



**Council
Communication**
Office of the City Manager

Date

June 5, 2006

Agenda Item No. 33

Roll Call No. 06-

Communication No. 06-330

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Resolution approving an Economic Development Loan Agreement and CEBA Loan with Meredith Corporation.

SYNOPSIS:

City Council is asked to approve a \$140,000 City Economic Development Loan and \$300,000 State of Iowa CEBA Loan with Meredith Corporation (Suku V. Radia, Vice President and CFO, 1716 Locust Street Des Moines, IA 50309). This action authorizes execution of all related loan documents.

Meredith is expanding its Des Moines operations and adding 70 new jobs to its downtown campus. The average annual salary plus bonus is projected at \$65,000.

FISCAL IMPACT:

Amount: \$140,000 loan to be advanced in one installment. \$35,000 shall be forgiven on December 31, 2010 should Meredith fulfill all terms of the agreement and maintain the 70 new jobs. The remainder, \$105,000, will be repaid to the City in one lump sum by December 31, 2010. The loan will be secured by a blanket UCC-1 lien in favor of the City of Des Moines.

Funding Source: Operating Budget – Economic Development Enterprise Fund (CMO980717 SP743) – Page 310.

ADDITIONAL INFORMATION:

Meredith Corporation is expanding its operations with the purchase of four magazines (Parents, Child, Fitness and Family Circle). This acquisition makes Meredith the second-largest consumer magazine publisher in the United States and the leading publishing company serving women whose primary interests are their homes, their families and their personal development.

Due to the growth associated with purchasing these magazines, Meredith has the opportunity to expand their workforce in Des Moines by 54 employees (positions previously located in New York City). While

Meredith sees benefits to relocating the jobs to Des Moines, there are cost factors to be considered. The additional costs associated with relocating the positions include: moving expenses, business disruption costs, building renovation and new workstations and equipment. The new job creation in Des Moines will be complete in 2006.

Additionally, Meredith has engaged in a business expansion initiative that will create 16 new jobs in focusing on these areas:

- Launch of ¡Siempre Mujer!, a Spanish-language title focused on Hispanic women (2 Des Moines based jobs).
- An increased emphasis on selling magazines and books at retail (2 Des Moines based jobs).
- Expansion of an integrated marketing function to accommodate new business (1 Des Moines based job).
- Expansion of special interest publications business (2 Des Moines based jobs).
- Expansion of websites (1 Des Moines based job).
- Expansion of new business development activities (1 Des Moines based job).
- Image Center (7 Des Moines based jobs).

Associated with these initiatives are major equipment purchases Meredith will be making over the next three years. These will include items such as desktop computer purchases and upgrades, equipment necessary to operate additional web sites, and storage capacity to their digital asset management system to incorporate the images and content from the new titles.

PREVIOUS COUNCIL ACTION(S):

Date: July 18, 2005

Roll Call Number: 05-1735

Action: CEBA Loan Application to the State of Iowa and Preliminary Terms of Economic Development Loan to Meredith Corporation for assistance in adding 70 new jobs to their Des Moines office. (Council Communication No. 05-372) Moved by Kiernan to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

Date: NA

Roll Call Number: NA

Action: NA

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE