

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 23, 2013
	Agenda Item No.	26
	Roll Call No.	[_____]
	Communication No.	<u>13-622</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approval of third amendment to the Loan Agreement and Promissory Note between the City of Des Moines and American Healthways Services, LLC.

SYNOPSIS:

American Healthways Services, 400 Locust, Suite 600, Des Moines, Iowa has extended its lease 12 months to December 31, 2014 on the 18,500 square foot space it occupies at Capital Square. The extension will allow the company to continue 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 December 31, 2013 to December 31, 2014 to coincide with the lease extension. Office of Economic Development staff are working with Healthways representatives regarding the company’s future plans in downtown Des Moines and recommends approval of the third amendment to 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 60 full-time equivalent jobs with a starting wage of at least \$26.20 per hour, within two (2) years of the agreement and maintaining those jobs through August 31, 2012. By Roll Call No. 12-1352, dated August 27, 2012, the Loan Agreement Project Completion Date was extended to December 31, 2013.

American Healthways Services employs 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. If the company meets the job creation requirements and extends its lease in the downtown area for a second five (5) year term the loan would be converted to a forgivable loan.

American Healthways Services, LLC, is a wholly owned subsidiary of Healthways, Inc. (NASDAQ: HWAY) with corporate offices located in Nashville, TN. Healthways, Inc. is a party to the City Loan Agreement and is the largest independent global provider of well-being improvement solutions. The company provides highly specific and personalized support from its team of healthcare experts to individuals to optimize each participant’s health, increase productivity and reduce health related costs. Healthways has scaled its proprietary technology infrastructure and delivery capabilities developed

over 30 years and now serve approximately 45 million people on four (4) continents. Healthways, Inc. and its subsidiaries, contracts services to Wellmark and administers the Iowa Blue Zones Project sponsored by Wellmark.

PREVIOUS COUNCIL ACTION(S):

Date: July 15, 2013

Roll Call Number: [13-1110](#)

Action: [Second](#) Amendment to the loan agreement with American Healthways Services, Inc. ([Council Communication No. 13-362](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: August 27, 2012

Roll Call Number: [12-1352](#)

Action: [First](#) Amendment to the Loan Agreement with American Healthways Services, Inc., to extend the project completion date and promissory maturity date to December 31, 2013, to coincide with their lease extension. ([Council Communication No. 12-460](#)) Moved by Meyer to adopt. Motion Carried 7-0.

Date: January 7, 2008

Roll Call Number: [08-0049](#)

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: NONE

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