

COUNCIL ACTION FORM

SUBJECT: TERMINATION OF ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE CONTRACT WITH IOWA ECONOMIC DEVELOPMENT AUTHORITY AND SOLUM, INC., AND TERMINATION OF LOCAL MATCH FORGIVABLE LOAN AGREEMENT

BACKGROUND:

Solum, Inc. (Solum) is a California-based technology company that developed an advanced measurement system for soil sample analysis. Solum's first commercial application was a product that provided 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, thereby maximizing yields and controlling the cost of soil treatments. Solum chose Ames as the center for agronomy and its lab is located on South Bell Avenue.

In February 2013, Solum entered into an economic development assistance agreement with the Iowa Economic Development Authority (IEDA). The City of Ames was a party to the IEDA agreement as the local sponsor. The City and the Ames Economic Development Commission (AEDC) entered into a separate agreement with Solum to provide a local match for the project with a \$40,000 forgivable loan to be funded with \$20,000 from the City and \$20,000 from the AEDC. **Though Solum entered into the agreements, it did not execute the promissory note or draw any funding under the agreement with the City or with AEDC.**

On February 14, 2014, Solum gave notice of its intent to sell the Ames-based business to an unnamed large agricultural company and has indicated that the buyer intends to maintain the business in Ames. **With the sale, Solum desires to terminate both agreements and be provided confirmation that parties of the agreement have no claims against the Solum business located in Iowa. Since Solum did not ever draw upon any of the funds, the City has no pending or anticipated claims. Granting its request will release the funds for other uses.**

ALTERNATIVES:

1. Adopt a resolution approving termination of the economic development financial assistance contract with the Iowa Economic Development Authority and Solum, Inc., and terminate the contract providing a local match in the form of a forgivable loan in the amount of \$40,000 (\$20,000 from the City of Ames and \$20,000 from the Ames Economic Development Commission).
2. Do not adopt a resolution approving termination of the contracts.

MANAGER'S RECOMMENDED ACTION:

Since Solum did not ever draw upon any of the funds, it has no outstanding obligation to the City. Granting its request will release the funds for other uses.

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