CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval to execute Amendment to Economic Development Assistance Contract Between Microsoft Corporation, The Iowa Economic Development Authority, and the City of West Des Moines

DATE: January 7, 2019

RESOLUTION: Approval of Amendment to the Economic Development Assistance Contract

FINANCIAL IMPACT: No financial impact anticipated at this time.

BACKGROUND: On July 11, 2016, the City Council approved the submission of a High Quality Job Program (HQJP) application to the State of Iowa on behalf of Microsoft Corporation ("Project Osmium" at the time of consideration). On November 14, 2016, the City Council approved a development agreement with Microsoft whereby the City committed to provide infrastructure improvements to meet the local match requirement of the Economic Development Assistance contract. On November 28, 2016, the City Council approved the Economic Development Assistance contract between the City, Iowa Economic Development Authority, and Microsoft Corporation.

This amendment of the original contract is necessary to update the completion date and the associated employment obligations.

OUTSTANDING ISSUES: There are no outstanding issues.

RECOMMENDATION: Adopt the resolution approving the Amendment of the State Economic Development Assistance contract and authorizing the Mayor to sign the Contract on behalf of the City.

Lead Staff Member: Katie Hernandez, Business Development Coordinator, Community & Economic Development KH

STAFF REVIEWS

Department Director	Clyde Evans, Community and Economic Development Director CE
Appropriations/Finance	Tim Stiles, Finance Director
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In		
Date(s) Published		
Letter sent to surrounding property owners	N/A	

SUBCOMMITTEE REVIEW (if applicable)

Committee	Finance & Administration		
Date Reviewed	12/12/2018		
Recommendation	Yes ☒	No ☐	Split ☐

ATTACHMENTS:

Exhibit I - Amended Economic Development Assistance Contract
Exhibit II - Resolution

EXHIBIT I

CONTRACT AMENDMENT

RECIPIENT. **Microsoft Corporation**
CONTRACT NUMBER. **17-TC-005**
AMENDMENT NUMBER: **One**
MICROSOFT PROJECT NUMBER: **DM9**
EFFECTIVE DATES:

THIS CONTRACT AMENDMENT is made by and between the **IOWA ECONOMIC DEVELOPMENT AUTHORITY** (hereafter "**IEDA**"), 200 East Grand Avenue, Des Moines, Iowa 50309, an agency of the State of Iowa, **Microsoft Corporation** ("**Recipient**"), One Microsoft Way, Redmond, WA 98052, and the **City of West Des Moines** ("**Community**"), 4200 Mills Civic Parkway, PO Box 65320, West Des Moines, IA 50265.

WHEREAS, the **Recipient** requested an extension of the Project Completion Date,

WHEREAS, the **IEDA BOARD** approved this request, effective as of November 16, 2018.

NOW, THEREFORE, the Contract referenced above is amended as follows:

1. **REVISION OF JOB OBLIGATIONS (EXHIBIT D).** Exhibit D is hereby amended to reflect the amended Project Completion Date. Details of the changes are reflected in the attached revised Exhibit D which is hereby incorporated by this reference and made part of this Contract Amendment.

Except as otherwise revised above, the terms, provisions, and conditions of Contract Number **17-TC-005** and related exhibits shall remain unchanged and are in full force and effect:

FOR RECIPIENT:

Maureen Simington

SIGNATURE

MAUREEN SIMINGTON
GEN. MANAGER

PRINT/TYPE NAME, TITLE

07 DEC 2018

Date

FOR IEDA:

Deborah V. Durham, Director

Date

FOR THE COMMUNITY:

SIGNATURE

PRINT/TYPE NAME, TITLE

Date

EXHIBIT D – JOB OBLIGATIONS
Amended November 2018

Recipient: Microsoft Corporation
Community: City of West Des Moines
Contract Number: 17-TC-005

This Project has been awarded Project Completion Assistance and Tax Incentives from the High Quality Jobs Program (HQJP) – Tax Credit Component. The chart below outline the contractual job obligations related to this Project.

Data in the "Employment Base" column has been verified by IEDA and reflects the employment characteristics of the facility receiving funding before this award was made. Jobs to be retained as a part of this Project must be included in these calculations.

Data in the "Jobs To Be Created" column outlines the new full-time jobs (including their wage characteristics) that must be added to the employment base and, if applicable, statewide employment base as a result of this award.

At the Project Completion Date and through the Maintenance Period Completion Date, the Recipient must achieve, at a minimum, the numbers found in the "Total Job Obligations" column.

HQJP JOB OBLIGATIONS Project Completion Date. ~~July 31, 2020~~ July 1, 2021 Maintenance Period Completion Date: ~~July 31, 2022~~ July 1, 2023	Employment Base	Jobs To Be Created	Total Job Obligations
Total employment at project location	212	57	269
Average wage of total employment at project location	$24 35		
Qualifying Laborshed Wage threshold requirement (per hr)	$27 92 (120%)		
Number of jobs at or above qualifying wage	46	11	57
Average Wage of jobs at or above qualifying wage	$34 03		

Notes re: Job Obligations

1. When determining the number of jobs at or above the qualifying wage, wages will include only the regular hourly rate that serves as the base level of compensation. The wage will not include nonregular forms of compensation such as bonuses, unusual overtime pay, commissions, stock options, pension, retirement or death benefits, unemployment benefits or other insurance, or other fringe benefits.

2. Employment Base includes 0 "Retained Jobs"

   If the Recipient uses or proposes to use a non-standard work week (8 hours a day, 5 days a week, 52 weeks a year including holidays, vacation and other paid leave), check the box below and describe that alternative schedule. The alternative schedule must meet the requirements of 261 IAC 173 2 If the box is not checked or if no alternative schedule is provided, IEDA will consider "*Full-time Equivalent (FTE) Job*" to mean the employment of one person for 8 hours per day for a 5-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave.

   ○ The Recipient shall use an alternative work week for purposes of its employees described in the Contract. The alternative work week is as follows: [description].

Sufficient Benefits Deductible Requirements

All Created Jobs (whether it is direct hire by Recipient or whether the position is hired through vendor resources) shall have Sufficient Benefits with a maximum deductible of $1,250 for single coverage or $2,500 for family coverage

EXHIBIT II

Prepared by: K. Hernandez, City of West Des Moines Community and Economic Dev. PO Box 65320, WDM, IA 50265-0320 515-273-0770
When Recorded Return to: City Clerk, City of West Des Moines, 4200 Mills Civic Parkway, PO Box 65320, West Des Moines, IA 50265-0320

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA, AUTHORIZING THE MAYOR TO SIGN THE AMENDMENT TO ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT WITH MICROSOFT CORPORATION AND THE IOWA ECONOMIC DEVELOPMENT AUTHORITY (IEDA) FOR ASSISTANCE UNDER THE HIGH QUALITY JOBS PROGRAM (HQJP)

WHEREAS, Microsoft Corporation, proposes to locate their operations within the City of West Des Moines; and

WHEREAS, on July 11, 2016, the City Council of the City of West Des Moines, directed staff to file a formal application with the IEDA for financial assistance in support of Microsoft Corporation within West Des Moines, Iowa; and

WHEREAS, by way of a Development Agreement with Microsoft Corporation, the City agreed to offer incentives in the form of public infrastructure to meet the local match requirements for the IEDA's High Quality Jobs Program; and

WHEREAS, due to a delay in construction schedule, it is necessary for Microsoft to amend their Economic Development Assistance contract with the State of Iowa and the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA THAT the Mayor is authorized to sign the Amendment to the IEDA Economic Development Assistance Contract on behalf of the City.

PASSED AND ADOPTED this 7th day of January, 2019.

_____
Steven K. Gaer, Mayor

Attest:

_____

Ryan T. Jacobson, City Clerk