



**Development
Services Agency**



Third Frontier
Innovation Creating Opportunity

John R. Kasich, Governor

David Goodman, Director

Ohio Third Frontier Pre-Seed Fund Capitalization Program

Calendar Year 2014 Request for Proposals (RFP)

- RFP Released – December 20, 2013
- Bidder's Conference – January 29, 2014 at 10:00 a.m.
TechColumbus, 1275 Kinnear Road, Columbus, OH 43212
- Letters of Intent due by 2:00 PM – February 6, 2014
- Written Questions – through February 26, 2014
- Proposals due by 2:00 PM – March 5, 2014
- Review and Award approximately – June 2014

RFP Administered by:
The Ohio Development Services Agency
Office of Technology Investments
77 South High Street, 28th Floor
Columbus, OH 43215

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Ohio Third Frontier Pre-Seed Fund Capitalization Program

Calendar Year 2014 Request for Proposals (RFP)

1 Ohio Third Frontier Statement of Solicitation

1.1 Background

The Ohio Third Frontier represents an unprecedented and bipartisan commitment to expand Ohio's technological strengths and promote commercialization that leads to economic prosperity throughout Ohio. Designed to build world-class research programs, nurture early-stage companies, and foster technology development that makes existing industries more productive, Ohio Third Frontier creates opportunity through innovation. The multi-year State of Ohio initiative supported with over \$2 billion is catalyzing the growth of existing and emerging targeted areas of technology and industry clusters throughout the state by:

- Improving the capacity of Ohio's entrepreneurial ecosystem to deliver services and attract capital necessary to create and grow scalable technology-based enterprises;
- Increasing the technical capabilities and business competencies of Ohio value chains within key existing and emerging driver industries and pursue targeted attraction to fill gaps; and
- Cultivating a highly collaborative and innovative environment that encourages Ohio's community of technology seekers and solvers to regularly exchange new knowledge in pursuit of targeted market driven commercial opportunities.

For more information about Ohio Third Frontier, please see www.ohiothirdfrontier.com.

Consistent with the strategic goals, Ohio Third Frontier investments represent a balanced portfolio of programming that proactively identifies opportunities throughout the Technology Commercialization Framework (Framework). As a result, all Ohio Third Frontier Programs share a common goal — to promote technology-based economic development within Ohio by funding activities that move technology from idea to market. This goal requires the state to design programs, evaluate proposals and projects, leverage resources, and provide management oversight within the context of the Framework. It is expected that every proposal seeking Ohio Third Frontier funding will clearly demonstrate its understanding of the Framework, and will be able to articulate its scope of work within the Framework's model.

For more information about the guiding principles contained within the Framework, please see <http://www.thirdfrontier.com/Documents/RecentPublications/TechCommFramework-Complete.pdf>.

1.2 Request for Proposals Issuance

This Request for Proposals (RFP) is being issued for funds to be awarded under Ohio Third Frontier. This RFP will be released by publication on the Ohio Third Frontier website at <http://www.ohiothirdfrontier.com/PreSeedFundInitiative.htm>.

The Ohio Third Frontier Commission reserves the right to fund any Proposal in full or in part, to request additional information to assist in the review process, to reject any or all proposals responding to this RFP, and to re-issue the RFP and accept new proposals if the Ohio Third Frontier Commission determines that doing so is in the best interest of the State of Ohio. Issuing this RFP does not bind the state to make an award of Ohio Third Frontier funds. Any award of Ohio Third Frontier funds in respect to this RFP will be subject to availability of funds as provided in Ohio Revised Code Section 126.07. This RFP is not a contract or commitment of any kind on behalf of the Ohio Development Services Agency (Development).

Development administers this RFP and reserves the right to adjust the dates for this RFP for whatever reason it deems appropriate. Development's Office of Technology Investments will administer all funds awarded under this RFP.

1.3 The RFP Process and Awards Process

The RFP process will consist of the following steps:

- Release of RFP
- Bidder's Conference (Optional)
- Letter of Intent
- Questions and Answers (Q&A) and Communications
- Submittal of Proposals

Each of these steps is discussed in Appendix A – RFP Process, Awards Process, and Mandatory Compliance.

The Awards Process will consist of the following steps:

- Proposal Review and Evaluation Procedures
- Award Decision
- Award and Agreement Preparation and Execution

Each of these steps is discussed in Appendix A – RFP Process, Awards Process, and Mandatory Compliance.

All questions regarding this RFP must be submitted in writing via e-mail to PF2014@development.ohio.gov with the subject line "Pre-Seed Fund Capitalization Program Q&A". Lead Applicants, Collaborators and/or others acting on their behalf are to be aware of all prohibited contact in Section IV of Appendix A – RFP Process, Awards Process, and Mandatory Compliance. If a Lead Applicant, Collaborator and/or others acting on their behalf makes prohibited contact, Development in its discretion may subject the Proposal to elimination from the RFP process.

2 Program Description

2.1 Purpose

Entrepreneurship is a driving force of innovation and economic growth, yet entrepreneurs face significant challenges in transforming a commercial opportunity into a viable business. It has long been recognized that risk capital is the lifeblood of technology-based ventures. To increase the availability of risk capital at all stages of company development, the State of Ohio has created a number of programs via Ohio Third Frontier and related initiatives to catalyze investments.

Ohio Third Frontier has helped establish Ohio as a leading location for early-stage risk capital investment through the capitalization of multiple Ohio-based Pre-Seed Funds. By providing Pre-Seed Fund Capitalization funding, Ohio Third Frontier has successfully expanded the number of professionally managed, pre-seed/seed investment funds to support promising start-up technology companies. Through these investments, Ohio Third Frontier has stimulated the growth of emerging technology start-up companies and is catalyzing the conversion of the State's economy through new, innovative, and successful opportunities for economic growth.

2.2 Goal and Objectives

The goals of the Ohio Third Frontier Pre-Seed Fund Capitalization Program are to:

- Increase the number of professionally managed Pre-Seed Funds investing throughout Ohio;
- Increase the amount of early stage capital being invested in Ohio technology-based companies in the Imagining, Incubating, or Demonstrating phases of commercialization;
- Create a risk capital climate that supports the development, retention, and attraction of investable technology companies in Ohio; and
- Build a pipeline of technology company deal flow that increasingly attracts the resources of venture capital firms both within and outside of Ohio.

The specific objectives of the CY2014 Pre-Seed Fund Capitalization Program are to:

- Provide investment capital to new Pre-seed Funds that will provide capital to early-stage technology companies; and
- Provide investment capital to proven existing Pre-Seed Funds and/or to the management teams of existing Pre-Seed Funds that will provide capital to early stage technology companies.

Proposals selected for award are required to invest one hundred percent of Ohio Third Frontier funds and matching private capital in Ohio technology-based companies that are primarily in the Imagining, Incubating, or Demonstrating phases of commercialization. As is characteristic of businesses in one of these three phases

of commercialization, the companies will, in almost all cases, not be sufficiently mature to attract venture capital funds or other forms of commercial financing.

2.3 Eligibility

2.3.1 Subject Matter

Ohio Third Frontier has determined that the Pre-Seed Fund Capitalization Program will fund only the highest scoring proposals in which a Fund is structured to:

- Invest in the following technology areas:
 - Advanced Materials related to advanced polymers, ceramics, composites, carbon fibers and nanotubes, and specialty metals and alloys
 - Aero propulsion Power Management
 - Fuel Cells and Energy Storage
 - Medical Technology related to imaging, surgical instruments/equipment, implant devices, and regenerative medicine
 - Software Applications for business and healthcare
 - Sensing and Automation Technologies
 - Situational Awareness and Surveillance Systems
 - Solar Photovoltaics
- Invest in new opportunities;
- Invest in existing Ohio companies or in companies that will relocate to Ohio as a condition of the investment; and,
- Have a formal relationship(s) with Ohio organizations like the Entrepreneurial Signature Program, previous Ohio Third Frontier funded Pre-Seed Funds, or other organizations, either with or without state support, in connection with the commercialization of technology-based opportunities in the Imagining, Incubating, or Demonstrating phases of commercialization. Such relationships should involve deal sharing, an exchange of services, and / or established processes for the commitment of resources to joint opportunities. All Proposals must provide evidence of such relationships.

2.3.2 Lead Applicant

A Lead Applicant is the entity that submits a Proposal and will be legally and financially responsible for the administration of any resulting award of Ohio Third Frontier funds. The Lead Applicant will be responsible for the administration of the Proposal should it be awarded. The Lead Applicant must also serve as both administrative and technical director of the Project.

The Lead Applicant should have relevant investment and financial experience with technology commercialization start-up companies.

Eligible Lead Applicants for this program are for-profit or nonprofit Funds based in Ohio or with a Principal Place of Business in Ohio. A for-profit Fund is a Fund that will distribute returns to Cost Share providers (investors), whether the Cost Share providers are for-profit or nonprofit entities or are persons. A nonprofit Fund is a Fund that intends to reinvest the profits into further investments in companies meeting the Fund's investment criteria. This type of Fund operates in an evergreen manner. A Principal Place of Business is a facility located in the State of Ohio where the Lead Applicant, who is registered with the Secretary of State to conduct business in Ohio, maintains physical operations that is staffed and managed by a senior representative of the Lead Applicant who is authorized to make decisions and to obligate the Lead Applicant and its resources. This facility must be owned by the Lead Applicant or be subject to a long-term lease. The Lead Applicant must have a federal tax identification number.

The Lead Applicant must be willing and able to enter into a non-recourse loan agreement with the State of Ohio in a form substantially similar to the form included as Appendix C.

Each Lead Applicant must have an active role in the execution of the proposed Project. Proposals that contain Lead Applicants that only pass the funding through to partners will not be deemed competitive.

All Lead Applicants for Pre-Seed Funds must prepare and submit an Ethics Policy relative to its investment activities and conflicts of interest. The Policy must contain, at a minimum, (1) a definition of current and potential conflicts of interest; (2) ways of managing current and potential conflicts of interest; (3) the Applicant's position with respect to investments in or service commitment to companies that previously received investment from the Borrower (or Collaborators) under some other financial relationship or prior Fund; (4) the Applicant's position with respect to investment of additional funds in or the delivery of additional services to companies or opportunities that already received Fund investments or services; and (5) the Applicant's position with respect to the Borrower (or Collaborators) being compensated for services to a portfolio company or service recipient. For these and other situations the Applicant deems important, the policy should also include a statement that: (1) describes how the Borrower will define ethical situations; (2) identifies the potential for the situation; (3) describes how the Borrower will address and resolve the situation; and (4) describes the Borrower's position relative to disclosure of the potential situation to the State of Ohio. The Ethics Policy to be adopted and enforced by the Applicant must be included as an Exhibit in the Proposal.

Lead Applicants that receive Ohio Third Frontier awards and become Borrowers must maintain eligibility while the Project is open. A Borrower that loses eligibility forfeits its award and may be required to repay the State of Ohio the full amount of the monies it has received, plus interest.

There is no limit to the number of proposals that an eligible organization may submit.

2.3.3 Collaborators (including Limited Partners/Private Investors)

A Collaborator is an organization, institution, company or other legal entity that is not an affiliate of the Lead Applicant which is anticipated to receive Ohio Third Frontier funds or an individual not employed by or related to the Lead Applicant which is anticipated to receive Ohio Third Frontier funds and/or is contributing Cost Share.

All proposals for the Pre-Seed Fund Capitalization Program must contain at least one Collaborator.

Lead Applicants may obtain the assistance of Collaborators to provide services or to provide Cost Share, as needed. All Collaborators must submit either or both of a Collaborator Commitment Form and Cost Share Commitment Letter, as described in section 3.3.12 of this RFP, signed by a representative authorized to commit the Collaborator to the proposed Project. The Lead Applicant should only include a Collaborator Commitment Form from Collaborators who will provide a substantial, well-defined commitment of resources critical to the success of the Project or will be providing significant services with a sub-award of Ohio Third Frontier funds. If a Collaborator will provide Cost Share, the Lead Applicant should submit both a Collaborator Commitment Form and a Cost Share Commitment Letter. The Cost Share Commitment Letter should clearly indicate whether the Cost Share is a Current Commitment or a Future Commitment. A Current Commitment is Cost Share that is committed at the time the Lead Applicant submits the Proposal and that is contingent only on the Lead Applicant receiving an Ohio Third Frontier award and final review and approval by the Cost Share provider of those changes in the Investment Documents that are necessary to make the terms of the Investment Documents conform to the Proposal as reflected in Development's executed Loan Agreement. A Future Commitment is Cost Share that is anticipated in the future but is not available at the time of the Ohio Third Frontier award. The difference between the total Cost Share and the Current Commitment is the Future Commitment.

2.4 Funding and Cost Share

Development anticipates awarding up to \$20 million through the CY2014 Pre-Seed Fund Capitalization Program. Funding will be in the form of a non-recourse loan in an amount equal to the amount of private capital raised, up to \$3 million. Lead Applicants are to be aware of all of the following:

- The Lead Applicant's plan must be based on a Proposal for state funding in the range of \$500,000 to \$3 million that would result in a total Fund of \$1 million to \$6 million;
- The Lead Applicant may use up to ten percent of Ohio Third Frontier funds awarded for Due Diligence, which is the process undertaken by a Fund to analyze and assess the desirability, value, and potential of an investment opportunity. Ohio Third Frontier funds used for Due Diligence must be matched on a 1:1 basis with Lead Applicant funds;

- The Lead Applicant may use up to ten percent of Ohio Third Frontier funds awarded for Enhanced Management Services that are provided by a Pre-Seed Fund to a portfolio company. Services may include, but are not limited to, marketing, management, technical and commercialization assistance; Ohio Third Frontier funds used for Enhanced Management Services must be matched on a 1:1 basis with Lead Applicant funds;
- The Lead Applicant must meet or exceed the Cost Share requirement of \$1 of Cost Share for every \$1 of Ohio Third Frontier funds (i.e., a ratio of 1:1). The Lead Applicant is ultimately responsible for insuring that all proposed Cost Share is met, regardless of the original planned Cost Share providers, and that all reporting requirements are met;
- The Lead Applicant may draw on the Ohio Third Frontier funds to make investments in Ohio technology-based start-up companies or to reimburse itself or collaborators for approved Due Diligence or Enhanced Management Services expenses;
- Before investments will be authorized, the Borrower must present to Development proof that Cost Share in an amount dictated by the Cost Share ratio contained in the Proposal is also being invested.
- Before reimbursements will be authorized, the Borrower must present to Development proof of services and affirm that the Borrower has current access to Cost Share in an amount dictated by the Cost Share ratio contained in the Proposal.

2.5 Term of Project

The Project is the plan of activity or activities that make up the total scope of work for which an award of Ohio Third Frontier funds is requested and for which a Proposal is approved. The term of Pre-Seed Fund Capitalization Program Loan Agreements will be a maximum of three years. The Project Period will extend from the Effective Date through the Project Completion. Proposals that put the Ohio Third Frontier funds to use over a shorter timeframe will be viewed favorably.

3 General Proposal Requirements

3.1 General Instructions

- Submit Letter of Intent and receive a Letter of Intent ID Number from Development.
- Submit separate Proposals for each proposed Project.

Proposals must be submitted in the following manner:

- One original paper copy marked as “Original”, three additional paper copies marked “Copy”, and two CDs each containing a complete single, unlocked PDF file of the Proposal.

- Proposals must be received at the location specified below before the RFP closes. Proposals may not be submitted by fax or e-mail.

Ohio Development Services Agency
Office of Technology Investments, Attention: PFCP
77 South High Street, 28th Floor
Columbus, OH 43215

- Proposals are to be submitted on 8.5 x 11-inch paper.
- Margins must not be less than ¾ of an inch on all sides, with the exception of forms found in Appendix B – Application Forms, Budget Forms, and Pre-Seed Fund Performance Form of this RFP.
- Font must be 11 point or larger with no more than 6 lines per inch.
- All pages must be numbered consecutively using the format “Page [#] of [total number of pages]” (e.g., Page 2 of 25).
- The Proposal title, Lead Applicant name, and Letter of Intent number must appear at the bottom of each page.
- Proposals should not include color figures that cannot be understood when photocopied in black and white.
- The first page of the Proposal must be the Application Information Page.
- Do not include a cover or cover letter other than the Application Information Page.
- Proposals must be stapled once in the upper left hand corner and must not be bound.

3.2 Trade Secret Information

All Lead Applicants are strongly discouraged from including in a Proposal any information that the Lead Applicant considers to be a “trade secret,” as that term is defined in Section 1333.61(D) of the Ohio Revised Code. All information submitted in response to this RFP is public information unless a statutory exception exists that exempts it from public release under the Ohio Public Records Act in Section 149.43 of the Ohio Revised Code. If any information in the Proposal is to be treated as a trade secret, the Proposal must:

- Identify each and every occurrence of the information within the Proposal with an asterisk before and after each line containing trade secret information and underline the trade secret information itself;
- Check the “This Application Does include information considered a ‘trade secret’” box on the Applicant Information Page; and
- Include a page immediately after the Application Information Page that lists each page in the Proposal that includes trade secret information and the number of occurrences of trade secret information on that page.

To determine what qualifies as trade secret information, refer to the definition of “trade secret” in the Ohio Revised Code at 1333.61 (D), which is reproduced below for reference:

- (D) “Trade Secret” means information, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, or any business information or plans, financial information, or listing of names, addresses, or telephone numbers, that satisfies both of the following:
- (1) It derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
 - (2) It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Development requires non-disclosure agreements from all non-Development persons who may have access to Proposals containing trade secret information, including evaluators.

3.3 Order and Content of Proposal Sections

3.3.1 Application Information Page

The first page of the Proposal must be the completed Applicant Information Page found in Appendix B – Application Forms, Budget Forms, and Pre-Seed Fund Performance Form to this RFP.

3.3.2 Trade Secret Information

This section of the Proposal must disclose any trade secret information included in the Proposal. This page is only required and must be included if there is any information to be treated as a trade secret in the Proposal. Follow the instructions in Section 3.2 of this RFP.

3.3.3 Lead Applicant and Collaborator Information

Complete and include the Lead Applicant Contact Information Page. One individual may serve in more than one capacity.

Complete and include the Collaborator Information Form for each Collaborator. Include the lead individual for each Collaborator on this form. Additionally, for each Collaborator organization, a Letter of Commitment must appear in an Appendix to the Proposal and Budget Form 3 must be included.

3.3.4 Abstract

Prepare an Abstract that summarizes the proposed Project and its expected commercial and economic outcomes. This section should minimize use of jargon and technical language and be written so that a non-technical person

can understand it. This section will be used in public documents, including press releases, and must be understandable by the general public. The Abstract may not contain any trade secret information.

3.3.5 Table of Contents

Prepare a Table of Contents with detail for two levels of headings in the Proposal. All Lead Applicants must use the requirements in this section of this RFP for the level 1 and 2 headings. This section should also include a list of Charts, Figures, and Tables that appear in the Proposal with a page number for each.

3.3.6 The Opportunity

Briefly summarize the opportunity to invest one hundred percent of Ohio Third Frontier funds and matching private capital in Ohio technology-based companies that are primarily in the Imagining, Incubating, or Demonstrating phases of commercialization. Describe the opportunity to invest in Ohio companies that are well-positioned to attract follow-on funding and advance to the next phase of commercialization. In this section, the Lead Applicant should address in as specific and quantitative terms as possible, the following:

- The Lead Applicant's focus in terms of geography, technology and/or market, investment structure (e.g. equity, grant, convertible debt, etc.), investment size, investment phase, and investment use (see bullets below for additional details);
- The ideal opportunity or company the Lead Applicant will target for investment (e.g. industry, phase of commercialization, company size, etc.);
- The outcomes the Lead Applicant intends to generate;
- To the extent applicable, the exit timing and mechanisms;
- Evidence of a high quality and ongoing source of quality deal flow at the applicable phase of investment; and,
- In the communities and geographic areas to be served by the Lead Applicant, address the following as they relate to the Lead Applicant's intended focus and deal flow: (1) existing technology-based companies; (2) an active investment community seeding technology-based companies; and (3) private and public economic development entities encouraging business formation and growth. Identify those activities and resources most likely to have a material and positive impact on the activities of the Lead Applicant.

3.3.7 Operations

Briefly describe how the Lead Applicant will manage the proposed Project. In this section, the Lead Applicant should address in as specific and quantitative terms as possible the following:

- Identify each of the Cost Share providers and specifically indicate the amount, timing and terms of their commitments. Indicate whether the commitment is a Current Commitment or a Future Commitment. If the Proposal includes a Future Commitment (in whole or in part), describe the plan and related timing to secure the required Cost Share. Provide a completed Cost Share Commitment Letter from each Cost Share provider.
- Explain the primary components of the investment process, including, but not limited to, opportunity identification, opportunity qualification, investment decision-making (for investing capital or providing Enhanced Management Services), and investment management. Especially in the cases of Lead Applicants proposing nonprofit Funds, describe how the Lead Applicant will introduce private sector judgment, influences and incentives into the investment decision-making process.
- Describe the Lead Applicant's process and mechanism for tracking and reporting to Development the information necessary to confirm that activities and results are consistent with the Framework and the ABC Metrics.
- Describe the Lead Applicant's history of collaboration with the Entrepreneurial Signature Program, previous Ohio Third Frontier funded Pre-Seed Funds, regional organizations, or other state-supported organizations in connection with the commercialization of technology-based opportunities in the Imagining, Incubating, or Demonstrating phases of commercialization.
- Indicate if the Lead Applicant plans to use up to ten percent of the Ohio Third Frontier funds award to perform necessary Due Diligence services. If so, the Lead Applicant should describe in detail its approach to performing Due Diligence. The description should cover staffing, process, access to required expertise, reporting, and the source of resources (financial and other) required. If the Fund does not plan to use up to ten percent of the Ohio Third Frontier Funds award to fund Due Diligence expenses, the Lead Applicant must explain how Due Diligence will be performed at no cost to Ohio Third Frontier and describe in detail the Due Diligence services that will be provided and the source of those services. Existing Ohio Third Frontier awardees providing this service must be specifically identified.
- Indicate if the Lead Applicant plans to use up to ten percent of the Ohio Third Frontier funds award to fund Enhanced Management Services. If so, the Lead Applicant should describe in detail the specific types of Enhanced Management Services it believes are necessary, its approach to providing or securing such services, and an explanation for the need to use Ohio Third Frontier funds for Enhanced Management Services rather than investment. The description should also summarize the terms of any service

relationships and how the Lead Applicant will allocate the services and assess their impact.

3.3.8 Success and Track Record

Lead Applicants must provide the following additional information regarding the performance of each prior Ohio Third Frontier award, if applicable, and/or other investment funds. This separate narrative section is limited to five pages and shall include:

- A written explanation that is similar to a “Management Discussion and Analysis” section in a company annual report summarizing the success and track records of previous funds.
- An explanation of material successes and failures highlighting information from historical financials of any earlier Pre-Seed Fund(s) (e.g. income statement, balance sheet, cash flow statement, and distributions and calculated IRR in accordance with GAAP). Financial statements/spreadsheets can be attached as appendices and will not count against the five page limit.
- Detailed Pre-Seed Fund or prior Ohio Third Frontier Fund performance data using the Pre-Seed Fund Performance Form in Appendix B – Application Forms, Budget Forms, and Pre-Seed Fund Performance Form. The performance data should include:
 - Actual and projected deal flow for any prior funds, number and disposition of all deals.
 - A list of investments including dates, amounts, phase of commercialization, and form of investment.
 - A list of co-investors (those that invested concurrently with the existing Pre-Seed Fund’s investment or the Lead Applicant’s commitment of services) and identification of Ohio vs. non-Ohio.
 - A list of follow-on investors (those that invested subsequent to the existing Pre-Seed Fund investment) that invested in whole or part because of the investment by the existing Pre-Seed Fund. The list should identify the follow-on investor, operating location, and indicate the date and amount of the follow on investment. (A Metric)

The Lead Applicant should refer to the detailed explanations of the ABC Metrics referenced in the Technology Commercialization Framework described in Section 1 of this RFP for additional guidance on the presentation of evidence of success in the form of A Metrics.

3.3.9 Projected Economic Impacts and Regional Priorities

- **Impact on Ohio.** Demonstrate how the Ohio Third Frontier award will have an impact on Ohio in one or more of the following areas:

new job creation (for-profit, nonprofit) retained jobs; personal wealth (average salary of jobs created); new sales of products; companies created or attracted to Ohio; follow-on investments (all stages of venture capital) and the receipt of new public or private funding (federal, industry, other) for companies that fit within the expressed mission Ohio Third Frontier; talent recruitment; and enhanced Ohio, national and/or international recognition, which leads to further interest and potential sources of funding and collaboration.

- **Alignment with Regional Priorities.** Identify regional economic development initiatives and discuss how the requested Ohio Third Frontier funds will support those priorities.
- **Potential for Leverage.** Borrowers are expected to leverage Ohio Third Frontier awards with other sources of non-state funding. Performance is evaluated and measured on the ability to acquire sufficient additional financial resources – such as from federal agencies, industry organizations, and private investors – and to continue the commercialization activities during and beyond specific Ohio Third Frontier funding. Goals and plans for leveraging Ohio Third Frontier funds will be considered in the evaluation process.

3.3.10 Experience and Qualifications

Summarize the experience and qualifications of the individuals or entities (in the case of contractors) primarily responsible for the management of the Pre-Seed Fund. The summaries should include relevant work history, investment and financial experience, technology commercialization experience, project management experience, and educational attainment. The summaries should focus only on the relevant experience. For example, relevant experience would include serving as a partner or principal in a validation, early stage, seed, growth or mezzanine private equity Fund, or substantial involvement in government-related economic development programs involving direct investment in entities in the Imagining, Incubating, or Demonstrating phases of commercialization. In connection with each individual or entity identified in this section, the Lead Applicant should also provide:

- Not more than two references each. The reference must be able to speak to experience, track record, management skills, and expertise with servicing, operating, or investing in entities in the Imagining, Incubating or Demonstrating phases of commercialization.
- A brief description of industry contacts, capabilities, or sources of additional capital that the general partners, principals, managers, or to a lesser extent, limited partners and other Cost Share providers and Collaborators bring to the management of the Pre-Seed Fund. A brief (not more than 250 words) description of the Lead Applicant which shall include, as applicable: type of organization, date established, and parent company / organization

information. This information will be placed into files which are a matter of public record. Do not include any trade secret information in this description.

3.3.11 Budget

In this section, the Lead Applicant is to provide a detailed budget, forecast, and related explanations. In preparing the budget and forecast, the Lead Applicant must use the applicable budget forms contained in Appendix B – Application Forms, Budget Forms, and Pre-Seed Fund Performance Form.

The detailed budget, forecast, and related explanations must:

- Prepare a projection of A Metrics that the Lead Applicant believes it will attract.
- List the amount of Cost Share from all sources and indicate whether the Cost Share is a Current Commitment or a Future Commitment. For each source of Cost Share, submit a completed Cost Share Commitment Letter signed by an authorized officer of the source.
- On the Budget Forms, provide a detailed budget indicating projected median case cash flows for the Lead Applicant. The Lead Applicant should then supplement the Budget Forms with a detailed explanation of all material assumptions and line items (the “Budget Detail”). The Budget Detail should supplement and explain the yearly cash flow projections throughout the Project Period with an explanation of the underlying assumptions. In the Budget forms, indicate cash inflows as positive numbers and cash outflows as negative numbers.

As noted, the Lead Applicant should also include Budget Detail that explains any material line item relating to the source or use of Ohio Third Frontier funds or Cost Share. The purpose of the Budget Detail is to help convey a complete understanding of the budget and related assumptions.

Cost Share Requirements – Magnitude: The Cost Share commitment must be at least one dollar for every dollar of Ohio Third Frontier funds requested (i.e., a ratio of 1:1). All Cost Share must be cash and be identified in the Proposal by amount, proposed use, and source. If the Cost Share ratio reflected in a Proposal exceeds 1:1, the higher Cost Share ratio will be used as a requirement for the award to that Proposal.

Cost Share must be documented on the budget forms and in a commitment letter from each organization contributing Cost Share and be signed by a representative authorized to commit the organization to the proposed Project and the Cost Share described. The Cost Share must represent a specific new commitment of cash to the Project described in the Proposal.

A Lead Applicant may, in its Proposal, bid both Current and Future Cost Share Commitments. However, prior to signing the Loan Agreement all Cost Share must be in the form of a Current Commitment unless otherwise indicated in

the applicable Loan Agreement. All draws on the Ohio Third Frontier funds must include a draw on Cost Share in an amount proportionate to the ratio of Cost Share contained in the Proposal. The Cost Share and the Ohio Third Frontier funds must flow through the books of the Borrower and must be included in the approved budget of the Loan award.

Borrowers may receive an initial advance payment of up to 15% of the total Loan award. Subsequent payments shall be made following the receipt of a written request and are subject to approval of performance reports. In addition to other requirements found in the Loan Agreement, disbursement of Ohio Third Frontier funds to the Borrower is subject to the following conditions related to Borrower's Cost Share:

- The Cost Share must be in the form of a Current Commitment; and
- The Cost Share must be currently available for draw by the Borrower.

Cost Share Requirements – Sources: Cost Share must be in the form of cash and must be expended during the Project Period. Cost Share must be charged to resources of the Lead Applicant or Collaborator and documented in the financial books of the Lead Applicant or Collaborator, as the context requires. Prior Ohio Third Frontier funding may not be used as Cost Share for this Proposal, and Ohio Third Frontier funds awarded under this RFP may not be used as Cost Share against other Ohio Third Frontier Projects. All Cost Share reported is subject to audit.

Cost Share Requirements – Constraints: Resources that have already been designated as Cost Share for some other award cannot be used as Cost Share for a Pre-Seed Fund Capitalization Program award. The Cost Share must be applied to the Project during the Project Period.

The Lead Applicant is solely responsible to have adequate funds to cover all expenses of the Project not covered by the Ohio Third Frontier funds awarded.

Borrowers will be held accountable for the Cost Share ratio committed in the Proposal (Cost Share pledged divided by Ohio Third Frontier funds requested) regardless of the actual amount of Ohio Third Frontier funds awarded. If a Lead Applicant proposes a higher Cost Share ratio than required, the Lead Applicant and its Collaborators may not, at any time later, lower the Cost Share ratio.

Budget Forms: A Lead Applicant must use the following Budget Forms contained in Appendix B – Application Forms, Budget Forms, and Pre-Seed Fund Performance Form of this RFP.

Budget Form 1 - Total Budget Plan for Lead Applicant and All Collaborators is to be used to present the total budget plan (not to exceed three years) for expenditure of Ohio Third Frontier funds and all Cost Share by the specific use categories listed on the form. The Budget Plan should include the expenditure of Cost Share at least in proportion to the ratio of Cost Share to

Ohio Third Frontier funds contained in the Proposal. Ohio Third Frontier funds may not be used for the purchase or lease of capital equipment or other similar durable assets. Collaborator expenses should be broken out into individual expense categories on this form. Due diligence and enhanced management services are limited to not more than ten percent each of the amount proposed. The full amount of the due diligence and enhanced management funds being requested must be budgeted within the three-year project period. However, the Borrower may plan to use a portion of those funds during the life of the Fund but beyond the project period, and should describe that intention in the Budget Detail.

Budget Form 2 - Pre-Seed Fund Projections is to be used to show the key financial and operating projections for the life of the Pre-Seed Fund, from inception through liquidation of all investments and distributions to investors.

The completed Budget Form 2 should also include a projection of A Metrics that the Lead Applicant believes the Pre-Seed Fund will attract. For a Pre-Seed Fund, an A Metric is the amount of follow-on funding for Fund portfolio companies from new investors not including state-supported Pre-Seed Funds. For a more detailed explanation of A Metrics, refer to the Technology Commercialization Framework information in Section 1 of this RFP.

On this Form, use the projected median case cash flows for the Fund. The budget should be completed in conjunction with and in support of the Proposal narrative. This form should be prepared on a cash basis, with cash inflows as positive numbers and cash outflows as negative numbers.

Budget Form 3 - Source of Cost Share requires the Lead Applicant to report the sources of all Cost Share from itself and all Collaborators. A Letter of Commitment on the Cost Share sources letterhead, signed by an authorized representative, must support each Cost Share amount claimed. Future Commitments to Cost Share are allowed, and the Lead Applicant accepts full responsibility for securing and delivering these commitments. Such acceptance must be documented by the Lead Applicant in a letter that specifically states that it understands and accepts this responsibility.

3.3.12 Collaborator Information/Letters of Commitment

A Commitment Letter must be provided for each Cost Share provider and Collaborator identified. Commitment letters may not be more than two pages and may not include appendices or attachments.

The letters must:

- Be submitted on the letterhead of the Collaborator;
- Include the name of the Lead Applicant, the title of the Proposal, and the Letter of Intent number assigned by Development;
- Briefly state the nature of the collaboration;
- State the duration of the collaboration;

- State the resources, other than Cost Share, the Collaborator is committing to the proposed Project;
- State how the proposed Project will contribute to the strategy of the Collaborator;
- State the specific amount of the commitment that matches the Cost Share amount on the corresponding Budget Form 3;
- State the source of the commitment;
- State when the committed resources will be available to the Lead Applicant; and
- Be dated and signed by a representative of the Collaborator with the authority to make the Cost Share commitment.

General support letters are not allowed. Any such letters submitted will be removed from the Proposal and not transmitted to the external evaluation team.

3.4 Page Limitations

Any pages beyond the page limits listed below will be eliminated from the Proposal before it is sent for review and evaluation and may also cause the Proposal to be eliminated from consideration. Except as otherwise noted, appendices or other methods to augment the information presented in the Proposal are not allowed. Reference to web-based information to supplement the Proposal is not permitted, and such references will not be considered in the evaluation.

- Abstract – one page
- The Opportunity and Operations – ten pages
- Success and Track Record – five pages
- Pre-Seed Fund Performance – Use specified form
- Projected Economic Impacts and Regional Priorities – two pages
- Experience and Qualifications – five pages total including the Lead Applicant and all Collaborators
- Biographical Sketches – five pages (A maximum of five biographical sketches of Key Personnel with each bio limited to one page)
- Budget – Use specified forms
- Budget Narrative – Minimum of two and maximum of four pages total
- Collaborator Information/Letters of Commitment (A maximum of two pages per letter and letters may only be submitted from Collaborators as defined in section 2.3.3 of this RFP. Letters may not have attachments or appended materials of any kind.)

4 Evaluation Criteria

Only the most meritorious proposals are sought for funding. Proposals will be evaluated based on responsiveness to all the requirements of this RFP and on the Lead Applicant's response to any additional information that may be requested. Implicit in those requirements and evaluation criteria is the quality of the Proposal, Budget and the ability of the Lead Applicant to leverage the state's resources and raise the required Cost Share.

The following criteria have been designated with the highest relevance to and weighting for the Pre-Seed Fund Capitalization Program:

- Alignment of the Proposal with the Pre-Seed Fund Capitalization Program purpose, goals, objectives, eligibility, funding, and Cost Share requirements of this RFP.
- Quality of the responses to the requirements of this RFP as outlined in the Proposal narrative with emphasis on the following specific elements:
 - The degree to which the Lead Applicant is able to demonstrate in a quantitative manner that their targeted source of deal flow in Ohio is substantial and is currently not being adequately served by other sources of early-stage capital.
 - The degree to which the Lead Applicant is able to demonstrate its ability to manage the Pre-Seed Fund, including the investment and reporting processes.
 - The experience of the Lead Applicant, Collaborators, and key personnel with respect to successfully managing funds of comparable size, scope, and complexity.
 - The degree to which the Lead Applicant demonstrates its ability to integrate their activities with the Ohio Third Frontier Entrepreneurial Signature Programs and other state-funded programs and organizations sharing complimentary missions.
 - The degree to which the Ohio Third Frontier funds will be impactful as evidenced by the magnitude and realism of the projected A and B Metrics.
- The performance, if applicable, of prior Ohio Third Frontier awards. Prior performance measures that will be emphasized include:
 - The current economic impact of previous related Ohio Third Frontier awards as measured by A and B Metrics.
 - The Lead Applicant and Collaborators ability to develop and support qualified deal flow.

- The degree to which the Lead Applicant is able to demonstrate the need for additional capital funding given previous state investments and the resources remaining that will be applied to the needs of the community and/or geography that is intended to be served.
- Compliance with this RFP's administrative requirements.

The evaluation criteria are designed to support the mission and goals of the Ohio Third Frontier and its various programs.

5 APPENDICES

- A. Request for Proposals Process, Awards Process and Mandatory Compliance**
- B. Application Forms, Budget Forms, and Pre-Seed Fund Performance Form**
- C. Form of Loan Agreement**