

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> December 17, 2012
	<b>Agenda Item No.</b> 32 <b>Roll Call No.</b> <u>12-1943</u> <b>Communication No.</b> <u>12-626</u> <b>Submitted by:</b> <b>Matthew A. Anderson,</b> <b>Assistant City Manager</b>

**AGENDA HEADING:**

Resolution Approving the Second Amendment to the Economic Development Loan Agreement 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 PDHI (75 Claremont Road, Bernardsville, New Jersey 07924, Jennifer Jolley, President).

PDHI is not currently compliant with the terms of the City Economic Development Agreement. The company has, however, reached a point in the company’s growth where it is able to repay the City debt if the loan terms can be modified. Office of Economic Development staff working with PDHI has negotiated and recommends the following payment schedule: 42 monthly payments, of \$2,200 with the first payment due within 10 days of the amendment approval and with all payments applied to the outstanding loan balance of \$102,000. Upon the timely receipt of the 42 payments of \$2,200, and PDHI maintaining its Des Moines office and current employment levels during the 42 month period, the city would forgive a remaining balance of \$9,600.

**FISCAL IMPACT:**

Amount: \$102,000 to repay in 42 monthly installments of \$2,200 for a total of \$92,400. If the payments are made on a timely basis and the Des Moines office and employment are maintained over the 42 month period, the City will forgive the remaining balance of \$9,600.

Funding Source: N/A

**ADDITIONAL INFORMATION:**

Protocol Driven Healthcare is a software-as-a-service (SaaS) and data analytics company that develops and distributes the ConXus® Platform for delivering workplace wellness programs. The ConXus Platform is used by employees, health coaches, and program administrators. PDHI clients include hospitals, health plans, benefit administrators, and large employers. PDHI has offices in both Bernardsville, NJ and Des Moines, IA (since 2004).

Beginning in 2004, Protocol Driven Healthcare, Inc. was to proceed with a plan to relocate a substantial portion of its operations from New Jersey to Des Moines. At that time, PDHI had been in operation for six (6) years and was seeking a lower cost and higher quality of life location for its

rapidly growing business. PDHI's employment in Des Moines was projected at five (5) employees in Year one (1) and growing to over 51 employees after four (4) years. Due to various changing market conditions, PDHI did not continue to grow as originally projected. The Company presently has a total of 14 full time and 2 part time employees, of which 4 full-time and one part time employee are located in the Des Moines office at 600 East Court Avenue. PDHI continues to host its production environment with Lightedge Solutions' data center and obtains business support services from the Des Moines area offices of McGaldrey LLP (accounting and tax), Bradshaw, Fowler, Proctor & Fairgrave, P.C. (legal) and Mail Services LLC (document printing and mailing).

Recently, PDHI requested the City accept in settlement of its economic development loan obligation a 25% reduction, to \$76,500 to be paid in 42 monthly installments with a two percent (2%) annual rate of interest. PDHI recently entered into a settlement agreement with the Iowa Economic Development Authority on the State of Iowa's economic development loan of \$320,000 where 80% of the balance or \$256,000 is to be paid in 48 monthly installments with a two (2%) percent annual rate of interest. Office of Economic Development staff are recommending the terms that have been negotiated with PDHI that allows the City to be repaid \$92,400 or about 91% of the original loan balance, and to seek full repayment of the \$102,000 if the company does not make in a timely manner the agreed upon 42 monthly installments, or reduces its current local employment base in Des Moines.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: March 28, 2005

Roll Call Number: 05-730

Action: Amendment to the Economic Development Loan with Protocol Driven Healthcare, Inc. (PDHI). (Council Communication No. 05-144) Moved by Hensley to approve. Motion Carried 7-0.

Date: November 22, 2004

Roll Call Number: 04-2529

Action: Economic Development Loan Agreement with Protocol Driven Healthcare, Inc. to assist with relocation. (Council Communication No. 04-590) Moved by Vlassis to approve. Motion Carried 7-0.

Date: July 26, 2004

Roll Call Number: 04-1581

Action: State of Iowa Community Economic Betterment Account (CEBA) Award Contract with Protocol Driven Healthcare, Inc. (Council Communication No. 04-382) Moved Vlassis to approve. Motion Carried 7-0.

Date: March 8, 2004

Roll Call Number: 04-500

Action: Regarding proposed economic development loan to Protocol Driven Healthcare, Inc. (Jennifer Jolley, President, Bernardsville, NJ). (Council Communication No. 04-130) Moved by Overman to approve

the preliminary loan terms and to authorize the City Manger to negotiate the final terms of agreement with Protocol Driven Healthcare, Inc. Motion Carried 5-0-2.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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