

**Article 4 of Chapter 13 of Title 10
of the California Code of Regulations is adopted to read:**

**Chapter 13. Governor's Office of Business and Economic Development
Article 4. California Innovation Hub Program**

§9000. Definitions.

For the purpose of this article, the following definitions shall apply:

- (a) "Applicant" means the iHub coordinator or any entity applying on behalf of iHub Partners seeking designation by the state of California as an iHub.
- (b) "Evaluated Criteria" means the factors that the Review Committee will consider in determining the viability of the Applicant as more specifically defined in Section 9050(b) below.
- (c) "GO-Biz" means the Governor's Office of Business and Economic Development.
- (d) "Incubator/business accelerator" means an entity that helps new and startup companies to develop by providing services such as management training or space.
- (e) "Innovation Hub Partners or Partnerships" mean members of the iHub who come from firms, local governments, economic development organizations, educational entities, and industries that collectively drive economic growth within a specific geographic area.
- (f) "iHub Worldwide Innovation Network" or "iWIN" is dedicated to fostering global innovation and commercialization of emerging technologies or industries designed and implemented by each individual iHub at its discretion and may be structured to provide foreign governments or companies an office or lab space, market assessment, customer identification or investment assistance, provide commercialized mentoring and opportunities to showcase goods or services (i.e. trade shows or conferences).
- (g) "Memorandum of understanding" or "MOU" means an agreement between GO-Biz and one or more entities.
- (h) "Knowledge node" means a repository of knowledge that houses particular facts, ideas, meanings, skills and/or concepts, such as those found within entities like corporations, universities, national laboratories and governments, that – when linked to the overall network – increase the core competency of the sector, region, and/or network.
- (i) "Review Committee" means a panel of at least eleven (11) individuals identified by GO-Biz with at least one (1) committee member from each of the following sectors: (1) a research institution, (2) government entity agencies, (3) for-profit entity, (4) non-profit entity, (5) incubators or accelerators, and (6) institutions of higher education and at no time shall the Review Committee consist of an even number of individuals.
- (j) "Request for proposal" means documentation requested by GO-Biz, which shall contain information requested in Section 9040.

Note: Authority Cited: Sections 12099, 12099.1, 12099.2 Government Code.

Reference: Section Sections 12099, 12099.1, 12099.2 Government Code.

§9010. Application Process for iHub Designation.

- (a) At its sole discretion, GO-Biz will release a request for proposal for the iHub Program on its website.
- (b) The request for proposal shall include a schedule of the following:
 - (1) The application period;
 - (2) Designated conference calls for potential applicants;
 - (3) Deadline to submit a letter of intent;

- (4) Deadline for the final proposal;
- (5) Timing of the evaluation by the Review Committee;
- (6) Date of notification of iHub finalists;
- (7) Site visits and interview dates for prospective iHubs;
- (8) Notification date of award given to successful iHub applicants; and
- (9) Official public notification date and posting of award on GO-Biz website.
- (c) GO-Biz may alter the schedule by issuance of a revised request for proposal.
- (d) A proposal will only be accepted from an Applicant that meets the following criteria:
 - (1) Is qualified to conduct business in the State of California;
 - (2) Is in good standing with the Secretary of State, if applicable;
 - (3) Has not been debarred or had contracts terminated by the federal government, State of California or local government; and
 - (4) Has at least twelve months of current direct and/or related business technical assistance experience
- (e) The Applicant must complete a detailed application, not to exceed twenty (20) pages or approximately nine thousand (9000) words, that addresses and provides for some or all of the following information as directed on the application form:
 - (1) Cover Sheet, which must include the name of the proposed iHub (Applicant), the name of the iHub coordinator, the names of iHub Partners, the date submitted and summary of the iHub's purpose.
 - (2) The Applicant's contact information
 - (3) Table of Contents that outlines each section and includes page references;
 - (4) Statement of Purpose. The Applicant must define the purpose to be served by the formation of the iHub by identifying which entrepreneurial/business cluster(s) will be targeted for growth or identifying the broader economic development goals of the iHub. If neither of these applies, the Applicant must describe the purpose of the proposed iHub. The explanation of the iHub's purpose should be supported by any similar previous efforts, such as cluster analysis, regional business analysis, statewide economic development reports, or any current information which exists to support it;
 - (5) Signed Statement of Cooperation. The Applicant must demonstrate that a broad partnership in innovation has been formed. A written statement of cooperation or the equivalent must include a description of the roles and relationships of each entity involved in the iHub partnership and an authorized signature to certify the partner's commitment to the iHub. This formal agreement may be submitted in the form of an operational plan, MOU, partnership agreement or similar document; and
 - (6) Workforce Development. The Applicant must identify the industry sectors of focus within the iHub physical boundaries. For each of those sectors, the Applicant must describe how it will collaborate with the identified industry sectors to identify occupations that it has determined are vital to the competitiveness of the region. Additionally, the Applicant should, but are not required as part of the application, develop industry-driven occupational standards and credentialing that will be implemented by the iHub and its industry partners, as applicable;
 - (7) Physical boundary. The Applicant shall include a clear explanation and map conveying the iHub's physical boundary, including reasonable explanation for how and why the boundaries were defined.
 - (A) An iHub's physical boundary typically includes the immediate geographic areas around or connected to an educational institution, university, laboratory, or research center.
 - (B) The boundary can include knowledge nodes that are not physically contiguous to the iHub but must link educational institutions via technology, transportation, or resource allocation. A clear identification and explanation of these links must be included in the application narrative, including a description of the proposed links (e.g., business parks, campus, incubators, and research and development facilities).

- (8) iHub coordinator. The Applicant shall identify the iHub coordinator who will be responsible for coordinating, tracking and monitoring the iHub partner activities as well as those activities set forth in Government Code Section 12099.2(c).
- (9) Location. The Applicant must identify a central location that will be used to support iHub efforts.
- (10) Goals/Benchmarks. The Applicant must identify the goals to be achieved, steps to reach the identified goals, and measures or benchmarks whereby those goals can be determined and evaluated. These goals must be agreed upon by all members of the partnership and shall be set forth in the MOU.

Note: Authority Cited: Section 12099.3, Government Code.
Reference: Section 12099.3, Government Code.

§9020. Applicant Evaluation.

(a) Following the submittal, the application will be reviewed by a Review Committee based on a scoring mechanism described below evaluating each of the "Evaluated Criteria" specifically listed as follows:

- (1) Identified commercial market focus and plan
- (2) The Applicant's management structure and plan
- (3) The Applicant's management team's experience
- (4) Proximity to a "state of the art" technology center
- (5) Job development and business creation
- (6) Planning and local incentives
- (7) Sustainability of services and management

(b) Community engagement and support. Each Review Committee member shall individually score each Applicant based on the Evaluated Criteria set forth in subsection (a) above considering the following factors described below for each Evaluated Criteria and awarding the following points for each Evaluated Criteria based on a scale of 1-5 ("5" meaning "Outstanding", "4" meaning "Above Average", "3" meaning "Average", "2" meaning "Below Average" and "1" meaning "Needs Work"). The points awarded to each Evaluated Criteria will then be tallied (with a maximum score of 45 points (9 Evaluated Criteria x 5)) and averaged to reflect the average score of the Review Committee. Each Applicant will then be compared to one another and ranked.

- (1) Identified commercial market focus and plan
 - (A) Review Committee member shall consider:
 - (i) Commercial market focus; and
 - (ii) Description of Applicant's specific assets in the proposed iHub market (e.g. natural assets within the region that support the proposed market).
- (2) The Applicant's management structure and plan
 - (A) Review Committee members shall consider whether:
 - (i) The Applicant clearly defines who will act as the iHub coordinator and specifically identifies responsibilities; and
 - (ii) The Applicant clearly explains how the day-to-day operations and communications will be addressed.
- (3) The Applicant's management team's experience
 - (A) Review Committee members shall consider:
 - (1) The Applicant's management team and its experience, including each one's capabilities, education (including, but not limited to, demonstrated experience with incubation programs, technology transfer and licensing and intellectual property management) and proposed objectives.
- (4) Proximity to a state of the art technology center, as determined by the Review Committee
 - (A) Review Committee members shall consider whether:

- (1) The Applicant's region is anchored by an existing or planned state of the art technology center;
- (i) If a state of the art technology center exists, Review Committee shall consider the following questions:
 - (1) Does the Applicant list the features that are currently available?
 - (2) How much work space is available?
 - (3) Does the available work space provide sufficient space for start-up companies?
- (ii) If a state of the art technology center is planned:
 - (1) What is the timeframe for the state of the art technology center to come into existence?
 - (2) What features will the state of the art technology center have?
 - (5) Job development and business creation
 - (A) Review Committee shall consider whether:
 - (1) the number of jobs that will be created within the proposed iHub is exponential considered to the status quo (i.e. economic impact of proposed iHub);
 - (2) The Applicant plans to enhance job development in the region;
 - (3) The Applicant is focused on business creation;
 - (4) The Applicant has adequately addressed how to support new businesses; and
 - (5) The Applicant has sufficiently described the economic impact of the proposed iHub.
 - (A) Review Committee shall consider whether:
 - (1) _____
 - (3) _____
 - (7) Planning and local incentives
 - (A) Review Committee shall consider whether:
 - (1) The Applicant has identified and, where applicable, applied for local, state and federal tax incentives;
 - (2) The Applicant has identified land use and development incentives; and
 - (3) Local government has plans to introduce incentives to benefit the proposed iHub.
 - (8) Sustainability of services and management
 - (A) Review Committee shall consider whether:
 - (1) Financial support exists for the proposed iHub;
 - (2) Person or persons are available to seek and apply for innovation and economic development or research grants to raise capital for the proposed iHub; and
 - (3) There is a plan to have members of the proposed iHub stay connected and informed about its progress through regular meetings or other communication methods.
 - (9) Community engagement and support
 - (A) Review Committee shall consider whether the Applicant has local government, community and non-profit support for the proposed iHub (i.e. letters of support).
 - (c) Based on the cumulative scores of each Applicant, the Review Committee will make a recommendation to GO-Biz, who is then charged with making final designations.
 - (d) GO-Biz, with a recommendation from the Review Committee, shall evaluate Applicant based on the following factors:
 - (1) Statement of purpose;
 - (2) Focus area of the iHub which must include industry sectors or other targeted areas for development and growth;
 - (3) Statement of cooperation;
 - (4) Articulation of organizational experience including capability statements, related programs as well as any additional critical factors for achieving the proposed objectives along with the following:
 - (A) Experience with technology transfer/licensing; and
 - (B) Demonstrated experience with intellectual property management.

- (5) iHub management structure;
- (6) iHub sustainability;
- (7) Goals and metrics to be achieved with the certification of the iHub;
- (8) Commercial market focus and plan;
- (9) Proposed iHub regional assets and resources available to support and guide emerging companies.
- (10) Experience with innovation programs;
- (11) iHub's physical boundary;
- (12) Evidence of community engagement and support; and
- (13) The process described for collaborating with education institutions within the iHub's physical boundaries to develop training programs that lead to industry-recognized credentialing.
- (e) GO-Biz will issue a notice specifying the conditions the Applicant must satisfy in order to obtain final designation. If the specified conditions are not met within the specified period in the letter of conditional designation, the Applicant will lose its designation.
- (f) The Applicant with a conditional designation is not considered an official iHub until all conditions have been met.

Note: Authority Cited: Sections 12099.3 and 12099.4, Government Code.

Reference: Section Sections 12099.3 and 12099.4, Government Code.

§9030. Grounds for Rejection.

- (a) GO-Biz reserves the right to waive any immaterial deviation in a proposal. However, the waiver of an immaterial deviation in a proposal shall in no way excuse the Applicant from full compliance with the proposal requirements after the Applicant is awarded iHub designation pursuant to the terms of the MOU.
- (b) A proposal shall be rejected if:
 - (1) The proposal package is received after the time and date set for receipt of proposals;
 - (2) The proposal does not meet the requirements and is not prepared as specified in the application format section;
 - (3) The proposal contains false or misleading statements or references which do not support attributes or conditions contended by the Applicant and, if in the opinion of GO-Biz, such information was intended to mislead the Review Committee in its evaluation of the proposal; and
- (c) The proposal is confidential, conditional, and incomplete or if it contains any irregularities.

Note: Authority Cited: Sections 12099.3 and 12099.4, Government Code.

Reference: Sections 12099.3 and 12099.4, Government Code.

§9040. Requirements of Designated iHubs.

- (a) If granted formal designation, the iHub shall do the following:
 - (1) Enter into an MOU with GO-Biz which shall set forth specific obligations including, but not limited to, the development of programs, reporting requirements and other activities agreed to by GO-Biz and the iHub to promote the success of the iHub in the identified region;
 - (2) Provide GO-Biz in-person and/or electronic introductions to officials at economic and workforce development offices near the designated iHub, and/or other city and county departments, state departments and non-government organizations in order to foster collaboration between the state and local entities;
 - (3) Provide business assistance as appropriate to local businesses;
 - (4) Develop programs and initiatives for industry sectors identified by iHub in the application;

- (5) Promote other iHub programs and events through social media and other communication paths highlighting the collaborative nature of the iHub program;
- (6) Include the iHub logo on marketing materials and other communications to brand events and activities of the iHub network;
- (7) In the event the iHub creates an iWIN, the iHub agrees to notify GO-Biz in writing of its creation and provide GO-Biz access to the iWIN , as further set forth in the MOU.

Note: Authority Cited: Sections 12099.5 and 12099.6, Government Code.
Reference: Sections 12099.5 and 12099.6, Government Code.

§9050. iHub Innovation Accelerator Account.

In order for GO-Biz to accept any gifts, bequests or donations to be used for California iHub purposes, the donor must clearly identify in writing the use of the funds and set forth any criteria that it requires GO-Biz to review and consider prior to distributing the funds, including, but not limited to, iHub's compliance with the terms of the MOU.

Note: Authority Cited: Section 12099.7, Government Code.
Reference: Section 12099.7, Government Code.

§9060. Reporting Requirements.

- (a) The iHub coordinator for each designated iHub will submit an annual report to GO-Biz. Reporting requirements will be based upon terms set forth in the MOU, which will include, but not be limited to:
 - (1) Progress narrative toward reaching the project milestones/goals as stated in the MOU agreement with GO-Biz;
 - (2) Number of companies providing outreach services within the iHub region;
 - (3) Number of companies starting up in the iHub region related to targeted industry sector(s);
 - (4) Revenues/sales from start-up companies in the iHub region;
 - (5) Number of corporate partnerships/research contracts developed and/or documented by the iHub;
 - (6) Number of patents applied for, approved and licensed to third-parties within the iHub region and, where applicable, if any such patent developments originated from the collaboration and partnership of iHub Partners;
 - (7) Research and development contracts originating from the collaboration and partnership between iHub Partners in the iHub region;
 - (8) Number of federal, state and/or local research and workforce projects as well as the number of incubator and accelerator spaces within the iHub region;
 - (9) An inventory of all emerging markets, high growth potential companies (seven years or less) within the iHub region, including their target industry;
 - (10) Research and development expenditures (federal, state, industry, and other sources) related to the targeted industry sector within the iHub; and
 - (11) Amount of funding leveraged or invested in the iHub, as well as a report on pledged match(es) and other leveraged investments in the iHub region.

Note: Authority Cited: Sections 12099.5 and 12099.6, Government Code.
Reference: Sections 12099.5 and 12099.6, Government Code.

§9070. Changes or Modifications.

- (a) If an iHub changes its legal entity formation (e.g. limited liability partnership converted to a corporation) or its legal name, it must notify GO-Biz in writing of this change no later than thirty (30) calendar days after such change takes legal effect. The parties shall then enter into a new MOU to reflect such change.
- (b) If an iHub requests to change its iHub coordinator and/or modify the industry sector(s) of focus, it must adhere to the following process:
 - (1) Submit a one-page request to GO-Biz stating the reason for the request.
 - (2) To change the targeted industry sector or sectors, the iHub must attach supporting documentation identifying the need for the newly desired industry sector or sectors within the iHub's physical boundaries. The iHub must also describe how it will collaborate with the new industry sector or sectors and its iHub partners to support innovation in the sector or sectors.
 - (3) GO-Biz shall make a final written decision within sixty (60) days of receiving the request.
 - (4) Upon written approval by GO-Biz of the change, iHub must also submit an amended MOU to GO-Biz reflecting the change. Parties must then execute a new MOU, as necessary.
- (c) In the event an iHub plans to dissolve, the iHub – prior to the dissolution – must notify GO-Biz of the planned event and request consent of assignment from GO-Biz that the iHub designation be assigned to another entity that satisfies the same requirements necessary of the designated iHub and that a majority of the then-current iHub partners remain within the partnership for the duration of the iHub designation.
 - (1) GO-Biz may require a revised statement of cooperation be submitted by the proposed iHub assignee prior to GO-Biz's written approval of assignment.
 - (2) Upon written approval by GO-Biz of the assignment, iHub assignee must submit a revised MOU to GO-Biz reflecting the change and parties must execute the revised MOU.
- (d) If a majority of the iHub partners determine that the iHub coordinator is failing to meet and/or represent the needs and goals of the iHub partners, a majority of the iHub partners may notify GO-Biz in writing of the deficiency in performance and request that the iHub either be revoked or be transferred to another entity that could satisfy the designated iHub requirements. The notice must include sufficient detail to allow GO-Biz to make a determination as to the gravity of the concern. Upon written approval by GO-Biz and with the cooperation of the majority of the iHub partners, the designated iHub may be de-designated and/or an alternative iHub coordinator may be identified. As necessary, a revised MOU will be signed by the applicable parties.

Note: Authority Cited: Sections 12099.3 and 12099.4, Government Code.

Reference: Section Sections 12099.3 and 12099.4, Government Code.

§9080. Revocation Process.

- (a) If GO-Biz determines that a designated iHub is not complying with these regulations and/or the terms of the MOU, GO-Biz shall provide written notice identifying the deficiencies and the corrective action required. GO-Biz shall, in its sole discretion, determine the reasonable timeframe for which to cure the deficiency. If an iHub fails to correct identified deficiencies within the timeframe required by GO-Biz, the iHub shall receive written notice from GO-Biz that the iHub designation has been temporarily revoked.
- (c) Upon being informed of this temporary revocation, the iHub will have 3 months to correct the identified deficiencies to avoid termination from the program.
- (d) If an iHub fails to correct the identified deficiencies within 3 months of receiving the notice of temporary revocation, the iHub shall be terminated from the program.

- (e) If an iHub designation has been terminated, the Applicant for the designated iHub must wait one application cycle before reapplying to the program.
- (f) GO-Biz decisions shall be final and no appeal is available.

Note: Authority Cited: Sections 12099.3 and 12099.4, Government Code.
Reference: Section Sections 12099.3 and 12099.4, Government Code.