

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	August 27, 2012
	Agenda Item No.	25
	Roll Call No.	<u>12-1352</u>
	Communication No.	<u>12-460</u>
	Submitted by:	Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Approval of First Amendment to the Loan Agreement and Promissory Note between the City of Des Moines and American Healthways Services, Inc.

SYNOPSIS:

American Healthways Services is negotiating a 13 month extension to December 31, 2013, on the space it occupies (approx. 18,500 square feet) at 400 Locust (Capital Square), Suite 600, Des Moines. The extension will allow the company to complete its internal review of future staffing and space needs. The Company has asked that the Loan Agreement and Promissory Note dated January 7, 2008, with the City be amended to extend the Project Completion date and the Promissory Maturity date of August 31, 2012 to December 31, 2013 to coincide with the lease extension. During the extended time frame the company will complete its internal review of future staffing and space needs, and continue to work with City staff to accomplish its commitments under the Loan Agreement.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

By Roll Call No. 08-049, dated January 7, 2008, the City Council approved a Loan Agreement and Promissory Note with American Healthways Services, Inc providing financial assistance to establish an office in the downtown area. The agreement was based on the creation of at least sixty (60) full-time equivalent jobs with a starting wage of at least \$26.20 per hour, within two years of the agreement and maintaining those jobs through August 31, 2012. If the company met the job creation requirements and extended/renewed its lease in the downtown area for a second five (5) year term the loan would be converted to a forgivable loan. The agreement provided an additional incentive for job creation over the initial 60 jobs by providing an economic development grant to be advanced at the rate of \$2,000 per job for each additional job over the initial 60 jobs created within two (2) years of the agreement up to a maximum of \$80,000.

As of June 30, 2012, American Healthways Services employs in downtown Des Moines 72 full-time employees at an average wage of \$31.85 per hour, plus benefits at its leased space in Capital Square.

Of its employment, 58 positions meet or exceed the wage and benefit criteria (97% achievement rate) stipulated in the Loan Agreement dated January 2008. Based on the actual jobs created that meet or exceed the wage criteria, the company did not qualify for funding under the additional economic development grant.

PREVIOUS COUNCIL ACTION(S):

Date: January 7, 2008

Roll Call Number: [08-049](#)

Action: [Agreements](#) related to an Economic Development Forgivable Loan for \$120,000, an Economic Development Grant of up to \$80,000, a State of Iowa Community Economic Betterment Account (CEBA) Loan of \$150,000, and a CEBA Forgivable Loan of \$150,000 to American Healthways Services, Inc. ([Council Communication No. 08-009](#)). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: August 6, 2007

Roll Call Number: [07-1527](#)

Action: Application for Financial Assistance to the State of Iowa Department of Economic Development for a Community Economic Betterment Account (CEBA) loan Healthways and approving preliminary terms of an economic development loan of \$120,000. ([Council Communication No. 07-469](#)). Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Staff recommendation on final disposition of requirements contained in Loan Agreement.

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