

PLANNING & DEVELOPMENT

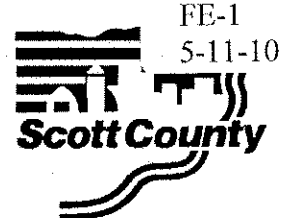
500 West Fourth Street

Davenport, Iowa 52801-1106

E-mail: planning@scottcountyiowa.com

Office: (563) 326-8643

Fax: (563) 326-8257



Timothy Huey
Director

To: Dee F. Bruemmer, County Administrator

From: Timothy Huey, Planning Director

Date: May 3, 2010

Re: New Ventures Initiative's Eastern Iowa Entrepreneurial Challenge Grant Fund proposal.

Chad Stamper from the New Ventures Initiative and Mark Kapfer from Eastern Iowa Community College District are approaching all four counties in the Eastern Iowa district to commit to fund a challenge grant program for which they have received a \$50,000 grant from the US Department of Agriculture to initiate. Those funds can only be used in Muscatine, Clinton and Jackson Counties. The NVI has asked that Scott County make a commitment to fund matching grants in Scott County that would qualify under the guidelines of the USDA grant.

The attached information is included to explain the procedures for review and approval of grants. If the County was to pledge \$5,000 annually the Iowa Chamber of Commerce has indicated that they would also pledge \$5,000. This would mean that qualifying challenge grants in Scott County could be funded up to \$10,000 in matching funds annually.

Executive Overview

From an economic development standpoint, new wealth from around the world flows into our regional economy when local companies sell products nationally and internationally. This new wealth is then spent locally on goods and services and pays local employees thus boosting the regional economy.

However, without adequate access to capital, innovative products and processes developed locally may never see the marketplace. The Eastern Iowa Challenge Grant Fund (the "Fund") administered by the region's business accelerator, the NewVentures Initiative (NVI), seeks to provide capital to these companies at key moments as the companies develop their products.

Challenge grants have proven to be a powerful strategy in fostering business development both nationally and in the Quad Cities region. In FY 09-10 (July 1, 2009 – June 30, 2010), the Eastern Iowa Community College District (EICCD), in partnership with the NVI, applied for and received a United States Department of Agriculture (USDA) grant for \$50,000 total over three years to provide initial funding for the Eastern Iowa Challenge Grant Fund. These funds can only be used in rural counties below a certain population threshold. In the eastern Iowa region, only companies from Scott County are prohibited from accessing the USDA funds.

Applications to the Fund are collected and administered by the NVI. An Eastern Iowa Challenge Grant Fund Committee representing the Fund investors exists to review the applications and make funding decisions. The Challenge Grant Fund Committee is chaired by a designee of the EICCD and made up of five representatives of Muscatine, Clinton, and Jackson Counties as well as the local Small Business Development Center (SBDC) director. The Challenge Grant Committee meets as needed and operates using written procedures and award criteria.

The Eastern Iowa Challenge Grant Fund makes straight grants available with no expectation that the award be repaid. Grants are capped at \$2,500 - \$5,000 per project. While repayment of grants is not required, a 1:1 dollar cash match is necessary to access the grant funding. While generally the match is required to be new money, in certain circumstances the Challenge Grant Committee may consider funds already spent on technical assistance as the required cash match.

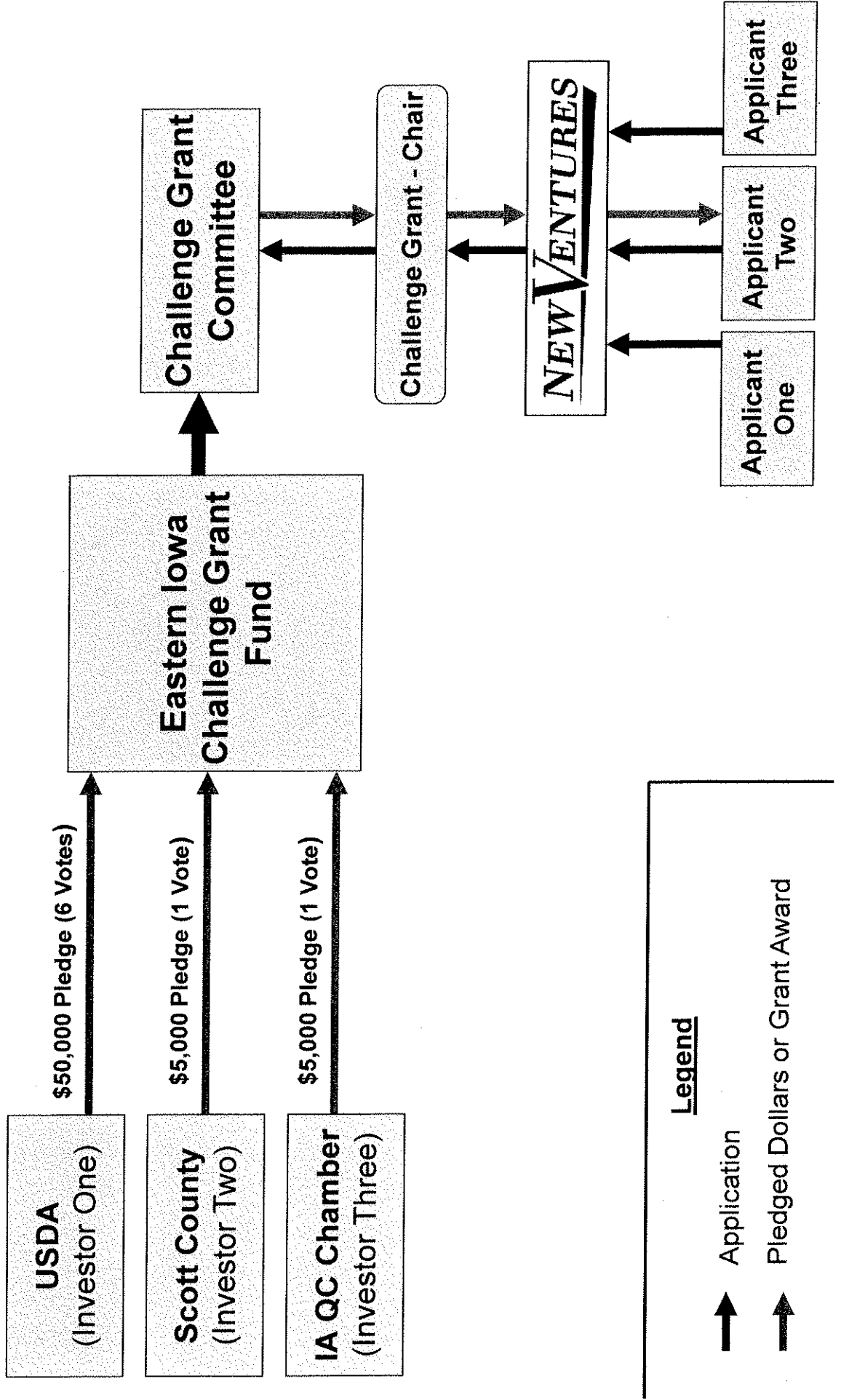
All grants are structured on a reimbursement basis. Once an Eastern Iowa Challenge Grant is awarded, NVI staff monitor the file and work with the awardees to achieve success. The awardees pay for services related to their projects, generally with local service providers (i.e. attorneys, accountants, engineers, etc) and submit their vendor receipts to the NVI for reimbursement from the Challenge Grant Fund.

During the current fiscal year, two Eastern Iowa Challenge Grant awards totaling \$10,000 have been made to local businesses. Both awardee companies are located in our region, but offer proprietary products with worldwide market potential.

Building off the success of this year's program, NVI is seeking a \$5,000 pledge from Scott County to the Eastern Iowa Challenge Grant Fund for FY 10-11 (July 1, 2010 – June 30, 2011). As a match to Scott County's pledge, the Iowa Quad Cities Chamber of Commerce will also contribute \$5,000 to the Fund in the coming fiscal year.

The Iowa Quad Cities Chamber of Commerce has also committed the staff resources necessary to administer the Fund. Fundraising efforts are also planned in other counties within the Eastern Iowa region.

Eastern Iowa Challenge Grant Fund – Operational Flowchart



Legend

- ↑ Application
- ↑ Pledged Dollars or Grant Award

Eastern Iowa Entrepreneurial Challenge Grant Fund

Sponsorship Guidelines

Sponsor requirements:

- County or City Governments, economic development groups, chambers of commerce, non-profit organizations in Eastern Iowa located in the counties of Scott, Clinton, Muscatine, Cedar, Jackson, and/or parts of Johnson County
- Pledge \$5,000 to the Challenge Grant Fund
- Maintain a voting board seat on the Challenge Grant Committee
- Promote the opportunity to eligible businesses in their region.

What is it?

The Eastern Iowa Challenge Grant Fund seeks to provide capital to qualified entrepreneurial companies at key development stages as companies work to commercialize their innovative products. Appropriated by the Challenge Grant Committee and administered by the region's business accelerator, the NewVentures Initiative (NVI), the Challenge Grant will provide seed capital for qualifying projects at the right time and will help move innovative technologies and products into the global marketplace more quickly.

How does it work?

General overview:

The Challenge Grant Committee is made up of the investors in the Challenge Grant Fund. The committee is chaired by an Eastern Iowa Community College designee.

Applicants are submitted for consideration to the Challenge Grant Committee by the NewVentures Initiative. The applicants complete an application and submit a business plan or project description to the committee for review. The committee votes and gives final approval on awards. Awards are up to \$2,500 - 5,000. For an applicant to receive the award it must receive at least a 60% approval of the voting members of the Committee. Chair of the Challenge Grant Committee is non-voting except to break tie votes between voting members.

Sponsor's funding requirements:

- Each sponsor commits to a minimum of \$5,000 in support of the fund for a fiscal year (July 1st - June 30th).
- Commitment may be in the form of cash paid in or a pledge documented by a signed Memorandum of Understanding between the NVI and the sponsor entity.
- Upon commitment the sponsor determines what geographic region they want to commit to providing funding.
- The sponsor appoints a person to the Funding Committee, who is a voting member of the Committee and represents the interests of that sponsor.
- The sponsor is not required to provide their cash support until a "qualifying event" occurs.
- A "qualifying event" is defined as a business within the sponsor's geographic region receiving a Challenge Grant award from the Challenge Grant Committee.
- Upon a business receiving an award within a sponsor's chosen region, the sponsor must then provide the initial amount (\$2,500 - \$5,000 in cash) to the Challenge Grant Fund. The Challenge Grant Committee will then disperse funds to the awardee business on a reimbursement basis.
- The sponsor will have the option to pledge for the next fiscal year's program.

Rules

- All submitted funds collected will be held in a bank account within Eastern Iowa. Funds will be held in trust until an awardee company submits documentation of eligible expenses for reimbursement.
- All awards are contingent upon available funding.
- Each fiscal year a total amount of available funds will be determined and marketing for awards will cease after all pledged funds are awarded.
- To be awarded an applicant must receive an approval of 60% of the Challenge Grant Committee.
- Eligible companies must be located in Eastern Iowa located in one the counties of Scott, Clinton, Muscatine, Cedar, and Jackson county. Further details related to eligibility are contained within the Challenge Grant Application.

Quad Cities
Chamber
I O W A

April 23, 2010

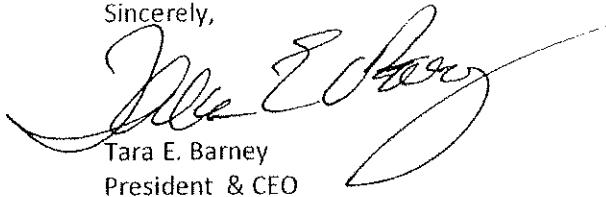
Dee Bruemmer
Tim Huey
Scott County Board
428 Western Ave.
Davenport, IA 52801

Dear Dee and Tim:

The Iowa Quad City Chamber of Commerce is committed to entrepreneurial development in our region. We believe the Eastern Iowa Challenge Grant program will provide needed "seed" funding opportunities for appropriate companies that have high impact potential for our area. We are pleased that you are considering providing an initial \$5,000 pledge for this program, and the Iowa Quad City Chamber will match that pledge.

Please feel free to contact me if I can answer any questions.

Sincerely,



Tara E. Barney
President & CEO