

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF CONTRACT FOR ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE WITH IOWA ECONOMIC DEVELOPMENT AUTHORITY AND SOLUM, INC AND AGREEMENT FOR 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 received approval 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 includes leasing space in a South Bell TIF District building and is expected to add 25 full-time jobs in Ames. The company started operations in Ames in 2012. Total investment expected for the project is \$14.14 million, including a \$100,000 forgivable loan from IEDA as well as other state tax credits and incentives projected to total \$158,000. The local match for the project is 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

At the June 12, 2012 meeting, the City Council adopted a resolution supporting the Solum application for economic development assistance including the local match consisting of a \$40,000 forgivable loan. The final step in this process is to finalize the economic development financial assistance agreement between Solum, IEDA, and the City of Ames and the local match agreement between Solum, AEDC and the City of Ames.

ALTERNATIVES:

1. Adopt a resolution approving a contract for economic development financial assistance with the Iowa Economic Development Authority and Solum, Inc. and a contract providing local match in the form of a forgivable loan 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 approving the contracts.

MANAGER'S RECOMMENDED ACTION:

Solum is an agricultural technology company that provides 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.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, adopting a resolution approving a contract for economic development financial assistance with the Iowa Economic Development Authority and Solum, Inc. and a contract providing local match in the form of a forgivable loan 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).