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.....
Date..... October 22, 2007

**RECOMMENDING APPROVAL OF THE WELLMARK, INC. APPLICATION TO THE
IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT
FOR ENTERPRISE ZONE BENEFITS REGARDING A PROJECT IN THE
GATEWAY ENTERPRISE ZONE**

WHEREAS, on September 14, 1998 by Roll Call No. 98-2839, the Des Moines City Council established the nine-member Des Moines Enterprise Zone Commission (“Commission”), and on June 21, 1999 by Roll Call No. 99-2002, the City Council designated the Des Moines Gateway Enterprise Zone, which the State of Iowa subsequently certified, all pursuant to Iowa Code sections 15E.191-96 (2001); and

WHEREAS, the Commission’s authority is independent of the Council, and said Commission is required to review applications primarily for State tax incentives from qualified businesses or housing providers located within or requesting to locate within or develop housing within an enterprise zone in order to encourage new development, and to forward its recommendation to Iowa Department of Economic Development; and

WHEREAS, on January 28, 1999, the Commission adopted a requirement that as part of the application process for benefits in any State of Iowa Enterprise Zone located in Des Moines, businesses and developers must meet with the appropriate neighborhood group to obtain a recommendation on the project; and

WHEREAS, Wellmark, Inc. is a business requesting approval of its application for enterprise zone benefits regarding a project in the State of Iowa Gateway Enterprise Zone; and

WHEREAS, Wellmark, Inc. is proposing to invest approximately \$194.4 million to build a corporate headquarters along Grand Avenue between 11th and 14th Streets and intends to create 63 new jobs within the next three years and retain 1577 jobs downtown; and

WHEREAS, Wellmark, Inc.’s application appears to meet all of the requirements for enterprise zone benefits as described in the staff report herein referenced as Exhibit “A”; and

WHEREAS, the Downtown Des Moines Neighborhood Association will review the application prior to the Enterprise Zone Commission meeting; and

WHEREAS, Council is requested to recommend approval of Wellmark, Inc.’s application for enterprise zone benefits to the Des Moines Enterprise Zone Commission as well as to the Iowa Department of Economic Development, which administers the State of Iowa Enterprise Zone Program.

(Continued on Page 2)

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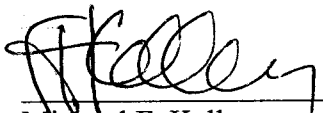
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that:

1. The staff report describing how Wellmark, Inc.'s application meets the requirements for enterprise zone benefits, herein referenced as Exhibit "A", is hereby accepted.
2. Wellmark, Inc.'s application is recommended for approval to the Des Moines Enterprise Zone Commission and to the Iowa Department of Economic Development.
3. The Office of Economic Development is directed to transmit a copy of this Roll Call to the Commission and to the Iowa Department of Economic Development and is directed to conduct project compliance monitoring.
4. Upon approval of the application by the Iowa Department of Economic Development, the Mayor is authorized to execute and the City Clerk is directed to attest to his signature any documents necessary for Wellmark, Inc. to receive enterprise zone benefits.

(Council Communication No. 07-623 Attached)

Moved by _____ to approve.

APPROVED AS TO FORM:



Michael F. Kelley
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				

MOTION CARRIED

APPROVED

.....
Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk

GATEWAY ENTERPRISE ZONE (EZ-3)
Staff Report Regarding Application for Benefits
(Commercial/Industrial Uses)

Applicant Name: Wellmark, Inc.

Project Location: Grand Avenue between 11th and 14th Street , Des Moines, Iowa

Project Summary:

Wellmark, Inc. is requesting approval of its application for State of Iowa enterprise zone benefits regarding a \$194.4 million project to construct a 500,000 square foot headquarters office and a 2,000 space parking ramp on a 6.5 acre site along Grand Avenue between 11th and 14th Streets in the Gateway Enterprise Zone. The company will create 63 new jobs and retain 1,577 jobs downtown.

Wellmark currently employs approximately 1,577 people in leased space in downtown Des Moines. With its proposed headquarters project, Wellmark anticipates the creation of 63 additional positions over a 3-year period. These new positions will include information technology, health management, sales and finance employees with wages ranging from \$25.64/hour to \$43.59/hour.

The City Manager's Office has negotiated preliminary terms of an economic development assistance package with Wellmark. The various components of the proposed assistance package are to be paid in 10 annual installments or less. This is a different strategy than has been employed with recent large corporate expansions in which assistance payments were provided in 20 annual installments. Total City financial assistance is estimated to be up to \$20.185 million.

Construction is scheduled to start spring 2008 with completion in late 2010.

Meets Statutory Requirements:

- 1. Business has not closed or substantially reduced its operation(s) in one area of Iowa and relocated into the Enterprise Zone.
- 2. Business is not retail or a business whose entrance is limited by a cover charge or membership requirement.
- 3. Business will provide all new "project" employees with one of the following:
 - a. 80% of medical and dental insurance, or
 - b. Monetarily equivalent plan as referenced in Item a.
- 4. Business will pay an average wage of \$15.29/hour for all new full-time project-related positions and no less than \$7.50/hour.

Average hourly wage for new positions: \$40.48/hour

- 5. Business is committed to creating a minimum of 10 full-time project-related positions in the enterprise zone within three years of the Iowa Department of Economic Development's approval of the application and will maintain them for at least 10 years.

Number of full-time positions to be created: 63 jobs within three years (1,577 jobs retained downtown)

GATEWAY ENTERPRISE ZONE (EZ-3)

**Staff Report Regarding Application for Benefits
(Commercial/Industrial Uses)**

- X 6. Business will invest a minimum of \$500,000 within three years of the Iowa Department of Economic Development's approval of the application (\$250,000 of appraised value of building and land may be counted toward capital investment requirement).

New Capital Investment for Purposes of Enterprise Zone Program:

<i>Land Acquisition</i>	\$ 16,900,000
<i>Site Prep</i>	\$ 5,000,000
<i>Building Construction</i>	\$ 149,000,000
<i>Total</i>	\$170,900,000

Wellmark will be eligible to receive an estimated \$17 million investment tax credit and sales tax refund estimated at \$2.85 million.

Meets Additional Requirements:

- X 1. Business has submitted a 10-year long-term strategic plan which includes labor and infrastructure needs. ***Provided but confidential.***
- X 2. Business has provided information explaining the economic benefits it will bring to the area. ***Provided but confidential.***
- X 3. Business has stated the impact its expansion will have on other Iowa businesses in competition with it. ***See application.***
- X 4. Business has provided an affidavit that it has not violated State or Federal environmental and worker safety statutes, rules or regulations within the last five years or that there were mitigating circumstances or that such violations did not affect the public health, safety or the environment seriously. ***See application.***
- X 6. Business has explained why Enterprise Zone benefits are needed in order for the project to proceed. ***See application.***
- X 7. Business has provided information regarding other financing sources the business will use. ***See application.***

Meets Commission Requirements:

- X The Des Moines Enterprise Zone Commission requires businesses expanding in the Gateway Enterprise Zone to meet with the neighborhood most closely located to the proposed project. The company will discuss the project with the Downtown Neighborhood Association (DNA) Board on November 6, 2007.

Recommendation:

Staff recommends approval of the application and submittal to the Des Moines Enterprise Zone Commission for consideration at its next meeting.