

COUNCIL ACTION FORM

SUBJECT: IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT APPLICATION FOR ECONOMIC DEVELOPMENT ASSISTANCE ON BEHALF OF WEBFILINGS, LLC, AND LOAN AGREEMENT NEGOTIATIONS

BACKGROUND:

Webfilings, LLC is a company based in Mountain View, California that has developed an Internet based service to provide support for preparing and submitting documents required by the Securities and Exchange Commission (SEC). Webfilings has software development and sales and marketing support operations located in the ISU Research Park. The company is now prepared to bring their product to market and intends to quickly expand operations in Ames.

During the development stage of the company, assistance was received from the Iowa Department of Economic Development (IDED), including \$250,000 from the Entrepreneurial Ventures Assistance program, a \$150,000 Demonstration grant, and Internship training assistance. A \$4.3 million expansion project is currently planned for the Ames location and will be funded as follows:

IDED	\$	500,000	\$250,000 Loan, \$250,000 forgivable loan
City of Ames	\$	75,000	\$50,000 Loan, \$25,000 forgivable loan
AEDC	\$	25,000	Forgivable loan
Webfilings	\$	1,200,000	Equity
Investors	\$	<u>2,500,000</u>	Convertible Debt
Total	\$	4,300,000	

The City and Ames Economic Development Commission funding totaling \$100,000 provides the local match required for IDEED assistance. This project is expected to create 62 high quality jobs and retain an additional eight.

The Webfilings application for assistance to the IDEED will be reviewed for approval on January 21, 2010. The local match from the City and AEDC will be contingent upon IDEED assistance and future approvals by the City Council. For the IDEED to continue consideration of this project, the City Council must adopt a resolution supporting the submittal of the Webfilings application for IDEED assistance. If Council supports the application for assistance, a motion should be made to direct City staff to begin negotiations for a loan agreement with Webfilings, LLC in an amount not to exceed \$75,000 in City funds. The loan agreement will be contingent on IDEED approval of assistance and is subject to future Council approval.

The company appears to have strong support from equity investors and a management team with a record of past success in bringing software products to market.

ALTERNATIVES:

1. a. Adopt a resolution supporting the submittal of an application from Webfilings, LLC requesting economic development assistance from IDED; and

b. Direct staff to begin loan agreement negotiations with Webfilings, LLC contingent on approval for assistance by the IDED.
2. Deny the application for assistance.

MANAGER'S RECOMMENDED ACTION:

The proposed project has the potential to provide expansion of quality jobs and without additional public infrastructure.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1a and 1b, thereby adopting a resolution supporting the submittal of an application from Webfilings, LLC requesting economic development assistance from IDED, and directing staff to begin loan agreement negotiations with Webfilings, LLC, contingent on approval for assistance by the IDED.