

CHAPTER 102  
ENTREPRENEUR INVESTMENT AWARDS PROGRAM

**261—102.1(15E) Authority.** The authority for adopting rules establishing the entrepreneur investment awards program under this chapter is provided in Iowa Code sections 15.106A and 15E.362.  
[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

**261—102.2(15E) Purpose.** The purpose of the entrepreneur investment awards program is to provide financial assistance to service providers that provide technical and financial assistance to entrepreneurs and start-up companies seeking to create, locate, or expand a business in the state.  
[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

**261—102.3(15E) Definitions.** As used in this chapter, unless the context otherwise requires:

“*Applicant*” means a person applying to the authority for financial assistance under the program.

“*Authority*” means the economic development authority created in Iowa Code section 15.105.

“*Board*” means the members of the economic development authority appointed by the governor and in whom the powers of the authority are vested pursuant to Iowa Code section 15.105.

“*Business development services*” includes but is not limited to corporate development services, business model development services, business planning services, marketing services, financial strategies and management services, mentoring and management coaching, and networking services.

“*Committee*” means the technology commercialization committee established by the board pursuant to 261—Chapter 1.

“*Corporation*” means the Iowa innovation corporation created pursuant to Iowa Code section 15.107.

“*Deliverables*” means the performance of duties or other obligations required of an applicant under a contract entered into with the authority in consideration for the receipt of financial assistance under the program. At a minimum, “deliverables” includes the continued maintenance of all initial eligibility requirements for the duration of a contract entered into under the program and may include such other terms and conditions as the authority deems necessary to effectuate the legislative intent of the program or to protect the interest of taxpayers.

“*Eligible entrepreneurial assistance provider*” or “*service provider*” means a person meeting the requirements of rule 261—102.6(15E).

“*Financial assistance*” means the same as defined in Iowa Code section 15.327.

“*Fund*” means the entrepreneur investment awards program fund created pursuant to Iowa Code section 15E.363.

“*Iowa-based business*” means a service provider whose principal place of operations is in Iowa and that is actively providing business development services in the state.

“*Operating costs*” means the expenses associated with administering a service provider’s activities on a day-to-day basis. “Operating costs” includes both fixed costs and variable costs. “Operating costs” does not include expenses associated with non-operating activities such as interest expenses, repayment of principal, or moneys invested by the service provider in clients’ businesses or in other ventures.

“*Program*” means the entrepreneur investment awards program established pursuant to Iowa Code section 15E.362.

[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

**261—102.4(15E) Program description, application procedures, and delegation of functions.**

**102.4(1) Program description.** The program is designed to provide financial assistance to service providers meeting the eligibility requirements described in rule 261—102.6(15E). All awards of financial assistance must ultimately be approved by the board, and a contract must be entered into before funds will be disbursed. All contracts will specify the deliverables required in consideration for the provision of financial assistance.

**102.4(2) Application and award procedures.** Eligible service providers may submit applications to the authority. The applications will receive an initial review to confirm program eligibility before being

sent to the committee for a recommendation on funding. The committee will provide its recommendation to the board for a final determination on funding. The board may approve, deny, or defer each application for financial assistance under the program. The board will consider applications for financial assistance during the annual filing window described in subrule 102.4(5). The amount of financial assistance awarded to a service provider is within the discretion of the authority as determined by the board. If the board approves an award of financial assistance for a service provider, the authority will prepare a required contract specifying the terms and conditions under which financial assistance is provided to the service provider.

**102.4(3)** *Delegation of certain administrative functions to the corporation.* The authority will delegate certain administrative functions of the program to the corporation. The functions that will be delegated are:

*a.* The initial application review process, including an analysis of whether the service provider meets all requirements of eligibility under the program. In analyzing an applicant's eligibility, the corporation shall verify that all objective criteria for eligibility are met as described in subrule 102.6(1) and shall provide an opinion as to whether and to what extent the applicant meets the subjective criteria described in subrule 102.6(2). The analysis of eligibility shall be compiled in report form and submitted to the committee for its use in making a recommendation and to the board for its use in making a final determination.

*b.* The formulation of deliverables to be required under the contract. The corporation shall recommend to the authority the terms and conditions to be included in the contract in consideration for receipt of the grant funds.

*c.* The tracking and monitoring of the service provider's performance under a program contract, including an analysis of whether the service provider's deliverables meet all requirements of the contract and including an evaluation of the value added by the service provider to the businesses of entrepreneurs. The evaluation shall be provided by the corporation in furtherance of the program review and report required of the authority pursuant to Iowa Code section 15E.362.

**102.4(4)** *Administrative functions not delegated.* The authority will retain, and not delegate, the authority to perform all of the following functions: (1) the final determination as to whether to approve, deny, or defer the award of program funds to a service provider; (2) the disbursement of program funds to a service provider; (3) the final determination as to whether a service provider is in default of a contract entered into under the program, including all decisions regarding appropriate remedies for such a default; and (4) any other function not clearly delegated to the corporation pursuant to subrule 102.4(3).

**102.4(5)** *Annual filing window.* In order to facilitate the competitive application and scoring process described in rule 261—102.6(15E), the authority and the corporation will accept applications for financial assistance only during the annual filing window. This filing window shall be from May 15 to June 1 of each calendar year. During the month of June, the authority and the corporation will process the applications and prepare them for consideration by the committee and the board at the first monthly meeting of the committee and the board following June 30 of each year. The authority may adjust the annual filing window dates under extenuating circumstances and will notify affected parties of such circumstances.

**102.4(6)** *Miscellaneous.* The authority may contract with outside service providers for assistance with the program. The authority may also make client referrals to eligible service providers regardless of the amount of financial assistance provided.

[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

#### **261—102.5(15E) Program funding.**

**102.5(1)** *Aggregate fiscal year limitation.* The authority will not award more than \$1 million in financial assistance under the program in any one fiscal year.

**102.5(2)** *Individual applicant limitation.* The authority will negotiate the amount of financial assistance to be provided to a service provider. However, the authority will not award more than \$200,000 to any one service provider in any one fiscal year.

**102.5(3) Program funding source and allocation.** Moneys for financial assistance under the program will be awarded from the moneys in the entrepreneur investment awards program fund created pursuant to Iowa Code section 15E.363. Moneys are deposited in this fund by the authority pursuant to Iowa Code section 15.335B. The amount deposited each year depends on the amount allocated for such purposes under Iowa Code section 15.335B.

**102.5(4) Use of funds.** An applicant receiving financial assistance under the program shall only use the funds for the purpose of defraying operating costs actually incurred by the service provider in providing business development services to emerging and early-stage innovation companies in this state. Financial assistance provided under the program shall not be distributed to owners or investors of the company to which business development services are provided and shall not be distributed to other persons assisting in the provision of business development services.

[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

## **261—102.6(15E) Eligibility requirements and competitive scoring process.**

**102.6(1) Eligibility.** In order to be eligible for financial assistance under the program, an applicant must meet the requirements of this rule. A service provider applying to the program must meet all of the following criteria for eligibility:

- a. The service provider must have its principal place of operations located in this state.
- b. The service provider must offer a comprehensive set of business development services to emerging and early-stage innovation companies to assist in the creation, location, growth, and long-term success of the company in this state.
- c. The business development services may be performed at the physical location of the service provider or the company.
- d. The business development services may be provided in consideration of equity participation in the company, a fee for services, a membership agreement with the company, or any combination thereof.

**102.6(2) Competitive scoring criteria.** The authority will award financial assistance on a competitive basis. In making awards of financial assistance, the authority will consider the following criteria:

- a. The business experience of the professional staff employed or retained by the service provider. 25 points.
- b. The business plan review capacity of the professional staff of the service provider. 15 points.
- c. The expertise in all aspects of business disciplines of the professional staff of the service provider. 15 points.
- d. The access of the service provider to external service providers, including legal, accounting, marketing, and financial services. 15 points.
- e. The service model and likelihood of success of the service provider and its similarity to other successful service providers in the country. 15 points.
- f. The financial need of the service provider. 15 points.

[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

## **261—102.7(15E) Contract and report information required.**

**102.7(1) Contract required.** An applicant awarded financial assistance under the program shall enter into a contract with the authority for the receipt of such funds. The authority will include certain deliverables in the contract as recommended by the corporation and will delegate to the corporation the tracking and monitoring of all contract provisions. The corporation shall provide regular reports to the authority on the progress of the applicant and on the results of the tracking and monitoring. The authority will make the final determination as to compliance with the terms of the contract and will make the final determination as to whether and when to disburse funds to the applicant.

**102.7(2) Reporting information required.** Under Iowa Code section 15E.362, the authority is required to report on the success of the program to the legislature. An applicant may be required to submit all information necessary for the authority to produce such a report. The authority may include terms in the required contract effectuating this requirement.

[ARC 0611C, IAB 2/20/13, effective 3/27/13; ARC 2501C, IAB 4/27/16, effective 6/1/16]

These rules are intended to implement Iowa Code sections 15E.362 and 15E.363.

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