

★ Roll Call Number
12-0988

Agenda Item Number
39

Date June 25, 2012

**RESOLUTION APPROVING SETTLEMENT AGREEMENT
BETWEEN THE IOWA ECONOMIC DEVELOPMENT AUTHORITY
AND WELLMARK, INC.**

WHEREAS, on April 21, 2008, by Roll Call No. 08-715, the City Council approved an Urban Renewal Development Agreement with Wellmark, Inc., for the redevelopment of the three block area north of Grand Avenue between 11th and 14th Streets, for use as Wellmark's new corporate campus and home office facility; and,

WHEREAS, by such Roll Call the City further approved a Physical Infrastructure Assistance Program ("PIAP") Funding Agreement between Wellmark, Inc., the Iowa Department of Economic Development, now known as the Iowa Economic Development Authority ("IEDA"), and the City as the sponsoring Community, which provides for the award of a forgivable loan from IEDA to Wellmark in the amount of \$1 million to be used for physical infrastructure; and,

WHEREAS, the City was also the sponsoring Community for an award of up to \$9,000,000 in estimated Enterprise Zone Program ("EZP") tax credits by IEDA to Wellmark, Inc.; and,

WHEREAS, to receive the full amount of the PIAP Award and EZP tax credits Wellmark, Inc., was required to create and maintain 63 new jobs, and Wellmark has created only 53 new jobs; and,

WHEREAS, IDEA and Wellmark, Inc., propose to enter into a Settlement Agreement whereby Wellmark agrees:

- 1) To maintain the 53 new jobs for an additional two years for purposes of the PIAP Award;
- 2) To repay \$160,000 of the PIAP Award to IEDA;
- 3) To waive the right to any investment tax credits that are unclaimed as of February 29, 2012;
- 4) To cap the amount of the sales tax refunds to be received at \$3,070,000; and,
- 5) To impose a five year maintenance period for purposes of retaining all or a portion of the EZP tax credits; and

WHEREAS, the City of Des Moines has been asked to sign the Settlement Agreement as the sponsoring Community; and,

WHEREAS, Wellmark's failure to fully satisfy the new job creation requirements under its agreements with IEDA is not an event of default under its agreements with the City of Des Moines, but the amount of the future installments on the economic development grant payable by the City to Wellmark is based in part upon the number of jobs actually maintained at Wellmark's corporate campus.

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NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the Settlement Agreement between the Iowa Economic Development Authority and Wellmark Inc., dated as of February 17, 2012, is hereby approved, and the Mayor is hereby authorized and directed to sign such Agreement on behalf of the City of Des Moines.

MOVED by _____ to adopt.

FORM APPROVED:



Roger K. Brown

Assistant City Attorney

C:\Rog\Eco Dev\Wellmark\Admin\2012 Actions\RC Approve IEDA Settlement Agr.doc

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
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