

November 20, 2025

Iowa Economic Development Authority  
Attn: Alaina Santizo  
1963 Bell Ave. Suite 200  
Des Moines, IA 50315

Dear Ms. Santizo:

The 28E Joint Board for the Merle Hay Campus, in conjunction with the City of Urbandale, the City of Des Moines, and Merle Hay Mall, are submitting this request to amend our Iowa Reinvestment Act (IRA) plan outlining our \$26.5 million dollar allocation to support a major reinvestment into the Merle Hay campus. Merle Hay Mall has been a shopping destination for Central Iowa since 1959 and has a long track record of reinvestment and adaptation to the ever-evolving retail landscape. Mall ownership has developed a plan to revitalize the area into a modern shopping and mixed-use sports and entertainment destination that will support the State of Iowa's needs to attract and retain a high-quality workforce now and in the coming decades.

Under the proposed modified Section A and Section B for the Merle Hay plan, the 74.6 acre Merle Hay district would see over \$148 million dollars in reinvestment focused on several main additions and other related projects to reposition the campus into a mixed-use sports, entertainment and shopping district. Mall ownership has provided detail on planned investment information upon which this revised IRA plan application is based. They include:

1. **New 3,500 seat multi-use arena.** This arena will serve as a destination for ice sports, indoor hockey, volleyball and other sports and entertainment events in the Metro area. It will serve as the home for multiple sport teams, including a national volleyball league, Drake Hockey, and the Iowa Demon Hawks. As a multi-use facility, the arena will also be designed to accommodate multiple sporting events, tournaments and medium-sized music and performance events.
2. **Pickleball and Large-Scale Volleyball Facilities.** Dinks Pickleball joined the Merle Hay campus in November of 2023 with a 13-court facility leaning into the growth of the sport in the region. In the first year of operation, Dink's had close to 60,000 players visit its facility. Additionally, a national volleyball league is planning to grow at Merle Hay with an eight (8) court training and competition facility.

3. **Mall Campus Hotel.** Adjacent to (i) the retail complex; (ii) the league volleyball training facility; and (iii) the Arena athletic and entertainment facility will be a national chain hotel specifically designed to serve the desires of fans, athletes, and spectators. The room count is expected to be up to 150 rooms.
4. **Major improvements to Merle Hay Mall.** Transitioning from the athletic and entertainment facilities to the retail center will be new and expanded shopping opportunities, an improved corridor offering additional food and beverage choices, and infrastructure to ensure an elevated experience for residents and visitors.
5. **New Retail Opportunities throughout the campus.** The Merle Hay campus through its reinvestment is creating several areas to accommodate new retail development. These new retail establishments will add to the vibrancy of the campus.
6. **New Housing Opportunities.** The Lillis Lofts was completed on the Mall Campus in 2022 and has 47 work-force housing units. A second residential project is desired within Merle Hay Tower adding much needed living opportunities for the Des Moines and Urbandale communities.

Since the inception of the IRA plan in 2022, the mall has completed retail, mall and stormwater improvements. This includes the completion of the new Kohl's store, the construction and opening of Dink's Pickleball, adding new retailers such as Kid's Empire, Riddle's Jewelry and Five Guys, and new stormwater drainage infrastructure on the east and west side of the campus. Additional hotel and housing improvements will be completed by current and future private partners.

When the Final Application was approved, conditions subsequent with deadlines were incorporated in the award. Those deadlines have passed and we request consideration of the following changes to the conditions subsequent for inclusion in this amendment.

- a) Documentation of committed financing for the first phase of Project 1, Multi-use Arena and volleyball facility, totaling \$41,688,768, by March 31, 2026.
- b) Documentation detailing the selection of the hotel developer for Project 2 – Mall Campus Hotel by December 31, 2027 and documentation that construction financing has closed for this project by December 31, 2028.
- c) Removal of the condition subsequent for the redevelopment of Merle Hay Tower building, which is part of Project 6 – Mixed Use Campus Improvements.

This project has many unique characteristics which this application will describe in detail. One rare aspect of this project is that its success relies upon the cooperation of two cities working hand-in-hand to transform a significant development resource residing within both communities. Our two cities and Polk County have formed a 28E joint entity to administer the Iowa Reinvestment Act. Urbandale, Des Moines and the County understand Merle Hay Mall has had a lasting impact upon both cities; especially the surrounding residential neighborhoods. We must work together to ensure the

sustainability of the positive impact of Merle Hay Mall to realize a new future for the Merle Hay campus that contributes to the economic success and quality of life of our great state. We look forward to the opportunity to continue this transformative project.

Sincerely,

A handwritten signature in dark ink, appearing to read "Curtis Brown", with a stylized flourish at the end.

Curtis Brown  
Merle Hay 28E Board Chairperson

## Section A—Project and Eligibility

Name of Project/District: Merle Hay Reinvestment District

Date Awarded: April 22, 2022

Most Recent Date Amended: July 22, 2022

Applicant: Merle Hay Reinvestment District Joint 28E Board

Contact Name: Aaron DeJong

Address: 3600 86<sup>th</sup> St. City: Urbandale State: IA Zip: 50322

Telephone: 515.251.1644 Email: [adejong@urbandale.org](mailto:adejong@urbandale.org)

Federal Identification Number: 42-6004576 (Urbandale's Fed ID# as Fiscal Agent)

Size of Proposed District: 74.6 acres

Are the parcels contiguous, physically connected? Yes X No     

## Project Description

The Merle Hay Reinvestment District Plan is a multi-faceted redevelopment of nearly the entire Merle Hay Campus. Major projects include a 3,500 seat multi-use sports and entertainment arena; a 50,000 sf volleyball league and training facility, a thirteen court 73,000 sf indoor pickleball facility, up to 150 room hotel, major improvements to Merle Hay Mall, new retail development, and significant public infrastructure benefitting all the properties within the proposed Iowa Reinvestment District.

The Merle Hay Campus is a 74.6 acre area located on the northwest corner of Merle Hay Road and Douglas Avenue in the cities of Des Moines and Urbandale. The property has a long history of development, reinvestment and change throughout its time as a major destination for the Des Moines Metro region and the State of Iowa.

### Original Merle Hay Plaza

On the site of the former Passionist Fathers Monastery, Merle Hay Plaza opened in the summer of 1959 as an open-air plaza shopping center anchored by a Younkers Department Store at the south end and a Sears Department Store at the north end. It was the first shopping center of its kind in Des Moines and the State of Iowa. Merle Hay Tower (a 49,000sf / six-story office building) and Merle Hay Cinema (a 600-seat single screen movie theater) were added in 1963, which made it truly a mixed-use and entertainment location consistent with the trends at the time. Merle Hay Plaza had a wide variety of goods and services. Original tenants included a Walgreens Drug Store; Joseph's Jewelers; Kresge Mart (pre-cursor to K-Mart); and a large restaurant called Bishop's Cafeteria. This wide variety of stores made Merle Hay a weekly shopping destination for the people in its trade area. Federal tax laws at the time encouraged

developers to make their buildings civil defense rated, so Merle Hay Plaza had a large basement that was built out as a bomb shelter.



Merle Hay Plaza capitalized on the burgeoning suburbs in Des Moines to the north and northwest of downtown. It provided a more convenient shopping alternative to traveling to downtown Des Moines as well as provided a closer shopping destination for more rural communities.

#### Merle Hay Mall – 1972 to 2005

Between 1959 and 1969, enclosed malls began to be more popular, especially in places with cold weather, copying the first enclosed malls built in the Twin Cities in the early 1950s. In 1969, the Plaza property was expanded to the west to include a portion of Urbandale. The original Plaza was enclosed and expanded to the west. The new two-level section included a Montgomery Ward Department Store and a Younger's Store for Homes. The re-named and now fully enclosed Merle Hay Mall reopened in 1972, bringing a much wider variety of men's, women's and children's apparel, two bookstores, two shoe stores and additional jewelry stores. In a move that was unusual at the time, the Mall's ownership redeveloped the former basement bomb shelter into a 24-lane bowling alley on the lower level of the former Merle Hay Plaza.



Merle Hay Mall thrived and at 1.2 million square feet was the largest shopping center in Iowa. The addition of Valley West Mall and Southridge Mall in the late 1970s created more competition for sales and resulted in dividing retail sales in Des Moines into three distinct trade areas. Over time, there was a great deal of overlap between the stores located at the three Des Moines-area malls. The overlap was sustainable for a time, but as demographics changed and generational preferences evolved, area retailers found three locations to be a drag on the business' profits.

By the mid-1990s, many of the retail names were fast disappearing. Retailers tried to adapt their operations to meet the changing trends. The ones who remained found themselves with different real estate preferences and relocated to different types of properties. The pressure on traditional enclosed malls had truly begun.

#### Merle Hay Mall – 2005 to Present

The addition of Jordan Creek in 2004 created even more competition for Merle Hay and it was time to adapt yet again. It became clear to Merle Hay ownership that the selection of goods and services at the vast majority of malls were occupied by retailers aiming to be a monthly or quarterly needs destination for the customers. Merle Hay saw the need to transition to a location that would satisfy customers' weekly shopping needs.

The best way for Merle Hay to become a weekly needs destination was to add a retailer that provided groceries. Target was the best option in that category and in August 2005, Target opened a 126,000 square foot store with a full grocery selection. By making Merle Hay a weekly needs destination, the path to compete was clear: Merle Hay needed to become the more convenient, weekly needs, value-based shopping center in Des Moines.

The next plan to reinforce convenience as well as add to the selection of different types of retailers to capitalize on the weekly traffic generated by Target was to add "junior anchor" retailers to the store selection at Merle Hay. Junior anchors are smaller in size than anchor stores and are usually 10,000-40,000 square feet in size. At the time, retailers

in this category tended to locate at open-air strip shopping centers only, and not in enclosed malls as they were very focused on the convenience of their customer being able to drive up and park right in front of the store.

In 2008 and 2009 immediately before and at the beginning of the global financial crisis, three junior anchors and two restaurants were added with the development of a streetscape promenade along Merle Hay Road that had the effect of “hybridizing” the enclosed mall into a property with the convenient advantages of a strip center and the wide variety and comfortable year-round shopping and event space of an enclosed mall. Merle Hay ownership persuaded specific retailers that they could have the best of both worlds by having a traditional strip center drive-up convenience on one side of the store and generate mall shoppers by having an entrance on the mall corridor on the other side of the store. These new “double-loaded” stores generated almost double the traffic into the store, with Ross, Ulta, Shoe Carnival, Old Chicago Pizza and Panda Chinese being willing to make the investment to test this theory and joining them with dual entrances. These reinvestments were supported financially by the City of Des Moines through their Urban Renewal program.

As the economy began to recover in 2012-2013, retail continued its evolution from buying ‘stuff’ to buying ‘experiences.’ Merle Hay ownership decided to lean into this trend by adding entertainment options desired by the new retail shopper. The solution was Flix Brewhouse, the first movie theater of its kind in the State of Iowa, took over the second level expansion completed in 1972. Flix combines a micro-brewery on the premises, an 8-screen first-run screens and includes 1,000 seat state of the art cinema experience. Additionally, it boasts a full menu of food and other beverages that are delivered patron’s seats and enjoyed during the movie. These reinvestments were also supported financially by the City of Des Moines through their Urban Renewal program.

In February of 2018, Bon-ton Department Stores (the owner of the Younkers Department store chain) announced as part of its bankruptcy case that it would be closing all of its stores at the end of August 2018. In July of 2018, Sears Department Stores announced that it would be closing its Merle Hay store on October 15, 2018. In short, after more than 59 years of continuous operation the two original anchor stores that book-ended Merle Hay Plaza starting in 1959 were going to close within 35 days of each other. These vacant store areas gave the Merle Hay Campus the opportunity to fully transform into a completely different type of property, one that could meet the needs of a changing demographic (an increasingly entertainment; food and sports-focused customer) as well as capitalize on the changing retail landscape in the Des Moines metro region.

Over the course of 2018-2019, the Polk County Board of Supervisors and the City of Des Moines assisted mall ownership to acquire the Younkers and Sears properties. With these properties again under single ownership, the next phase of the Merle Hay Campus evolution can begin. During 2021, Merle Hay ownership worked toward plat and site plan approval of the new Kohl’s building on the Sears site. This transition was completed in 2023 after the former Sears building was razed and replaced by a new structure to house

Kohl's. Since 2011, the City of Des Moines has committed over \$8 million in tax increment financing (TIF) to assist redevelopments on the Des Moines side of the mall property.

The redevelopment of the Merle Hay Campus is bright as multiple sporting entities have indicated their intent to be tenants for the arena and training facilities. This includes, but will not be limited to the following:

National Volleyball League and Training Facility – Merle Hay has signed a lease with the premier volleyball league in the country to locate their first permanent club in the Des Moines metro area, with eight (8) permanent courts in a brand new 50,000/sf club, fitness, and training facility. The volleyball club will operate year-round with league match play and tournaments running every week from December 1<sup>st</sup> through May 31<sup>st</sup>.

Drake Hockey – The Merle Hay Arena will be the home of the Drake Hockey program, an ACHA Division 3 team, with an inter-collegiate competition schedule that includes Creighton University, Northern Illinois University, Illinois State University, Olivet Nazarene, University of Wisconsin at Platteville, University of Kansas, University of Nebraska, Loyola University of Chicago, University of Nebraska, and Wheaton College.

Iowa Demon Hawks – The Iowa Demon Hawks are members of MASL (Major Arena Soccer League) an indoor men's and women's soccer leagues. The Iowa Demon Hawks are proud to represent Iowa in both the MASL2 and MASL-W leagues—hosting international exhibition matches, cultivating local talent, and offering one of the few professional women's indoor soccer opportunities in the nation. The team has already seen great success as the 2023-2024 MASL National Champions. With the ongoing success of the MASL2 and MASL-W teams, ownership is actively preparing to elevate the program to MASL1—the top tier of professional indoor soccer in the U.S.—making the Demon Hawks Iowa's only top-level pro team.

#### The Future of the Merle Hay Campus

The projects outlined in Section B of this application will transform the Merle Hay Campus into a shopping and entertainment destination for the greater Des Moines region and the State of Iowa. A new permanent volleyball league facility, multi-purpose arena, adjacent multi-story hotel, major retail expansions and improvements, area infrastructure improvements, new plazas and common areas, and transit improvements will reposition the campus into a sought-after location for residents and visitors to enjoy.

In all, the planned improvements described in this application total over \$148 million in investments into the future of the Merle Hay Campus.



## Section B: District Plan

### Project Plan

The overall plan for the Merle Hay Reinvestment District is to revitalize the region's original major mall complex into an entertainment and shopping destination. The details of the planned improvements are described throughout Section B of this application.

### Project Budget Summary

This Plan has several major components to transition the campus into a mix of complementary uses to build excitement and activity. These projects and their overall budget are as follows:

### Amount of State Assistance Requested

The Joint 28E board for the Cities of Des Moines and Urbandale received a \$26,500,000 allocation of Iowa Reinvestment Act funding to be reimbursed over a 20 year period from the increase of sales and hotel/motel taxes within the Merle Hay Reinvestment District based upon the assumed base sales year.

The \$26.5 million allocation is 17.8% of the total costs of projects within the Merle Hay Campus.

### How the State Assistance will be used

The 28E Board plans to allocate all future IRA payments from the \$26,500,000 allocation to support a financial instrument that will be used to construct the core athletic facilities on the west side of the Mall campus. The City of Urbandale will evaluate financial support of the project, including evaluation of bond issuance, to generate proceeds for athletic facilities construction. We anticipate the principal value of the bond could be approximately \$16,300,000 - \$20,000,000 given the current interest rate environment for similar offerings and the estimated sales tax and hotel revenue to be generated during the 20-year period in the Reinvestment District. This is subject to further verification.

The IRA allocation proceeds would be used for the construction of a Multi-use Arena and Volleyball League Facility. The funding will be outlined by the 28E entity through a future development agreement outlining the commitments, obligations, and expectations between the parties.

## District Projects

We are pleased to provide detailed descriptions of all the major projects anticipated to transform the current Merle Hay Mall property into a thriving regional entertainment and shopping campus. Nearly every part of the campus will be touched and improved to breathe new life into northwestern Des Moines and eastern Urbandale and re-establish this long-standing Central Iowa destination as a major attraction for the region and state.

The total summary of costs for all the planned, commenced, and completed projects are as follows:

Project	Project Name	Investment
B1 - A	Merle Hay Arena & League Volleyball Facility	56,923,112
B1 - B	Dink's Pickleball Facility	3,100,000
B2	Mall Campus Hotel	27,000,000
B3	Completed New Kohl's	12,425,000
B4	New Retailer - North of New Kohl's	17,000,000
B5	Completed Credit Union	3,525,000
B6	Completed Mixed-Use Campus Improvements	25,850,000
B6	Commenced Mixed-Use Campus Improvements	15,200,000
B7	Target Store Improvements	3,000,000
<b>TOTAL</b>		<b>\$ 164,023,112</b>

## Project B1-A: Multi-use Arena and Volleyball League Facility

### Detailed Description

The site of the former Younkers store and the current Food Court will contain a 100,000/square foot 3,500-seat multi-use sports arena with an NHL regulation ice arena. The Arena will host sporting events and entertainment. The site of the upper level of the store as well as the food court will contain eight (8) permanent volleyball courts to house a national volleyball league operation, that will offer competitive team and interstate tournament play for all age groups up through and including a professional women's volleyball team and exhibition games. The arena is designed to also accommodate medium-sized concerts, sports tournaments, trade shows, entertainment, and conventions.

The current site infrastructure will be re-utilized by a new building structure specifically designed to accommodate a modern hockey and multi-purpose sports arena. Originally designed to be a retrofit in to an existing structure, it is now envisioned for the arena to be a new building. Within the arena, the concourse level will be at the same elevation as the main mall corridor. This establishes a 'top loading' design where most attendees enter the arena and walk down to their ticketed seats. The arena plans include 6 private viewing suites, 6 loge seating areas, and personal backed stadium seats for all attendees. It will also include a center hung score board, a ribbon board, spotlights, and drop down platforms. Locker rooms are planned for the arena; each home team will have a home team locker room and visiting team locker rooms for competition play. There will be additional green rooms for events, a locker room for game officials, and storage for space conversions.

When the arena is converted for music or entertainment acts, it is designed to have a plug-and-play audio system, concert lighting capabilities, and dedicated stage area for travelling acts. The arena can accommodate up to 4,500 attendees when the floor level is utilized for additional seating. The planned additional FF&E investment after the initial construction in years 3-5 of Arena operations will provide an enhanced spectator and user experience as well as increased income generation with the ability to host multiple events to minimize the time needed to change over between activities.

Approaching the main arena from the mall corridor, one enters the western atrium of the mall campus. This is a significant area to be improved. There will be a secondary entrance to the main arena located on the south end of the atrium. The Arena and Volleyball Training Complex will be new anchors for Merle Hay Mall

### Timeline:

Construction Commencement: H1 2026

Construction Completion: H2 2027

#### Detailed Budget:

Project Name: Merle Hay Arena and Volleyball Facility			
Funding Uses		Funding Sources	
Site work	Included	Option A Option B	
Building Construction	\$ 38,985,000	IRA Bond	\$ 20,000,000 \$ 16,300,000 *
Fixtures & Finishes	\$ 15,229,887	Private Debt	\$ 15,789,359 \$ 17,639,359
Arch & Eng Design	\$ 1,994,525	TIF Financing	\$ 5,500,000 \$ 5,500,000 **
Project Mgmt	\$ 613,700	Restructured Debt	\$ 7,333,753 \$ 9,183,753
Contingency	Included Above	Tenant Sourced	\$ 8,300,000 \$ 8,300,000
Cost of Issuance	Included Above		
Other	\$ 100,000		
Total Project Budget:	\$ 56,923,112	Total Sources	\$ 56,923,112 \$ 56,923,112

\* - The IRA contribution reflects the estimated value of a bond sold by the City of Urbandale, inclusive of capitalized interest and issuance costs, committed to the construction of the arena and training center. This is for modeling purposes only; final financial instrument to be determined.

\*\* - The City of Urbandale is willing to provide a multi-year Tax Increment Financing rebate duration to the project. This rebate is based upon the increased property taxes resulting from the new construction occurring in Urbandale in the Reinvestment District. The Development Agreement will be finalized after receiving further direction on the IRA allocation and a better understanding of the future assessed valuation anticipated for the project. For modeling purposes only; subject to verification.

#### Expected new state hotel motel tax and or new state sales tax

##### Original IRA Plan Description (2022):

Based upon the increased sales taxes from activities to occur within the arena and training center, our economic consultant, HVS Convention, Sports & Entertainment, estimates new sales being \$7,972,000 greater than the base year (2019) sales in 2026 (the stabilized year). Annual sales taxes on these increased sales will be \$558,040 based on the current 7% state and local sales taxes in Urbandale annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$318,880 annually.

In total, the estimated taxable revenues from the arena and training center from 2023-2042 would be \$187,025,000. This would generate \$13,091,750 in total sales tax revenue over the 20-year life of the Merle Hay Reinvestment District. Total estimated rebates from the IRA would be \$7,481,000 when applying the 4% rebate rate on sales tax revenues for the 20-year collection period.

#### 2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from the sports and entertainment uses would be \$320,759,363 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from retail operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

## Project B1-B: Multi-court Pickleball Facility

### Detailed Description

The original application plan called for two sheets of ice in the former Kohl's building to house a hockey training facility. It was planned the facility would be operational between September and May but dormant over the summer. Once the Buccaneers were no longer able to move forward with the Training Facility in September of 2022, Merle Hay pivoted and built in conjunction with Dink's Pickleball a thirteen (13) Court facility with future plans to expand to 26 courts. The facility currently has more than 2,500 members and has hosted State pickleball tournaments in multiple age categories and will host matches in the June 2025 National Seniors Pickleball Tournament. As pickleball becomes a winter sport option for kids, our location within walking distance of more than 4,000 high school and middle school students will be ideal. In the first year of operation, close to 60,000 people visited Dink's, with 17,000 unique visitors over that same time frame.

### Timeline

This project has been completed.

### Detailed Budget

Project Name: Multi-Court Pickleball Facility			
Funding Uses		Funding Sources	
Site work	Included		
Tenant Finish	\$ 2,200,000	Mall Contribution	\$ 250,000
Completed Cost 13 Courts	\$ 780,000	Tenant's Buildout	\$ 2,850,000
Fixtures and furnishings	\$ 120,000		
Total Project Budget:	\$ 3,100,000	Total Funding Sources	\$ 3,100,000

## Project B2: Mall Campus Hotel

### Detailed Description

An approximately 125-150 room hotel is envisioned for the campus to cater to the multi-night attractions occurring at the arena and Volleyball League & Training center as well as to meet increasing demand in the market area. The hotel would be directly north of Dink's Pickleball. The hotel is planned to have conference facilities to accommodate many public and private gatherings.

The COVID-19 pandemic softened new hotel construction activity throughout the region and country. However, once the Arena and Volleyball Facility (B1) are under construction, hotel brands and operators have indicated a potential interest with the project partners to construct the hotel. We expect the eventually selected hotel group, as well as others, may

begin construction of the hotel while the Arena and Volleyball Facility are also under construction.

The hotel feasibility study previously conducted by HVS modeled a 125-room facility as it is of a more generic size for the Midwestern market.

#### Timeline

Construction Commencement: January 2027

Construction Completion: December 2028

#### Detailed Budget

<b>Project Name: Mall Campus Hotel</b>			
<b>Funding Uses</b>		<b>Funding Sources</b>	
Site Preparation	\$ -	Private Equity	\$ 8,100,000
Building Acquisition	\$ -	Private Debt	\$ 18,900,000
Building Construction	\$ 27,000,000		\$ -
Building Remodeling	\$ -		\$ -
Fixtures	\$ -		\$ -
Architectural Design	\$ -		\$ -
Engineering Design	\$ -		
Construction Admin.	\$ -		
Other	\$ -		
<b>Total Project Budget:</b>	<b>\$ 27,000,000</b>	<b>Total Funding Sources</b>	<b>\$ 27,000,000</b>

#### Expected new state hotel motel tax and or new state sales tax

The hotel feasibility was not updated for this 2025 Amendment and the original figures from HVS remain.

A new hotel could generate \$5,748,000 in its first year from room rentals, incidentals, and other activities. Based upon the 12% state and local lodging tax rate, this would generate \$862,000 in new tax revenue annually. For the Iowa Reinvestment Act rebates, applying the 5% rebate on increased lodging revenues would generate \$287,000 annually.

In total, the estimated revenues would be \$106,900,000. This would generate \$16,035,000 in total lodging tax revenue over the remaining life of the Merle Hay Reinvestment District. Total estimated rebates from the IRA would be \$5,346,000 when applying the 5% rebate rate on lodging revenues for a 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

#### New Retail Establishments or Lessors Subject to the Project

- New Hotel Operator to be named

#### Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The attached HVS hotel study finds a 125-room medium level hotel would generate appropriate revenue to satisfy the construction, operations, and owner profit assuming a \$135,000 per room construction cost.



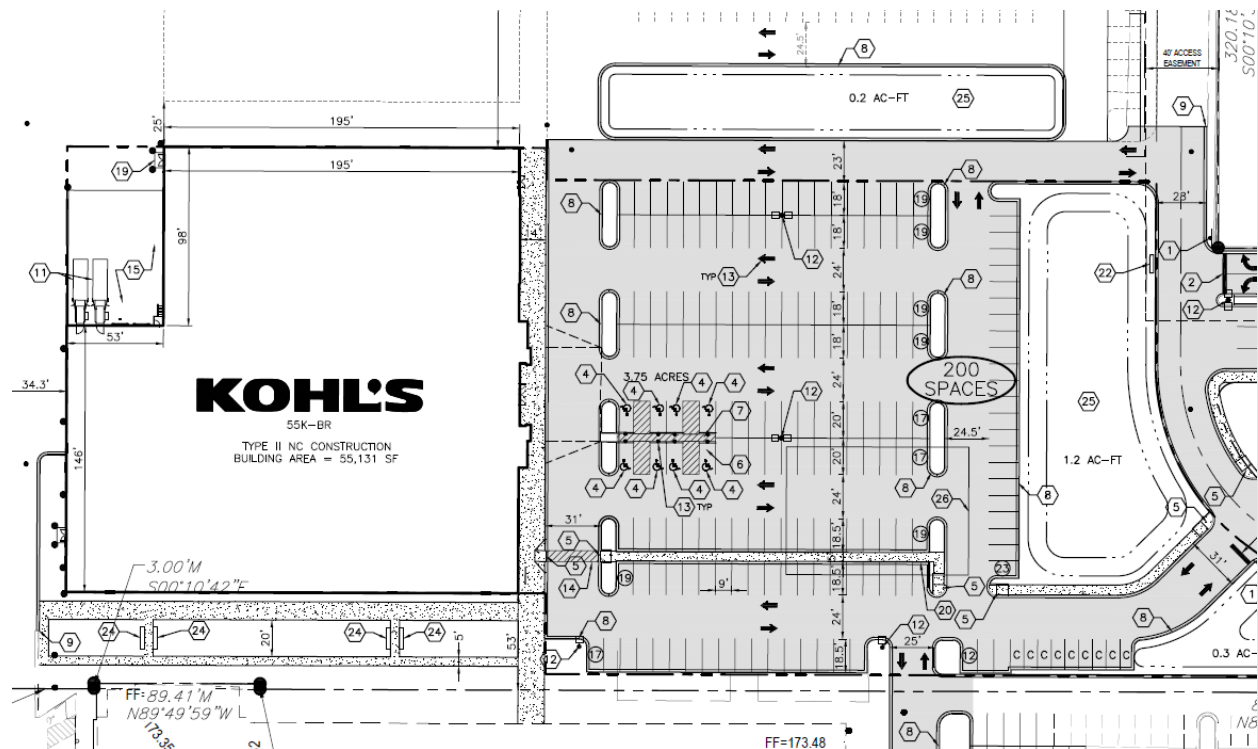
## Project B3: New Kohl's Department Store

### Detailed Description

Kohl's Department Stores constructed a new 55,000 square foot store on the eastern portion of the campus in Des Moines. Kohl's desired a more visible location, and with Merle Hay ownership purchasing the Sears property in 2020, that desire became a reality. Kohl's relocation also created the availability for their former location to be transformed into a pickleball facility noted as Project B1-B.

The new Kohl's location is detached from the mall building. Its front façade is in line with the northern mall entrance corridor and facilitates easy travel for shoppers and visitors to access Kohl's from the main building.

Kohl's owns their new building while Merle Hay ownership maintains ownership of the land.



### Timeline

Construction Begins: Spring 2022

Construction Complete: Fall 2023

### Detailed Budget

<b>Project Name: New Kohl's Department Store</b>			
<b>Funding Uses</b>		<b>Funding Sources</b>	
Site Preparation	\$ -		\$ -
Building Acquisition	\$ -	Merle Hay Mall	\$ 9,100,000
Building Construction	\$ 12,425,000	Kohl's	\$ 3,325,000
Building Remodeling	\$ -		\$ -
Fixtures	\$ -		\$ -
Architectural Design	\$ -		\$ -
Engineering Design	\$ -		\$ -
Construction Admin.	\$ -		\$ -
Other	\$ -		\$ -
Total Project Budget:	\$ 12,425,000	Total Funding Sources	\$ 12,425,000

Project has been completed.

Expected new state hotel motel tax and new state sales tax.

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The

incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

#### New Retail Establishments or Lessors Subject to the Project

- Kohl's Department Stores

#### Feasibility Study Findings

2025 IRA Amendment – This section has not been updated as a new feasibility study was not commissioned.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district to protect the sales of individual businesses. Providing the sales information for this project individually would disclose this specific Kohl's store's sales information. State rules allow for the protection of business trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, and B6) would generate \$195,935,000 in annual sales at the stabilized year of 2025.

Applying the validated \$322 per square foot sales assumption for this 55,000 sf project estimates the total sales to be \$17,710,000 per year.

## Project B4: New Business Construction Opportunity

### Detailed Description

Directly to the north of the new Kohl's store (B3), property exists for an additional 50,000 square feet of development for additional new retailers or businesses. Merle Hay ownership is in discussions with several retailers which would be compatible with the entertainment and shopping theme and would be able to generate new sales in the region.

These new business locations would likely be owned by Merle Hay ownership and leased to the individual tenants. The new retail buildings are planned to be either designed in an in-line configuration related to the new Kohl's building, or as standalone structures throughout the area north of the Kohl's building.

### Timeline

Begin Construction: Expected H1 2026

Complete Construction: Expected H2 2027

### Detailed Budget

<b>Project Name: New Business Construction Opportunity</b>			
<b>Funding Uses</b>		<b>Funding Sources</b>	
Site Preparation	\$ 750,000	Merle Hay Mall Debt & Equity	\$ 13,000,000
Building Acquisition			
Building Construction	\$ 12,000,000		
Building Remodeling	\$ -		
Fixtures	\$ 4,000,000	Tenant	\$ 4,000,000
Architectural Design	\$ -		
Engineering Design	\$ 250,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 17,000,000	Total Funding Sources	\$ 17,000,000

\*The private debt and equity is contingent upon award of the requested Iowa Reinvestment Act allocation.

### Expected new state hotel motel tax and or new state sales tax

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local

tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

#### 2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

#### Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district, rather than identifying specific retail operations, to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time. However, once we do know the specific retailers, we would not be allowed to disclose specific sales figures in order to protect the business' trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects

(B3, B4, B5, and B6) would generate \$190,946,000 in annual sales at the stabilized year of 2029.

Applying the validated \$322 per square foot sales assumption for this 50,000 sf project estimates the total sales to be \$22,540,000 per year.

## Project B5: New Outparcel Development

### Detailed Description

Resulting from redesigning the eastern main access road to the campus, an approximately 1.5 acre outparcel was created for additional businesses to construct a new building. This parcel was purchased by the Mississippi Valley Credit Union and their new branch opened in the Fall of 2023. The parcel has excellent visibility along the Merle Hay Road corridor, so any use that would benefit from being easily seen by thousands of passersby per day would be attracted to the site.

### Timeline

Construction Begin: Summer 2022

Construction Complete: Spring 2023

### Detailed Budget

Project Name: New Outparcel Development			
Funding Uses		Funding Sources	
Site Preparation	\$ 150,000		
Land Acquisition	\$ 900,000	Private Equity	\$ 1,233,750
Building Construction	\$ 2,100,000	Private Debt	\$ 2,291,250
Building Remodeling	\$ -		
Fixtures	\$ 300,000		
Architectural Design	\$ 25,000		
Engineering Design	\$ 50,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 3,525,000	Total Funding Sources	\$ 3,525,000

\*The private debt and equity is contingent upon award of the requested Iowa Reinvestment Act allocation and successful acquisition of a new tenant to trigger construction of the new building.

### Expected new state hotel motel tax and or new state sales tax

With this project being occupied by Mississippi Valley Credit Union, minimal sales tax will be generated by this project.

### Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district, rather than identifying specific retail operation, to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time. However, once we do know the specific retailer, we would not be allowed to disclose specific sales figures in order to protect the business's trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation and traffic to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, and B6) would generate \$195,935,000 in annual sales at the stabilized year of 2028.

Applying the validated \$322 per square foot sales assumption for this 2,500 sf project estimates the total sales to be \$805,000 per year.



## Project B6: Mixed-Use Campus Improvements

### Detailed Description

The Merle Hay campus will receive many significant improvements throughout to improve the visibility, access, connectivity, and retail expansion potential for all the businesses and users in and around the project. Most of the components of this project are retail in nature, while the senior housing conversion component, described further below, is not retail but an important improvement to transform the campus into a mixed-use destination.

### **Campus Site Improvements (within site improvements on mixed-use map)**

A new, modified vehicular and pedestrian entrance to the campus will be established at Merle Hay Road and Madison Avenue. The entrance will be straightened to run east-west and unlock the development of a new outlot along Merle Hay Road. The repositioned entrance will also set the location for a new ring road for the entire campus.

A new main ring road path (see master plan diagram) has been designed to better accommodate all the new and changing uses within the campus, most notably the construction of the Lillis Lofts affordable housing project in the southwest portion of the campus. Originally developed for limited retail uses, the ring road was designed to achieve maximum parking. Now that the campus will have entertainment, housing and retail uses, the design has been modified to better meet the varying demands of the new uses.

The original Merle Hay property was developed in a time when the automobile was set as the American standard and customers desired locations where their auto use was generously accommodated. Today, this logic still holds true, but developments need to look to transition properties into accommodating more than just vehicular modes of transportation.

The Merle Hay Campus will receive significant new pedestrian, bicycle, and bus improvements to set these modes at a more level playing field of accommodation to personal autos. New sidewalks along Merle Hay, the entrance at Madison, and adjacent to all new developments will allow for greater walking and biking to and from the campus.

Merle Hay Campus is currently the terminus of three Des Moines Area Regional Transit (DART) bus routes, with a single bus stop currently located on the east side of the property. Conversations with DART over the years have set the desire to relocate or add a new bus stop to the Merle Hay campus. With the addition of the Arena complex, we are proposing to create a bus stop that is closer to the Arena on the Douglas Avenue façade of the main building near the southern Arena/Mall entrance, in conjunction with the new outdoor plaza area (described below) immediately outside the entrance.

### **Site Preparation (within site improvements on mixed-use map)**

Building demolition and site grading has been completed at the former Sears property on the northeast portion of the campus. This site grading will allow for additional development

parcels for the relocation of Kohl's (B3) and additional businesses to the north of Kohl's (B4).

### **Storm Water Management (within site improvements on mixed-use map)**

Major storm sewer improvements are required to mitigate the campus' deficient storm water detention and water quality design. The campus was originally built in the 1960's when storm water requirements were very different. Merle Hay ownership the City of Urbandale constructed two on-site storm water facilities to best accommodate the former Sear's site's storm water runoff needs. In addition the new Kohl's store (B3) has a redesigned parking area that provides an additional 1.5-acre feet of storm detention facilities. This will meet modern regulations for on-site stormwater detention, as well as additional capacity for additional development within the Merle Hay Campus.

Urbandale is in the process of constructing a major storm sewer project on the campus to convey the rainwater from the campus and the adjoining Downtown Urbandale Neighborhood to the west. The City has installed a 102" diameter storm sewer under the western ring road from the terminus of Airline Avenue and run south to Douglas Avenue. Current costs are estimated to be \$7,000,000. This improvement is a major component to ultimately convey stormwater from Merle Hay and the residential neighborhoods to the west safely into the nearby Rocklyn Creek to eliminate surface stormwater accumulation which has caused significant property damage in the area.

### **Landscaping Improvements (within site improvements on mixed-use map)**

Several of the parking areas will receive landscaping improvements by way of installing many landscape islands. The parking lots adjacent to the new Kohl's (B3) and additional businesses (B4) will receive new landscape islands, as well as new parking for the hotel (B2). All other lots have landscaping islands already installed.

### **Campus Signage (within site improvements on mixed-use map)**

As the campus is to undergo a major revitalization and be transformed into an entertainment and shopping destination, the campus signage is to be modified and replaced to reflect the changing campus. New designs and aesthetics will be implemented across the whole signage plan for the campus to create a new common theme in the monument, directional, and location signage areas.

### **Improved Campus Boundary (within site improvements on mixed-use map)**

At the western edge of the mall campus, an 8-foot wall exists to separate the commercial uses at the mall with the adjacent single-family neighborhood in Urbandale. This wall was constructed several decades ago and is in need of repair and/or replacement. The wall will be replaced with a commercial grade fence, thus removing the eyesore of the existing wall.

### **Mall Corridor Modernization**

The inside corridors of the mall campus will also undergo a transformation by way of implementing a new merchandising plan to highlight the wide variety of goods, services

and entertainment options available at Merle Hay. Merle Hay will remain the convenient, value-oriented mall in the Des Moines region, but will become a stronger state and regional draw with the Multi-Use Arena and Volleyball League Facility. Significant improvements are envisioned, including:

- Seating Areas – The interior mall concourse will be renovated to include new and additional soft seating areas, new carpeting in carpeted sections and new wall finishes
- East Mall Court – The main east mall court will be renovated to remove existing planters and renovate the area to include carpeting and soft seating areas.
- Flooring Upgrades - New flooring in several areas will occur with sustainable floor products to freshen the corridors
- Interior Signage – Directional and directory signage will be upgraded to match the new merchandising plan and match the exterior signing improvements.
- Roofing Replacement – some areas of the corridors will receive new roofing to match the expected life of the new mall improvements.
- Exterior Doors – Exterior doors will be replaced where necessary, as some entrances have recently been replaced.

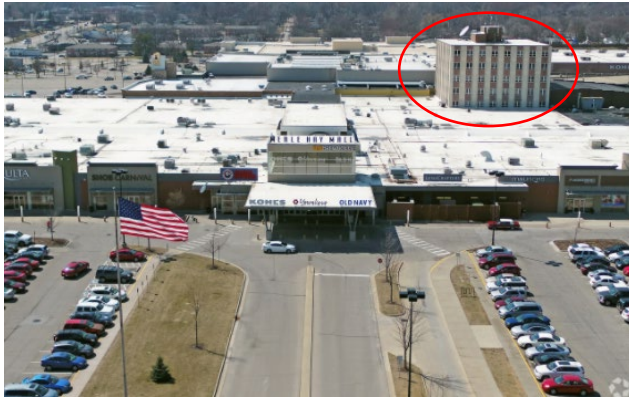
Merle Hay Investors has engaged a design consultant specializing in entertainment and sports complexes to advise the branding transformation for the campus.

### **Northern Outdoor Area**

Having Kohl's project (B3) constructed as a stand-alone building, presented the opportunity to create an outdoor amenity area for the campus. Elevated design is envisioned for the hardscape and softscape in this area to establish a gathering area for visitors and shoppers. Drake Head Start is an early education and pre-school provider located directly adjacent to this outdoor area. Improvements will also be made to have this area also serve as the outdoor play area for Drake Head Start. This Plaza area was completed with the opening of the Kohl's Store in November 2023.

### **Potential Housing Conversion**

Merle Hay Mall includes the Merle Hay Tower building, a 49,000 square foot, 6 story-office building constructed in 1966 and the original Merle Hay Cinema directly to the north. Merle Hay ownership is soliciting offers to sell the building to a developer for the construction of a potential housing apartment building as well as a recreational space in the former theater. Having the ability to walk into the mall complex directly will make this a very attractive apartment location for access to groceries, entertainment, dining, shopping and physical fitness options all without driving or even having to go outside during inclement weather.



## **Southern Outdoor Plaza**

The southern entrance to the main building facing Douglas Avenue will receive significant improvements by creating a new pedestrian plaza. This plaza will facilitate a new bus stop location and outdoor amenity area. Bringing the entertainment outside is the intent for this area with outdoor seating and outdoor games available such as bags, ladder toss, chess and checkers, and others. Utilizing high quality materials like stone and brick for the hard surface will add to the allure of the area and set it as a unique amenity area for the campus.

## **New Retail Development**

With all these major investments occurring within the Merle Hay campus, the ability to attract new and retain existing businesses within the main mall building will be significantly increased. We anticipate many of the currently vacant storefronts to be occupied by national, regional and local retailers which will benefit from the increased activity on the Merle Hay Campus and contribute to the vibrancy of the destination.

The existing retailers and businesses in the main building will also directly benefit from the increased shopper traffic resulting from the new offerings by the new tenants. Specifically, Target Corporation as a main tenant of the mall has planned store and site improvements of approximately \$3,000,000 over the next several years to be a part of the district's transformation.

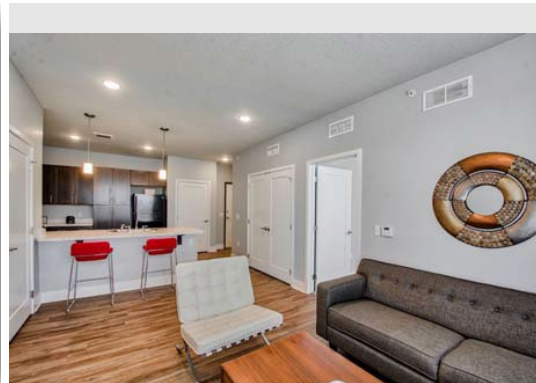
Along the Douglas Ave façade of the main building, storefronts will be added to the areas between Target and the Game Day outdoor dining and bar terrace as well as between the Flix Marquis entrance and the new arena and Mall entrance. The goal is to create a similar streetscape facade and store access along the Douglas Ave façade as currently exists for several stores along the Merle Hay Road façade. The Douglas Avenue stores will receive new facades with store access, or 'double loaded' stores; one access from

the parking area, and a second from within the interior mall corridor. Up to three new façade storefronts will be constructed between Target and Game Day and two façade store fronts between Flix Brewhouse and the Bucs Arena Mall entrance.

### **Lillis Lofts Multi-Family Affordable Housing Project**

Adding to the mixed-use transformation on the campus, a 43-unit multi-family affordable housing project has been built in the southwest portion of the district. With a total budget of nearly \$10 million, TWG Development, through their subsidiary Merle Apartment Partners LC, has constructed a 47-unit multi-family affordable housing project on a 1.69 acre parcel. This project is named Lillis Lofts and was a recipient of State of Iowa affordable housing tax credits in 2019 and an allocation from the Department of Housing and Urban Development through the Low-Income Housing Tax Credit program.

Lillis Lofts is not included as a component of the B6 project sources and uses as it is not connected to the mall building. However, it should be noted as an additional major investment occurring to move the campus into its mixed-use future.



(Concept images and images of similar projects from TWG Development)

#### **Timeline**

Construction Begin: Summer 2021

Construction Complete: Ongoing



## Detailed Budget

<b>Project Name: Mixed-Use Campus Improvements</b>			
<b>Funding Uses</b>		<b>Funding Sources</b>	
Parking Lot	\$ 2,500,000	Merle Hay Equity	\$ 3,855,000
Land Acquisition	\$ 1,500,000	Merle Hay Debt	\$8,352,500
Building Acquisition		Housing Developer	\$13,000,000
Building Construction			
Building Demolition			
Stormwater Management	\$ 1,650,000		
Building Remodeling	\$ 18,500,000		
Fixtures	\$ 1,650,000		
Architectural Design			
Engineering Design	\$ 50,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 25,850,000	Total Funding Sources	\$ 25,850,000

\*The Merle Hay debt and equity is committed conditional to the IRA allocation to the project.

\*The City of Des Moines TIF allocation is committed through an existing development agreement.

\*The Polk County loan has been executed to assist in purchasing the former Sears property.

Project B6 has commenced and several projects have begun or have been completed. A table noting the commenced project expenses is as follows:

<b>Project Name: Completed Mixed-Use Campus Improvements</b>			
<b>Funding Uses</b>		<b>Funding Sources</b>	
Parking Lot	\$ 650,000	Merle Hay Equity	\$ 2,250,000
Land Acquisition		Merle Hay Debt	\$ 2,250,000
Building Acquisition		Des Moines TIF	\$ 2,800,000
Building Construction	\$ 500,000	Polk County Loan	\$ 2,400,000
Building Demolition	\$ 350,000	Urbandale Stormwater	\$5,500,000
Stormwater Management	\$ 7,500,000		
Building Remodeling	\$ 5,200,000		
Fixtures	\$ 800,000		
Architectural Design			
Engineering Design	\$ 200,000		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 15,200,000	Total Funding Sources	\$ 15,200,000

## Expected new state hotel motel tax and or new state sales tax

### Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

We assumed a base year sales amount of \$85,212,000 for the campus as this is the amount of sales at the mall from December 2018 – November 2019. At the stabilized year of 2025 (which is one year earlier than the Arena and Training Center stabilized year of 2026), we expect Projects B3, B4, B5, B6, and B7 to generate a total of \$195,935,000 in sales resulting in incremental sales of \$110,723,000. Assuming the 7% state and local tax rate, the incremental sales will generate \$7,750,610 in sales tax annually. For the Iowa Reinvestment Act rebates, applying the 4% rebate on increased sales tax revenues would generate \$4,428,920 annually.

Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

### 2025 Revised Sales Tax expectation description:

The City of Urbandale commissioned a sales study from AECOM dated July 24, 2025 to analyze the potential future sales performance on the campus assuming the added sports and entertainment uses, new retail spaces, and a repositioning of existing retail spaces. The AECOM study determined the future incremental sales over a 20-year period. The incremental sales from 2027-2046 from increased retail would be \$1,280,177,000 over the defined base year of Q2 2021 – Q1 2022. Adding in the 20-year sales from sports and entertainment operations over the same period are estimated to generate \$1,600,936,000 in total incremental sales. Total rebates (4%) from these incremental sales are estimated to be \$64,037,000 over the 20-year period (acknowledging that seven quarters of the collection period have elapsed, and a full twenty-year period would require an extension).

## New Retail Establishments or Lessors Subject to the Project

The following list of businesses represent the known new retail businesses to begin operations within the Reinvestment District and the existing businesses that meet the definition of new businesses in Chapter 15J.2.a and 15J.2.b.

- Kohl's Department Stores, Inc.
- Dinks Pickleball

- Iowa Custom Tees (Kazma)
- 515 Cuts
- Gameday
- Hiking Dog Co.
- Games Workshop Retail, Inc.
- Bath & Body Works, Inc.
- RockTop
- Future Nightmares
- Expertees
- Flix Brewhouse
- H&R Block Eastern Enterprises, Inc.
- Angelica's Design-Youth
- Angelica's Design
- The Des Moines New Age Shop
- Enchanted Beauty
- Old Navy, LLC #5372 LID #2300
- Brow Beauty
- GameStop, Inc.
- Dwarven Workshop, LLC
- Torrid, LLC #5624
- Kids Foot Locker #46884
- Rhea Lana's of West Des Moines
- Drake University Head Start
- California Nails
- Ross Dress For Less
- Serenity Esthetics
- Lenscrafters, Inc. #126
- Shonka Treats, LLC
- Claire's Stores, Inc. #5416
- God's Grace Foods
- Ratt's Underground Records
- Riddle's Jewelry
- Auntie Anne's Pretzels
- Five Guys Burgers and Fries
- Shoe Carnival, Inc. #411
- GameDay Lanes, LLC
- Ulta Salon, Cosmetics & Fragrance, Inc. #334
- Antiques for Freaks and Geeks
- Five Below, Inc. Store #4029
- Target Corporation
- Dark Slide
- Just Paws Gourmet
- White Rabbit VR Arcade
- Expo
- Wolfram RC
- Afrikwave, LLC
- Kids Empire
- Combat Live!
- LOADED
- Vietnam Cafe
- Tamale's Industry
- Maid-Rite Corporation
- GameDay
- Vietnam Café
- Tamale's Industry
- Maid-Rite Corporation
- Piercing Pagoda
- I Talk & Repair
- Sweet Delights
- SLA ATM
- Hurricane Simulator
- ecoADM, LLC
- First Church DSM
- Blank Park Zoo
- JK Vending & Fuzzy Brush
- SanKo Amusements
- Innovative Vending Solutions LLC
- Theisen Vending, Inc.
- DMACC - TK7
- New Retailers within the campus

#### Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.



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The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, B6, and B7) would generate \$195,935,000 in annual sales at the stabilized year of 2029.

Applying the validated \$322 per square foot sales assumption for this project estimates the total sales to be \$146,671,000 per year.

## Project B7: Target Department Store Improvements

### Detailed Description

The Target Department Store is the main shopping anchor for the campus. Mall ownership reports planned improvements totaling \$3,000,000 to make improvements to the bathrooms, changing areas, checkouts, grocery, and general merchandise sections.

### Timeline

Construction Begin: Commenced

Construction Complete: Continuous

### Detailed Budget

Project Name:		Target Store Improvements	
Funding Uses		Funding Sources	
Site Preparation	\$ -	Target Equity	\$ 3,000,000
Land Acquisition	\$ -		
Building Acquisition	\$ -		
Building Construction	\$ -		
Building Demolition	\$ -		
Stormwater Management	\$ -		
Building Remodeling	\$ 3,000,000		
Fixtures	\$ -		
Architectural Design	\$ -		
Engineering Design	\$ -		
Construction Admin.	\$ -		
Other	\$ -		
Total Project Budget:	\$ 3,000,000	Total Funding Sources	\$ 3,000,000

### Expected new state hotel motel tax and or new state sales tax

Original IRA Plan Description (2022):

Increased sales taxes were estimated as a whole for the campus based upon all the retail related projects in this application (B3, B4, B5, B6, and B7). The sales do not include the arena and training center (B1) and the campus hotel (B2), as they were analyzed separately.

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Over the 20 year period of the Reinvestment District, we expect the incremental sales from Projects B3, B4, B5, B6, and B7 to be \$3,020,389,000 generating increased sales tax revenue to the state and local governments when applying the 7% sales tax rate. Total IRA rebates during the 20 year IRA period would be \$120,815,560 when applying the 4% rebate rate.

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#### New Retail Establishments or Lessors Subject to the Project

The following list of businesses represent the known new retail businesses to begin operations within the Reinvestment District and the existing businesses that meet the definition of new businesses in Chapter 15J.2.a and 15J.2.b.

- Target Department Stores

#### Feasibility Study Findings

2025 IRA Amendment – This section has not been updated to reflect an updated study of this project.

The HVS feasibility study analyzed the retail sales increases based upon the entire reinvestment district to protect the sales of individual businesses. Specific retailers for this project are not solidified at this time. However, once we do know the specific retailer, we would not be allowed to disclose specific sales figures in order to protect the business's trade secrets and information.

The HVS campus feasibility study identifies the leased/occupied area in the campus growing by 157,000 square feet to approximately 593,000 total square feet. This increase can be occupied in the campus due to the increased visitation to the area, enhanced entertainment options, and adaptively reusing the existing areas. HVS determined the

new investments would be able to generate \$322 in sales per square foot after improvements are made, a sales figure in line with Midwestern mall sales performance noted by the International Council of Shopping Centers (ICSC). All of the retail projects (B3, B4, B5, B6, and B7) would generate \$195,935,000 in annual sales at the stabilized year of 2025.

Applying the validated \$322 per square foot sales assumption for this project estimates the total sales to be \$146,671,000 per year.

# **Merle Hay Mall Repositioning Sales Tax Forecast**

City of Urbandale, Iowa

July 24, 2025

# **Introduction and Executive Summary**

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# Introduction

AECOM was engaged by the City of Urbandale, IA to assess the retail sales potential associated with proposed repositioning of Merle Hay Mall. The analysis integrated demographic analysis, retail sales estimates, peer benchmarking, visitation analytics and stakeholder input to frame reasonable expectations for future retail performance and associated sales tax potential.

AECOM's approach to the scope of work included three core components:

- Baseline Analysis: Assessment of local trade area demographic changes influencing retail demand, the retail supply, rents and visitation, leading to estimation of retail sales potential based on existing supply/demand within the trade area and future opportunities;
- Sports Venue Retail Sales Potential: leveraging utilization projections, peer facility benchmarks and interviews with potential users across hockey, volleyball and soccer; and
- Integrated estimates: reconciling baseline trends and new visitation potential into a conceptual 20-year retail sales projection for the mall as well as the estimated retail sales associated with sports visitation inclusive of food and beverage, merchandise and retail sales.
- Our scope did not include detailed evaluation of opportunities for local consumer events, Our visitation estimate includes reasonable assumptions for these types of events in the overall estimate.

## Proposed Project

Planned repositioning goals for Merle Hay Mall are focused on the development of new retail offerings at the mall, as well as the development of new sports-related anchors to replace lost department stores. The proposed vision includes conversion of the former Younkers department store into a new 3,500-seat arena to host both hockey and soccer, as well as concerts. While initial plans included hosting the Des Moines Buccaneers hockey team, the team withdrew from the project in mid 2024 and the project has then attracted interest from the Drake University club hockey team. In addition to the proposed hockey arena, the proposed project includes 8 permanent volleyball courts.

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# Project Context

## Mall Reuse

Our experience shows that regional shopping malls have been facing an increasingly challenging competitive environment well before COVID-19, linked with:

- Broader market saturation (too much retail space).
- Changing consumer habits linked to growth of e-commerce and “omni-channel retail”.
- Changing retailer preferences, with interest in non-mall locations.
- Recognition that, particularly for national chain retailers in apparel and electronics, 30% to 50% of all transactions start electronically.

While the pressures facing mall operators are consequential, the challenges of redeveloping / repositioning mall assets are equally complex:


- Mall ownership is typically fragmented, with outparcels and anchor department stores under separate ownership.
- Malls are often owned by out-of-town interests, and with COVID-19, are more likely to be facing financial challenges across a larger portfolio.
- Mall performance remains highly correlated with the strength of anchor department stores in driving traffic. When malls lose their second anchor, smaller in-line stores tend to struggle. In part due to additional complexities with tenant lease structures (including co-tenancy and parking requirements) and impacts of stores in bankruptcy, struggling malls generally take several years to completely fail.
- Mall redevelopment requires a conversation about the condition of site infrastructure, and debate over public incentives to support new infrastructure.
- Successful mall repositioning tends to focus on identification of new anchors to replace traffic, with greater focus on health care and sports activities.



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# Core Findings

- Site visits to Merle Hay Mall reinforce that while the property has benefited from recent investment and hosts several national chain retailers, interior spaces are generally tired and need capital reinvestment, and in-line store vacancy is a practical concern. Efforts to pursue new tenanting opportunities will require significant reinvestment in mall infrastructure.
- Data from Placer.AI data implies that existing mall national chain retailers at Merle Hay are not outperforming statewide comparable retail locations.
- The Merle Hay Mall trade area is largely built out and constrained by a supply of older and smaller houses. Given these constraints, achieving significant growth in retail sales would require new residential development at increased densities.
- Overall mall sales have grown at an average annual growth rate of around 1% since 2021. With retail sales not keeping up with general inflation, the mall is gradually losing its share of the market to other malls and ecommerce.
- From a competitive inventory standpoint, trade area retail vacancy is modest and comparable with local averages. While limited population growth is likely influencing only modest growth in mall rents, with the end of the retail apocalypse, there should be incremental opportunities to add mid-market retail and restaurants in the trade area.
- In context with generally stable trade area demographics, the Mall trade area is leaking a significant amount of retail sales to other regions of Des Moines and afar; this leakage presents the primary opportunity to recapture retail sales leaving the trade area with a targeted reinvestment plan.
- Given loss of traditional mall anchors, the proposed focus on sports is not unusual as seen in comparable malls throughout the Midwest. Our forecast is reflective of benchmarks which provide an estimate for uplift in new visitation, and we have identified the growth in retail sales and retail sales tax increments associated with this growth in visitation.
- We reviewed the proposed visitation estimates for the sports anchor concept in context with benchmark facilities, which would argue for more conservative visitation expectations. We estimated sports related visitation based on comparable locations to be approximately 227,100 annual visits (excluding pickleball).
- Based on the annual visitation figures across anticipated new retail space as well as the additional sports component, our forecasts point to potential sales tax generation of approximately \$1,823,000 in Year 3 of operations growing to approximately \$4,845,000 on average between years 16 and 20 with a year 20 figure of approximately \$5,362,000. The total cumulative 20-year sales tax figure on incremental retail sales is estimated to be approximately \$64,000,000. Page 31 summarizes the current estimate.
- The estimate presumes that the mall would benefit from additional capital reinvestment by year 10 of the forecast period.



# **Demographic and Economic Context**



# Introduction

## Merle Hay Mall Core Trade Area

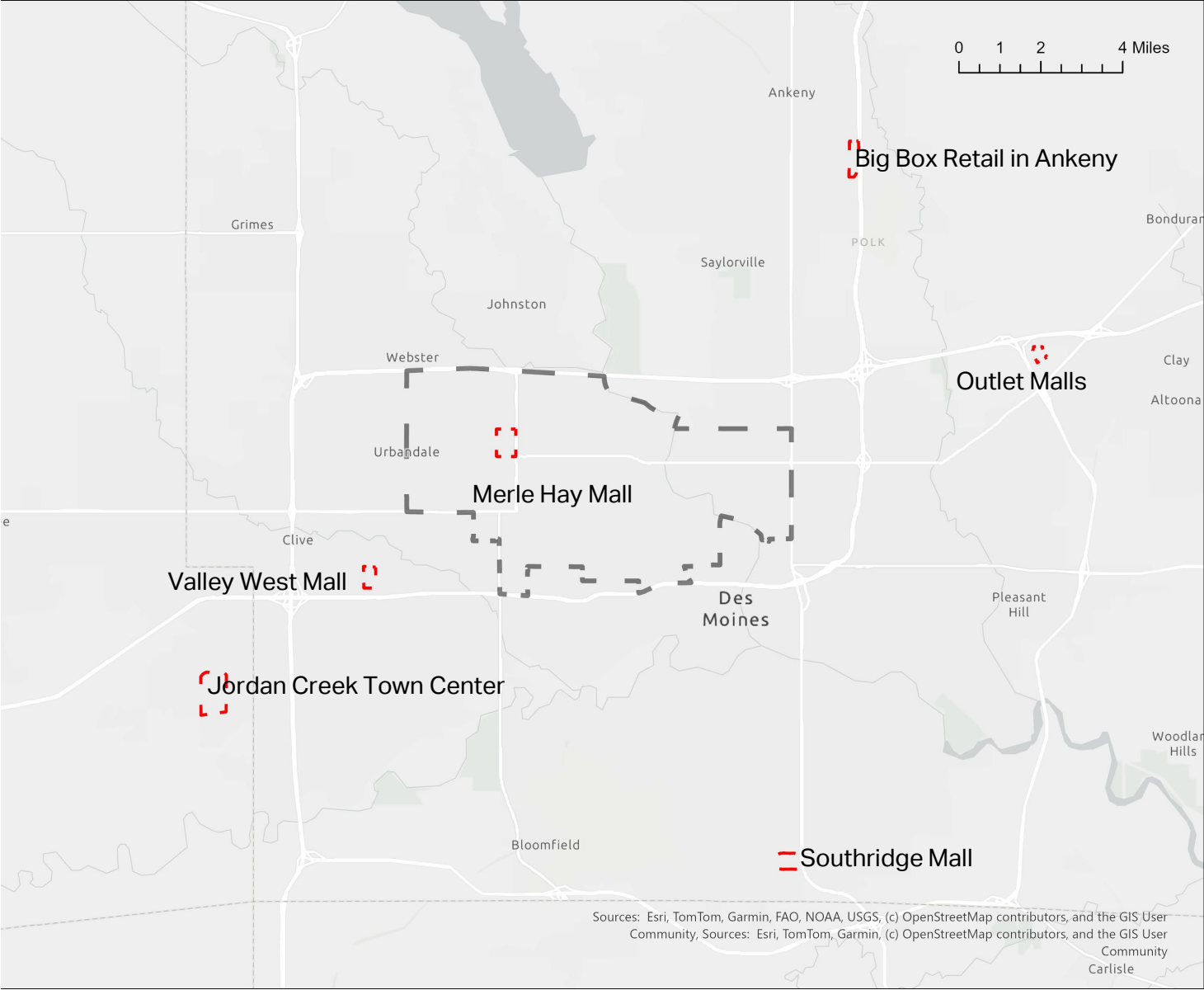
Definition of the Merle Hay Mall Trade Area is based on analysis of the property's core customer base using mobile visitation data from Placer.AI. This trade area is derived from actual foot traffic patterns and identifies the geographic origins of visitors to the mall based on their home Census Block Groups (CBGs).

The trade area for Merle Hay Mall encompasses a densely populated section of the Des Moines metropolitan area, drawing primarily from central and northwestern Des Moines, as well as neighboring communities such as Urbandale and Clive. The trade area is characterized by established residential neighborhoods, a stable population base, and convenient access via major arterial routes including Merle Hay Road, Douglas Avenue, and Interstates 35 and 235/80.

Since 2018, data from Placer.AI suggests that the core trade area serving Merle Hay Mall has not increased in size, likely due to competitive impacts of the Jordan Creek Mall and surrounding retail. Perhaps more importantly, the data suggests that the majority of shoppers who frequented Valley West Mall have tended to shift toward Jordan Creek as well. Published reports indicate that Valley West went through foreclosure proceedings in 2022 and was listed for sale by the owner in February 2025.

- Core Trade Area**
- Core Trade Area 
- Retail Locations 

Sources: Placer.ai, AECOM



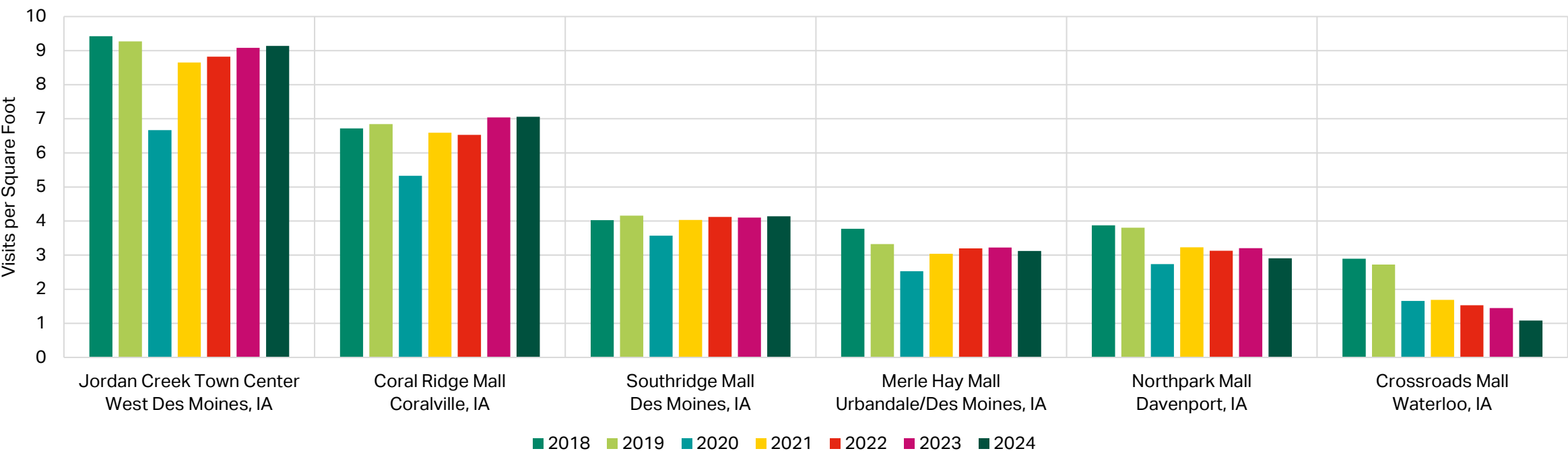
# Real Estate Supply & Comparable Visitation

Sources: Placeri.ai, Costar, AECOM

## Visits Per Square Foot

Six regional malls in Iowa have been compared to assess visits per square foot. Jordan Creek has unsurprisingly achieved the highest visits per square foot with Merle Hay Mall ranking 4/6 statewide with a 2024 figure of 3.12 visits per square foot. Merle Hay Mall has been generally stable since 2021 averaging around 3 visits per square foot. Only one of the six malls has exceeded pre-covid visitation as of 2024.

Surrounding Malls Annual Visits Per Square Foot



# Economic & Demographic Context

## Population

Sources: U.S. Census Bureau, Placer.ai, AECOM

As of the 2023 American Community Survey, the Merle Hay Mall Trade Area had a population of 93,000 – accounting for approximately 13% of the Metro Des Moines 720,300 residents.

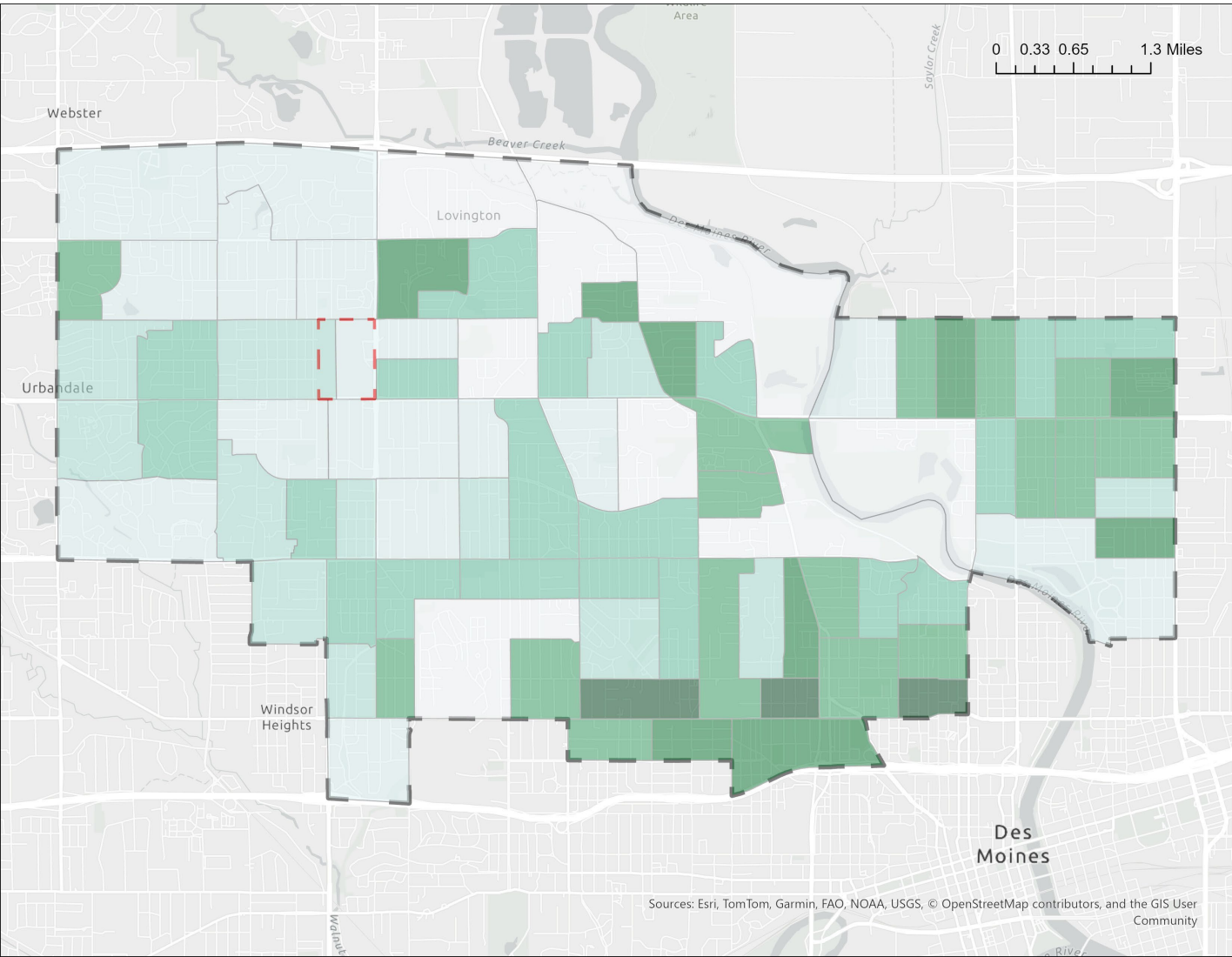
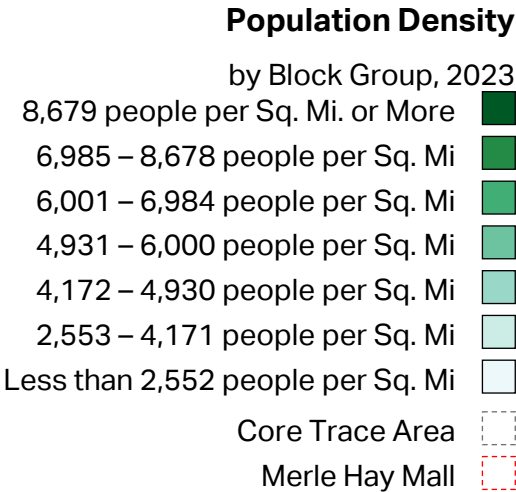
As shown in the population density map on the right, the Merle Hay Mall Trade Area pulls the majority of its main patrons from roughly within 5-miles of the mall. Within Urbandale, population density is highest in its eastern portion – which is in part a function of slightly higher population densities. As such, the majority of the patrons are travelling to Merle Hay Mall from the east, with a declining number of patrons coming from the west.

The success of commercial corridors depends on their ability to attract customers, and residents who live nearby are the most frequent patrons of such businesses. This is especially true in urban areas like Urbandale and Des Moines. The success of malls such as Merle Hay can rely on densely populated core trade areas for the majority of its patrons.

**Population**  
ACS 2023 5-year estimates

93,000  
Merle Hay Mall Trade Area

720,300  
Des Moines Metro Area



# Economic & Demographic Context

## Population Change

The map on the right illustrates population change that has occurred in the Merle Hay Mall Trade Area between 2013 and 2023 American Community Survey (ACS). As shown, the trade area's population decreased by a compound annual growth rate (CAGR) of approximately 0.2%, contrasting with broader regional and statewide trends. In comparison the Des Moines Metro Area experienced a CAGR of about 2.2% and the state of Iowa experienced a population increase of 0.4%.

This localized stagnation in the Merle Hay Mall trade area may reflect demographic shifts such as an aging population, smaller household sizes and limited new housing developments, factors that can influence retail demand and economic vitality. In contrast, faster-growing suburban communities farther west and south, such as Waukee and West Des Moines have experienced significant growth, driven by new housing developments and younger, expanding populations.

### Population Change CAGR

America Community Survey 5-year 2013-

2023  
**+0.2%**

Merle Hay Trade Area

**+2.2%**

Des Moines Metro Area

**+0.4%**

State of Iowa

### CAGR Population Change

by Block Group, 2013-2023

4.7% Increase or More

2 – 4.7% Increase

0.5 – 2.6% Increase

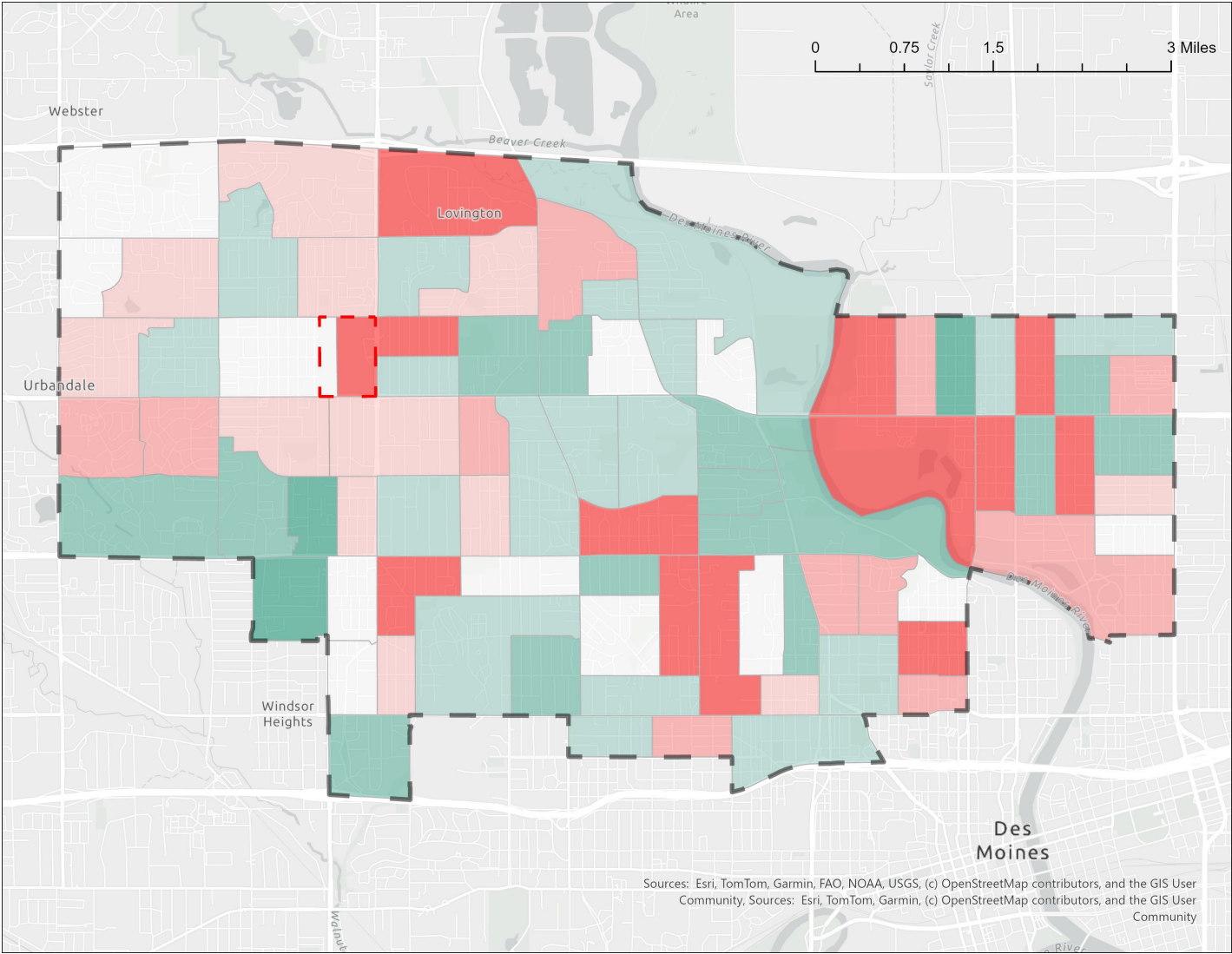
0.7% Decrease – 0.5% Increase

0.7 – 2% Decrease

2 – 3.7% Decrease

3.7% Decrease or More

Merle Hay Mall





# Economic & Demographic Context

## Household Change

The map on the right illustrates household change that has occurred in the Merle Hay Mall trade area between 2013 and 2023 ACS estimates. The trade area has experienced a consistent increase in population and household growth over the 2013-2023 period, both growing at an average annual rate of 0.2% over this period.

This modest growth in both population and household count (0.2% each) suggests that the trade area is experiencing stable but incremental residential growth. Rather than large-scale growth, the trade area appears to be adding households at a measured pace, reflecting a continued trend toward smaller household sizes from 2.33 in 2013 to 2.32 in 2023, such as single-person or empty-nester households. These patterns are consistent with other mature neighborhoods in Des Moines, where household formation is gradual and often driven by older adults aging in place or younger individuals seeking independent living arrangements.

### Household Change CAGR

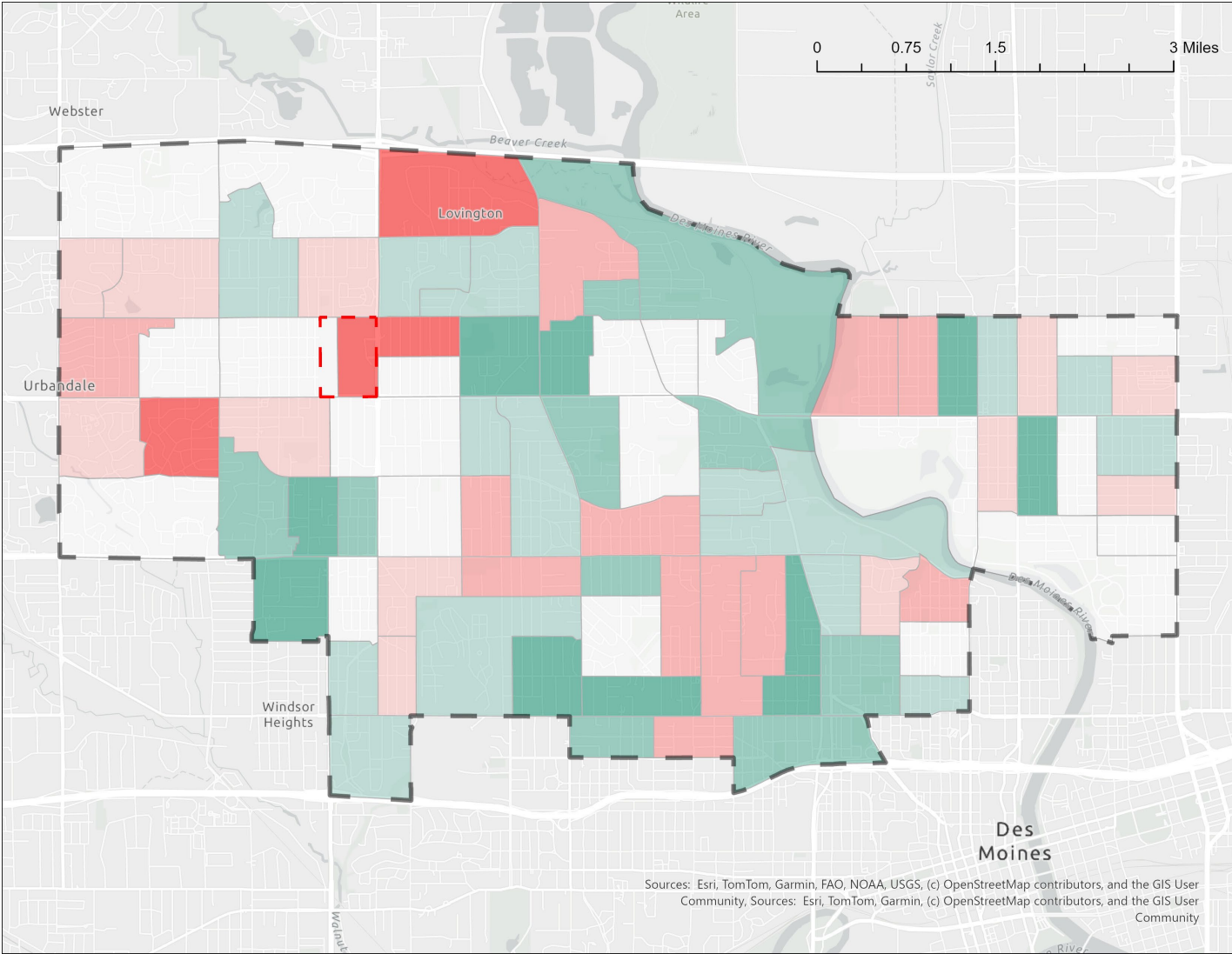
America Community Survey 5-year 2013-2023

- +0.2%  
Merle Hay Trade Area
- +2.4%  
Des Moines Metro Area
- +0.6%  
State of Iowa

### CAGR Household Change

by Block Group, 2013-2023

- 3.3% Increase or More
- 1.6% – 3.3% Increase
- 0.4% – 1.6% Increase
- 1% Decrease – 0.4% Increase
- 1% – 2.4% Decrease
- 2.4% – 4.5% Decrease
- 4% Decrease or More
- Merle Hay Mall



# Economic & Demographic Context

## Household Income Change

Between 2013 and 2023, household income growth has been relatively strong across the Merle Hay Mall trade area, the City of Des Moines and the State of Iowa. This upward trajectory was mirrored across the Des Moines metropolitan area and the state more broadly, where household incomes also rose at a steady pace. While income growth has not been uniform across all communities, the overall trend indicates that the trade area has kept pace with the region and may be positioned to benefit from ongoing economic expansion and reinvestment.

Between 2013 and 2023, the population-weighted average of median household incomes increased from \$54,600 to upwards of \$70,100 for the Merle Hay Mall Trade Area, slightly below the statewide figure of \$73,150 and the Des Moines Metro Area of \$84,209.

### Median Household Income Change

#### CAGR

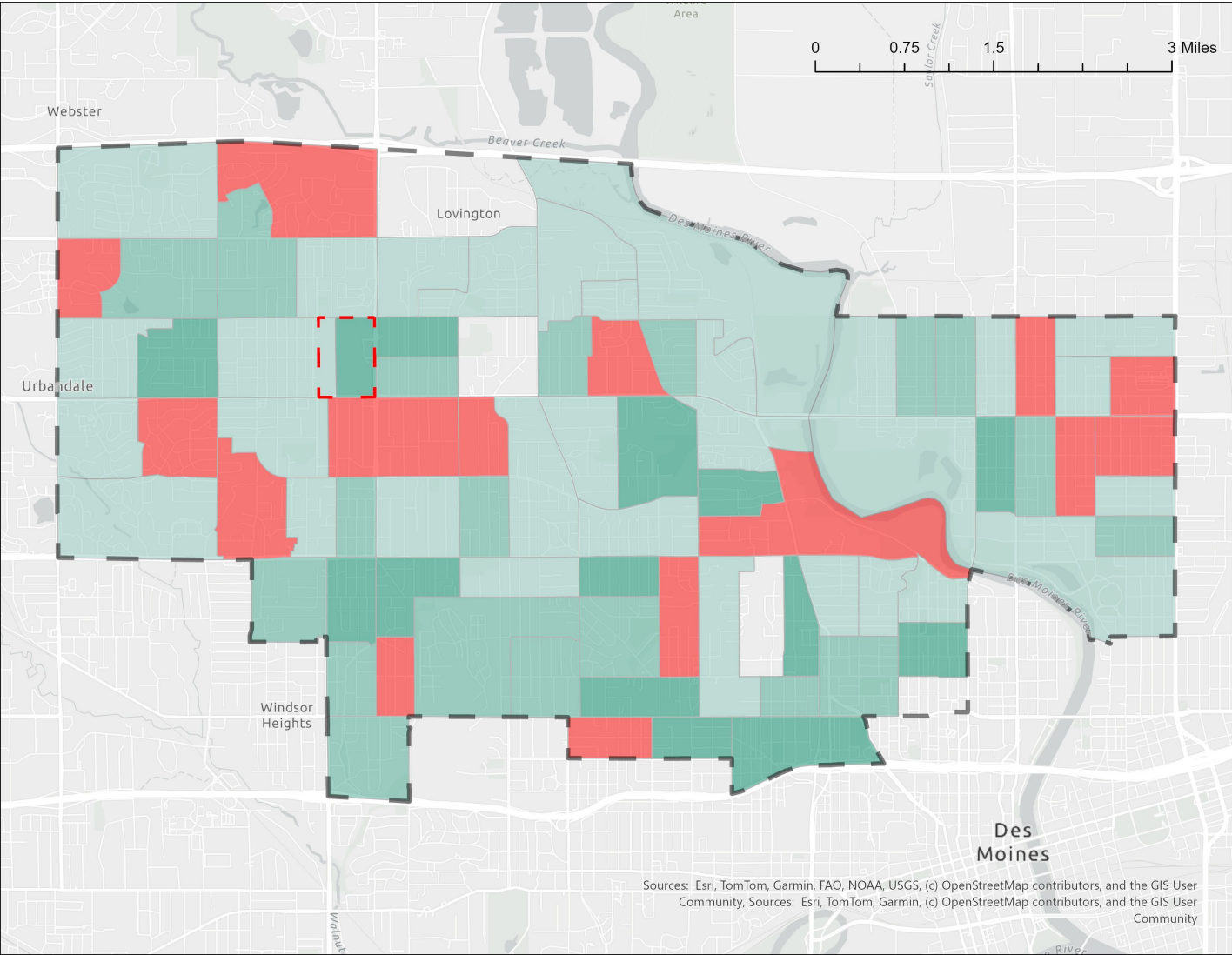
America Community Survey 5-year 2013-2023  
**+2.8%**  
Merle Hay Trade Area

**+3.3%**  
Des Moines Metro Area

**+3.5%**  
State of Iowa

### CAGR Median Household Income Change by Block Group, 2013-2023

- 5.1% Increase or More
  - 2.9 – 5.1% Increase
  - 0.2 – 2.9% Increase
  - 0.2% Increase or Less
- Merle Hay Mall





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# Economic & Demographic Context

## Trade Area Summary

- With median population-weighted age in the trade area having increased from 35 to 36 (indicating a gradual aging trend), an increase in households and a slight decrease in population are constraints on new retail opportunities;
- Household growth between 2013-2023 is stagnant, with limited future growth due to a relatively built-out area; with new development tied to higher density opportunities on infill sites.
- Limited household growth and aging demographics are likely to cap future potential for organic population-based retail growth;
- Household incomes are rising, but remain below the metro and statewide averages, constraining discretionary spending; and
- The trade area is stable, and local retail offerings appear to be mostly aligned with resident demand.

# Comparable Benchmarks

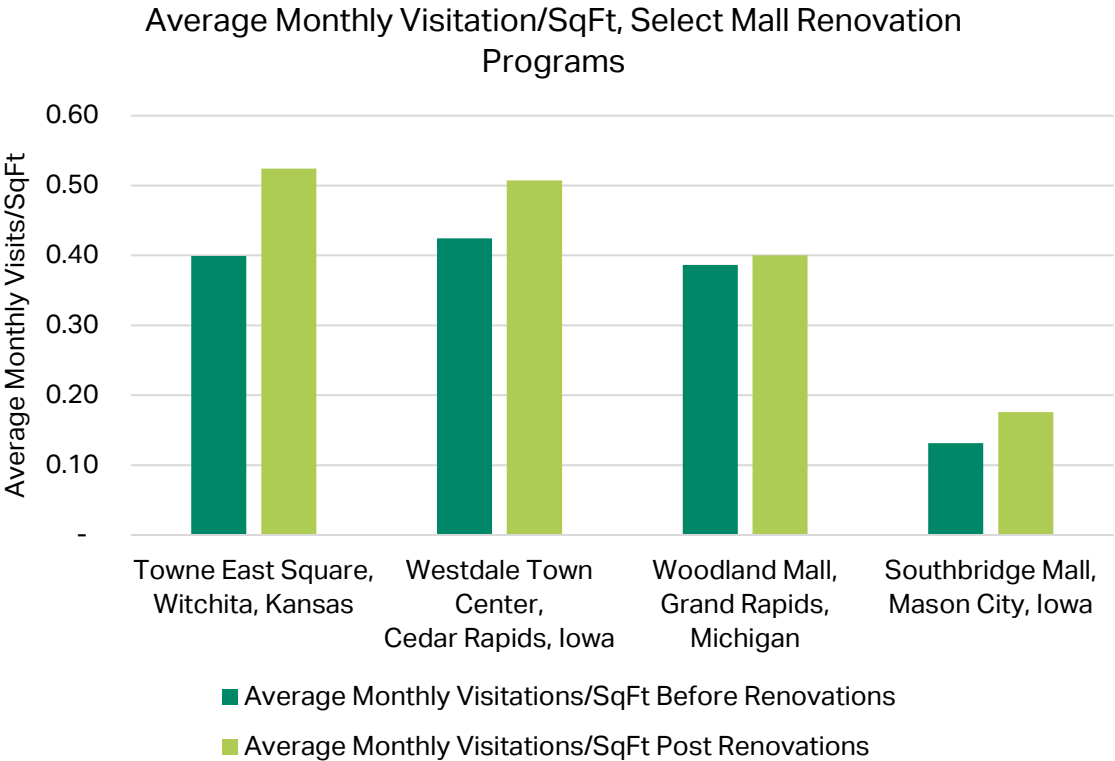
# Benchmarks

Sources: Placeri.ai, AECOM

## Redevelopment Change in Visitation

Benchmark malls throughout the Midwest have been assessed to identify the change in average monthly visitation thru mall renovation programs. Four malls have been identified that have undergone renovation programs between 2018 and 2024.

While renovation programs and visitation are not directly correlated in a linear fashion, i.e., \$1 spent in renovations equates to a direct increase in visitation, overall trends across benchmark properties indicate that having strong anchor tenants, as well as significant renovation and redevelopment programs, play a role in driving increased visitation. As shown, mall renovation programs can result in an increase in visitation ranging from 3.5% to upwards of 34% in monthly visitation figures. Our approach assumes that increased visitation correlates with increased retail sales.



**Towne East Square:** In 2022, Towne East Square underwent a \$2.8 million renovation program including re-imagined mall entrances, additional outdoor seating and pedestrian zones, landscaping improvements at entrances and in parking lots, updated flooring on the second level, and paving parking lots. This renovation program coincided with the planned opening of Scheels in the vacated anchor block that Sears had previously occupied.

**Westdale Town Center:** Approximately 2/3<sup>rd</sup>s of the mall was demolished, with remaining anchor buildings kept and repurposed into an open-air concept with approximately 32 development pads. In addition, new mixed-use components were added such as apartments, hotels and landscaping improvements.

**Woodland Mall:** PREIT has invested heavily into the redevelopment of the mall, with circa \$100 million project to add new space to the mall and reposition it as a premier shopping center. Renovations include center court updates, adding in new skylights, demolishing the south-east entrance and updating these into a new food court. The former Sears anchor, totaling some 300,000 square feet was partitioned, bringing in Von Maur in 90,000 square feet as well as other junior anchors. Finally, a 20,000 square foot REI was added in a new building developed on the southern edge of the parcel.

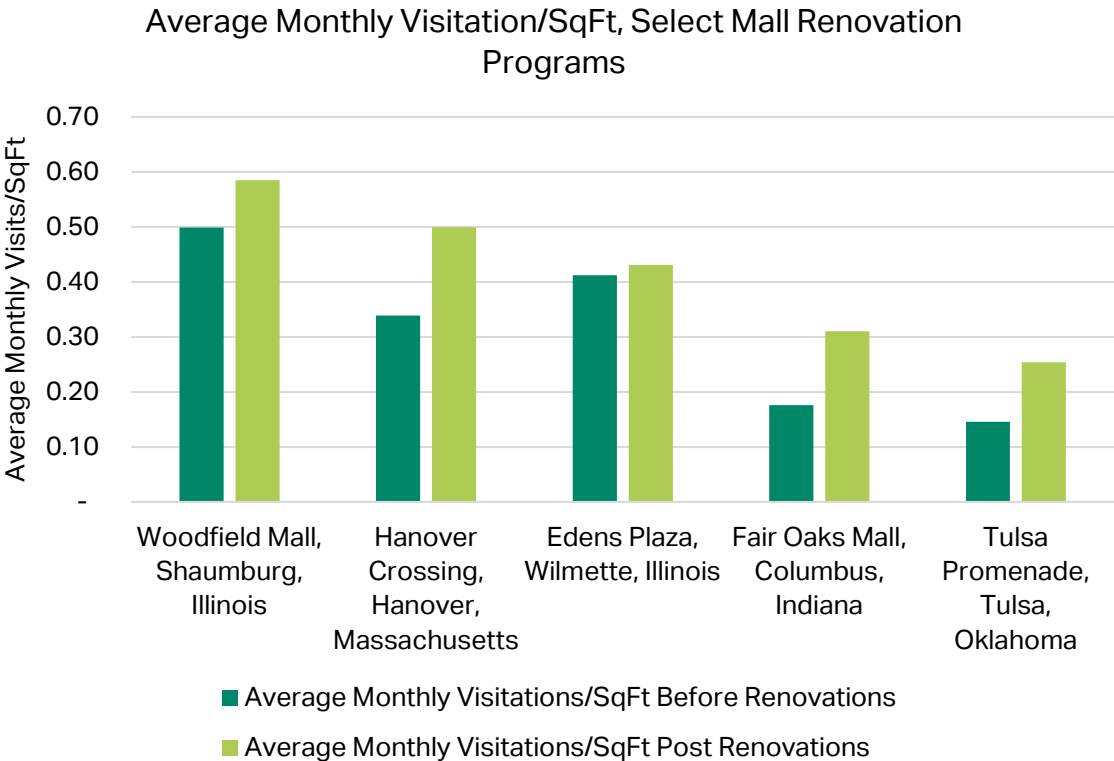
**Southbridge Mall:** In 2019, the former JCPenney was converted into a multi-purpose arena by the City including a surrounding sports bar with entertainment features like golf simulators.

# Real Estate Supply & Comparable Visitation

## Redevelopment Change in Visitation

Sources: Placeri.ai, Costar, AECOM

A wider assessment of comparable malls throughout the U.S. has been conducted to identify examples of regional and super-regional malls that have undergone renovation programs ranging in size and extent of renovations. Mall renovations have been assessed to identify average monthly visitation levels prior to the renovation programs being completed, and average monthly renovation post renovations. Overall, there is a trend in mall visitation increasing between 5% to upwards of 75% depending on the type and scale of renovations.



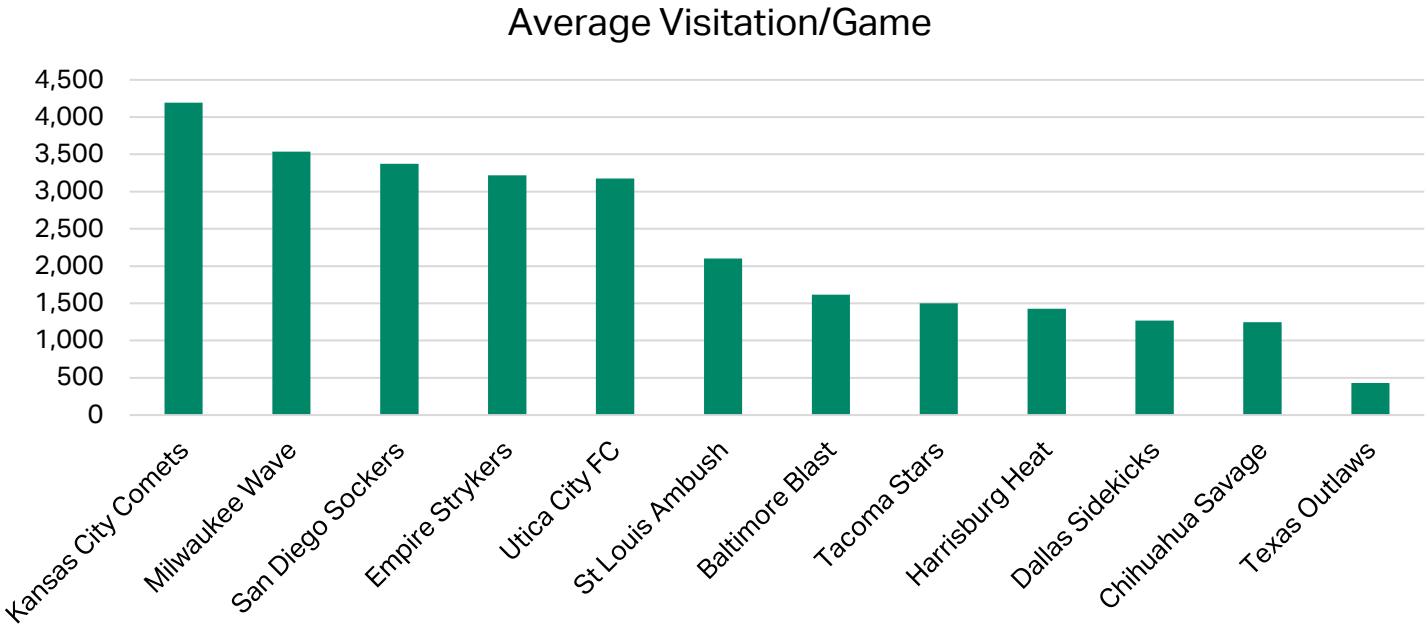
- Woodfield Mall:** Major interior refresh including elevators followed by the introduction of a Primark in 2023 with ongoing efforts to bring in new tenants including Zellano Home Furniture, Velocity Esports, the North Face and Warby Parker
- Hanover Crossing:** The mall was demolished in 2020 and redeveloped as an open-air mixed-use center within the original mall footprint, with added outparcel buildings and amenities including residential uses.
- Edens Plaza:** Has undergone a series of renovations, most recently between 2018-2019 with the attraction of new anchor tenant Wayfair, opening and completing a full remodel in 2024.
- Fair Oaks Mall:** Columbus Regional Health and the City of Columbus purchased the Fair Oaks Mall in 2018 with a plan to transform it into a community sport, recreation and wellness space with an associated quick service retail component. The existing mall was repurposed to accommodate new sports, fitness and community health uses while the retail offering has been repositioned to complement the updated fitness and community offering.
- Tulsa Promenade:** Closing in 2023, due to flooding and safety issues, the mall was repositioned with the key anchor tenant Macy's building being repurposed into the WeStreet Ice Center.

# Benchmarks

Sources: Placeri.ai, AECOM

## Historical MASL Attendance

Based on historical attendance from the Major Arena Soccer League (MASL), average game attendance typically ranges between 2,100 to 2,400 spectators per match, with some teams achieving higher and lower figures. The historical benchmarks from comparable teams across the league provides a strong benchmark for the proposed soccer program at the Merle Hay Mall arena which plans to host MASL games.



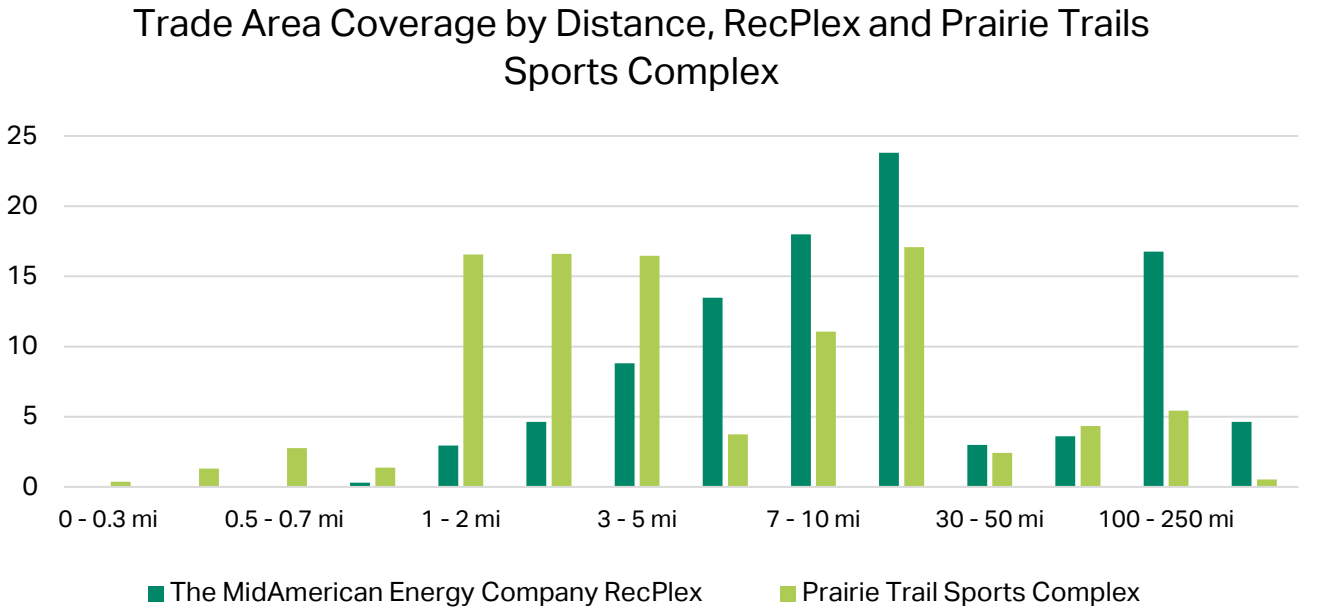
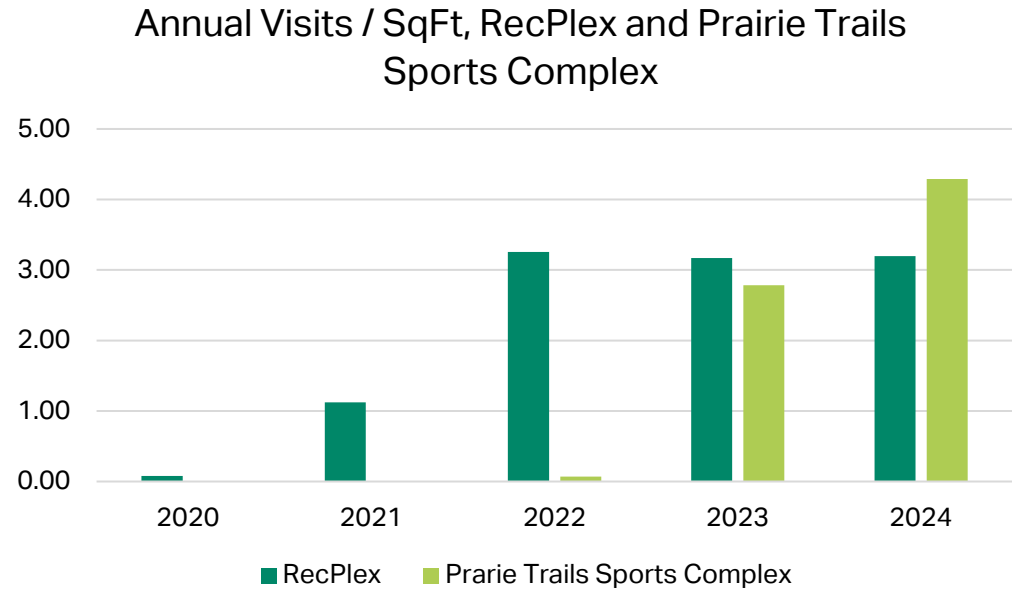
# Benchmarks

Sources: Placeri.ai, AECOM

## Comparable Sports Facilities

To inform visitation estimates for the proposed sports and recreation program at Merle Hay Mall, a benchmarking analysis was conducted using a range of comparable facilities with similar amenities, including multi-court volleyball and sport complexes. The benchmarks provide insight into the scale of annual visitation that can be reasonably expected, taking into account factors such as facility size, utilization rates, league and tournament scheduling, and regional draw.

- The RecPlex is a 270,000 square foot sports complex in West Des Moines, primarily driven by large-scale tournaments, year-round programming, and diverse amenities (ice rinks, turf, courts).
- The Prairie Trail Sports Complex is a 30,000 square foot complex hosting multi-sport programming including volleyball, basketball, pickleball, and batting cages, and recently added a new dedicated indoor pickleball facility alongside its existing Fieldhouse and "Diamond" spaces. Opening in 2021, the Prairie Trails Sports complex reached stabilization in 2024, attaining approximately 130,000 visits per year.



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# Benchmarks

Sources: Placeri.ai, AECOM

## Retail and Sports Facilities Summary

To support visitation assumptions for a repositioned Merle Hay Mall, AECOM benchmarked historical performance across a sample of event types in the Midwest. A series of comparable mall redevelopment projects and event-driven venues demonstrate the strong potential for increasing visitation through the integration of sports, entertainment and experiential retail uses.

- At Southbridge Mall in Mason City, the addition of a hockey arena as well as other mall renovations led to a sustained 34% increase in average monthly visits per square foot.
- Towne East Square in Wichita experienced a 31% increase in average monthly visits per square foot following renovations that emphasized experiential retail anchors.
- On a regional scale, comparable mall renovation programs have indicated that repurposing existing underperforming retail space in malls to attract new anchor tenants and offering new community and sports facilities can drive average monthly visits per square foot from anywhere between approximately 5% to upwards of 75%.
- Benchmark data from the MASL shows that league-wide game attendance typically ranges between 2,100 and 2,400 spectators, supporting the viability of hosting indoor soccer at the proposed Merle Hay arena.
- The assessment of comparable sports facilities illustrates annual visitation trends from 2018 to 2024 across three comparable facilities, showing how larger multi-use venues like RecPlex consistently attract over 900,000 visits annually or around 3 visits per square foot, while mid-sized complexes such as the Prairie Trail Sports Complex generate strong local draw through consistent programming and tournament activity attaining around 130,000 visits annually or 4.3 visits per square foot.
- Together, these case studies and attendance patterns reinforce the value of integrating high-traffic event spaces into mall redevelopment strategies to drive consistent and diverse footfall.

# Retail Supply and Demand



# Real Estate Supply & Demand

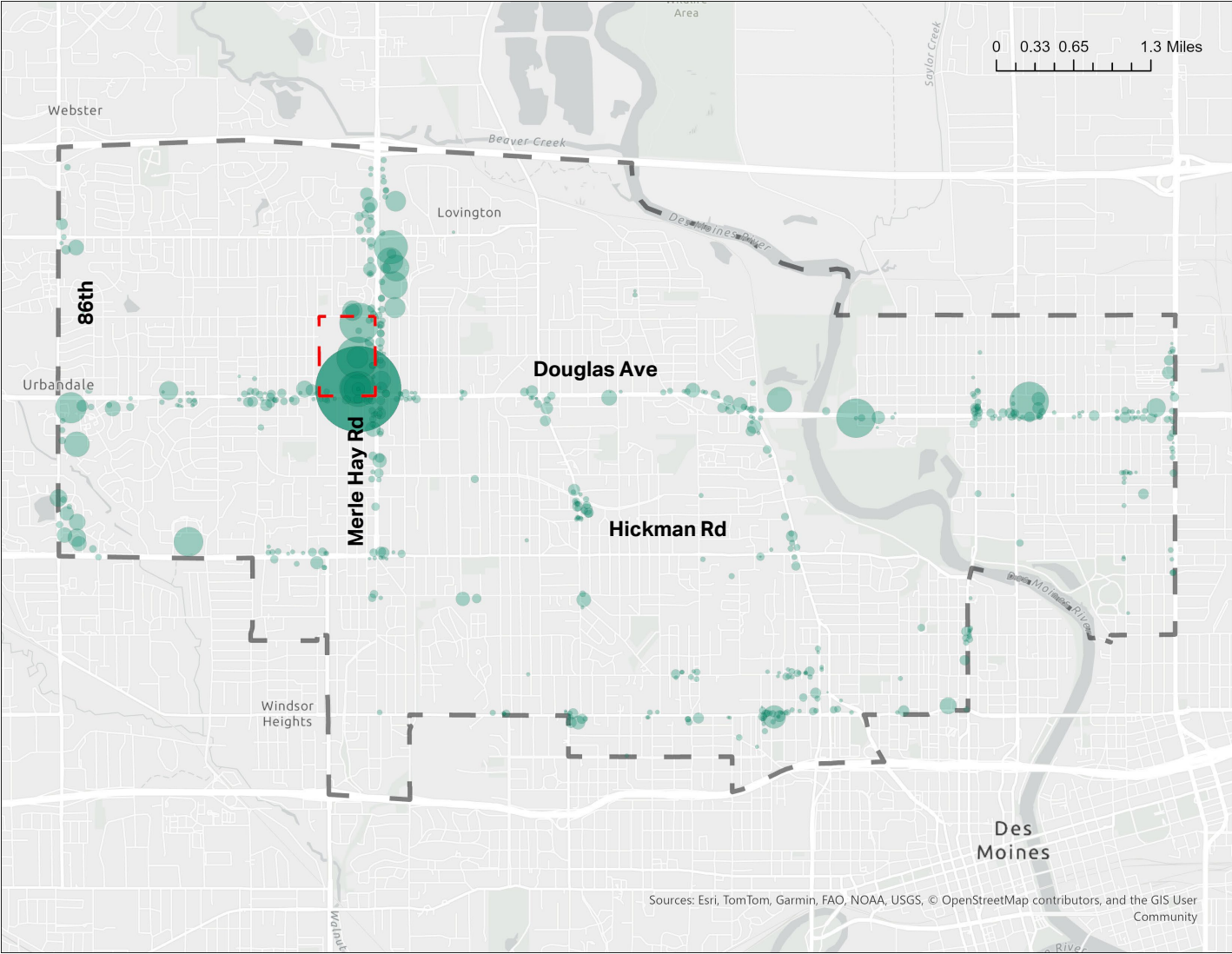
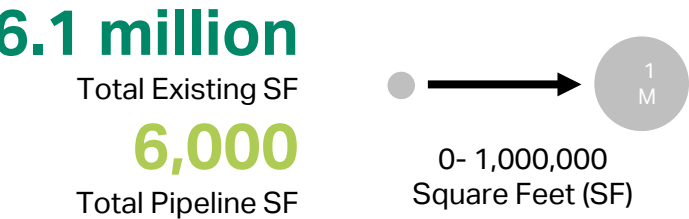
## Retail Market Supply

Sources: CoStar, AECOM

The Merle Hay Trade Area is home to more than 500 retail properties and 6.1 million square feet of retail space. In addition, CoStar shows one property in the pipeline accounting for 6,000 square feet that could be available in 2026. The map on the right illustrates the distribution of retail properties throughout the trade area, with circles sized according to the rentable square footage of the building. As shown, retail space is primarily concentrated along Douglas Ave and Merle Hay Rd, with secondary clusters along 86th, and Hickman Rd.

Retail (including restaurants, bars, and traditional retail stores) thrives in areas close to resident population density, employment density, student population density, tourism density, and other types of activity generators and demand drivers. In this case, resident population density is the primary driver of commercial retail demand, and population density/growth projections of the trade area influence the expected growth in retail sales for Merle Hay.

In the past five years there has been approximately 100,000 square feet of new retail space added. In addition, over the past five years there has been approximately 140,000 square feet of retail space renovated in the trade area, largely comprised of a 100,000 square foot self storage building located at 7501 Hickman.



# Real Estate Supply & Demand

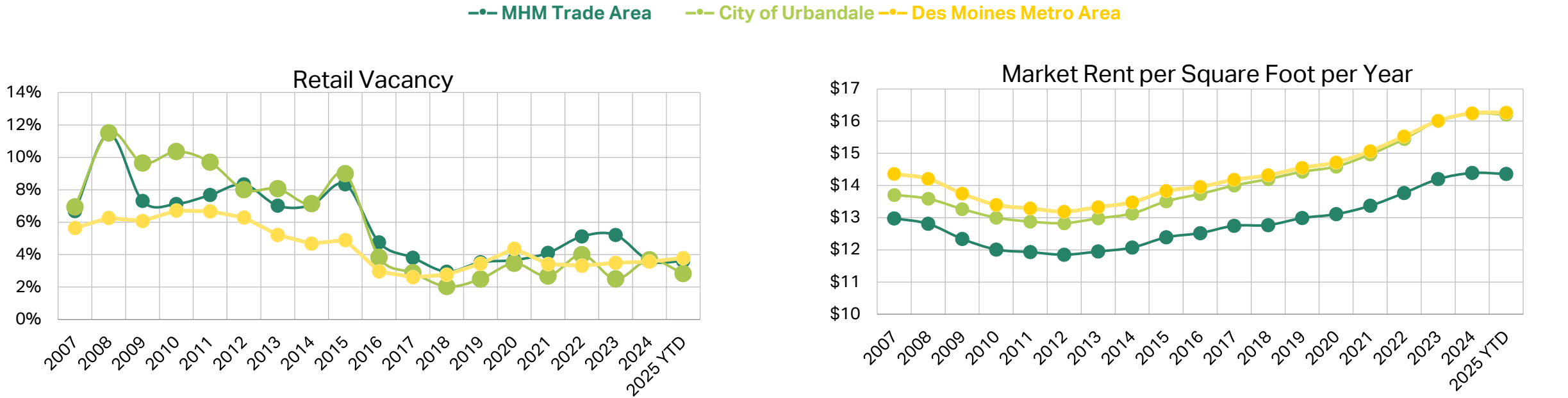
## Retail Market Conditions

Sources: CoStar, AECOM

Retail market trends within the Merle Hay Mall trade area are broadly consistent with both citywide and metro-wide benchmarks, particularly in terms of vacancy. Over the past decade, retail vacancy rates in the trade area have generally tracked both Urbandale and the Des Moines Metro Area, remaining at relatively healthy levels of around 4%.

However, retail rental rates within the trade area have consistently lagged behind citywide and metro-wide averages. While metro-wide rents have surpassed \$16 per square foot per year, rents in the trade area have remained closer to \$14 per square foot. This differential suggests that the Merle Hay Mall and surrounding retail corridors face challenges in commanding premium lease rates, likely due to an aging retail inventory, tenant mix, and relative positioning within the regional retail hierarchy. While vacancy has been down since 2023, rents have remained generally flat in the Merle Hay Mall Trade Area, indicating an increasing divergence between metro and statewide rents and the Merle Hay Mall trade area.

This market positioning underscores the importance of reinvestment and repositioning strategies particularly those that integrate new experiential and sports-driven programming to help narrow the rent gap and support long-term competitiveness in the local retail market



# Real Estate Supply & Demand

Sources: Placer.ai

## Merle Hay Mall Summary Key Anchors Overview

Anchored by major national retailers including Target and Kohl's, the mall serves a diverse customer base from both the City of Des Moines and surrounding regions such as Urbandale and Clive.

However, based on statewide performance metrics from Placer.AI, both anchor tenants at Merle Hay Mall rank lower than 50% of their respective chains across Iowa for visits. The Target store at Merle Hay ranks 16th out of 20 locations across the state, while Kohl's ranks 14th out of 18. The relatively lower rankings may reflect broader trends in customer spending patterns, nearby competition, or the current condition and tenant mix of the mall itself influencing dwell time.



**Target Visits Chain Rank 16/20 Statewide**



**Kohl's Visits Chain Rank 14/20 Statewide**



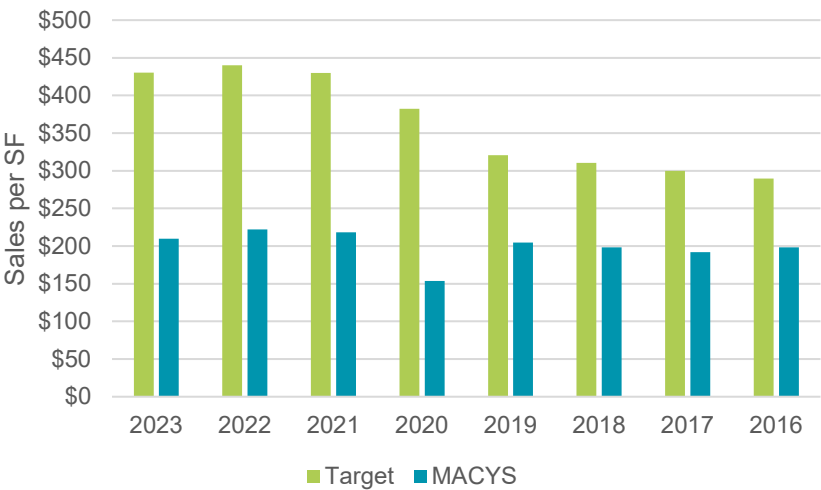
**Starbucks Visits Rank 13/56 Statewide**

# Commercial Retail Industry Trends

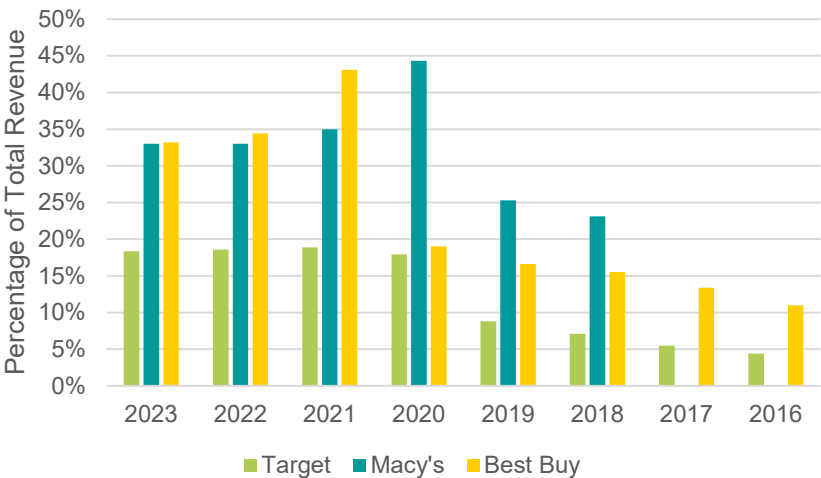
Broader insights regarding retail industry trends relevant to this effort include:

- Growth in e-commerce and omni-channel retail, to the extent that between 30% and 50% of all retail transactions are now initiated electronically, meaning that the line between e-commerce and brick and mortar retail has effectively blurred.
- Recent General Accounting Office (GAO) studies suggest that congressional action will be needed to resolve uncertainties over out-of-state sales tax payment as individual states have enacted a patchwork of rules following the 2018 Supreme Court decision.
- Covid accelerated the structural decline of department stores such as Sears and Kmart and increased pressure on the financial stability of suburban department store-anchored shopping malls.
- Consumer spending patterns in 2020-2022 shifted decisively away from services, entertainment, and experiences; trends suggest that households are beginning to pivot back.
- Amazon announced significant layoffs and delays to warehouse construction as the impact of Covid softened; by summer 2023, roughly 115 warehouse projects were closed, cancelled or delayed, according to the Wall Street Journal.
- Related economic ripple effects across the food industry continue to unfold, as evidenced by demand for meal delivery services and ghost kitchens (and practical concern over the viability of food delivery business models).

Sales per Square Foot, Retail + Warehouse Space



Online Transactions % By Retailer



Sources: Retailer Annual Reports

# Real Estate Supply & Demand

## Market Demand Forecasts

The figure below shows the trade area market demand and supply for key market segments across the Merle Hay Mall trade area. Retail categories represent a subset of the overall market, excluding categories such as Automotive Goods and Dealerships, Books and Music Stores, Electronic Shopping and Mail-Order Houses, Used Merchandise Stores, Other Miscellaneous Store Retailers, and Direct Selling Establishments.

There is a considerable amount of leakage in the market trade area accounting for approximately \$165,000,000 in retail sales annually as well as a significant draw to the trade area, accounting for approximately \$407,632,000, comprised almost entirely by grocery stores which are pulling sales into the trade area.

After adjusting for E-commerce sales of approximately 30% on the existing leakage, we estimate a realistic competitive leakage of approximately \$115,639,000. An assessment in the following slides includes a summary of each of the key segments to assess the opportunity to recapture the identified e-commerce adjusted leakage from the trade area.

**Merle Hay Mall True Trade Area Key Retail Segments Forecast Demand 50% of True Trade Area (Previous 12 months)**

Category	Current Demand From MHM Trade Area Households	Current Supply (Sales from MHM Trade Area Stores)	Current Leakage	Current Draw	Local Trade Area Leakage Adjusted for E- Commerce
Furniture & Home Furnishing Stores	\$ 30,350,000	\$ 11,157,000	\$ 19,193,000		\$ 13,435,000
Building Material and Lawn/Garden Equipment Stores	\$ 135,121,000	\$ 89,275,000	\$ 45,846,000		\$ 32,092,000
Grocery, Specialty Foods and Beer, Wine and Liquor	\$ 326,297,000	\$ 674,492,000		\$ (348,195,000)	\$ -
Health & Personal Care Stores	\$ 119,050,000	\$ 70,435,000	\$ 48,615,000		\$ 34,031,000
Department and Other General Merchandise Stores	\$ 227,853,000	\$ 287,290,000		\$ (59,437,000)	\$ -
Clothing , Shoes, Jewelry, Luggage and Leather Goods Stores	\$ 52,468,000	\$ 51,805,000	\$ 663,000		\$ 464,000
Electronics & Appliance Stores	\$ 21,857,000	\$ 17,631,000	\$ 4,226,000		\$ 2,958,000
Sporting Goods, Hobby, & Musical Instrument Stores	\$ 23,165,000	\$ 15,867,000	\$ 7,298,000		\$ 5,109,000
Miscellaneous Store Retailers	\$ 8,759,000	\$ 3,697,000	\$ 5,062,000		\$ 3,543,000
Restaurants and Bars/Drinking Places	\$ 198,928,000	\$ 164,633,000	\$ 34,295,000		\$ 24,007,000
Totals	\$ 1,143,848,000	\$ 1,386,282,000	\$ 165,198,000	\$ (407,632,000)	\$ 115,639,000

Note: Numbers have been rounded to the nearest hundred.

Source: AECOM Economic Consulting based on PlacerAi.

# Real Estate Supply & Demand

## Market Demand Forecasts – Key Retail Segment Recapture

Trade Area Pull factors were derived by using retail sales estimates for the Trade Area from 2018 -2024 and comparing these to county level retail sales, adjusted for income levels. The Trade Area is generally operating in equilibrium with a pull factor of just over 1, meaning that it attracts sales in line with its population. Three retail categories below a pull factor of 1 indicate that a significant amount of retail sales are leaving the trade area, leaking to other areas across Building Materials, Eating and Drinking and Home Furnishing.

Leveraging analysis of total leakage from page 25, the analysis points to the ability of a repositioned Merle Hay Mall to compete for approximately between **\$35,000,000 to \$70,000,000** in retail sales leakage. Within this overall range, our analysis of benchmark Mall projects argues for a more conservative increase in visitation of between 10-45% from baseline figures, in turn, driving an increase in retail sales of approximately \$35,000,000 over an absorption period of three years.

Merle Hay Mall Trade Area	2018	2019	2020	2021	2022	2023	2024
Apparel	1.30	1.53	1.20	1.56	1.04	1.27	1.50
Building Materials	0.78	0.86	0.78	0.63	0.60	0.67	0.77
Eating and Drinking	0.86	0.98	0.98	0.98	0.87	0.86	0.87
Food Dealers	6.73	6.50	8.13	5.48	8.26	5.68	5.23
General Merchandise	2.96	3.44	3.33	2.93	3.43	3.64	3.76
Home Furnishings	0.20	0.19	0.19	0.16	0.14	0.17	0.19
Miscellaneous	0.29	1.46	1.03	1.27	0.18	0.22	0.96
Trade Area Total	1.07	1.21	1.13	1.06	0.91	0.96	1.08

Source: AECOM Economic Consulting based on Revenue Iowa & US Census

# **Sports Visitation Estimates**

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# Sports Visitation

## Visitation Estimates - Assumptions

Visitation estimates for a repositioned Merle Hay Mall are based on assessment of trade area retail demand as well as sports attendance levels resulting from Drake Hockey and associated youth tournaments within the area, MASL soccer, 8 volleyball courts, community consumer events and concerts. Consequential renovations to the mall including major renovations or landing anchor tenants, as well as the construction of a modern sports venue to host hockey, soccer and local community-based events and conferences and supporting staff to manage the venue. Visitation figures from pickleball have not been included in this analysis, as they are included in the baseline for this analysis. Key assumptions on which our estimates are based on include:

- Drake Hockey is expected to hold 10 home games at the Merle Hay Mall arena. Based on our discussions with Drake University on historical attendance, as well as assessment of trends for other teams, we estimate a total of 2,000 to 4,000 visitors per year in a modern building. The per capita resident food and beverage resident spending is estimated at \$10/capita and \$135/capita for non-resident (overnight, excluding hotel).
- 4 youth hockey tournaments will be held per year, with a total of 8 teams per tournament and an average of 17 players per team. An average spectator per player of 2 equates to a total of approximately 424 visitors per event or a total annual visitation of 1,700 for youth hockey tournaments, of which 75% is expected to be from the local region. In addition, private ice time has been estimated at 150 days per annum with an estimated visitation of 100 people per event based on an assessment of visitation figures for free skate programs at comparable venues. The per capita resident food and beverage resident spending is estimated at \$10/capita and \$135/capita for non-resident (overnight, excluding hotel) spending.
- With MASL 1 soccer, 12 home games and 3 playoff games are estimated annually with an average of 15 players/team and 3 coaches/team. Based on assessment of MASL league historical attendance, 62 visitors per player are estimated, equating to roughly 2,230 visitors per event. Lower visitation numbers have been made for MASL 2 games. In addition, there is an expected 6 exhibition soccer matches to be held per year, with an expected visitation in line with MASL 2 estimates. On an annual basis there is expected to be approximately 49,700 visitors across all soccer events, of which 75% or 37,300 are expected to be local with the remaining 25% or 12,400 visitors travelling to the game beyond 50 miles. The per capita resident food and beverage spending is estimated at \$15/capita and \$150/capita for non-resident (overnight, excluding hotel) spending.
- An assessment of comparable volleyball leagues have been conducted to provide a rough framework for resident and tournament activity. We estimated potential for about 59,000 annual visitors from local weekday leagues and practices, and an additional 54,000 visitors resulting from a total of 15 weekend tournaments, of which 75% or approximately 40,500 are expected to be non-residents travelling to the tournament with the remaining 25% or 13,500 being local. The per capita resident food and beverage spending is estimated at \$10/capita and \$135/capita for non-resident (overnight, excluding hotel) spending.
- There is an estimated range of between 40-70 Community and Consumer Events and Concerts that may be held at the venue each year, with average attendance for these events averaging between 100-2,000 visits per event depending on the type of the event. We have estimated that a total of 12 concerts may occur with an average visitation of approximately 1,600 people and a total of 45 additional Community and Consumer Events will be held with an average visitation of approximately 400 people. The per capita resident food and beverage spending is estimated at \$15/capita and \$160/capita for non-resident (overnight, excluding hotel) spending for concerts and for Community and Consumer Events the per capita spend for residents is estimated at \$10/person and \$135/capita for non-residents (overnight, excluding hotel) spending. Our model assumes that these events will be sustained on an annual basis over the 20-year forecast period.
- Assumptions surrounding growth rates include straight-line growth in estimated retail sales after initial project absorption at 3% annually. While this is a standard assumption, our research into current expectations for forward-looking inflation from the Federal Reserve Banks of Cleveland and St Louis indicate a figure of approximately 2.5%.



# Sports Visitation

## Market Visitation Estimates – Sports Visitation

Based on the analysis, potential annual visitation has been summarized across key program areas for the proposed Merle Hay Mall redevelopment. Each category includes an estimate of total visits, further segmented by local and non-local origins. This distinction is crucial to understanding the broader economic impact with non-local visitors more likely to contribute to overnight stays, dining and retail spending. We have assumed the ability for the venue to transition between events over a half day period to allow for multiple event types (soccer, hockey, consumer shows and concerts) to be held over one weekend.

Category	Total Annual Visits	Total Annual Visits (Local)	Total Annual Visits (Non-Local)
MASL 1 and MASL 2 Regular Season + Playoffs	49,700	37,300	12,400
Volleyball	113,000	72,500	40,500
Drake Hockey Regular Season + Practices	4,000	3,700	300
Other Soccer Events (Exhibition Games)	6,500	4,900	1,600
Other Hockey Events (Youth Tournaments + Free Skate)	16,700	16,300	400
Other Community Events, Consumer Shows and Concerts	37,200	33,400	3,800
<b>Total <sup>1</sup></b>	<b>227,100</b>	<b>168,100</b>	<b>59,000</b>
<sup>1</sup> This analysis assumes that VenuWorks, as an experienced venue operator, will actively pursue opportunities to program the facility, including working with promoters and developing new events to maximize utilization of the space.			
Note: Figures are rounded to the nearest hundred.			
Source: AECOM			

# Sports Visitation

## Market Visitation Estimates – Sports Visitation Scenarios

A scenario analysis has been conducted to assess the range of potential outcomes associated with the sports visitation model. We are confident in our understanding of the core components of the sports visitation model, specifically MASL 1 and MASL 2 Soccer, Drake Hockey, and the Volleyball programming, as such we have kept these estimates consistent across each scenario. Alternative scenarios have been developed for the other components of the sports model, indented to fill slots within the programming throughout the week and during the weekends. This includes, other soccer events such as exhibition games, other hockey events such as youth tournaments and free skate and other community events such as concerts and consumer shows. To develop the range of outcomes we have provided low scenarios (-25% from baseline), medium scenarios (baseline) and high scenarios (+25% from baseline) indicating a range of potential visitation resulting from these programs.

Category	Total Annual Visits - Low Scenario	Total Annual Visits - Med Scenario	Total Annual Visits - High Scenario
MASL 1 and MASL 2 Regular Season + Playoffs	49,700	49,700	49,700
Volleyball	113,000	113,000	113,000
Drake Hockey Regular Season + Practices	4,000	4,000	4,000
Other Soccer Events (Exhibition Games)	4,900	6,500	8,100
Other Hockey Events (Youth Tournaments + Free Skate)	12,500	16,700	20,900
Other Community Events, Consumer Shows and Concerts	27,900	37,200	46,500
<b>Total <sup>1</sup></b>	<b>212,000</b>	<b>227,100</b>	<b>242,200</b>
<sup>1</sup> This analysis assumes that VenuWorks, as an experienced venue operator, will actively pursue opportunities to program the facility, including working with promoters and developing new events to maximize utilization of the space.			
Note: Figures are rounded to the nearest hundred.			
Source: AECOM			

# Incremental Sales Estimates

## Retail Sales Estimates

Using the assessed visitation figures and estimated per capita spending, AECOM has projected the total retail and sports-related spending associated with the Merle Hay Mall redevelopment over a 20-year forecast horizon based on the medium growth scenario of visits. The table illustrates the incremental increases in annual retail sales relative to the Q2 2021 to Q1 2022 baseline performance of the mall which is \$81,217,253. These projections reflect both new local and non-local spending driven by the redevelopment of the mall as well as the associated sports program. Sales tax revenue has been applied to the incremental retail sales figures, demonstrating the potential for the long-term fiscal contribution of the redevelopment to the local tax base. The findings indicate a total 20-year incremental sales tax figure of approximately \$64,000,000.

Importantly, the analysis presumes only straight-line growth in estimated retail sales after initial project absorption at 3% annually. Given the current condition of the mall, these estimates would be considered aggressive after year 10, as our experience would suggest that the mall would require additional reinvestment after 10 years of operations. While this is a standard assumption, our research into current assumption expectations for forward-looking inflation from the Federal Reserve Banks of Cleveland and St Louis indicate a range of approximately 2.5% is more likely.

Category	Year 3 <sup>1</sup> 2029	Year 20 2046	Cumulative 20- year Totals
Incremental Retail Sales	\$ 34,513,000	\$ 110,066,600	\$ 1,280,177,621
Incremental Sports Sales	\$ 11,068,000	\$ 23,978,400	\$ 320,759,363
Total Incremental Retail Sales	\$ 45,581,000	\$ 134,045,000	\$ 1,600,936,983
Sales Tax Figure (4%)	\$ 1,823,240	\$ 5,361,800	\$ 64,037,479
<sup>1</sup> Year 3 is stabilized			
Note: Incremental sales figures are rounded to the nearest thousand.			
Source: AECOM			

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better world





April 17, 2025

Iowa Economic Development Authority  
Attn: Director Deborah Durham  
1963 Bell Avenue  
Des Moines, IA 50315

Dear Director Durham:

The revitalization of Merle Hay Mall received a \$26,500,000 Iowa Reinvestment Act (IRA) allocation to provide incremental future sales and lodging taxes to help build a 3,500 seat arena and associated athletic facilities. For the IRA allocation to be useful for construction, the potential future payments must be brought forward through a debt instrument, anticipated to be a bond sold by the municipality.

The City of Urbandale has estimated the IRA award could yield bond proceeds of approximately \$16,000,000 - \$20,000,000 for the project if certain conditions and expectations are achieved. Those conditions and expectations include, and are generally expected to be completed in this order:

1. An amended IRA District Plan which maintains the full IRA allocation for the Merle Hay Reinvestment District as originally awarded and allows for all IRA proceeds to be used for the construction of the arena and athletic facilities.
2. Submitted complete redevelopment plan from Mall ownership for the development and operation of mall campus with planned athletic facilities and retail operations, including financial proformas for the total enterprise and component operations.
3. Equity investment and loan commitments from all other funding sources necessary to fully construct the arena, athletic facilities, hotel, and all necessary site improvements required by Urbandale through its land development approval process are confirmed in writing, with any conditions explained.
4. Documentation to substantiate plans and funding sources to construct 50,000 square feet of new retail uses in the IRA district with sales subject to Iowa sales taxes that exceed \$30,000,000 annually.
5. Documentation to substantiate leasing plans and funding sources for existing and new retailers in existing retail spaces inside Merle Hay Mall which generate retail sales subject to Iowa sales taxes greater than \$100,000,000 per year.





6. City commissions a retail sales study from an experienced retail industry consultant which verifies the anticipated sales from existing and new retailers in the IRA district conservatively meets the sales subject to sales taxes expectations herein.
7. An irrevocable letter of credit totaling \$3,000,000 from the Developer of the arena to be used to fulfill any shortfall in IRA receipts needed to make scheduled bond principal and interest payments. Developer will replenish the letter of credit back to \$3,000,000 for any year it is needed to meet the bond's principal and interest payments.
8. Commitments from the City of Des Moines and Polk County to share in paying any annual shortfall in IRA receipts needed to make scheduled bond principal and interest payments, after the Developer's letter of credit has been exhausted.
9. Completion of all standard due diligence and procedures regarding debt issuance, including an analysis by the City's financial advisor and impact of the potential issuance on the City's financial position and review of all financial statement of Developer's personal and corporate entities related to the Reinvestment District.
10. Approved Development Agreement with Mall ownership.

Sincerely,

A handwritten signature in blue ink that reads 'David Jones'. The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

David Jones  
City Manager



Office of the Mayor  
City of Des Moines  
400 Robert D. Ray Drive  
Des Moines, Iowa 50309



August 19, 2025

Director Debi Durham  
Iowa Economic Development Authority  
1963 Bell Avenue  
Des Moines, Iowa 50315

Dear Director Durham,

On behalf of the Des Moines City Council, I am writing to express our strong support for the proposed arena project at Merle Hay Mall and to underscore the critical importance of an Iowa Reinvestment Act award in helping to make this transformative project a reality.

Merle Hay Mall is a unique and valuable asset to our region. It is one of the few legacy malls in the country that has continually adapted and reinvented itself to meet changing economic demands. Rather than decline, it has evolved, preserving jobs, generating tax revenue, and maintaining its role as a vital hub for commerce and community life in the metro area.

Now, Merle Hay stands at a pivotal crossroads. The addition of a multi-use arena would mark the next chapter in its story of innovation and resilience. This project represents a major opportunity to preserve and expand the existing tax base, protect current jobs, and generate new employment in both construction and operations. Moreover, it will position the area as a regional destination, drawing increased tourism, new businesses, and sustained private investment.

The economic ripple effects of this project are significant. With the arena in place, we expect measurable growth in local spending, hotel stays, and entertainment traffic, all of which will contribute directly to state and local tax revenues. The City of Des Moines is proud to be working collaboratively with the City of Urbandale, Polk County, and private partners to bring this vision to life.

However, this momentum hinges on the support provided by the Iowa Reinvestment Act award. Without the full use of this critical funding tool, the financial feasibility of the project, and its many public benefits, will be jeopardized. Simply put, this is exactly the kind of bold, high-impact investment the Act was designed to support.



We respectfully urge your full support for this catalytic project. With the State's partnership, the Merle Hay Arena will not only reinvigorate a key corridor, it will deliver long-term economic returns for the entire region and the State of Iowa.

Thank you for your continued leadership and commitment to strengthening Iowa's communities.

Sincerely,

A handwritten signature in blue ink, reading "Connie Boesen", with a long, sweeping horizontal line extending to the right.

Connie Boesen

Mayor

City of Des Moines