

COUNCIL ACTION FORM

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

BACKGROUND:

Perfect Flight, LLC is an agriculture technology company currently based in Sao Paulo, Brazil that has developed a software application to track and analyze the arial application of agricultural chemicals and integrate the information with other agriculture technology platforms.

The company is in the process of moving operations to North America and has selected Ames as the location for sales, marketing, and business development, with the intent of making Ames the company headquarters. Perfect Flight 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 leasehold improvements to existing available office space in the ISU Research Park and the addition of 60 new full-time jobs in Ames. Total investment expected for the project is over \$1.667 million, including a \$250,000 forgivable loan from IEDA. A local match is required in the form of a \$50,000 forgivable loan funded half by the City of Ames and half by the AEDC. The company has agreed to provide an irrevocable letter of credit as security for the local match and will also be applying for various tax credits available from the State of Iowa.

IEDA will review Perfect Flight'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 Perfect Flight application for IEDA assistance.

If Council supports the application for assistance, the local match for the project will be a \$50,000 forgivable loan to be funded with \$25,000 from the City of Ames (from the available balance in the Economic Development Fund) and \$25,000 from the AEDC. The AEDC Board has already authorized its commitment to the local match.

City staff's analysis of Perfect Flight's proposal utilizing an evaluation matrix for software development companies indicates that the firm would qualify for our "best terms." This high score is influenced by high wages, a high number of jobs, and no requirement for investment in City infrastructure.

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from Perfect Flight requesting economic development assistance from IEDA with local match to be provided in the form of a forgivable loan in the amount of \$50,000 (\$25,000 from the City of Ames from available balance in the Economic Development Fund and \$25,000 from the AEDC).
2. Do not adopt a resolution of support for Perfect Flight's application.

CITY MANAGER'S RECOMMENDED ACTION:

Perfect Flight is an established agricultural technology company with a fully developed product and has selected Ames as the location to invest capital and establish operations in North America, providing 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 the city.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.