

## COUNCIL ACTION FORM

**SUBJECT: ENDORSEMENT OF IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT APPLICATION FOR FINANCIAL ASSISTANCE FOR HIPRA, USA, LLC WITH LOCAL MATCH IN THE FORM OF A \$148,500 FORGIVABLE LOAN**

### **BACKGROUND:**

HIPRA, USA, LLC (HIPRA) is the U.S. subsidiary of Laboratorios Hipra, SA, a well-established international veterinary pharmaceutical company based in Spain. HIPRA currently has a small market presence in the U.S. but is in the process of obtaining licenses from the USDA to market products in this country. As part of their expansion into the U.S. market, HIPRA has applied for economic development assistance with the Iowa Department of Economic Development (IDED). This is part of a project to base the company's U.S. operations at the ISU Research Park. The company will be manufacturing and marketing a well-established business line of veterinary pharmaceutical and diagnostic products. The project will include a new building and is expected to add 75 new jobs in Ames. Total investment expected for the project is well over \$90 million, including a \$475,000 forgivable loan from IDED as well as various other credits and incentives.

ISED will review HIPRA's application for assistance later this month. The local match from the City will be contingent upon IDED assistance and future approvals by the City Council. For the IDED to continue consideration of this project, the City Council must adopt a resolution supporting the submittal of the HIPRA application for IDED assistance. **If Council supports the application for assistance, the local match for the project will be a \$148,500 forgivable loan to be funded with \$74,250 from the City of Ames (from available balance in the Economic Development fund) and \$74,250 from the Ames Economic Development Commission (AEDC).** The AEDC Board has already authorized their commitment to the local match.

### **ALTERNATIVES:**

1. Adopt a resolution supporting the submittal of an application from HIPRA, USA, LLC, requesting economic development assistance from IDED with local match to be provided in the form of a forgivable loan in the amount of \$148,500 (\$74,250 from the City of Ames from available balance in the Economic Development fund and \$74,250 from the Ames Economic Development Commission).
2. Do not adopt a resolution of support for HIPRA's application.

**MANAGER'S RECOMMENDED ACTION:**

The ability to attract an internationally known veterinary pharmaceutical company to establish their United States headquarters is outstanding news for our community. In keeping with the Council's goal to promote economic development, this project will expand the number of quality jobs and property tax base within our city. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.