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MEMO

TO: Mayor and City Council
CC: Diane Voss, City Clerk
FROM: Duane Pitcher, Finance Director
DATE: October 20, 2020

SUBJECT: Status of Economic Development Assistance Agreement with Vertex Software, LLC

We have received notice from the Iowa Economic Development Authority (IEDA) that the economic development assistance award to Vertex has been rescinded by the Board, formally closing the project. The City of Ames' local match agreement was contingent on the IEDA assistance; therefore, the City project is also closed.

Background of the Vertex Economic Development Assistance Agreement

Vertex is an Ames-based engineering and manufacturing software provider. City staff, the Ames Economic Development Commission (AEDC), and the IEDA worked with Vertex in late 2018 and early 2019 to develop an economic development assistance package to expand the business in Ames. At the February 22, 2019 meeting, the City Council approved the endorsement of an application for IEDA assistance by Vertex that included a local match in the form of a \$300,000 loan from the City, with half of the loan forgivable based on meeting employment targets. The award of assistance was approved by the IEDA and at the August 13, 2020 meeting the Council approved proceeding with the local match contingent on the IEDA assistance.

Current Status

IEDA requires economic development assistance awardees to execute an agreement within 120 days of the approval of the award. This time period expired and was extended for the Vertex award since the agreement was not executed. After the expiration of the extension, the IEDA board rescinded the award and closed the project. IEDA gave notice of award rescission to the City on October 16, 2020, effectively closing the local match as well, which was contingent on the IEDA assistance.

No action is required by Council; this memo provides notice that the economic development assistance agreement with Vertex approved by Council was not executed and will not be proceeding.