



GOVERNOR'S
EMPOWER RURAL IOWA
INITIATIVE

Governor's Empower Rural Iowa Initiative
Investing Rural Iowa Task Force Meeting Agenda
Monday, September 21st
1-4PM

1. Roll Call:

Members:	Lt. Gov. Gregg Jim Thompson Hunter Callanan Nick Sorensen Shannon Erb Kimberly Tiefenthaler	Sandy Ehrig David Barker Kiana Johnson Troy Weary Sarah Thompson Nathan Katzer	Lexi Marek (for Sec. Naig) Mark Reinig Chuck Morris Tim Ostroski Jordan DeGree
Others:	Rand Fisher Liesl Seabert Jill Lippincott	Ron Reischl Amy Kuhlers Jeff Craver	Jennifer Crall Randy Pilkington Mackenzie Ledet

2. Approval of Minutes from November 6, 2019 meeting:

Minutes from the previous meeting had been distributed for review. Nick Sorensen made a motion to approve with David Barker seconding. Approved unanimously.

3. Welcoming Remarks from Lt. Governor Gregg:

The Lt. Governor offered thanks to members, ERI staff and the IRDC partnership. Introduced his new staff person, John Hlrl, who is taking over Taylor Collin's role as he has left to pursue his graduate degree. Provided an overview of accomplishments since inception two years ago and gave an update on what the task forces will look at this year.

The ERI bill passed unanimously by the legislature, with policy changes for broadband. The policy increased the match to 35% which was a direct recommendation from the task force. Funding was split in half to incentivize higher speeds with 50% for projects with speeds up to 100/20 the other half less than 100 but higher than the current standard.

Due to the pause in the session the legislature did a continuing resolution that kept appropriations at levels passed in 2019 unless they made changes. Therefore, the broadband grant program stayed at \$5 million. The Governor intends to use \$50 million of CARES Act funding to support broadband, which

must be distributed by end of the year. GEAR funds also provided an additional \$26 million to education-related activity, such as hot spots, helping to offset costs for student's connectivity, etc.

Additionally, funding for the rural innovation grants continues at \$300,000 as did the housing, at \$100,000. There were also some items that never got addressed, such as the derelict building program and leadership, but overall rural was a focus.

Connecting: Much progress on broadband policy, now ready for implementation. This group will continue to meet but on a limited basis. The Governor's Economic Recovery Advisory Council has a sub-group working on broadband as well. Focus for this task force will be ensuring broadband efforts don't leave rural behind.

Growing: How do we grow rural Iowa, make communities more attractive, empower leaders and keep young people and professionals in rural Iowa? Has found we have a lot of programs already in place so we will inventory what we already do and find gaps. Still planning Leadership Exchange to be held in October.

Protecting Rural Iowa: This will be a new task force focusing on rural EMS. Will address how can we better support, recruit and retain volunteers so we can have adequate 24/7 coverage. Also, a reminder that anyone on any task force is welcome to share expertise on other task forces as well.

Investing: Focus had been on rural housing with the expansion of the workforce housing tax credit program and rural set-aside. That was a win last year when \$25 million was dedicated to clearing the backlog in the program and doubling the set aside to \$10 million. Has toured some of the projects and suggested at a future meeting it would be good to provide an update on how many projects and communities the rural set aside has aided. This year's focus will be rural entrepreneurship, business succession, and helping businesses gain an online presence. Today we are going to explore what we currently do, and what we can do to elevate these efforts. Also, will be hearing about proposed legislation for a rural investment fund.

4. Remarks by Co-Chair Sandy Ehrig:

We've experienced a lot of change, including the new focus on rural entrepreneurship which is the focus of her organization. IRDC, as a partner with ERI just wrapped our 4th Summit which was virtual, with 150 communities attending along with 50 sponsors and exhibitors. Membership is now over 200 members. The value that the partnership has brought to IRDC has been key, and we have at least five members on the task forces. Three new members that will be officially joining the IRDC leadership in January, are here today: Troy Weary with ITC, Kimberly Tiefenthaler with the North Central Iowa SBDC, and Jordan DeGree with Creative Adventure Lab.

5. Panel on Supporting Rural Entrepreneurs in Iowa: Panelists: Jill Lippincott – IEDA, Sandy Ehrig – IFBF, Randy Pilkington, UNI CBGI:

Jim Thompson moderated panel on rural entrepreneurship. Sees impact on businesses across the state but is encouraged that businesses are continuing to launch. Panel will identify programs and funding sources and issues, as well as talk about training needs, funding and resources already available.

Jim: Shed light on programs you have run across that are supporting entrepreneurs:

Sandy: Iowa Farm Bureau has four guiding principles, leading with education.

Education: They co-host a half-day workshop, Journey to Your Vision, based on the stages of development. Have co-hosted about 60, with the next session in Manning. They underwrite the costs and usually have around 15-20 at each. Also have worked with UNI on Pathways, to provide an online directory of business webinars searchable by topic.

Connections and Partnerships: In the past they hosted quarterly entrepreneurial roundtables for resource providers across the state to share best practices. No longer active, so suggests somehow coordinating communication and education for resource providers. EntreFest came about because of the roundtable, also Dream Big competitions, and Venture School. Many programs are still ongoing. They also provide in-kind match for federal funding for programs. Are there other existing programs that can do this? Look at other non-profits that have like missions, Renew Rural Iowa partners with organizations such as ABI and IBA. They also connect with entrepreneurs through mentoring including the ISU Ag Startup Factory and Engine, Venture School, Iowa Start Up Accelerator, and Red Cedar.

Recognition: Telling stories is key. They partner with WHO Radio on business leader awards and have podcasts from the interview which is done at the business. Always recognize the nominator.

Financial Resources: They have a venture fund started with \$22.5 million and have been able to leverage more than \$125 million in economic impact across Iowa.

Jill: Complementary programs such as IEDA and VentureNet partnering to work with companies applying for innovation funding. VentureNet helps vet the applicants, walk through the process and help them with their business presentation to the board committee. The applicants also benefit from the feedback they receive going through the program. Connections that are made to the VentureNet panel participants can grow into potential mentorship.

Targeted Small Business Program: Certifies and provides loans to businesses in Iowa that are majority owned by women, minorities, service-connected disabled veterans or disabled individuals. Has been around many years, but IEDA took it over in 2016 and we've made significant changes to make it more efficient and reduce barriers. Provides benefits to certified businesses in selling goods and services to state agencies, but also gives exposure to other businesses with supplier diversity programs through an online directory of certified businesses. No cost to applicant. Provides financial assistance through a loan program managed by the Iowa Center for Economic Success. Businesses can receive up to \$50,000, and also receive technical assistance through the Iowa Center. Turn-around time on applications is approximately 3-5 days. Also provided an emergency relief grant to eligible sole operator TSB's this spring and that has doubled the number of TSB's – almost 900. Buyers now have twice as many businesses they can buy from, and there are a wide variety of goods and services purchased. Last year there was over \$44 million in purchases from TSB's by state agencies.

Financial Literacy: COVID-19 has underscored the importance of financial literacy for small business owners. There are several programs offered across the state and there is a need for a single place to inform on these programs.

Community Catalyst Grants: Helping communities redevelop, deconstruct or rehabilitate buildings to stimulate economic growth. Had nearly \$9 million invested in the last three years leveraging \$26 million in local match and have awarded almost 100 funded projects. City must be applicant and 40% of funds are allocated to communities under 1,500 in population.

IASourceLink: Online resource for small business information. Before created in 2012 there was no one place to house this information. Partnership with the UNI Center for Business Growth & Innovation, with many resource partners helping to provide information to businesses. Connections to partners is important so efforts aren't duplicated but information can be shared. Houses the Business License Information Center (BLIC) to provide personal assistance with navigating these requirements.

ShopIowa.com: E-commerce program for businesses to get products online. IEDA partners with an Iowa company on the platform. Over 200 businesses online with over 1,000 products available.

Randy: Iowa is fortunate to have many great programs. IASourceLink grew out of an early UNI program called MyEntreNet, which was created to help businesses easily connect to statewide resources. This last year it hosted over 75,000 unique visitors and has over 350 service providers from across the state listed. We produce business webinars which are archived, including a series with the Iowa Department of Revenue on a variety of tax topics that draws hundreds of attendees. Also hosts the Business Concierge service.

The SBDC network is a great referral source for businesses, very collaborative, and a great partner organization.

The five John Pappajohn Centers located in Iowa all have unique services suited to their region. They recently held their venture competition with \$50,000 contributed by John Pappajohn and \$50,000 from IEDA. Open to a variety of businesses, not just high tech, and including rural.

UI's Venture School partners with JPEC to host and help sponsor. Serves as a mini accelerator model for businesses to launch upwards or reassess where they are.

Lastly, in rural Iowa, two out of three businesses are owned by a baby boomer. We need to consider the succession of these businesses, through an ESOP, co-op, family member match, etc. as well as business expansion and retention efforts, and getting down below the traded clusters and work with some of the main street type of companies.

Jim: What are some of the first steps that entrepreneurs and/or communities can take to get connected?

Jill: IASourceLink is a great resource to start with if someone doesn't know who to connect with. There are also many providers that can help build connections. If someone comes to us for assistance with the TSB program for example, but we can see there are also other resources they could tap into, we will refer them out. Connect with who you know locally, such as a chamber or local economic development organization and they can provide new connections. Also, UNI's Business Concierge can offer personalized referrals and is available through IASourceLink.

Randy: I would always refer individuals just starting out to their local SBDC, a great resource for free, confidential business counseling. Another project we did over the past five years was with the Economic Development Administration to look at rural entrepreneurship and how to form multiple counties working together to spur entrepreneurship. Create a toolbox for small communities/regions for a simplified approach to how to assess entrepreneurial needs. There needs to be an ecosystem put in place for support. Iowa is risk adverse; we have to let people know it's ok to fail. That's some of what they teach through the Pappajohn Centers – how to fail fast and move beyond. Technical assistance, networking events are both important for entrepreneurs to learn from peers. Money at all stages is important as well.

Sandy: Bill Menner is a great resource for community development. He can put together a team of experts from IRDC for assistance. For businesses, start with local economic development organization to both build the relationship and get information on local and regional resources.

Jim: What are some of the voids that we as a state need to address?

Randy: Biggest challenge is connections. If we don't know who is needing assistance, we can't help. Local economic development providers understand needs of their larger firms but have asked how they can get down to the level of the main street, lifestyle type businesses? Networking activities – get them out and build those connections.

Sandy: Coordination and communication among resource providers is essential. The roundtables worked but there can be other efforts. Maybe a Zoom version where we can get them together again to discuss voids and what is no longer relevant. Another void is knowing we've done a good job with ag tech, and we'd like to see something similar to bio and med tech. Is it time for UI to have a program around the medical profession, for example?

Jill: Making sure financial literacy resources are available for business owners when they need it. So many indicated they were not prepared to apply for the relief grants this spring. We have started an across-agency team to review. Connections are important. Pre-pandemic we would do various networking events with small business owners and local resource providers to create a connection point, and this is missing now so we are exploring ways we might create more opportunities. This important for both business owners to connect as well as resource providers to connect.

Jim: Do you know of some best practices?

Sandy: For businesses, S & B Farms Distillery in Bancroft, who pivoted into making hand sanitizer and are a great supporter of other businesses in the community. Ramsey's Market in Lenox expanded their grocery store into Manning during the pandemic. Art of Education University in Osage provides continuing education for art educators which was a void. For communities, Manning for several reasons, including their support for young leaders such as Jeremy Puck. Jefferson with their entrepreneurial community spirit and their young leadership support. Also, the development of the Forge and the partnership with the community college. Perry has a great DMACC entrepreneurial program, and the Nudgers development group that buys empty main street building and rehabs them. Iowa startup accelerator at NewBoCo in Cedar Rapids is a good model. Farm Bureau just started a new program similar to Dream Big called Grow your Future with a grant competition for \$7,500 for individuals 18-35 years old with an ag related business but not ag tech. The Main Street Open 4 Business competition is inspiring. The Iowa SBDC is now recognizing client businesses monthly.

Jill: Heather Caye Brown out of Oelwein, owner of Night Dive Swim. She previously worked for Hollister and Pak Sun before leaving corporate role to return to her Iowa hometown and launch her own self-sustainability and confidence brand of swim ware. She told Career Contessa in 2019 she discovered how Iowa supports business so she came home, reached out and took advantage of the resource opportunities. Exemplifies how important connections are. Another example is Press Studio and Store which is a handcrafted jewelry and apparel space in Spencer. Owner also left corporate fashion role to start business with her husband. Started small with farmers markets and e-commerce, and last year they bought a storefront in town. They also serve as mentors for other businesses in town, rent out a studio so other businesses can create marketing videos, photography, and podcasts. They won the Open 4 Business competition this year and have been featured in our #IowansUnite campaign currently

underway to help share stories and successes and to raise awareness and support of Iowa's small business. We also share successes of our TSB's through our quarterly newsletter.

Randy: Community and local economic developers are critical in pulling in rural entrepreneurship in rural Iowa. Good examples include Kiley Miller with Iowa Lakes Corridor Development which has entrepreneurship in all of their programs. Also, Tim Putnam with the NIACC JPEC who does a great job of pulling in all the local and rural economic developers and provides direct service, mentoring, counseling, and access to capital sources. Another good example is the Iowa West Coast Initiative in Sioux City which reaches out to rural surrounding counties and has broken down the barriers of working across county lines within the region. Just a few examples working entrepreneurship into economic development.

6. Iowa Rural Development Fund Presentation: Jeff Craver – Advantage Capital, Mackenzie Ledet – Stonehenge Capital

Mackenzie: This is a tool to help bring access to capital for SME's in manufacturing, ag tech, etc. Part of rural jobs coalition which includes finance firms such as Advantage, Enhance Capital, Stonehenge Capital, and others including service providers such as Square. The basis of the policy is to help businesses survive and continue to grow in small communities utilizing a public-private partnership model to provide affordable growth capital to small businesses primarily in rural Iowa.

Three components:

- 1) Access to capital for small businesses: This would provide capital beyond federal, providing \$100 million in private capital. Designed as gap financing for commercial loans.
- 2) Allowing access to all businesses, with focus on rural businesses: Policy uses a tax credit, which is greater with private investment in rural areas. Built upon best practices from other states.
- 3) Positive ROI for Iowa/Delayed impact to budget: Mandates quick investment, must be invested in three years. Must be some type of economic impact analysis to measure revenue and jobs.

Jeff: After enactment there is the application phase with IEDA approval. Open to experienced investors only. Relies on infrastructure already in place on the federal level. Once applications approved, funds must raise capital. Tax credits can only be earned after 100% of the capital has been invested as well as a match with private capital. Thirdly, business will be identified for investment.

Reference PDF presentation for more information on investment steps, similar programs to the proposed policy, and some success stories.

Lt. Gov: How far is this being considered by Iowa legislature and have there been roadblocks? Also, Iowa has many insurance companies, are they helping to get this passed? Goal is to have a \$100 million investment fund, but fiscal impact won't be – what is the fiscal impact? Jeff: Roadblocks/process: Legislation introduced and moved through both chambers; pandemic was a roadblock interrupting session. Regarding insurance companies, they tend to be neutral. Once enacted, companies such as his will compete for the investment dollars. Fiscal impact: Delayed to the fourth year. If fully subscribed, there would be a maximum investment of \$15 million in each year four through seven. Mackenzie: Insurance companies tend to invest in firms on the east and west coast. Through this policy they would have incentives to keep investments in Iowa.

David Barker: Do you expect investment from other investors outside of insurance companies, and are these transferable credits? Mackenzie: Legislature mandates that half of the fund must come from outside the insurance industry, so traditional investors, in addition to the 10% that must come from the fund managers. Jeff: Tax credits are not transferable.

7. Discussion on Presentations:

Lt Governor: We have a lot of resources. Is there a way to have better connections? Do you see things we can do from a state policy perspective? What gaps are there? What can we do better?

Nick Sorenson: When he came into his position he worked with a lot of downtown businesses. He was unaware of programs like IASourceLink and other resources. How do we broaden this knowledge so the message gets out that we encourage entrepreneurship? IASourceLink is great, but in rural Iowa you need to get out in front of the businesses.

Sandy: SBDC is a wonderful statewide resource. Do we have enough funding for them?

Kimberly: Serving 13 counties, funding is very much an issue. She is the only full-time staff with no administrative help. Speaking for SBDC across the state and with the pandemic, a big task ahead next is for disaster training. There must be education for businesses, so they are ready, and it takes resources to do that.

Sandy: Are there issues coming out of the Governor's economic recovery small business sub-committee that might align? Jim: He is involved with the sub-group, and some of the things we are talking about in that group are similar to what we are discussing in this task force. How do we get resources in the hands of people that need them? Financial literacy rose to the top. It leads to Jennifer's comments from the Growing task force looking at leadership to attract and retain talent. Liesl: Gets back to one of the initial recommendations that there are many resources, so how to connect.

Lt. Governor: Do we have funds available to get this info in front of people? Thinks putting these resources in front of people could be worthy. Maybe we need to do a better job of telling the story.

David Barker: There has been some marketing because when you do a search for Iowa business assistance, IASourceLink comes up high in results. Maybe we need more creative ways to reach people. Legislative – is there something we should do on tax credit program? Lt Governor: We should consider if that is something, we want to make a recommendation on, but he needs to gain more knowledge. Sandy: Curious on what other Iowa equity funds feel about it, as well as our insurance industry. Jordan: May want to research the other states identified in presentation to see if there were issues. Sandy: Also, what were the results from the tax credits? Shannon: How are the credits invested? Is it open to anyone, will there be a backlog? Is it a competitive process like the WHTC? David: He can reach out to people at Next Level and ISU for some feedback. Lt. Governor: Worth asking the questions. We can circle back at later meetings and get more feedback.

Sarah: The communities she works with don't have the confidence to feel empowered. Many just want an easy fix. Can we do a video for them to learn about the resources? Many are intimidated with what we are familiar with, but they are not, and it stops them from moving forward. Maybe some type of certification as an economic development group? Also, Ellsworth sold a building to a couple who want to renovate it to upper story housing and lower retail, but unless there is private investment there aren't many resources. Is there something we can do to fill that gap?

Jordan: Would echo Sarah, a lot of communities they work with are very small with volunteers. What they find appealing about what we bring, is that we are providing those services in their name. As a group can we look at how we can take the resources that exist and empower local economic development groups to have ownership of the service. Bring the education, fiscal accountability, etc.

Jim: Agree. We've done nearly 100 community catalyst remediation projects in three years, open to all towns in Iowa, but there is a scoring preference to smaller towns. Challenge is that he gets calls from potential projects, and because city has to apply and if they won't, the project can't move forward. How can we train city government on how to save their own town? Many small towns don't want any change. Unfortunately, they experience demolition by neglect, they think it isn't a public responsibility to engage with a private building owner for building upkeep.

Chuck: In Page County, many communities don't want change. First challenge could be to try to organize meetings of smaller communities, have IEDA facilitate meetings, ignite spark to find individual champions. His goal now is to organize community meetings with economic developers so we can talk about some of the tools available. Jim: He's had several inquiries from Page County asking if he could provide similar services there as he did for Hamburg (after flooding). In Hamburg they used existing programs, but you need to package them and use that to leverage other funds. What has been difficult with other communities is they want money, but don't want to invest their own funds but want state funds to leverage other state funds.

Lt. Governor: Maybe we need to do roadshows, in person or Zoom. In her role as the director for the Office of Rural Revitalization, the vision is for Liesl to be that connection point. Maybe we need to be more affirmative about that, with potential participation from her or the Governor to attract more attention. Set regional presentations, listening posts, to talk about resources that are available.

Liesl: Conversation has come up in the Growing task force and IRDC. It is much better to go out to other regions and meet face to face. Likes the idea of making it a regional event and last year there was some interesting housing discussions which were well received and could serve as a model

Sandy: Our IRDC leadership team can help put that together when we can go face-to-face.

Ron: The Growing task force talks about an information repository for rural leaders. Think about the same for community development, like IASourceLink.

Liesl: We've been looking into how we can build that. Looking for it to live on IRDC website. Few roadblocks, pandemic set us back. Might have to look at other options.

Sandy: Does that go back to the Lt. Governor's comment on funding – IRDC is ready to host. Money is a factor, that is why we were looking at IASourceLink.

Sarah: Is there a county listing of resources of what is available for funding and other programs? Liesl: I'm not aware of anything, maybe ISAC might have a list? Chuck: Good point, not aware. His county website doesn't include anything. Sandy: Information on available revolving loan funds is available on the IADG website. Bill: There is a lot of money in the loans available. It takes a lot of work to maintain a county resource like that.

8. Update on Rural Grants:

Rural Innovation Grants: All \$300,000 was awarded, and there will be another round open in spring. There were 17 grantees, and awardees are on the ERI website and are now submitting reports. Projects covered issues under each of the three task forces. Part of the requirement was that they had to share their best practice so other communities can take it and implement. Housing Innovation Grants: There were six grantees, and an additional \$40,000 still available. Have opened a second application round and anticipate using all additional funds.

Lt. Governor: He and the Governor have visited several community projects impacted from the grants. A small amount of money really leveraged results. Takeaway from Atlantic a group of non-native Iowan's now living in Atlantic now and working together to improve the community. Governor was very impressed with the work. Sandy: Is there any follow up so we can see what the projects did, maybe a video? Liesl: Likes the idea of a video. They do have to submit pictures and a follow-up summary.

9. Public Comment: None

10. Wrap up & Next Steps:

Invest will meet next on Wednesday October 14, 10:00 – 1:00

Grow will meet on Wednesday, October 7, 1:00 – 4:00

Connect will meet on Wednesday, October 28, 1:00 – 4:00

Protect – TBD

Leadership Exchange Oct 21-22 two half days.

11. Adjourn: