

REQUEST FOR APPLICATIONS (RFA)

Rural & Underserved Business Recovery from Impact of COVID-19 (RUBRIC) Program

Purpose:

The *Rural & Underserved Business Recovery from Impact of COVID-19* (RUBRIC) Program was created to assist Maryland's technology companies that have been detrimentally impacted by the COVID-19 pandemic and associated economic downturn. RUBRIC targets companies that are considered Socially or Economically Disadvantaged **OR** those in the rural areas of Maryland – companies that were hardest hit by the COVID-19 crisis. RUBRIC awards are intended to provide funding to help attract/retain jobs, attract/retain customers, and to help sustain companies having difficulties raising capital associated with the COVID-19 pandemic. RUBRIC awards should be thought of as bridging companies across an economic gap created by COVID-19 and leading to a next round of financing or a greater level of sustainability.

Eligibility:

A company is eligible for a RUBRIC award if it meets all the following criteria:

- (i) The company must be a Maryland Qualified Business, which is a company in good standing that has its principle business operations located in Maryland with at least than half of its Workforce (includes W-2 employees and founders – regardless of full-time or part-time status, and excludes 1099 contractors) working in the State, and the intention to maintain its operations in Maryland;
- (ii) It must be a technology-based company, meaning that it relies on technology to provide a proprietary competitive advantage in the market. This specifically excludes, without limitation, companies engaged in retail sales, real estate development, insurance, banking, lending, or the provision of professional services by accountants, attorneys, or physicians;
- (iii) The company must be one that is experiencing a social or economic disadvantage as such terms are interpreted under [13 CFR §124.103](#) or [13 CFR §124.104](#), **OR** it must be headquartered in a Rural Area of the State of Maryland as defined in [State Finance and Procurement Article, §2-207, Annotated Code of Maryland](#) (this includes all counties in

Maryland except for Baltimore County, Baltimore City, Howard County, Anne Arundel County, Prince Georges County, and Montgomery County), or be located in northern Baltimore County;

- (iv) It must have fewer than 100 members of its Workforce; and
- (v) The company must be able to demonstrate a detrimental impact on its ability to retain/acquire Workforce, retain/acquire customers, or secure investment capital, with the foregoing attributed to the COVID-19 pandemic or the associated economic downturn.

Funding Amount:

TEDCO will make awards of up to \$100,000 through the RUBRIC program to help bridge companies across the economic downturn associated with the COVID-19 pandemic. The funds must be used to address specific challenges faced by the company associated with the COVID-19 pandemic and associated economic downturn. Companies receiving a RUBRIC award may apply for a second award through the program after demonstrating successful deployment of its initial award. Companies will be required to wait a minimum of six (6) months following their initial award date before reapplying. All RUBRIC program funding shall be subject to the availability of funds.

Funding Mechanism:

RUBRIC program awards will be made in the form of a reimbursable grant. Companies receiving a RUBRIC award will be obligated to report on and pay to TEDCO 3% of their quarterly Revenues for a five-year period following the award date (income from grants and investments shall not be considered "Revenues"). Royalties due to TEDCO will be capped at 150% of the amount of the award. Following the five-year reimbursement period, the company will no longer have an obligation to repay the grant or pay royalties to TEDCO regardless of the amount repaid to TEDCO prior to the end of the five-year period. Companies shall have the option to eliminate their quarterly royalty obligation by making an advance payment prior to the end of the five-year period, in which case, the company shall receive a 10% reduction of the royalty cap percentage for each year prior to the expiration of the five-year reimbursement period that the grant is repaid in full – a 10% discount if paid in the fifth year, 20% discount if paid in the fourth year, etc. If a company receiving an award ceases to meet the eligibility requirements stated above, the company's full reimbursement obligation shall become due to TEDCO immediately; however, the discount for meeting the repayment obligation shall still apply.

Funds will be disbursed to companies in two tranches. Fifty percent (50%) will be provided upon a Closing and the remaining 50% will be provided upon the company's completion of an activity report describing how the initially disbursed funds were used and their impact. This activity report will be due within six (6) months of the award date. A second activity report will be due

within twelve (12) months of the award date describing how the second tranche of disbursed funds were used and their impact. Companies wishing to apply for a second RUBRIC award must submit their second activity report prior to applying.

Applying for RUBRIC Funding:

Applications for RUBRIC funding can be submitted to TEDCO at any time through TEDCO's on-line application portal. Applications received will be reviewed within 60 days of submission.

TEDCO's RUBRIC program application portal can be found at:

<https://www.tedcomd.com/rural-and-underserved-business-recovery-impact-covid-19>

Application Components:

There are three major components to the RUBIC program application:

- (i) Information about the company's sustainability and growth potential,
- (ii) Information about the company's status as a rural business **OR** a socially or economically disadvantaged business, and
- (iii) Information about the detrimental impacts of the COVID-19 pandemic on the business and the proposed use of the funds to address these impacts.

Applicants will be asked to complete an application form and attach documentation including an executive summary or slide deck, financial statements for the past two years, and documents validating that the applicant is a Maryland business.

Review Process:

All completed RUBRIC applications received through TEDCO's application portal will be reviewed. The review process for each cycle comprises three stages: Compliance Review, Detailed Review, and Final Decision. Applications may be rejected at any stage of the process.

Compliance Review

First, all RUBRIC applications will undergo a compliance review to ensure that the applicant has adhered to all the requirements of the program. Applications not meeting these requirements, which include meeting the eligibility requirements, will be rejected and applicants so notified.

Detailed Review

Second, RUBRIC applications passing the Compliance Review will undergo a detailed review by TEDCO staff that may include an interview (virtual), verification of assumptions made in the application, and other due diligence on the company.

Final Decision:

TEDCO staff will forward funding recommendations to TEDCO's Executive Director/CEO for a final review and decision. Once a final decision is made, the applicant will be notified. Awards will be made subject to a formal Closing Process comprising the execution of a funding agreement, as further described below.

Review Criteria:

TEDCO Staff will review applications and make funding recommendations using the following general criteria:

Growth Opportunity:

The reviewers will consider the company's sustainability, overall growth opportunity, and its potential impact on Maryland's economy including potential revenue and job creation.

Rural/Social and Economic Status:

The reviewers will consider how the company's rural, social, or economic status are a detriment to obtaining capital from other sources.

Detrimental Impact from COVID-19 Pandemic

The reviewers will evaluate the challenges that COVID-19 and the associated economic downturn have had on the company and its need for the funds relative to other applicants.

Impact of Award on Company

The reviewers will assess how the use of the funds will impact the company's sustainability and growth and its ability to address the company's challenges associated with the COVID-19 pandemic.

Closing Process:

Once an application is approved for funding, TEDCO will so notify the applicant. The applicant will then have up to ninety (90) days to execute the funding agreement in non-negotiable form and substance as determined by TEDCO and to complete a Closing.

Award Payments:

Upon successful completion of the Closing, the applicant, now an awardee, will receive a check or funds transfer for 50% of the total award. The remaining 50% will be awarded once the company has spent a significant portion of the initial funds provided and submitted a report describing the use of the initial funds and their impact on the company.

Additional Reporting Requirements:

As a condition of accepting a RUBRIC award from TEDCO, the applicant will be required to submit a periodic report as follows:

Quarterly Reports. Until the last to occur of (i) five years following the award date, or (ii) for as long as the company has an obligation to repay TEDCO, the company shall provide TEDCO with quarterly financial and economic impact information as TEDCO might reasonably request. This information may include information about the company's Workforce, capital raised, total payroll expenses, and other information typically included in quarterly financial statements – Income Statement and Balance Sheet.

All reports provided to TEDCO will be held in confidence to the extent reasonably permitted by [Title 10, Subtitle 6 of State Government Article of the Annotated Code of Maryland](#). Reports provided by the company containing confidential information should include a clear legend with "Business Proprietary" at the top of the report.

Questions:

Inquiries regarding the RUBRIC program should be directed to:

Rubric@tedco.md