

COUNCIL ACTION FORM

SUBJECT: ENDORSEMENT OF IOWA ECONOMIC DEVELOPMENT AUTHORITY APPLICATION FOR FINANCIAL ASSISTANCE FOR SOLUM, INC WITH LOCAL MATCH IN THE FORM OF A FORGIVABLE LOAN

BACKGROUND:

Solum is a Mountain View, California based agricultural technology company that has developed advanced measurement systems for soil sample analysis. Solum's first commercial application is a product that provides producers in the corn and soybean markets with high resolution soil nutrient information that can be integrated with agricultural GPS tools to customize soil treatment to maximize yields and control cost of soil treatments.

The company has chosen Ames as the center for agronomy and lab operations and will maintain the Mountain View location for hardware and software development. Solum has applied for economic development assistance from the Iowa Economic Development Authority (IEDA) with a local match provided by the City of Ames and the Ames Economic Development Commission (AEDC). The project will include leasing space in a South Bell TIF District building and is expected to add 25 full-time jobs in Ames. The company expects to start operations in Ames in July 2012. Total investment expected for the project is \$16.14 million, including a \$100,000 forgivable loan from IEDA as well as other state tax credits and incentives projected to total an additional \$158,000.

IEDA will review Solum's application for assistance later this month. The local match from the City will be contingent upon approval of the final agreement by the City Council.

For the IEDA to continue consideration of this project, the City Council must adopt a resolution supporting the submittal of the Solum application for IEDA assistance. **If Council supports the application for assistance, the local match for the project will be a \$40,000 forgivable loan to be funded with \$20,000 from the City of Ames (from available balance in the Economic Development Fund) and \$20,000 from the Ames Economic Development Commission (AEDC).** The AEDC Board has already authorized their commitment to the local match.

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from Solum, Inc. requesting economic development assistance from IEDA with local match to be provided in the form of a forgivable loan in the amount of \$40,000 (\$20,000 from the

City of Ames from available balance in the Economic Development Fund and \$20,000 from the Ames Economic Development Commission).

2. Do not adopt a resolution of support for Solum's application.

MANAGER'S RECOMMENDED ACTION:

Solum is an agricultural technology company that will be a good fit with other businesses and institutions in Ames and will provide high paying jobs without the cost of additional City infrastructure. In keeping with the Council's goal to promote economic development, this project will expand the number of quality jobs within our city.

In addition, an analysis of their proposal utilizing our evaluation matrix for high tech companies indicates that they would qualify for our "best terms." This high score is influenced by their management team experience, a product in place with sales within a developed market, and high wages.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, adopting a resolution supporting the submittal of an application from Solum, Inc. requesting economic development assistance from IEDA with local match to be provided in the form of a forgivable loan in the amount of \$40,000 (\$20,000 from the City of Ames from available balance in the Economic Development Fund and \$20,000 from the Ames Economic Development Commission).



ECONOMIC DEVELOPMENT LOAN APPLICATION
Instructions For Financial Assistance

The application packet for financial assistance from a City of Ames Economic Development Loan program includes the following:

- Application Form *(This form must be filled out completely for all applications.)*
- Supporting Information *(Each listed item must be addressed.)*
- Checklist *(This is a list of all required submittals and attachments.)*

Be sure to complete and submit all the required materials that are part of this packet. Applications must be typed.

Your completed application, including attachments, must be filed with:

City of Ames
Attn: Duane Pitcher, Director of Finance
Finance Department
515 Clark Avenue
P. O. Box 811
Ames, IA 50010

If you have any questions while completing this application, please contact Duane Pitcher.

Phone: 515-239-5114

FAX: 515-239-5320

E-mail: dpitcher@city.ames.ia.us



ECONOMIC DEVELOPMENT LOAN APPLICATION
 Application For Financial Assistance

PLEASE TYPE THE FOLLOWING INFORMATION:

Business Name: Solum, Inc.		
Street Address: 1916 Old Middlefield Ave, Suite A		
City: Mountain View	State: CA	Zip Code: 94043
Phone #: 650-963-9775	FAX #: 650-386-1986	
Business Federal ID #: 27-0361206		
Internet Site: www.solumtech.com		

Company Officer Authorized to Obligate Business: Hitesh Shah		
Home Street Address: (use business information above)		
Home City:	Home State:	Home Zip Code:
Home Phone #:		
Business Phone #:	FAX #:	
E-mail Address: Hitesh@solumtech.com		

Amount of Funds Requested: \$40,000
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I certify that I have submitted all the required information to apply for the City of Ames economic development loan and that the information is factual.

Signed by: _____
 Obligator

Date: _____



ECONOMIC DEVELOPMENT LOAN APPLICATION
Supporting Information For Financial Assistance

Description of Business: Include history; if new, proposed markets; products or services provided; and management structure. (If sufficient space is not provided, you may attach a separate sheet.)

Solum is an agricultural technology company. Solum develops advanced measurement systems that enable faster, more accurate and more efficient field sample analysis. Founded by three Stanford PhDs, Solum has unlocked the missing variable for optimal crop management - the world's best soil measurements.

Our products and services enable farmers to efficiently increase their yields by providing proprietary measurement and analytics tools. The opportunity we are addressing was made possible by the recent, widespread adoption of GPS tools which allow farmers to program independent treatments on every acre. With the right context, the data we provide can dramatically increase per-acre profits. Our web-based operations and analytics toolkit provide that context and allow the return on each input to be proven out with a quantitative system. We sell our product through the trusted coop/retailer channel that is already sampling millions of acres each year. We successfully completed 12 pilot trials last year and just started commercial sales in January. In 6 weeks we received commitments for 400k acres, which is 80% of our annual sales goal for the entire year. Our business model is to provide soil measurement services and software services that optimize the worldwide agriculture production system.

Project Description: Explain the need for the Economic Development assistance being requested. (If sufficient space is not provided, you may attach a separate sheet.)

Solum is targeting the Midwest (Iowa or Nebraska) to be its center of excellence for agronomy and lab operations with its northern California (Bay Area) location as its center of excellence for its hardware and software solutions. We will conduct research and development at both facilities to address the overall needs of the agriculture community in the Midwest and the rest of the US market to follow.

The proposed project is to set up a state of the art facility in Iowa or Nebraska to provide the best soil measurements for the corn and soybean market. The initial facility will be approximately 12,000 sf of office, lab and warehouse space. The facility will service clients throughout the Midwest and the US.

Has any part of this project been started? Yes No

Does the project involve relocation of economic activity from elsewhere? No
If yes, please explain. (If sufficient space is not provided, you may attach a separate sheet.)



ECONOMIC DEVELOPMENT LOAN APPLICATION
Supporting Information For Financial Assistance, continued

Job Creation/Retention (Full-Time Equivalents):

____ Number of permanent jobs to be created as a result of this project
 ____ Number of permanent jobs to be created within 12 months of loan award
 ____ Number of permanent jobs to be created within 24 months of loan award
 (This number is cumulative – includes 12 month figure.)
 25 Number of permanent jobs to be retained as a result of the project
 25 Number of permanent jobs with average wages of __\$31.14__

What percentage of sales will be outside the State of Iowa? __in progress__%

What percentage of sales will be within the City of Ames? _minimal__%

Description of the Proposed Financial Package:

	Amount	Type (Loan, Grant or Equity)	Interest Rate	Term
Business Contribution	\$16,000,000	\$11.9M & \$4.0 M future revenues		
State Assistance	\$100,000	Forgivable Loan		
Conventional Assistance				
Local Participation				
Other – City of Ames	\$20,000	Loan/Forgivable Loan	Low %	5 Year
Other – Ames Economic Development Commission (AEDC)	\$20,000	Loan/Forgivable Loan	Low %	5 Year

List the names of the principal business owners and the percent of ownership held by each:

Khosla Ventures - 33.73%; Mike Preiner - 20.21%; Nick Koshnick - 19.71%; Justin White - 8.95%

Khosla Venture is an venture capital firm that has a 33.73% ownership stake in Solum, Inc through its purchase of Series A Preferred stock of the company. A representative of Khosla Ventures is a member of the Board of Directors of Solum.

In what form is the business contribution to the project? Please explain clearly (i.e. sale of stock, equity investments, subordinated debt, etc.).

Solum has received capital infusion of \$6.5M (\$2M Series A Preferred in 2010 and \$4.5M Convertible Note in 2011). Solum completed its Series B financing of \$12M new capital in May 2012. The working capital mentioned in the table above will be sourced from a combination of the capital infusion described here and revenue generated by the company over the next three years.



ECONOMIC DEVELOPMENT LOAN APPLICATION Checklist For Financial Assistance

The following are required submittals and attachments:

- Business Plan
- Profit and Loss Statements – 3-year historical and 2-year projections
- Balance Sheets – 3-year historical and 2-year projections
- Letter from business committing to project and job creation
- Commitment letter and letter of credit from lender
- Business federal tax returns (past three years)
- Individual federal tax returns of principal owners, if required
- Resumes of principal owners and key management personnel
- Verification of loans or grants from private lenders, federal, and state programs
- Letter of commitment indicating amount of owner equity in project and documentation
- Corporate resolution authorizing the application for economic development loan funds
- Corporate signatory authorization naming an officer to execute the application and loan documents, if approved.



Debi V. Durham, Director
Iowa Economic Development Authority

Business Financial Assistance Application

Business Finance
Business Development Division
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

lowaeconomidevelopment.com
Telephone: 515.725.3133
businessfinance@iowa.gov

Application Instructions

To Complete Electronic Form: Click on TEXT BOX to add text. Double click on YES/NO boxes and select "Checked".

1. All applicants must complete the Business Financial Assistance Application and attach only those additional sections for the components to which the applicant is applying.

<u>Direct Financial Assistance – STATE of IOWA</u>	
<input checked="" type="checkbox"/> 130% Component <i>(no supplement)</i>	<input type="checkbox"/> Infrastructure Component <i>(no supplement)</i>
<input type="checkbox"/> 100% Component <i>(no supplement)</i>	<input type="checkbox"/> Value-Added Agriculture Component <i>Supplemental information required</i>
<input type="checkbox"/> Entrepreneurial Component (and Supplement) <i>Supplemental information required</i>	<input type="checkbox"/> Disaster Relief Component <i>Supplemental information required</i>
<u>Tax Credits – STATE of IOWA</u>	
<input type="checkbox"/> Enterprise Zone Program (EZ) <i>Supplemental information required</i>	<input checked="" type="checkbox"/> High Quality Jobs Program (HQ) <i>(no supplement)</i>
<u>Direct Financial Assistance – FEDERAL</u>	
<input type="checkbox"/> Economic Development Set-Aside Program (EDSA) Program (PFSA) <i>Supplemental information required</i>	<input type="checkbox"/> Public Facilities Set-Aside <i>Supplemental information required</i>

2. Please visit the IDED Web site at www.iowalifechanging.com or contact IDED at 515.725.3133 to confirm that this is the most current application version.
3. Before filling out this application form, please read all applicable sections of the 2009 Iowa Code and Iowa Administrative Code (rules). www.legis.state.ia.us/IowaLaw.html
4. Only typed or computer-generated applications will be accepted and reviewed. Any material change to the format, questions, or wording of questions presented in this application will render the application invalid and it will not be accepted.
5. Complete the applicable sections of the application fully. If questions are left unanswered or required attachments are not submitted, an explanation must be included.
6. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
7. Any inaccurate information of a significant nature may disqualify the application from consideration.
8. The following must be submitted to Business Finance at IDED in order to initiate the review process:
 - One **original**, signed application form and all required attachments
 - One **electronic** copy of the application form and all required attachments

Facsimile copies will not be accepted.

Business Finance
Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, IA 50309-1819

Telephone: 515.725.3133
businessfinance@iowa.gov

Applications are must be submitted to IDED Business Finance before 4:00pm on the fourth Monday of the month.

Applications will be reviewed by the IDED Board on the third Thursday of the following month.

Public Records Policies

Information Submitted to IDEED. The Iowa Department of Economic Development (IDEED) is subject to the Open Records law ([Iowa Code, Chapter 22](#)). Treatment of information submitted to IDEED in this application is governed by the provisions of the Open Records law. All public records are available for public inspection. Some public records are considered confidential and will not be disclosed to the public unless ordered by a court, the lawful custodian of the record, or by another person duly authorized to release the information.

Confidential Records. IDEED automatically treats the following records as confidential and they are withheld from public disclosure:

- Tax Records
- *Quarterly Iowa Employer's Contribution and Payroll Report* prepared for the Iowa Workforce Development Department
- Payroll Registers
- Business Financial Statements and Projections
- Personal Financial Statements

Other information supplied to IDEED as part of this application may be treated as confidential under Iowa Code section 22.7. Following are the classifications of records which are recognized as confidential under Iowa law and which are most frequently applicable to business information submitted to IDEED:

- Trade secrets [Iowa Code §22.7(3)]
- Reports to governmental agencies which, if released, would give advantage to competitors and serve no public purpose. [Iowa Code §22.7(6)]
- Information on an industrial prospect with which the IDEED is currently negotiating. [Iowa Code §22.7(8)]
- Communications not required by law, rule or regulation made to IDEED by persons outside the government to the extent that IDEED could reasonably believe that those persons would be discouraged from making them to the Department if they were made available for general public examination. [Iowa Code §22.7(18)]

Information supplied to IDEED as part of this application that is material to the application and/or the state program to which the applicant is applying including, but not limited to the number and type of jobs to be created or retained, wages for those jobs, employee benefit information, and project budget, are considered open records and will not be treated as confidential.

Additional Information Available. Copies of [Iowa's Open Record law](#) and IDEED's [administrative rules](#) relating to public records are available from the IDEED upon request.

Applicant Information

Name of Business: Solum, Inc
Address: 1916 Old Middlefield Ave, Suite A
City, State & Zip Code: Mountain View, CA 94043
Contact Person: Hitesh Shah Title: CFO
Phone: 650.963.9775 Fax: 650.386.1986 Email: hitesh@solumtech.com

Federal ID Number: 27-0361206
[NAICS](#) Code for primary business operations: 115
US DOT Number:

Does the Business file a consolidated tax return under a different tax ID number?

Yes No

If yes, please also provide that tax ID number:

Is the contact person listed above authorized to obligate the Business?

Yes No

If no, please provide the name and title of a company officer authorized to obligate the Business:

If the application was prepared by someone other than the contact person listed above, please complete the following:

Name of Business:
Address:
City, State & Zip Code:
Contact Person: Title:
Phone: Fax: Email:

Sponsor Information

Sponsor Organization: City of Ames
Official Contact (e.g. Mayor, Chairperson, etc.): Ann Campbell Title: Mayor
Address: 515 Clark Ave.
City, State & Zip Code: Ames, IA 50010
Phone: 515-239-5101 Fax: 515-239-5142 Email:

If IDEED needs to contact the sponsor organization with questions, should we contact the person listed above?

Yes No, please contact the following person:

Name: Duane Pitcher Title: Director of Finance
Address: 515 Clark Ave.
City, State & Zip Code: Ames, IA 50010
Phone: 515-239-5114 Fax: 515-239-5142 Email: dpitcher@city.ames.ia.us

If necessary, please list information on additional sponsors in an attachment.

Certification & Release of Information

I hereby give permission to the Iowa Department of Economic Development (IDED) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IDED state tax information pertinent to the Business' state income tax, sales and use tax, and state tax credits claimed.

I understand that all information submitted to IDED related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22).

I understand this application is subject to final approval by IDED and the Project may not be initiated until final approval is secured.

I understand that IDED reserves the right to negotiate the financial assistance. Furthermore, I am aware that financial assistance is not available until an agreement is executed within a reasonable time period following approval.

I hereby certify that all representations, warranties, or statements made or furnished to IDED in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

For the Business:

Signature

Date

_Hitesh Shah, CFO
Name and Title (typed or printed)

For the Sponsor(s):

Signature

Date

Name and Title (typed or printed)

Please use the following if more than one sponsor is required. (For example, use this if a signature from the local Enterprise Zone Commission is required in addition to the signature from the Mayor of the sponsoring city.)

Signature

Date

Name and Title (typed or printed)

IDED will not provide assistance in situations where it is determined that any representation, warranty, or statement made in connection with this application is incorrect, false, misleading or erroneous in any material respect. If assistance has already been provided prior to discovery of the incorrect, false, or misleading representation, IDED may initiate legal action to recover incentives and assistance awarded to the Business.

Business Information

Provide a brief description and history of the Business. Include information about the Business' products or services and its markets and/or customers.

Solum is an agricultural technology company. Solum develops advanced measurement systems that enable faster, more accurate and more efficient field sample analysis. Founded by three Stanford PhDs, Solum has unlocked the missing variable for optimal crop management - the world's best soil measurements.

Solum's first commercial application allows growers and agricultural service providers in the corn and soybean market to obtain unprecedentedly high-resolution soil nutrient information without adding cost to existing practices. The Company provides patented hardware and software solutions that enable increased profitability by providing the information required to farm every acre optimally.

Our products and services enable farmers to efficiently increase their yields by providing proprietary measurement and analytics tools. The opportunity we are addressing was made possible by the recent, widespread adoption of GPS tools which allow farmers to program independent treatments on every acre. With the right context, the data we provide can dramatically increase per-acre profits. Our web-based operations and analytics toolkit provide that context and allow the return on each input to be proven out with a quantitative system. We sell our product through the trusted coop/retailer channel that is already sampling millions of acres each year. We successfully completed 12 pilot trials last year and just started commercial sales in January. In 6 weeks we received commitments for 400k acres, which is 80% of our annual sales goal for the entire year. Our business model is to provide soil measurement services and software services that optimize the worldwide agriculture production system.

Solum is targeting the Midwest (Iowa or Nebraska) to be its center of excellence for agronomy and lab operations with its northern California (Bay Area) location as its center of excellence for its hardware and software solutions. We will conduct research and development at both facilities to address the overall needs of the agriculture community in the Midwest and the rest of the US market to follow.

The company received its Series A funding from Khosla Ventures. Solum's completed its Series B financing of \$12M new capital in May 2012.

Business Structure:

Cooperative Corporation Limited Liability Company Not for Profit
 Partnership S-Corporation Sole Proprietorship

State of Incorporation: Delaware

Identify the Business' owners and percent ownership: Khosla Ventures - 33.73%; Mike Preiner - 20.21%; Nick Koshnick - 19.71%; Justin White - 8.95%

Khosla Venture is an venture capital firm that has a 33.73% ownership stake in Solum, Inc through its purchase of Series A Preferred stock of the company. A representative of Khosla Ventures is a member of the Board of Directors of Solum.

Does a woman, minority, or person with a disability own the Business? Yes No
If yes, is the Business certified as a Targeted Small Business? Yes No

List the Business' Iowa locations and the current number of employees at each location. N/A (New Business)

What is the Business' worldwide employment? Please include employees of parent company, subsidiaries, and other affiliated entities in this figure. 22 Employees

Project Information

Project Street Address: 615 S. Bell Avenue, Ames, Iowa
Project City: Ames

Project County: Story

Type of Business Project:

- Startup Expansion of Iowa Company
 New Location in Iowa Relocation from another State

Briefly describe the proposed project for which assistance is being sought. (Include project timeline with dates, facility size, infrastructure improvements, proposed products/services, any new markets, etc.)

The proposed project is to set up a state of the art facility in Iowa or Nebraska to provide the best soil measurements for the corn and soybean market. The initial facility will be approximately 12,000 sf of office, lab and warehouse space. The facility will service clients throughout the Midwest and the US.

Project Timeline <i>(add additional rows as needed)</i>	Activity Completion Date
Identify Site and negotiate lease. Current option is located in Ames	June 2012
Start tenant improvements at the facility to build out the soil-processing center	June 2012
Install equipment at the new facility. Start employee recruitment	July 2012
Test and certify equipment through a trial process. Start employee training	August 2012
Start processing customer soil samples	September 2012

Please identify the project management for the project location and experience.

Solum is in the process of hiring a general manager to run the new soil testing facility. The management team in California as well as the Vice President of Marketing and Business Development (based in Nebraska) will provide additional oversight to the new facility.

Has any part of the project started? Yes No
If yes, please explain.

Identify the Business' competitors. If any of these competitors have Iowa locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Iowa competitor. We currently do not have commercial competitors that provide high-volume soil measurements using a field-moist process which is a proprietary Solum developed process

Will any of the current Iowa employees lose their jobs if this project does not proceed in Iowa?

Yes No

If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs section.

Project Budget

AMOUNT BUDGETED								
Use of Funds	Cost	Source A	Source B	Source C	Source D	Source E	Source F	Source G
Land Acquisition								
Site Preparation								
Building Acquisition								
Building Construction								
Building Remodeling	300,000				300,000			
Mfg. Machinery & Equip.	1,840,000	100,000		40,000	1,700,000			
Other Machinery & Equip.								
Racking, Shelving, etc. ¹								
Computer Hardware								
Computer Software								
Furniture & Fixtures								
Working Capital	14,000,000				14,000,000			
Research & Development								
Job Training								
TOTAL	\$16,140,000	\$100,000	\$	\$40,000	\$16,000,000	\$	\$	\$

¹ Racking, shelving and conveyor equipment used in distribution center projects only

Does the Business plan to lease the facility? Yes No If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) and the length of the lease agreement. \$3.00 - \$6.00 per sq. ft. 5 year term

PROPOSED FINANCING					
Source of Funds	Amount	Form of Funds	Rate and Term	Commitment Status	Conditions/Additional Information
(List tax benefits separately below, not as a source of direct financing)		(Loan, Grant, In-Kind, Donation, etc.)			Include when funds will be disbursed; If loan, whether payments are a level term, balloon, etc
Source A: IDED*	\$100,000	Forgivable Loan			At start of project. Supported by a letter of credit from Solum.
Source B: Other State (Community College, IDOT, etc.)	\$				
Source C: Local Government	\$40,000	TBD: Loan/ Forgivable Loan			50% forgivable loan, 50% low interest, 5 year loan
Source D: Business	\$16,000,000	\$11,900,000 Series B Financing \$4,000,000 Future Revenues			
Source E: Other Private Sources	\$				
Source F:	\$				
Source G:	\$				
TOTAL	\$16,140,000				

Solum has received capital infusion of \$6.5M (\$2M Series A Preferred in 2010 and \$4.5M Convertible Note in 2011). Solum completed its Series B financing of \$12M new capital in May 2012. The working capital mentioned in the table above will be sourced from a combination of the capital infusion described here and revenue generated by the company over the next three years.

*** Identify the collateral used to secure IDED funds: \$100,000 Letter of Credit**

TAX CREDITS AND INDIRECT FINANCING		
Source of Funds	Amount	Description
Investment Tax Credit	\$107,000	Equipment, Tenant Improvements, and Building Lease
Sales, Service & Use Tax Refund	\$9,000	Materials for Tenant Improvements
Research Activities Credit (3%/10%)	\$42,000	R&D Wages & Supplies
Withholding		
Local Property Tax Exemption		
Tax Increment Financing		
260E Job Training Funds		
In-kind Contribution		
Other		
TOTAL	\$158,000	

What measures were analyzed to determine the amount and form of assistance needed?

Solum is looking to locate their center of excellence for agronomy in the Midwest (Iowa or Nebraska). As the company is still in the early stages, it is necessary that we find a state and community that will partner with us and allow us to conserve necessary capital to reinvest in the company.

Is the Business actively considering locations outside of Iowa? Yes No
 If yes, where and what assistance is being offered? Omaha, Nebraska

- \$4,000 per job for training assistance
- 10% investment credit – Tier Two for a \$3M investment in NE
- 6% Compensation credit
- Sales tax refund on all capital purchases
- Personal property tax exemption for 10 years
- 7 year attainment period
- Block grants and Tax increment financing programs

There are three general justifiable reasons for assistance. Check the box next to the reason why assistance is needed to complete this project.

- Financing Gap** - The Business can only raise a portion of the debt and equity necessary to complete the project. A gap between sources and uses exists and state and/or federal funds are needed to fill the gap.
- Rate of Return Gap** – The Business can raise sufficient debt and equity to complete the project, but the returns are inadequate to motivate an “economic person” to proceed with the project. Project risks outweigh the rewards.
- Location Disadvantage (Incentive)** – The Business is deciding between a site in Iowa (site A) and a site in another state (site B) for its project. The Business argues that the project will cost less at site B and will require a subsidy to equalize costs in order to locate at site A. The objective here is to quantify the cost differential between site A and site B.

Project Jobs

List the jobs that will be created and/or retained as the result of this project. (A retained job is an existing job that would be eliminated or moved to another state if the project does not proceed in Iowa.) For jobs to be created, include the starting and final hourly wage rate. For retained jobs, include the current hourly wage rate.

Is the hourly wage rate based on a 40 hour work week, 52 weeks per year? Yes No
 If no please explain:

Full-Time CREATED Jobs	<i>(Add additional rows as needed)</i>		
Job Title	Number of CREATED Jobs	Starting Hourly Wage	Hourly Wage at End of Year Three
Midwest Lab Operations Director	1	\$60.00	\$63.75
Agronomists	4	\$33.65	\$35.70
Chemists	2	\$33.65	\$35.70
HR Manager	1	\$36.05	\$38.25
Shift Supervisors	2	\$36.05	\$38.25
Lab Technologists	12	\$24.03	\$25.50
Office Manager	1	\$36.05	\$38.25
Systems Administrator	1	\$36.05	\$38.25
Staff Scientist	1	\$48.07	\$51.00
Total CREATED Jobs	25 Full Time		

Full-Time RETAINED Jobs	<i>(Add additional rows as needed)</i>	
Job Title	Number of RETAINED Jobs	Current Hourly Wage
Total RETAINED Jobs		

Employee Benefits

Please identify all employee benefits provided by and paid for (in full or in part) by the Business.

See attached benefits program offered by Solum to its current employees in California. A similar program will be offered to our employees in Iowa. We have very competitive and broad range of offerings for employees to choose from. The table below shows annual costs and employee contribution amounts for a Blue Shield HMO 30 plan (Medical); Delta Dental DMO (Dental); Aetna Vision Plan (Vision). The attached exhibits for the benefits program provide an overview of all the plans offered and available to full time employees at Solum.

Employee Benefits Provided by Business	Total Annual Cost (show on a per employee basis)		Portion of Total Annual Cost Paid by the Business		Plan Provisions		
	Employee	Family	Employee	Family	Deductible	(Include coinsurance %, office visit co-payments, annual out-of-pocket maximums, face amounts, etc.)	
Medical Insurance Blue Shield HMO 30	\$5088.00	\$15276.00	100%	67%	Employee Family	\$0 \$0	See attached plan description
Dental Insurance Delta Dental DMO	\$253.32	\$753.12	0	0	Employee Family	\$0 \$0	See attached plan description
Vision Insurance Aetna Vision Plan	\$62.28	\$183.24	0	0	Employee Family	\$0 \$0	See attached plan description
Life Insurance	\$1.4076 per \$1000	N/A					See attached rate chart
Short-term Disability	\$5.4192 per \$100	N/A					See attached rate chart
Long-term Disability	\$5.4192 per \$100	N/A					See attached rate chart
Health Savings Account	N/A	N/A					See attached rate chart

Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? Yes No

If yes, please indicate the amount contributed on a per employee basis by the Business to the plan for the last three years. For 401(k) plans, please provide information on the company match and indicate the average annual match per employee (show average as a percentage of salary).

Year Ending	Average Actual Match per Employee (%)
	0%
Three-year Average:	

Does the Business offer a profit-sharing plan? Yes No

If yes, please indicate total amount paid out each year for the past three years and then, determine the average annual bonus or contribution per employee for that three year period.

Year Ending	Average Actual Share per Employee (\$)
Three-year Average:	

Attachments

Please attach the following documents:

A1 **Business Plan**

At a minimum, include:

- Marketing study
- Feasibility study
- Projected profit and loss statements for three years into the future
- Project budget
- Production operations
- Management structure
- Personnel needs
- Descriptions of product or process
- Status of product/process development
- Patent status (if applicable)

(Any information outlined above not included in the business plan should be submitted as supplemental information via a separate attachment.)

A2 Copies of the Business' **Quarterly Iowa Employer's Contribution and Payroll Report Summary Page**

(Page 1) for the past year and a copy of the most recent payroll report for one pay period. The copy of the most recent payroll report for one pay period must be in Excel format and include the following information:

- Company name, date of payroll and source of payroll information
- Employee name and/or employee identification number
- Current hourly wage - do not include bonuses or other benefit values
- Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time.

A sample Excel spreadsheet can be found at

http://www.iowalifechanging.com/applications/bus_dev/payroll_template.xls

A3 **Affidavit** that states the Business has not, within the last five years, violated state or federal statutes, rules, and regulations, including environmental and worker safety regulations, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment. A sample affidavit can be found at

http://www.iowalifechanging.com/applications/bus_dev/sampleaffidavit.doc.

A4 **Financial Information** (Existing Businesses Only)

- Profit and loss statements and balance sheets for past three year-ends;
- Current YTD profit and loss statement and balance sheet;
- Schedule of aged accounts receivable;
- Schedule of aged accounts payable; and
- Schedule of other debts.