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June 29, 2015

City Hall of Lawrence
6 East 6th Street
Lawrence, KS 66044

Attention: Cyndi Hermocillo-Legg

Dear Cyndi:

We're pleased to invite the City of Lawrence to respond to this Request for Information (RFI) for the purpose of consideration as a pilot community for the Metropolitan (E-) Entrepreneurship Community Partnership. Communities selected will be the first metropolitan E-Communities in Kansas.

Launched in 2007 as a partnership for rural communities, the primary goal of the E-Community Partnership is to increase entrepreneurial activity and develop a self-sustaining ecosystem favorable for long-term entrepreneurial growth. E-Communities raise seed money for local entrepreneurs through donations from individuals or businesses. E-Communities then partner with Network Kansas to establish their own local loan fund, increase connectivity to resources available to assist entrepreneurs, initiate activities to generate entrepreneurial development and participate in a statewide partnership that now numbers 48 E-Communities and growing.

Since the launch of E-Communities in 2007 with 6 rural communities, E-Communities have made more than \$5.6 million in matching loans to more than 220 businesses. These businesses have leveraged more than \$28.4 million in additional capital. E-Communities have also launched programs to help create a more entrepreneurial mindset, strengthen existing businesses, provide high end assistance to 2nd stage growth companies, and engage youth in entrepreneurial activities. It is our belief that the same model can be successful in metropolitan areas by focusing economic development efforts on startups and existing businesses expanding and growing. The result is a community vision centered around entrepreneurship as a tool for economic development.

Attached you will find the RFI in word format and information about the Entrepreneurship Tax Credit, an important component for responding. The deadline for receipt of this RFI is August 14, 2015. We look forward to starting this process with your organization.

If you have any questions about the application and/or process, you can contact Ted Kriwiel at 316-425-0214 or email Ted at tkriwiel@networkkansas.com. We look forward to hearing from you.

Sincerely,

Steve Radley, President & CEO
NetWork Kansas
Kansas Center for Entrepreneurship, Inc.

Enclosure

NetWork Kansas Metropolitan
Entrepreneurship (E-)Community
Partnership Request for
Information (RFI)

Response due August 14th, 2015



TIMELINE AND PROCESS FOR APPLICATION AND APPROVAL

- July 1st, 2015** **Invitations Sent to Metropolitan Communities**
- Aug. 14, 2015** **Deadline for Request for Information (RFI) to be submitted**
- By Aug. 28, 2015** **NetWork Kansas Staff reviews RFI's**
- By Oct. 9, 2015** **Interviews Conducted / Community Selection**
Between September 11th and October 9th, an interview will be conducted with the invited communities (the entire working group needs to be present). Interviews will be conducted by NetWork Kansas Staff. At the conclusion of the interviews, NetWork Kansas staff will review and make recommendations to the Board of Directors concerning selection of the 2015 Metropolitan Pilot E-Communities and allocation of tax credits.
- Dec. 18, 2015** **Funds Raised**
This is the deadline for E-Community donors to send their donations to NetWork Kansas. The Lead Organization will be responsible for collecting the donations (along with social security numbers) and forwarding them to NetWork Kansas and for communicating regularly with NetWork Kansas as to the status of donations.

Section I DESCRIPTION AND DEFINITIONS

The following definitions outline the primary entities that are essential for the successful implementation and growth of a NetWork Kansas E-Community.

NetWork Kansas Resource Partner: a non-profit or public sector organization that provides business assistance to entrepreneurs and small businesses. Examples are: Kansas Small Business Development Centers, Enterprise Facilitation, SCORE, Kansas Department of Commerce Business Development, Certified Development Companies, Kansas Main Street, USDA, City or County Economic Development organizations, local College Business & Industry, etc..). Learn about our resource partner network by reading "Resources for Starting and Growing Your Business", under the "Entrepreneurs" heading of the www.networkkansas.com website.

Lead Organization: provides the overall direction and leadership for the E-Community. This organization will be charged with selecting a point person who will lead the Metropolitan E-Community. The Lead Organization and point person will be ultimately responsible for the performance of the Metro E-Community. They will be expected to build an Urban Entrepreneurs Working Group, raise funds for the pilot through the entrepreneurship tax credit and provide oversight for monthly meetings of the working



group. The point person will be the primary contact for NetWork Kansas and is critical for the success of the Metropolitan E-Community Pilot.

The initial focus of the Metro E-Community pilot will center on “Urban/Distressed Area Entrepreneurs.” The working group will be responsible for developing strategies for this segment of the entrepreneurial ecosystem. It is also expected that the working groups will make operational decisions on agreed upon strategies (example: Loans for Urban/Distressed Area Entrepreneurs will be managed by the Urban Entrepreneurs Working Group. The working group’s financial review board will be responsible for making loan decisions rather than the Lead Organization.)

Working Groups: provide strategic vision and ongoing execution of initiatives targeted at a subset of a community ecosystem. These teams are key to the success of the Metro E-Community so thought should be given to who is included. Each working group is expected to meet monthly and should have representation from the public and private sector with special emphasis on stakeholders who specialize in the specific segment the working group has been assigned. Working groups will be required to create a financial review board to make decisions on loan approval.

Urban Entrepreneurs Working Group will focus on:

Urban/Distressed Area Entrepreneurs: defined loosely to cover a broad range of entrepreneurs whose business growth comes with additional historical, economic, and cultural challenges that extend beyond the challenges normally associated with entrepreneurial ventures. This segment encompasses the following entrepreneurs and businesses:

- Businesses located in a distressed area (20%+ live below poverty level)
- Owned by woman, minority, or someone of disadvantaged status
- Businesses that currently employ or will employ low-income employees
- Businesses whose products/service supports disadvantaged/underserved populations
- Businesses whose mission is to serve disadvantaged/underserved populations
(See Appendix 1 for further explanation)

Financial Review Board: reviews and approves loans to local entrepreneurs and small businesses. This team will also be responsible for creating the application that will be completed by businesses applying for the fund, as well as the process and scoring system that will be used to evaluate the application. In addition, this board will determine interest rate, length of term and security position (or may choose to be unsecured) for each approved application. NetWork Kansas will ensure that each approved application meets statutory guidelines but will not evaluate it with regard to the applying business’s potential for success. The Financial Review Board can meet on a regularly scheduled basis or as needed.

Administrative Support Organization: responsible for creating loan documents, closing loans, UCC or mortgage filings, collecting loan repayment checks from the business, forwarding those payments (P&I, less servicing fee, if applicable) to NetWork Kansas to be deposited back into the E-Community account, and communicating with the business regarding late payments. This organization can be any entity, private or public (i.e. regional certified development company, local financial institution, economic



development organization). When the Financial Review Board approves a loan application and submits a check request to NetWork Kansas, checks will be made payable to the administrative support organization for disbursement to the business. NetWork Kansas cannot make the check payable directly to the business. Likewise, repayment from the business will be made to the administrative support organization, who will deposit the funds into a local account and then issue a check to NetWork Kansas to be deposited into the E-Community account. NetWork Kansas cannot accept loan repayment checks directly from the business. All E-Community bank accounts in which repayments are made are owned and operated by NetWork Kansas.

Statewide Advisory Council: one representative from each E-Community. This person will have primary responsibility for two areas: a) primary contact point for NetWork Kansas communication, and sharing that communication with the working group and others as necessary, and b) attending a statewide E-Community conference and/or other shared-learning opportunity.

Answer the following questions with fully developed responses, including adequate supporting detail. **Please limit responses to no more than 300 words per question.**

Section II E-COMMUNITY NAME

The Metropolitan E-Community Partnership is an invitation-only pilot. The City of Lawrence is the invited organization and would serve as the lead organization for the “Lawrence Metro E-Community.”

1. Please list the non-profit organization that is acting as the lead organization to submit this proposal and be responsible for the Metro E-Community. Note: Please ensure that the non-profit organization name matches the information on the W-9 at the end of this document. Please complete and return the W-9.
2. Please list the name, occupation and contact information of the point person for the Metro E-Community and whether that person is a paid staff person or volunteer. This person will be the primary liaison for NetWork Kansas.
3. Please list the city completing this RFI and include the following information: name and population of the city, the county, and the greater MSA population. Please also provide the MSA population rank within the State and for the Country.

Section III WORKING GROUPS

4. Please list the names, occupations, and contact information (including email addresses) for each person who will be a part of the **Urban Entrepreneurs Working Group**.
5. Please list the name of the point person for the **Urban Entrepreneurs Working Group** and whether that person is a paid staff person or volunteer.



6. Please acknowledge that you understand the working group will meet monthly, and why you believe the group can successfully carry forth the tasks of setting and implementing the E-Community mission.

Section IV E-COMMUNITY FUND

Communities selected to become a Metro E-Community will use Entrepreneurship Tax Credits to raise funds that will be specifically used for programs certified by NetWork Kansas. Current programs include the Icehouse Entrepreneurship Program, Economic Gardening, sponsorship of Startup Weekends, and One Million Cups. It is anticipated that additional programs will be developed that meet the needs of targeted startup and existing businesses. See Appendix B for additional details.

The E-Community will also use a portion of the funds raised to create a revolving matching loan fund that is specifically created for Urban Entrepreneurs. Funds will be donated to the Kansas Center for Entrepreneurship and designated to the appropriate E-Community. The E-Community bank account is owned and managed by NetWork Kansas. For additional information about the Entrepreneurship Tax Credit, and to download the one-sheet overview, click on the "About" heading of the www.networkkansas.com website, then click on "Resources", and then on "Tax Credits". The overview link is located at the bottom of that page.

7. Please list the amount of tax credits being applied for. Communities can apply for a maximum of \$125,000 in tax credits. This translates to donations of \$166,667. 10% of the funds raised are retained by the Kansas Center for Entrepreneurship for administration. 10% of the funds raised are allocated to the E-Community (the check will be issued to the organization listed in Question 1 and kept in a local bank account in the E-Community, usage accounted for to NetWork Kansas at end of each year) for promotion and marketing of the program, as well as any loan costs that are not passed through to the borrower. The 80% remaining is available to use towards certified programs and a revolving loan fund. The E-Community is responsible for raising the funds associated with their tax credit allocation. NetWork Kansas will be seeking donations for the tax credits not allocated to each E-Community. If the E-Community does not meet 100% of their target allocation by the deadline, NetWork Kansas will seek donations for the additional tax credits. If NetWork Kansas is able to raise additional funds, a portion of those funds may be allocated to the E-Community at the sole discretion of the NetWork Kansas Board of Directors.
8. Please show how you intend to use the 80% remaining E-Community funds available for educational programs and a revolving loan fund.

Programs (Allocation up to 1/3 of E-Community funds.)

\$ _____ Icehouse Entrepreneurship Program (Estimated cost: \$5-\$15,000)
\$ _____ Economic Gardening (Estimated cost: \$4000/Engagement)
\$ _____ StartUp Weekend (Maximum sponsorship \$1500 per event)
\$ _____ 1 Million Cups (Maximum sponsorship: \$1,000)



Revolving Loan fund (Allocation of 2/3 E-Community funds.)

\$_____ E-Community Revolving Loan Fund (See appendix A for Loan requirements)

9. Please list the number of donors and the dollar amount of commitments received to date. Note: A community must have received verbal commitments for at least one-half of the tax credits being applied for at the time the response is submitted (Note for application: NetWork Kansas only requires the number of donors and total dollars for this portion of the application).

Section V REVOLVING LOAN FUND

By creating a revolving loan fund, you will be required to establish a Financial Review Board to approve loans and an Administrative Support Organization to service the loans. The revolving loan fund can only be utilized by Urban and Distressed-Area Entrepreneurs. (See qualifications in Appendix A) Approval of loans will be the responsibility of the Urban Entrepreneurs Working Group. The Financial Review Board should be a sub-set of the Urban Entrepreneurs Working Group. (See Section 1: "Description and Definitions")

Financial Review Board

10. Please list the names, occupations, and contact information (including email addresses) for each person who will be part of the Urban Financial Review Board.

Administrative Support Organization

11. Please list the administrative support organization. The formal agreement with this organization does not have to be in place when the proposal is submitted. However, please provide a status update as to who you expect the organization to be, has this been discussed, etc.

Section VI COMMUNITY ASSESSMENT

Leadership Capacity

12. Are you a Kansas Leadership Center KCLI (Kansas Community Leadership Initiative) community? If so, describe your progress.
13. Are you a 1MillionCups community? If so, describe your progress.
14. Are there any other leadership initiatives occurring in your community? If so, describe your progress.



Youth

15. How is your community cultivating youth entrepreneurship? Please include such things as K-12 entrepreneurial programs, business plan competitions, entrepreneurship fairs, mentoring programs, job-shadowing, etc. Describe successes, challenges and future plans.

Entrepreneurial Environment

16. Does your community have a business incubator or accelerator? If so, describe the progress, successes and challenges.
17. Please provide an assessment of the current strengths and weaknesses in your community with regard to supporting urban entrepreneurs.
18. Please include thoughts about what you see as the biggest opportunities and challenges facing your business community.
19. Describe 2-3 business startups that have occurred in the last few years in the "Urban Entrepreneurs" category.

Connectivity to Resources

20. Each community has access to public capital funding sources (Certified Development Companies, microloans, revolving loan funds, etc.). Please describe how you have worked with those sources to secure funding for businesses. (Note: For E-Community funds to be utilized for matching loans, a 40% match must be provided by either a public capital source or a financial institution such as a bank. The match can also be a combination of loans provided by the public sector and a financial institution).
21. Each community has access to private capital funding sources (Banks, Credit Unions, etc.). Please list the primary banks in your community and provide thoughts as to the level of their involvement in the business community. (Note: For E-Community funds to be utilized, a 40% match must be provided by either a public capital source or a bank).
22. Please list local Angel Capital groups and describe their level of involvement in your community.
23. Describe how your community assists entrepreneurs with startup assistance, business plan assistance or business coaching. Specifically, discuss the NetWork Kansas resource partners (see Section 1. Descriptions and Definitions) that are available and how they play a role in creating an entrepreneurial environment.
24. Describe how your community promotes the workshops and seminars that are offered for entrepreneurs and small business owners (Kansas Small Business Development Center workshops, SCORE seminars, community college courses-credited or non-credited, university classes).



25. List any businesses that received an Economic Gardening engagement in your community and describe their progress.

Section VII NEXT STEPS

Response should be emailed in a pdf format to the following address by August 14th, 2015: tkriwiel@networkkansas.com



Appendix A: Metropolitan E-Community Revolving Loan Fund

A Metropolitan E-Community creates a revolving loan fund by awarding tax credits to donors. The revolving loan fund can be used for entrepreneurs that meet the guidelines below. The Urban Entrepreneur Working Group will need to create a Financial Review Board to approve loan applications, determine loan terms, and coordinate with the administrative support organization.

Goals of the E-Community Revolving Loan Fund:

- Provide gap financing assistance
- Mitigate risk for other public and private lenders
- Give local communities decision-making power
- Repaid loan funds return to the E-Community loan account to be utilized again

How Do the Matching Funds Work?

Businesses can receive up to 150% of the private and/or public capital supporting the project as an E-Community loan. For example, if a local revolving loan fund or bank contributes \$20,000 to a business, the business could receive up to a \$30,000 loan from the E-Community. The maximum amount the E-Community could loan per project is \$45,000.

Who can apply for an Urban E-Community Loan?

- Businesses located in a distressed area (20%+ live below poverty level)
- Owned by woman, minority, or someone of disadvantaged status
- Businesses that currently employ or will employ low-income employees
- Businesses whose products/service supports disadvantaged/underserved populations
- Businesses whose mission is to serve disadvantaged/underserved populations



Appendix B:

Metropolitan E-Community Board Certified Programs and Sponsorships

The Kansas Ice House Program

The Kansas Ice House Entrepreneurship Program is an 8-week certificate program that develops entrepreneurial skills like critical thinking, communication, problem solving, and other key assets. Inspired by the life story of Pulitzer nominee Clifton Taulbert, the Ice House Entrepreneurship Program was created by the Kauffman Foundation as a powerful learning program designed to educate and engage participants in the fundamental aspects of an entrepreneurial mindset.

Economic Gardening

The Kansas Economic Gardening Network connects second-stage companies that have the intent and capacity to grow their business with expert consulting services designed to increase revenue and create sustainable job growth. Selected businesses interact with an experienced national economic gardening team who delivers services tailored to meet the needs of each business, including: generating sales leads, mapping geographic areas to facilitate targeted marketing, using SEO and other strategies to give the business a competitive edge.

Startup Weekend

Startup Weekends are 54-hour events where developers, designers, marketers, product managers and startup enthusiasts come together to share ideas, form teams, build products, and launch startups.

1MillionCups

1MillionCups is a free, weekly national program designed to educate, engage, and connect entrepreneurs. Developed by the Kauffman Foundation, 1MC is based on the notion that entrepreneurs discover solutions and network over a million cups of coffee.

Standards for the Addition of Board Certified Programs

Because this is a pilot program, it is expected that additional programs will be identified and/or explored that could potentially become board certified programs. In order to be considered for certification, programs developed for entrepreneurs and existing businesses would need the following components.

1. A co-hort style experience allowing entrepreneurs and businesses to connect in a way that allows them to share their own experiences mixed with significant education and expertise that only a co-hort can provide.
2. Ongoing intensive training that exceeds 20 hours of time together. This can be over the course of multiple days or evenings over multiple weeks. (Example: the IceHouse program is an 8 week course at 2.5 hours per night.)
3. Programs targeted at strengthening specific types of entrepreneurs in the ecosystem including microenterprises, urban/distressed area entrepreneurs, mainstreeters, 2nd stage growth businesses, and innovation-led businesses.



Form **W-9**
(Rev. October 2007)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the
requester. Do not
send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)	
Business name, if different from above	
Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
or
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien.
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States.
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity.



Entrepreneurship Tax Credits

Economic Sense, Targeted Delivery

NetWork Kansas was created as a key component of the Kansas Economic Growth Act of 2004 to lead collaborative efforts between education, research and outreach services—as well as public sector organizations—in order to serve potential and existing entrepreneurs statewide. An integral part of this effort is providing seed capital to entrepreneurs and small business owners in rural and distressed areas of Kansas. The *Kansas Center for Entrepreneurship Tax Credit* was created to stimulate this effort.

75% Tax Credit

Donors receive a 75% state income tax credit for their donation. A tax credit is a dollar-for-dollar credit against state income tax liability. This means that for every \$1,000 donated, donors will receive \$750 credit directly off of their state income tax liability.

Donors are also eligible to receive a federal and state tax deduction and should consult with their individual tax specialist to determine the amount of any deductions. A K-31 Form is required with the individual tax form and is available online through the Kansas Department of Revenue.

What Are The Individual Minimum and Maximum Annual Tax Credits Allowed?

The minimum allowable tax credit per year is \$187.50, which translates into a donation of \$250. The maximum allowable credit per year is \$50,000, which translates into an approximate donation of \$66,667. If the amount of the tax credit exceeds the contributor's liability in the taxable year, the remaining portion of the credit may be carried forward until the total amount of credit is applied.

Who Can Donate?

Individuals and corporations* can donate to the Kansas Center for Entrepreneurship.

Who Cannot Donate?

Banks are not eligible for the Entrepreneurship Tax Credit due to privilege tax limitations.

* If the donor is a corporation with an election in effect under Subchapter S of the Federal Internal Revenue Code or is a partnership, the credit provided by this section shall be claimed by the shareholders of these corporations or the partners must account for their proportionate shares of the income or loss of these corporations or partnerships.

Where Does The Money Go?

Donations to the Center provide matching loans and/or grants through local or regional non-profit business support providers who are also NetWork Kansas resource partners.

The funds are made available to businesses located in rural areas (cities with a population under 50,000) or in distressed areas of larger cities who are starting or expanding a business.

NetWork Kansas resource partners include the seven regional foundations, Kansas Main Street organizations, economic development agencies and other non-profit organizations charged with assisting for-profit entrepreneurs and small businesses in Kansas

How Do I Donate To The Fund?

Make checks payable to the Kansas Center for Entrepreneurship. Our mailing address is:

Kansas Center for Entrepreneurship
c/o NetWork Kansas
P.O. Box 877
Andover, Kansas 67002-0877

The donor will be required to provide their social security number or company federal tax identification number to the Kansas Center for Entrepreneurship in order to receive credit for their donation.

Call 316.425-8808 to verify that credits are still available for the current tax year.

How Do I Contact NetWork Kansas?

If you have questions about Kansas Entrepreneurship Tax Credits, please contact Kristi Pedersen at: 316.425-8808 or kdpedersen@fhsu.edu.

For more information about NetWork Kansas, please call 877.521.8600 to speak with one of our referral coordinators or visit our website: www.networkkansas.com.

