



To: Mayor and City Council

From: Steven L. Schainker, City Manager

Date: November 13, 2018

Subject: Agreement To Approve The Relocation Of Automed To The City Of Huxley

Currently, Automed, an automatic vaccination medication system company, is located in the Start-Up Factory at the Iowa State University Research Park. This company has evolved to the point where they are in need of larger manufacturing space. The company has identified a building that meets their expansion needs in Huxley near the intersection of Highway 35 and Highway 210. The Huxley City Council is prepared to create an Urban Renewal Area and offer a Tax Increment Financing incentive to attract Automed to their community.

In order to prevent cities from attracting companies from other Iowa cities, a new State law was passed. Section 403.19 of the Iowa Code now requires both the Ames and Huxley to approve Automed's proposed relocation as well as the use of the TIF incentive.

From the inception of the Iowa State Research Park it has been agreed that it is not possible or appropriate for all companies leaving the Park to locate within the City of Ames. The Research Park is an asset for all of Iowa, and as such should fuel the economy throughout the state. In this case the company will be relocating to another city in Story County and, consequently, Ames will continue to benefit after the relocation.

Therefore, it is my recommendation that the City Council authorize the Mayor to sign the attached agreement which supports the relocation of Automed to the City of Huxley and the use of their intended incentive.

JOINT AGREEMENT

THIS AGREEMENT is entered into between the City of Huxley, Iowa and the City of Ames, Iowa as of the ____ day of _____, 2018 (the “Commencement Date”).

WHEREAS, the City of Huxley, Iowa (“Huxley”) has established the Huxley Urban Renewal Area (the “Urban Renewal Area”) pursuant to Chapter 403 of the Code of Iowa; and

WHEREAS, Huxley has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection (the “Incremental Property Tax Revenues”) may be irrevocably pledged by Huxley for the payment of the principal of and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, automed, Inc. (the “Company”) is an automatic vaccination medication system company which has been headquartered at and operated its business from certain leasehold premises (the “Ames Premises”) in the City of Ames, Iowa (“Ames”); and

WHEREAS, the Company is leaving the Ames Premises, will cease its operations there, and will relocate its operations to certain premises (the “Huxley Premises”) in the Blue Sky Commons Business Park in Huxley; and

WHEREAS, the Huxley Premises are situated in the Urban Renewal Area and the Company has requested that the City provide tax increment financing support to their development of the Huxley Premises.; and

WHEREAS, the movement of the Company’s operations from the Ames Premises to the Huxley Premises meets the definition of a “relocation” under Section 403.19.9(b) of the Code of Iowa; and

WHEREAS, in accordance with Section 403.19.9(a) of the Code of Iowa, Incremental Property Tax Revenues in the Urban Renewal Tax Revenue Fund cannot be expended or otherwise used by Huxley in connection with the Company’s development of the Huxley Premises unless Huxley and Ames enter into a written agreement concerning the Company’s relocation;

NOW, THEREFORE, it is agreed by the City of Ames, Iowa and the City of Huxley, Iowa, as follows:

Section 1. Ames hereby consents to: (1) the relocation of the Company from the Ames Premises to the Huxley Premises; and (2) the use by Huxley of Incremental Property Tax Revenues to support the Company’s development of the Huxley Premises.

Section 2. This Agreement is intended to meet the statutory requirements of Section 403.19.9(a)(1) of the Code of Iowa and shall be immediately effective on the Commencement Date following approval by the governing bodies, and execution by the appropriate officials, of Huxley and Ames.

The City of Ames, Iowa and the City of Huxley, Iowa have caused this Agreement to be signed in their names and on their behalf by their duly authorized officers, all as of the Commencement Date.

CITY OF AMES, IOWA

By _____
Mayor

Attest:

City Clerk

Date: _____

CITY OF HUXLEY, IOWA

By _____
Mayor

Attest:

City Clerk

Date: _____