

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 2012 Iowa Acts, House File 2473, division I.
[ARC 0611C, IAB 2/20/13, effective 3/27/13]

261—102.2(15E) Purpose. The purpose of the entrepreneur investment awards program is to provide grants to service providers that provide technical and financial assistance to covered entrepreneurs.
[ARC 0611C, IAB 2/20/13, effective 3/27/13]

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

“*Applicant*” means a service provider applying to the authority for a grant 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.

“*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.

“*Covered entrepreneurs*” means entrepreneurs seeking to create, locate, or expand a business in the state if the entrepreneur’s business derives or intends to derive more than 10 percent of its gross sales from markets outside of the state.

“*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 grant funds 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.

“*Domicile*” means the principal place from which the trade or business of a service provider is directed or managed.

“*Expended funds*” means the amount of money spent by an applicant during the applicant’s previous fiscal year to provide technical and financial assistance to covered entrepreneurs. “Expended funds” only includes moneys spent directly on the provision of such technical and financial assistance. “Expended funds” does not include grants awarded pursuant to this chapter, moneys used to repay loans, moneys used to raise funds from investors, donors or lenders, or any moneys invested in the applicant’s clients’ businesses.

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

“*Iowa-based business*” means a service provider whose domicile is Iowa and that is actively providing services to covered entrepreneurs 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.

“*Service provider*” means a for-profit entity or a nonprofit organization that provides technical and financial assistance to covered entrepreneurs.

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

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

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

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 a grant under the program. The board will consider applications for funding on a first-come, first-served basis. If the board approves funding for a service provider, the authority will prepare a required contract specifying the terms and conditions under which funds are 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 covered 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).

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

261—102.5(15E) Program funding.

102.5(1) *Aggregate fiscal year limitation.* The authority will not award more than \$200,000 in grants under the program in any one fiscal year.

102.5(2) *Individual applicant limitation.* The authority will limit the amount of program funds that any individual applicant may receive. The amount awarded to an individual applicant shall equal the lowest of the following amounts:

a. An amount equal to 25 percent of the applicant's total expended funds during the applicant's previous fiscal year.

b. An amount equal to 100 percent of funds raised by the applicant in the previous fiscal year from private foundations, the federal government, local governments, financial institutions, or individuals.

c. Two hundred thousand dollars.

102.5(3) Program funding source and allocation. Moneys for grants 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 grant funds. An applicant receiving grant funds under the program shall only use such funds for the purpose of defraying operating costs actually incurred.

102.5(5) Sunset date. No grants will be awarded under the program after June 30, 2014, unless the program is extended by the general assembly.

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

261—102.6(15E) Eligibility requirements. In order to be eligible for a grant under the program, an applicant must meet the requirements of this rule. This includes meeting a list of objective criteria as well as a list of subjective criteria as follows.

102.6(1) Objective criteria. An applicant shall meet all of the following criteria:

a. The applicant's expended funds total shall be at least \$500,000 during the applicant's most recent previous fiscal year. In order to establish that this criterion is met, the applicant may be required to provide financial information, payroll information, invoices, canceled checks, bank statements or other similar information.

b. The applicant must provide services that meet the broad-based needs of covered entrepreneurs. In order to establish that this criterion is met, the applicant may be required to provide documentation substantiating the provision of such services. Such documentation may include strategic plans, operating plans, marketing plans, budgets, audited financials, corporate minutes, articles of incorporation, operating agreements, or bylaws.

c. The applicant must communicate and cooperate with other entities in the state offering similar services. In order to establish that this criterion is met, the applicant may be required to provide documentation demonstrating communication and cooperation. Such documentation may include contracts or memoranda of understanding with other entities or may include two or more affidavits of cooperation, signed by an officer of another entity with which the applicant is in cooperation and stating with particularity the manner and extent to which there is communication and cooperation. The authority reserves the right to make the final determination as to whether such another entity in the state offers similar services.

d. The applicant must engage various funding sources for covered entrepreneurs. In order to establish that this criterion is met, an applicant may be required to provide documentation demonstrating the results achieved for covered entrepreneurs including amounts and types of funding sources successfully engaged for a reasonable number of recent clients or partners. Such documentation may also include the overall, lifetime success rate in engaging such funding sources.

e. The applicant must communicate and cooperate with various entities for purposes of locating suitable facilities for covered entrepreneurs. In order to establish that this criterion is met, the applicant may be required to provide documentation demonstrating its efforts to locate such facilities for clients. Such documentation may include two or more affidavits of cooperation from local entities, signed by an officer of such an entity and stating with particularity the efforts undertaken to locate such facilities.

f. The applicant shall be an Iowa-based business.

102.6(2) Subjective criteria. An applicant shall meet all of the following criteria:

a. The business experience of the professional staff employed by the applicant. In order to allow assessment of this criterion, the applicant may be required to submit documentation of such experience. Such documentation may include résumés, curriculum vitae, and other professional biographical information.

b. The business plan review capacity of the applicant's professional staff. In order to allow assessment of this criterion, the applicant may be required to submit documentation of such capacity. Such documentation may include project lists, work plans, or other resources reasonably necessary to assess capacity.

c. The expertise of the applicant's professional staff in all aspects of business disciplines. If the information required pursuant to the criterion in paragraph 102.6(2) "a" is insufficient to allow assessment of this criterion, additional information may be required.

d. The applicant's professional staff's access to external service providers including legal, accounting, marketing, and financial services. In order to allow assessment of this criterion, the applicant may be required to submit documentation of such access. Appropriate sources of documentation in this context will be determined on an ad hoc basis.

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

102.7(1) Contract required. An applicant awarded grant funds 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.

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

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