

COUNCIL ACTION FORM

**SUBJECT: ECONOMIC DEVELOPMENT ASSISTANCE REVOLVING LOAN FUND
AGREEMENT BETWEEN THE CITY OF AMES / AMES ECONOMIC
DEVELOPMENT COMMISSION (AEDC) AND WEBFILINGS LLC**

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. 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	Loan
City of Ames	\$	75,000	Loan
AEDC	\$	25,000	Loan
Webfilings	\$	1,200,000	Equity
Investors	\$	<u>2,500,000</u>	Convertible Debt
Total	\$	4,300,000	

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

The Webfilings application for assistance to the IDED was recently approved by the IDED board. The local match from the City and AEDC was contingent upon IDED assistance and approval of the loan agreement by the City Council. The application for assistance approved by City Council at the January 19, 2010 meeting included funding from the IDED and City of Ames and Ames Economic Development Commission in the amounts provided above, but as 50% loan and 50% forgivable loan. The IDED approved that total funding request, but as a 100% loan with no forgivable portion. This change removed the requirement for a local match as a forgivable loan, and the company has agreed to proceed with a 100% loan for the local assistance.

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. Approve the loan agreement with Webfilings LLC in the amount of \$100,000 with \$75,000 funded by the City and \$25,000 funded by the Ames Economic Development Commission.
2. Deny approval of the loan agreement with Webfilings LLC and direct staff to make modifications to the agreement.

MANAGER'S RECOMMENDED ACTION:

The effort to assist in the local operations of this growing software services company in Ames, with its relatively high paying jobs, is consistent with the economic development plan of the City Council.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving the loan agreement with Webfilings LLC in the amount of \$100,000 with \$75,000 funded by the City and \$25,000 funded by the Ames Economic Development Commission.