

To: Honorable Mayor and Council

From: Chuck Winkleblack, manager Away Team LLC

Date: May 5, 2023

RE: The Linc

We continue to press forward with the Linc project on Lincoln Way, however several factors have impeded our progress since I was in front of the council last October.

Interest rates rising at an unprecedented rate have impacted our proforma in two ways. The rate at which we are able to borrow money has increased from 4.5% to 7.5% in a matter of 8 months. The rise in interest rates also reduces the value of the TIF as we turn to lenders to monetize the TIF rebate.

There was also a change in the TIF rebate percentage that is eligible to come back to the developers. That reduction in rate is out of our control and reduces the amount of money rebated annually. In addition, inflation in construction costs are presently outpacing increases in lease rates in all sectors of the project.

All these factors have made our project not financially viable without some additional assistance from the city of Ames. We need an infusion of 1.8 million dollars plus the cost of relocating the city well (estimated at \$880,000) on the property and the relocation of the electrical infrastructure (estimated at \$800,000).

The reduction in TIF revenue will not likely produce enough revenue to build the parking garage on the North side of the railroad tracks. Without a parking garage on the North side there will not be a need to build the planned pedestrian bridge as was previously shown in our renderings.

Discussions regarding the flat space in CyTown are also making our planned event space more difficult. We are planning to discuss that issue with the Discover Ames board. Originally the CyTown hotel and convention space were to be at the end of the CyTown project. We believe there is talk about that being accelerated from a previous 7 to 10-year horizon to something the athletic director would like to have happen sooner rather than later.

We are still very excited about the Linc project, but some of the factors listed above are beyond our control and we need to find a way for it to be financially viable. This is still a once in a lifetime project to transform the city of Ames and get some of the amenities we have been lacking for many years.

Thanks in advance for your consideration!

