

**Debi V. Durham, Director**

*Iowa Economic Development Authority*

**Employee Stock Ownership Plan Formation Assistance Application**

For questions or assistance, please contact Megan Andrew at [megan.andrew@iowaeda.com](mailto:megan.andrew@iowaeda.com) or 515.348.6147.

Iowa Economic Development Authority

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Des Moines, Iowa 50315

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**Introduction**

Each fiscal year in which funding is available, the authority will accept applications for assistance under the program and make funding decisions on a rolling basis. Iowa Economic Development staff will evaluate applications on the criteria listed below. Staff may consult with an ESOP Advisory Panel during review process.

Applications will be evaluated on the following criteria:

Interest in Becoming an ESOP (25 Points)

Business’s Valuation (25 Points)

Number of Employees and Total Payroll (25 Points)

Cash Flow (25 Points)

For applicants not yet a corporation, progress towards becoming a corporation will also be considered.

Each application, including its numerical score, will be referred to the IEDA Director with a recommended funding decision. The director will make the final funding decision on each application, taking into consideration the score and the funding recommendation. The director will not approve funding for an application that receives an average score of less than 50 points.

An applicant may be approved for financial assistance in an amount equal to 50% of the cost incurred for obtaining a feasibility study conducted by an independent financial professional. The total amount of financial assistance provided to an applicant will not exceed $25,000. Costs incurred prior to the approval of financial assistance will not be eligible for reimbursement.

The financial assistance will be provided in two tranches. The first tranche will be provided as a reimbursement of 25% of the cost of a feasibility study and will be remitted upon completion of the feasibility study. The second tranche will be provided as a reimbursement of 25% of the cost of the feasibility study and will be remitted only upon completion of an ESOP formation. A business that does not successfully complete the formation of an ESOP will not receive the second tranche. A business will be required to provide documentation to the authority establishing the costs incurred and the successful completion of all necessary transactions.

**Application Instructions**

***To Complete Electronic Form:*** *Click on TEXT BOX to add text. Double click on YES/NO boxes and select “Checked”.*

1. All applicants must complete the Employee Stock Ownership Plan Formation Assistance Application and submit required attachments.
2. Before filling out this application form, please read all applicable sections of the Iowa Code and Iowa Administrative Code (rules). [Iowa Legislature - Iowa Law & Rules](https://www.legis.iowa.gov/law)
3. Only typed or computer-generated applications will be accepted and reviewed. Any material change to the format, questions, or wording of questions presented in this application will render the application invalid and it will not be accepted.
4. Complete the applicable sections of the application fully. If questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. Submit an electronic copy of the completed form and all required attachments to Megan Andrew at [megan.andrew@iowaeda.com](mailto:lisa.connell@iowaeda.com).

Please allow six weeks or more for the application review process, presentation to the IEDA director and initiation of the contracting phase.

**Public Records Policies**

During the application process, the information submitted by you to IEDA is exempt from disclosure under the “industrial prospects” exemption found in Iowa Code section 22.7(8). However, once you receive an award, the industrial prospects exemption no longer applies and *all documents submitted and generated during the application and negotiation process become public records* under Iowa’s Open Records Law ([Iowa Code, Chapter 22](https://www.legis.iowa.gov/IowaLaw/statutoryLaw.aspx)), unless,

1. The information belongs to one of the classes of records automatically treated as confidential; or
2. You have applied for and received written notice that your information will be treated as confidential.

**Automatically Confidential Records**

IEDA automatically treats the following records as confidential and will withhold them from public inspection even without a request for confidential treatment:

* Tax Records and Tax Liability Information
* *Quarterly Iowa Employer’s Contribution and Payroll Report* prepared for the Iowa Workforce Development Department
* Payroll Registers
* Business Financial Statements and Projections (unless those statements are already publicly available elsewhere, e.g., 10-K filings)
* Personal Financial Statements

**Exemptions to the Open Records Law**

If you wish to have additional information treated as confidential, you must fill out a confidential treatment request form. The form will be provided after consultation with IEDA counsel. Under the Open Records Law, IEDA may lawfully treat certain information as confidential if that information falls within an exemption to the Open Records Law. The following exemptions represent records which may lawfully be treated as confidential under the Open Records law and which are most often applicable to the information submitted to IEDA:

* Release of information would give an unfair advantage to competitors – Iowa Code Sec. 15.118
* Trade secrets – See Iowa Code section 22.7(3), see also Iowa Code Ch. 550
* Information on an industrial prospect with which the IEDA is currently negotiating – See Iowa Code section 22.7(8)
* Communications not required by law, rule or regulation made to IEDA by persons outside the government to the extent that IEDA could reasonably believe that those persons would be discouraged from making them to IEDA if they were made available for general public examination – Iowa Code section 22.7(18)

**ESOP Feasibility Study Reports**

Companies that receive financial assistance under the ESOP Formation Assistance program will be required to provide a copy of any study reports to the IEDA. Portions of reports may, at IEDA’s discretion, be automatically treated as confidential as applicable and described above.

**Non-Confidential Information**

Information that is submitted to IEDA as part of the application process or that is contained in a contract for program benefits is generally considered material to the eligibility requirements of the program or to the amount of incentives or assistance to be provided. Such information is generally not given confidential treatment.

**Additional Information Available.** Copies of [Iowa’s Open Record law](https://www.legis.iowa.gov/docs/ico/chapter/2013/22.pdf) and IEDA’s [administrative rules](http://www.legis.state.ia.us/ACO/IAChtml/261.htm#chapter_261_195) relating to public records are available from the IEDA upon request.

**SECTION A**

**Applicant Information Date Application Submitted:**

1. **Name of Business:**
2. **Entity Name (for contracting purposes):**
3. **Address:**
4. **City, State & Zip Code:**
5. **Contact Person:**       **Title:**
6. **Phone:**       **Fax:**       **Email:**
7. [**FEIN**](http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Employer-ID-Numbers-(EINs)-)**:**
8. [**NAICS**](http://www.census.gov/epcd/www/naicstab.htm) **Code for primary business operations:**
9. **US DOT Number:**
10. **Does the Business file a consolidated tax return under a different tax ID number?**

Yes (If yes, please also provide that tax ID number)        No

1. **Is the contact person listed above authorized to obligate the Business?**

Yes No

If no, please provide the name, email and title of a company officer authorized to obligate the Business:

1. **If the application was prepared by someone other than the contact person listed above, please complete the following for the preparer:**

Name of Business:

Address:

City, State & Zip Code:

Contact Person:       Title:

Phone:       Fax:       Email:

**SECTION B**

**Business Information**

1. **Provide a brief description and history of the Business. Include information about the Business’ products or services and its markets and/or customers\*.**

\*Retail businesses are not eligible for ESOP formation assistance.

1. **Business Structure\*:**

Corporation

S-Corporation

\*Business structures other than corporations are not eligible for assistance. If the Business intends to become a corporation, please attach a letter of intent describing plans to incorporate.

1. **State of Incorporation:**

1. **Is the Business’s commercial domicile in Iowa?** *Commercial domicile means the principal place from which the trade or business is directed or managed.*  Yes  No

Please explain.

1. **Is the Business a publicly traded company?**   Yes  No
2. **Identify the Business’ owners and percent ownership:**
3. **What is the estimated value of the business?**

**Source of estimate:**

1. **List the Business’ Iowa locations and the current number of full-time, permanent employees at each location for each of the last 4 calendar quarters.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Location | Quarter 1 FT EE | Quarter 2 FT EE | Quarter 3 FT EE | Quarter 4 FT EE |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

1. **What is the Business’ current worldwide employment?** (Please include employees of parent company, subsidiaries, and other affiliated entities in this figure.)
2. **Describe the employee types that may be eligible to participate in a potential ESOP, including, but not limited to, nature of their work, rate of turnover, and pay range.**

**Project Information**

1. **Is the company currently engaged in an ESOP feasibility study or has one been completed in the last three years?\***  Yes  No

If yes, please provide the engagement date of the most recent feasibility study as well as a copy of the engagement letter for the study.

\*Applicants who engaged a feasibility study service provider prior to July 1, 2013 or that have completed

a feasibility study at the time of application are not eligible for assistance.

1. **What is the estimated cost of performing a feasibility study?**
2. **Please provide a brief explanation of the reasons the Business is interested in establishing an ESOP.**

1. **What percentage of ownership do you anticipate will be transferred to the ESOP?**

1. **Is the Business considering other changes in ownership in addition to or as an alternative to the formation of an ESOP?**

Yes  No

If yes, please explain.

**SECTION C**

**Attachments**

Please attach the following documents:

**A1 Articles of Incorporation and documentation establishing IRS subchapter C or subchapter S corporation status.** If the Business is not yet a corporation, provide a letter of intent.

**A2** **Financial Information** **(Confidential, unless already publicly available)**

* Profit and loss statement, balance sheet, and cash flow statement for the previous year;
* Current YTD profit and loss statement, balance sheet, and cash flow statement;

**A3 Engagement letter for feasibility study, if applicable**

**SECTION D**

**Certification & Release of Information**

1. In the last five years, have there been any judgments or court actions completed or are there any judgments or court actions pending against the applicant entity, or any current or prospective officer, principal, director, or owner?  Yes  No
2. In the last five years, has any current or prospective officer, principal, director, or owner been accused or convicted of any wrongdoing or crime, other than a simple misdemeanor?  Yes  No
3. Have there been any current or past bankruptcies on the part of the applicant entity (or predecessor entities), or on the part of any current (or prospective) officer, principal, owner or in any business dealings of current (or prospective) officers, principals, or owners of the applicant entity?  Yes  No
4. In the last five years have there been, or are there currently any investigations of potential violations of public health, safety (including workplace safety) or environmental laws by the applicant entity, or any current or prospective officer, principal, director, or owner?  Yes  No
5. In the last five years have there been, or are there currently any violations of antitrust laws by the applicant entity, or any current or prospective officer, principal, director, or owner?  Yes  No
6. *If yes to any of the above, please provide additional explanation:*

I hereby give permission to the Iowa Economic Development Authority (IEDA) to research the Business’ history, make credit checks, contact the Business’ financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IEDA state tax information pertinent to the Business' state income tax, sales and use tax, and state tax credits claimed.

I understand that all information submitted to IEDA related to this application is subject to Iowa’s Open Record Law (Iowa Code, Chapter 22), unless specifically marked as confidential section.

I understand that IEDA reserves the right to negotiate the financial assistance.

I understand this application is subject to final approval by IEDA and the Project may not be initiated until final approval is secured. Furthermore, I am aware that funds will not be disbursed until a contract has been executed and the appropriate terms have been met.

I hereby certify that all representations, warranties, or statements made or furnished to IEDA in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

**For the Applicant:**

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[Name, Title] Signature Date

**IEDA will not provide assistance in situations where it is determined that any representation, warranty, or statement made in connection with this application is incorrect, false, misleading or erroneous in any material respect. If assistance has already been provided prior to discovery of the incorrect, false, or misleading representation, IEDA may initiate legal action to recover incentives and assistance awarded to the Business.**