

**CITY COUNCIL
COMMUNICATION:**

02-607

AGENDA:

NOVEMBER 18,
2002

SUBJECT:

PRELIMINARY
TERMS OF
AGREEMENT FOR
WAUSAU BENEFITS
PROJECT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM 38

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On the November 18, 2002 Council agenda are two roll calls regarding Wausau Benefits. The first is a roll call to accept and approve the preliminary terms of agreement with Wausau Benefits (Fred Moore, Chief Executive Officer, 115 West Wausau Avenue, P.O. Box 8046, Wausau, Wisconsin) to establish new operations in Des Moines. Also on the agenda is a roll call to approve a Community Economic Betterment Account (CEBA) application by the City of Des Moines on behalf of Wausau Benefits for this project.

Wausau Benefits has proposed the establishment of a client servicing center in Des Moines. This project will result in the creation of 100 new jobs within the next three years in the city of Des Moines.

Wausau Benefits is headquartered in Wausau, Wisconsin. The company administers benefits packages of self-funded customers. Wausau has negotiated the purchase of a book of business from Marsh, Inc. Wausau considers this purchase an opportunity to create a presence in Iowa, but could also service the clients from their Wausau or Tampa offices.

The City of Des Moines will provide a \$90,000 forgivable loan and a \$90,000 zero-percent interest loan. The loan will have a five-year term, and the first year's payment will be deferred. The funds would be dependent upon the creation of 100 jobs.

FISCAL IMPACT —

The proposed \$180,000 in economic development assistance will be funded from the City's Economic Development Enterprise Fund Account.

RECOMMENDATION —

Approve the preliminary terms of agreement between the City and Wausau Benefits, approve the CEBA application by the City of Des Moines on behalf of Wausau Benefits, and direct the City Manager to prepare a development agreement with Wausau Benefits based on preliminary terms of agreement as set forth in this communication.

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BACKGROUND —

Based on discussions with Wausau, preliminary terms of agreement have been reached. The following general points comprise the key features that will be defined in detail as part of a formal development agreement between the City and Wausau Benefits.

1. Wausau Benefits will add 100 employees to their payroll in the city of Des Moines and Polk County by December 2005.
2. Wausau Benefits will make a \$3,321,000 investment (mainly information technology infrastructure, building remodeling, and business acquisition) in its new facility in Riverpoint.
3. Wausau Benefits agrees to make an application for benefits under the CEBA program.
4. Wausau Benefits and the City agree that the State of Iowa approval of the CEBA application are conditions of the final development agreement.
5. The City of Des Moines will provide a \$90,000 forgivable loan and a \$90,000 zero-percent interest loan to Wausau Benefits. The loan will have a five-year term, and the first year's payment will be deferred. The funds are dependent upon the creation of 100 jobs.
6. To receive the economic development funding, Wausau Benefits must have substantially completed the remodeling of the office facility in Riverpoint. To maintain the status of the forgivable loan, the company must certify annually to:
 - Maintenance of the required employment levels.
 - That the project is insured against casualty loss.
7. Wausau Benefits must complete the project and comply with the terms of the development agreement to maintain the status of the forgivable loan. The 100 new positions must be maintained for a minimum of five years.
8. Wausau Benefits will have no duty to repay the \$90,000 forgivable loan if it fulfills its obligations under the development agreement and maintains the required employment level for a term of five years.
9. Other terms and conditions of the development loan, including loan securitization and penalty provisions, will be negotiated with Wausau Benefits and presented for Council approval.

