

**CY20 Ohio Third Frontier Pre-Seed/Seed Plus Fund Capitalization Program
Q&A**

1. Regarding the 1:1 cost share to OTF funds ratio for activities like Due Diligence, etc., is that requirement in place for the line item generally or is it for every individual expense? That is, say the fund spends \$50k on due diligence regarding an opportunity: \$20k on internal staff time and \$30k via a consultant. Do both expenses need to be 1:1 (so, \$10k/\$10k and \$15k/\$15k), or is it just the overall \$50k that has to be 1:1 (so, maybe OTF pays \$20k for the staff time and only \$5k for the consultant, with the remaining \$25k for the consultant being covered by the grantee)?

Answer – The 1:1 cost share to OTF funds ratio (for Pre-Seed Funds) is definitely a requirement of the proposed project and for each budget line item. Most typically, that ratio is applied to each expense on each line item. However, it can be applied in the manner described, for Due Diligence and/or Enhanced Management Services expenses. However, for any investments, a cost share ratio less than 1:1 would not be allowed.

2. In the last RFP, an applicant had to be an existing Pre-Seed Fund in order to apply for Seed Plus capital. Is that still the case?

Answer – No. The language from the previous RFP that restricted the new Seed Plus category of funding to only existing and active Pre-Seed Funds has been removed in this current RFP. The Seed Plus category is now open to new or existing Pre-Seed Funds.

3. Do we need a relationship with a fund established beforehand/or can our company be the lead applicant?

Answer – According to section 2.3.2 of the RFP, *“The Lead Applicant should have relevant investment and financial experience with technology commercialization and start-up companies... Lead Applicants for this program are Funds based in Ohio or with a Principal Place of Business in Ohio.”* The Fund should be set up to invest in one or more of the Ohio Third Frontier technology focus areas, invest in new opportunities, and invest in existing Ohio companies or in companies that will relocate to Ohio as a condition of the investment. The idea is for the Fund to invest in a variety of tech start-up companies, not for the Fund to invest in itself, or in the entity that is its primary source of cost share.

4. Will there be a webinar?

Answer – No, there will not be a webinar.

5. What’s the benefit of a loan program like this vs. a traditional loan through a bank? What is the best resource for that information?

Answer – Appendix C of the RFP, which is the “Form of Loan Agreement”, should be read to help get a general sense of what should be expected in a loan agreement through this program. A number of key terms are shown on page 1 of the agreement. Primarily though, compared with a traditional loan through a bank, loans through this program have longer terms, lower interest rates, and a variable repayment schedule.

6. If we have money from JobsOhio, can that be used as cost share for this program?

Answer – Yes, money from JobsOhio would be allowable as cost share. As with all cost share, a Cost Share Commitment letter would be required.

7. Page 14 of the RFP, Section 3.3.8, Success and Track Record, references “detailed Pre-Seed Fund or prior Ohio Third Frontier Fund Performance Data.” Is there a time limit? For example, we received our first award in 2005. Should this award be reported?

Answer – There is no time limit. For example, if your organization has received three Ohio Third Frontier Pre-Seed Fund awards over the years, then you should report in this section on each of those.

8. Should we report Phase One Technology Validation and Start-Up Fund awards?

Answer – Yes, that information would be helpful.

9. Do you anticipate releasing a listing of all organizations that submit LOIs, and if so, when would you expect it would be released to the public?

Answer – The intent is to post the list of LOI’s received as soon as possible after the November 13 deadline. I would estimate sometime the following week.

10. We have a program whereby 'corporate' sponsors and partners serve as strategic partners, provide voice of the customer for our portfolio companies and deliver in-kind services to our portfolio. These corporates are leading companies, service providers and institutions that are committed to supporting the region's innovation, technology and entrepreneurship engine, and they each commit to an annual sponsorship and, in return, receive access and visibility to our community, portfolio and deal flow pipeline. Should we include each of these 'corporate' sponsors as a Collaborator or should our Collaborator list include primarily VCs?

Answer – The RFP defines “Collaborator” as *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*. So there are two parts to that definition: 1) will the organization or individual be receiving any OTF funds?; and 2) will they be contributing any cash that will be counted as cost share to the project? If the answer to either of those questions is yes, then they would be considered to be a Collaborator.

If they are not getting paid by the Borrower to provide the services, then they would not be considered a “Collaborator”. If they’re not contributing cash that’s going to be counted as cost share for the project, then they would not be considered a “Collaborator”.

11. Should we highlight the distinction between seed vs. pre-seed companies on the pre-seed fund performance spreadsheet for our previous award?

Answer – The RFP doesn’t instruct you to do that, so it’s not required, however it might be helpful to distinguish between the two types.

12. If we are to take on capital from Ohio Third Frontier and do not return the fund (we don't anticipate this at all, but important to ask), what are the repayment terms? Is the loan totally forgiven? Do we still need to repay?

Answer – Any loan amount that is not repaid as part of liquidity events during the term of the loan is due from the borrower at loan maturity. While these are unsecured loans, this is a loan with a repayment obligation, even if there is not enough from the liquidity events. Events of default are handled on an individual basis, and the loan agreement provides for a variety of remedies in the event of a default.

13. In light of COVID, if a lead applicant and all employees are completely remote, does the Lead Applicant need to maintain a long-term lease for a facility? As an alternative, would it be acceptable to list the Managing Director's home address on the application and also update the business address to that residential address with the Secretary of State?

Answer – The RFP, in Section 2.3.2, is clear that an eligible Lead Applicant is either a Fund based in Ohio, or a Fund with a Principal Place of Business in Ohio. The Principal Place of Business requirement is to allow Funds established under the laws of another state (e.g., a Delaware LLC) that are physically based in Ohio but not legally created in Ohio. It would also be required for an out-of-state applicant.

With regard to a proposal and the Lead Applicant's address, you should list the primary business address. If that happens to be a home address, that will be evaluated appropriately under the requirements of the RFP.

14. We have already raised an independent Fund. Can we use part of that Fund as our source of matching dollars for the loan under this RFP?

Answer – No, because the OTF dollars are to leverage new money and are to serve as an incentive to new fund raising and investment, and not to offset activities and investments that have already taken place, cost share from a previously raised Fund would not be eligible. In addition, cost share under those circumstances would not be eligible under the RFP since cost share commitments must be expressly contingent upon the applicant receiving an OTF award. If previously raised dollars have already been invested into companies, then those dollars were not contingent upon the applicant receiving an OTF award.

15. We have already raised an independent Fund (let's call it Fund I). Would it be allowable if we raised additional cash in Fund I, then created a wholly-owned subsidiary of that Fund (let's call it Fund IA), in which Fund I would be the sole cost share provider of Fund IA? Fund IA would be the newly created entity which would contract with the state. The existing Fund I would put in cash of \$X and the state would match with \$X. We would maintain Fund IA as a separate entity, and invest according to the contract guidelines. As Fund IA had exits, it would repay the loan, but anything going on in the parent Fund I (out-of-state investments, exits, etc.) would be invisible to the state.

Answer – Based on the structure and approach described, this arrangement would meet the intent, as well as the requirements of the RFP and of a loan agreement. Having said that, since Fund I would be raising additional cash to apply as cost share to the Fund IA proposal, Fund I would also need to provide a Cost Share Commitment letter that includes the appropriate language that the commitment is expressly contingent only on the Lead Applicant receiving an Ohio Third Frontier award. Also, in addition to being a separate entity, we would want to see a further separation between Fund I and Fund IA, namely a separate investment committee. If Fund I is only focused on out-of-state investments, that's fine. But if they also invest in Ohio companies, we don't want Fund IA to simply be a follow-on fund for their investments. There needs to be separate governance, particularly if both Funds will be looking at the same deal flow.

16. In Section 3.3.10, Experience and Qualifications, are we to provide two external references for each individual listed in this section? If yes, are the references to be in the form of a letter?

Answer – The RFP states that, in connection with each individual or entity identified in this section, the Lead Applicant should also provide: Not more than two references each. They do not have to be in the form of a letter.

17. The State's award will match the Fund Management fee that LP's are ok with, correct? So for example if a fund has a 2% management fee, then the State would match that 2% 1:1?

Answer – Yes, OTF funds budgeted for Fund Management expenses must be matched 1:1 (3:1 for Seed Plus) with cost share dollars from the Lead Applicant.

18. If a lead applicant requests a level of State funds, and is approved for that level, then comes short on the cost share match, will the state still close at the lower amount? For example, say \$4MM of state funds are requested, then only \$3MM of cost share match is achieved. Will the State still participate at \$3M level, so long as the budget is adjusted to appropriately reflect the smaller capital level?

Answer – Possibly, but not necessarily. If what was originally proposed was an \$8 million fund but is reduced to a \$6 million fund due to lack of cost share, the evaluators will have to re-consider various factors, including degree of impact. As is stated in sec. 3.3.11 of the RFP regarding cost share: “A Lead Applicant may, in its Proposal, bid both Current and Future cost share commitments... For any Future Commitment listed in the Budget at the time of Proposal submission but from whom the Lead Applicant was not able to secure a commitment letter, Lead Applicants will have until January 15, 2021 to secure and submit commitment letters from each of those organizations... Any award recommendation will be based in part on cost share commitment letters received by Development by January 15, 2021.” In other words, you need to have any outstanding cost share (i.e., Future Commitments) confirmed and committed, in writing, by January 15, 2021. If an award recommendation is made, it would be based on the amount of cost share committed by that time. Obviously, it would also be based on how the evaluators scored the proposal against the other criteria.

19. Can the cost share include previous investment in the company, or TVSF funding already received by the company?

Answer – No. Prior Ohio Third Frontier funding may not be used as cost share. All cost share must be in the form of cash, must be expended during the project period, and must be charged to resources of the Lead Applicant. The intent of the program is to stimulate new investment.

20. With regard to Section 3.3.8 of the RFP and, specifically with regard to Lead Applicants that are applying for the first time, is the Lead Applicant required to discuss material successes and failures for prior investment funds IF those funds were not supported by the Third Frontier program? Likewise, should a first time Lead Applicant complete the Pre-Seed Fund Performance Form using data from prior funds, even if those funds were NOT supported by the Third Frontier?

Answer – Section 3.3.8, *Success and Track Record*, is required to be completed by all Lead Applicants who have prior Ohio Third Frontier awards, as well as by Lead Applicants who do not have prior Ohio Third Frontier awards but who may have (or had) other investment funds. If you have any history managing an investment fund, Ohio Third Frontier or not, then you should complete this section. The same goes for the Pre-Seed Fund Performance Form. Even if you don't have a prior Ohio Third Frontier fund, the greatest extent to which you can provide information on your previous experience, would be beneficial to the evaluators. Also, remember that there is a mechanism within the RFP for you to identify any information in your proposal you wish to have treated as trade secret. Please refer to section 3.2, *Trade Secret Information*, for the details.

21. Could some or all of any awarded funds be used to invest in early-stage companies, in which the investing fund or its corporate affiliates own a majority or all of the equity?

Answer – The intent of the Program really isn't to support Funds that are essentially created to provide funding to companies and technologies that have the same line of origin (e.g., ACME Fund investing in ACME Technologies, Inc.). Having said that, there is no prohibition against that model. In section 2.3.2 of the RFP is language regarding an Ethics Policy that the Lead Applicant must prepare and submit with the proposal relative to its investment activities and conflicts of interest. The Ethics Policy, the sources of deal flow, the Lead Applicant's focus, etc., will all be considered by the evaluators.

22. If we invested in a deal total \$200k (including \$100k State loan and \$100k from the Fund itself), but at the event of liquidity, the return on that deal is less than the total investment amount, for example, only 80% of the investment amount (i.e. \$160k) is returned, in this case would the State expect the Fund to pay back half of the

return at that point (i.e. \$80k) and pay the remaining principal (i.e. \$20k) plus possible interest by the maturity date? Or, would the State still expect the Fund to pay back the entire \$100k principal at the event of liquidity?

Answer – As long as the overall “Investments, at fair value” (see Appendix C, section 2.4 – defined as “*the aggregate value of the Borrower’s assets as determined by a third party.*”) is sufficient, the State would receive 50% of the proceeds (regardless of the Fund’s basis in the entity generating the liquidity event) at the time of the liquidity event. In your example, the use of \$100k of loan proceeds from the State is not treated like an investment in a particular entity, just a loan to the Fund as a whole.

23. Are all letters of commitment due with the proposal? Could you please clarify?

Answer – All 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. Each letter must state the specific amount of cost share that is being committed. The cost share must represent a specific new commitment of cash to the Project described in the Proposal. For any Future Commitment, the commitment letter must also state the anticipated timing the cost share will be available to the Lead Applicant.

For any Future Commitment listed in the Budget at the time of Proposal submission but from whom the Lead Applicant was not able to secure a commitment letter, Lead Applicants will have until January 15, 2021 to secure and submit commitment letters from each of those individuals or organizations. Prior to signing the Loan Agreement and within three months of the Ohio Third Frontier Commission award date, all cost share must be in the form of a Current Commitment unless otherwise indicated in the applicable Loan Agreement. Any award recommendation will be based in part on cost share commitment letters received by Development by January 15, 2021.

24. Are we able to change the length of our expected proposal?

Answer – You may not change the term of the project period. Per the RFP, the project period for Pre-Seed Funds will be a maximum of three years. That’s three years to invest the funds and to request reimbursement for any due diligence, enhanced management services, or fund management expenses that you might include in your budget. There may not be many returns in that period, but the award funds have to be drawn down by the end of year 3.

25. The RFP says no letters of support will be accepted. So where would deal flow partners come in? Should important deal flow partners not be included in potential letters of any kind?

Answer – The Lead Applicant’s relationship with deal flow partners should be described in detail in the narrative portion of the proposal. “The Opportunity” section would be the most appropriate. Collaborator Commitment Forms have been accepted in the past from deal flow partners and Due Diligence and/or Enhanced Management service providers.

26. We have "partners" that will be providing free services on things such as rent, IT, phone, due diligence services and enhanced management services. They are key "partners" to the fund but are not looking for cash compensation (quite possibly will get equity/carried interest participation, but not cash, and possibly no compensation). These partners are very key to the compelling aspect of our investment fund, but technically are not collaborators. Can a "key partner" letter be included, explaining the resources such organizations agree to provide? In essence, it is in-kind cost share, though (unless I misunderstood the RFP) in-kind cost share is not allowed. However, the commitment of such services is very helpful to the overall efforts of the fund and its eventual success.

Answer – Since the budget forms for this program only include line items for Investment; Due Diligence; Enhanced Management; and Fund Management, other expenses should not be reflected in the budget. With

regard to Due Diligence and Enhanced Management Services though, the Lead Applicant will need to describe in detail in the “Operations” section of the proposal, their approach to performing Due Diligence and to providing Enhanced Management Services. If those services are going to be provided by another organization, that needs to be described. Collaborator Commitment Forms have been accepted in the past from deal flow partners and Due Diligence and/or Enhanced Management service providers.

27. On page 2 of the budget form, there is line that says Cash Received. To clarify, is this referring to when cash is received from an exit?

Answer: Yes. An exit or any liquidity event.

28. On page 2 of the budget form, there is a line for follow on funding. Is this follow on funding from the Pre Seed Fund or from external sources?

Answer: Follow-on Funding refers to external sources.

29. Is the Pre Seed Fund performance chart asking about existing investments for future investments?

Answer: Please see section 3.3.8, Success and Track Record, of the RFP. The Pre-Seed Fund Performance Form is designed to provide detailed information about the performance of prior Ohio Third Frontier Pre-Seed Funds, or other prior investment funds.

30. In section 2.3.3, it discusses the possibility of submitting a collaborator commitment form, a cost share commitment letter, or both. However, reading section 3.3.12, it discusses including everything in one letter (unless I am misunderstanding that section). So the basic question is, for groups that provide both cost share and significant resource commitments, should it be one letter or 2?

Answer – **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. 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 significant resource commitments, and provide cost share, the Lead Applicant should submit **both** a Collaborator Commitment Form and a cost share Commitment Letter.

31. In the RFP, it notes that if a collaborator is also providing cost share, both a collaborator commitment form and cost share commitment letter are required. What about the case where there is only cost share (i.e., just an investor commitment... investing in the fund but not providing any collaboration services, just the money)?

Answer – **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. If the Collaborator is only going to be receiving Ohio Third Frontier funds for the provision of services, then they just need to submit a Collaborator Commitment Form. If that same Collaborator is also going to be providing cash to be used as Cost Share for the project, then they need to submit both a Collaborator Commitment Form and a cost share Commitment Letter.

32. In the loan agreement, I do not believe that an exact interest rate is identified. Has that been determined?

Answer – The interest rate is determined upon the third anniversary of the initial disbursement date. The rate applied will be the annual, mid-term Applicable Federal Rate.

33. In the budget sheets, it defines qualified deal flow as Ohio, technology based companies. Can't we count companies that may be located outside of Ohio currently but we are reviewing the investment potential and are trying to recruit them to establish a principal place of business in Ohio as qualified deal flow?

Answer – Section 2.3.1 of the RFP, states the Fund needs to be structured to, among other things, “Invest in existing Ohio companies or in companies that will relocate to Ohio as a condition of the investment”.

34. May an applicant increase the amount of its request from the amount submitted with the Letter of Intent?

Answer – Yes.

35. In the RFP response, must combined funds indicate the mix of Pre-Seed vs Seed-Plus that will be used in the fund? For example, if the RFP response is for a \$6M combined fund, would the applicant be tied to a specific mix that could range from only \$1M preseed to \$5M preseed (same for Seed-Plus)? If a mix must be indicated in the RFP response, can that be adjusted during the life of the fund in response to developing circumstances?

Answer – Yes, a proposal for a combined fund must indicate the mix of Pre-Seed and Seed Plus. Keep in mind the project period for Pre-Seed is three years or less and the project period for Seed Plus is five years or less. If submitting a combined fund proposal, separate budget forms must be completed for each portion of the fund. Reasonable budget amendments may be requested during the project period.

36. For all Collaborators (whether it's a service provider or cost share provider) – fill out a Collaborator Commitment Form for each and attach them in the Appendix.

Answer – Collaborator Information Forms and Letters of Commitment should be included in the proposal, following the budget pages.

37. Collaborator Commitment Forms are required for all Collaborators, while the Letters of Commitment are only required for those Collaborators who are cost share providers, is that correct?

Answer – Yes.

38. Any restrictions as to how we distribute the profits/returns to the investors?

Answer – Per section 2.4 of Appendix C of the RFP, “Upon the occurrence of a Liquidity Event, payments shall be made by Borrower to the Director in accordance with the terms of the Borrower’s promissory note. The Director hereby consents to distributions by Borrower to its shareholders or investors so long as (a) there is a payment to the Director proportionate to the Cost Share on the Loan; and (b) after deducting the aforementioned disbursements, the Borrower’s most recent “Investments, at fair value” exceeds the outstanding Loan balance.”

39. Our team is headquartered both in an Ohio city and a non-Ohio city. Since the pandemic we've worked remotely, but I'm curious if we need to have a physical office in order to be considered a “principal place of business,” especially during a time where we are still social distancing.

Answer – If a Lead Applicant is Ohio-based, then it is allowable if its employees are temporarily remote. If a Lead Applicant is not Ohio-based then it needs a principal place of business in Ohio. That is generally a physical location where work is conducted and decisions are made. Most importantly, that means the Fund is operated from Ohio and is managed by a senior representative, located in Ohio, of the Lead Applicant who is authorized to make decisions and to obligate the Lead Applicant and its resources.

40. With regard to Collaborators, I was talking with someone who mentioned “Type One” Collaborators and “Type Two” Collaborators, but do not see reference to such in the RFP.

Answer – We only have Collaborators. Think of a Collaborator as any individual or organization (separate from the Lead Applicant), who will either be giving or getting as the result of an award. Giving, in the sense that they are contributing cash as cost share for the project. Getting, in the sense that they will be getting paid from the Fund for providing significant services to assist the management team itself in conducting due diligence on companies, or by providing enhanced management services to portfolio companies, or by providing legal or accounting services for the Fund management activities.

If an individual or organization will be providing significant services, and will be getting paid by the Fund for those services, then they would be a Collaborator, and would need to be represented on a Collaborator Commitment Form in the proposal. If an individual or organization will be providing cash to be used as part of the cost share commitment, then they would also be a Collaborator, as well as a Cost Share Provider. They would need to submit both a Collaborator Commitment Form and a Cost Share Commitment Letter (see section 3.3.12)

41. Section 2.3.3 notes “all proposals for the Pre-Seed/Seed Plus Fund Capitalization Program must contain at least one Collaborator.” We do not require a collaborator for cost share, but can provide the entire 1:1 cost share on our own. Our goal is to leverage Ohio Third Frontier funds to invest in pre-seed companies we have “spun out” with IP developed at our institution. We can, however, say with certainty we will co-invest with other pre seed VC capital funds. We do not have a collaborator that fits the definitions. If absolutely required, we could engage with a law firm. Are there any exceptions to this?

Answer – If the Lead Applicant intends to provide 100% of the cost share sourced from their organization, as well as conduct their own due diligence, provide the enhanced management services, and handle their own fund management activities, then they would not be required to include a Collaborator in their project. However, they should fully explain in the proposal how they intend to handle those necessary functions of the Fund.

42. Is it appropriate to include Deal Flow partners as collaborators?

Answer – Unless those deal flow partners are getting paid by the Fund, or are contributing cash for cost share, they don’t technically meet the definition of Collaborator, so technically they shouldn’t be listed as such.

43. FAQ #14 says cost share commitments must be contingent. Budget Form 3 has a Current Commitment column and a Future commitment Column. Isn’t the Current Commitment column for existing subscription documents for funds already raised and the Future Commitment column for contingent funds?

Answer – A Current Commitment would be those from whom you’ve received a Cost Share Commitment Letter, by the time of the proposal submission, that: a) states the specific amount of the commitment that matches the cost share amount on the corresponding Budget Form 3; b) states the source of the commitment; c) states when the committed resources will be available to the Lead Applicant; and d) is dated and signed by a representative authorized by the organization to make the cost share commitment.

If you anticipate receiving cost share from some individual or organization, but you’re not able to get a Cost Share Commitment Letter from them prior to submitting a proposal, you can list the entity and the anticipated amount in the proposal and on Budget Form 3 as a Future Commitment. You would then have until January 15, 2021 to secure and submit commitment letters (that includes the points mentioned above) from those entities, in order for them to be considered a Current Commitment.

44. For the Pre-Seed Funds Performance Forms, should this be limited to only what's relevant to a specific Fund request or represent the performance of the lead applicant overall (i.e. lead applicants performance all prior funds)? How does this change if a new Fund is being proposed?

The RFP, in 3.3.8, indicates that "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**". It seeks the performance of the Lead Applicant for all prior Funds, not just for a specific Fund. Having said that, if the Lead Applicant organization has had three or more awards from the OTF Pre-Seed Fund Program since 2013, with significantly the same management team, while providing performance information for all prior awards is allowable and would provide a more complete track record, it would be acceptable to only provide performance information for those Funds.

45. If an applicant is forming a fund with an allocation of dollars to invest out of state (not involving State money) and an allocation of dollars to invest in Ohio using State dollars, how should that be represented in the application? Specifically, does the proposal need to only reflect the proposed in-state activity?

The proposal should discuss the activities of the entire Fund, particularly if some portion of the Fund will be investing in out-of-state companies. It will be important to discuss the structure and the approach to be used to manage the Fund.

46. Are there any circumstances such that a company not headquartered in Ohio can still be eligible for investment using State dollars? For example, due to strategic ties to a company in Ohio; significant business operations in Ohio despite an out of State headquarters etc.

No. All Ohio Third Frontier funds and matching private cost share must be invested in Ohio companies. However, the Fund may invest in companies that will relocate to Ohio as a condition of the investment.

47. How should lead applicants interpret bullet point two, "Invest in new opportunities" under 2.3.1 Subject Matter?

"Invest in new opportunities" means investing in companies with technologies that are at the stages of commercialization targeted by this program.

48. Can a lead applicant submit "estimated Ohio Third Frontier funds to be requested" and then submit a proposal that has a lesser amount included?

The Letter of Intent must include the estimated Ohio Third Frontier funds to be requested. The amount requested in a proposal can be different than the estimated amount in the LOI.

49. With respect to follow-on investments, the RFP states "The list should identify the follow-on investor, operating location, and indicate the date and amount of the follow-on investment." Would it be acceptable to aggregate co- and follow-on amounts at the portfolio company financing round level, and list the larger institutional co- and follow-on investors by name?

The approach described is acceptable. However, the evaluators may request further information if they have questions.

50. Are there any concentration limits on investments made by a pre-seed fund that receives state support from the Pre-Seed Capitalization program? For example, can the fund invest \$4 million into 2 companies?

There are no concentration limits on investments. However, ODSA reserves the right to object to any request for a disbursement of funds for investments.

51. Is an Ohio-domiciled fund that makes investments in companies outside of Ohio permitted to receive state support from the Pre-Seed Capitalization Program **only for its investments in Ohio companies** and keep records of those investments or would the Ohio-domiciled fund need to set up a separate fund solely for the purpose of its Ohio investments?

Yes, that arrangement is allowable. It isn't required to set up a separate Fund for the Ohio investments. However, whatever the Fund structure chosen by the Lead Applicant (i.e., the entity that will be the Borrower on a loan agreement), all investments from the Fund will then be subject to repayment under a loan agreement. The proposal should discuss the activities of the entire Fund, particularly if some portion of the Fund will be investing in out-of-state companies. It will be important to discuss the structure and the approach to be used to manage the Fund.

52. Suppose a group has already raised a fund, completely independent from OTF. However, that raise occurred before the group knew the OTF program was going to be offered. After reviewing the RFP, the group is now interested and willing to allocate a large amount of its fund to the specific purpose of the program (investment exclusively into Ohio startups--which was not an aspect of its originally raised dollars). Would they be eligible to submit a proposal? There are significant dollars still available in the fund--they aren't looking to count prior investments as cost share, only the dollars they would now allocate to the specific purpose of investing in Ohio startups.

Assuming the group meets the requirements to be a Lead Applicant, then they would be eligible to submit a proposal. However, investor dollars the group has already raised for an existing Fund would not be eligible to be used as cost share. To reiterate the response to Question 14, the OTF dollars are to leverage new money and are to serve as an incentive to new fund raising and investment, and not to offset activities and investments that have already taken place. For that reason, dollars from a previously raised Fund would not be eligible as cost share. In addition, previously raised dollars would not be eligible as cost share under the RFP since cost share commitments must be "expressly contingent" upon the applicant receiving an OTF award. If the group were to raise additional investor dollars, those would likely be eligible as cost share.

53. If we are proposing a combined fund, do you want Budget Form 3 separated for Pre-Seed and Seed Plus or can Budget Form 3 be combined?

For a combined Fund, please submit separate budgets (including BF3) for the Pre-Seed portion and for the Seed Plus portion.