

**COUNCIL ACTION FORM**

**SUBJECT: FORGIVABLE LOAN AGREEMENT WITH BOEHRINGER INGELHEIM VETMEDICA, INC.**

**BACKGROUND:**

Boehringer Ingelheim Vetmedica, Inc. (BIVI) is one of the world's leading pharmaceutical companies with operations in several locations in the United States. With the acquisition of Fort Dodge Animal Health, BIVI is expanding Iowa-based operations including the BIVI Health Management Center located in the ISU Research Park. The company will be expanding a well-established business line retaining 41 jobs in Ames and creating an additional 15 jobs with an average annual salary of \$78,800. The overall project also includes expansion of existing facilities in Fort Dodge and Sioux Center. The project will require no infrastructure investment in Ames, and expanded operations will be located in additional leased space at the ISU Research Park. It should be noted that the original application by BIVI included the addition of 20 jobs in Ames. As the project planning progressed, BIVI adjusted the employment number down to 15 new jobs while retaining the 41 current positions.

On November 16, 2010, the City Council adopted a resolution supporting the submittal of the BIVI application for Iowa Department of Economic Development (IDED) assistance and a local match for the project in the form of a \$61,000 forgivable loan. Approval of the local match was contingent upon approval of the application for assistance by IDED. The application for assistance has been approved by IDED and terms have been agreed upon for the forgivable loan.

**ALTERNATIVES:**

1. Adopt a resolution approving a forgivable loan agreement with Boehringer Ingelheim Vetmedica, Inc. in the amount of \$61,000 as the local match for state economic development assistance.
2. Deny approval of the agreement and direct staff to continue working on agreement terms.

**MANAGER'S RECOMMENDED ACTION:**

The proposed project has the potential to provide expansion of quality jobs and property tax base within the City without additional public infrastructure.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby adopting a resolution approving a forgivable loan agreement with Boehringer Ingelheim Vetmedica, Inc. in the amount of \$61,000 as the local match for state economic development assistance.

Funding for the forgivable loan will come from the Community Investment Fund which was created to provide incentives for companies that create jobs in the City. It should also be noted that the contract with BIVI has been structured so that failure to create the number of promised jobs could result in company being required to pay the City the full principle amount plus interest in the amount of twice the prime interest rate.