

Step 1 – Review Program Summaries and Guidelines

Prospective applicants should carefully review the **Innovation Acceleration Fund** programs' summaries and guidelines to determine which program, if any, is an appropriate fit for the prospective applicant's economic development project. If you have questions about the program or would like a copy of the application, please contact **VentureNet Iowa** at Innovation@iowaEDA.com.

Step 2 – Application Submission

Prospective applicants must complete the **Innovation Acceleration Fund** program application and submit it to IEDA. Applications are reviewed for funding decisions on a bi-monthly basis. Please review the 2021 Application Deadlines schedule. Complete applications received after a deadline will advance through the application process for the next funding period.

- One **electronic** copy of the application form and all required attachments. Applications will be processed based on date/time of receipt of complete digital submission. Submit to: Innovation@iowaEDA.com

All signatures and notarized documents may be scanned and submitted via e-mail or mailed to:

VentureNet Iowa

400 East Court Ave; Suite 122

Des Moines, IA 50321

Step 3 – Preliminary Application Assessment

VentureNet Iowa will review all applications to determine whether each is complete and conforms to the program requirements. VentureNet Iowa will contact the applicant to discuss presentation to a **Review Panel** at the VentureNet Iowa office for evaluation and feedback.

Step 4 – Technology Commercialization Committee

The Technology Commercialization Committee (TCC) is a sub-committee of the Iowa Economic Development Authority (IEDA) Board. It is charged with assisting the Board by evaluating the project presented in the application to make funding recommendations to the IEDA Board. The TCC will review each application that advances from Step 3. The applicant will present the proposal to the TCC so that the Committee can ask questions and develop a deeper understanding of the proposal under consideration. The TCC will use its best judgment to make a funding recommendation to the IEDA Board of Directors.

Step 5 – Iowa Economic Development Authority Board

The IEDA Board will consider applications reviewed by the Technology Commercialization Committee along with the Committee's recommendations. The IEDA Board will use its best judgment to take one of the following actions on each application it considers: (i) approve funding the proposal as submitted; (ii) approve funding the proposal subject to certain modifications or completion of additional due diligence; or (iii) deny funding for the proposal.

Variable IEDA Innovation Awards Matrix

2021

Maximum Award:

Award Category	POCR	Demo	Propel	Expansion
1 Bio-Medical (Drug Discovery - Therapeutics & Diagnostics)	25,000	125,000	300,000	500,000
1 Med Device (Class III)	25,000	125,000	300,000	500,000
1 Bio-Fuels/Chemicals	25,000	125,000	300,000	500,000
1 Med Device (Class II)	25,000	125,000	300,000	500,000
2 IT - BioInformatics	25,000	100,000	250,000	400,000
2 IT Companies - Enterprise Software, Business & Consumer Applications etc.	25,000	100,000	250,000	400,000
2 Advanced Manufacturing/Value Added Ag	25,000	100,000	250,000	400,000

**IEDA Innovation Funding Programs
Award Options, Terms and Conditions**

Program:	Form of Award:	Terms:	Notes:
POCR	Royalty*	Repayment of 1 x award amount; royalty payment amount based on a rate of (X) percentage of prior-year total gross revenue.	* Repayment incentive: total amount discounted by 10% per year for accelerated repayment within the first five years.
Demo Fund	Royalty*	Repayment of 1.33 x award amount; royalty payment amount based on a rate of (X) percentage of prior-year total gross revenue.	* Repayment incentive: total amount discounted by 10% per year for accelerated repayment within the first five years.
Demo Fund	Loan**	Straight 5-year term, 6-month deferral, 3% rate of interest.	** Loan option awarded based on evidence that company can service the debt.
Propel	Loan	Straight 5-year term, 6-month deferral, 3% rate of interest.	
Propel	Royalty*	Repayment of 1.33 x award amount; royalty payment amount based on a rate of (X) percentage of prior-year total gross revenue.	* Repayment incentive: total amount discounted by 10% per year for accelerated repayment within the first five years
Expansion	Loan	Straight 7-year term, no deferral, 3% rate of interest.	

Interest Rate: %	3% interest is standard; Interest shall accrue from the date of first disbursement of funds
Term Options:	Straight five year term Deferment: Standard is 6 months.
Special Terms & Conditions:	For funds awarded in tranches, include conditions and milestones.
Claw back provisions in the contract	The loan will be repaid in a lump sum, accruing 6% interest from the date of first disbursement should any of the following events occur during the term of this Contract: <ul style="list-style-type: none"> 1. The business issues an Initial Public Offering (IPO). 2. The business moves the company out-of-state. 3. The business sells 51% or more of the company assets and/or the company.
Promissory Note:	The obligation to repay the Loan shall be evidenced by a promissory note executed by the Recipient.
Security may include: - UCC-1	UCC-1 Example:

<ul style="list-style-type: none"> - Dedicated CD - Irrevocable Letter of Credit - Personal Guaranty - Corporate Guaranty 	<p>Blanket UCC-1 covering the collateral identified in <i>Exhibit E – UCC-1 Financing Statement</i>. Recipient hereby grants to IEDA a security interest in the collateral described in <i>Exhibit E – UCC-1 Financing Statement</i>. The UCC-1 filing shall be in the form and content of <i>Exhibit E UCC-1 Financing Statement</i>.</p> <p>Due diligence on UCC filings is part of the application process.</p>
<p>Loan Subordination:</p>	<p>IEDA may consider a subordinate position if a UCC filing is already in place. Subsequent subordination requests require IEDA approval.</p> <p>Subordination to a commercial lender:</p> <ul style="list-style-type: none"> • The company is able to secure bank financing which they could not previously, thus the reason to apply for state funding. The company will need to submit a complete set of financials to IEDA and present their request to the TCC so we can gauge their progress on the commercialization path. • The state may consider a subordinate security position as conventional financing may enhance the company’s financial health and reduce state risk. <p>Subordination to investors:</p> <ul style="list-style-type: none"> • Generally IEDA’s preference is to be the first in line as a secured lender; an investor is not a secured lender.
<p>Condition of Disbursement of Funds - Documentation of required match.</p>	<p>Innovation Fund (Propel and Expansion) recipients will be required to document that the funds are in hand for IEDA funds to be disbursed. Accepted documentation: bank statements, loan documents, deposit documents, etc.</p> <p>If any other loan is outstanding (POCR, Demonstration) it must be paid back within 60 days of the award date.</p>

ABC Company
Contract #12-DEMO-example

DOCUMENTS NEEDED FOR PROCESSING REQUESTS FOR
DISBURSEMENT **Contract Documents 5.1:**

Received

Responsibility of:

Fully executed Contract [§5.1(a)]	<u>Business, IEDA</u>
Certified copy of the corporation's Articles of Incorporation [§5.1(b)]	<u>Business</u>
Certificate of Corporate Existence from the Iowa Secretary of State [§5.1(c)]	<u>Business</u>
Solid and Hazardous Waste Reduction Plan. To comply with Iowa Code section 15A.1(3)"b". <i>Submit in a brief paragraph on business letterhead 1) Certifying the business has hazardous waste and who disposes of it for the business (include a copy of the plan, if applicable), 2) If not hazardous waste, then the name of who the business contracts with for disposal of solid waste (wastepaper) and the frequency, 3) How the business intends to reduce waste.</i> [§5.1(e)]	<u>Business</u>
Executed Promissory Note(s) (LOANS ONLY) [§5.1(d)]	<u>Business</u>
Documentation of satisfactory credit history of Business and guarantors [§5.1(f)]	<u>IEDA</u>
Documentation of Required Match. Recipient will be required to document that the non- <u>Business DEMO</u> funds are in hand for State funds to be disbursed. This will need to be documented with bank statements, loan docs, deposit documents, etc.[§5.1(h)]	
Other _____	

"Other" Documents:

Signed Request for Disbursement Form (GAX)	<u>Business, IEDA</u>
W-9 form	<u>Business</u>
Other _____	

IEDA USE ONLY	
I certify all original signed contract documents have been received and appropriate documentation supporting this payment of \$ _____ has been reviewed and approved.	
_____	_____
CT Project Manager	Date
_____	_____
CT Coordinator Date	