



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/28/05

05-144

Agenda Item Type: Resolution

Communication No.:

Roll Call No.:

Submitted by: Richard A. Clark

SUBJECT—

Resolution approving an amendment to the economic development loan with Protocol Driven Healthcare, Inc. (PDHI).

SYNOPSIS—

On November 22, 2004, by Roll Call No. 04-2529, Council approved final terms of a \$102,000 economic development loan with Protocol Driven Healthcare, Inc. (PDHI) (75 Claremont Road, Bernardsville, NJ 07924, Jennifer Jolley, President). Both parties have executed the Loan Agreement.

This action approves an Amendment to the Loan Agreement. The Agreement defined PDHI's Leased Premises as 218 6th Street, Des Moines, Iowa. PDHI was unsuccessful negotiating a lease for this space and has requested an Amendment to the Agreement to allow them to pursue a sublease at 601 E. Locust Street, Des Moines, Iowa.

FISCAL IMPACT—

There is no fiscal impact associated with the Amendment.

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.

Protocol Driven Healthcare, Inc. develops and sells web-based software applications to pharmaceutical manufacturers and health benefit providers that enable cost-effective medical management solutions. PDHI's solutions are used to deliver patient registries, consumer directed health and disease management programs, and treatment compliance initiatives.

On November 3, 2003, by Roll Call 03-2491, Council approved an economic development loan to GCommerce, Inc. GCommerce and PDHI are "cousin" companies. Both companies share a common venture capital investor, Acuity Ventures, LLC. The Amendment will allow PDHI to sublease space from GCommerce while both companies are ramping-up their Des Moines operations.

Another Acuity Ventures-sponsored company, BayTSP, also will sublease space at 601 E. Locust. The City Council approved the final terms of an economic development loan with BayTSP on March 7, 2005, by Roll Call No. 05-559. Allowing these companies to cluster in one location will present many operational advantages as they spread overhead expenses and rapidly add employees. These businesses will seek expansion space elsewhere within the Metro Center Urban Renewal Area as they mature and outgrow their subleased space.