



Agenda Item:

37

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 04/25/2005

Communication

No.: 05-214

Agenda Item Type: Resolution

Roll Call No.: 05-

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Resolution Terminating Loan to American Tire, Inc.

SYNOPSIS—

Council is asked to terminate loan to American Tire, Inc. (J. Michael Gaither, President, American Tire Distributors, Inc., Huntersville, North Carolina).

FISCAL IMPACT—

The \$100,000 will be returned to the Enterprise Opportunities Account and used for other qualifying economic development projects.

RECOMMENDATION—

Approval

BACKGROUND—

On May 19, 2003 by Roll Call No. 03-1180, the City Council of the City of Des Moines, Iowa, approved a loan to American Tire Distributors, Inc. in the amount of \$100,000.

As a condition of the loan, American Tire Distributors agreed to the following conditions:

- Make a \$372,300 capital investment in its new facility at 3915 Delaware, and invest \$1,000,000 in working capital.
- Add 30 employees to the company's payroll in the City of Des Moines by December 2005.
- Apply for and receive benefits under the Iowa Department of Economic Development's Community Economic Betterment Account (CEBA) program.

American Tire has failed to respond to the City's repeated requests to return an executed loan agreement or a letter expressing American Tire's desire to draw down loan funds. No funds have been disbursed under this loan, so staff recommends terminating the loan at this time.