

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 13, 2015
	Agenda Item No. 35 Roll Call No. [] Communication No. <u>15-373</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving loan documents with Pillar Technology Group, LLC, and approving Economic Development Assistance Contract with Pillar Technology Group, LLC and the Iowa Economic Development Authority (IEDA) for development of Regional Office.

SYNOPSIS:

On March 9, 2015, by Roll Call No. 15-0401, City Council approved the sponsorship of an application to the IEDA and gave preliminary approval of a \$40,000 City loan as 20% local community match on behalf of an economic development project proposed by Pillar Technology Group, LLC at 1420 Locust Street, Des Moines.

The IEDA Board at its meeting on March 27, 2015 approved the application for funding by providing direct financial assistance in the amount of \$200,000 in the form of which ½ will be a loan to be repaid and ½ will be a forgivable loan. To match the IEDA structure, the City’s \$40,000 participation will be in the form of which ½ will be a loan to be repaid and ½ will be a forgivable loan if the Company meets the anticipated investment of \$791,800, retention of nine (9) existing positions and creation of 40 new positions over the next three (3) years at an average wage of \$85,000 as specified in the contract and application documents.

Pillar Technology Group, LLC (represented by Linc Kroeger) has executed the IEDA Economic Development Financial Assistance Contract No 15-DF-042 and the City Loan Agreement, Promissory Notes and the documents are being presented for City Council approval and execution.

FISCAL IMPACT:

Amount: \$40,000 ½ forgivable loan and ½ loan to be repaid

Funding Source: Economic Development Enterprise Account

ADDITIONAL INFORMATION:

Pillar Technology Group, LLC is a high-tech computer software firm. This privately held company is twenty years old, has 150 employees and has seen its business increase by 25% annually in recent years. Pillar Technology is on Columbus Business First Fast Fifty and the Inc. 5000 list for fast growing private companies. Pillar Technology serves large Fortune 500 companies and can do so from any location they choose based upon the use of technology that connects their engineers with customers. Based upon the location of new customers and the demographic and workforce make-up of

the Des Moines, Iowa region, Pillar Technology is considering opening a Des Moines, Iowa regional office. The Company has submitted a proposal to lease 7,600 sq. ft. of office space at 1420 Locust Street subject to approval of the proposed financial assistance package. The company estimates a capital investment in tenant improvements, computer hardware and software, furniture and fixtures of approximately \$791,800. Additionally, Pillar Technology is considering the creation of a venture capital fund to work in tandem with the potential new location as part of its effort to be a leader in the region and the state's high-tech industry.

PREVIOUS COUNCIL ACTION(S):

Date: March 9, 2015

Roll Call Number: [15-0401](#)

Action: [Sponsorship](#) of an application for financial assistance to the IEDA under the High Quality Jobs Program and preliminary approval of a City Economic Development Loan of up to \$40,000 for Pillar Technology, LLC. ([Council Communication No. 15-120](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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