Co-op:** \$147,000 in Investment Tax Credits and a \$153,000 Sales, Service, and Use Tax Refund for Frontier Co-op. Located in Benton County, Frontier products can be found in grocery stores and specialty shops throughout the United States and Canada. To meet an increase in demand, the company plans to add bottling lines and fillers, as well as expand the warehouse by 22,000 square feet. The project was awarded tax benefits through the HQJ program and represents a capital investment of just over \$7.3 million. It is expected to create 24 jobs, of which four are incented at a qualifying wage of \$27.84 per hour.
- **Sukup Manufacturing Co.:** \$142,000 in Investment Tax Credits and a \$23,000 Sales, Service, and Use Tax Refund. Sukup, headquartered in Sheffield, is the world's largest family-owned and operated manufacturer of grain storage, grain drying, and grain-handling equipment and steel buildings. The proposed project will expand its existing footprint in Manly, adding 24,000 square feet of metal building space that will include new equipment. This \$4.7 million capital investment is expected to create 10 jobs at \$19.09 per hour. The Board awarded the project tax benefits through the HQJ program.

Approval of Amended Rules. 2020 Iowa Acts, [House File 2629](#) (Future Ready Iowa), created a Future Ready Iowa expanded registered apprenticeship opportunities program in Iowa Code chapter [15C](#). The proposed new Iowa Code chapter of rules reflects the changes made to the Iowa Code. The purpose of the program is to encourage sponsors of apprenticeship programs with 20 or fewer apprentices to maintain programs in high-demand occupations. Eligible applicants will receive \$1,000 in grant funds per active or completed apprentice in their program, up to \$20,000. No funds were appropriated for the program for fiscal year (FY) 2021. The program will complement the existing apprenticeship development fund, which incentivizes small and medium-sized apprenticeship sponsors to establish new or additional apprenticeship programs. Creation of the new program and adoption of rules for the program necessitate amending rules for other apprenticeship programs, per Iowa Code chapter [15B](#) and Iowa Code section [15C.1](#), to ensure that there is no duplication of benefits during a single fiscal year.

Redevelopment Tax Credit Program for Brownfields and Grayfields. The Board approved the following 22 program recommendations totaling \$10.0 million for FY 2021:

- **TWG Development, LLC** was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$20.8 million for a maximum tax credit of up to \$750,000. This \$28.7 million project is

for the redevelopment of a former rail yard and concrete plant in Davenport. Plans are for construction of a four-story brick apartment building with a combination of studio and one- and two-bedroom units next to the new Scott County YMCA.

- **The Hub, LLC**, was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$15.0 million for a maximum tax credit of up to \$1.0 million. This \$15.0 million project is for redevelopment of a former industrial equipment manufacturing site in Cedar Rapids. One building on the site will be remodeled into 30 loft style apartments with first-floor indoor parking. All other structures will be removed and replaced with a five-story 54-unit apartment building. Future plans are for three additional apartment buildings on the site.
- **Parker House Properties** was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$70,000 for a maximum tax credit of up to \$8,000. This \$346,000 project is for redevelopment of a two-story, 1924 brick building in Mason City. The second-floor common areas will be cleaned, repaired, and restored, with remaining spaces converted to seven market-rate apartments with modern amenities.
- **Ahsure Investments, LLC**, was approved for the Brownfield 12.0% tax credit of the qualifying investment of \$2.5 million for a maximum tax credit of up to \$600,000. This \$2.5 million project is for redevelopment of most of an entire city block in Solon. Plans are to remove five of eight existing structures and renovate the three that will remain into retail/office/commercial space. Additionally, two multi-story, mixed-use buildings containing a mix of residential and commercial/office space will be built.
- **Urbane 1220, LLC**, was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$9.0 million for a maximum tax credit of up to \$645,000. This \$10.3 million project is for redevelopment of a now vacant former salvage yard in Sioux City. The site will be transformed into a five-story 51,986-square-foot, mixed-use building. Each floor will consist of roughly 10,000 square feet, with parking, lobby, and retail/restaurant space on floor one and residential units on floors two through five.
- **TWG Development** was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$38.1 million for a maximum tax credit of up to \$900,000, contingent upon submission of development agreement and TIF award application to the City of Cedar Rapids. This \$51.1 million project is for redevelopment of an entire city block in Cedar Rapids. All current building structures will be razed, with historically significant elements salvaged for future incorporation. The project will be a 200,000-square-foot, five-story structure consisting of 244 market-rate one- and two-bedroom apartment units, ground level retail space, approximately 186 parking stalls, and additional amenities including a pool, fitness center, bike storage, and community room.
- **Maple Street Apartments, LLC**, was approved as a green redevelopment for the Grayfield 12.0% tax credit of the qualifying investment of \$4.3 million for a maximum tax credit of up to \$500,000, contingent upon submission of financing commitment letter(s) within three months of the Board approval date. This \$4.3 million project is on a site that was home to a building that had collapsed in Creston's uptown area. The project will include construction of a new three-story building totaling approximately 18,800 square feet. The first floor will be a mix of conventional retail space in the front of the building, and apartment units facing the rear alley. The second and third floors will include additional one- and two-bedroom apartments.
- **Badgerow Owner, LLC**, was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$11.4 million for a maximum tax credit of up to \$1.0 million, contingent upon submission of financing commitment letter(s) within three months of the Board approval date. This \$23.4 million project is for redevelopment of a long vacant 12-story building in the heart of Sioux City. The first floor will be renovated into two office suites and a high-end cocktail lounge, the second floor will be home to a restaurant, floors 3 through 11 will be luxury market-rate apartments, and the 12th floor will consist of a high-end health club with multiple amenities for residents.
- **11th Avenue I, LLC**, was approved for the Grayfield tax credit of up to 12.0% of the qualifying investment of \$9.6 million for a maximum tax credit of up to \$750,000. This \$10.0 million project is for

redevelopment of a former Telecom building that had been abandoned for many years in Grinnell. The one-story building will be converted to 40 senior housing apartments, with a large community room, dining hall, commercial kitchen, spa room, beauty salon, library, and fitness room.

- **Loess Hills Environmental, LLC**, was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$64,000 for a maximum tax credit of up to \$7,000. This \$64,000 project is for redevelopment of a two-story brick building in Logan that was built in 1882. The second floor will be renovated into owner-occupied and leased coworking office space.
- **Willis Dady Emergency Shelter** was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$2.4 million for a maximum tax credit of up to \$550,000. This \$2.6 million project is for redevelopment of an abandoned warehouse in Cedar Rapids. The existing building will be rehabilitated to include an employment hub on the main floor and 14 apartments on the second floor for people at risk of homelessness. A new heating, ventilation, and air conditioning (HVAC) system will be installed, and the current freight elevator will be converted to a passenger elevator. An additional exit will be added, and the main entrance will become accessible for persons with disabilities.
- **Pottawattamie County Development Corporation** was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$4.5 million for a maximum tax credit of up to \$700,000. This \$5.3 million project is for redevelopment of a two- and three-story 1920 building in Council Bluffs. A total of 23 studio and one- and two-bedroom apartments will be created. An existing working elevator will remain, and new HVAC, modern fire protection, communications, and security systems will be installed. Finishes in the existing building will keep with its historic character.
- **321 Partners, LLC**, was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$3.2 million for a maximum tax credit of up to \$700,000. This \$3.3 million project is for redevelopment of a one- and two-story brick building in Davenport that was originally built in 1894 and added to in 1920. The first level will feature three theaters: a large screening room that seats up to 90, a second screening room that seats up to 60, and a third private screening room on the upper level that seats up to 25. The second level will also feature an exterior rooftop patio with seating and lounge areas.
- **OFB, LLC**, was approved for the Grayfield tax credit of up to 12.0% of the qualifying investment of \$965,000 for a maximum tax credit of up to \$100,000. This \$1.0 million project is for redevelopment of a now vacant commercial lot that had been home to an 1895 carpenter shop and egg case factory in Cedar Rapids. A new, four-unit, three-story row home building will be constructed outside of the flood plain.
- **Pine Knoll, LLC**, was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$682,000 for a maximum tax credit of up to \$80,000. This \$4.4 million project is for the redevelopment of a 1913 building in Davenport originally used as a county sanitarium with a 1970s addition used to house special needs residents. The building will retain original halls and modify existing room layouts to provide 25 senior apartments.
- **Wilson School Apartments, LLC**, was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$3.7 million for a maximum tax credit of up to \$400,000. This \$5.6 million project is for redevelopment of a vacant former school building in Cherokee. Interior classrooms and the auditorium will be converted into approximately 30 residential, market-rate apartments, as well as utility rooms, storage, and other support spaces.
- **The Ellis Group, LLC**, was approved for the Grayfield 12.0% tax credit of the qualifying investment of \$448,000 for a maximum tax credit of up to \$50,000. This \$450,000 project is for redevelopment of a vacant 2,500-square-foot one-story building in Cedar Rapids. The building's two bays will be combined into a single space that will house a restaurant after installation of all new, improved floor joists, HVAC, plumbing, electrical equipment, and finishing.
- **Vinton Braille School, LLC**, was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$909,000 for a maximum tax credit of up to \$200,000. This \$1.3 million project is for redevelopment of the hospital building at the former Iowa Braille and Sight Saving School campus in

Vinton that was built in 1905. The 3,200-square-foot building will be completely renovated into a brewpub after abatement for asbestos floor tile and lead paint.

- **Aust Real Estate, LLC**, was approved as a green development for the Brownfield 30.0% tax credit of qualifying investment of \$2.7 million for a maximum tax credit of up to \$550,000. This \$6.0 million project is for redevelopment of a former industrial rug works factory built in 1910 in Des Moines. All new mechanical units need to be installed and the building will be renovated to become a mixed-use complex including commercial, office, and retail space, along with one upper-level residential unit.
- **Aust Hotels, LLC**, was approved as a green development for the Grayfield 12.0% tax credit of the qualifying investment of \$517,000 for a maximum tax credit of up to \$60,000. This \$634,000 project is for renovation of an historic hotel building in Stuart. The anticipated use of the building is as a restaurant and retail space on the first floor with hotel rooms with modern amenities on the upper level.
- **Euclid Foresight, LLC**, was approved for the Brownfield 24.0% tax credit of the qualifying investment of \$1.4 million for a maximum tax credit of up to \$300,000. This \$1.4 million project is for redevelopment of an iconic brick and stone two-story building circa 1920 in Des Moines. This project consists of a full renovation of the existing building, which will include environmental remediation and new finishes for second-story residential units, upgraded HVAC, upgraded electrical systems, new roofing, and partial demolition.
- **Aust River Properties, LLC**, was approved as a green development for the Grayfield 12.0% tax credit of the qualifying investment of \$2.3 million for a maximum tax credit of up to \$250,000. This \$3.5 million project is for redevelopment of a vacant three-story building that was a Masonic temple and multi-family residential structure built in 1870 in McGregor. All new mechanical, electrical, and plumbing equipment will be installed for the entire building. The planned use for the building is commercial retail space on the first level and up to six residential units on the upper two floors.

Innovation Fund Investment Tax Credit Program. The purpose of the Innovation Fund Investment Tax Credit Program is to encourage seed capital investment in innovative Iowa businesses, primarily those in advanced manufacturing, biosciences, and information technology. The Board approved five applications for issuance of tax credit certificates for a total of \$89,000.

Angel Investor Tax Credit Program. The purpose of the Angel Investor Tax Credit Program is to increase availability of and access to venture capital, particularly at the seed capital stage. The Board approved 110 applications for issuance of tax credit certificates for a total of \$1.1 million.

Vendor Approval. The Board approved an amendment to the FY 2021 LS2 Group contract to increase the total contract by \$1.0 million (to \$6.3 million) for the Consumer Confidence and Iowans Unite campaigns, along with additional spending for media development and placement.

Financial Summary. The Board also received financial reports from IEDA staff. As of September 30, 2020, the following amounts remain unobligated:

- General Fund Operations FY 2020: \$1.2 million.
- High Quality Jobs Program FY 2020: \$13.2 million.
- Tax Credit Cap FY 2021 Allocation: \$118.9 million.

More Information. Additional information on the meeting from the IEDA can be found [here](#).

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