

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 24, 2010
	Agenda Item No.	31
	Roll Call No.	<u>10-818</u>
	Communication No.	<u>10-275</u>
	Submitted by:	Matthew Anderson, Economic Development Administrator

AGENDA HEADING:

Resolution approving documents related to financial assistance from the State of Iowa Department of Economic Development (IDED) and the City of Des Moines to Palisade Systems, Inc., Christian Renaud, President & CEO, 400 Locust, Des Moines, Iowa 50309.

SYNOPSIS:

On December 7, 2009 by Roll Call Number 09-2195, City Council approved the submission of an application for financial assistance to the IDED and provided preliminary approval of a City economic development loan of \$100,000 to Palisade Systems, Inc. The IDED has approved a forgivable loan in the amount of \$65,000. Documents are being presented for approval and execution to implement the State of Iowa forgivable loan and the City loan of \$100,000 to Palisade Systems, Inc. The financial assistance package will support the \$6 million business expansion project and create 46 new jobs over three years at an average hourly wage of \$23.66 plus benefits in downtown Des Moines.

Palisade Systems, Inc. currently has 17 employees located at Capital Square, 400 Locust, Des Moines, Iowa 50309. The company contemplates continued development of the company’s intellectual property, requiring expanded job opportunities consisting principally of software and systems engineers and other technical expertise. Without the State and City financial assistance, the company will look to off-shore sources to outsource their software and system development needs.

FISCAL IMPACT:

Amount: \$100,000, zero percent interest rate loan; funds to be advanced upon approval and execution of development agreements; repayment will be deferred for the first three years, then repaid over seven years.

Funding Source: Economic Development Enterprise Account, CMO980717 SP743.

ADDITIONAL INFORMATION:

Palisade Systems, Inc. was founded in 1996 by Doug Jacobson of Iowa State University to address the growing needs of organizations to filter inappropriate website material from students. Over the last 13 years, the company has evolved to produce Data Loss Prevention (DLP) solutions to the small and medium business markets, and is a nationally known brand. DLP technology prevents the loss of sensitive information such as patient health records, financially sensitive information, credit card numbers, student

records for educational organizations and virtually any sensitive and confidential information that an enterprise deems private. The software detects and blocks this sensitive data from leaving data networks that would result in regulatory breach as required by the Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health Act (HITECH) and Sarbanes Oxley.

In April 2009, the company announced a new CEO, Christian Renaud. Christian comes to Palisade from twenty years of experience in the networking industry, most recently with Cisco Systems in San Jose, California. Palisade has streamlined the sales organization and shifted from inside-sales to an outside-sales model. The company has simplified and expanded its channel program via system integrators and value added resellers, embarked on a strong marketing push that includes rebranding, public relations, new media, advertising and analyst relations. It has also expanded its development organization, shipped two major product releases and just announced strategic partnerships with Cisco and Oracle.

To fund the recent development and marketing efforts, and to provide 'runway' for the sales organization to properly develop their channel partners, Palisade completed a \$2.5 million debt/equity placement in November 2009, subsequently followed by a \$5 million offering in March 2010.

In November 2009, the company relocated to Des Moines from Ames, Iowa. The move enables the company to expand into Managed Services and Software as a service market for its products. The new facility size is initially 6,000 square feet, with options to expand to 15,000 square feet over three years.

PREVIOUS COUNCIL ACTION(S):

Date: December 7, 2009

Roll Call Number: 09-2195

Action: [Authorizing](#) submission of an application for financial assistance to the State of Iowa Department of Economic Development and approving preliminary terms of an economic development loan of \$100,000 to Palisade Systems, Inc. ([Council Communication No. 09-855](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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