

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF SETTLEMENT AGREEMENT AND CONTRACT MODIFICATION FOR ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE WITH THE IOWA ECONOMIC DEVELOPMENT AUTHORITY AND BOEHRINGER INGELHEIM VETMEDICA, INC. AND THE CITIES OF AMES, FORT DODGE, AND SIOUX CENTER

BACKGROUND:

In July 2011, Council approved and entered into an economic development assistance agreement with Boehringer Ingelheim Vetmedica, Inc. (BIVI), the Iowa Economic Development Authority (IEDA), and the cities of Fort Dodge and Sioux Center. The agreement was related to the acquisition of Fort Dodge Animal Health by BIVI and an expansion of Iowa-based operations, including the BIVI Health Management Center located in the ISU Research Park. At the Ames location, the company promised to retain 41 jobs and create an additional 15 jobs. **The City provided a loan of \$61,000 as a local match for their expansion project in Ames which is to be forgiven if the job requirements are met.** The overall project also included expansion of existing facilities in Fort Dodge and Sioux Center.

Though the company has met employment requirements of the agreement in Ames, it has not in other locations. Because of this, the IEDA has initiated a settlement agreement reducing incentives and modification of the contract for the maintenance period. All parties will need to sign off on the settlement and modification since all were part of the original agreement.

The settlement agreement only provides adjustment to the IEDA incentives. The City of Ames and BIVI will settle on the local match in April of 2016 per the terms of separate agreement for the local match. BIVI has met the requirements of the local match agreement with the City of Ames, and we expect that the agreement will be closed in April with BIVI, meeting all terms.

Please note that this incentive agreement was separate from and prior to the agreement that included the construction of the new BIVI facility at the ISU Research Park.

ALTERNATIVES:

1. Adopt a resolution approving the settlement agreement and contract modification for economic development with the Iowa Economic Development Authority and Boehringer Ingelheim Vetmedica, Inc., and the cities of Ames, Fort Dodge, and Sioux Center.
2. Do not approve the contract.

MANAGER'S RECOMMENDED ACTION:

Approval of the settlement agreement and contract modification will have no impact on the City of Ames local match agreement and will allow the Iowa Economic Development Authority and other parties to move forward on the settlement of the economic development agreement. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby adopted a resolution approving the settlement agreement and contract modification for economic development with the Iowa Economic Development Authority and Boehringer Ingelheim Vetmedica, Inc., and the cities of Ames, Fort Dodge, and Sioux Center.