



Agenda Item:

46

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 7/26/04
04-382

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard A. Clark, Deputy City Manager, Office of Economic Development

SUBJECT—

Approval of state of Iowa Community Economic Betterment Account (CEBA) Award Contract with Protocol Driven Healthcare, Inc.

SYNOPSIS—

On March 8, 2004, by Roll Call 04-500 the City Council gave preliminary approval to terms of an economic development project with Protocol Driven Healthcare, Inc. (PDHI) (Jennifer Jolley, President, 75 Claremont Road, Bernardsville, NJ 07924), which included a submission of an application for financial assistance to the Iowa Department of Economic Development. The state has approved their financial assistance and is presenting the CEBA Contract for approval and execution by the City and PDHI.

FISCAL IMPACT—

None from the state of Iowa CEBA award. The City economic development forgivable loan for \$102,000 will be funded from the Economic Development Enterprise Account and reimbursed through Tax Increment Finance (TIF) funds.

RECOMMENDATION—

Approval

BACKGROUND—

Protocol Driven Healthcare, Inc. is proceeding with a plan to relocate a substantial portion of its operations from New Jersey to Des Moines. PDHI has been in operation for 6 years and is seeking a lower cost and higher quality of life location for its rapidly growing business. PDHI's employment in Des Moines is projected at 5 employees in Year 1 and growing to over 51 employees after 4 years. The average annual wage is estimated to exceed \$60,000.

The state of Iowa CEBA award is comprised of a \$200,000 zero interest loan to be repaid over 5 years, a forgivable loan for \$120,000, and an \$800,000 investment in the company to be repaid upon the earliest of (a) August 1, 2009, (b) the closing of a firmly underwritten initial public offering (IPO) or (c) a sale of all or substantially all of Protocol Driven Healthcare's business or business assets.

The City's economic development agreement is in final drafting and will be presented to City Council for approval in August 2004.