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NEWS RELEASE

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Auditor of State David A. Vaudt today released a report on the Grow Iowa Values Fund (GIVF) for the period July 1, 2003 through June 30, 2006. The GIVF was originally created in 2003, was struck down by the Iowa Supreme Court in 2004, and was re-established during the 2005 legislative session. The original funding source for the GIVF in 2003 was monies from the Federal Economic Stimulus (FES) Act. After legislation was struck down, the FES funds remained with DED to be used for business development programs.

During the 2005 session, the Legislature appropriated \$50 million from the State General Fund to the GIVF for each of the 10 fiscal years beginning July 1, 2005 and ending June 30, 2015. Of the amount appropriated, \$35 million was allocated to the Department of Economic Development (DED), \$12 million to colleges and universities and \$1 million each to the Department of Natural Resources, the Iowa Cultural Trust Fund and economic development regional financial assistance.

DED issued a status report as of June 30, 2006 covering business development projects "awarded assistance through the Iowa Values Fund and other state business development programs". DED uses the term "Iowa Values Fund" to represent all projects funded by GIVF and FES. The status report is prepared using information provided by the companies, which is not verified by DED, and does not identify GIVF activity by individual project or in total.

The status report issued by DED shows a total of 30,732 jobs were "pledged" in the applications submitted by the companies; however, only 14,285 of those jobs were actually included in contracts established with the companies as of June 30, 2006. Vaudt pointed out the number of jobs reported by DED were based not only upon projects funded by the GIVF, but also projects funded by FES and other sources. In addition, the number of jobs included:

- approximately 4,800 pledged jobs and 900 contracted jobs which do not meet the hourly wage requirement for jobs created with GIVF funds.
- approximately 6,400 pledged jobs for which the related contract was still being negotiated at June 30, 2006.

- approximately 5,000 pledged jobs for projects awarded after June 30, 2006.
- approximately 850 pledged jobs and 200 contracted jobs for projects that had been declined or rescinded at June 30, 2006. These projects were awarded funds but did not receive a payment prior to withdrawing from the program.

The table below shows the number of pledged, contracted and actual jobs when these items are excluded. DED has included approximately 1,300 pledged jobs, 1,600 contracted jobs and 1,700 actual jobs funded through tax credit programs. DED has also included approximately 80 jobs where the contract is currently in collection.

Description	Number of Jobs		
	Pledged	Contracted	Actual
Reported by DED	30,732	14,285	10,961
Less: Other jobs	4,802	872	^
In negotiation/too new to report *	6,381	-	-
Awarded after June 30, 2006	4,951	-	-
Declined	868	219	-
Revised total	13,730	13,194	10,961
Less: Tax credit programs under contract	1,293	1,610	1,686
In collection	79	79	-
Total	12,358	11,505	9,275

^ - DED did not include "Other Jobs" in the Actual Jobs reported in the Executive Summary of the June 30, 2006 status report.

* - The jobs reported by DED as "too new to report" were actually in negotiation and did not have a signed contract.

A total of \$81,209,600 has been awarded to the companies under 201 contracts, which require the creation of 7,616 jobs and retention of 3,889 jobs. Of the jobs contracted for, 395 are funded from the GIVF, 7,548 are funded from FES funds and the remaining 3,562 are funded from other sources. The 395 contracted jobs funded from the GIVF are from awards totaling \$5,517,000 to 21 companies. As of June 30, 2006, the companies reported 80 of the jobs have been created.

The report also identifies areas in which the administration of financial assistance programs can be improved and includes recommendations and other relevant information for consideration by State officials.

A copy of the report is available for review in the Office of Auditor of State and on Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
GROW IOWA VALUES FUND**

**FOR THE PERIOD
JULY 1, 2003 THROUGH JUNE 30, 2006**

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Auditor of State's Report

To the Members of the
Iowa Economic Development Board:

In accordance with Chapter 11 of the *Code of Iowa*, we have conducted a review of the Grow Iowa Values Fund (GIVF) administered by the Department of Economic Development (DED). Our review included assessment of the controls over the GIVF, including the application, monitoring and reporting procedures for programs administered by DED. We also performed a limited review of the use of the appropriations from the GIVF to the Board of Regents, the 15 Community Colleges, the Department of Natural Resources and the Iowa Cultural Affairs Trust Fund. We have applied certain tests and procedures to selected processes and financial information for the period July 1, 2003 through June 30, 2006. Based on a review of relevant information, the *Code of Iowa* and administrative rules governing the GIVF, we performed the following procedures:

- (1) Reviewed controls over the application, monitoring and close-out processes for the various business development programs funded by the GIVF and other funding sources.
- (2) Reviewed DED's procedures for preparing the status reports issued for the periods ended December 31, 2005 and June 30, 2006 and compared the information presented to supporting documentation for the June 30, 2006 report.
- (3) Compared data regarding job creation and retention to records maintained by the Department of Workforce Development (IWD) to determine if records maintained could be used to support the jobs created and/or retained.
- (4) Compared information compiled and used by DED to original records, including contracts and applications, to determine completeness and accuracy of the information.
- (5) Reviewed the use of funds appropriated from the GIVF to the following entities to determine compliance with requirements established by the *Code of Iowa*.
 - Board of Regents' Institutions of Higher Learning
 - Area Community Colleges
 - Department of Natural Resources
 - Department of Cultural Affairs
- (6) Interviewed DED staff to obtain an understanding of established policies and procedures related to financial assistance programs funded from the GIVF. We also reviewed the Business Services Management guide (policy and procedures manual).
- (7) Examined a selection of projects receiving financial assistance to determine compliance with DED policies and procedures.

Based on these procedures, we determined, as of June 30, 2006, DED established 22 contracts totaling \$5,517,000 to 21 companies from the GIVF. The contracts require 343 jobs to be created and 52 jobs to be retained by the companies. DED issued a status report for June 30, 2006 reflecting 80 jobs have been created and 28 have been retained, based on data submitted by the companies. The data was not verified by DED.


By June 30, 2006, DED had established 206 contracts, 3 which were subsequently declined by the companies or rescinded by DED and 2 which entered collections as a result of defaulting on the contract. The remaining 201 contracts required companies to create and/or retain 11,505 jobs. Of the jobs contracted for, 395 were funded from the GIVF, 7,548 were funded with FES funds and the remaining 3,562 were funded by other sources. In addition, of the 201 active contracts, 3 projects were completed as of June 30, 2006. The 3 projects were not funded by the GIVF or FES. The 3 companies reported creating or retaining 283 jobs for the 3 projects as of June 30, 2006.

In addition, we have developed certain recommendations and other relevant information we believe should be considered by the Department of Economic Development, the Members of the Iowa Economic Development Board, the Governor and the General Assembly.

We extend our appreciation to the personnel of the Department of Economic Development, the State Board of Regents, Iowa State University, the University of Iowa, the University of Northern Iowa, Iowa Workforce Development and the Community Colleges for the courtesy, cooperation and assistance provided to us during our review.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 26, 2007

Grow Iowa Values Fund

Executive Summary

History - The Grow Iowa Values Fund (GIVF) was originally created in 2003, was struck down by the Iowa Supreme Court and was then re-established during the 2005 legislative session. The original funding source for the GIVF in 2003 was monies from the Federal Economic Stimulus (FES) Act. After the legislation was eliminated, the FES funds remained with DED to be used for business development programs.

During the 2005 session, the Legislature appropriated \$50 million from the State General Fund for each of the 10 fiscal years beginning July 1, 2005 and ending June 30, 2015. Of the amount appropriated, \$35 million was allocated to the Department of Economic Development (DED), \$12 million to colleges and universities and \$1 million each to the Department of Natural Resources, the Iowa Cultural Trust Fund and economic development regional financial assistance.

Purpose - The GIVF legislation did not create new business development programs. Rather, it created a new funding source for existing business development programs such as the Community Economic Betterment Account (CEBA) and the Value Added Agricultural Products (VAAP). These programs are also funded by FES, other federal awards, State appropriations prior to July 1, 2003 and repayments on loans.

The legislation establishing the GIVF requires projects funded by the GIVF create and retain jobs with an average wage and benefits that equal or exceed 130% of the average county wage. The legislation also provides for the granting of a waiver of the 130% requirement.

Use of Appropriation - With a portion of the \$35 million allocated to DED from the GIVF for the fiscal year ended June 30, 2006, contracts were established with 21 companies. The 21 companies received 22 contracts which totaled \$5,517,000. The contracts require 343 jobs to be created and 52 jobs to be retained by the companies. As of June 30, 2006, the companies have reported to DED that 80 jobs have been created and 28 have been retained. The data submitted by the companies has not been verified by DED. None of the projects funded with the GIVF were complete as of June 30, 2006.

Published Reports - Twice each year DED issues a "Project Status Report" covering projects "awarded assistance through the Iowa Values Fund and other state business development programs." The report is prepared using the information provided by the companies and is not verified by DED personnel. The report lists individual projects and the program through which each was awarded. However, the projects' funding sources are not identified in the report.

After the release of the June 30, 2006 status report by DED, media reports presented the data released by DED as the number of jobs created and/or retained by projects funded by the GIVF. This appears to have occurred because DED referred to the Iowa Values Fund in the report, not the GIVF. DED uses the term "Iowa Values Fund" (IVF) in the status report to represent all projects funded by FES and the GIVF. This term is not used in any legislation and was not defined in DED's report. However, in accordance with [261] of the Iowa Administrative Code, section 2.2, DED has defined IVF to mean only "the grow Iowa values fund created in 2005 Iowa Acts, House File 868, section 1." It appears DED's inconsistent use of the term "IVF" or "Iowa Values Fund" has led to confusion. For example, the media and others referring to DED's report took the term "Iowa Values Fund" to mean the GIVF.

In actuality, the report issued by DED reports the June 30, 2006 status of all business development programs regardless of funding source. In addition to the GIVF, the report includes projects funded by FES and other sources. However, the report does not identify the GIVF projects separately. The *Code of Iowa*, however, requires a report on the status of the GIVF. In addition to the status report, DED issued a memo dated January 12, 2007 regarding the status of the GIVF.

The Executive Summary of DED's report showed a total of 30,732 jobs were "pledged" in the applications submitted by the companies but only 14,285 of the pledged jobs were actually included in contracts established with the companies as of June 30, 2006. The number of contracted jobs is a more accurate measure of the jobs expected to be created and/or retained.

The number of jobs reported by DED also included:

- Other jobs - 4,802 pledged jobs and 872 contracted jobs which do not meet the GIVF wage rate requirement or do not have an hourly wage rate requirement. These jobs are reported as "other" jobs in the status report.
- In negotiation/too new to report - 6,381 pledged jobs for which the related contract was being negotiated at June 30, 2006. The projects awarded funds but without a signed contract were reported in DED's status report under the category "Projects in Contract Negotiations." The category "Too New to Require Report" should include contracts signed between April 1 and June 30, 2006. The projects included in this category by DED were still in negotiations and did not have a signed contract.
- Awarded after June 30, 2006 - 4,951 pledged jobs for projects awarded after June 30, 2006. These projects were included in the status report under the category "Projects Acted on Since 6/30/06". The awards for these 36 projects were made by the Board after June 30, 2006.
- Declined or rescinded - 868 pledged jobs and 219 contracted jobs for 5 projects that had been declined or rescinded as of June 30, 2006. All 5 projects were awarded funds but only 3 had signed contracts. The 3 projects with contracts did not receive any payments prior to the cancellation of the contract.

The following **Table** shows the number of pledged, contracted and actual jobs reported by DED adjusted for the concerns identified above.

Description	Number of Jobs Created or Retained		
	Pledged	Contracted	Actual
Reported by DED	30,732	14,285	10,961
Less: Other jobs	4,802	872	^
In negotiation/too new to report	6,381	-	-
Awarded after June 30, 2006	4,951	-	-
Declined or rescinded	868	219	-
Revised Total	13,730	13,194	10,961
Less: Tax credit programs under contract (1)	1,293	1,610	1,686
In collection (2)	79	79	-
Total	12,358	11,505	9,275

^ - DED did not include "Other Jobs" in the Actual Jobs reported in the Executive Summary of the June 30, 2006 status report.

(1) No direct financial assistance provided.

(2) Contracts in default.

While DED reported over 30,000 pledged jobs, only 12,358 of these pledged jobs, excluding tax credit programs, were included in applications that had signed contracts at June 30, 2006. Of the 12,358 jobs, 404 of these jobs are from projects funded by the GIVF, 7,902 jobs are from projects funded by FES and 4,052 are from projects funded by other sources.

As illustrated by the **Table**, only 14,285 of the 30,732 pledged jobs were actually obligated by a contract at June 30, 2006. After eliminating contracted jobs that did not meet the wage requirement, projects that were declined or rescinded, jobs from tax credits and those in collection from the total reported by DED, the total contracted jobs for the remaining projects receiving direct assistance from DED total 11,505. Of the 11,505 contracted jobs, 395 jobs are from projects funded by the GIVF, 7,548 jobs are from projects funded by FES and 3,562 jobs are from projects funded by other sources. These numbers are significantly less than the 30,732 pledged jobs reported by DED.

Types of Contracts - The 201 contracts active at June 30, 2006 were awarded \$81,209,650. FES funds were used for 83 contracts totaling \$55,687,150. GIVF funds were used for 22 contracts totaling \$5,517,000. The remaining contracts were funded by other sources.

Of the funding provided by FES and the GIVF, \$11,192,650 are traditional loans, \$47,495,250 are forgivable loans, \$1,791,250 are loan guarantees and \$725,000 were awarded in the form of royalties. Loans and royalty contracts are required to be repaid regardless of the performance of the project. If disbursements are made through a loan guarantee, the proceeds are also to be repaid. Forgivable loans are not required to be repaid if the terms of the contract are met.

Findings - As a result of our review, we identified several findings and recommendations to improve the administration of the financial assistance programs. Among the findings noted during our review were:

- Twice each year DED issues a “Project Status Report” covering projects “awarded assistance through the Iowa Values Fund and other state business development programs.” However, the report does not include total information by funding source. As a result, the reader is unable to determine what portion of the jobs and other information reported were funded by the GIVF. The *Code of Iowa* requires DED to submit to the General Assembly and the Governor an annual report “that delineates expenditures made under each component of the grow Iowa values fund.” The report issued by DED does not contain sufficient detail to meet the requirements of the *Code*. The report is prepared using the information provided by the companies which is not verified by DED personnel.
- Project files did not always include the required information, such as a signed application, rating sheets and documentation of compliance with applicable administrative rules.
- Errors were identified in DED’s calculation of the base employment data for several projects.
- DED requires only 1 on-site visit during the contract period and performs limited review of the information submitted by the companies.

Items for consideration - In addition to the findings and recommendations, the report includes several items to be considered by State officials to help ensure the programs are as effective as possible and meet Legislative intent. Among the items identified were:

- Section 3 of House File 868 states, in part, “the average annual wage, including benefits [emphasis added], of new jobs created must be equal to or greater than 130% of the average county wage.” According to DED staff we spoke with, if the hourly wage reported by a company does not equal or exceed 130% of the average county wage (without any benefits), the value of the benefits of the created and/or retained jobs is added to the hourly wage. The combined amount is then compared to the same 130% requirement. The average county wage does not include benefits. While this practice complies with the requirements of House File 868, it is possible for the new jobs to have an actual wage less than or equal to 100% of the average

county wage. The Legislature should consider whether this wage rate requirement results in the quality of jobs intended.

- The purpose of all business development programs administered by DED with funding from the GIVF, FES and other funding sources is to attract new businesses to the state and to keep existing businesses in Iowa. Because the purpose of the programs is the same, regardless of the funding source, the Legislature should consider establishing a single set of requirements under which the programs would operate.
- Based on discussions with DED and IWD personnel, a methodology is not in place to determine if an employee filling a new job created by a project funded with financial assistance from DED transferred from within the company, came from out of state or from another position within Iowa. It is very possible an employee filling a position created or retained by a project left a position at another company in Iowa. In addition, DED and IWD do not have the means to determine if the other company filled the vacated position. This data is important to determine if the State's overall employment has been increased by the jobs created by the incentive programs administered by DED.

The Legislature should consider whether the DED and IWD have the authority and appropriate means by which to gather the data necessary to determine if the jobs created by the business development programs actually increased the overall employment within the State.

- Job creation and/or retention requirements established in the contracts currently administered by DED address where the jobs are to be created and/or retained. However, the residence of the workers filling the jobs is not addressed. For example, jobs may be created at a company in Council Bluffs awarded funds from the GIVF, but the jobs may be filled by workers who reside in Nebraska. As a result, the State does not fully benefit from the residual effects of creating jobs in Iowa.

History of the Grow Iowa Values Fund

Establishment - The Grow Iowa Values Fund (GIVF) was originally created by the Legislature during the 2003 extraordinary session. House File 692 established the GIVF and House File 683 provided funding to the GIVF. Section 74 of House File 683 appropriated the GIVF “monies anticipated to be received from the federal government for state and local government fiscal relief under the federal Jobs and Growth Tax Relief Reconciliation Act of 2003,” also known as the Federal Economic Stimulus (FES) Act. In accordance with the FES Act, FES funding was to provide “essential government services or cover the cost of complying with any Federal intergovernmental mandate for which funds have not been provided by the Federal Government.”

The Governor submitted a letter to the U.S. Department of Treasury dated June 19, 2003 certifying the FES funds would be used in accordance with the requirements set forth in the federal legislation. The letter also certified the State “will only use the funds for types of expenditures permitted under the most recently approved budget for the State”, which was for the fiscal year ended June 30, 2003 and included various business development programs administered by the Department of Economic Development (DED.) The same business development programs had been funded by federal awards and appropriations from the State General Fund prior to July 1, 2003.

As a result of House File 683, the Legislature appropriated, through the GIVF, the majority of anticipated FES funds to DED for the types of activities listed below.

- Business start-ups • Business modernization • Business retention
- Business expansion • Business attraction • Marketing

Funds were also appropriated to DED through the GIVF for payment of \$500,000 tax credits for the fiscal year ended June 30, 2006 and approved as part of Property Rehabilitation established under Section 404A.4 of the *Code of Iowa*. A portion of the funds from the GIVF were appropriated to institutions of higher learning under the control of the State Board of Regents, accredited private institutions, the 15 Community Colleges and several State agencies for various specified purposes. In addition, some of the FES funds were appropriated from the GIVF to the General Fund for payment of \$250,000 of Endow Iowa tax credits and Endow Iowa grants for the fiscal year ended June 30, 2005. The legislation became effective July 1, 2003.

Elimination - After the extraordinary 2003 session ended, the Governor line item vetoed several provisions within House File 692. The Legislature subsequently requested the Iowa Supreme Court review the Governor’s authority for the line item veto. In its ruling dated June 16, 2004, the Iowa Supreme Court stated the Governor had exceeded his authority and struck down House File 692 in its entirety. Because the legislation creating the GIVF was nullified, the GIVF was eliminated. Because the GIVF, the fund from which the appropriations provided in House File 683 were to be made, no longer existed, the State agencies could no longer use the funds appropriated to them in House File 683.

Allocation of FES Funds - During the 2004 extraordinary Legislative session convened by the Governor to address the outcome of the Supreme Court decision, the Legislature enacted Senate File 2311. The Senate File reappropriated the FES funds to the State agencies and universities/colleges. However, it did not recreate the GIVF. The legislation also specifically allowed DED to use the reappropriated funds for existing economic development programs, including Community Economic Betterment Account (CEBA), Value Added Agricultural Products (VAAP) and the Physical Infrastructure Assistance Program (PIAP). **Table 1** summarizes how the FES funds were reappropriated by Senate File 2311 for the fiscal year ended June 30, 2005.

Table 1	
FES Funds Program Allocation	Amount Allocated
Marketing programs (DED)	\$ 6,782,949
Existing programs (DED) *	72,495,406
Targeted State Parks (Dept. of Natural Resources)	475,806
Loan/Credit Guarantee (DED)	5,728,402
University/College Programs	10,058,162
Community College Programs	4,848,668
Endow Iowa Grants (DED)	310,606
Total	\$ 100,699,999

* - Includes \$699,999 interest earned on FES funds

Reestablishment of the GIVF - During the 2005 legislative session, the Legislature enacted House File 868 which reestablished the GIVF. The legislation also required projects creating new jobs have an average annual wage, including benefits, of equal to or greater than 130% of the average county wage and allowed for a waiver of the 130% requirement.

The company's request for a waiver must be submitted to the Board with an application showing "good cause." Per the administrative rules, "good cause" includes but is not limited to the following:

- The community in which the project is located can demonstrate economic distress, as defined in the rules.
- The project must meet all of the following criteria:
 - The business is one of the State's targeted industry clusters.
 - All jobs created will have a starting wage, not including benefits, equal to or greater than 100% of the average county wage.
 - The business is or will be headquartered in Iowa or has unique aspects which will assist DED in meeting its strategic objectives.

The Legislature also enacted House File 809 which appropriated a total of \$50 million dollars per year from the State's General Fund to DED for the GIVF for the 10 years beginning July 1, 2005 and ending June 30, 2015. For the same time period, the House File also appropriated from the GIVF the amounts listed in **Table 2**. The GIVF was funded only by a State appropriation. Because the legislation reestablishing the GIVF did not address FES funds, none were added to the new GIVF.

Table 2

GIVF Allocation to DED for:	Amount Allocated
Existing programs	\$ 35,000,000
Regional Financial Assistance	1,000,000
Board of Regents Programs	5,000,000
Community College Programs	7,000,000
Targeted State Parks	1,000,000
Cultural Trust Fund	1,000,000
Total	<u>\$ 50,000,000</u>

In order to receive funds from the GIVF, a project must pledge to create and retain jobs with an average wage rate, including benefits, that is 130% of the average county wage. In addition, the project must meet the requirements of the financial assistance program through which it is being funded. Projects not meeting the 130% wage requirement may be funded with FES funds or other funding sources.

According to DED staff we spoke with, if the hourly wage reported by a company for a project funded from the GIVF does not equal or exceed 130% of the average county wage (without any benefits), the value of the benefits of the created and/or retained jobs is added to the hourly wage. The combined amount is then compared to the same 130% of the average county wage which does not include benefits.

DED uses the definition of benefits from the administrative rules for the GIVF which were revised effective November 16, 2006 to include the definition. As defined in the current administrative rules, "benefits" include all of the following: medical and dental insurance plans, pension and profit-sharing plans, child care services, life insurance coverage, vision insurance plan and disability coverage." The rules also provide guidance on how DED will determine the value of each benefit. Prior to the change in the GIVF administrative rules, DED used the definition of benefits used for tax credits found in Chapter 15I of the *Code of Iowa*.

Appendix A includes a glossary of terms and acronyms used throughout the remainder of this report.

DEPARTMENTAL SUMMARIES

DEPARTMENT OF ECONOMIC DEVELOPMENT

Financial Assistance Programs and Funding Streams - As specified by Section 19 of House File 809, the GIVF funds appropriated to DED are to be awarded to successful applicants for the following activities.

- business start-ups
- business expansion
- business modernization
- business attraction
- business retention
- marketing
- research and development

Section 19(f) of the House File directs the Iowa Economic Development Board (Board) to approve or deny applications for financial assistance provided with the GIVF. The House File also directed the Board to, whenever possible, coordinate the assistance with other business development programs administered by DED. Of the business development programs administered by DED, prior to the GIVF, only CEBA and EDSA have job creation and wage rate

requirements. All projects funded by the GIVF, regardless of the program, are required to create and/or retain jobs at a specified average wage rate. **Table 3** summarizes the business development programs administered by DED and their funding source(s). Funding sources include FES, the GIVF and other sources such as federal awards and repayments on loans. The loan repayments are from projects funded by federal awards and State appropriations prior to July 1, 2003.

Table 3

Program	Year Started	Funding Sources		
		FES	GIVF	Other
Advanced Research and Commercialization (ARC)	1999	X	X	X
Community Economic Betterment Account (CEBA)	1986	X	X	X
Economic Development Set Aside (EDSA)	1985	-	-	X
Entrepreneurial Venture Assistance Program (EVAP)	1997	X	X	X
Iowa Values Fund (IVF)	2003	-	X	-
Loan Credit Guarantee Fund Program (LCGV)	2003	X	X	X
Public Facilities Set Aside (PFSA)	1985	-	-	X
Physical Infrastructure Assistance Program (PIAP)	1996	X	X	X
Value Added Agricultural Program (VAAP)	1990	X	X	X

These programs administered by DED were established prior to the creation of the GIVF to help attract and retain businesses in Iowa by creating infrastructure. Most of the awards made from the GIVF by the Iowa Economic Development Board (Board), based on recommendations of DED staff, are established through the CEBA, VAAP, PIAP or EVAP programs. In addition, funds from the GIVF are also awarded to applicants for projects using other smaller programs. The legislation did not specify an amount to be allocated from the GIVF to any of the business development programs administered by DED. Funds are awarded from the GIVF by DED staff through the program which best fits the intent of the project. Through the various programs, DED may award direct financial assistance to a project using several different methods, as listed below.

- Traditional loans - required to be repaid at a low or zero rate of interest.
- Forgivable loans - not required to be paid back if a project fulfills the terms of the contract.
- Royalty agreements - require a company to repay the award based on a set percentage of the company's gross sales; used for entrepreneurial assistance and rarely used with any other program.
- Loan guarantees - DED guarantees repayment of a loan from a financial institution in case the company fails to make the required payments; DED requires the company to repay any State payments made under the loan guarantee to the State.
- Grants - not required to be repaid, regardless of the outcome of the project; used mostly for providing technical assistance to companies. Technical assistance may include funds for web development, a marketing plan, overall business strategy and plan development. This assistance is usually provided under contract from a 3rd party.

Most projects receive a financial assistance package which includes both a traditional loan and a forgivable loan. In addition to direct financial assistance, DED determines applicants' eligibility for indirect assistance in the form of various tax credit programs. (Credits include investment tax credits, refunds of sales and use taxes, value added property taxes and credits for payroll withholding.) The projects funded by FES or the GIVF that were active at June 30,

2006 were eligible for a total of \$89,502,471 of State tax credits. The State tax credits are related to State taxes only and do not include any local or property tax credits provided by local governments.

Through the State tax credit programs, companies may claim credits against certain taxes based on the jobs created and/or retained in the State. Because the tax credit programs for which the companies are eligible do not receive funding from the GIVF, we have excluded the tax credit programs from our analysis. In addition, DED only determines a company's eligibility for certain tax credits and the maximum amount available. DED does not track the amount of tax credits actually taken by the company, if any. **Schedule 1** illustrates the maximum tax benefits available to each participating company for projects receiving funds from FES or the GIVF and had an active contract at June 30, 2006. **Table 4** summarizes the information for projects funded by FES and GIVF.

Companies which apply to DED for assistance may be awarded funds from a single program, multiple programs, tax credit programs or any combination of those programs. For example a company may receive only a tax credit award for their project. Another company may receive an award from a program such as CEBA and tax credit award. DED has included 110 tax credit projects in its status report. These 110 projects have not received any additional direct funding from DED.

Table 4

Funding Source for Incentive Program	Award from Incentive Program	Maximum Eligibility for Tax Credits	Total Package from the State*
FES	\$ 55,687,150	84,985,339	140,672,489
GIVF	5,517,000	4,517,132	10,034,132
Total	\$ 61,204,150	89,502,471	150,706,621

* Does not include any assistance from local governments or other State programs, such as Revitalize Iowa's Sound Economy (RISE).

Table 5 summarizes information by program for projects awarded FES and GIVF funds between July 1, 2003 and June 30, 2006. **Schedules 2** and **3** list the individual projects for which contracts were awarded with funding from FES and the GIVF, respectively.

Table 5

Program	FES Funds		GIVF Funds	
	Number of Contracts	Amount Contracted	Number of Contracts	Amount Contracted
CEBA	29	\$ 8,185,000	10	\$ 2,387,000
VAAP	21	5,043,900	8	1,830,000
PIAP	7	4,506,000	1 **	1,000,000
Iowa Values Fund ⁽¹⁾	14	36,321,000	-	-
EVAP	8	840,000	3	300,000
Loan Guarantee	4	791,250		
Total	83	\$ 55,687,150	22	\$ 5,517,000

⁽¹⁾ DED refers to those projects funded from FES and the GIVF as "Iowa Values Fund."

** - This PIAP contract was in the form of a loan guarantee.

Without regard to funding source, of the projects listed in **Table 5**, only the CEBA and EDSA programs require job creation and/or retention goals to be eligible to receive funding. The CEBA program requires wages meet or exceed 100% of the average county wage unless funded by the GIVF, which requires the wages, including benefits, meet or exceed 130% of the average county wage. The remaining programs do not include job creation or retention criteria unless funded by the GIVF. For example, a VAAP project must add value to an agriculture product, but would not necessarily create or retain jobs unless funded by the GIVF. In addition, a PIAP project must include the construction of infrastructure, but would not include a job creation or retention goal unless funded by the GIVF.

Both FES and GIVF funds are used to establish projects through the programs listed in the **Table**. If a project receives GIVF funds, regardless of the program through which it was created, the contract must include a job creation or retention component. The job creation or retention requirement is in addition to all other requirements of the program. However, projects receiving FES funds are not required to include a job creation or retention component in the contract establishing the project except for CEBA projects.

To illustrate, if an ethanol plant received a VAAP award funded by FES, the project would only be required to produce a certain number of gallons of ethanol over the period of time specified in the related contract. However, if the same project received a VAAP award funded from the GIVF rather than FES funds, the project would be required to create or retain at least 1 job in addition to producing a specified number of gallons of ethanol.

Job creation and/or retention requirements established in the contracts address where the jobs are to be created and/or retained. However, the residence of the workers filling the jobs is not addressed. For example, jobs may be created at a company in Council Bluffs awarded funds from the GIVF, but the jobs may be filled by workers who reside in Nebraska. As a result, while the State gains the benefit of a new job the residual effects of the employee's residence are not realized.

Job creation goals or other benchmarks, such as a specified number of gallons of ethanol, are essential criteria for projects receiving financial assistance in the form of a forgivable loan. Projects receiving a forgivable loan are not required to pay back the amount loaned if contract terms are successfully met. If the project fails to meet the terms of the contract, staff from DED will negotiate repayment of the forgivable loan. If the project meets at least 50% of the job creation/retention goal, the company will only have to pay back a portion of the forgivable loan based on the percentage of jobs created/retained to the contract goal. For example, if a project creates 60 jobs out of a goal of 100, the company would be required to repay 40% of the forgivable loan plus interest.

In rare instances, DED has awarded a grant. Grants are usually used to help provide technical assistance and grants are not required to be paid back. As of June 30, 2006, \$45,186,750 or 81% of the \$55,687,150 FES funds under contract are though forgivable loans. For GIVF projects, \$2,308,500 or 42% of the \$5,517,000 contracted for has been through forgivable loans. It is not expected these amounts will be repaid to the State for funding of future programs. **Table 6** summarizes contracts by funding method. **Schedules 2** and **3** identify the funding method for the contracted projects funded by FES and the GIVF.

Table 6

Funding Source	Funding Method					Amount Awarded
	Loan	Forgivable Loan	Royalty	Loan Guarantee	Other	
FES	\$ 8,284,150	45,186,750	425,000	1,791,250	-	55,687,150
GIVF	2,908,500	2,308,500	300,000	-	-	5,517,000
Other	3,883,000	13,014,250	1,100,000	2,000,000	306,250	20,303,500
Total	\$ 15,075,650	60,509,500	1,825,000	3,791,250	306,250	81,507,650

With all forms of financial assistance, except for grants and forgivable loans, the company will be required to pay back the award regardless if the project meets the contract provisions or not. If a project fails to meet the requirements under the contract and it received a loan or royalty award, then DED may increase the interest rate or percentage of royalties retroactive to the date funds were disbursed to the project. The interest rates for loans may range from 0% to 6%, but the majority of the loans are established at a 0% interest rate. If the terms of the contract are not met, the interest rates on the loan will be increased to a higher number within the 0% to 6% range.

Application Process - To receive funding, a company submits an application to DED. The application includes general information and appendices specific to each financial assistance program administered by DED. Only the appendices for the programs in which the applicant has an interest are completed. Applications submitted to DED are reviewed by a project manager who determines which financial assistance program best matches the needs and circumstances of the project. The project manager also determines if a program qualifies for funding from the GIVF. The determination is based on whether any jobs will be created and/or retained and the anticipated average wage rate of the jobs.

After all the required data has been collected and reviewed, the project manager submits the project application to a review committee with a recommendation. Currently, this review committee consists of members from the Board. The committee reviews the project and the project's impact using the "Public Impact Model". The Model was created for DED by consultants to measure the impact of a project on the State's economy. It is composed of an electronic spreadsheet that organizes data provided by the applicant and applies various formulas to calculate a number of ratios used by the project managers and the committee members to evaluate the project. We did not evaluate the Model which takes into account various economic factors, economic multipliers, statistics and estimated data provided by the companies. Information used by the Model includes:

- State Personal Income Taxes
- Local personal taxes
- Business Taxes
- Public investment
- Income Impact using multipliers for various industries

During our review of project files, we identified a number of instances in which the project files and/or contracts did not contain appropriate documentation or did not meet the criteria established in the administrative rules. The instances identified are summarized in **Finding A**.

Funds Awarded – After reviewing the project, the review committee prepares a recommendation to the Board regarding approval or denial of the application. While Board approval is not required for all projects using funds from funding sources other than the GIVF, Board approval is required for all projects funded from the GIVF. A project awarded funds from another source, such as FES, only requires Board approval if the applicant is awarded funds through the CEBA and VAAP programs. All other programs, such as PIAP and EVAP, require approval only from the Director of DED.

Many of the programs administered by DED for which GIVF funds are awarded have been in existence since the late 1980's and early 1990's. Originally these programs were funded by federal awards or direct appropriations from the State's General Fund. As the State's budget grew tighter, appropriations for the programs were reduced or eliminated. However, the programs have continued to receive additional funding from federal awards and in the form of repayments received from loans made in previous years. The repayments have been and continue to be used by DED to fund new projects. Because the repayments and the FES funds were not specified in House Files 868 or 809 which reestablished the Grow Iowa Values Fund, DED has continued to use the funds to operate programs using the programs' original administrative rules. The 130% average wage, including benefits, requirement for projects funded by the GIVF is not applied to projects established under the programs funded with the

repayments and FES funds. FES funds awarded through CEBA are required to create or retain jobs with an average hourly wage that equals or exceeds 100% of the average county wage.

Monitoring - Once the project has been approved and the terms of the contract have been negotiated, the company may begin to draw down the funds awarded. Regardless of the funding source, for most projects, a 2 to 3 year period is provided in the contract during which time a specified number of jobs are to be created and/or retained. A contract specifies 2 dates significant for monitoring the company's compliance with the terms of the contract:

Project Completion Date - By this date, requirements specified in the contract, such as the number of jobs contracted to be created and/or retained and other criteria, must be in place. DED staff members are to evaluate the project at the project completion date and determine if the project has fulfilled the terms of the contract.

If a company fails to fulfill the terms of the contract, DED may extend the job creation and/or retention period if the company can show "good cause" for an extension. For all projects funded by the GIVF, as well as CEBA and VAAP projects, any extension would require Board approval. For all other projects, the extension may be approved by the DED Director. Construction delays and problems finding qualified workers are 2 of the most common reasons for an extension to be granted. If the project manager or the Board determines the project does not qualify for an extension, the company is required to sign a promissory note converting the forgivable loan to a traditional loan. DED may also exercise any other penalties as negotiated in the contract.

Maintenance Date - The maintenance period begins after DED staff determine the terms of the contract have been fulfilled. The maintenance period used is based on the administrative rules for the CEBA program. DED has applied the CEBA rule to all programs with a job creation/retention requirement. For projects not funded by the GIVF, the maintenance period can vary from 90 days to 6 years. Since the administrative rules for the GIVF do not address the maintenance period, DED has decided to use a maintenance period which varies from 2 years to 6 years for projects funded by the GIVF. The maintenance date for all projects is the last day of the maintenance period.

The actual maintenance period is established based on a recommendation from the project manager to the Board. The Board determines the actual period to be included in the contract. The administrative rules for each funding source or program should include guidelines for the maintenance period. The period should be sufficient in length to ensure a positive impact on the State's workforce and economic base. It is questionable whether a 90 day maintenance period is sufficient. See **Finding B**.

During the maintenance period, the company must maintain the jobs created and/or retained in accordance with the terms of the contract and continue to meet any other requirements established by the contract. DED staff monitor the job goals using the semiannual reports submitted by the companies for the 6 months ended June 30 and December 31 of each year.

According to DED staff we spoke with, allowances are made for fluctuations in the number of created or retained jobs during the maintenance period as a result of normal employee turnover. However, if a company experiences a downward trend during the maintenance period or has a large decline in the number of jobs created and retained, DED staff contact the company to determine the reason for the change and whether further action is necessary to renegotiate the contract or initiate actions to recover funds.

Once the maintenance date is reached, DED staff review compliance with contract terms a final time. If all requirements have been successfully met, steps are taken to forgive any forgivable loan(s) established for the project. Forgivable loans can not be forgiven until the maintenance date has passed. If a company has not created or retained the jobs required by the contract,

DED staff negotiate terms to provide repayment of the forgivable loan. If the project meets at least 50% of the job creation/retention goal, the company will only have to pay back a portion of the forgivable loan based on the percentage of jobs created/retained to the contract goal.

If the project is composed of or includes a traditional loan component (rather than a forgivable loan), the loan must be repaid regardless of compliance with terms of the contract. However, if the project fails to maintain the job goals, DED may charge an interest rate on the loan from 0% to a negotiated fixed rate, retroactive back to the date of the disbursement of the funds.

DED staff also determine compliance with the requirement that created jobs pay 130% of the average wage rate for the county. The average wage rate is calculated quarterly by DED staff using information from Iowa Workforce Development (IWD). The average wage rate is established when the contract is signed and does not change during the term of any given contract. There is no mechanism to adjust the average wage rate for increases or decreases occurring within the county over the contract period. As a result, if a county's average wage increased after the contract was signed, the company may pay less than 130% of the current average wage rate. However, they would still be in compliance with the terms of the contract. The reverse would also hold true. If a county's average wage decreased, the project would be held to a wage rate exceeding the new average wage rate for the county.

Section 3 of House File 868 states, in part, "the average annual wage, including benefits [emphasis added], of new jobs created must be equal to or greater than 130% of the average county wage." According to DED staff we spoke with, if the hourly wage reported by a company does not equal or exceed 130% of the average county wage (without any benefits), the value of the benefits of the created and/or retained jobs is added to the hourly wage. The combined amount is then compared to the same 130% requirement. While this practice complies with the language of the House File, the amounts being compared do not have the same basis and, as a result, cannot provide for a fair evaluation.

During our review of project files, we identified a number of instances in which the files did not contain appropriate documentation for monitoring or did not meet the criteria established by DED staff. The instances identified are summarized in **Finding C**.

In addition, we reviewed the monitoring procedures performed by DED staff and reviewed the monitoring checklist which is included in DED's "Business Services Management Guide." A copy of the checklist is also included in **Appendix B**. As illustrated by the **Appendix**, the checklist is dated May 2006. It was developed by DED staff in response to findings and recommendations previously identified by the Office of Auditor of State in Departmental audits.

We asked to review a completed monitoring checklist. However, the checklist had not been used by DED at the time of our fieldwork. The checklist is not specific regarding the documents to be reviewed, the testing to be done and the procedures to be performed, if any, in response to specific findings.

We identified several concerns regarding the monitoring process performed by DED staff, which are summarized in **Finding D**.

Reporting – As stated previously, companies are to submit a report containing current and cumulative information as of June 30 and December 31 of each year. The companies' reports include projects funded from FES, the GIVF and other sources. Companies are not required to report if the first reporting period is within 3 months of the contract date. The information to be provided is identified by DED and includes the number of jobs created and retained, the amount expended for the project, amount of funds used for research and development and if the project is on schedule or behind schedule. The information submitted includes the same components for both the June and December reports.

With each semi-annual report, companies are required to submit each employee name or identification number, salary, hire date and position. The company is also to identify if the position was created or retained. DED staff use the information, including the hire date, to determine if apposition was created or retained in accordance with the contract terms. DED does not ensure an on-site monitoring visit is performed to determine if the jobs reported have actually been created.

The companies are not required to submit any supporting documentation for the June 30 report. According to DED staff we spoke with, DED is revising this procedure. Companies are required to submit supporting documentation for the December 31 report, including a payroll register and "Employer's Contribution and Payroll Report." Most companies have documentation at December 31 because of preparation of calendar year-end payroll data. Companies may only submit a portion of the payroll for the project.

We reviewed the written procedures used by DED staff for the reviews completed at the end of the project and maintenance period and determined they were general in nature and did not identify specific data to be verified and appropriate documentation to support the data provided by the company.

DED staff we spoke with stated they compare the data submitted to information submitted by the companies at the time of application. Attention is typically focused on payroll information or listings of jobs created and retained. DED staff also stated they are able to see if jobs have been created or retained by comparing this information. Based on our observations, the data is not analyzed in a consistent manner and documentation of review is not prepared in a consistent manner.

The semi-annual reports are used to help determine if a project is progressing towards the goals established in the contract. Based on discussions with DED staff, the reports are not reviewed in great detail because the primary concern is whether or not the job creation and/or retention criteria and other requirements are met by the project completion date and maintenance date. We performed limited procedures to compare the data reported in DED's June 30, 2006 project status report to information included in the project files. During our review, we identified a number of variances between information submitted by companies and the information maintained and, in some cases, subsequently published by DED. The instances identified are summarized in **Finding E**.

As stated previously, DED prepared a monitoring checklist late in fiscal year 2006 in response to findings and recommendations from annual Office of Auditor of State audits. "Project Completion" and "Job Maintenance Period" checklists were also prepared at the same time. According to DED staff we spoke with, the check lists will be used as the projects are completed to determine compliance with the contract terms.

The contracts may contain criteria in addition to job creation and retention requirements, such as production goals. According to DED staff we spoke with, these goals are not monitored beyond the project completion date unless specified in the contract. Returning to the example of an ethanol plant, the contract may call for the company to produce 100,000 gallons by the project completion date. At the project completion date, DED will determine if 100,000 gallons have been produced by using data provided by the company. If the project also has a job component, DED will review the job component at the project completion date and continue monitoring the number of jobs until the maintenance date. However, the number of gallons produced on an on-going basis will not be reviewed.

DED currently has 3 databases to track the business assistance projects. APTRACK is used to track the application status of a project, ITRACK is used for projects approved for funding and LRD maintains data on projects awarded a standard loan, forgivable loan or royalty contract. These 3 databases are not interconnected. We identified instances where the data did not agree among databases or was not complete. See **Finding F**.

Contract Close Out - A primary purpose of the GIVF is job creation and retention. The reports released by DED have included jobs pledged under contracts and actual jobs created and retained as self reported by the companies. DED is in the process of developing procedures to verify the final creation and retention figures upon the project completion and maintenance dates. **Table 7** shows the number of contracts which will reach the project completion date for each fiscal year from 2007 through 2011. As of June 30, 2006, there are no completed projects which were funded by FES or the GIVF. The **Table** only includes the FES and GIVF funded projects. Royalty and loan guarantees are shown separately since they do not have a “Project Completion” date. Royalties are to be repaid based on a percentage of the company’s profits and loan guarantees are not paid out unless the company defaults on a loan from another financial institution.

Number of Contract Completions by Fiscal Year			Table 7
Fiscal Year ended June 30,	FES Contracted Projects	GIVF Contracted Projects	Total Projects
2007	13	--	13
2008	37	--	37
2009	11	19	30
2010	5	--	5
2011	3	--	3
2012	1	--	1
^^	13	3	16
Total	83	22	105

^^ - Royalty and Loan Guarantees – No closeout date

As illustrated by the **Table**, none of the projects funded by the GIVF have yet closed out. Other than the desk review performed semi-annually in conjunction with the reports published by DED, the number of jobs reported by the companies has not been verified. As currently planned by DED, verification will not occur until after the fiscal year ending June 30, 2007. Also, DED’s procedures allow an additional 18 months to complete the review of the project after its completion.

Published Status Report – Twice each year DED issues a “Project Status Report” covering projects “awarded assistance through the Iowa Values Fund and other state business development programs.” The report is prepared using the information provided by the companies and is not verified by an independent review. The reports list individual projects and the program through which each was awarded. However, the projects’ funding sources are not identified in the report. In addition, the information is not reported in aggregate for any of the individual funding sources.

Information presented for each individual project includes:

- Created jobs - new jobs the company must create
- Retained jobs - jobs which already exist within the company and must remain filled
- Other jobs - used by DED to show jobs which are created as a result of the project going forward. However, these jobs do not meet the contract requirements regarding wage rates.

The projects awarded assistance through the business development programs are included in the report issued by DED. DED identifies these programs as “Iowa Values Fund and other state business development programs.” The programs are funded by FES, the GIVF and other sources. The funding source is identified by DED for each individual award in its database, but is not presented in the report.

DED uses the term “Iowa Values Fund” (IVF) in the status report to represent all projects funded by FES and the GIVF. This term is not used in any legislation and was not defined in DED’s report. However, in accordance with [261] of the Iowa Administrative Code, section 2.2, DED has defined IVF to mean only “the grow Iowa values fund created in 2005 Iowa Acts, House File 868, section 1.” DED’s inconsistent use of the term “IVF” or “Iowa Values Fund” has led to confusion.

The report’s Executive Summary shows key data points cumulatively. The cumulative data has been interpreted and presented in public settings (by key State government personnel and the media) as “Iowa Values Fund” information.

The report also includes a summary of key findings which summarizes the information from the individual projects. However, the report does not include total information by program or funding source for the projects. The key findings include:

- Jobs pledged – the number of jobs included in the project application
- Actual jobs – the number of jobs identified in the project contracts
- Capital investment pledged – the amount of investment included in the project application
- Actual capital investment – the amount of investment self-reported by the companies at the date of the report

The published report includes a detailed schedule listing individual projects. However, the schedule does not identify the funding source (FES, the GIVF or other sources). In addition, for projects receiving multiple awards, the schedule does not provide specific information for each funding source and/or program through which the award was made. With the information included in DED’s report, it is not possible to determine the projects funded by the GIVF.

While the Executive Summary of DED’s report includes the number of “jobs pledged” and the number of “actual jobs” as reported by the companies at June 30, 2006, neither of these numbers reflects the number of jobs the companies are obligated to create or retain in accordance with the terms of the contracts established by DED. Since the number of pledged jobs included in the applications does not always agree with the number of jobs required by the contracts, the number of contracted jobs is a better indicator of the jobs expected to be created and/or retained. As a result, we have focused on the number of jobs that have been specified by contracts in place at June 30, 2006. The number of contracted jobs will periodically be compared to the number of jobs included in the related applications.

As stated previously, projects may receive funding from multiple sources (FES, the GIVF and other sources) and through various programs (CEBA, VAAP, EVAP). **Table 8** summarizes the projects with an active contract at June 30, 2006 by funding source. Active contracts do not include the \$298,000 of awards in collection. The **Table** also excludes tax credit programs.

Table 8

Funding source	Number of Companies	Number of Contracted Awards	Contracted Amount Awarded	Contracted Jobs to be Created	Contracted Jobs to be Retained	Other Contracted Jobs
FES	77	83	\$ 55,687,150	4,703	2,845	98
GIVF	21	22	5,517,000	343	52	152
Other	86	96	20,005,500	2,570	992	5
Total	184	201	\$ 81,209,650	7,616	3,889	255

As part of the negotiation process, DED may also require the creation and/or retention of a specified number of jobs without regard to the wage rate to be paid. These jobs are included in the “other jobs” reported by DED in its status reports. Often times, the jobs do not comply with the wage requirements established for projects funded by FES or the GIVF. In other instances, the jobs were created by CEBA projects. As a result, the “other jobs” are not included in the jobs created or retained when determining compliance with the contract. However, some of the “other jobs” may be required to be created or retained in order for the company to receive a tax credit under one of the tax credit programs offered by the State.

Schedules 8 and 9 present contract obligations for job creation and self-reported performance information for June 30, 2006 and December 31, 2005. As stated previously, DED has not verified the information. In addition, we have not tested or substantiated the information. As illustrated by the **Schedules**, the number of jobs reported by the companies may increase or decrease between reporting periods. The fluctuations may result from normal employee turnover and/or corrections of data previously reported.

Schedule 4 summarizes the number of jobs to be created and retained in the projects’ applications (pledged), the number of jobs required in the contracts and the number of jobs reported by the companies as of June 30, 2006. **Appendix C** includes a copy of the information published by DED. **Table 9** summarizes how DED arrived at the number of jobs to be created or retained as reported in the June 30, 2006 report. The number of jobs in the **Table** columns labeled “Application” is the number of jobs originally identified by the company on the application for assistance submitted to DED. The number of jobs in the **Table’s** “Final Contract” columns is the number of jobs included in the contract which is the number of jobs the company will be required to create or retain.

Table 9

Description	<u>FES</u>		<u>GIVF</u>		<u>Other/Tax Credits</u>		<u>Total</u>	
	Appli- cation	Final Contract	Appli- cation	Final Contract	Appli- cation	Final Contract	Appli- cation	Final Contract
Number of Jobs Created or Retained:								
Completed projects	-	-	-	-	275	275	275	275
Under contract	7,902	7,548	404	395	5,070	4,897	13,376	12,840
In negotiation	1,804	-	1,780	-	1,351	-	4,935	-
Too new to report	-	-	615	-	831	-	1,446	-
In collection @	-	-	-	-	79	79	79	79
Declined #	240	-	227	-	401	219	868	219
Awarded after 6/30	-	-	3,601	-	1,350	-	4,951	-
Other jobs	250	98	2,410	152	2,142	622	4,802	872
Total	10,196	7,646	9,037	547	11,499	6,092	30,732^^	14,285

@ - DED showed 1 project “In Collection” that did not go to collection until after June 30, 2006. This project has been included in “Under Contract” in **Table 9**.

- Includes 1 project rescinded by DED.

^^ - Number of jobs reported by DED in the Project Status Report for June 30, 2006.

As previously stated, the cumulative data presented by DED has been interpreted and presented in public settings as “Iowa Values Fund” information. It appears the term “Iowa Values Fund” used in DED’s report has been mistaken to mean GIVF and the “other state business development programs” referred to by DED have been disregarded.

The report issued by DED shows 30,732 jobs pledged to be created or retained. This number of jobs has been discussed in great length in public settings as the number of jobs created (emphasis added) by the Iowa Values Fund even though the 30,732 jobs is based on the initial application figures and not the final contracted figures. In addition, the 30,732 jobs are pledged for projects funded by FES, the GIVF, other sources and tax credits.

As illustrated by the **Table**, for each funding source and in total, the number of jobs included in the application is greater than the number of jobs included in the final contract. This occurs during the negotiation process as DED staff work with the companies to establish a contract. According to DED staff we spoke with, the number of jobs may be adjusted for a number of reasons, including a more realistic expectation of the number of anticipated jobs or because the company is not awarded as much funding as initially sought. **Schedules 5 and 6** list the individual projects awarded funding from FES and the GIVF, respectively, and the number of jobs included in their applications and in their contracts.

Also, as illustrated by the **Table**, 395 of the 12,840 jobs identified as under contract are associated with projects awarded GIVF funds. This is approximately 3% of the total contracted jobs. The number of contracted jobs associated with projects awarded FES funds is 7,548, or 59% of the total contracted jobs. The remaining 38% of the jobs under contract are from projects funded with other sources.

As illustrated by **Table 9**, the 30,732 jobs include jobs in negotiation at June 30, 2006, jobs too new to report, jobs for projects in collection, jobs from projects that have been declined or rescinded and jobs for projects that were awarded after June 30, 2006. The **Table** also includes what DED has termed “other jobs.”

Projects in negotiation are companies that have received an award by the Board, but a contract was not established by June 30, 2006. Projects too new to report are those for which the contract was signed between April 1, 2006 and June 30, 2006. DED does not require projects active for less than 3 months to report activity.

Projects in collection are companies which have failed to repay an award after it was determined the contract was not complied with or the project closed. Declined projects are those awarded funds that may or may not have entered into a contract with DED but later declined the award prior to drawing down funds. Rescinded projects are those withdrawn by DED prior to funds being drawn down.

“Other jobs” are those which do meet or do not have hourly wage requirements. As a result, the jobs do not qualify GIVF funding because the anticipated wage rate is below the 130% requirement. However, the jobs may satisfy tax credit program requirements. Projects funded with FES or other source may also be required to create/retain jobs as part of the project. In this case, the jobs which qualify for funding are shown as created/retained in the status report. These projects may also have “other jobs” that do not qualify for funding. Although DED may hold the companies to creating and/or retaining these jobs, they are not eligible to be funded by FES, GIVF or other sources. **Table 9** shows “other jobs” under each funding source. These jobs do not meet the wage requirements established by the program or funding source. These jobs are reported in all categories shown in DED’s report, as illustrated by **Schedule 4**. These jobs represent 16% of the total jobs reported by DED.

The status report completed by DED shows a total of 30,732 jobs were “pledged” in the applications submitted by the companies and 14,285 of those jobs were actually included in contracts established with the companies as of June 30, 2006. However, the number of jobs reported by DED included:

- 4,802 pledged jobs and 872 contracted jobs which do not meet or do not have an hourly wage rate requirement. These jobs are reported as “other” jobs in the status report.

- 6,381 jobs for which the related contract was being negotiated at June 30, 2006. These projects have been awarded funds but do not have a signed contract. These jobs were reported in DED's status report under the categories "Projects in Contract Negotiations" and "Too New to Require Report". The category "Too New to Require Report", by DED's definition, should include contracts signed within the 3 months prior to the date of the status report (April through June). Because these companies did not have a signed contract by June 30, 2006, DED should not have included the companies in this category.
- 4,951 jobs pledged for projects awarded after June 30, 2006. These projects were included in the status report under the category "Projects Acted on Since 6/30/06". The awards for these 36 projects were made by the Board after June 30, 2006.
- 868 pledged jobs and 219 contracted jobs for 5 projects that had been declined or rescinded as of June 30, 2006. These 868 jobs represent 3% of the total jobs reported by DED at June 30, 2006. All 5 projects were awarded funds but only 3 had signed contracts. The 3 projects with contracts did not receive any payments prior to the cancellation of the contract.

Table 10 shows the number of pledged, contracted and actual jobs when the above items are excluded.

Of the 30,732 pledged jobs reported by DED, 17,002 were either jobs not pledged by June 30 or which did not meet the wage requirements. The number of jobs pledged at June 30, 2006 is actually 13,730. The projects for which those jobs were pledged also include 1,293 created or retained jobs for 110 contracted projects funded only with tax credits. These projects did not receive any direct assistance from DED. After eliminating these jobs from the total reported, the total pledged jobs included in the applications for projects receiving direct assistance from DED total 12,437 as shown in **Table 10**. As illustrated by **Table 11**, 404 of these jobs are from projects funded by the GIVF and 7,902 jobs are from projects funded by FES. The remaining 4,131 jobs are from projects funded by other sources.

Since the pledged jobs per the applications do not always agree with the jobs required per the contract or, in some cases, the contract has not yet been signed, the contracted jobs are a better indicator of the jobs expected to be created or retained. DED's status report included 14,285 as the number of contracted jobs. As identified above, this total includes "other jobs" and declined jobs from declined projects. If these items are excluded, the contracted jobs are 13,194. This number also includes 1,610 jobs created from tax credit programs only. When these jobs are excluded, the total contracted jobs are 11,584.

The total contracted jobs also include 79 jobs from contracts currently in default and considered in collection. These contracts were not funded by FES or the GIVF. The 197 active contracts require 7,616 jobs to be created and 3,889 jobs to be retained for a total of 11,505 jobs. The 11,505 jobs included in the contracts established by June 30, 2006 is significantly less than the numbers presented in DED's report. As shown in **Table 11**, 7,548 were funded from FES and 395 of these jobs were funded with the GIVF. The remaining jobs were funded from other sources.

DED also reported the companies have created or retained 10,961 actual jobs as of June 30, 2006. Of this total, 1,686 jobs resulted from projects funded only with tax credits and not direct financial assistance from DED. The actual jobs created and/or retained as reported by the companies receiving funding from FES, the GIVF and other sources total 9,275. The number of jobs from contracts funded by FES and the GIVF total 6,634 and 108, respectively. The 9,275 jobs also includes 283 jobs from contracts completed as of June 30, 2006. These contracts were funded from other sources, not FES or the GIVF.

Table 10

Description	Number of Jobs		
	Pledged	Contracted	Actual
Reported by DED	30,732	14,285	10,961
Less: Other jobs	4,802	872	^
In negotiation/too new to report	6,381	-	-
Awarded after June 30, 2006	4,951	-	-
Declined	868	219	-
Revised total	13,730	13,194	10,961
Less: Tax credit programs under contract	1,293	1,610	1,686
In collection	79	79	-
Total	12,358	11,505	9,275

^ - DED did not include "Other Jobs" in the Actual Jobs reported in the Executive Summary of the June 30, 2006 status report.

Table 11 summarizes the revised totals by type of job and funding source. The 12,358 pledged jobs are 40% of the 30,732 pledged jobs reported by DED. As of June 30, 2006, 11,505 are required by signed contracts. If only the projects established by FES and the GIVF are considered, contracts for active projects include 7,548 jobs for FES and 395 jobs for the GIVF for a total of 7,943 jobs.

Table 11

	Pledged Jobs			Contracted Jobs			Reported Jobs		
	Created	Retained	Total	Created	Retained	Total	Created	Retained	Total
FES	5,003	2,899	7,902	4,703	2,845	7,548	3,889	2,745	6,634
GIVF	352	52	404	343	52	395	80	28	108
Other	3,166	886	4,052	2,570	992	3,562	1,582	951	2,533
Total	8,521	3,837	12,358	7,616	3,889	11,505	5,551	3,724	9,275

The **Table** illustrates the number of jobs created with FES funds as reported by the companies is 4,703 and 3,899 contracted and reported, respectively. Of these amounts, the project awarded to Wells Fargo accounts for 2,000 contracted jobs and 2,467 of the jobs reported as created at June 30, 2006.

None of the projects funded by FES or the GIVF have reached the project completion date as of June 30, 2006. As a result, none of the projects have been closed out. The number of jobs reported may or may not continue to exist through the duration of the contract.

Using information from the companies and DED's contract information, we calculated an average cost per job using only funding awarded from FES and the GIVF for projects active at June 30, 2006. We did not include benefits received from tax credits or any other assistance programs. As illustrated in **Schedule 10**, the average cost per job ranges from \$1,250 to \$400,000. The average cost for a project funded with FES and the GIVF is \$8,029 and \$13,967, respectively. If the maximum amount of tax credits for which the projects are eligible were considered, the average cost per job would increase by 153% to \$20,313 for the projects funded by FES. The average cost per job would increase by 82% to \$25,420 for the projects funded by GIVF. Of the 105 projects funded with the FES and the GIVF, 10 projects have an average cost per job over \$20,000.

The projects with the highest average cost per job were Clinton County Bio Energy LLC and West Central Cooperative with averages of \$400,000 and \$250,000, respectively. Both projects were awarded through the VAAP program, the primary purpose of which is to develop value-added agricultural products rather than create or retain jobs. The award to Clinton County Bio Energy LLC was made from the GIVF. As a result, it was required to have at least 1 job created or retained to be eligible for funding. The award to West Central Cooperative was made from FES and, by program requirements, was not required to have a job created or retained. However, DED has the option of negotiating jobs into contracts established through VAAP and all other business development programs.

As illustrated by the **Schedule**, 22 projects funded with FES do not have job creation and/or retention requirements in their contracts. A total of \$4,296,250 was awarded to the 22 projects and individual awards range from \$30,000 to \$1,000,000.

Report Dated January 12, 2007 - Section 15.104 (9) of the *Code of Iowa* requires DED to submit by January 15 of each year a report to the General Assembly and the Governor “that delineates expenditures made under each component of the grow Iowa values fund.” The *Code* also specifies information to be included in the reports “regarding each business finance project and in the aggregate for projects funded during the previous fiscal year.” The components are related to the use of the funding provided by the GIVF and results of the projects receiving funding from the GIVF.

On January 12, 2007, DED issued a memo to the Governor and the Legislature to comply with *Code of Iowa*, section 15.104. The June 30, 2006 status report issued by DED was included as an attachment to this report, as was a performance report for fiscal year 2006. The memo was not provided to Auditor of State staff until February 15, 2007. The memo summarizes the results of the status report and other relevant data. The performance report includes an introduction from the Director of DED and key performance results by product/service area. According to DED staff, although the performance report was provided to the Legislature with the memo, it was intended to satisfy a different reporting requirement. The memo has been included in **Appendix D**. We have identified the following concerns with the memo and performance report submitted to the Legislature:

- The memo does not include all the items required by the *Code* to be reported for the GIVF.
- The memo reiterates information included in the status report while the performance report is more an evaluation of DED’s overall performance than a report on the status and progress of the GIVF.
- The memo refers to the “Iowa Values Fund”, as was done in the status report. “Iowa Values Fund” is typically used by DED staff to refer to projects funded by FES and the GIVF, but DED does not appear to use the term consistently. The term has also been used to refer to all business development awards.
- “Other relevant data” included in the memo included information from fiscal years 2003 through 2005 without comparative data for fiscal year 2006. The source of this information is not identified and we are unable to determine the accuracy of it.
- The *Code* requires DED to report on the research and development activities not included in the jobs created and wages paid criteria of the report. The memo also includes totals for the “moneys expended on R & D activities” as well as the “amount of private and local government moneys expended as of the time of reporting” as required by the *Code*. The totals spent are reported in the memo but no additional information is provided. These amounts include more funding sources than the GIVF.
- In order to comply with the *Code* section requiring the report “delineates expenditures made under each component” of the GIVF, DED attached a spreadsheet showing the expenditures made from the \$50 million GIVF appropriation. The spreadsheet is included in **Appendix E**. As illustrated by the **Appendix**, the spreadsheet lists allocations and expenditures by DED financial assistance program as well as the allocations made to other agencies/programs. The spreadsheet does not provide any

details on how the funds were actually spent; it only provides totals. For the allocations to other agencies and programs, the expenditures reported equal the allocation amounts rather than the amount actually spent. From our testing, we know the other agencies did not spend their entire allocations.

- The introduction from the Director of DED in the performance report states “totals for the three-year period starting from the creation of the original Values Fund were 24,904 jobs to be created or retained”. This number is the 30,732 pledged jobs reported in the status report less the 5,828 jobs for projects after June 30, 2006. These jobs include all business development programs, not just the projects funded by FES and the GIVF.
- The *Code* also requires DED to report on minority-owned and woman-owned businesses receiving financial assistance from the GIVF. Another memo was attached to the information provided to us from DED. This memo is undated and addressed to the General Assembly and Governor. The memo is not on DED’s letterhead and indicates it is to satisfy the legislation requiring a report on “FY 06 awards made from the Iowa Values Fund to businesses owned by women and minorities”. The legislation actually requires a report on awards made from the GIVF. The information reported by DED in this memo includes awards made from all business development programs, not just those funded by the GIVF.

The memos submitted to the Legislature to comply with the *Code* do not provide sufficient information for the Legislature and the Governor to evaluate the progress of the GIVF. See **Finding G**. The June 30 status report and performance report also do not provide the information necessary to allow for such an analysis.

STATE BOARD OF REGENTS

As provided by House File 809 enacted during the 2005 legislative session, the Board of Regents has been appropriated \$5 million per year from the GIVF for the 10 years beginning July 1, 2005 and ending June 30, 2015. The Board of Regents is responsible for allocating the funds among the 3 state universities. In addition, a portion of the funds may be allocated to a single bioscience development organization. **Table 12** shows how the funds were allocated for fiscal years 2006 and 2007. Any funds not spent may be carried over to the next fiscal year.

Table 12		
Allocation	Fiscal Year 2006	Fiscal Year 2007
Iowa State University	\$ 1,925,000	1,925,000
University of Iowa	1,925,000	1,925,000
University of Northern Iowa	950,000	950,000
University of Dubuque	200,000	-
Des Moines University	-	78,000
Drake University	-	67,000
Luther College	-	55,000
Total	\$ 5,000,000	5,000,000

Enabling legislation requires the funds allocated to the universities and colleges be used for “Capacity building infrastructure in areas related to technology commercialization, marketing and business development efforts in areas related to technology commercialization, for marketing and business development efforts in areas related to technology commercialization, entrepreneurship and business growth and for infrastructure projects and programs.” In addition the *Code* requires the Universities to provide a one-to-one match.

According to staff from the Board of Regents we spoke with, the Regents’ Internal Audit staff plan to review how the allocations from the GIVF were used.

COMMUNITY COLLEGES

House File 809 also provided \$7 million per year to the 15 Community Colleges from the GIVF for the 10 years beginning July 1, 2005 and ending June 30, 2015. The funds are allocated to the Community Colleges based on the State General Aid formula. The formula is calculated using the previous fiscal year's state aid allocation, a component for inflation and a component for credit/contact hours. **Table 13** provides a summary of funds allocated to the 15 Community Colleges for fiscal years 2006 and 2007. The amount allocated may vary from year to year, based on the formula. Funds not expended by the Community Colleges may be carried over to the next fiscal year.

Table 13

Community College	Fiscal Year 2006 Allocation	Fiscal Year 2007 Allocation
Northeast Iowa	\$ 363,329	389,110
North Iowa Area	314,124	311,236
Iowa Lakes	280,311	279,290
Northwest Iowa	141,696	139,295
Iowa Central	456,284	414,642
Iowa Valley	275,858	274,070
Hawkeye	445,623	431,785
Eastern Iowa	573,252	561,363
Kirkwood	1,445,835	1,510,946
Des Moines Area	1,056,651	1,090,325
Western Iowa Tech	425,942	393,313
Iowa Western	360,651	355,974
Southwestern	143,339	141,594
Indian Hills	446,448	441,451
Southeastern	270,657	265,606
Total	\$ 7,000,000	7,000,000

In accordance with the enabling legislation, the Community Colleges are to use the funds in the following areas.

- Accelerated Career Education – an agreement between the College and an employer to provide training under Chapter 260G
- Iowa Jobs Training Program – a program to provide training by a business as outlined in Chapter 260F
- Career Academics – programs designed to provide career opportunities to high school students that are linked with postsecondary career and technical education programs
- Vocational and Technical Training courses
- Job retention projects
- Training and retraining projects in targeted industries

Of the total funds received by each Community College, at least 70% must be spent in the areas of advanced manufacturing, information technology, insurance and life sciences. Life science includes biotechnology, health care technology and nursing care technology. The Community Colleges submit annual budgets and progress reports to DED which are reviewed to determine compliance with this requirement. We examined the reports but did not test them for validity.

DEPARTMENT OF NATURAL RESOURCES

House File 809 allocated \$1 million to the Department of Natural Resource (DNR) from the GIVF for the 10 years beginning July 1, 2005 and ending June 30, 2015. The legislation requires DNR to use the funds to improve state parks, state banner parks and destination parks for the purpose of economic development.

In fiscal year 2006, DNR used the funds to purchase land adjacent to Waubonsie State Park to allow for expansion. DNR has designated \$750,000 of the fiscal year 2007 appropriation for the Honey Creek Destination Park. According to DNR staff we spoke with, the use for the remaining \$250,000 has not yet been determined.

We did not test the disbursements made by DNR with funds from the GIVF.

DEPARTMENT OF CULTURAL AFFAIRS

The Department of Cultural Affairs (DCA) receives a \$1 million appropriation from the GIVF for the 10 years beginning July 1, 2005 and ending June 30, 2015. The legislation requires the funds be deposited with the Treasurer of State in the Iowa Cultural Trust fund.

The Cultural Trust Fund also may receive gifts, bequests, donations and other federal or state appropriations. The interest revenue from the fund is transferred to the Iowa Cultural Grant Fund. The Trust's principal may not be accessed by DCA or the Cultural Trust Board for any purpose.

In accordance with Chapter 303A of the *Code of Iowa*, interest transferred to the Grant Fund may be used to supplement operating budgets of non-profit cultural organizations. As of June 30, 2006, DCA has not expended funds from the Iowa Cultural Grant Fund.

We did not test the disbursements, if any, made by DCA with funds from the GIVF.

REGIONAL FINANCIAL ASSISTANCE

The GIVF legislation appropriates \$1 million to DED for regional financial assistance. Of this \$1 million, \$350,000 is allocated to Iowa State University for the establishment of small business development centers, \$50,000 is used at DED for assistance to Iowa business resource centers and the remaining \$600,000 is awarded to designated economic development regions. Economic development regions are areas consisting of at least 1 county containing no city with a population of more than 23,500 and meets other criteria established in the administrative rules. DED awards funds to these regions through request for proposals. The regions may receive a maximum award of \$75,000 per year and must provide a \$1 match for every \$3 awarded from the GIVF. Award recipients are required to provide an annual report to DED outlining how the funds were invested in Iowa's future.

Detailed Findings and Recommendations

We reviewed the procedures used by the DED to administer projects established to help attract and retain businesses in Iowa. The procedures reviewed are used for projects funded with FES, the GIVF and other funding sources through a number of programs. The procedures were reviewed by selecting a number of project files for testing from each business development program and funding source. **Table 14** summarizes the number of files tested by program and funding source.

Table 14

Incentive Program	Number of Files Tested / Population		
	FES	GIVF	Total
CEBA	7/29	10/10	17/39
VAAP	9/21	8/8	17/29
PIAP	5/7	1/1	6/8
IVF	11/14	0/0	11/14
EVAP	7/8	3/3	10/11
LCGF	0/4	0/0	0/4
Total	39/83	22/22	61/105

A number of findings related to DED's administration of the business development programs have been included in Office of Auditor of State Departmental audits for the fiscal year ended June 30, 2005 and preceding years. As a result, we have not repeated those findings in this report and we have focused our testing to address projects funded by FES and the GIVF.

- A. Application and Contracting Procedures – DED requires all companies requesting financial assistance to submit an application package. Once received, it is the project manager's responsibility to ensure the application is complete and all necessary documentation is received. Completed applications reviewed by the project managers are submitted to the review committee. The committee reviews the project and makes a formal recommendation to the Board or the Director of DED.

All projects approved for funding from the GIVF are required to be approved by the Board. Projects funded from FES funds or other sources require Board approval only if established through the CEBA program.

- 1) Applications – All projects are required to submit a signed application in a form established by DED. As a result of our review, we identified the following:
 - a) 1 of 11 IVF projects funded by FES did not have an application in the project file.
 - b) 2 of 11 IVF projects funded by FES did not have the required signature on the application.
 - c) 1 of 5 PIAP projects funded from the FES did not have an application in the file as required by DED administrative rules. However, a CEBA application was used to award the PIAP funding. (See related **Finding A-2-d**)

- 2) Rating sheets - The CEBA and VAAP programs are required to be rated by the review committee. This is evidenced by the use of rating sheets. As a result of our testing, we identified:
- a) 3 of 10 CEBA projects funded from the GIVF did not include rating sheets.
 - b) 6 of 9 VAAP projects funded with FES did not include rating sheets.
 - c) 4 of 8 VAAP projects funded from the GIVF did not include rating sheets.
 - d) During our review of PIAP and EVAP project files, we determined the administrative rules require a project be evaluated using certain criteria. However, the rules do not require a rating sheet or other evidence of being reviewed.
- 3) EVAP Applications - DED requires companies which apply for EVAP program funding to successfully complete a recognized entrepreneur curriculum. Of the 6 EVAP project files we tested, 2 did not contain evidence this requirement was met prior to awarding funds. Of the 2 projects, 1 was funded by FES and the other by the GIVF.
- 4) PIAP Applications - All applicants to the PIAP program are required to include in the application statements an explanation why a project could not be entirely assisted through, or is not eligible for financial assistance from, other private, local or State programs. In addition, a statement must be included by the city and/or county "the project is supported and will occur if PIAP funding is provided." As a result of our testing of 5 PIAP projects funded from the FES, we identified:
- a) 2 project files did not include the required explanation regarding why the project could not be entirely assisted through or is not eligible for financial assistance from other private, local or State programs as required by DED administrative rules.
 - b) 2 project files lacked the required acknowledgement from the applicant's city the project will not be able to proceed if PIAP funding is not provided as required by DED administrative rules.
- 5) Contracts - DED procedures require all projects approved for funding have a contract signed within 120 days of the award. An extension is allowed if approved by the Board. As a result of our testing of 10 CEBA project files funded by the GIVF, we identified:
- a) 5 contracts did not include evidence the contract was signed within 120 days of approval or evidence the contract was granted an extension of time to be negotiated.
 - b) 4 of the remaining 10 CEBA contracts did not include the date signed. As a result, we were unable to determine compliance with the 120 day requirement.

Recommendation - DED should implement procedures to ensure:

- all project files include a signed application in the project file. The application should include all the required information for the program(s) being used to fund the project.
- all project files contain the required rating sheets and all programs should be consistently documented in the way in which the review was completed.
- compliance with all applicable administrative rules and to ensure compliance is properly documented in project files.

- all project files include a signed and dated application and, if applicable, a copy of the Board approval indicating an extension was granted in order to determine compliance with the 120 day signing requirement.

- B. Maintenance Period – Only the administrative rules for the CEBA program includes a requirement for a maintenance period for jobs created/retained. These rules require companies to maintain the required jobs for the period of time established in the contract. This maintenance period varies from 90 days to 6 years past the project completion date. DED has applied this requirement to all programs with a job creation requirement, including projects funded with FES funds. For projects funded by the GIVF, DED has established a maintenance period of 2 to 6 years from the project completion date.

Since the purpose of many of the programs funded by DED is job creation, the administrative rules for each funding source or program should include guidelines for the maintenance period. The period should be sufficient in length to ensure a positive impact on the State's workforce and economic base. It is questionable whether a 90 day maintenance period is sufficient.

Recommendation – DED, in consultation with the Legislature, should establish administrative rules requiring a maintenance period for each funding source or program with a job creation requirement. The rules should provide specific guidance on determining the required length of the maintenance period.

- C. Determination of Base Employment – To review a project's job creation and/or retention goals, DED establishes base employment level at both the project and statewide levels. The project's base level (baseline) is calculated using payroll data submitted by the company during the application process. DED project managers review the information and calculate how many jobs exist at the project site and on a statewide basis for the company receiving funding. The calculation of base employment levels is done regardless of whether the project is funded with FES or the GIVF.

During our testing, we identified errors in calculating the base employment data. As a result, the calculation of any jobs created and/or retained may be incorrect. If the baseline data is understated, a company may receive credit for creating and retaining jobs not actually created or retained at the project completion and maintenance dates. The opposite is also true if the baseline data is overstated. Our findings by program are as follows:

- 1) CEBA – The following instances were identified for the CEBA program:
 - a) The calculated baseline did not agree with supporting documentation for 2 of 7 projects funded by FES.
 - b) The calculated baseline was not supported by documentation for 4 of 7 projects funded with FES.
 - c) The calculated baseline for 2 of 10 projects funded from the GIVF included out-of-state employees.
 - d) The calculated baseline for 1 of 10 projects funded from the GIVF included jobs to be retained. DED typically excludes jobs to be retained from the base line data. For this project, it was not excluded.
 - e) The calculated baseline did not agree with supporting documentation for 1 of 10 projects funded from the GIVF.

- f) The calculated baseline was not supported by documentation for 2 of 10 projects funded from the GIVF.

2) VAAP – The following instances were identified for the VAAP program:

- a) The calculated baseline was not supported by documentation for 1 of 8 projects funded from the GIVF.
- b) The calculated baseline did not agree with supporting documentation for 1 of 8 projects funded from the GIVF. The company reported a baseline employment of 4; however, DED reported 6. There was no documentation to support the change or an explanation for the difference.
- c) For 1 of 8 projects funded from the GIVF, DED did not verify the baseline data reported by the company.

DED has not established written procedures regarding the calculation of the project or statewide baseline data. In addition, written procedures have not been established regarding how the calculation is to be documented.

Recommendation – DED should establish written procedures regarding the calculation and documentation of baseline data. Specifically, the written procedures should address how to handle employees who commute from another state to Iowa to work. These employees will be shown on the payroll information submitted by the companies but may not be readily identifiable without knowing their place of residence.

Also, the procedures performed should be documented in a manner that allows another independent reviewer to reach the same conclusions regarding the baseline data and job creation and/or retention information.

D. Project Monitoring - We identified the following concerns regarding the monitoring performed by DED staff:

- 1) DED currently requires only 1 on-site visit during the contract period.
- 2) DED staff conduct semi-annual desk reviews of each project using self-reported information from the companies. Specific procedures have not been developed to determine if the information submitted is accurate and complete and the procedures performed are not consistent among reviewers. In addition, any actions taken by the reviewers as a result of their findings are not consistently documented.
- 3) The procedures currently performed by DED are not sufficient to determine if jobs reported by companies are new or if they have simply been transferred from within the company or is the filling of an existing vacant position.

Recommendation – DED should establish specific written procedures regarding the proper and periodic monitoring of a project over the term of the contract. Procedures should include provisions for on-site visits during the construction phase, at the project completion date and maintenance date. In addition, on-site monitoring visits should be periodically performed as needed between construction and project completion or between project completion and maintenance dates.

In addition, procedures should address how the reviewer would determine if jobs identified by the company previously existed within the company but may have been unfilled or transferred from elsewhere within the company.

Also, the procedures performed should be documented in a manner that allows another independent reviewer to reach the same conclusions regarding the information submitted by the company and tested by the original reviewer.

E. File Maintenance –DED issues semiannual status reports using data reported by companies receiving funding from FES, the GIVF or other funding sources. DED does not verify the data submitted by the companies. The data and supporting documentation submitted by the companies is maintained in project files. As a result of a lack of proper review and monitoring, we identified the following concerns regarding the information submitted for the projects and reports issued by DED.

1) CEBA – The following instances were identified for the CEBA program:

- a) 2 of 7 projects funded by FES did not submit the required report for December 31, 2005.
- b) 2 of 7 projects funded by FES provided a listing of jobs created and retained at December 31, 2005, but did not include supporting documentation to verify the information as required by DED.
- c) 1 of 10 projects funded from the GIVF did provide support to verify the 6 jobs reported as created at June 30, 2006. However, the jobs created were below the required wage rate. DED reported these jobs were included in the jobs created at June 30, 2006.
- d) 1 of 7 projects funded by FES reported all jobs as being created as of June 30, 2006. However, DED reported the jobs as being retained. According to documentation in the file, the company was new to Iowa and all the jobs should have been reported as created.
- e) 3 of 7 projects funded by FES reported job creation and retention figures at June 30, 2006; however, support was not provided. DED did not perform any procedures to verify or determine the reasonableness of the data included in its report.
- f) 6 of 10 projects funded from the GIVF did not provide support for the job creation and retention numbers reported at June 30, 2006.
- g) 1 of 7 projects funded by FES reported jobs created at June 30, 2006 while the supporting documentation indicated some of the jobs were filled prior to the award date. Jobs created before the award date would not qualify as “created” for the project. However, the jobs may qualify as retained jobs.

2) VAAP - The following concerns were identified for the 9 VAAP projects we tested. The projects were funded by FES.

- a) The database prepared by DED to track projects included a capital investment amount that did not agree with the application for 2 of the 9 projects.
- b) The database prepared by DED included job creation information for 3 of the 9 projects. However, the contracts did not include information on job creation.
- c) The number of jobs reported by DED in the June 30, 2006 semiannual report was different from the amount reported by the company for 1 of the 9 projects. There was no documentation in the files supporting the difference.
- d) The number of jobs reported at June 30, 2006 was not supported by documentation for 5 of the projects.
- e) The number of jobs reported by DED in the June 30, 2006 semiannual report did not include the jobs reported by 1 of the 9 projects. There was no documentation in the file explaining the difference.

3) PIAP – The following instances were identified for the 6 PIAP projects tested. Of the 6 projects, 5 were funded by FES and 1 was funded with GIVF.

- a) The number of jobs created as reported by DED in the June 30, 2006 report did not agree with the information submitted by the company for 1 project funded by FES.
- b) The completion dates reported by DED in the June 30, 2006 report did not agree with the dates submitted by the companies for 2 projects funded by FES.
- 4) IVF - The following instances were identified for the 11 IVF projects we tested. The projects were funded by FES.
 - a) 4 projects in the June 30, 2006 project status report issued by DED included dates which did not agree with the contract.
 - b) 2 projects in the June 30, 2006 project status report issued by DED showed a different number of jobs to be created and retained than the contract. There was no documentation to explain the difference.
 - c) The file for 1 project includes the company's self-reported status as "behind schedule", but the report issued by DED stated the project was "on schedule". There was no documentation in the file to explain the change in status.
- 5) EVAP- The following concerns were identified for the 3 IVF programs we tested. The projects were funded by FES.
 - a) The award date shown in the June 30, 2006 report issued by DED included an award date different than the contract award date for 1 project.
 - b) The June 30, 2006 report issued by DED showed a project was "on schedule." However, the company self-reported it was "behind schedule." There was no documentation in the file explaining the change in status.

Based on our review, DED is not performing adequate procedures to verify the information reported by the companies. Our review noted many of the files contained data provided by the companies, including job creation and retention data, but did not contain evidence DED staff had reviewed and verified the data.

Recommendation - DED should develop and implement procedures to ensure the data reported by the companies and used to prepare the semi-annual reports is verified. In addition, DED should ensure the information reported in its status report is accurate and complete.

- F. Database – DED has 3 database systems, APTRACK, ITRACK and LRD, which are used for projects funded from FES, the GIVF, and other funding sources. The APTRACK and ITRACK systems are used by the project managers to track applications. The LRD database is used to maintain financial information regarding outstanding balances and repayment histories of the project.

As illustrated by our previous findings, we identified incomplete and inconsistent information, as well as information which did not agree with the support found in the project files. The data was also not consistent between databases.

Recommendation – The databases should be combined so all staff involved in the business development programs have access to the same information. This will prevent duplication of information and the possibility of information being updated in one system and not the others.

- G. Status Reports Issued by DED – Section 15.104 (9) of the *Code of Iowa* requires DED to submit by January 15 of each year a report to the General Assembly and the Governor “that delineates expenditures made under each component of the grow Iowa values fund.” The *Code* also specifies 7 components to be included in the reports “regarding each business finance project and in the aggregate for projects funded during the previous fiscal year.” The components are related to the use of the funding provided by the GIVF and results of the projects receiving funding from the GIVF.

DED issues semiannual status reports as of June 30 and December 31 each year. The report for June 30, 2006 was issued by DED on December 7, 2006. DED also issued a memo dated January 12, 2007 to comply with Section 15.104 of the *Code*. Attached to the memo was a copy of the June 30, 2006 status report. We have reviewed the report and identified the following concerns.

- 1) The *Code* specifies the report is to “delineate expenditures made under each component of the grow Iowa values fund.” The *Code* also specifies the report is to include information for each “project and in the aggregate for projects funded during the previous fiscal year.” However, the reports issued by DED include projects spanning from July 2003 through 2006 funded by FES and other funding sources in addition to the GIVF. While it is not inappropriate to include additional information, the reports do not provide the specific information required by the *Code* for the GIVF. In addition, the reports do not include the activity for only the fiscal year ended June 30, 2006, as required by the *Code*.

The memo and transmittal letter from the Director of DED included on the first page of the status report states the report is on the “Iowa Values Fund (IVF) and other state business development awards.” DED uses the term “Iowa Values Fund” to represent projects funded by FES and the GIVF.

The status report identifies which individual projects were funded by IVF, but does not include aggregate information for projects funded by IVF, such as the number of projects, amount awarded and the number of jobs. In addition, the report does not provide aggregate information for projects funded by any of the individual funding sources (the GIVF, FES, IVF or other sources). The only aggregate information provided includes all of the funding sources together.

Because the January memo and status reports do not include any separate information on the GIVF, the General Assembly has not been provided information on how the GIVF appropriation has been used by DED. While it is possible to identify the individual projects funded with IVF (FES and the GIVF), the status report does not allow the reader to distinguish between projects funded by FES and the GIVF. As a result, it is not possible to determine how the appropriations provided to DED from FES and the GIVF funds have been used. The format of the status report issued by DED for the 6 months ended June 30, 2006 does not provide the General Assembly with the information necessary to determine the results and progress of the GIVF.

- 2) As stated in the Director’s memo and transmittal letter of the status report, the information presented by DED is “on the Iowa Values Fund (IVF) and other state business development awards.” The term has been defined in [261] Iowa Administrative Code, section 2.2, as the GIVF established during the 2005 Legislative session. However, IVF is used by DED in the status report to refer to projects funded by FES and the GIVF. The term IVF has been misinterpreted by public officials, media and the public to represent the GIVF.
- 3) Sections 15.104 (9)(e) and (9)(f) require DED report the amount, if any, of private and local government moneys expended as of the time of reporting and the amount of

moneys expended on research and development activities that were not included in the jobs created and wages paid criteria. This information is included in the memo simply as a dollar amount without any further explanation.

- 4) According to DED's procedures, the data in the June 30 status report was self reported by the companies and not verified by DED staff. It is DED's responsibility to ensure the information submitted to the General Assembly and the Governor is reliable so appropriate evaluations may be made of the results and progress made by the GIVF.
- 5) The *Code* requires DED to report expenditures for each component of the GIVF. The memo included a spreadsheet that showed only the amounts allocated by DED to other State agencies. The memo did not include any information on expenditures or the use of funds by the other entities receiving allocations from DED.

In addition, sections 15.104(10) and (11) of the *Code of Iowa* require DED to report the number of minority-owned and woman-owned businesses receiving financial assistance from the GIVF. If none have been funded, the *Code* requires the report "shall provide an analysis as to the reasons why more" businesses have not applied for assistance and include "recommendations regarding how to encourage the creation of more" businesses. Attached to the January 12, 2007 memo provided to us was an undated memo addressed to the General Assembly and the Governor. The memo was not on DED's letterhead. It included information about awards made to minority-owned and woman-owned businesses from all business development programs, not just those funded by the GIVF, as required by the *Code*.

Recommendation – DED should implement procedures to ensure compliance with the requirements found in the *Code of Iowa* for the GIVF. If DED chooses to include additional funding sources in reports issued, the GIVF activity should be separately identifiable from other funding sources. In addition, the reports issued should provide the General Assembly with the information appropriate to determine the results and progress of projects funded by the GIVF.

ITEMS FOR FURTHER CONSIDERATION

The business development programs administered by DED were established to promote economic development within the State. The following points should be considered by the Legislature to help ensure the programs are as effective as possible and meet Legislative intent.

- Section 3 of House File 868 states, in part, “the average annual wage, including benefits [emphasis added], of new jobs created must be equal to or greater than 130% of the average county wage.” According to DED staff we spoke with, if the hourly wage reported by a company does not equal or exceed 130% of the average county wage (without any benefits), the value of the benefits of the created and/or retained jobs is added to the hourly wage. The combined amount is then compared to the same 130% requirement. The average county wage does not include benefits. While this practice complies with the requirements of House File 868, it is possible for the new jobs to have an actual wage less than or equal to 100% of the average county wage. The Legislature should consider whether this wage rate requirement results in the quality of jobs intended.
- The intent of all business development programs administered by DED with funding from the GIVF, FES and other funding streams is used to lure new businesses to the state and to keep existing businesses in Iowa. Because the purpose of the programs is the same, regardless of the funding source, the Legislature should consider establishing a single set of requirements under which the programs would operate.
- Based on discussions with DED and IWD personnel, a methodology is not in place to determine if an employee filling a new job created by a project funded with financial assistance from DED transferred from within the company, came from out of state or from another position within Iowa. It is very possible an employee filling a position created or retained by a project left a position at another company in Iowa. In addition, DED and IWD do not have the means to determine if the other company filled the vacated position. This data is important to determine if the State’s overall employment has been increased by the jobs created by the business development programs administered by DED.

The Legislature should consider whether the Agencies have the authority and appropriate means by which to gather the data necessary to determine if the jobs created by the incentive programs actually increased the overall employment within the State.

- Job creation and/or retention requirements established in the contracts currently administered by DED address where the jobs are to be created and/or retained. However, the residence of the workers filling the jobs is not addressed. For example, jobs may be created at a company in Council Bluffs awarded funds from the GIVF, but the jobs may be filled by workers who reside in Nebraska. As a result, while the State gains the benefit of a new job the residual effects of the employee’s residence are not fully realized.

The Legislature should consider whether additional requirements are appropriate to ensure the business development programs create and/or retain jobs that have a more complete economic impact on the geographical areas within the State in which the jobs are created.

Schedule 1

Grow Iowa Values Fund

Maximum Tax Credits Awarded
For Projects Active at June 30, 2006

		Award Information		Tax Credits	
	Funding Source / Project Name	Date	Amount	Maximum Allowable	Type
Federal Economic Stimulus (FES):					
	5 Star Industries (Ultimate Truck)	12/16/04	\$ 200,000	-	
	AABACO Holdings. LTD.	11/17/05	180,000	-	
	Amaizing Energy Cooperative	03/18/04	400,000	6,076,240	EZ
	Arrow Acme, Inc.	05/20/04	300,000	-	
	AVG Automation (Autotech Technologies)	04/15/04	140,000	-	
	BayTSP, Inc.	12/16/04	800,000	-	
	BIOWA Nutraceuticals	12/18/03	250,000	340,250	EZ
	Blue Ridge Paper Products/DairyPak Division	04/15/04	150,000	-	
	Boyt Harness Company	01/20/05	78,000	35,000	NCIP
	Cambridge Investment Group, Inc.	03/17/05	150,000	697,875	EZ
	Caremoli USA, Inc.	06/28/05	50,000	30,000	NCIP
	Cargill, Inc.	06/10/05	400,000	2,660,000	EZ
	Catalyst International	02/19/04	125,000	-	
	Cedar Ridge Vineyards, LLC	05/11/05	60,000	-	
	Cedar Valley Tech Works	10/18/04	2,500,000	-	
	Central Iowa Renewable Energy, LLC	09/15/04	400,000	7,934,740	NJIP
	Clipper Windpower	04/21/05	500,000	146,152	EZ
	Clipper Windpower	04/21/05	346,000		See Above
	CombiSep, Inc.	04/19/05	236,250	-	
	Creative Solutions Unlimited, Inc.	09/16/04	240,000	151,937	EZ
	Customer Ease, Inc.	09/15/04	50,000	-	
	CustomerVision, Inc.	09/15/04	100,000	-	
	Data Builder, Inc.	04/15/04	116,000	-	
	Deluxe Feeds, Inc.	06/10/05	175,000	-	
	De Waay Capital Management	05/19/05	150,000	720,291	NCIP
	Distek Integration, Inc.	04/21/05	75,000	47,815	NCIP
	Eden Farms LLP	02/19/04	60,000	-	
	Energy Manufacturing Company, Inc.	10/21/04	135,000	168,750	NCIP
	Environmental Lubricants Manufacturing, Inc.	06/11/04	200,000	-	
	Fort Dodge Animal Health, Inc.	04/15/04	3,500,000	1,975,500	NCIP
	Future Health, Inc.	04/13/05	100,000	-	

Grow Iowa Values Fund

Maximum Tax Credits Awarded
For Projects Active at June 30, 2006

		Award Information		Tax Credits	
		Date	Amount	Maximum Allowable	Type
	GCommerce, Inc.	08/27/03	1,000,000	-	
	Golden Grain Energy LLC	12/18/03	400,000	-	
	Green Plains Renewable Energy, Inc.	04/19/05	400,000	4,155,500	HQJCP
	Happle Gourmet Foods, LLC	12/18/04	30,000	-	
	Hoffmann, Inc.	06/11/04	45,000	19,500	NCIP
	Hydrogen Engine Center, Inc.	06/28/05	250,000	943,316	EZ
	Hydrogen Engine Center, Inc.	06/28/05	150,000		See Above
	InfoUSA Sales Solutions	04/15/04	455,000	-	
	InfoUSA Sales Solutions	03/17/05	200,000	-	
	J. Rettenmaier & Sons, GmbH & Co.	09/15/04	200,000	2,300,000	EZ
	Kemin Industries, Inc.	02/17/05	300,000	1,197,650	EZ
	Kemin Industries, Inc.	02/17/05	250,000		See Above
	Lear Corporation	03/17/05	500,000	820,000	NCIP
	LightEdge Solutions, Inc. (Lighthouse Communications)	04/15/04	723,000	226,250	EZ
	Lincolnway Energy, LLC	11/04/04	400,000	7,582,070	NJIP
	MediaTech, LLC	09/15/04	65,000	-	
	Medline Industries, Inc.	05/20/04	125,000	-	
	MG Biologics, Inc.	04/19/05	250,000	-	
	MG Biologics, Inc.	04/13/05	118,900	-	
	Mulgrew Oil Company	10/05/04	60,000	-	
	MV Contract Transportation, Inc.	03/17/05	120,000	61,947	EZ
	Naturally Iowa, LLC	11/18/04	75,000	-	
	New Link Genetics	02/19/04	6,000,000	-	
	Newton, City of (Speedway)	06/10/05	1,000,000	-	
	NovaScan Technologies	02/19/04	200,000	-	
	NSK Corporation	03/17/05	1,000,000	-	
	Omaha Standard, Inc.	08/19/04	1,500,000	1,847,500	EZ
	Packaging Technologies	03/17/05	200,000	-	
	Paul Mueller Company	01/20/05	60,000	-	
	Polymer Pipe Technology	12/07/04	100,000	-	
	Professional Computer Systems	11/12/03	329,000	-	
	Progress Casting Group, Inc.	04/21/05	500,000	505,797	NCIP
	Progress Casting Group, Inc.	04/21/05	200,000		See Above

Schedule 1

Grow Iowa Values Fund

Maximum Tax Credits Awarded
For Projects Active at June 30, 2006

Funding Source / Project Name	Award Information		Tax Credits	
	Date	Amount	Maximum Allowable	Type
Project InVision International (Software Made Easy)	04/21/05	700,000	-	
Proplanner.NET	12/07/04	100,000	-	
Prudential Retirement Benefits Services	01/20/05	207,000	-	
RC2 Brands, Inc.	04/15/04	400,000	-	
Red Star Yeast Company, LLC	02/19/04	500,000	5,250,000	NJIP
Safe Soy, LLC (Pure Soy)	03/09/05	250,000	-	
Schebler Company (GMKS Acquisition Corp.)	11/01/04	80,000	30,900	NCIP
Sho-Me Containers	03/09/05	200,000	-	
Silver Beacon Media, LLC	09/15/04	75,000	-	
Team Technologies LLC	04/13/05	250,000	-	
Trans Ova Genetics	08/27/03	9,000,000	-	
Two Rivers Grape & Wine Cooperative	10/21/04	250,000	33,487	NCIP
US Bio Albert City, LLC	04/21/05	400,000	11,581,380	NJIP
Vernon Company	11/18/04	200,000	-	
Wells' Dairy, Inc.	06/11/04	2,928,000	5,208,042	NJIP
Wells Fargo Home Mortgage	07/31/03	10,000,000	9,775,000	NCIP
Wells Fargo Home Mortgage	07/31/03	-	9,200,000	EZ
West Central Cooperative	03/18/04	250,000	134,325	NCIP
Western Iowa Energy	12/16/04	400,000	3,128,125	NJIP
Wholesome Harvest, LLC	03/16/06	125,000	-	
Subtotal FES projects		55,687,150	84,985,339	
Grow Iowa Values Fund (GIVF):				
Advanced Analytical Technologies, Inc.	08/18/05	1,000,000	-	
Advanced Analytical Technologies, Inc.	08/18/05	1,000,000	-	
Bee Line Company	10/20/05	72,000	-	
C & L Companies, Inc.	09/15/05	60,000	160,100	HQJCP
CADSEEK (CM Net)	09/15/05	100,000	-	
Central Iowa Soy Producers, LLC	01/19/06	100,000	-	

Grow Iowa Values Fund

Maximum Tax Credits Awarded
For Projects Active at June 30, 2006

Funding Source / Project Name	Award Information		Tax Credits	
	Date	Amount	Maximum Allowable	Type
Clinton County Bio Energy, LLC	08/18/05	400,000	631,125	EZ
Environmental Lubricants Manufacturing, Inc.	08/18/05	200,000	-	
Genetic ID	02/16/06	80,000	-	
Hershey Systems Inc.	10/20/05	400,000	58,750	EZ
Infrastructure Solutions, Inc.	09/15/05	180,000	-	
Kerry, Inc. (Nutriant)	12/15/05	150,000	13,535	HQJCP
LXI Enterprise Storage, Inc.	09/15/05	250,000	-	
MortgageHub Incorporated	07/21/05	150,000	-	
Pizza Ranch, Inc.	11/17/05	75,000	83,160	HQJCP
Riksch BioFuels L.L.C.	11/17/05	400,000	198,688	HQJCP
Sivyer Steel Corporation	08/18/05	100,000	-	
Solo Direct Connect	09/15/05	100,000	-	
Southern Iowa BioEnergy, LLC	09/15/05	400,000	3,371,774	EZ
TMT Manufacturing	10/20/05	100,000	-	
Vande Rose Foods, LLC	10/20/05	100,000	-	
VIDA Diagnostics, Inc.	11/17/05	100,000	-	
Subtotal GIVF		5,517,000	4,517,132	
Total		\$ 61,204,150	89,502,471	

EZ - Enterprise Zone

HQ (HQC) - High Quality Jobs Creation Program

NCIP - New Capital Investment Program

NJIP - New Jobs and Income Program

Iowa Department of Economic Development
Grow Iowa Values Fund

Active Projects as of June 30, 2006 Funded by FES

					Project
				Award	Completion
Project Name	Location	Program		Date	Date
Wells Fargo Home Mortgage	Des Moines	IVF		07/31/03	07/13/07
GCommerce, Inc.	Des Moines	IVF		08/27/03	08/27/07
Trans Ova Genetics	Sioux Center	IVF		08/27/03	12/31/11
Professional Computer Systems	Denison	IVF		11/12/03	11/12/07
BIOWA Nutraceuticals	Cherokee	VAAP		12/18/03	12/31/08
Golden Grain Energy LLC	Mason City	IVF		12/18/03	12/18/07
Catalyst International	Sioux Center	VAAP		02/19/04	02/19/07
Eden Farms LLP	State Center	VAAP		02/19/04	03/31/07
New Link Genetics	Ames	IVF		02/19/04	02/19/08
NovaScan Technologies	Ames	IVF		02/19/04	03/01/08
Red Star Yeast Company, LLC	Cedar Rapids	IVF		02/19/04	01/31/07
Amaizing Energy Cooperative	Denison	VAAP		03/18/04	03/19/08
West Central Cooperative	Ralston	VAAP		03/18/04	03/18/07
AVG Automation (Autotech Technologies)	Bettendorf	CEBA		04/15/04	06/30/07
Blue Ridge Paper Products/DairyPak Division	Clinton	CEBA		04/15/04	06/30/07
Data Builder, Inc.	Des Moines	IVF		04/15/04	03/31/07
Fort Dodge Animal Health, Inc.	Fort Dodge	IVF		04/15/04	04/15/09
InfoUSA Sales Solutions	Carter Lake	CEBA		04/15/04	06/30/07
LightEdge Solutions, Inc. (Lighthouse Communications)	Des Moines	IVF		04/15/04	04/15/08
RC2 Brands, Inc.	Dyersville	CEBA		04/15/04	06/30/07
Arrow Acme, Inc.	Webster City	CEBA		05/20/04	06/30/07
Medline Industries, Inc.	Dubuque	IVF		05/20/04	04/30/08
Environmental Lubricants Manufacturing, Inc.	Plainfield	VAAP		06/11/04	06/11/07

Maintenance

Period End Date	Loan	Forgivable Loan	Loan Guarantee	Royalty	Total Award
07/13/13	\$ -	10,000,000	-	-	10,000,000
08/27/13	150,000	850,000	-	-	1,000,000
12/31/17	-	9,000,000	-	-	9,000,000
11/12/13	164,500	164,500	-	-	329,000
12/31/08	125,000	125,000	-	-	250,000
12/18/07	300,000	100,000	-	-	400,000
N/A	62,500	62,500	-	-	125,000
03/31/07	30,000	30,000	-	-	60,000
02/19/14	-	6,000,000	-	-	6,000,000
03/01/14	125,000	75,000	-	-	200,000
01/31/14	-	500,000	-	-	500,000
N/A	300,000	100,000	-	-	400,000
N/A	150,000	100,000	-	-	250,000
10/01/07	70,000	70,000	-	-	140,000
09/30/07	75,000	75,000	-	-	150,000
03/31/14	58,000	58,000	-	-	116,000
04/15/14	-	3,500,000	-	-	3,500,000
10/01/07	158,000	297,000	-	-	455,000
04/15/14	361,500	361,500	-	-	723,000
10/01/07	100,000	300,000	-	-	400,000
10/01/07	150,000	150,000	-	-	300,000
04/30/14	-	125,000	-	-	125,000
06/11/07	100,000	100,000	-	-	200,000

Iowa Department of Economic Development
Grow Iowa Values Fund

Active Projects as of June 30, 2006 Funded by FES

					Project
				Award	Completion
Project Name	Location	Program		Date	Date
Hoffmann, Inc.	Muscatine	CEBA		06/11/04	06/30/07
Wells' Dairy, Inc.	Le Mars	IVF		06/11/04	06/11/08
Omaha Standard, Inc.	Council Bluffs	IVF		08/19/04	01/15/08
Central Iowa Renewable Energy, LLC	Goldfield	VAAP		09/15/04	09/15/07
Customer Ease, Inc.	Des Moines	EVAP		09/15/04	**
CustomerVision, Inc.	Des Moines	EVAP		09/15/04	**
J. Rettenmaier & Sons, GmbH & Co.	Cedar Rapids	VAAP		09/15/04	02/19/07
MediaTech, LLC	Centerville	EVAP -loan		09/15/04	**
Silver Beacon Media, LLC	Bettendorf	EVAP		09/15/04	**
Creative Solutions Unlimited, Inc.	Sheffield	CEBA		09/16/04	09/30/07
Mulgrew Oil Company	Dubuque	PIAP		10/05/04	09/30/07
Cedar Valley Tech Works	Waterloo	PIAP		10/18/04	12/31/07
Energy Manufacturing Company, Inc.	Monticello	CEBA		10/21/04	10/21/07
Two Rivers Grape & Wine Cooperative	Osceola	VAAP		10/21/04	10/21/08
Schebler Company (GMKS Acquisition Corp.)	Bettendorf	CEBA		11/01/04	11/30/07
Lincolnway Energy, LLC	Nevada	VAAP		11/04/04	10/31/08
Naturally Iowa, LLC	Clarinda	VAAP		11/18/04	10/31/08
Vernon Company	Newton	CEBA		11/18/04	11/30/07
Polymer Pipe Technology	Des Moines	EVAP		12/07/04	**
Proplanner.NET	Ames	EVAP		12/07/04	**
5 Star Industries (Ultimate Truck)	Knoxville	CEBA		12/16/04	11/30/07
BayTSP, Inc.	Des Moines	CEBA		12/16/04	11/30/07
Western Iowa Energy	Wall Lake	VAAP		12/16/04	11/30/08
Happle Gourmet Foods, LLC	Cedar Rapids	VAAP		12/18/04	11/30/08
Boyt Harness Company	Osceola	CEBA		01/20/05	12/31/08

Maintenance					
Period	Loan	Forgivable	Loan	Royalty	Total
End Date		Loan	Guarantee		Award
09/30/07	22,500	22,500	-	-	45,000
06/11/14	-	2,928,000	-	-	2,928,000
01/15/14	500,000	1,000,000	-	-	1,500,000
N/A	300,000	100,000	-	-	400,000
N/A	-	-	-	50,000	50,000
N/A	-	-	-	100,000	100,000
02/19/07	120,000	80,000	-	-	200,000
N/A	65,000	-	-	-	65,000
N/A	-	-	-	75,000	75,000
12/30/07	120,000	120,000	-	-	240,000
N/A	-	60,000	-	-	60,000
N/A	-	2,500,000	-	-	2,500,000
01/30/08	67,500	67,500	-	-	135,000
N/A	150,000	100,000	-	-	250,000
03/01/08	40,000	40,000	-	-	80,000
N/A	300,000	100,000	-	-	400,000
10/31/08	37,500	37,500	-	-	75,000
02/28/08	-	200,000	-	-	200,000
N/A	-	-	-	100,000	100,000
N/A	-	-	-	100,000	100,000
03/01/08	50,000	150,000	-	-	200,000
02/02/08	400,000	400,000	-	-	800,000
N/A	300,000	100,000	-	-	400,000
11/30/08	15,000	15,000	-	-	30,000
03/31/09	31,200	46,800	-	-	78,000

Iowa Department of Economic Development
Grow Iowa Values Fund

Active Projects as of June 30, 2006 Funded by FES

					Project
				Award	Completion
Project Name	Location	Program		Date	Date
Paul Mueller Company	Osceola	CEBA		01/20/05	03/31/08
Prudential Retirement Benefits Services	Dubuque	CEBA		01/20/05	03/31/08
Kemin Industries, Inc.	Polk	CEBA		02/17/05	03/31/10
		PIAP		02/17/05	03/31/10
Safe Soy, LLC (Pure Soy)	Ellsworth	VAAP		03/09/05	03/09/08
Sho-Me Containers	Grinnell	VAAP		03/09/05	07/09/10
Cambridge Investment Group, Inc.	Jefferson	CEBA		03/17/05	03/30/08
InfoUSA Sales Solutions	Carter Lake	CEBA		03/17/05	03/31/08
Lear Corporation	Iowa City	CEBA		03/17/05	03/31/08
MV Contract Transportation, Inc.	Elk Horn	CEBA		03/17/05	04/30/10
NSK Corporation	Clarinda	CEBA		03/17/05	03/31/08
Packaging Technologies	Davenport	CEBA		03/17/05	03/31/08
Future Health, Inc.	Carroll	EVAP - loan		04/13/05	**
MG Biologics, Inc.	Ames	VAAP		04/13/05	04/13/08
Team Technologies LLC	Cedar Falls	EVAP		04/13/05	**
CombiSep, Inc.	Ames	LCGF		04/19/05	^^
Green Plains Renewable Energy, Inc.	Page	VAAP		04/19/05	04/21/08
MG Biologics, Inc.	Ames	LCGF		04/19/05	^^
Clipper Windpower	Cedar Rapids	CEBA		04/21/05	07/30/08
		PIAP		04/21/05	07/30/08
Distek Integration, Inc.	Cedar Falls	CEBA		04/21/05	05/31/10
Progress Casting Group, Inc.	New Hampton	CEBA		04/21/05	06/30/08
		PIAP		04/21/05	11/30/07
Project InVision International (Software Made Easy)	Des Moines	CEBA		04/21/05	05/31/10

Maintenance					
Period End Date	Loan	Forgivable Loan	Loan Guarantee	Royalty	Total Award
06/30/08	24,000	36,000	-	-	60,000
06/30/08	-	207,000	-	-	207,000
06/30/10	300,000	-	-	-	300,000
06/30/10	-	250,000	-	-	250,000
03/09/08	125,000	125,000	-	-	250,000
07/09/10	100,000	100,000	-	-	200,000
06/30/08	75,000	75,000	-	-	150,000
06/30/08	100,000	100,000	-	-	200,000
07/31/08	-	500,000	-	-	500,000
07/30/10	60,000	60,000	-	-	120,000
06/30/09	500,000	500,000	-	-	1,000,000
06/30/08	100,000	100,000	-	-	200,000
-	100,000	-	-	-	100,000
N/A	59,450	59,450	-	-	118,900
-	250,000	-	-	-	250,000
N/A	-	-	236,250	-	236,250
N/A	300,000	100,000	-	-	400,000
N/A	-	-	250,000	-	250,000
11/01/08	-	500,000	-	-	500,000
07/30/08	-	346,000	-	-	346,000
08/31/10	37,500	37,500	-	-	75,000
09/30/08	-	500,000	-	-	500,000
11/30/07	-	200,000	-	-	200,000
08/31/10	350,000	350,000	-	-	700,000

Iowa Department of Economic Development
Grow Iowa Values Fund

Active Projects as of June 30, 2006 Funded by FES

Project Name	Location	Program	Award Date	Project Completion Date
US Bio Albert City, LLC	Albert City	VAAP	04/21/05	04/21/08
Cedar Ridge Vineyards, LLC	Johnson	VAAP	05/11/05	05/11/09
DeWaay Capital Management	Clive	CEBA	05/19/05	06/30/08
Cargill, Inc.	Iowa Falls	VAAP	06/10/05	06/07/08
Deluxe Feeds, Inc.	Sheldon	VAAP	06/10/05	06/07/08
Newton, City of (Speedway)	Newton	PIAP	06/10/05	^^
Caremoli USA, Inc.	Ames	CEBA	06/28/05	06/30/08
Hydrogen Engine Center, Inc.	Algona	CEBA	06/28/05	07/30/10
		PIAP	06/28/05	07/31/10
AABACO Holdings. LTD.	Grundy Center	LCGF	11/17/05	^^
Wholesome Harvest, LLC	Colo	LCGF	03/16/06	^^
Total				

^^- This is a loan guarantee for the a portion of the project. Funds will be disbursed only if the company defaults on repayment

- Grants are not required to be repaid by the company. As a result, there are no completion or maintenance dates.

** - Royalty agreements are required to be repaid by the company. Repayments are based on a percentage of the companies sales during the course of a year. Contract ends when repayments are made.

Maintenance					
Period End Date	Loan	Forgivable Loan	Loan Guarantee	Royalty	Total Award
N/A	300,000	100,000	-	-	400,000
N/A	30,000	30,000	-	-	60,000
10/01/08	75,000	75,000	-	-	150,000
N/A	300,000	100,000	-	-	400,000
N/A	100,000	75,000	-	-	175,000
N/A	-	-	1,000,000	-	1,000,000
09/30/08	-	50,000	-	-	50,000
10/31/10	-	250,000	-	-	250,000
07/31/10	-	150,000	-	-	150,000
N/A	-	-	180,000	-	180,000
N/A	-	-	125,000	-	125,000
	\$ 8,284,150	45,186,750	1,791,250	425,000	55,687,150

Iowa Department of Economic Development
Grow Iowa Values Fund

Active Projects as of June 30, 2006 Funded by the GIVF

Project Name	Location	Program	Award Date	Project Completion Date
MortgageHub Incorporated	Urbandale	CEBA	07/21/05	09/30/08
Advanced Analytical Technologies, Inc.	Ames	CEBA	08/18/05	09/30/08
		PIAP	08/18/05	09/30/08
Clinton County Bio Energy, LLC	Clinton	VAAP	08/18/05	08/31/08
Environmental Lubricants Manufacturing, Inc.	Plainfield	VAAP	08/18/05	08/31/08
Sivyer Steel Corporation	Bettendorf	CEBA	08/18/05	09/30/08
Southern Iowa BioEnergy, LLC	Lamoni	VAAP	09/15/05	09/30/08
LXI Enterprise Storage, Inc.	Mason City	CEBA	09/15/05	Royalty
Infrastructure Solutions, Inc.	Urbandale	CEBA	09/15/05	09/30/08
CADSEEK (CM Net)	Ames	EVAP	09/15/05	09/30/08
Solo Direct Connect	Davenport	EVAP	09/15/05	^^
C & L Companies, Inc.	Urbandale	CEBA	09/15/05	09/30/08
Hershey Systems Inc.	Des Moines	CEBA	10/20/05	10/31/08
TMT Manufacturing	Davenport	CEBA	10/20/05	10/31/08
Vande Rose Foods, LLC	Oskaloosa	VAAP	10/20/05	12/31/08
Bee Line Company	Bettendorf	CEBA	10/20/05	10/31/08
Riksch BioFuels L.L.C.	Crawfordsville	VAAP	11/17/05	11/30/08
VIDA Diagnostics, Inc.	Iowa City	EVAP	11/17/05	11/30/08
Pizza Ranch, Inc.	Orange City	CEBA	11/17/05	-
Kerry, Inc. (Nutriant)	Vinton	VAAP	12/15/05	12/31/08
Central Iowa Soy Producers, LLC	Jefferson	VAAP	01/19/06	01/31/09
Genetic ID	Fairfield	VAAP	02/16/06	02/28/09
Total				

^^ - Royalty agreements are required to be repaid by the company. Repayments are based on a percentage of the companies sales during the course of a year. Contract ends when repayments are made.

Maintenance					
Period End Date		Loan	Forgivable Loan	Royalty	Total Award
12/31/10	\$	75,000	75,000	-	150,000
12/31/08		500,000	500,000	-	1,000,000
12/31/08		500,000	500,000	-	1,000,000
N/A		300,000	100,000	-	400,000
08/31/10		100,000	100,000	-	200,000
09/30/10		50,000	50,000	-	100,000
12/31/08		300,000	100,000	-	400,000
N/A		125,000	125,000	-	250,000
12/31/08		90,000	90,000	-	180,000
09/30/10		-	-	100,000	100,000
-		-	-	100,000	100,000
09/30/10		30,000	30,000	-	60,000
10/31/10		200,000	200,000	-	400,000
10/31/10		50,000	50,000	-	100,000
12/31/10		50,000	50,000	-	100,000
10/31/10		36,000	36,000	-	72,000
11/30/10		300,000	100,000	-	400,000
11/30/10		-	-	100,000	100,000
-		37,500	37,500	-	75,000
12/31/10		75,000	75,000	-	150,000
01/31/11		50,000	50,000	-	100,000
02/28/11		40,000	40,000	-	80,000
	\$	2,908,500	2,308,500	300,000	5,517,000

Iowa Department of Economic Development
Grow Iowa Values Fund

Summary of Jobs Reported by DED in June 30, 2006 Status Report

	Award Information			Application (Investment Summary)			
	Number of Companies	Number of Contracts	Amount Awarded	Created	Retained	Other #	Total
<u>Completed</u>							
FES	-	-	-	-	-	-	-
GIVF	-	-	-	-	-	-	-
Other funding sources	3	3	\$ 1,080,000	275	-	-	275
Tax credit programs %	-	-	-	-	-	-	-
Subtotal	3	3	1,080,000	275	-	-	275
<u>^ Projects under contract</u>							
FES	77	83	55,687,150	5,003	2,899	209	8,111
GIVF	21	22	5,517,000	352	52	144	548
Other funding sources	83	93	18,925,500	2,891	886	138	3,915
Tax credit programs	105	110	-	1,293	-	1,213	2,506
Subtotal	286	308	80,129,650	9,539	3,837	1,704	15,080
<u>@ Projects in contract negotiations</u>							
FES	8	-	9,925,000	678	1,126	41	1,845
GIVF	14	-	11,695,000	1,541	239	1,135	2,915
Other funding sources	7	-	2,300,000	131	281	261	673
Tax credit programs	35	-	-	939	-	306	1,245
Subtotal	64	-	23,920,000	3,289	1,646	1,743	6,678
<u>~~ Too new to require report</u>							
FES	-	-	-	-	-	-	-
GIVF	12	-	3,618,000	270	345	271	886
Other funding sources	9	-	3,169,000	639	-	-	639
Tax credit programs	23	-	-	192	-	-	192
Subtotal	44	-	6,787,000	1,101	345	271	1,717
<u>** Projects in collection</u>							
FES	-	-	-	-	-	-	-
GIVF	-	-	-	-	-	-	-
Other funding sources	2	2	298,000	79	-	33	112
Tax credit programs	-	-	-	-	-	-	-
Subtotal	2	2	298,000	79	-	33	112
<u>## Projects declined</u>							
FES	2	-	698,000	240	-	-	240
GIVF	6	-	1,880,000	112	115	136	363
Other funding sources	5	3	890,000	268	12	38	318
Tax credit programs	12	-	-	121	-	-	121
Subtotal	25	3	3,468,000	741	127	174	1,042
<u>^^ Projects acted on since 6/30/06</u>							
FES	-	-	-	-	-	-	-
GIVF	27	-	17,730,000	846	2,755	724	4,325
Other funding sources	9	-	2,721,000	486	48	32	566
Tax credit programs	49	-	-	816	-	121	937
Subtotal	85	-	20,451,000	2,148	2,803	877	5,828
<u>Total by funding source</u>							
FES	87	83	66,310,150	5,921	4,025	250	10,196
GIVF	80	22	40,440,000	3,121	3,506	2,410	9,037
Other funding sources	118	101	29,383,500	4,769	1,227	502	6,498
Tax credit programs	215	110	-	3,361	-	1,640	5,001
Total	356	316	136,133,650	17,172	8,758	4,802	30,732

Number of Jobs				Self-Reported Information			
Contracted				as of June 30, 2006			
Created	Retained	Other #	Total	Created	Retained	Other #	Total
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
155	120	-	275	163	120	-	283
-	-	-	-	-	-	-	-
155	120	-	275	163	120	-	283
4,703	2,845	98	7,646	3,889	2,745	131	6,765
343	52	152	547	80	28	9	117
2,415	872	5	3,292	1,419	831	30	2,280
1,610	-	584	2,194	1,539	147	447	2,133
9,071	3,769	839	13,679	6,927	3,751	617	11,295
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79	-	33	112	-	-	-	-
-	-	-	-	-	-	-	-
79	-	33	112	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
207	12	-	219	-	-	-	-
-	-	-	-	-	-	-	-
207	12	-	219	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,703	2,845	98	7,646	3,889	2,745	131	6,765
343	52	152	547	80	28	9	117
2,856	1,004	38	3,898	1,582	951	30	2,563
1,610	-	584	2,194	1,539	147	447	2,133
9,512	3,901	872	14,285	7,090	3,871	617	11,578

Iowa Department of Economic Development
Grow Iowa Values Fund

Summary of Jobs Reported by DED in June 30, 2006 Status Report

- These jobs do not qualify for funding from DED because the wage rate does not meet program requirement. These jobs may be included in the contract as an additional requirement and/or may result from a tax credit program.

^ - Includes 1 project for which the number of jobs originally contracted was increased.

@ - Board has awarded project but a contract was not established by June 30, 2006.

** - Companies which have failed to repay award after it was determined the contract was not complied with or the project closed.

- Projects awarded funds and may or may not have entered into contracts but later declined the award prior to drawing down funds. No contract numbers will be shown since the contracts did not

^^ - Award was made by the Board after June 30, 2006.

~~ - Projects for which the contract was signed after 6/30/06. DED reported the projects as if they were effective at 6/30/06, but had not yet passed the 3-month timeframe for which activity would have been required to be reported.

% - Tax credit programs do not receive direct financial assistance so no financial data is included in this schedule. Job information is included because it is included in DED's status report.

Grow Iowa Values Fund

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Application to the Contract
for Projects Active at June 30, 2006 Funded by FES

Project Name	Award Information			Application (Investment) Summary				
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
				Created	Retained			
Wells Fargo Home Mortgage	IVF	07/31/03	\$ 10,000,000	2,000	-	\$ 16.11	-	2,000
GCommerce, Inc.	IVF	08/27/03	1,000,000	157	-	27.05	-	157
Trans Ova Genetics	IVF	08/27/03	9,000,000	235	-	21.85	-	235
Professional Computer Systems	IVF	11/12/03	329,000	27	20	21.42	-	47
BIOWA Nutraceuticals	VAAP	12/18/03	250,000	11	-	23.08	-	11
Golden Grain Energy LLC	IVF	12/18/03	400,000	32	-	16.83	-	32
Catalyst International	VAAP	02/19/04	125,000	6	-	17.31	-	6
Eden Farms LLP	VAAP	02/19/04	60,000	1	2	12.02	-	3
New Link Genetics	IVF	02/19/04	6,000,000	315	35	24.95	-	350
NovaScan Technologies	IVF	02/19/04	200,000	25	4	21.06	-	29
Red Star Yeast Company, LLC	IVF	02/19/04	500,000	80	-	20.40	-	80
Amaizing Energy Cooperative	VAAP	03/18/04	400,000	35	1	20.11	-	36
West Central Cooperative	VAAP	03/18/04	250,000	6	-	14.00	-	6
AVG Automation (Autotech Technologies)	CEBA	04/15/04	140,000	30	40	16.96	-	70
Blue Ridge Paper Products/DairyPak Division	CEBA	04/15/04	150,000	46	-	12.62	-	46
Data Builder, Inc.	IVF	04/15/04	116,000	16	5	19.53	20	41
Fort Dodge Animal Health, Inc.	IVF	04/15/04	3,500,000	-	1,041	20.01	-	1,041
InfoUSA Sales Solutions	CEBA	04/15/04	455,000	123	12	18.87	-	135
LightEdge Solutions, Inc. (Lighthouse Communications)	IVF	04/15/04	723,000	81	38	31.66	-	119
RC2 Brands, Inc.	CEBA	04/15/04	400,000	16	168	18.00	16	200
Arrow Acme, Inc.	CEBA	05/20/04	300,000	-	84	14.57	-	84
Medline Industries, Inc.	IVF	05/20/04	125,000	41	-	17.80	-	41
Environmental Lubricants Manufacturing, Inc.	VAAP	06/11/04	200,000	20	9	15.14	-	29
Hoffmann, Inc.	CEBA	06/11/04	45,000	17	2	16.33	13	32
Wells' Dairy, Inc.	IVF	06/11/04	2,928,000	129	346	28.87	64	539
Omaha Standard, Inc.	IVF	08/19/04	1,500,000	108	182	17.70	-	290
Central Iowa Renewable Energy, LLC	VAAP	09/15/04	400,000	23	-	16.00	8	31
Customer Ease, Inc.	EVAP	09/15/04	50,000	8	-	19.03	-	8

Contract Obligations					Variance				
# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
Created	Retained				Created	Retained			
2,000	-	\$ 16.11	-	2,000	-	-	\$ -	-	-
157	-	26.09	-	157	-	-	(0.96)	-	-
235	-	21.85	-	235	-	-	-	-	-
27	20	21.42	-	47	-	-	-	-	-
-	-	-	-	-	(11)	-	(23.08)	-	(11)
-	-	-	-	-	(32)	-	(16.83)	-	(32)
6	-	17.31	-	6	-	-	-	-	-
-	-	-	-	-	(1)	(2)	(12.02)	-	(3)
315	35	24.95	-	350	-	-	-	-	-
25	4	22.05	-	29	-	-	0.99	-	-
80	-	20.40	-	80	-	-	-	-	-
30	1	20.18	-	31	(5)	-	0.07	-	(5)
1	-	10.75	1	2	(5)	-	(3.25)	1	(4)
30	40	16.96	-	70	-	-	-	-	-
46	-	12.62	-	46	-	-	-	-	-
36	5	19.53	-	41	20	-	-	(20)	-
-	1,041	20.01	-	1,041	-	-	-	-	-
123	12	18.87	-	135	-	-	-	-	-
81	38	31.66	-	119	-	-	-	-	-
16	168	18.00	16	200	-	-	-	-	-
-	84	14.57	-	84	-	-	-	-	-
41	-	17.80	-	41	-	-	-	-	-
-	-	-	-	-	(20)	(9)	(15.14)	-	(29)
30	6	16.33	-	36	13	4	-	(13)	4
129	346	28.87	-	475	-	-	-	(64)	(64)
108	182	17.70	-	290	-	-	-	-	-
23	-	16.00	8	31	-	-	-	-	-
-	-	-	-	-	(8)	-	(19.03)	-	(8)

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Application to the Contract
for Projects Active at June 30, 2006 Funded by FES

Project Name	Award Information			Application (Investment) Summary				
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
				Created	Retained			
CustomerVision, Inc.	EVAP	09/15/04	100,000	14	-	33.99	-	14
J. Rettenmaier & Sons, GmbH & Co.	VAAP	09/15/04	200,000	-	-	-	-	-
MediaTech, LLC	EVAP	09/15/04	65,000	71	-	22.85	-	71
Silver Beacon Media, LLC	EVAP	09/15/04	75,000	15	-	19.20	-	15
Creative Solutions Unlimited, Inc.	CEBA	09/16/04	240,000	21	19	17.18	-	40
Mulgrew Oil Company	PIAP	10/05/04	60,000	6	-	14.42	15	21
Cedar Valley Tech Works	PIAP	10/18/04	2,500,000	26	-	21.63	-	26
Energy Manufacturing Company, Inc.	CEBA	10/21/04	135,000	45	-	16.10	-	45
Two Rivers Grape & Wine Cooperative	VAAP	10/21/04	250,000	4	-	15.06	-	4
Schebler Company (GMKS Acquisition Corp.)	CEBA	11/01/04	80,000	9	9	18.44	-	18
Lincolnway Energy, LLC	VAAP	11/04/04	400,000	34	-	15.94	5	39
Naturally Iowa, LLC	VAAP	11/18/04	75,000	8	5	12.70	-	13
Vernon Company	CEBA	11/18/04	200,000	-	52	13.09	-	52
Polymer Pipe Technology	EVAP	12/07/04	100,000	27	5	21.78	-	32
Proplanner.NET	EVAP	12/07/04	100,000	6	-	29.80	-	6
5 Star Industries (Ultimate Truck)	CEBA	12/16/04	200,000	25	19	17.00	3	47
BayTSP, Inc.	CEBA	12/16/04	800,000	75	-	23.08	-	75
Western Iowa Energy	VAAP	12/16/04	400,000	24	-	17.31	-	24
Happle Gourmet Foods, LLC	VAAP	12/18/04	30,000	5	-	19.04	-	5
Boyt Harness Company	CEBA	01/20/05	78,000	-	26	18.01	-	26
Paul Mueller Company	CEBA	01/20/05	60,000	6	20	13.60	-	26
Prudential Retirement Benefits Services	CEBA	01/20/05	207,000	69	-	15.47	-	69
Kemin Industries, Inc.	CEBA	02/17/05	300,000	40	-	28.37	-	40
	PIAP	02/17/05	250,000	-	-	-	-	-
Safe Soy, LLC (Pure Soy)	VAAP	03/09/05	250,000	10	-	22.36	-	10
Sho-Me Containers	VAAP	03/09/05	200,000	9	8	15.54	-	17
Cambridge Investment Group, Inc.	CEBA	03/17/05	150,000	48	-	17.57	45	93

Contract Obligations					Variance				
# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
Created	Retained				Created	Retained			
-	-	-	-	-	(14)	-	(33.99)	-	(14)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(71)	-	(22.85)	-	(71)
-	-	-	-	-	(15)	-	(19.20)	-	(15)
21	19	17.18	-	40	-	-	-	-	-
6	-	-	15	21	-	-	(14.42)	-	-
26	-	22.56	-	26	-	-	0.93	-	-
45	-	16.10	-	45	-	-	-	-	-
5	-	11.19	-	5	1	-	(3.87)	-	1
9	9	18.44	-	18	-	-	-	-	-
34	-	-	-	34	-	-	(15.94)	(5)	(5)
-	-	-	-	-	(8)	(5)	(12.70)	-	(13)
-	52	13.09	-	52	-	-	-	-	-
-	-	-	-	-	(27)	(5)	(21.78)	-	(32)
-	-	-	-	-	(6)	-	(29.80)	-	(6)
25	19	17.00	-	44	-	-	-	(3)	(3)
75	-	23.08	-	75	-	-	-	-	-
22	-	14.42	-	22	(2)	-	(2.89)	-	(2)
-	-	-	-	-	(5)	-	(19.04)	-	(5)
-	26	18.01	-	26	-	-	-	-	-
6	20	13.60	-	26	-	-	-	-	-
69	-	15.47	-	69	-	-	-	-	-
40	-	28.37	-	40	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(10)	-	(22.36)	-	(10)
-	-	-	-	-	(9)	(8)	(15.54)	-	(17)
48	-	17.57	45	93	-	-	-	-	-

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Application to the Contract
for Projects Active at June 30, 2006 Funded by FES

Project Name	Award Information			Application (Investment) Summary				
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
				Created	Retained			
InfoUSA Sales Solutions	CEBA	03/17/05	200,000	64	-	19.62	-	64
Lear Corporation	CEBA	03/17/05	500,000	-	318	14.84	-	318
MV Contract Transportation, Inc.	CEBA	03/17/05	120,000	40	-	16.27	-	40
NSK Corporation	CEBA	03/17/05	1,000,000	-	373	19.43	-	373
Packaging Technologies	CEBA	03/17/05	200,000	20	-	18.70	-	20
Future Health, Inc.	EVAP	04/13/05	100,000	14	-	14.42	-	14
MG Biologics, Inc.	VAAP	04/13/05	118,900	24	-	26.58	-	24
Team Technologies LLC	EVAP	04/13/05	250,000	36	-	18.12	-	36
CombiSep, Inc.	LCGF	04/19/05	236,250	-	15	26.44	1	16
Green Plains Renewable Energy, Inc.	VAAP	04/19/05	400,000	33	-	19.92	-	33
MG Biologics, Inc.	LCGF	04/19/05	250,000	-	-	-	-	-
Clipper Windpower	CEBA	04/21/05	500,000	141	-	18.93	-	141
	PIAP	04/21/05	346,000	-	-	-	-	-
Distek Integration, Inc.	CEBA	04/21/05	75,000	10	5	30.13	-	15
Progress Casting Group, Inc.	CEBA	04/21/05	500,000	148	-	12.77	2	150
	PIAP	04/21/05	200,000	-	-	-	-	-
Project InVision International (Software Made Easy)	CEBA	04/21/05	700,000	89	-	37.33	-	89
US Bio Albert City, LLC	VAAP	04/21/05	400,000	42	-	18.50	-	42
Cedar Ridge Vineyards, LLC	VAAP	05/11/05	60,000	10	-	16.35	-	10
DeWaay Capital Management	CEBA	05/19/05	150,000	45	-	22.98	-	45
Cargill, Inc.	VAAP	06/10/05	400,000	11	-	18.58	-	11
Deluxe Feeds, Inc.	VAAP	06/10/05	175,000	13	22	17.57	-	35
Newton, City of (Speedway)	PIAP	06/10/05	1,000,000	26	-	14.66	-	26
Caremoli USA, Inc.	CEBA	06/28/05	50,000	5	-	25.96	-	5
Hydrogen Engine Center, Inc.	CEBA	06/28/05	250,000	38	-	24.94	11	49
	PIAP	06/28/05	150,000	-	-	-	-	-
AABACO Holdings. LTD.	LCGF	11/17/05	180,000	-	14	16.88	6	20
Wholesome Harvest, LLC	LCGF	03/16/06	125,000	9	-	20.00	-	9
Total			\$ 55,687,150	5,003	2,899		209	8,111

Contract Obligations					Variance				
# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
Created	Retained				Created	Retained			
64	-	19.62	-	64	-	-	-	-	-
-	318	14.84	-	318	-	-	-	-	-
40	-	16.27	-	40	-	-	-	-	-
-	373	18.01	-	373	-	-	(1.42)	-	-
20	-	18.70	-	20	-	-	-	-	-
-	-	-	-	-	(14)	-	(14.42)	-	(14)
24	-	-	-	24	-	-	(26.58)	-	-
-	-	-	-	-	(36)	-	(18.12)	-	(36)
-	-	-	-	-	-	(15)	(26.44)	(1)	(16)
33	-	-	-	33	-	-	(19.92)	-	-
-	-	-	-	-	-	-	-	-	-
141	-	18.93	-	141	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
10	5	30.13	-	15	-	-	-	-	-
148	-	11.71	2	150	-	-	(1.06)	-	-
-	-	-	-	-	-	-	-	-	-
89	-	37.33	-	89	-	-	-	-	-
42	-	-	-	42	-	-	(18.50)	-	-
10	-	-	-	10	-	-	(16.35)	-	-
45	-	22.98	-	45	-	-	-	-	-
11	-	18.58	-	11	-	-	-	-	-
13	22	-	-	35	-	-	(17.57)	-	-
-	-	-	-	-	(26)	-	(14.66)	-	(26)
5	-	25.96	-	5	-	-	-	-	-
38	-	24.94	11	49	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(14)	(16.88)	(6)	(20)
-	-	-	-	-	(9)	-	(20.00)	-	(9)
4,703	2,845		98	7,646	(300)	(54)		(111)	(465)

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Application to the Contract
for Projects Active at June 30, 2006 Funded by the GIVF

Project Name	Award Information			Application (Investment)			Summary	
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
				Created	Retained			
MortgageHub Incorporated	CEBA	07/21/05	\$ 150,000	23	-	\$ 35.22	13	36
Advanced Analytical Technologies, Inc.	CEBA	08/18/05	1,000,000	45	2	31.91	35	82
	PIAP	08/18/05	1,000,000	-	-	-	-	-
Clinton County Bio Energy, LLC	VAAP	08/18/05	400,000	10	-	16.25	-	10
Environmental Lubricants Manufacturing, Inc.	VAAP	08/18/05	200,000	6	17	18.01	-	23
Sivyer Steel Corporation	CEBA	08/18/05	100,000	11	-	25.43	11	22
C & L Companies, Inc.	CEBA	09/15/05	60,000	6	-	28.04	6	12
CADSEEK (CM Net)	EVAP	09/15/05	100,000	19	-	30.76	1	20
Infrastructure Solutions, Inc.	CEBA	09/15/05	180,000	18	4	39.91	-	22
LXI Enterprise Storage, Inc.	CEBA	09/15/05	250,000	24	-	26.08	19	43
Solo Direct Connect	EVAP	09/15/05	100,000	6	-	32.85	6	12
Southern Iowa BioEnergy, LLC	VAAP	09/15/05	400,000	20	-	19.27	10	30
Bee Line Company	CEBA	10/20/05	72,000	-	10	20.68	10	20
Hershey Systems Inc.	CEBA	10/20/05	400,000	70	-	30.41	-	70
TMT Manufacturing	CEBA	10/20/05	100,000	19	-	25.94	6	25
Vande Rose Foods, LLC	VAAP	10/20/05	100,000	6	-	20.99	5	11
Pizza Ranch, Inc.	CEBA	11/17/05	75,000	16	-	17.16	1	17
Riksch BioFuels L.L.C.	VAAP	11/17/05	400,000	9	-	17.90	1	10
VIDA Diagnostics, Inc.	EVAP	11/17/05	100,000	4	-	36.00	-	4
Kerry, Inc. (Nutriant)	VAAP	12/15/05	150,000	10	3	24.30	1	14
Central Iowa Soy Producers, LLC	VAAP	01/19/06	100,000	21	-	15.66	3	24
Genetic ID	VAAP	02/16/06	80,000	9	16	27.50	16	41
Total			\$ 5,517,000	352	52		144	548

Contract Obligations					Variance				
# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs	# of Jobs		Avg. Hr. Wage	Other Jobs	Total Jobs
Created	Retained				Created	Retained			
23	-	\$ 35.22	13	36	-	-	\$ -	-	-
45	2	31.91	35	82	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	24.04	9	10	(9)	-	7.79	9	-
6	17	18.01	-	23	-	-	-	-	-
11	-	25.43	11	22	-	-	-	-	-
6	-	28.04	6	12	-	-	-	-	-
19	-	30.76	-	19	-	-	-	(1)	(1)
18	4	39.91	-	22	-	-	-	-	-
24	-	26.08	19	43	-	-	-	-	-
6	-	32.85	6	12	-	-	-	-	-
20	-	19.27	10	30	-	-	-	-	-
-	10	20.68	10	20	-	-	-	-	-
70	-	30.41	-	70	-	-	-	-	-
19	-	25.94	6	25	-	-	-	-	-
6	-	20.99	5	11	-	-	-	-	-
16	-	17.16	1	17	-	-	-	-	-
9	-	17.90	1	10	-	-	-	-	-
4	-	36.00	-	4	-	-	-	-	-
10	3	24.30	1	14	-	-	-	-	-
21	-	15.66	3	24	-	-	-	-	-
9	16	27.50	16	41	-	-	-	-	-
343	52		152	547	(9)	-		8	(1)

Iowa Department of Economic Development
Grow Iowa Values Fund

Declined Projects – FCS and the GIVF
For the period January 1, 2006 through June 30, 2006

Project Name	Location	Funding		
		Source	Program	
<u>Declined</u>				
McKesson Corporation ^^	Dubuque	FES	IVF	
American Pallet Leasing, Inc.	Rock Valley	FES	CEBA	
BioForce Nanosciences, Inc.	Ames	GIVF	CEBA	
Loparex, Inc.	Iowa City	GIVF	CEBA	
Briggs Corporation	West Des Moines	GIVF	CEBA	
Kolman Conveyor Company, Inc.	Spencer	GIVF	CEBA	
Quebecor World Waukee, Inc.	Carroll/Waukee	GIVF	CEBA	
Dermacia, Inc. (National Genecular Institute)	Coralville	GIVF	CEBA	
Total				

^^ - Project was rescinded by DED.

Award and Loan Information

Award Date	Loan	Forgivable Loan	Total Award
02/19/04	\$ -	298,000	298,000
06/11/04	200,000	200,000	400,000
08/18/05	250,000	250,000	500,000
09/15/05	-	75,000	75,000
10/20/05	250,000	250,000	500,000
10/20/05	250,000	50,000	300,000
10/20/05	145,000	300,000	445,000
11/17/05	30,000	30,000	60,000
	<u>\$ 1,125,000</u>	<u>1,453,000</u>	<u>2,578,000</u>

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Contract to Self-Reported Data
for Projects Active at June 30, 2006 Funded by FES

Project Name	Award Information			Contract Obligations			
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs
				Created	Retained		
Wells Fargo Home Mortgage	IVF	07/31/03	\$ 10,000,000	2,000	-	\$ 16.11	-
GCommerce, Inc.	IVF	08/27/03	1,000,000	157	-	26.09	-
Trans Ova Genetics	IVF	08/27/03	9,000,000	235	-	21.85	-
Professional Computer Systems	IVF	11/12/03	329,000	27	20	21.42	-
BIOWA Nutraceuticals	VAAP	12/18/03	250,000	-	-	-	-
Golden Grain Energy LLC	IVF	12/18/03	400,000	-	-	-	-
Catalyst International	VAAP	02/19/04	125,000	6	-	17.31	-
Eden Farms LLP	VAAP	02/19/04	60,000	-	-	-	-
New Link Genetics	IVF	02/19/04	6,000,000	315	35	24.95	-
NovaScan Technologies	IVF	02/19/04	200,000	25	4	22.05	-
Red Star Yeast Company, LLC	IVF	02/19/04	500,000	80	-	20.40	-
Amaizing Energy Cooperative	VAAP	03/18/04	400,000	30	1	20.18	-
West Central Cooperative	VAAP	03/18/04	250,000	1	-	10.75	1
AVG Automation (Autotech Technologies)	CEBA	04/15/04	140,000	30	40	16.96	-
Blue Ridge Paper Products/DairyPak Division	CEBA	04/15/04	150,000	46	-	12.62	-
Data Builder, Inc.	IVF	04/15/04	116,000	36	5	19.53	-
Fort Dodge Animal Health, Inc.	IVF	04/15/04	3,500,000	-	1,041	20.01	-
InfoUSA Sales Solutions	CEBA	04/15/04	455,000	123	12	18.87	-
LightEdge Solutions, Inc. (Lighthouse Communications)	IVF	04/15/04	723,000	81	38	31.66	-
RC2 Brands, Inc.	CEBA	04/15/04	400,000	16	168	18.00	16
Arrow Acme, Inc.	CEBA	05/20/04	300,000	-	84	14.57	-
Medline Industries, Inc.	IVF	05/20/04	125,000	41	-	17.80	-
Environmental Lubricants Manufacturing, Inc.	VAAP	06/11/04	200,000	-	-	-	-
Hoffmann, Inc.	CEBA	06/11/04	45,000	30	6	16.33	-
Wells' Dairy, Inc.	IVF	06/11/04	2,928,000	129	346	28.87	-
Omaha Standard, Inc.	IVF	08/19/04	1,500,000	108	182	17.70	-
Central Iowa Renewable Energy, LLC	VAAP	09/15/04	400,000	23	-	16.00	8
Customer Ease, Inc.	EVAP	09/15/04	50,000	-	-	-	-

Performance 12/31/05					Performance 06/30/06				
# of Jobs		Avg. Hr. Wage	Other Jobs	Project Status	# of Jobs		Avg. Hr. Wage	Other Jobs	Project Status
Created	Retained				Created	Retained			
1,947	-	\$ 16.11	-	\$	2,467	-	\$ 20.19	-	\$
7	-	43.40	-	@	12	-	33.99	-	@
17	-	25.97	-	\$	18	-	26.49	-	@
4	16	21.35	-	\$	6	20	22.25	-	\$
7	-	19.42	-	\$	7	-	22.95	-	\$
32	-	19.23	-	\$	32	-	19.78	-	\$
##	##	##	##	##	-	-	-	-	\$
2	-	23.00	-	\$	1	2	25.00	1	\$
24	17	44.53	-	\$	8	35	27.53	-	\$
-	-	-	-	#	8	3	21.37	-	\$
-	-	-	-	#	80	-	22.26	-	\$
34	2	14.27	-	\$	38	1	16.83	3	\$
-	-	-	-	\$	-	-	-	-	\$
14	40	15.34	-	\$	15	40	14.85	-	\$
53	-	12.45	-	\$	64	-	12.70	-	\$
##	##	##	##	##	9	5	29.56	-	\$
-	1,041	20.49	-	\$	-	1,041	20.38	-	\$
##	##	##	##	##	123	-	29.44	-	\$
28	29	28.35	-	\$	54	29	27.43	-	\$
90	154	16.58	-	\$	16	153	19.38	72	\$
-	84	14.97	-	\$	-	57	16.10	-	\$
-	-	-	-	#	33	-	16.37	-	\$
2	-	10.50	-	\$	2	-	10.50	-	@
17	3	17.60	-	\$	26	2	16.77	-	\$
66	339	32.92	-	\$	72	331	32.38	39	\$
99	151	15.25	-	\$	156	170	14.74	-	\$
23	-	16.56	13	\$	36	-	16.70	-	\$
-	-	-	-	#	-	-	-	-	#

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Contract to Self-Reported Data
for Projects Active at June 30, 2006 Funded by FES

Project Name	Award Information			Contract Obligations			
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs
				Created	Retained		
CustomerVision, Inc.	EVAP	09/15/04	100,000	-	-	-	-
J. Rettenmaier & Sons, GmbH & Co.	VAAP	09/15/04	200,000	-	-	-	-
MediaTech, LLC	EVAP	09/15/04	65,000	-	-	-	-
Silver Beacon Media, LLC	EVAP	09/15/04	75,000	-	-	-	-
Creative Solutions Unlimited, Inc.	CEBA	09/16/04	240,000	21	19	17.18	-
Mulgrew Oil Company	PIAP	10/05/04	60,000	6	-	-	15
Cedar Valley Tech Works	PIAP	10/18/04	2,500,000	26	-	22.56	-
Energy Manufacturing Company, Inc.	CEBA	10/21/04	135,000	45	-	16.10	-
Two Rivers Grape & Wine Cooperative	VAAP	10/21/04	250,000	5	-	11.19	-
Schebler Company (GMKS Acquisition Corp.)	CEBA	11/01/04	80,000	9	9	18.44	-
Lincolnway Energy, LLC	VAAP	11/04/04	400,000	34	-	-	-
Naturally Iowa, LLC	VAAP	11/18/04	75,000	-	-	-	-
Vernon Company	CEBA	11/18/04	200,000	-	52	13.09	-
Polymer Pipe Technology	EVAP	12/07/04	100,000				
Proplanner.NET	EVAP	12/07/04	100,000	-	-	-	-
5 Star Industries (Ultimate Truck)	CEBA	12/16/04	200,000	25	19	17.00	-
BayTSP, Inc.	CEBA	12/16/04	800,000	75	-	23.08	-
Western Iowa Energy	VAAP	12/16/04	400,000	22	-	14.42	-
Happle Gourmet Foods, LLC	VAAP	12/18/04	30,000	-	-	-	-
Boyt Harness Company	CEBA	01/20/05	78,000	-	26	18.01	-
Paul Mueller Company	CEBA	01/20/05	60,000	6	20	13.60	-
Prudential Retirement Benefits Services	CEBA	01/20/05	207,000	69	-	15.47	-
Kemin Industries, Inc.	CEBA	02/17/05	300,000	40	-	28.37	-
	PIAP	02/17/05	250,000	-	-	-	-
Safe Soy, LLC (Pure Soy)	VAAP	03/09/05	250,000	-	-	-	-
Sho-Me Containers	VAAP	03/09/05	200,000	-	-	-	-
Cambridge Investment Group, Inc.	CEBA	03/17/05	150,000	48	-	17.57	45
InfoUSA Sales Solutions	CEBA	03/17/05	200,000	64	-	19.62	-
Lear Corporation	CEBA	03/17/05	500,000	-	318	14.84	-

Performance 12/31/05					Performance 06/30/06				
# of Jobs		Avg. Hr. Wage	Other Jobs	Project Status	# of Jobs		Avg. Hr. Wage	Other Jobs	Project Status
Created	Retained				Created	Retained			
-	-	-	-	#	-	-	-	-	\$
-	-	-	-	\$	-	-	-	-	\$
-	-	-	-	#	-	-	-	-	#
-	-	-	-	#	-	-	-	-	#
12	19	19.50	-	\$	10	15	19.86	-	\$
3	-	12.73	-	\$	6	-	13.00	15	\$
-	-	-	-	#	-	-	-	-	\$
12	-	15.85	-	\$	24	-	14.60	-	\$
4	-	22.28	-	\$	5	-	14.35	-	\$
3	2	23.94	-	\$	13	9	21.03	-	\$
6	-	36.86	-	\$	41	-	20.23	-	\$
7	3	17.30	-	\$	13	5	14.36	-	\$
-	39	13.99	-	\$	-	43	14.44	-	\$
-	-	-	-	#	**	**	**	**	**
-	-	-	-	#	4	-	24.04	-	\$
7	19	16.24	-	\$	22	20	17.13	-	\$
##	##	##	##	##	-	-	-	-	@
1	-	16.00	-	\$	19	-	14.76	1	\$
-	-	-	-	@	-	-	-	-	\$
-	-	-	-	#	-	26	19.95	-	\$
9	20	11.55	-	\$	9	20	12.41	-	\$
46	-	17.93	-	\$	46	-	17.93	-	\$
-	-	-	-	\$	12	-	38.74	-	\$
-	-	-	-	\$	-	-	-	-	\$
-	-	-	-	@	-	-	-	-	\$
-	-	-	-	\$	-	-	-	-	\$
16	-	16.83	-	\$	36	-	17.84	-	\$
##	##	##	##	##	-	-	-	-	\$
-	-	-	-	#	-	318	15.15	-	\$

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Contract to Self-Reported Data
for Projects Active at June 30, 2006 Funded by FES

Project Name	Award Information			Contract Obligations			
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs
				Created	Retained		
MV Contract Transportation, Inc.	CEBA	03/17/05	120,000	40	-	16.27	-
NSK Corporation	CEBA	03/17/05	1,000,000	-	373	18.01	-
Packaging Technologies	CEBA	03/17/05	200,000	20	-	18.70	-
Future Health, Inc.	EVAP	04/13/05	100,000	-	-	-	-
MG Biologics, Inc.	VAAP	04/13/05	118,900	24	-	-	-
Team Technologies LLC	EVAP	04/13/05	250,000	-	-	-	-
CombiSep, Inc.	LCGF	04/19/05	236,250	-	-	-	-
Green Plains Renewable Energy, Inc.	VAAP	04/19/05	400,000	33	-	-	-
MG Biologics, Inc.	LCGF	04/19/05	250,000	-	-	-	-
Clipper Windpower	CEBA	04/21/05	500,000	141	-	18.93	-
	PIAP	04/21/05	346,000	-	-	-	-
Distek Integration, Inc.	CEBA	04/21/05	75,000	10	5	30.13	-
Progress Casting Group, Inc.	CEBA	04/21/05	500,000	148	-	11.71	2
	PIAP	04/21/05	200,000	-	-	-	-
Project InVision International (Software Made Easy)	CEBA	04/21/05	700,000	89	-	37.33	-
US Bio Albert City, LLC	VAAP	04/21/05	400,000	42	-	-	-
Cedar Ridge Vineyards, LLC	VAAP	05/11/05	60,000	10	-	-	-
DeWaay Capital Management	CEBA	05/19/05	150,000	45	-	22.98	-
Cargill, Inc.	VAAP	06/10/05	400,000	11	-	18.58	-
Deluxe Feeds, Inc.	VAAP	06/10/05	175,000	13	22	-	-
Newton, City of (Speedway)	PIAP	06/10/05	1,000,000	-	-	-	-
Caremoli USA, Inc.	CEBA	06/28/05	50,000	5	-	25.96	-
Hydrogen Engine Center, Inc.	CEBA	06/28/05	250,000	38	-	24.94	11
	PIAP	06/28/05	150,000	-	-	-	-
AABACO Holdings. LTD.	LCGF	11/17/05	180,000	-	-	-	-
Wholesome Harvest, LLC	LCGF	03/16/06	125,000	-	-	-	-
Total			\$ 55,687,150	4,703	2,845		98

- Report not required by DED.

- Report not filed by company.

@- Project is behind schedule.

\$- Project is on schedule.

** - Referred to collections.

Performance 12/31/05					Performance 06/30/06				
# of Jobs		Avg. Hr. Wage	Other Jobs	Project Status	# of Jobs		Avg. Hr. Wage	Other Jobs	Project Status
Created	Retained				Created	Retained			
33	-	19.15	-	\$	39	-	19.58	-	\$
67	-	12.79	-	\$	-	373	18.01	-	\$
36	-	21.57	-	\$	50	-	22.03	-	\$
-	-	-	-	#	11	-	19.34	-	\$
16	-	23.34	-	\$	3	-	11.53	-	\$
-	-	-	-	#	20	-	24.33	-	\$
-	-	-	-	#	-	-	-	-	#
-	-	-	-	@	2	-	42.06	-	\$
-	-	-	-	\$	-	-	-	-	\$
11	-	19.19	-	\$	31	-	21.70	-	\$
-	-	-	-	\$	-	-	-	-	\$
4	5	31.25	-	\$	9	5	30.17	-	\$
5	-	32.98	-	\$	69	-	14.01	-	\$
-	-	-	-	\$	-	-	-	-	\$
3	-	34.13	-	\$	5	-	37.78	-	\$
-	-	-	-	\$	41	-	16.08	-	\$
##	##	##	##	##	2	-	9.75	-	\$
24	-	21.67	-	\$	24	-	21.67	-	\$
-	-	-	-	\$	14	-	20.41	-	\$
-	-	-	-	\$	6	22	11.00	-	\$
-	-	-	-	#	-	-	-	-	#
7	-	13.57	-	\$	5	-	20.02	-	\$
5	-	26.04	-	\$	15	-	22.66	-	\$
-	-	-	-	\$	-	-	-	-	\$
-	-	-	-	#	-	-	-	-	#
-	-	-	-	#	-	-	-	-	#
2,803	1,983		13		3,889	2,745		131	

Iowa Department of Economic Development
Grow Iowa Values Fund

Comparison of Jobs per the Contract to Self-Reported Data
for Projects Active at June 30, 2006 Funded by the GIVF

Project Name	Award Information			Contract Obligations			
	Program	Award Date	Total Award	# of Jobs		Avg. Hr. Wage	Other Jobs
				Created	Retained		
Mortgage Hub Incorporated	CEBA	07/21/05	\$ 150,000	23	-	\$ 35.22	13
Advanced Analytical Technologies, Inc.	CEBA	08/18/05	1,000,000	45	2	31.91	35
	PIAP	08/18/05	1,000,000	-	-	-	-
Clinton County Bio Energy, LLC	VAAP	08/18/05	400,000	1	-	24.04	9
Environmental Lubricants Manufacturing, Inc.	VAAP	08/18/05	200,000	6	17	18.01	-
Sivyer Steel Corporation	CEBA	08/18/05	100,000	11	-	25.43	11
C & L Companies, Inc.	CEBA	09/15/05	60,000	6	-	28.04	6
CADSEEK (CM Net)	EVAP	09/15/05	100,000	19	-	30.76	-
Infrastructure Solutions, Inc.	CEBA	09/15/05	180,000	18	4	39.91	-
LXI Enterprise Storage, Inc.	CEBA	09/15/05	250,000	24	-	26.08	19
Solo Direct Connect	EVAP	09/15/05	100,000	6	-	32.85	6
Southern Iowa BioEnergy, LLC	VAAP	09/15/05	400,000	20	-	19.27	10
Bee Line Company	CEBA	10/20/05	72,000	-	10	20.68	10
Hershey Systems Inc.	CEBA	10/20/05	400,000	70	-	30.41	-
TMT Manufacturing	CEBA	10/20/05	100,000	19	-	25.94	6
Vande Rose Foods, LLC	VAAP	10/20/05	100,000	6	-	20.99	5
Pizza Ranch, Inc.	CEBA	11/17/05	75,000	16	-	17.16	1
Riksch BioFuels L.L.C.	VAAP	11/17/05	400,000	9	-	17.90	1
VIDA Diagnostics, Inc.	EVAP	11/17/05	100,000	4	-	36.00	-
Kerry, Inc. (Nutriant)	VAAP	12/15/05	150,000	10	3	24.30	1
Central Iowa Soy Producers, LLC	VAAP	01/19/06	100,000	21	-	15.66	3
Genetic ID	VAAP	02/16/06	80,000	9	16	27.50	16
Total			\$ 5,517,000	343	52		152

- Report not required by DED.

@- Project is behind schedule.

\$- Project is on schedule.

Performance 12/31/05					Performance 06/30/06				
# of Jobs		Average Wage	Other Jobs	Project Status	# of Jobs		Average Wage	Other Jobs	Project Status
Created	Retained				Created	Retained			
-	-	\$ -	-	#	-	-	\$ -	-	@
-	-	-	-	#	7	-	29.66	-	@
-	-	-	-	#	-	-	-	-	@
-	-	-	-	\$	6	-	17.52	-	\$
-	-	-	-	#	-	-	-	-	@
-	-	-	-	#	-	-	-	-	@
-	-	-	-	#	6	-	18.68	1	\$
3	-	35.45	-	\$	4	-	36.15	-	\$
-	-	-	-	#	1	2	41.67	-	\$
2	-	13.70	-	\$	26	-	33.88	-	\$
-	-	-	-	@	-	-	-	-	@
-	-	-	-	#	1	-	12.00	-	@
-	-	-	-	#	-	10	21.05	4	\$
-	-	-	-	#	6	-	30.90	-	\$
-	-	-	-	#	8	-	26.64	-	\$
-	-	-	-	#	2	-	31.00	4	\$
-	-	-	-	#	1	-	33.65	-	\$
-	-	-	-	#	3	-	22.44	-	\$
-	-	-	-	#	-	-	-	-	#
-	-	-	-	#	2	-	33.65	-	\$
-	-	-	-	#	3	-	29.33	-	\$
-	-	-	-	#	4	16	24.60	-	\$
5	-		-		80	28		9	

Iowa Department of Economic Development
Grow Iowa Values Fund

Average Cost per Contracted Job Funded by FES and the GIVF
For Projects Active at June 30, 2006

		Award and Loan Information		
Project Name	Location	Program	Award Date	Total Award
FES:				
Wells Fargo Home Mortgage	Des Moines	IVF	07/31/03	\$ 10,000,000
Trans Ova Genetics	Sioux Center	IVF	08/27/03	9,000,000
GCommerce, Inc.	Des Moines	IVF	08/27/03	1,000,000
Professional Computer Systems	Denison	IVF	11/12/03	329,000
Golden Grain Energy LLC	Mason City	IVF	12/18/03	400,000
BIOWA Nutraceuticals	Cherokee	VAAP	12/18/03	250,000
Catalyst International	Sioux Center	VAAP	02/19/04	125,000
New Link Genetics	Ames	IVF	02/19/04	6,000,000
NovaScan Technologies	Ames	IVF	02/19/04	200,000
Red Star Yeast Company, LLC	Cedar Rapids	IVF	02/19/04	500,000
Eden Farms LLP	State Center	VAAP	02/19/04	60,000
West Central Cooperative	Ralston	VAAP	03/18/04	250,000
Amaizing Energy Cooperative	Denison	VAAP	03/18/04	400,000
LightEdge Solutions, Inc. (Lighthouse Communications)	Des Moines	IVF	04/15/04	723,000
InfoUSA Sales Solutions	Carter Lake	CEBA	04/15/04	455,000
Fort Dodge Animal Health, Inc.	Fort Dodge	IVF	04/15/04	3,500,000
Blue Ridge Paper Products/DairyPak Division	Clinton	CEBA	04/15/04	150,000
Data Builder, Inc.	Des Moines	IVF	04/15/04	116,000
RC2 Brands, Inc.	Dyersville	CEBA	04/15/04	400,000
AVG Automation (Autotech Technologies)	Bettendorf	CEBA	04/15/04	140,000
Arrow Acme, Inc.	Webster City	CEBA	05/20/04	300,000
Medline Industries, Inc.	Dubuque	IVF	05/20/04	125,000
Wells' Dairy, Inc.	Le Mars	IVF	06/11/04	2,928,000
Hoffmann, Inc.	Muscatine	CEBA	06/11/04	45,000
Environmental Lubricants Manufacturing, Inc.	Plainfield	VAAP	06/11/04	200,000
Omaha Standard, Inc.	Council Bluffs	IVF	08/19/04	1,500,000
Central Iowa Renewable Energy, LLC	Goldfield	VAAP	09/15/04	400,000
Customer Ease, Inc.	Des Moines	EVAP	09/15/04	50,000

# of Contracted Jobs			Cost Per Job
Created	Retained	Total	
2,000	-	2,000	\$ 5,000
235	-	235	38,298
157	-	157	6,369
27	20	47	7,000
##	##	##	##
##	##	##	##
6	-	6	20,833
315	35	350	17,143
25	4	29	6,897
80	-	80	6,250
##	##	##	##
1	-	1	250,000
30	1	31	12,903
81	38	119	6,076
123	12	135	3,370
-	1,041	1,041	3,362
46	-	46	3,261
36	5	41	2,829
16	168	184	2,174
30	40	70	2,000
-	84	84	3,571
41	-	41	3,049
129	346	475	6,164
30	6	36	1,250
##	##	##	##
108	182	290	5,172
23	-	23	17,391
##	##	##	##

Iowa Department of Economic Development
Grow Iowa Values Fund

Average Cost per Contracted Job Funded by FES and the GIVF
For Projects Active at June 30, 2006

Project Name	Location	Award and Loan Information		
		Program	Award Date	Total Award
CustomerVision, Inc.	Des Moines	EVAP	09/15/04	100,000
MediaTech, LLC	Centerville	EVAP	09/15/04	65,000
Silver Beacon Media, LLC	Bettendorf	EVAP	09/15/04	75,000
J. Rettenmaier & Sons, GmbH & Co.	Cedar Rapids	VAAP	09/15/04	200,000
Creative Solutions Unlimited, Inc.	Sheffield	CEBA	09/16/04	240,000
Mulgrew Oil Company	Dubuque	PIAP	10/05/04	60,000
Cedar Valley Tech Works	Waterloo	PIAP	10/18/04	2,500,000
Two Rivers Grape & Wine Cooperative	Osceola	VAAP	10/21/04	250,000
Energy Manufacturing Company, Inc.	Monticello	CEBA	10/21/04	135,000
Schebler Company (GMKS Acquisition Corp.)	Bettendorf	CEBA	11/01/04	80,000
Lincolnway Energy, LLC	Nevada	VAAP	11/04/04	400,000
Vernon Company	Newton	CEBA	11/18/04	200,000
Naturally Iowa, LLC	Clarinda	VAAP	11/18/04	75,000
Polymer Pipe Technology	Des Moines	EVAP	12/07/04	100,000
Proplanner.NET	Ames	EVAP	12/07/04	100,000
Western Iowa Energy	Wall Lake	VAAP	12/16/04	400,000
BayTSP, Inc.	Des Moines	CEBA	12/16/04	800,000
5 Star Industries (Ultimate Truck)	Knoxville	CEBA	12/16/04	200,000
Happle Gourmet Foods, LLC	Cedar Rapids	VAAP	12/18/04	30,000
Boyt Harness Company	Osceola	CEBA	01/20/05	78,000
Prudential Retirement Benefits Services	Dubuque	CEBA	01/20/05	207,000
Paul Mueller Company	Osceola	CEBA	01/20/05	60,000
Kemin Industries, Inc.	Polk	CEBA	02/17/05	300,000
		PIAP	02/17/05	250,000
Safe Soy, LLC (Pure Soy)	Ellsworth	VAAP	03/09/05	250,000
Sho-Me Containers	Grinnell	VAAP	03/09/05	200,000
Packaging Technologies	Davenport	CEBA	03/17/05	200,000
Cambridge Investment Group, Inc.	Jefferson	CEBA	03/17/05	150,000
InfoUSA Sales Solutions	Carter Lake	CEBA	03/17/05	200,000

# of Contracted Jobs			Cost Per Job
Created	Retained	Total	
##	##	##	##
##	##	##	##
##	##	##	##
##	##	##	##
21	19	40	6,000
6	-	6	10,000
26	-	26	96,154
5	-	5	50,000
45	-	45	3,000
9	9	18	4,444
34	-	34	11,765
-	52	52	3,846
##	##	##	##
##	##	##	##
##	##	##	##
22	-	22	18,182
75	-	75	10,667
25	19	44	4,545
##	##	##	##
-	26	26	3,000
69	-	69	3,000
6	20	26	2,308
40	-	40	13,750
%	%	%	NA
##	##	##	##
##	##	##	##
20	-	20	10,000
48	-	48	3,125
64	-	64	3,125

Iowa Department of Economic Development
Grow Iowa Values Fund

Average Cost per Contracted Job Funded by FES and the GIVF
For Projects Active at June 30, 2006

Project Name	Location	Award and Loan Information		
		Program	Award Date	Total Award
MV Contract Transportation, Inc.	Elk Horn	CEBA	03/17/05	120,000
NSK Corporation	Clarinda	CEBA	03/17/05	1,000,000
Lear Corporation	Iowa City	CEBA	03/17/05	500,000
MG Biologics, Inc.	Ames	VAAP	04/13/05	118,900
Future Health, Inc.	Carroll	EVAP	04/13/05	100,000
Team Technologies LLC	Cedar Falls	EVAP	04/13/05	250,000
Green Plains Renewable Energy, Inc.	Page	VAAP	04/19/05	400,000
CombiSep, Inc.	Ames	LCGF	04/19/05	236,250
MG Biologics, Inc.	Ames	LCGF	04/19/05	250,000
US Bio Albert City, LLC	Albert City	VAAP	04/21/05	400,000
Project InVision International (Software Made Easy)	Des Moines	CEBA	04/21/05	700,000
Distek Integration, Inc.	Cedar Falls	CEBA	04/21/05	75,000
Clipper Windpower	Cedar Rapids	CEBA	04/21/05	500,000
		PIAP	04/21/05	346,000
Progress Casting Group, Inc.	New Hampton	CEBA	04/21/05	500,000
		PIAP	04/21/05	200,000
Cedar Ridge Vineyards, LLC	Johnson	VAAP	05/11/05	60,000
DeWaay Capital Management	Clive	CEBA	05/19/05	150,000
Cargill, Inc.	Iowa Falls	VAAP	06/10/05	400,000
Deluxe Feeds, Inc.	Sheldon	VAAP	06/10/05	175,000
Newton, City of (Speedway)	Newton	PIAP	06/10/05	1,000,000
Caremoli USA, Inc.	Ames	CEBA	06/28/05	50,000
Hydrogen Engine Center, Inc.	Algona	CEBA	06/28/05	250,000
		PIAP	06/28/05	150,000
AABACO Holdings. LTD.	Grundy Center	LCGF	11/17/05	180,000
Wholesome Harvest, LLC	Colo	LCGF	03/16/06	125,000
Subtotal - FES				55,687,150

# of Contracted Jobs			Cost Per Job
Created	Retained	Total	
40	-	40	3,000
-	373	373	2,681
-	318	318	1,572
24	-	24	4,954
##	##	##	##
##	##	##	##
33	-	33	12,121
##	##	##	##
##	##	##	##
42	-	42	9,524
89	-	89	7,865
10	5	15	5,000
141	-	141	6,000
%	%	%	NA
148	-	148	4,730
%	%	%	NA
10	-	10	6,000
45	-	45	3,333
11	-	11	36,364
13	22	35	5,000
##	##	##	##
5	-	5	10,000
38	-	38	10,526
%	%	%	NA
##	##	##	##
##	##	##	##
4,703	2,845	7,548	\$ 7,378

Iowa Department of Economic Development
Grow Iowa Values Fund

Average Cost per Contracted Job Funded by FES and the GIVF
For Projects Active at June 30, 2006

		Award and Loan Information		
Project Name	Location	Program	Award Date	Total Award
GIVF:				
MortgageHub Incorporated	Urbandale	CEBA	07/21/05	150,000
Clinton County Bio Energy, LLC	Clinton	VAAP	08/18/05	400,000
Advanced Analytical Technologies, Inc.	Ames	CEBA	08/18/05	1,000,000
		PIAP	08/18/05	1,000,000
Sivyer Steel Corporation	Bettendorf	CEBA	08/18/05	100,000
Environmental Lubricants Manufacturing, Inc.	Plainfield	VAAP	08/18/05	200,000
Southern Iowa BioEnergy, LLC	Lamoni	VAAP	09/15/05	400,000
Solo Direct Connect	Davenport	EVAP	09/15/05	100,000
LXI Enterprise Storage, Inc.	Mason City	CEBA	09/15/05	250,000
C & L Companies, Inc.	Urbandale	CEBA	09/15/05	60,000
Infrastructure Solutions, Inc.	Urbandale	CEBA	09/15/05	180,000
CADSEEK (CM Net)	Ames	EVAP	09/15/05	100,000
Vande Rose Foods, LLC	Oskaloosa	VAAP	10/20/05	100,000
Bee Line Company	Bettendorf	CEBA	10/20/05	72,000
Hershey Systems Inc.	Des Moines	CEBA	10/20/05	400,000
TMT Manufacturing	Davenport	CEBA	10/20/05	100,000
Riksch BioFuels L.L.C.	Crawfordsville	VAAP	11/17/05	400,000
VIDA Diagnostics, Inc.	Iowa City	EVAP	11/17/05	100,000
Pizza Ranch, Inc.	Orange City	CEBA	11/17/05	75,000
Kerry, Inc. (Nutriant)	Vinton	VAAP	12/15/05	150,000
Central Iowa Soy Producers, LLC	Jefferson	VAAP	01/19/06	100,000
Genetic ID	Fairfield	VAAP	02/16/06	80,000
Subtotal - GIVF				5,517,000
Total				\$ 61,204,150

%- Jobs included in CEBA program awarded to the company.

- Jobs were not included in the project's contract.

NA - This cost per job is calculated for the project using the total of both awards.

NOTE: The cost per job shown includes only the business incentive programs. The cost per job does not include tax credit programs, other state funding or local incentives.

# of Contracted Jobs			Cost Per Job
Created	Retained	Total	
23	-	23	6,522
1	-	1	400,000
45	2	47	42,553
%	%	%	NA
11	-	11	9,091
6	17	23	8,696
20	-	20	20,000
6	-	6	16,667
24	-	24	10,417
6	-	6	10,000
18	4	22	8,182
19	-	19	5,263
6	-	6	16,667
-	10	10	7,200
70	-	70	5,714
19	-	19	5,263
9	-	9	44,444
4	-	4	25,000
16	-	16	4,688
10	3	13	11,538
21	-	21	4,762
9	16	25	3,200
343	52	395	13,967
5,046	2,897	7,943	\$ 7,705

Grow Iowa Values Fund

Staff

This review was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Senior Auditor II
Corinne M. Johnson, CPA, Senior Auditor
Bradley A. Meisterling, Staff Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Grow Iowa Values Fund

Grow Iowa Values Fund

Definitions

Award Programs:

ARC	Advanced Research and Commercialization Program
CEBA	Community Economic Betterment Account
EDSA	Economic Development Set Aside; part of the federal Community Development Block Grant Program (CDBG)
EVAP	Entrepreneurial Venture Assistance Program
EZ	Enterprise Zone, a tax credit program
HQ (HQJC)	High Quality Jobs Creation Program
IVF	Iowa Values Fund
LCGF	Loan Credit Guarantee Fund
NCIP	New Capital Investment Program
NJIP	New Jobs and Income Program
PFSA	Public Facilities Set Aside, part of the federal Community Development Block Grant Program (CDBG)
PIAP	Physical Infrastructure Assistance Program
VAAP	Value Added Agricultural Program

Funding Sources:

FES	Federal Economic Stimulus Funds (Federal funding)
GIVF	Grow Iowa Values Funds (State Appropriation)
Repayments/ Predecessor Programs	Loan repayments made by companies for projects funded by State appropriations prior to July 1, 2003.

Jobs:

Created Jobs	New jobs to be created at a company above the base level employment at a specific plant or statewide.
Incented Jobs	Jobs which qualify under the terms of the contract; wage requirements are met and position is full-time. Incented jobs includes both created and retained jobs.
Other jobs	Ancillary jobs created and/or retained as a result of the project, however, these jobs do not meet the wage threshold. These jobs may be required as part of the contract or satisfy requirements of a tax incentive program.
Retained Jobs	These are jobs to be retained by the company at the specific plant or within the state.
Non-qualifying jobs	Jobs created or retained by the project that do not qualify for funding, but would not be created or retained if the project did not proceed.

Grow Iowa Values Fund

Monitoring Checklist

Monitoring Checklist

Date of Site Visit: _____

Prepared by BST Project Manager: _____

Business Name:

Business Contact Person:

Phone #:

Location:

Award Date:

Project Completion Date:

Job Maintenance Period:

Contract Number(s):

During the Site visit, review each of the following items:

_____ **Organizational structure.** Have there been any changes in the business's ownership, structure or control? Any name changes? Any key personnel changes? Request copies of any documentation that describes the changes.

_____ **Jobs and Wages.** How is the business progressing toward meeting its Job Obligations as outlined in Exhibit D of the Master Contract (if this contract is before 9/05, prior to Master Contract format & Exhibit D, refer to the applicable job creation/retention provisions in the contract)? Review a sample of payroll records. How does this compare to what was last reported to the Department?

_____ **Benefits.** Review the Master Contract and Funding Agreements to determine if there are contract provisions regarding what benefits the business must offer to its employees. If there are such provisions, ask for verification that those are being offered. Have there been changes in the benefit package provided by the business since the time of award? If yes, what is the current benefit package? Is it the monetarily equivalent to what is required by the contract?

_____ **Total Project Costs.** What are the total project costs to date? How does this compare to the amount stated in the contract?

_____ **Special contract conditions.** Are there any special contract conditions involved with this contract? (e.g., meeting benchmark sales levels, drawing down funds by specified dates, creating a certain number of jobs before funds can be released). If yes, how is the business complying with those requirements?

_____ **Violations of law or lawsuits.** Are there any outstanding violations of law (e.g. OSHA, environmental) or litigation that would adversely impact the project?

Grow Iowa Values Fund

Monitoring Checklist

Tax credit programs

Some tax credit programs and contracts have requirements that are unique to that program or project. If the project involves tax credit benefits, customize to fit the project and complete this section.

_____ If the recipient is receiving tax credit benefits under the **Enterprise Zone Program**, complete this section (describe additional requirements):

_____ If the recipient is receiving tax credit benefits under the **High Quality Job Creation Program**, complete this section (describe additional requirements):

_____ If the recipient is receiving tax credit benefits under the **New Jobs and Income Program**, (describe additional requirements):

_____ If the recipient is receiving tax credit benefits under the **New Capital Investment Program**, complete this section (describe additional requirements):

_____ **Other Information** Is there any other information at the Project Completion Date of which the Department should be aware? (describe)

Grow Iowa Values Fund

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Copy of Table from Executive Summary in DED Status Report

Executive Summary

Overview

During the period of July 1, 2003, through June 30, 2006, 322 projects were awarded assistance through the Iowa Values Fund and other state business development programs. This semi-annual report was conducted to assess progress of companies receiving state assistance.

Key Findings

	Jobs Pledged	Actual Jobs	Capital Investment Pledged	Actual Capital Investment
224 Projects Under Contract	14,898	10,678	\$ 2,426,565,496	\$ 2,321,401,251
3 Completed	275	283	\$ 20,467,826	\$ 33,237,611
48 Projects in Contract Negotiations (30 now signed and proceeding)	6,678	*	\$1,197,083,332	*
27 Too New To Require Report (April - June 2006)	1,717	*	\$ 679,710,569	*
20 Declined or in Collections (will be removed from list at 12/31/06 Report)	1,186	n/a	\$ 90,431,903	n/a
1 Amendment (John Deere - Davenport Works; will be consolidated on list)	150	n/a	\$ 40,000,000	
61 Projects Acted on Since 6/30/06 <u>not</u> in report	5,828	*	\$ 2,854,364,377	*
TOTALS 384 (322 through 6/30/06)	30,732	10,961	\$ 7,308,623,503	\$ 2,354,638,862

* - No report required this cycle because contract is not in place.

n/a - Not applicable because the project is not proceeding, in collections, or is not a capital investment or job creation program

Capital Investment and Jobs

96 percent of the capital investment pledged by the 227 projects under contract or completed have been realized in Iowa for a total of \$2.35 billion invested. 72 percent or 10,961 of the jobs under contract have been realized.

Average Wages

The average wage of the incented jobs already in place is \$18.75 per hour, or \$39,000 annually – more than 20 percent higher than the state's per capita personal income (\$32,315).

Company and Community Size

Projects under contract have impacted communities all across the state and companies of all sizes. 54 percent of these projects have gone to companies employing 100 or less. 49 percent of the projects are located in small communities (population under 10,000 people).

Keeping Pace

Of the 227 projects under contract or completed (that are required to report), 89 percent, or 192, are classified as on-schedule or already completed.

Grow Iowa Values Fund
Annual Report Dated January 12, 2007

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MEMO

Date: January 12, 2007

To: Governor Tom Vilsack
Governor-Elect Chet Culver
Iowa Legislature

From: Iowa Department of Economic Development Board
Bob Bocken, Chair

Re: Iowa Values Fund Report (Code Section 15.104)

We are pleased to present the following information to fulfill the report required in Iowa Code Section 15.104.

Attached is the 6/30/06 Iowa Values Fund Project Status Report which has data on each project funded through the Iowa Values Fund and other state business development awards made from July 2003 through June 2006.

The 6/30/06 status report shows the following results:

- 96 percent of the capital investment pledged by the projects under contract or completed have been realized in Iowa for a total of \$2.35 billion invested.
- 72 percent of the jobs pledged by the projects under contract or completed have been realized.
- The average wage of the incented jobs already in place is \$18.75 per hour, or \$39,000 annually – more than 20 percent higher than the state's per capita personal income (\$32,315).
- 54 percent of awarded projects have gone to small companies employing 100 or less.
- 49 percent of awarded projects are located in small communities with a population under 10,000 people.
- 89 percent of the projects under contract or completed are classified as on-schedule or already completed.

Other relevant data shows:

- Average incented wages have increased from \$13.55 in FY03 to \$19.08 in FY04
- The number of projects awarded annually has increased from 92 in FY03 to 115 in FY05.
- The three-year average amount obligated for projects has been \$36.4 million.
- The annual average awarded to renewable fuels and value-added ag-related projects is approximately \$12 million.

IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT

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Grow Iowa Values Fund**Annual Report Dated January 12, 2007**

Code Section 15.104 also requires IDED to report on the amount of moneys expended on R & D activities not included in the jobs created and wages paid criteria, as well as the amount of private and local government moneys expended as of the time of reporting. According to the data collected from businesses under contract in the 6/30/06 status report:

- \$50,750,823 of public moneys have been spent;
- \$283,109,079 of R & D expenditures have been made.

Additionally, this report is required to include information regarding expenditures to support the renewable fuels infrastructure program during the previous fiscal year. Since the allocation from the Iowa Values Fund for grant awards made for renewable infrastructure projects was just passed in July, no awards for the previous fiscal year have occurred. Since the inception of the program, however, the board has been organized, rules have been filed and 24 grants have been awarded. Next year's report will provide additional information on the program.

Finally, Code Section 15.104 asks IDED to delineate expenditures made under each component of the Iowa Values Fund. The attached spreadsheet outlines FY06 expenditures and obligations.

On behalf of the board and IDED staff, thank you for the opportunity to be part of building Iowa's economy.

Grow Iowa Values Fund
Spreadsheet of GIVF Expenditures

IVF Legis Report FY06.xls

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IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT
IOWA VALUES FUND EXPENDITURE REPORT
STATE FISCAL YEAR 2006

	ACCOUNT NUMBER	FY2006 EXPENDITURES	FY2006 OBLIGATIONS	BALANCE REMAINING
<u>Iowa Values Fund:</u>				
<u>(HF809 2005 Session - State General Fund)</u>				
<u>DED Programs Financial Assistance:</u>	<u>E40</u>			
Administration		523,680	525,000	1,320
CEBA IVF Projects		2,900,000	18,495,000	15,595,000
EVA Projects		0	300,000	300,000
PIAP Projects		0	4,502,187	4,502,187
VAP Projects		1,131,430	5,965,000	4,733,570
Miscellaneous		0	3,556,000	3,556,000
Unobligated *		0	1,756,813	1,756,813
*Note - all but 6,813 obligated in July 2006				
<u>Regents Financial Assistance Transfer</u>	<u>E50</u>	5,000,000	5,000,000	0
<u>State Parks</u>	<u>E60</u>	1,000,000	1,000,000	0
<u>Cultural Trust Fund Transfer</u>	<u>E70</u>	1,000,000	1,000,000	0
<u>Workforce Training</u>	<u>E80</u>	7,000,000	7,000,000	0
<u>Regions Financial Assistance</u>	<u>E90</u>	350,000	1,000,000	650,000
Total	0	18,905,110	50,000,000	31,094,890

2/15/2007

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