

# Qualified Action Plan for the State of Nebraska Talent and Innovation Initiative

Prepared for  
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by the  
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Submitted by  
The Department of Economic Development  
&  
The Economic Development Commission

Effective October 3, 2011 through June 30, 2013

NEBRASKA  
possibilities...endless<sup>SM</sup>



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**TALENT AND INNOVATION INITIATIVE  
QUALIFIED ACTION PLAN ACRONYM LIST**

<b>AITC</b>	<b>Angel Investment Tax Credit</b>
<b>AITCA</b>	<b>Angel Investment Tax Credit Act</b>
<b>BIA</b>	<b>Business Innovation Act</b>
<b>CDBG</b>	<b>Community Development Block Grant</b>
<b>DED or NDED</b>	<b>Nebraska Department of Economic Development</b>
<b>NAHTF</b>	<b>Nebraska Affordable Housing Trust Fund</b>
<b>NBDC</b>	<b>Nebraska Business Development Center</b>
<b>NEGP</b>	<b>Nebraska Economic Gardening Program</b>
<b>NIF</b>	<b>Nebraska Innovation Fund</b>
<b>NIFA</b>	<b>Nebraska Investment Finance Agency</b>
<b>SBA</b>	<b>Small Business Administration</b>
<b>SBDF</b>	<b>Site and Building Development Fund</b>
<b>SBIA</b>	<b>Small Business Innovation Act</b>
<b>SBIR</b>	<b>Small Business Innovation Research Program</b>
<b>SSBCI</b>	<b>State Small Business Credit Initiative</b>
<b>TI2</b>	<b>Talent and Innovation Initiative</b>

## **TALENT AND INNOVATION INITIATIVE QUALIFIED ACTION PLAN DEFINITION OF TERMS**

**Distressed Area** – a municipality, a county with a population of fewer than one hundred thousand inhabitants according to the most recent federal decennial census, an unincorporated area within a county, or a census tract in Nebraska that (a) has an unemployment rate which exceeds the statewide average unemployment rate, (b) has a per capita income below the statewide average per capita income, or (c) had a population decrease between the two most recent federal decennial censuses.

**Microenterprise** – a for-profit business entity with not more than ten full-time equivalent employees.

**Nebraska-based growth business** – a corporation, partnership, limited liability company, limited partnership, or limited liability partnership registered with the Secretary of State that has five to fifty employees and annual sales revenue of no less than five hundred thousand dollars and no more than two million five hundred thousand dollars.

**Nonmetropolitan areas** – counties with fewer than one hundred thousand inhabitants according to the most recent federal decennial census.

**Prototype** – an original model on which something is patterned by a resident of Nebraska or a company located in Nebraska.

**Value-added Agriculture** – increasing the net worth of food or nonfood agricultural products by processing, alternative production and handling methods, collective marketing, or other innovative practices.

**Small business innovation** – the provision of technical resources to locally owned and operated Nebraska-based growth businesses to foster development, growth, and high-wage job creation.

**SECTION ONE:  
INTRODUCTION TO THE TALENT AND INNOVATION  
INITIATIVE**

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## **EXECUTIVE SUMMARY**

During the 102<sup>nd</sup> Nebraska Legislative Session, Governor Dave Heineman prioritized a four-part legislative package aimed at advancing business innovation and strengthening workforce recruitment efforts in Nebraska. This four-part legislative package, known as the Talent & Innovation Initiative, included the Nebraska Internship Program (LB 386), the Business Innovation Act (LB 387), the Site and Building Development Fund (LB 388), and the Angel Investment Tax Credit Act (LB 389). All four legislative bills were adopted during the 102<sup>nd</sup> Nebraska Legislative Session and signed into law by Governor Heineman.

As required by the Business Innovation Act and the Site and Building Development Act, the Department must develop a qualified action plan for submission and approval by the Governor. Therefore, the Qualified Action Plan for the Talent and Innovation Initiative (“Qualified Action Plan”) has been created by the Department of Economic Development (“Department”) to meet both of these statutory requirements. The Qualified Action Plan sets forth the activities eligible for assistance under the Business Innovation Act, the Site and Building Development Act, and related programs. These activities have been selected by the Department to further priorities which are appropriate to local conditions and the state’s economy. The Department is placing an emphasis on the state’s need for innovation development, increases in jobs and investment, the leveraging of funds, and industry support and participation.

While a qualified action plan is only required for the Business Innovation Act and the Site and Building Development Act, the Department has determined that it is appropriate to include activities eligible for assistance under programs created both as a result of the Talent and Innovation Initiative, and other related legislation. In an effort to create a comprehensive and unified program that will best serve Nebraska’s economic climate, the Department has included activities eligible under the Business Innovation Act, Neb. Rev. Stat. §§81-12,152 - 81-12,167, the Site and Building Development Act, Neb. Rev. Stat. §§ 81-12,144 to 81-12,151 and the Small Business Innovation Act, Neb. Rev. Stat. §§ 81-12,136 to 81-12,143 as part of the Qualified Action Plan.

## **THE TALENT AND INNOVATION INITIATIVE & RELATED LEGISLATION**

The Talent and Innovation Initiative was a four-part legislative package, prioritized by Governor Dave Heineman that became law during the 102<sup>nd</sup> Nebraska Legislative session. The purpose of the Talent and Innovation Initiative is to advance business innovation and strengthen workforce recruitment efforts in Nebraska. The Initiative was made up of four separate legislative bills which included; the Nebraska Internship Program (LB 386), the Business Innovation Act (LB 387), the Site and Building Development Act (LB 388), and the Angel Investment Tax Credit Act (LB 389). All four legislative bills were adopted during the 102<sup>nd</sup> Nebraska Legislative Session and signed into law by Governor Heineman. A related bill, the Small Business Innovation Act (LB 345), was also adopted during the 102<sup>nd</sup> Nebraska Legislative Session and signed into law by Governor Heineman. While not part of the Talent and Innovation Initiative,

the Department has determined that it is appropriate to address the plans for funding provided through the Small Business Innovation Act in the Qualified Action Plan.

#### The Nebraska Internship Program (LB 386)

The Nebraska Internship Program was introduced under LB 386 by the Nebraska State Legislature in January of 2011 at the request of Governor Dave Heineman. LB 386 was part of Governor Heineman's Talent and Innovation Initiative, which was aimed at enhancing Nebraska's economic momentum by focusing on opportunities that would strengthen job creation and education across the State of Nebraska. LB 386, which was operative June 1, 2011 has been codified in the Nebraska Revised Statutes at §§81- 1210.01 to 81-1210.03.

The purpose of the Nebraska Internship Program is to create new internship opportunities for college and university students in an effort to "retain such students and attract workers to Nebraska." The Department has successfully implemented the Nebraska Internship Program (or InternNE, as it has been officially named), and has already awarded numerous grants to Nebraska businesses to create new paid internship positions for eligible students. The Department has elected not to include the Nebraska Internship Program as part of this Qualified Action Plan, but as a part of the Talent and Innovation Initiative, its successful implementation is worthy of mention.

#### The Business Innovation Act (LB 387)

The Business Innovation Act was introduced under LB 387 by the Nebraska State Legislature in January of 2011 at the request of Governor Dave Heineman. LB 387 was also part of Governor Heineman's proposed Talent and Innovation Initiative. LB 387, which is operative October 3, 2011 has been codified in the Nebraska Revised Statutes at §§81-12,152 - 81-12,167.

The purpose of the Business Innovation Act, as stated in Neb. Rev. Stat. §81-12,154, is to "encourage and support the transfer of Nebraska-based technology and innovation in rural and urban areas of Nebraska in order to create high growth, high technological companies, small businesses, and microenterprises and to enhance creation of wealth and quality jobs". As required by the Business Innovation Act, the Department must develop a Qualified Action Plan for submission and approval by the Governor. The Qualified Action Plan for the Talent and Innovation Initiative is the Department's effort at meeting this requirement. The Qualified Action Plan sets forth the activities eligible for assistance under the Business Innovation Act. These activities have been selected by the Department to further priorities which are appropriate to local conditions and the state's economy. The Department is placing an emphasis on the state's need for innovation development, increases in jobs and investment, the leveraging of funds, and industry support and participation. The activities eligible for assistance through programs implemented under the Business Innovation Act are detailed in Sections 3, 4, 5, and 6 of this Qualified Action Plan.

### The Site and Building Development Act

The Site and Building Development Act was introduced under LB 388 by the Nebraska State Legislature in January of 2011 at the request of Governor Dave Heineman. LB 388 was also part of Governor Heineman's Talent and Innovation Initiative. LB 388, which is operative October 3, 2011 has been codified in the Nebraska Revised Statutes at §§81-12,144 to 81-12,151.

The purpose of the Site and Building Development Act, as stated in Neb. Rev. Stat. §81-12,145 is to assist in the provision of industrial-ready sites and buildings in all areas of the state in order to create "conditions favorable to meeting the industrial readiness of the state". As required in Neb. Rev. Stat. §81-12,149, the Department must develop a Qualified Action Plan for submission and approval by the Governor. The Qualified Action Plan for the Talent and Innovation Initiative is the Department's effort at meeting this requirement. The Qualified Action Plan sets forth the activities eligible for assistance under the Site and Building Development Act. These activities have been selected by the Department to further priorities which are appropriate to local conditions and the state's economy. The Department is placing an emphasis on projects that meet a community's immediate need for site and building development, proposed increases in jobs and investment, private dollars leveraged, level of local government support and participation, and repayment, in part or in whole, of financial assistance awarded by the Site and Building Development Fund. The activities eligible for assistance through the Site and Building Development Fund are detailed in Section 8 of this Qualified Action Plan.

### The Angel Investment Tax Credit Act

The Angel Investment Tax Credit Act was introduced under LB 389 by the Nebraska State Legislature in January of 2011 at the request of Governor Dave Heineman. LB 389 was also part of Governor Heineman's Talent and Innovation Initiative. LB 389, which is operative September 1, 2011 has been codified in the Nebraska Revised Statutes at §§77-6301 to 77-6310.

The purpose of the Angel Investment Tax Credit Act is to encourage investment in high-technology and other startup enterprises in Nebraska by providing refundable state income tax credits to qualified investors investing in qualified early-stage companies. The Department has elected not to include the Angel Investment Tax Credit program as part of this Qualified Action Plan, but as a part of the Talent and Innovation Initiative, it has significant ties to other programs contained in the Qualified Action Plan. The significance of the Angel Investment Tax Credit Act to other programs makes it worthy of mention here.

### The Small Business Innovation Act

The Small Business Innovation Act was introduced under LB 345 by the Nebraska State Legislature in January of 2011. LB 345, which contained an emergency clause, was approved by the Governor on May 24, 2011. It has been codified in the Nebraska Revised Statutes at §§ 81-12,136 to 81-12,143.

The purpose of the Small Business Innovation Act, as stated in Neb. Rev. Stat. §81-12,137 is to support and assist Nebraska-based growth businesses in order to “evolve Nebraska’s economic development and job creation policies.” While not part of the Talent and Innovation Initiative, the Department has determined that it is appropriate to address the plans for funding provided through the Small Business Innovation Act in this Qualified Action Plan. The activities eligible for assistance through the Small Business Innovation Act; or the Nebraska Economic Gardening Fund, as it has been officially named, are detailed in Section 7 of this Qualified Action Plan.

## **PURPOSE OF THE QUALIFIED ACTION PLAN**

The Department is required through both the Business Innovation Act (Neb. Rev. Stat. §81-12,155) and the Site and Building Development Act (Neb. Rev. Stat. §81-12,145) to develop a qualified action Plan. Both statutory sections require the Department to prepare a qualified action plan and provide it to the Economic Development Commission for review. The Economic Development Commission will then submit the qualified action plan to the Governor for approval.

The Qualified Action Plan for the Talent and Innovation Initiative has been developed by the Department of Economic Development to meet both of these statutory requirements. As previously explained, the Qualified Action Plan sets forth the activities eligible for assistance under the Business Innovation Act, the Site and Building Development Act, and related programs. These activities have been selected by the Department to further priorities which are appropriate to local conditions and the state’s economy. The Department is placing an emphasis on the state’s need for innovation development, increases in jobs and investment, the leveraging of funds, and industry support and participation. These priorities were considered in the development of criteria to be used in the selection of projects to be funded through the Business Innovation Act and the Site and Building Development Act. Where appropriate, the criteria utilized in the selection of projects are included in the Qualified Action Plan. The state and local economic priorities are discussed in more detail in the following section.

## **STATE AND LOCAL ECONOMIC PRIORITIES**

As part of the Qualified Action Plan, the Department of Economic Development has been directed to select priorities which are appropriate to local conditions and the state’s economy. In determining priorities, the Department has looked to numerous state resources including the Competitive Advantage Assessment and Strategy for Nebraska, which was prepared by Battelle Technology Partnership Practice available at:

[http://www.neded.org/files/businessdevelopment/battelle/Main\\_Report\\_NE\\_CompetitiveAdvantageAssessment\\_v8a.pdf](http://www.neded.org/files/businessdevelopment/battelle/Main_Report_NE_CompetitiveAdvantageAssessment_v8a.pdf); and the statewide strategic plan developed by the Innovation and Entrepreneurship Task Force available at:

[http://nebraskalegislature.gov/pdf/reports/committee/select\\_special/innovation\\_entrepreneurial2010.pdf](http://nebraskalegislature.gov/pdf/reports/committee/select_special/innovation_entrepreneurial2010.pdf).

## **ALLEVIATING CHRONIC ECONOMIC DISTRESS**

The Department of Economic Development is directed through the Business Innovation Act to utilize forty percent of the funding provided through the Act for projects that “best alleviate chronic economic distress in distressed areas.” Distressed areas are defined as “a municipality, a county with a population of fewer than one hundred thousand inhabitants according to the most recent federal decennial census, an unincorporated area within a county, or a census tract in Nebraska that (a) has an unemployment rate which exceeds the statewide average unemployment rate, (b) has a per capita income below the statewide average per capita income, or (c) had a population decrease between the two most recent federal decennial censuses.”

A map of distressed areas within the State of Nebraska is included in Section 1-7.

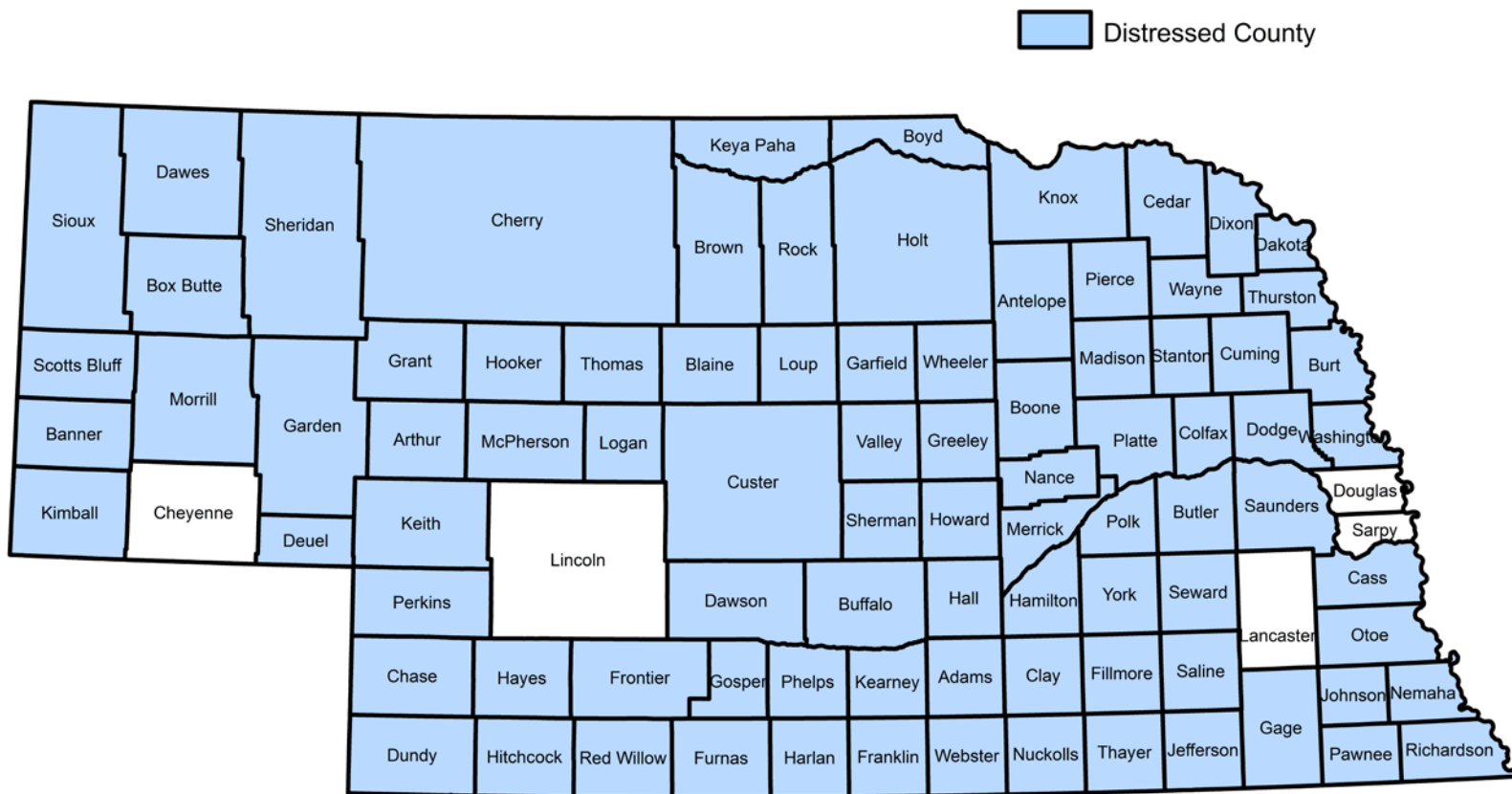
## **ADMINISTRATION OF THE BUSINESS INNOVATION ACT**

As authorized by the Business Innovation Act, the Department intends to contract with a Nebraska-based nonprofit entity for the purposes of carrying out some of the provisions of the Act. In particular, the Department intends to contract with Invest Nebraska Corporation for the purposes of carrying out portions of the Nebraska Innovation Fund Program described in Section 4 of the Qualified Action Plan. Invest Nebraska Corporation will aid the Department in carrying out a commercialization support program which will provide services to start-up, high growth, high technology businesses to assist them through the commercialization process.

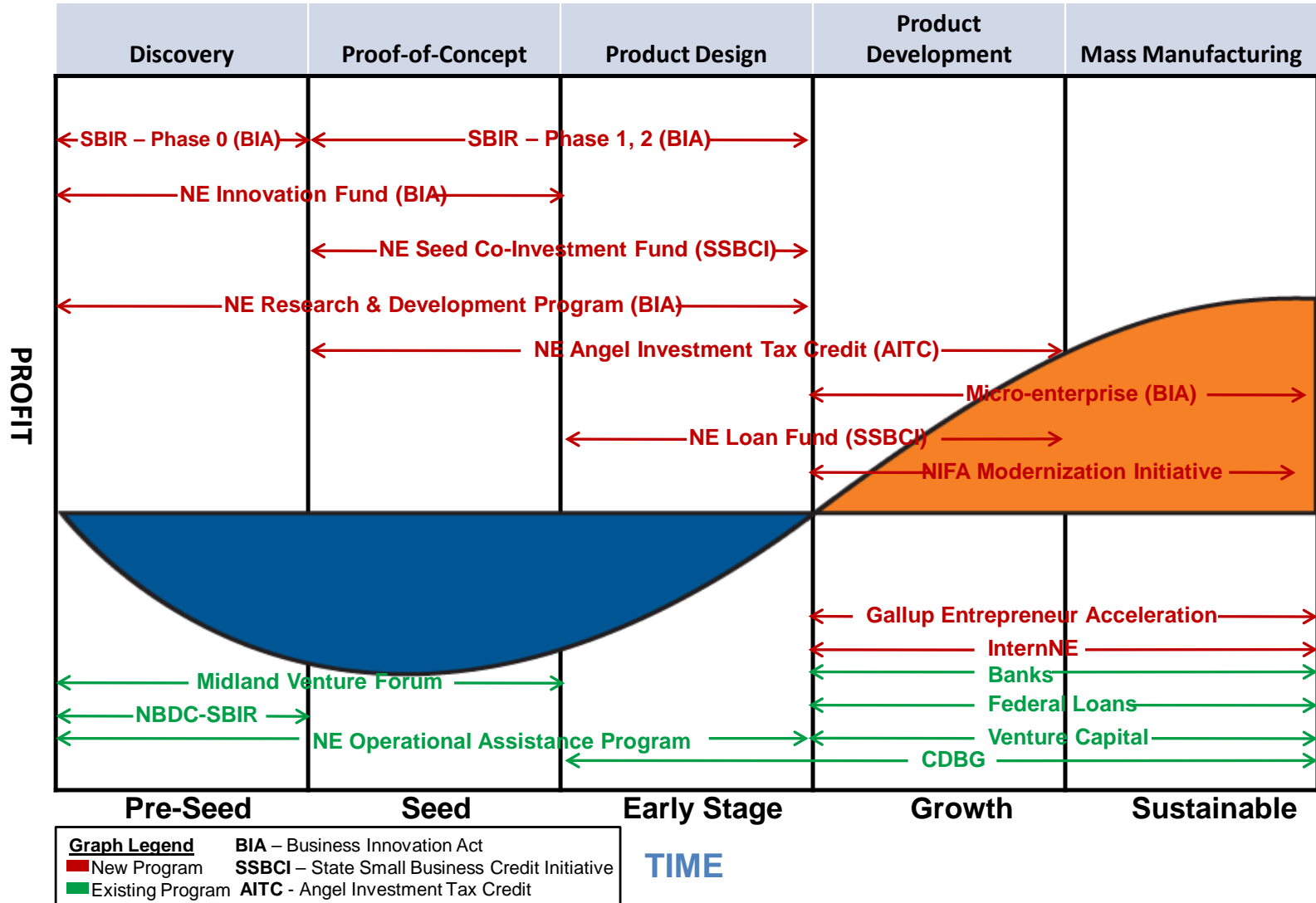
## **BUSINESS FINANCING CONTINUUM**

The Business Financing Continuum, shown in Section 1-8, illustrates the process of development of a business from an idea all the way to the growth and sustainability phase. The Department intends to utilize funding from the Business Innovation Act, the Site and Building Fund, and the Small Business Innovation Act to provide the appropriate type of assistance to businesses depending upon the stage of the continuum they are in at the time of application for assistance. This Business Financing Continuum helps demonstrate how funding sources available within the State of Nebraska can be used create a comprehensive and unified program that can best serve Nebraska’s economic climate.

# MAP OF DISTRESSED AREAS



# Business Financing Continuum





**SECTION TWO:  
ALLOCATION OF FUNDS, MONITORING STANDARDS, AND  
AMENDMENTS**

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## ALLOCATION OF FUNDS

The Business Innovation Act authorizes the distribution of \$9 million in funding in fiscal year 2011-2012 and an additional \$9 million in 2012-2013. Provided however, the legislature appropriated only \$7 million in funding for each year. Of each \$7 million, up to five percent (5%) can be used by the Department for the purposes of carrying out any or all of the provisions of the Business Innovation Act. Some of funds allocated for administration may be distributed to a Nebraska-based nonprofit organization selected by the Department to administer various parts of the Business Innovation Act.

The Small Business Innovation Act authorizes the distribution of approximately \$200,000 in funding in fiscal year 2011-2012 and an additional \$200,000 in 2012-2013.

The Site and Building Development Act allocation amount is an estimation based upon an initial \$1 million to be transferred to the fund in January of 2012, plus \$1 million to be transferred in January of 2013, in addition to projected amounts to be credited or transferred to the Site and Building Development Fund as specified in the Act.

### 2011–2013 Allocation

<i>Table 1</i>	<b>Business Innovation Act</b>	<b>Small Business Innovation Act (Economic Gardening)</b>	<b>Site and Building Development Act</b>	<b>Total Funds</b>
<b>Distribution Amount</b>	\$13,300,000 <sup>1</sup>	\$400,000	\$3,000,000 <sup>3</sup>	<b>\$16,700,000</b>
<b>State Administration</b>	\$700,000 <sup>2</sup> (5%)	\$0	\$0	<b>\$700,000</b>
<b>Total Allocation</b>	<b>\$14,000,000</b>	<b>\$400,000</b>	<b>\$3,000,000</b>	<b>\$17,400,000</b>

<sup>1</sup> At least forty percent, or \$5,320,000, will be used for projects that best alleviate chronic economic distress in distressed areas.

<sup>2</sup> Funds allocated for administration may be reallocated to project activities at the discretion of the Department.

<sup>3</sup> This amount is an estimation. Actual amounts will be based upon credits and transfers made to the Site and Building Development Fund. At least forty percent of the amount available for distribution will be made available for projects in nonmetropolitan areas as required by Neb. Rev. Stat. §81-12,149.

## **MONITORING STANDARDS AND PROCEDURES**

The Department of Economic Development will implement monitoring standards and procedures to ensure that all statutory and regulatory requirements are being met for activities funded through the Business Innovation Act, the Site and Building Development Act, and the Small Business Innovation Act.

The Department plans to use a combination of both off-site, or “desk” monitoring and on-site monitoring. The Department will regularly review projects to verify that they are proceeding in the manner set forth in the agreement between the grantee and the Department, and in accordance with applicable laws and regulations. The Department will also ensure that any non-profit entities used to aid in the administration of the programs carried out under the Qualified Action Plan establish and implement monitoring standards and procedures as well.

## **AMENDMENTS TO THE QUALIFIED ACTION PLAN**

The Department of Economic Development reserves the right to make changes to the Talent and Innovation Initiative Qualified Action Plan at the Department’s discretion. In particular, the Department reserves the right to redistribute funding between activities funded through the Business Innovation Act so long as the Department does not exceed the maximum amounts authorized by statute.

If the Department determines that it is necessary to amend the Qualified Action Plan, the proposed amendment will be submitted to the Director of the Department of Economic Development for review and approval. If approved by the Director, the proposed amendment will be submitted to the members of the Economic Development Commission for a fifteen (15) day review and comment period. At the end of the fifteen (15) days, the Department will consider any input provided by the members of the Economic Development Commission, then the Director will issue final approval on the amendment. The Qualified Action Plan, including any amendments, will be made available on the Department’s website at: [www.neded.org](http://www.neded.org).

**SECTION THREE:  
NEBRASKA SMALL BUSINESS INNOVATION RESEARCH  
INITIATIVE**

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## **PROGRAM SUMMARY**

The Nebraska Small Business Innovation Research (“SBIR”) Initiative establishes a program to provide financial assistance to small businesses with a principal place of business in Nebraska to support applications to the federal Small Business Innovation Research program (Phase 0) and for the matching of successful federal Small Business Innovation Research program applications (Phase 1 and 2) by the State of Nebraska. The total funds available through the Nebraska SBIR Initiative will be a maximum of \$1 million.

The federal Small Business Innovation Research program provides funding competitions in two phases that are relevant to the Nebraska SBIR Initiative. Phase 1- to conduct feasibility research; and Phase 2-to expand and develop Phase 1 results and develop commercially viable innovations. The federal SBIR program is administered by 11 federal agencies. Applicants for federal SBIR program funding compete by submitting proposals in response to solicitations issued by the participating federal agencies.

Small businesses apply for funding under the Nebraska SBIR Initiative by submitting an application to the Nebraska Department of Economic Development.

## **OBJECTIVES**

1. Stimulate private investment in Nebraska-based high growth companies;
2. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Nebraska-based companies;
3. Support feasibility, concept development, and commercialization activities that have clear potential to lead to scalable commercially successful products, processes, or services within a reasonable period of time;
4. Stimulate growth-oriented enterprises within Nebraska;
5. Promote commercialization activities that are market-oriented; and
6. Support small businesses.

## **GOALS**

1. To increase the number of applications for federal Phase 1 awards;
2. To increase the amount of federal research dollars received by Nebraska small businesses;
3. To increase the intensity of the research conducted under federal Phase 1 awards, making Nebraska small businesses more competitive in the competition for federal Phase 2 funds; and
4. To increase the opportunities for Phase 2 award winners to become commercially successful.

## **ELIGIBLE APPLICANTS & REQUIREMENTS**

Small businesses that qualify under the federal SBIR program for the purposes of submitting an application under the federal program are eligible to apply for funding through the Nebraska SBIR Initiative.

- **Phase 0 Program for assistance in submitting a federal SBIR application**
  1. Applicant must be a for-profit small business with its principal place of business in Nebraska;
  2. Applicant must submit a qualified SBIR Phase 1 proposal to a participating federal agency in response to a specific federal solicitation;
  3. Applicant must meet all federal SBIR program eligibility requirements that are applicable to the relevant federal solicitation;
  4. Applicant must not receive concurrent funding support from other sources that duplicates the purpose of the Nebraska Phase 0 initiative, without DED approval;
  5. Applications must be received by DED no later than 45 days from the closing date of the federal solicitation to which the applicant has responded. Any applications received by DED after 45 days from the submission deadline in the federal solicitation will be returned without consideration.
  6. Applicant must conduct at least 51% of the activities described in the federal SBIR proposal in Nebraska, and must maintain significant Nebraska operations during the entire corresponding federal SBIR Phase 1 project, if awarded federal funding;
  7. Proposals resubmitted to a federal agency, for which the applicant has already received a Phase 0 award, are not eligible for an additional award; and
  8. Applicant must satisfy any other eligibility requirements established by DED.
  
- **Phase 1 and 2 Matching Program for successful federal SBIR applications**
  1. Applicant must be a for-profit small business with its principal place of business in Nebraska;

2. Applicant must meet all federal SBIR Program eligibility requirements that are applicable to the relevant federal solicitation (Federal SBIR Solicitation Period must have been after October 1, 2010 to be eligible for Phase 1 and 2 match);
3. Applicant must perform at least 51% of the activities conducted under the Phase 1 research and subsequent Phase 2 effort (if awarded), in Nebraska; and
4. Applicant must maintain significant Nebraska business operations for the duration of the Phase 1 and Phase 2 performance periods.

#### Phase 1 Matching Applicants

1. Applicant must have received official notification of Phase 1 award by the federal SBIR agency during the application cycle; and
2. Applications for Phase 1 matching program funds must be received no later than 45 days from the date of notification of Phase 1 award by the federal SBIR agency. Any applications received by DED after 45 days from the award notification by the federal agency will be returned without consideration (with the exception of those awarded between October 1, 2010 and October 1, 2011).

#### Phase 2 Matching Applicants

3. Applicant must have successfully completed their Phase 1 effort corresponding to the federal award and have submitted a final Phase 1 report to the granting federal SBIR program agency (and to DED, if requested by DED); and
4. Applicant must have received notification of the successful completion of the Phase 1 effort from the participating federal SBIR program agency and must submit to DED proof that the federal SBIR Phase 2 proposal has been submitted to, and received by, the particular federal agency.

## **AMOUNT OF FUNDING AVAILABLE, GRANT LIMITATIONS AND MATCHING REQUIREMENTS**

The maximum amount of funding available under the Nebraska SBIR Initiative will be \$1 million each year for two years. The actual amount of funding available will vary depending upon demand, but will not exceed \$1 million per year.

Phase 0 grants will reimburse qualified applicants, up to \$5,000 per project, for costs incurred in preparing and submitting a federal Phase 1 proposal to a solicitation from a federal agency.

Reimbursable costs include: proposal preparation consulting fees paid to others; typing/word processing services; project related supplies and postage; database search fees for project related literature search; rental space and/or equipment directly related to the preparation of the federal proposal; and salaries of individuals who were directly involved in preparation of the Phase 1 proposal. Non-reimbursable costs include: travel; equipment purchases over \$300; facility improvements; and legal fees for patents.

Phase 1 and 2 matching grants will match federal SBIR awards and will not exceed \$100,000 or 65% of the federal SBIR grant whichever is less.

DED will not award funding to a business for more than one project every two years. No match is required for the Nebraska SBIR Initiative.

## **PROJECT SELECTION CRITERIA**

Evaluation criteria that will be considered in evaluation of applications under the Nebraska SBIR Initiative include, but are not limited to:

1. Level of risk associated with the commercialization of the product or process;
2. Number of high-value jobs to be created as a result of the successful commercialization of a new product or process;
3. Market opportunity; whether there is a large addressable market for the product or process;
4. Business opportunity; whether there is a valid business opportunity to employing the product or process; and
5. Degree to which the applicant has attracted or will be able to attract additional third party capital.

## **APPLICATION TIMING AND PROCESS**

Applications will be accepted from October 3, 2011 through June 30, 2013, or until all funds are exhausted. Applicants must use the required forms provided and must fully comply with all requirements within the time period specified, in order to be eligible for an SBIR Phase 0, Phase 1 matching award and Phase 2 matching award. Applications that do not include ALL of the documents specified or that contain documents that have not been fully completed, will be considered incomplete and will be returned to the applicant without further review. At its discretion, DED may request supplemental materials from the applicant and such materials must be received within 15 days of the date of the request or the application may be returned to the applicant without further review.

## **DED CONTACT PERSON**

For clarifications on the Nebraska SBIR Initiative, please direct your inquiries to:

Dave Honz, Economic Development Consultant  
Nebraska Department of Economic Development  
301 Centennial Mall South, 4<sup>th</sup> Floor  
PO Box 94666  
Lincoln, NE 68509-4666  
Telephone: 402-471-3763  
E-mail: [dave.honz@nebraska.gov](mailto:dave.honz@nebraska.gov)  
Website: <http://www.neded.org>



**SECTION FOUR:**  
**NEBRASKA INNOVATION FUND**

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## **PROGRAM SUMMARY**

The Nebraska Innovation Fund (NIF) establishes a program to provide financial assistance to individuals and businesses operating in Nebraska to support proof of concept activities and commercialization of a product or process. The total funds available through the NIF will be a maximum of \$4 million each year under the Qualified Action Plan (\$2 million seed fund, \$1 million pre-seed fund and \$1 million value-added agriculture projects).

Innovation in value-added agriculture includes proof of concept and commercialization processes thus value-added agriculture is included in the Nebraska Innovation Fund. Ag cooperatives, farming and ranching operations are included as eligible applicants for value-added agriculture projects in the Nebraska Innovation Fund.

In order to apply for funding through the NIF Program, applicants must apply to the Department of Economic Development (“DED”) using the NIF application forms available from the DED.

## **OBJECTIVES AND GOALS**

1. Stimulate private investment in Nebraska-based high growth companies;
2. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Nebraska- based companies;
3. Support feasibility, concept development, and commercialization activities that have clear potential to lead to scalable, commercially successful products, processes, or services within a reasonable period of time;
4. Stimulate growth-oriented enterprises within the Nebraska;
5. Promote commercialization activities that are market-oriented; and
6. Support small and medium-sized companies.

## **ELIGIBLE APPLICANTS**

High growth, early-stage companies developing and commercializing a technology product, process, or service with potential to raise private capital are eligible applicants. They must also be:

- A corporation, limited liability company, partnership, registered limited partnership, sole proprietorship, business trust, or other eligible entity engaged in non-retail primary industries that are adding value to products or processes in Nebraska;
- with 500 or fewer employees; and that is
- operating in Nebraska.

## **AMOUNT OF FUNDING AVAILABLE, GRANT LIMITATIONS, AND MATCHING REQUIREMENTS**

The maximum amount of funding available for the Nebraska Innovation Fund will be \$4.0 million each year for two years. The funding amount will vary depending upon demand.

- **Pre Seed Stage (Prototyping)**

Pre seed grants will be up to \$50,000 per project, for creating a prototype of a product stemming from research and development at a business operating in Nebraska or research at a public or private college or university in Nebraska. Applicants must provide a business plan that includes a proof-of-concept demonstration. Applicants must provide matching equal to 50% of the grant amount. Eligible sources of match are funds from non-state sources, which include private foundations, federal or local government sources, quasi-governmental entities or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Nebraska Legislature. Value-added agriculture grants must provide matching equal to 25% of the grant amount. Funds must be expended within 24 months of awarding decision.

- **Seed Stage (Commercialization)**

Seed stage investments will be up to \$500,000 per project, for the commercialization of a prototype or process from a business or individual operating in Nebraska. Applicants must submit a feasibility study stating the potential sales and profit projections for the product or process. Applicants must provide matching equal to 50% of the amount of the investment. Eligible sources of match are funds from non-state sources, which include private foundations, federal and local government sources, quasi-governmental entities or commercial lending institutions or any other funds whose sources do not include funds appropriated by the Nebraska Legislature. Value-added agriculture investments must provide matching equal to 25% of the of the investment amount. Applicants need not have received a separate pre-seed grant under NIF to be eligible for a seed stage investment. Funds must be expended within 24 months of the awarding decision.

Funds shall be invested via a stand alone convertible note or as part of a minimum qualified round of financing. DED will contract with Invest Nebraska in order to have Invest Nebraska make investments, and administer and manage the investment process. For the purposes of the Nebraska Innovation Fund, a qualified round of financing is a formal financing round that is documented by standard legal documentation, including a subscription/stock purchase agreement, a shareholder/investor rights agreement, and an investor questionnaire to verify that all investors are accredited according to Regulation D under the Securities and Exchange Commission (SEC).

In order for funds to be considered as match for the Nebraska Innovation Fund, the company's matching financing must be closed less than six (6) months before the application or within (6) months after a notice of award. All matching funds must be generated from private, independent, accredited investors; or qualified investors or qualified funds certified under the Angel Investment Tax Credit Act.

## **PROJECT SELECTION CRITERIA**

Applicants must demonstrate that their proposed project has all of the following characteristics:

1. Significant promise of raising private investment;
2. Ability to produce a measurable result and be technologically sound;
3. Ability to lead to innovative technology or new knowledge;
4. Ability to lead to scalable, commercially successful products processes, or services within a reasonable period of time; and
5. Significant potential for stimulating innovation-driven economic growth and a reasonable probability to enhance employment opportunities within Nebraska.

For each application submitted, DED will perform an independent review, and at DED's discretion, DED may utilize the assistance of outside experts. In completing the review, DED will examine the following:

1. Whether there is a clear indication that the company has already sought private investment, or will be ready to seek private investment within the timeframe specified by the DED;
2. Whether there is evidence that the project is a platform technology and is scalable for high growth potential;
3. Whether there is verification that the applicant meets the eligibility requirements of the NIF program;
4. Whether there is a technology description and plan that is sufficient for external expert review;
5. Whether there is a detailed financial analysis that includes the commitment of resources by the applicant and others;
6. Whether there is sufficient detail concerning proposed project, type, and amount of work to be performed, and expected product, process, or service with estimated costs to be reflected in the negotiated contract or agreement; and

7. Whether there is a statement on the economic development potential of the project with sufficient supporting documentation.

Applicant companies must provide the following information as it relates to the proposed project (Not all information may be applicable to each application; such applicability will be determined by DED):

- List of Management members – including experience, qualifications and capabilities; organizational chart;
- List of Board of Directors – including composition and members backgrounds;
- List of Advisory Board – including composition and members backgrounds;
- Description of Technology – core technology description, feasibility, scalability, reliability, robustness, and inter-operability with existing technologies; technology development schedule and innovation strategy; compatibility, integration, and implementation to current marketplace systems; applications; pricing strategy; competing methodologies;
- Intellectual Property – IP strategy; patents, trademarks, copyrights filing status; strength of the IP; expected legal fees; IP management processes;
- Market – market analysis to include end-consumer compliance, size, growth potential, and effects of macroeconomic changes, where is the company going, what is the total target market size, timing with market need and trends (fit), which competitors could enter and why, breadth of competitive landscape, company’s current differentiation from competitors, competitor’s business models, revenue models, and performance track record.
- Sales and Marketing – strategy, value chain landscape, potential partners, market research including customer adoption studies, time to breakeven, strategic partners and candidates;
- Manufacturing – manufacturing plan, accessibility of supply chain;
- Regulatory – regulatory landscape and requirements;
- Business Model – financial strategy, revenue model and underlying assumptions, current and pro forma financials, comparable businesses, revenue models, and their valuations;
- Deal – capitalization table, financing strategy, potential exit strategies, use of proceeds, valuation, terms, milestones, risks; Company documents, including:
  - Offering Documents: Provide all deal documents (e.g., private placement memorandum, stock purchase agreement, subscription agreement, investor questionnaire) and a deal term sheet;
  - Organizational Documents: Certificates and Articles of Incorporation or Organization, Operating Agreement, Shareholders Agreement, and/or Investor Rights Agreement and any amendments to such documents;
  - Copies of any contractual restrictions, agreements or rights attaching to any securities have preference over common stock, as well as any debt convertible into

any equity of the company;

- Principal officers' contact information, resumes, references and reference contact information, salaries and compensation, and time commitment to company;
- Certify that no current or prospective employee, officer, principal, director, or owner has been accused or convicted of any crime;
- Financial Statements: the latest annual and quarterly accrual-based financials for the company (balance sheet, income statement and statement of cash flows), as well as a monthly comparison of projected versus actual revenue and expenses for the preceding 12 months;
- Financial Projections and underlying assumptions;
- For any material amounts, provide accounts receivable and accounts payable against schedule and other obligations due to/from the company and its affiliates;
- Brief description of any prepaid or deferred income and expenses;
- Auditors (internal and external) letters and reports to management;
- Tax returns and statement indicating whether the company has had or anticipates having any correspondence with any state or federal tax authority;
- List and explain any loan agreements or any other financing instruments, with related documentation, to which the company was, is, or will be a party;
- Intellectual Property: Please submit copies of patents, patent applications, provisional patents, copyrights, copyright applications, and other intellectual property, if any;
- Copies of all contracts related to the project;
- Schedule of all litigation, arbitration, and government proceedings to which the applicant company or the company's directors, officers, or employees are or have been a party to within the last three years or which are threatened against any of them;
- Contact information for all outside service providers (lawyers, accountants, bankers, etc.);
- Relevant government regulations and an assessment of their effect; potential new regulations that may affect company;
- Insurance Certificate: DED requires investment recipients to maintain and provide evidence to DED of insurance coverage required by law or as reasonably requested by DED;

- A current Certificate of Good Standing with the Nebraska Secretary of State;
- License Agreements: Please submit a copy of all licensing agreements with any third-parties for any intellectual property that the company does not own (if any);
- Market research, business plan, and investor presentation (if any);
- Design plans, photos, CAD drawings, or any other visual representation of the product or service, if any; and
- White Papers or Drawings: Please submit any white-papers or drawings outlining the technology (if any).

DED may require an interview with the applicant's management to assess the management team and its business plan.

## **APPLICATION TIMING AND PROCESS**

The DED will make application forms available for the purpose of applying for financial assistance under the NIF Program. Applications will be accepted from October 3, 2011 through June 30, 2013, or until all funds are exhausted. Applicants must use the application forms provided by the DED, submit all required documentation or attachments, and must fully comply with all requirements within the time period specified. Applications that do not include ALL of the documentation or attachments specified, or that contain documents that have not been fully completed, may be returned to the applicant without further review. At its discretion, the DED may request supplemental materials from applicants. If the DED requests supplemental materials, the DED must receive such materials within 15 days of the date of the request, or the application may be returned to the applicant without further review.

## **DED CONTACT PERSON**

For clarifications on the Nebraska Innovation Fund, please direct your inquiries to:

Kevin Andersen, Economic Development Consultant  
Nebraska Department of Economic Development  
301 Centennial Mall South, 4<sup>th</sup> Floor  
PO Box 94666  
Lincoln, NE 68509-4666  
Telephone: 402-471-3775  
E-mail: [kevin.s.andersen@nebraska.gov](mailto:kevin.s.andersen@nebraska.gov)  
Website: <http://www.neded.org>

**SECTION FIVE:**  
**NEBRASKA RESEARCH AND DEVELOPMENT PROGRAM**

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## **PROGRAM SUMMARY**

The Nebraska Research and Development Program (R & D Program) will provide financial assistance to businesses operating in Nebraska that use the faculty or facilities of a public or private college or university in Nebraska for applied research and development of new products. The total funds available through the R & D Program will be up to \$3 million in 2011-2012 and up to \$3 million in 2012-2013.

Companies apply for funding under the R & D Program by submitting an application to the Department of Economic Development.

## **OBJECTIVES**

1. Encourage existing businesses in Nebraska to use Nebraska institutions of higher education for their research and development needs;
2. Stimulate growth-oriented spinoffs or new product lines;
3. Provide an added incentive for companies relocating to Nebraska; and
4. Increase the number of top level research professionals at Nebraska colleges and universities.

## **GOALS**

1. Increase the number of commercializable products transferred in Nebraska;
2. to leverage resources to increase the amount of federal research dollars received by Nebraska small businesses;
3. to ensure industry input is driving new research projects for a higher commercialization percentage.

## **ELIGIBLE APPLICANTS**

Any for-profit business that has physical operations facilities in Nebraska.

## **FUNDING PROVISIONS AND MATCHING REQUIREMENTS**

An eligible business may apply for up to two awards in any four-year period per project. The Department may provide up to \$100,000 for the first phase of a project. If the first phase is successful and agreed-upon contractual requirements are met, as determined between the Department, the Department may provide up to \$400,000 for the second phase of the project.

All entities receiving assistance under the Nebraska Research and Development Program must provide matching funds of at least an amount equal to one hundred percent of the amount of assistance provided through the R & D Program. The matching ratio requirement is a minimum of 1:1. Such matching funds may be from any non-state source, including private foundations, federal or local government sources, quasi-governmental entities, or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Nebraska Legislature.

## **PROJECT SELECTION CRITERIA**

Criteria used in evaluating applications under the R & D Program include, but are not limited to the following:

- The commercial relevancy of the desired product;
- Market opportunity; is there a large addressable market for the product or process;
- Total cost of the project;
- Is there a valid business opportunity to employing the product or process;
- Partnership or expertise of subject matter at the college or university chosen to conduct research; and
- Measurable goals to benchmark progress.

## **APPLICATION TIMING**

For each funding cycle of the Nebraska R & D Program, the Department will make application forms available to businesses looking for assistance for the cost of researching and developing its product or service. Applicants must complete and submit the required application forms and submit them to the Department along with any attachments requested by the Department. Applicants must fully comply with all requirements of the application process within the time period specified by the Department, in order to be eligible for assistance under the R & D Program. Applications that do not include ALL of the documents specified or that contain documents that have not been fully completed, will be considered incomplete and will be returned to the applicant for further clarification. At its discretion, the Department may request supplemental materials from an applicant and such materials must be received within 30 days of the date of the request or the application may be returned to the applicant without further review.

The application cycle is an open cycle beginning October 3, 2011. The cycle will remain open until the financial assistance available for the program is allocated or otherwise depleted. The Department reserves the right to deny applications based on incomplete information and/or lack of project viability.

## **DED PROGRAM CONTACT PERSON**

For clarifications on the Nebraska R & D Program, please direct your inquiries to:

Stew Jobs, Economic Development Finance and Research Consultant  
Nebraska Department of Economic Development  
301 Centennial Mall South, 4<sup>th</sup> Floor  
PO Box 94666  
Lincoln, NE 68509-4666  
Telephone: 402-471-3114  
E-mail: [stewart.jobs@nebraska.gov](mailto:stewart.jobs@nebraska.gov)  
Website: <http://www.neded.org>

**SECTION SIX:**  
**MICROENTERPRISE ASSISTANCE PROGRAM**

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# **FINANCIAL ASSISTANCE FOR MICROENTERPRISE** **TECHNICAL ASSISTANCE**

## **OBJECTIVES**

1. To encourage, support, and grow Nebraska-based microenterprises by providing technical assistance in rural and urban distressed areas in order to better assure that Nebraska's microenterprises are able to realize their full potential to create jobs, enhance entrepreneurial skills and activity, and increase low-income households' capacity to become self-sufficient, and:
2. To coordinate resources and technical assistance provided by microenterprise service providers in the State.
3. All Microenterprise Technical Assistance funds will be used to provide assistance to businesses in distressed areas.

## **GOALS**

1. To provide financial assistance for the purposes of providing technical assistance to microenterprise businesses located in Nebraska.
2. To provide financial packaging assistance, including resource identification and determining the programs of best fit, to microenterprise businesses located in Nebraska to grow Nebraska's microenterprise businesses.

## **ELIGIBLE APPLICANTS**

Eligible applicants include Internal Revenue Service (IRS) designated 501(c)(3) non-profit organizations located within the State of Nebraska. Such applicants must demonstrate state-wide coverage of services to all distressed areas of the state (see map of distressed areas on page 1-7). Statewide coverage may be achieved through a joint application consisting of one (1) Lead applicant and up to two (2) Joint applicants.

The applicant or Lead applicant in the case of a joint application must be a non-profit whose primary microenterprise service is micro-lending. In addition, the organization must also provide technical assistance to microenterprises consisting of businesses with 10 or fewer employees and further defined in the bill. The applicant or lead applicant in the case of a joint application must have a positive track record of micro-lending and technical assistance to microenterprises.

Joint applicants must also be eligible micro-loan delivery or micro-loan technical assistance organizations.

## **ELIGIBLE PROJECTS/PRIORITY PROJECTS**

Eligible projects include funding for the operating costs of a micro-loan delivery of micro-loan technical assistance organization. Operating costs include costs to provide technical assistance to microenterprise businesses, such as staff time, training costs, travel, and other costs deemed eligible by the Department. Ineligible costs include costs to hire staff above the baseline number of employees currently on staff, loans to businesses, operating funds for organizations not serving as the sole applicant, Lead applicant, or Joint applicant; and other costs deemed ineligible by the Department.

Priority will be given to applicants that:

- Demonstrate quantitative results and outcome measurements
- Have previous experience in providing technical assistance to microenterprise businesses
- Will sustain quality, successful technical assistance efforts to microenterprises and whose funding will not be used to increase the baseline staffing levels of the sole applicant, lead applicant, or joint applicants
- Demonstrate the ability to reach women and minority-owned businesses

## **AMOUNT OF FUNDING AVAILABLE & GRANT LIMITATIONS**

The Department has committed a maximum of \$300,000 per year for the next two years to be awarded to one grantee to provide state-wide technical assistance. The maximum grant amount per project is \$300,000 per year for two years (\$600,000 total). Applications should reflect this 2-year time frame and funding requests for the 2-year period. Amount of award will be determined based on the number of applications received and the scoring and ranking criteria of each application.

Any funds used for technical assistance and/or operating costs for those organizations that are not the lead applicant can only be provided to joint applicants. The amount of funding and proposed uses of funding for these costs must be clarified by the organization.

## **MATCHING REQUIREMENTS**

The awarded applicant is required to provide a match of no less than 35% of the total amount awarded (\$210,000 over a 2 year period). Funds shall be matched by nonstate funds equivalent in money or in-kind contributions, or a combination of both. Such matching funds may be from any nonstate source, including private foundations, federal or local government sources, quasi-governmental entities, or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Nebraska Legislature.

## **PROJECT SELECTION CRITERIA**

Applicants will be scored on the following criteria:

- Ability to provide business training and technical assistance to microenterprise clients
- Partnerships with microenterprise lenders across the State
- Capacity of the organization and ability to monitor and provide quantitative results to the Department
- Percentage of grant funds leveraged/matched and the sources and sufficiency of operating funds matched
- Geographic location and the ability to provide timely assistance to microenterprise businesses throughout the State
- The plan for providing business development services and micro-loans to microenterprises
- The scope of services to be provided
- The plan for coordinating the services and loans provided by micro-loan delivery and technical assistance organizations with commercial lending institutions
- Sustainability of program efforts: The Lead applicant and any Joint applicants will provide a statement: (1) explicitly stating that they understand that the micro-technical assistance funding is not a continuous source on which the organization can rely indefinitely for organizational operational costs, and (2) explaining how the organization will either reach a level with other funding that operations can be sustained beyond the 2-year micro-technical assistance commitment or how the organization would be impacted if continued micro-technical assistance funding is not available for operational costs at the same level as the micro-technical assistance 2-year funding. Examples of this would be a decrease in specific services (must be detailed), number of staff that the organization would no longer continue to employ, or revision of the service area of the organization. If the organization is using the micro-technical assistance funding to match federal or other funds that would also be lost without continued micro-technical assistance funding, the total impact should be described.

## **TECHNICAL ASSISTANCE APPLICATION TIMING AND PROCESS**

Applications must be submitted to the Department no later than 5:00 PM on October 15, 2011.

All applications will be reviewed by Department staff, with final approval given by the Department Director. Applicants will be notified of notice of selection or non-selection no later than December 1, 2011.

# **FINANCIAL ASSISTANCE FOR MICROENTERPRISE LENDING PROGRAMS**

## **OBJECTIVE**

The objective of the Microenterprise Lending Program (Micro-lending) is to encourage and support the transfer of Nebraska-based technology and innovation in rural and urban areas of Nebraska in order to create high-growth, high technology businesses and to enhance creation of wealth and quality jobs.

All Micro-lending funds will be used by micro-loan delivery organizations to assist businesses in distressed areas.

## **GOALS**

The goal of Micro-lending is to capitalize loan funds for the growth of microenterprise businesses located in Nebraska. Through this program it is expected that funds will be used to better assure that Nebraska's microenterprises are able to realize their full potential to create jobs, enhance micro-entrepreneurial skills and activity, and increase low-income households' capacity to become self-sufficient.

## **ELIGIBLE APPLICANTS**

Eligible applicants include Nebraska-based non-profit organizations located within the State of Nebraska. Such applicants must demonstrate that the organization and at least one key staff member has at least five (5) years of experience as a lender, preferably lending to microenterprises in Nebraska.

Eligible applicants must qualify as micro-loan delivery organizations that have Internal Revenue Service (IRS) designation as a 501(c)(3) or submit verification from an Attorney that the applicant operates as a 501(c)(4) or 501(c)(6) organization. All applicants must have a current Certificate of Good Standing from the Secretary of State at the time of application.

## **ELIGIBLE PROJECTS/PRIORITY PROJECTS**

Eligible projects include funding for a Revolving Loan Fund to make loans to eligible microenterprises in distressed areas. Other financing mechanisms administered by the applicant micro-loan delivery organization programs may be approved by the Department on project-by-project basis.

Priority will be given to applicants that:

- Have previous experience and a successful track-record as an organization in providing loans to microenterprises
- At least one key staff person demonstrates previous experience and a successful track-record in providing loans to microenterprises.

- Demonstrate the Micro-lending Fund will result in filling a financing gap that is both needed and microenterprises are interested in accessing.

## **AMOUNT OF FUNDING AVAILABLE & GRANT LIMITATIONS**

The Department commits a maximum of \$700,000 per year for the next two years to be awarded to micro-loan delivery organizations. A minimum grant amount per project of \$200,000 will be used as a guideline. No more than \$20,000 or 5% of the total Micro-lending grant, whichever is lesser, shall be used as a guideline to determine the maximum award amount for general administration (operating) costs of the micro-loan delivery organization.

## **MATCHING REQUIREMENTS**

The awarded applicant is required to provide a match equal to no less than 35% of the total Micro-lending amount awarded. Funds shall be matched by non-state funds equivalent in money or in-kind contributions, or a combination of both. Such matching funds may be from any non-state source, including private foundations, federal or local government sources, quasi-governmental entities, or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Legislature. In addition to the proposed use of Micro-lending Funds, matching funds may be used for operational costs of the applicant micro-loan delivery organization, costs for technical assistance to microenterprises by the micro-loan delivery organization, or other similar activities approved by the Department.

## **PROJECT SELECTION CRITERIA**

Applicants will be evaluated on the following criteria:

- Propose a sound business plan for the applicant micro-loan delivery organization which includes sufficient coordination with the Microenterprise Technical Assistance provider. Preference will be given to enhancing established Revolving Loan Funds by expanding the availability of these funds to businesses with 6 – 10 employees and loan terms conducive to investment in start-up, high-growth, high technology businesses. Examples of these loan terms would be deferring all or a portion of the loan for three – five years as the microenterprise completes the prototyping phase of a new product and transitions to full commercialization and profitability.
- Each loan program which ideally will have underwriting criteria appropriate for traditional micro-lending and micro-loans to start-up high-growth, high technology businesses as discussed above.
- Proposed increases in jobs and investment due to the Micro-lending Funds.
- Loan program guidelines that include favorable terms and design for assisting microenterprises locating in or located in a Downtown or Central Business District as part of a strategy to encourage sustainability of these community assets.
- A clear and precise plan for coordination with the Micro-enterprise Technical Assistance delivery organization(s) and requirements of the Micro-lending Funds to be provided to businesses willing receiving and responding to technical assistance efforts.
- Demonstrate reasonable expectations for loan losses.
- Demonstrate a proven system of reaching women and minority-owned businesses

- Geographic distribution of funds. All Micro-lending funds must be used to assist businesses in distressed areas.
- Partnerships and strategy for coordination with commercial lending institutions in the program service area.
- Capacity of the applicant organization and ability to monitor and provide quantitative results to the Department
- Increased leveraging of Micro-lending funds with non-state resources. Generally speaking, additional leveraged funds is considered a positive characteristic, however the applicant must explain the effect of leveraged funds on the Micro-lending funds. For example, will the Micro-lending funds be limited to assisting businesses with 5 or fewer employees because the leverage funds are federal funds? If leverage funds do further restrict the Micro-lending Funds the applicant must explain how the funds will still be filling a need and gap in available financing.

## **APPLICATION TIMING AND PROCESS**

Applications will be accepted and reviewed in two (2) funding cycles.

Micro-lending Application Cycle 1:

Applications must be submitted to the Department no later than 5:00 PM on February 15, 2012.

All applications will be reviewed by Department staff, with final approval given by the Department Director. Applicants will be notified of notice of selection or non-selection no later than April 1, 2012. Up to \$700,000 in Micro-lending funds will be awarded in the first cycle.

Micro-lending Application Cycle 2:

Applications must be submitted to the Department no later than 5:00 PM on October 15, 2012.

Eligible applicants awarded in Application Cycle 1 are eligible to apply in Cycle 2 if all Micro-lending funds from Application Cycle 1 were loaned to microenterprises prior to the application due date.

All applications will be reviewed by Department staff, with final approval given by the Department Director. The Department Director has the discretion to award additional funds to micro-lending delivery organizations with open, successful projects awarded in Application Cycle 1. Applicants will be notified of notice of selection or non-selection no later than December 1, 2012. Up to \$1,400,000 (less funds awarded in Cycle 1) will be awarded in the second cycle.

## **DED CONTACT PERSON**

For clarifications on the Microenterprise Assistance Program, please direct inquiries to:

Lindsay Schmuecker, Economic Development Consultant  
Nebraska Department of Economic Development  
301 Centennial Mall South, 4<sup>th</sup> Floor  
PO Box 94666  
Lincoln, NE 68509-4666  
Telephone: 402-471-3111  
E-mail: [lindsay.schmuecker@nebraska.gov](mailto:lindsay.schmuecker@nebraska.gov)  
Website: <http://www.neded.org>



**SECTION SEVEN:**  
**NEBRASKA ECONOMIC GARDENING PROGRAM**

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## **PROGRAM SUMMARY**

The purpose of the Nebraska Economic Gardening Program (NEGP) authorized by the Small Business Innovation Act (SBIA) is to provide technical assistance which may include information tools, state and national demographic trends, competitive intelligence, marketing lists, strategy, analysis, capital referrals and labor analysis etc, for up to 40 Nebraska-based growth businesses - one half of which are located in counties with population of less than fifty thousand people. The program terminates December 31, 2013.

The Nebraska Small Business Innovation Act establishes a financial assistance program to provide technical assistance to eligible high-growth businesses. The total available from the NEGP is \$400,000 (\$200,000 each for fiscal years 2011-2012 and 2012-2013).

## **OBJECTIVES**

1. Support and stimulate high-growth businesses through technical assistance
2. Stimulate development of high-wage, high-growth industries
3. Stimulate development of high-wage, high-growth industries in rural areas
4. Promote entrepreneurship
5. Provide an entrepreneurial eco-system to stimulate business and job growth
6. Stimulate innovation

## **ELIGIBLE APPLICANTS**

Eligible applicants are (1) businesses that are Nebraska-based growth businesses [“eligible businesses”] and (2) Nebraska service providers and non-profits that provide technical assistance to Nebraska-based growth businesses [“eligible technical assistance providers”].

Eligible businesses are Nebraska-based growth businesses defined as high growth, early-stage companies that are developing and commercializing a technology product, process or service. The eligible business must employ no fewer than five employees and no more than fifty employees. In the applicant’s most recent complete fiscal year prior to application, the eligible business’s annual sales revenue must not be less than \$500,000.00 (five hundred thousand dollars) and must not exceed \$2,500,000.00 (two million five hundred thousand dollars). The eligible business must employ or use the services of an eligible Nebraska service provider or Nebraska non-profit.

Eligible technical assistance providers are Nebraska service providers and Nebraska non-profits that provide technical assistance to eligible businesses in some or all of the following areas: marketing analysis, industry trends, industry financial data, state and national demographic trends, competitive intelligence, marketing lists, strategy analysis, human capital and talent analysis, capital referrals, finance and fund raising. Eligible technical assistance providers may apply on behalf of eligible businesses for the purposes of providing technical assistance as described in this section.

## **AMOUNT OF FUNDING AVAILABLE, GRANT LIMITATIONS & MATCHING REQUIREMENTS**

Funds may be used to support the costs of an eligible technical assistance provider to assist eligible businesses with marketing analysis, industry trends, industry financial data, state and national demographic trends, competitive intelligence, product development, marketing lists, market and product strategy analysis, human capital and talent analysis, capital referrals, finance and fund raising.

Grants up to \$10,000 per eligible business are available for technical assistance as defined above. As a guideline, the applicant must provide matching funds equal to at least 20% of the NEGP awarded. Matching funds must be from non-state sources and may include applicant funds, federal funds not received from the State of Nebraska, local government sources, quasi-governmental entities or commercial lending institutions. As a guideline, funds must be spent within 8 months of the contract beginning date or June 30, 2013, whichever is sooner.

Any single eligible business may not receive more than \$10,000 per fiscal year in technical assistance supported by NEGP grants.

Any single eligible technical assistance provider may not receive more than \$100,000 per fiscal year as a direct recipient of NEGP grants.

## **PROJECT SELECTION CRITERIA**

For each application submitted, DED will perform an independent review. Each evaluation will be based upon the following criteria:

- Eligible business characteristics – financials, number of employees, products, services, markets
- Eligible technical assistance provider characteristics – business services provided, experience, partial client listing, references from growth-businesses assisted.
- Technical proposal – detailed services and research plan. Time-line for work and implementation of recommendations

The Department of Economic Development (DED) will focus on providing support to eligible businesses that, due to the technical assistance as the proposed NEGP project, are likely to:

- Increase sales
- Lead to new investment
- Expansion of employment
- Support innovation that results in a new product/service development
- Produce other measurable results such as appropriate restructuring of the business plan, restructuring of the business model based on growth analysis, altering production line and other results deemed appropriate by DED.

## **APPLICATION TIMING AND PROCESS**

Letters of interest from eligible applicants including a project budget (sources and uses) and narrative addressing the selection criteria will be accepted on an ongoing basis beginning October 15, 2011 until all funds are awarded. Fiscal year 2012-13 funds (\$200,000) will be awarded after July 1, 2012.

All applications will be reviewed by DED staff, with final approval given by the Department Director. Applicants will be notified of notice of selection, pending status or non-selection within 45 days of receipt of the application. DED may hold applications in pending status, as needed, to ensure geographic distribution of the NEGP in accordance with the Small Business Innovation Act which requires at least one-half of the eligible businesses that are assisted to be located in counties with a population of 50,000 or less.

## **DED CONTACT PERSON**

For clarifications on the Nebraska Economic Gardening Program, please direct inquiries to:

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301 Centennial Mall South, 4<sup>th</sup> Floor  
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Lincoln, NE 68509-4666  
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**SECTION EIGHT:**  
**SITE AND BUILDING DEVELOPMENT FUND**

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## **OBJECTIVE**

The objective of the Site and Building Development Fund (SBDF) is to enhance the economic development of the state and to provide for the general prosperity of all of Nebraska's citizens by creating conditions favorable to improving the industrial readiness of the state.

## **GOALS**

The Department intends to invest in at least four (4) speculative sites or buildings in Nebraska with the Site and Building Development Fund. The SBDF projects will be undertaken by a committed local development team including a local economic development corporation. Prior to the application for SBDF, the local development team will have undergone extensive analysis and planning efforts to identify (1) the targeted industries for the speculative project, (2) physical characteristics including any mitigating measures needed to overcome real or perceived disadvantages of the site and building, and (3) non-SBDF funding available for SBDF match and other resources required to ensure the speculative project will be utilized by a targeted industry within a reasonable period of time.

## **ELIGIBLE APPLICANTS**

Local Governments and Nebraska non-profit organizations are eligible to receive Site and Building Development funds. Nebraska non-profit organizations must document Internal Revenue Service (IRS) designation as a 501(c)(3) or submit verification from an Attorney that the applicant operates as a 501(c)(4) or 501(c)(6) organization. All Nebraska non-profit organization applicants must have a current Certificate of Good Standing from the Secretary of State at the time of application.

## **ELIGIBLE PROJECTS**

The Department shall use the Fund to provide financial assistance for industrial site and building development. The following activities are eligible: land and building acquisition; building construction or rehabilitation; site preparation; infrastructure development and improvements; engineering and design costs; technical assistance and planning; and other preapproved costs necessary for the development of industrial-ready sites and buildings.

Projects located in communities with speculative sites and buildings previously awarded funds from the Department and have an open agreement which has not been satisfied are **not eligible** for assistance from this Fund. This restriction does not apply to First Priority Projects and can be waived by the Director on a case-by-case basis.

## **FIRST PRIORITY PROJECTS**

First priority will be given to projects that are financially viable and ready to proceed. In cases where the Department has a written agreement with a business indicating the business will locate on a site within ninety days of execution of the agreement, conditioned on the Department providing funding from the Site and Building Fund, those projects will have priority for funding. The Department may designate a project as a “First Priority Project” based on information received directly from the business, an agent of the business such as a site locator, the local government, or the SBF applicant. As a guideline, the business in a First Priority Project must not have a significant presence in Nebraska at the time of the agreement to locate operations in the state. The decision to designate a First Priority Project and the process for awarding funds to First Priority Projects will be at the sole discretion of the Director. The First Priority Project may not be subject to the Application Process described below.

## **AMOUNT OF FUNDING AVAILABLE & GRANT LIMITATIONS**

The Department expects to award \$3,000,000 to projects during the period covered under this plan. This is conditioned on funding levels available from appropriations and documentary stamp collection receipts to the Site and Building Fund. Typical awards are expected to be \$250,000 to \$500,000. Specific amounts may vary at the Department’s discretion.

The Department shall allocate not less than \$1,200,000 to nonmetropolitan areas, this amount represents forty percent of the total estimated amount available. Nonmetropolitan areas are counties with fewer than one hundred thousand inhabitants according to the most recent federal decennial census. For the purposes of this plan period, all counties in Nebraska excluding Douglas, Lancaster, and Sarpy counties are considered Nonmetropolitan areas.

## **MATCHING REQUIREMENTS**

Entities receiving assistance shall provide matching funds of at least an amount equal to one hundred percent of the amount of assistance provided from the Site and Building Fund. The matching ratio requirement is a minimum of 1:1.

## **PROJECT SELECTION CRITERIA**

The Department’s SBDF committee considers the following criteria when evaluating preliminary proposals, pre-applications and applications for funding

Overall considerations:

- Capacity of the applicant to successfully complete the project
- Capacity of the development team to successfully complete the project

- The project will produce the desired result of locating a company at the Site and Building project that is represented in an industry or industry cluster identified by the Department.

Funding proposals must meet the following thresholds:

Prior to the application for SBDF, the local development team will have undergone extensive analysis and planning efforts to identify (1) the targeted industries for the speculative project, (2) physical characteristics including any mitigating measures needed to overcome real or perceived disadvantages of the site and building, and (3) non-SBDF funding available for SBDF match and other resources required to ensure the speculative project will be utilized by a targeted industry within a reasonable period of time.

Preference will be given for projects that can verify adequate site control by the applicant or a key member of the development team. Adequate site control can include an Option to Purchase if the option does not expire for at least 12 months from the date of application. All costs for obtaining adequate site control are the responsibility of the applicant and the development team.

Funding proposals must address the following criteria:

- Site control status by the applicant or a key member of the development team
- Project description
- Scope of work
- Importance of the project to the success of businesses in the targeted industry
- Appropriateness of the proposed budget, SBDF funding request, and matching funds
- Potential economic impact including job creation and investment
- Building and/or site size
- Community commitment to the project which may include funding, level of involvement in the development team, and promotion of the site
- Successful track record of the applicant, development team, or key staff of both to attract quality projects to speculative sites or buildings
- Documentation of financial commitments from Non-SBDF funding sources
- Availability, proximity, potential for redundancy, and capacity of infrastructure
  - Water
  - Sewer
  - Electric power
  - Natural gas
  - Broadband connectivity
  - Streets
- Proximity to residential areas
- Available workforce and training

## **APPLICATION TIMING & PROCESS**

With the exception of First Priority Projects, applications for SBDF will be accepted in closed, competitive cycles. The Department prefers that pre-applications be submitted by the local Economic Development organization in cooperation with the local government and other development team partners. It is important to note that the Department will be evaluating sites

and buildings and site control is a priority. If at any time during the review process after the pre-application has been submitted, the Department or the applicant determine that the proposed site or building is no longer available or feasible for the project, the Department will not accept alternative sites and buildings in the same review process. The applicant will need to submit a pre-application for the alternatives at the beginning of an upcoming application cycle. An applicant may submit multiple pre-applications for multiple sites and buildings during any application review cycle. As a guideline the Department will award funds for no more than one application per applicant in any single application cycle.

The Department will establish for each Application Cycle an SBDF committee comprised of representatives of DED Business Recruitment, DED program administration, and other staff deemed appropriate by the Director. The Department will send a formal Notice of Approval letter or Non-selection letter to each applicant at the conclusion of the application cycle. The review process by the SBDF committee is based on individual and collective judgements of committee members, in consultation with additional Department staff as necessary using the scoring criteria listed above and other appropriate objective considerations to determine the appropriateness and feasibility of the project and the capacity of the applicant and development team to produce the desired results. A group/consensus decision is reached evaluating the merits of each application. The final decision for funding recommendation will take into consideration geographic distribution of the SBDF including, but not limited to, the requirement to award a minimum of 40% of the funds to projects located outside of Douglas, Lancaster, and Sarpy counties.

This first SBDF cycle is to be operated on an accelerated schedule of 6 months to accomplish early investments of SBDF. The remaining cycles are to be operated on a 9 month schedule to allow for additional technical assistance and negotiation between the Department and the applicants.

### SBDF Application Cycle 1 (accelerated)

#### Stage 1 October 3, 2011 to December 1, 2011

Tasks to be completed by the Applicant and the local Development Team

- Develop a vision for the project
- Early determination of feasibility
- Determination of financial commitments to the project
- Prepare a regional analysis
- Determine areas of potential
- Complete a planning and target analysis utilizing the Department Site and Building Guidelines (available on the Department web-site by 10/1/2011)
- Review analysis and determine if the project and the result of attracting new business to the site can reasonably accomplished
- Make adjustments in the project vision as needed
- Obtain site control of the site or building

- Prepare and submit the pre-application to the Department, cover letter, and additional items in one PDF document

November 15, 2011 (optional) – pre-application due to the Department if the applicant would like an initial review and feedback

**December 1, 2011 – pre-application due to the Department**

Stage 2 – December 2, 2011 to January 15, 2012

Tasks to be completed by the Department

- Desk review and comparative analysis of the pre-application
- Notify applicant of questions, advancement to application stage, or denial of the pre-application
- Notify applicant to complete a full planning evaluation at the applicant’s expense following approval for advancement to application stage.
- Site visit
- Notify applicant to prepare final application for the SBDF.

Stage 3 – January 16, 2012 to February 1, 2012

Tasks to be completed by the applicant

- Prepare planning/targeting study and submit to the Department
- Prepare final application including financial details, commitment of match, site control and marketing plan for the site or building

**February 1, 2012 – final application due to the Department**

Stage 4 – February 2, 2012 to June 1, 2012

Tasks to be completed by the Department

- **Notification to applicants of award or non-selection – March 1, 2012**
- Public announcement
- Negotiate and finalize award contracts with the applicant

Stage 5 – June 2, 2012 – successful location of a business at the site or building

Tasks to be completed by the Applicant

- Promotion of the project site or building
- Additional investment as needed to ensure success of the project
- Location of business at the project site

SBDF Application Cycle 2

Stage 1 March 1, 2012 to May 15, 2012

Tasks to be completed by the Applicant and the local Development Team

- Develop a vision for the project
- Early determination of feasibility
- Determination of financial commitments to the project
- Prepare a regional analysis
- Determine areas of potential
- Complete a planning and target analysis utilizing the Department Site and Building Guidelines (available on the Department web-site by 10/1/2011)
- Review analysis and determine if the project and the result of attracting new business to the site can reasonably accomplished
- Make adjustments in the project vision as needed
- Obtain site control of the site or building
- Prepare and submit the pre-application to the Department, cover letter, and additional items in one PDF document

April 30, 2012 (optional) – pre-application due to the Department if the applicant would like an initial review and feedback

**May 15, 2012 – pre-application due to the Department**

Stage 2 – May 16, 2012 to July 15, 2012

Tasks to be completed by the Department

- Desk review and comparative analysis of the pre-application
- Notify applicant of questions, advancement to application stage, or denial of the pre-application
- Notify applicant to complete a full planning evaluation at the applicant's expense following approval for advancement to application stage.
- Site visit
- Notify applicant to prepare final application for the SBDF.

Stage 3 – July 16, 2012 to September 1, 2012

Tasks to be completed by the applicant

- Prepare planning/targeting study and submit to the Department
- Prepare final application including financial details, commitment of match, site control and marketing plan for the site or building

**September 1, 2012 – final application due to the Department**

Stage 4 – September 2, 2012 to November 1, 2012

Tasks to be completed by the Department

- **Notification to applicants of award or non-selection – October 1, 2012**
- Public announcement

- Negotiate and finalize award contracts with the applicant

Stage 5 – November 2, 2012 – successful location of a business at the site or building

Tasks to be completed by the Applicant

- Promotion of the project site or building
- Additional investment as needed to ensure success of the project
- Location of business at the project site

### SBDF Application Cycle 3

Stage 1 October 1, 2012 to January 15, 2013

Tasks to be completed by the Applicant and the local Development Team

- Develop a vision for the project
- Early determination of feasibility
- Determination of financial commitments to the project
- Prepare a regional analysis
- Determine areas of potential
- Complete a planning and target analysis utilizing the Department Site and Building Guidelines (available on the Department web-site by 10/1/2011)
- Review analysis and determine if the project and the result of attracting new business to the site can reasonably accomplished
- Make adjustments in the project vision as needed
- Obtain site control of the site or building
- Prepare and submit the pre-application to the Department, cover letter, and additional items in one PDF document

December 1, 2012 (optional) – pre-application due to the Department if the applicant would like an initial review and feedback

**January 15, 2013 – pre-application due to the Department**

Stage 2 – January 16, 2013 to February 15, 2013

Tasks to be completed by the Department

- Desk review and comparative analysis of the pre-application
- Notify applicant of questions, advancement to application stage, or denial of the pre-application
- Notify applicant to complete a full planning evaluation at the applicant's expense following approval for advancement to application stage.
- Site visit
- Notify applicant to prepare final application for the SBDF.

Stage 3 – February 16, 2013 to April 1, 2013

Tasks to be completed by the applicant

- Prepare planning/targeting study and submit to the Department
- Prepare final application including financial details, commitment of match, site control and marketing plan for the site or building

**April 1, 2013 – final application due to the Department**

Stage 4 – April 2, 2013 to September 1, 2013

Tasks to be completed by the Department

- **Notification to applicants of award or non-selection – June 1, 2013**
- Public announcement
- Negotiate and finalize award contracts with the applicant

Stage 5 – November 2, 2013 – successful location of a business at the site or building

Tasks to be completed by the Applicant

- Promotion of the project site or building
- Additional investment as needed to ensure success of the project
- Location of business at the project site

## **DED CONTACT PERSON**

For clarifications on the Site and Building Development Fund, please direct inquiries to:

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Telephone: 402-471-3763  
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Website: [www.neded.org](http://www.neded.org)

**SECTION NINE:  
APPLICATION ACCEPTANCE DATES & DISTRIBUTION OF  
FUNDS**

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## Solicitation Periods/Application Acceptance Dates

Funding Priority/Category	Application Acceptance Dates
Nebraska SBIR Program	
Phase 0	Open Cycle (begins October 3, 2011)
Phase 1 and Phase 2	Open Cycle (begins October 3, 2011)
Nebraska Innovation Fund	
Pre Seed Stage Grants	Open Cycle (begins October 3, 2011)
Seed Stage Grants or Investments	Open Cycle (begins October 3, 2011)
Nebraska Applied Industry Research and Development	
Research Grant	Open Cycle (begins October 3, 2011)
Development Grant	Open Cycle (begins October 3, 2011)
Microenterprise Assistance Programs	
Microenterprise Technical Assistance	October 15, 2011
Micro-lending <ul style="list-style-type: none"> <li>• Cycle 1</li> <li>• Cycle 2</li> </ul>	February 15, 2012 October 15, 2012
Nebraska Economic Gardening Fund	
Letters of Interest	October 15, 2011 (Open Cycle)
Site and Building Fund (Cycle 1)	
Stage 1 Pre-application (optional)	October 3, 2011 to December 1, 2011 Due December 1, 2011
Stage 2	December 2, 2011 to January 15, 2012
Stage 3 Final Application	January 16, 2012 to February 1, 2012 Due February 1, 2012
Stage 4 Notification of Award or Non-selection	February 2, 2012 to June 1, 2012 March 1, 2012
Stage 5	June 2, 2012
Site and Building Fund (Cycles 2 and 3) Cycles 2 and 3	See Section 8 of the Qualified Action Plan

## Annual Distribution of Funds

<i>Table 5</i> <b>Funding Source →</b>	<b>Business Innovation Act</b>	<b>Small Business Innovation Act</b>	<b>Site and Building Development Fund</b>
Section Three: Nebraska SBIR Program	\$0 to \$1,000,000		
Section Four: Nebraska Innovation Fund	\$0 to \$4,000,000		
Section Five: Applied Industry Research and Development Program	\$0 to \$3,000,000		
<b>NE SBIR Program, NE Innovation Fund &amp; Applied Industry Research and Development (Combined Total Available)</b>	<b>\$0 to \$8,000,000</b>		
Section Six: Microenterprise Assistance Programs			
• Microenterprise Technical Assistance	\$300,000		
• Microenterprise Loans	\$700,000		
Section Seven: Small Business Innovation Act		\$200,000	
Section Eight: Site and Building Fund			\$0 to \$3,000,000
<b>TOTAL MAXIMUM DISTRIBUTION</b>	<b>\$9,000,000</b>	<b>\$200,000</b>	<b>\$3,000,000</b>