



Department of
Development

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**Ohio Third Frontier
Pre-Seed & Entrepreneurial Success Initiative
Fiscal Year 2010
Request for Proposals (RFP)**

- RFP Released – November 17, 2009
- Bidder's Conference – 10:30 AM, December 4, 2009
TechColumbus, 1275 Kinnear Rd., Columbus, OH
- Letters of Intent due by 2:00 PM – December 16, 2009
- Written Questions – through January 8, 2010
- Proposals due by 2:00 PM – January 29, 2010
- Review and Award approximately – March 2010



RFP Administered by:
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Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative

Fiscal Year 2010 Request for Proposals (RFP)

1 Ohio Third Frontier Statement of Solicitation

1.1 Background

The Ohio Third Frontier (OTF) 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, OTF creates opportunity through innovation. In targeted areas of technology, the ten-year, \$1.6 billion State of Ohio initiative is catalyzing the growth of existing and emerging industry clusters by:

- Increasing the quantity of high-quality research that has commercial relevance to Ohio companies;
- Expanding access and availability of investment capital to create, grow, and attract technology-based enterprises;
- Growing and nurturing an increasingly experienced pool of entrepreneurial management talent;
- Addressing the technical needs of existing companies pursuing new products and production processes; and,
- Contributing to the expansion of a technologically proficient workforce.

Consistent with the strategic goals, OTF investments represent a balanced portfolio of programming that proactively identifies opportunities throughout the Technology Commercialization Framework. As a result, all OTF 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 Technology Commercialization Framework.

Adopted early in the life of OTF, the Technology Commercialization Framework (Framework) is a commonly accepted model and language for representing how a technology moves from the laboratory through various stages of commercialization and into the marketplace. The Framework facilitates strategic and programmatic planning, communication of expectations to program applicants and award recipients, and the development of meaningful metrics.

The ultimate utility of the Framework is that it aids understanding of the real world market gaps that hinder the commercialization process for companies and industries in Ohio. Historically, new technologies and companies are most at risk in the incubating and demonstrating phases of the Framework, commonly called the

"Valley of Death." Therefore, a significant portion of Ohio Third Frontier resources has gone to programs that directly address those stages.

It is expected that every proposal seeking OTF funding will clearly demonstrate its understanding of the Technology Commercialization Framework, and will be able to articulate its scope of work within the Framework's model. To learn more about the guiding principles contained within the Technology Commercialization Framework, please see [Appendix A](#).

The nine member Ohio Third Frontier Commission (OTFC) has overall responsibility for OTF. In addition, a 16-member Ohio Third Frontier Advisory Board (OTFAB) of leaders from industry, academia, and government was created to provide advice and counsel to OTFC.

1.2 Request for Proposals Issuance

This Request for Proposals (RFP) is being issued for grants to be awarded under OTF. OTFC 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 OTFC determines that doing so is in the best interests of the State of Ohio. Issuing this RFP does not bind the State to make an award of Grant Funds. Any award of Grant Funds in respect to this RFP will be subject to availability of funds as provided in Ohio Revised Code Section 126.07.

All capitalized words and phrases not otherwise defined in this RFP have the meanings given them in [Appendix B – Definitions](#).

All costs incurred in preparation of a Proposal shall be borne by the Lead Applicant and its team. Proposal preparation costs are not recoverable from Grant Funds. The State shall not otherwise contribute to or be liable for the costs of Proposal preparation.

If requested, Lead Applicants must attend the OTFC meeting at which proposals will be considered for funding. The funding decisions of OTFC are final. All Lead Applicants will be notified of the outcome of their applications after OTFC makes its funding decisions. Award of Grant Funds is subject to approval of the State's Controlling Board. If requested, Lead Applicants selected by OTFC for funding must attend the Controlling Board meeting at which their applications for funding are to be considered.

The Ohio Department of Development (Development) administers this RFP. Development reserves the right to adjust the dates for this RFP for whatever reason it deems appropriate. Development's Technology and Innovation Division will administer all Grants made under this RFP.

1.3 The RFP Process

The RFP process will consist of the following steps:

- Release of RFP
- Bidder's Conference (Optional)

- Letter of Intent
- Questions & Answers (Q&A)
- Submittal of Proposals

Each of these steps is discussed below.

1.3.1 Release of RFP

This RFP will be released by publication on the OTF website:
<http://thirdfrontier.com/WhatsNew.htm>

1.3.2 Bidder's Conference (Optional)

A Bidder's Conference will be held regarding this RFP. Attendance is encouraged, but is not mandatory. The conference will include a presentation by Development covering the intent and purpose of this RFP, the requirements of this RFP, and the evaluation process that will be used to determine awardees. Prospective Lead Applicants may submit written questions regarding this RFP to Development staff at the Bidder's Conference. Answers to such questions will be provided at the Bidder's Conference and posted on the OTF website.

1.3.3 Letter of Intent

A prospective Lead Applicant must submit a Letter of Intent (LOI) as a condition to submitting a Proposal. The LOI must include the following information: the prospective Lead Applicant's name, address, phone number, contact person, including email address for the contact, proposed Project title, estimated Grant Funds to be requested, known Collaborators, and a one page summary of the proposed Project. Submitting an LOI does not obligate the prospective Lead Applicant to submit a Proposal. A Proposal will not be reviewed unless an LOI for such Proposal has been submitted by the LOI deadline.

Development will issue to each prospective Lead Applicant that submits an LOI an identification number for the anticipated Proposal. The identification number must appear on the Application Information Page of the Proposal. See [Appendix C](#) – Forms.

The LOI must be submitted by e-mail and received before the LOI deadline. The e-mail should be addressed to OTFPSESI2010@development.ohio.gov with "2010 OTFPSESI LOI" appearing in the subject line. Development is not responsible for any technological errors that result in a late submission, and any late LOI submissions will not be considered.

1.3.4 Questions and Answers

All questions regarding this RFP must be submitted in writing via email. Substantive questions and answers will be posted in a Frequently Asked Questions section on the OTF website. Questions should be sent to OTFPSESI2010@development.ohio.gov with a subject line "OTFPSESI Q&A." Development reserves the right to edit questions for brevity and clarity

and to consolidate the same general question if received from more than one individual.

1.3.5 Submittal of Proposal

It is the responsibility of each Lead Applicant to ensure that Development's Technology and Innovation Division receives Proposals at the prescribed place and by the submission deadline. Late Proposals will not be reviewed.

A Lead Applicant must ensure that a Proposal submitted in response to this RFP complies with all the requirements set forth in this RFP. All Lead Applicants are advised to read this RFP carefully to ensure a complete understanding of the Proposal requirements. In particular, the form, format, and content of all Proposals must follow the directions provided in Sections 2, 3 and 4 and use the forms presented in Appendix C.

The Lead Applicant is solely responsible to ensure its Proposal is complete, accurate, responsive to the requirements of this RFP, and received by Development's Technology and Innovation Division on time. Upon timely receipt of the Proposal, Development staff will conduct an administrative review using an established written protocol to screen proposals for compliance with the objective content requirements defined in this RFP. Examples of proposal elements checked in the screening process include missing or incorrect budget forms, insufficient documentation of cost share, and failure to include letters of commitment from collaborators. Proposals complying with the RFP requirements are forwarded to an external evaluator for technical review. Proposals found to not comply with this RFP's requirements may be eliminated from the competition and not reviewed further.

2 Program Description

2.1 Purpose

The FY2010 Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (OTFPSESI) is a direct response to OTFC's recognition of the need to provide continuing support to existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs. This initiative will target only programs that have demonstrated success in using previously awarded Grant Funds to create measurable economic benefits for the State through the support of Ohio technology-based companies in the Imagining, Incubating, and Demonstrating phases of commercialization. As a result, this RFP offers support to eligible Pre-Seed Funds and Entrepreneurial Signature Programs (ESP) Lead Applicant organizations that can establish that they will be able to apply additional grant funding to extend and build on proven success based on a recognized need within its' region.

This RFP seeks applications for grants to:

- (i) Provide investment capital to proven existing Pre-Seed Funds and/or to the management teams of existing Pre-Seed Funds that will

establish a new fund capable of providing additional capital to its' portfolio companies;

- (ii) Provide funding for specific and well-defined entrepreneurial assistance programs or activities that meet an identified need of the region that are managed by an ESP that has demonstrated significant positive results; or,
- (iii) Develop a combined programmatic effort to provide both investment capital to proven existing Pre-Seed Funds and/or to the representative management teams **and** provide funding for specific entrepreneurial assistance programs or activities that meet an identified need of the region that are managed by a successful ESP

In all three categories, proposals selected for award will invest only in Ohio technology-based companies 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 or other forms of commercial financing.

2.2 Goal and Objectives

The specific goals of the FY2010 OTFPSESI are:

- To provide capital to eligible Pre-Seed Funds to enable them to build on their proven successes in applying investment capital to companies in the Imagining, Incubating, or Demonstrating phases of commercialization by catalyzing their ability to raise new private monies so that either additional investments can be made to existing portfolio companies to extend their “runway” or investments can be made in new companies to expand the investment portfolio; and
- To provide funding to eligible ESP Lead Applicants to build on their proven successes in delivering entrepreneurial assistance services to help companies in the Imagining, Incubating, or Demonstrating phases of commercialization. Funding will be granted for specific and well-defined programs or activities that meet an identified discrete need of the region. Proposals may include entrepreneurial assistance delivered by Edison Technology Incubators that are deemed critical to the Region’s entrepreneurial success for activities that are in addition to those for which the incubators currently receive funding from the Edison program. However, proposals may not include physical incubation services delivered by Edison Technology Incubators. Outreach to under-served or EDGE (Encouraging Diversity, Growth and Equity) program clients may also be incorporated into proposals. Lead Applicants may include other entrepreneurial assistance activities that can be documented as critical for the region’s success.

2.3 Eligibility

2.3.1 Subject Matter

OTF has determined that OTFSPSFI will fund grant applications that focus on:

- Investment and service opportunities that are focused on the following technology areas: Biomedical, Advanced/Alternative Energy, Instruments-Controls-Electronics, Advanced Materials, and Advanced Propulsion. Information Technology is considered an enabling technology area that supports research and commercialization in all technology areas, and hence, is eligible as long as the applications or ultimate customers of the IT business are consistent with the key industry sectors identified within the Ohio Department of Development Strategic Plan;
- Investment opportunities that are designed to provide follow-on funding to existing portfolio companies that need additional financing or provide investments for new opportunities; and,
- Entrepreneurial services that have a proven record of success and that are discrete, value added activities that meet an identified, unfulfilled need in the region.

2.3.2 Lead Applicant

An eligible Lead Applicant for this program must be an organization (for-profit or not-for-profit) based in Ohio or with a Principal Place of Business in Ohio. All Lead Applicants must acknowledge that a substantial portion of the Project activity and the benefit from the Project will occur in Ohio. The Lead Applicant must have a federal tax identification number.

Each Proposal must designate one Lead Applicant, which will be responsible for the administration of any Grant Funds awarded. The Lead Applicant must also serve as both administrative and business director of the Project. Each Lead Applicant must retain a significant amount of funding with which it will provide value added services. That is, proposals that contain Lead Applicants that only pass the funding through to partners will not be deemed competitive. Each Proposal must include at least one Collaborator.

All Lead Applicants for Pre-Seed Funds must prepare and submit an Ethics Policy relative to its investment activities and conflicts of interest. Content of this policy should meet the minimum requirements as defined in Appendix B. The Ethics Policy to be adopted and enforced by the Applicant must be included as an Exhibit in the Proposal.

Lead Applicants that become Grantees must maintain eligibility while the grant is open. A Grantee that loses eligibility forfeits its award and must repay the State of Ohio the full amount of the monies it has received, plus interest.

The Lead Applicant is ultimately responsible for insuring that all proposed cost share is met, regardless of the original planned cost share providers. There is no limit to the number of proposals that an eligible organization may submit.

Please note, the requirements outlined below are not considered evaluation criteria. The requirements are conditions for qualifying for an award of Grant Funds. The proposal evaluation criteria are described in detail in Section 4.

The three types of eligible Lead Applicants that may be considered for an award of Grant Funds under this RFP are:

Pre-Seed Fund Lead Applicant

To be considered for an award of Grant Funds for a Pre-Seed award, an eligible Pre-Seed Fund Applicant must be able to meet the following requirements:

- The Lead Applicant must be an existing Pre-Seed Fund, or the management team for an existing Pre-Seed Fund, that is either a For-Profit Fund or a Not-For-Profit Fund; and,
- If the Pre-Seed Fund does not have a formal relationship with the regional ESP involving deal sharing, an exchange of services, and established processes for the commitment of resources to joint opportunities, the Pre-Seed Fund must establish such a relationship.

Eligible Pre-Seed Fund Applicants are (or the Management Teams from):

- BioEnterprise
- Blue Chip Ventures
- Case Western Reserve University
- Childrens' Hospital
- Cleveland Clinic Foundation
- Draper Triangle Ventures
- Early Stage Partners
- Emerging Market Fund
- Entrepreneurs Fund, LLC
- JumpStart, Inc.
- JumpStart Evergreen Technology
- Lorain County Community College
- NCT Ventures
- North Coast Angels
- Ohio Innovation Fund
- Ohio Tech Angels
- Queen City Angels
- Regional Growth Partnership
- Reservoir Venture Partners
- TechColumbus & subsidiaries
- University of Cincinnati

Entrepreneurial Success Fund Lead Applicant

To be considered for an award of Entrepreneurial Success Initiative Funds, an eligible Lead Applicant must be able to meet the following requirements:

- The Lead Applicant must be an existing Ohio Third Frontier Entrepreneurial Signature Program Grantee;
- The Lead Applicant must propose, through their own efforts and those of their collaborator(s), discrete, specific activities or initiatives that are based on demonstrated need in their region and deliver a significant amount of added value; and,

- The Lead Applicant must retain a significant amount of funding with which it will provide value added services. Lead Applicants that simply pass the funding through to partners will not be deemed competitive.

Eligible Entrepreneurial Success Initiative Fund Applicants are:

- Cincinnati USA Regional Chamber
- Dayton Development Coalition
- JumpStart, Inc.
- Ohio University
- Regional Growth Partnership
- Tech Columbus

If the ESP Lead Applicant is applying on its' own behalf, the Proposal must be for a grant to fund specific and identified activities of the ESP. If the ESP Lead Applicant is applying on behalf of a regional collaborator(s), the proposed funding may be allocated across multiple projects or discrete sub-grantee activities, all of which must be specifically identified in the Proposal.

Combined Proposal Lead Applicant

To be considered for an award of Grant Funds for both a Pre-Seed Fund award and an Entrepreneurial Success Initiative Fund award, the combined Proposal Lead Applicant must be able to meet the following requirements:

- The Lead Applicant must be an existing Ohio Third Frontier Entrepreneurial Signature Program Grantee;
- The Lead Applicant must propose, through their own efforts and those of a collaborator(s), discrete, specific activities or initiatives that are based on demonstrated need in their region and deliver a significant amount of added value; and,
- The Lead Applicant must retain a significant amount of funding with which it will provide value added services. Lead Applicants that simply pass the funding through to partners will not be deemed competitive.

Eligible Combined Fund Proposal Lead Applicants are:

- Cincinnati USA Regional Chamber
- Dayton Development Coalition
- JumpStart, Inc.
- Ohio University
- Regional Growth Partnership
- Tech Columbus

2.3.3 Collaborators (including Limited Partners / Private Investors)

All proposals for Pre-Seed Funds and Entrepreneurial Success Initiative Funds 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 Grant Funds. If a Collaborator will provide Cost Share, the Lead Applicant should submit both a Collaborator Commitment Form and a Cost Share Commitment Letter. If a Collaborator is only providing Cost Share, the Lead Applicant should only submit the Cost Share Commitment Letter. The Cost Share Commitment Letter should clearly indicate whether the Cost Share is a Current Commitment or a Future Commitment.

2.4 Funding

Development anticipates awarding up to \$11 million in grants through the FY10 OTFPSESI across the previously outlined three categories. Grant requirements for each of the funding categories are outlined below:

Pre-Seed Fund

- The Lead Applicant's plan must be based on a grant in the range of \$500,000 - \$2 million;
- The Lead Applicant may use up to 10% of Grant Funds awarded for Due Diligence;
- The Lead Applicant may use up to 10% of Grant Funds awarded for Enhanced Management Services;
- The Lead Applicant must meet or exceed the Cost Share requirement of \$1 of Cost Share for every \$1 of Grant Funds. Please note; a Collaborator does not necessarily have to provide any Cost Share as part of the Grant's effort in order to be a participant in the Proposal activities. Therefore, Cost Share may be satisfied by contributions from any or all participants in any distribution deemed appropriate. It will be the responsibility of the Lead Applicant to insure that the 1:1 Cost Share requirement is met or exceeded, and that all proposed Cost Share and reporting requirements are met; and,
- The Lead Applicant may draw on the Grant Funds to make investments in Ohio-based technology companies or to reimburse itself or collaborators for approved Due Diligence or Enhanced Management Services expenses. However, before reimbursements will be authorized, the Grantee must present to Development proof that the Grantee has current

access to Cost Share in an amount dictated by the Cost Share ratio contained in the Proposal.

Entrepreneurial Success Initiative Fund

- The Lead Applicant's plan must be based on a grant in the range of \$500,000 - \$2 million;
- The Lead Applicant must meet or exceed the Cost Share requirement of \$1 of Cost Share for every \$1 of Grant Funds. Please note; a Collaborator does not necessarily have to provide any Cost Share as part of the Grant's effort in order to be a participant in the Proposal activities. Therefore, Cost Share may be satisfied by contributions from any or all participants in any distribution deemed appropriate. It will be the responsibility of the Lead Applicant to insure that the 1:1 Cost Share requirement is met or exceeded, and that all proposed Cost Share and reporting requirements are met; and,
- The Lead Applicant may draw on the grant to reimburse itself or its' collaborators for budgeted expenses. However, before reimbursements will be authorized, the Grantee must present to Development proof that the Grantee has current access to Cost Share in an amount dictated by the Cost Share ratio contained in the Proposal.

Combined Fund Proposal

- If the Lead Applicant is an existing Ohio Third Frontier Entrepreneurial Signature Program Grantee, then the Lead Applicant may submit a Proposal that combines the capitalization of a For-Profit and/or a Not-For-Profit Pre-Seed Fund with support for entrepreneurial assistance activities;
- The Lead Applicant's plan must be based on a grant in the range of \$1 million - \$4 million;
- The Cost Share requirement applies to the total combined request and must meet or exceed the Cost Share requirement of \$1 of Cost Share for every \$1 of Grant Funds. In a combined proposal, Cost Share may be overmatched on the Fund(s) or entrepreneurial assistance and the excess Cost Share raised may be used to meet the Cost Share requirement for the other proposed activities. Please note; a Collaborator does not necessarily have to provide any Cost Share as part of the Grant's effort in order to be a participant in the Proposal activities. Therefore, Cost Share may be satisfied by contributions from any or all participants in any distribution deemed appropriate. It will be the responsibility of the Lead Applicant to insure that the 1:1 cost share requirement is met or exceeded, and that all proposed Cost Share and reporting requirements are met;
- For the Pre-Seed portion of the Grant, the Lead Applicant may use up to 10% of Grant Funds awarded for Due Diligence;
- For the Pre-Seed portion of the Grant, the Lead Applicant may use up to 10% of Grant Funds awarded for Enhanced Management Services; and,

- The Lead Applicant may draw on the Grant Funds to make investments in Ohio-based technology companies or to reimburse itself for approved Due Diligence or Enhanced Management Services expenses or entrepreneurial assistance services. However, before reimbursements will be authorized, the Grantee must present to Development proof that the Grantee 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 term of OTFPSESI Grant Agreements is a maximum of three years. The Project Period will extend from the Effective Date through the Project Completion. Proposals that put the Grant Funds to use over a shorter time frame will be viewed favorably.

2.6 Major Changes from FY09 RFP

Differences between the FY 2010 Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative and the FY09 Third Frontier Success & Pre-Seed Fund Initiative:

- No new Lead Applicants are eligible to apply for funding under this RFP;
- Eligible Lead Applicants are limited to Existing Pre-Seed Funds and management teams of Existing Pre-Seed Funds identified previously or existing Ohio Third Frontier Entrepreneurial Signature Programs;
- Proposals must include at least one Collaborator;
- Cost Share is 1:1 for all applicants and all activities; and,
- Proposals from an eligible Lead Applicant that combine the capitalization of a For-Profit and/or a Not-For-Profit Pre-Seed Fund with support for entrepreneurial assistance activities will be accepted. Cost Share requirement will apply to the total combined request and must meet or exceed a 1:1 ratio. Therefore, in a combined proposal, Cost Share may be overmatched on the Fund(s) or entrepreneurial assistance and the excess cost share raised may be used to meet the Cost Share requirement for the other proposed activities.

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 email.

Ohio Department of Development
 Technology and Innovation Division, Attention: OTFPSESI
 77 South High Street, 25th Floor
 Columbus, OH 43215

- Proposals are to be submitted on 8.5 x 11-inch paper.
- Margins must not be less than $\frac{3}{4}$ of an inch on all sides, with the exception of forms found in [Appendix C](#) 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. 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.

- 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, 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 C](#) 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 three 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 use Grant Funds to accelerate the development of 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 or assistance (e.g. industry, phase of commercialization, company size, etc.);
- A specific description of the types of assistance (in addition to capital) that the Lead Applicant will deliver;
- 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 or service delivery; 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. In cases where the Lead Applicant is applying as part of a regional collaboration, explain how the Grant Funds

will be used by that Lead Applicant and its Collaborators to provide additional or expanded services to technology companies in the targeted phases of commercialization.

3.3.7 Operations

Briefly describe how the Lead Applicant will manage the proposed project. If the Lead Applicant is an ESP applying on behalf of a larger regional collaborative effort, then describe how the collaborator relationships will be managed as well. In this section, the Lead Applicant should address in as specific and quantitative terms as possible, the following:

- Identify all specific activities that will be provided by the use of Grant Funds. Activities should be identified at a level of detail and discrete specificity such that historic success of the activities can be demonstrated. It is not sufficient to state that funds will be used to support the general activities of any one organization.
- In Proposals for the Entrepreneurial Success Initiative Fund, the ESP Lead Applicant should describe in detail the programmatic activities that will be undertaken to meet identified regional needs. The Lead Applicant should describe its role in the entrepreneurial success activities as well as the role of any Collaborators. The Proposal should also describe the ways that the proposed programmatic initiatives and activities will enhance or compliment state-supported organizations such as the Edison Technology Incubators or other similar organizations to increase technology-based economic development opportunities in the Imagining, Incubating, or Demonstrating phases of commercialization and advance the economic development priorities of the region. If applicable, the Lead Applicant should also describe ongoing collaborations which are deemed critical to the region's entrepreneurial success and outreach to underserved or EDGE (Encouraging Diversity, Growth and Equity) Program clients.
- 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 services), and investment management. Especially in the cases of Lead Applicants proposing uses for Not-for-Profit Funds or Entrepreneurial Success Initiative Fund activities, 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 provide

Development with reports that are consistent with the Framework and the ABC Metrics.

- Describe the Lead Applicant's history of collaboration with the ESP, existing 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. If an ESP is applying with regional collaborators, then the ESP Lead Applicant should describe its role in the Entrepreneurial Success activities and then describe ongoing collaborations with the sub-grant recipients. In the case of an existing Pre-Seed Fund that is not part of the ESP, the Lead Applicant should provide evidence of prior collaborations with the ESP and other recipients of OTF grants.
- In the case of a Fund, and whether or not the Lead Applicant plans to use up to 10% of the Grant Funds to perform necessary Due Diligence services, 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 to perform Due Diligence. If the Fund plans to use a portion of the Grant Funds (up to 10%) to fund Due Diligence expenses, the Lead Applicant must explain the need to use the Grant Funds for Due Diligence rather than investment and then detail the use of such funds as well as other resources available to perform the specific Due Diligence described in response to the first sentence of this paragraph.
- In the case of a Fund, if the Lead Applicant plans to use up to 10% of the Grant Funds to fund Enhanced Management Services, the Lead Applicant should describe in detail the specific types of Enhanced Management Services it believes are necessary and its approach to providing or securing such services. The description should identify the approach (e.g. contracting with service providers, using Collaborators, or hiring employees), and, if applicable, summarize the terms of any relationship with the service provider, Collaborator, or employee. The Lead Applicant should also describe how it will allocate the services and assess their impact. If the Lead Applicant plans to use up to 10% of the Grant Funds to provide Enhanced Management Services, the Lead Applicant must explain the need to use Grant Funds for Enhanced Management Services rather than investment.

3.3.8 Success and Track Record

Lead Applicants must provide the following additional information regarding the performance of each prior grant. This separate narrative section is limited to 5 pages, and shall include:

- A written explanation that is similar to a "Management Discussion and Analysis" section in a company annual report. The Lead Applicant should link the RFP that resulted in the Lead Applicant's prior grant to the current

activities and business circumstances (i.e. intended activities or projections vs. actual activities and results).

- An explanation of material successes and failures relative to the activities and business models contemplated by the original RFP, Proposal and Grant Agreement. ESP Lead Applicants must also address the statement from the FY07 ESP RFP concerning the Continuation Plan, which stated: “The Continuation Plan must clearly indicate how the ESP will be sustained and flourish beyond the three-year Project Period. Being able to sustain operations beyond the grant period is a major success factor for the performance of any ESP and the realism of the continuation plan will be considered as an important factor in evaluating proposals”. Each ESP Lead Applicant shall include in their FY10 Proposal the language that they included in their 2007 Proposal regarding the Continuation Plan and explain how they have implemented their Continuation Plan.
- Historical financials of the earlier Pre-Seed Fund, ESP, or Entrepreneurial Success Fund Grant (e.g. income statement, balance sheet, and cash flow statement, in accordance with GAAP). Financial information will not count against the five (5) page limit if the financial information meets the following requirements:
 1. In the case of the requested historical financials, that the financials contain little or no text explanations. The Lead Applicant should refer to explanations contained in the five page narrative.
 2. In the case of information relating to A Metrics, the Lead Applicant should use the reporting forms currently in use by the ESP for reporting Pre-Seed Fund or EAO A Metrics. If necessary and relevant, a Lead Applicant may supplement this information with B Metrics using the Services - B Metrics form. In all cases, the narrative requested in the reporting forms (e.g. “Brief Description of Business Opportunity” or “Intended Use of Funds”) should be limited to one or two sentences. The Lead Applicant should refer to the five page narrative for any additional explanation. Development will distribute copies of the reporting form to Lead Applicants upon request.
 3. In case of the information relating to C Metrics, the Lead Applicant should use the five page narrative to briefly describe its standard for defining a deal. The Lead Applicant should then summarize the following information (for each year of operation) on a single spreadsheet: the number of deals by phase of commercialization, the number of deals that the Lead Applicant selected for comprehensive due diligence, the number of deals that resulted in an investment by the Lead Applicant, and the amount of the investment. For each investment the Lead Applicant should reference the appropriate line on the A or B metrics report, if applicable.
 4. In the case of the final requirement (distributions and calculated IRR), the Lead Applicant should summarize on a single spreadsheet the fund’s historic cash flow (cash out and cash in) on a quarterly basis

and calculate an IRR. Again, the Lead Applicant should refer to the five page narrative for any explanation.

- Detailed existing Pre-Seed Fund performance data in a form that is consistent with the ABC Metrics framework. The performance data should include:
 - Deal flow (number and disposition of all deals). (C Metric).
 - 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). The list should include the amount and date of the co-investment. The Lead Applicant should separately list co-investors who are themselves recipients of State grants under OTF and those who are not.
 - A list of follow-on investors (those that invested subsequent to the existing Pre-Seed Fund investment or Lead Applicant services) that invested in whole or part because of the investment by the existing Pre-Seed Fund or the services of the Lead Applicant and the resulting progress/proof generated. The list should identify the follow-on investor, and indicate the date and amount of the follow on investment. (A Metric)
 - To the extent applicable, the Lead Applicant should list any distributions and calculate an IRR generated from the existing Pre-Seed Fund Grant.

The Lead Applicant should refer to the detailed explanations of the ABC Metrics included in Appendix A 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 Grant Funds will have an impact on Ohio in one or more of the following areas: job creation (for-profit, not-for-profit, retained); 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 OTF; 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 Grant Funds will support those priorities.
- **Potential for Leverage.** Grantees are expected to leverage OTF grants 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 – to continue the research and commercialization activities during and beyond specific OTF funding. Goals and plans for leveraging State Grant 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 or the ESP Lead Applicant. 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, in the case of an ESP Lead Applicant, relevant experience would include direct involvement as founder or primary participant in the creation or management of Imagining, Incubating, or Demonstrating phase technology-based entities, or substantial experience as a service provider to such entities. In the case of a Pre-Seed Fund, 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 Imaging, Incubating or Demonstrating phases of commercialization.
- A brief description of industry contacts or capabilities 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 or ESP Lead Applicant (if an ESP is applying with regional Collaborators, then include the Collaborator as well). Such contacts or capabilities should focus on the following: (1) recruitment of senior level managers; (2) providing sales leads and introductions; (3) establishing strategic partnerships with identified companies; and (4) making press and public relations contacts.
- 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 C](#).

The detailed budget, forecast, and related explanations must:

- Prepare a projection of A Metrics that the Lead Applicant believes it, as well as any sub-grantees, will attract. Tie the projections into the metrics generated to date with the prior OTF grant.
- 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, as well as any sub-grantees. The Lead Applicant should then supplement the Budget Forms with a detailed explanation of all material assumptions and line item (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 Grant 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 monetary value of the Cost Share commitment must be at least one dollar for every dollar of State Grant Funds requested (i.e., a ratio of 1:1). All Cost Share must 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 a grant awarded 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. Cost Share cannot merely reiterate currently provided organizational resources, such as currently used space or equipment. The Cost Share must represent a specific new commitment, including the dollar amount or value, to the Project described in the Proposal.

Lead Applicant may, in its' Proposal, bid both Current and Future Cost Share Commitments. However, prior to signing the Grant Agreement all Cost Share must be in the form of a Current Commitment; unless otherwise indicated in the applicable Grant Agreement. All draws on the Grant 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 Grant Funds must flow through the books of the Grantee and must be included in the approved budget of the grant award.

Within 90 days of the beginning of the Project Period, all Pre-Seed Fund Grantees must select an escrow agent who is a public depository; a list of the approved public depository banking institutions will be provided by Development. Grantees must then sign an escrow agreement; an acceptable

form will be provided by Development. Grantees may then receive an initial advance payment of up to 15% of the total grant award. Subsequent payments shall be made following the receipt of a written request and are subject to approval of performance reports. Transfer of Grant Funds into an Escrow Account is subject to the following conditions:

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

Cost Share Requirements – Sources: Cost Share must be in the form of cash (see [Appendix D](#) for additional details). Cost Share 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 OTF funding may not be used as Cost Share for this Proposal, and funds awarded under this RFP may not be used as Cost Share against other OTF 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 an OTFPSESI 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 Grant Funds awarded.

Grantees will be held accountable for the Cost Share ratio committed in the Proposal (Cost Share pledged divided by State Grant Funds requested) regardless of the actual amount of Grant 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 Budget Forms contained in [Appendix C](#) of this RFP. The following Budget Forms are contained in [Appendix C](#).

Budget Form 1-Total Budget Plan for Lead Applicant and All Collaborators (Appendix C) is to be used to present the total two-year budget plan (with an optional third year) for expenditure of Grant 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 Grant Funds contained in the Proposal. Grant 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. Indirect expenses are limited to a maximum of 20% of the total Entrepreneurial Assistance Funds.

Budget Form 2-PS Pre-Seed Fund Projections (Appendix C) 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-PS 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 [Appendix A](#).

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 2-ESP Lead Applicant Budget (Appendix C) is to be used by the Entrepreneurial Assistance Lead Applicant. The total Entrepreneurial Assistance Funds requested in the Proposal must be represented on this form as the grant amounts that will be used by the Lead Applicant and Collaborators. The Subcontract/Subgrant line on this form refers to Grant Funds provided to Collaborators by the Lead Applicant, or to cash Cost Share provided by Collaborators.

The completed Budget Form 2-ESP should also include a projection of A Metrics that the Lead Applicant believes the recipients of ESP services will attract. The projection should be based on historical performance. For the ESP, an A Metric is the amount of follow-on funding from new investors, not including State-supported Pre-Seed Funds, provided to opportunities or companies that received material support/services from the ESP. For a more detailed explanation of A Metrics, refer to [Appendix A](#).

The budget should be completed in conjunction with and in support of the Proposal narrative. The Budget Detail should include a detailed explanation of all material assumptions for each line item on this form. This form should be prepared on a cash basis, with cash inflows as positive numbers and cash outflows as negative numbers.

Funds may not be used for the purchase or lease of capital equipment or other similar durable assets. If there are no subcontracts or subgrants and if the Lead Applicant budget is exactly the same as the total ESP budget, then this form does not need to be used, however, the Lead Applicant should make a note on the form as to the reason this form is not used. Please note, the Lead Applicant may not take indirect expenses on subcontracts/subgrants.

Budget Form 3-ESP Collaborator Budget (Appendix C) is to be completed for each Collaborator that is receiving a subcontract or a subgrant from the ESP. Funds may not be used for the purchase or lease of capital equipment or other similar durable assets. The total of the requested Entrepreneurial Assistance Funds and related cash Cost Share funds (documented on the Collaborators' budget forms) must equal the total corresponding amounts of the Subcontract/Sub-grant line reported in Budget Form 2-ESP.

Budget Form 4-Source of Cost Share (Appendix C) requires the Lead Applicant to report the sources of all Cost Share from itself and all Collaborators. A Cost Share Commitment Letter on the Collaborator's 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 (2) 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 LOI 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;
- 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 technical review and evaluation. 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 – 1 page
- The Opportunity and Operations – 10 pages
- Success and Track Record – 5 pages

- Projected Economic Impacts and Regional Priorities – 2 pages
- Experience and Qualifications – 5 pages total including the Lead Applicant and all Collaborators
- Biographical Sketches – 5 pages (A maximum of five (5) biographical sketches of Key Personnel with each bio limited to one (1) page)
- Budget – use specified forms
- Budget Narrative – Minimum of 2 and maximum of 4 pages total
- Collaborator Information/Letters of Commitment (A maximum of 2 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 Award Process

4.1 Proposal Review and Evaluation Procedures

OTF uses a competitive, objective, and transparent process to make awards to projects based on proposals that reflect meritorious scientific and technical content, sound business and commercialization plans, and potential for positive impacts on the economic conditions in Ohio.

An annual strategic plan, recommended by OTFAB and approved by OTFC in open, public meetings, drives program framework and budget allocations. Following the OTFC established program framework, this RFP establishes specific award criteria and describes in detail the competitive peer review process. This RFP process complies with ORC Section 184.02 (B) which states:

*In addition to the powers and duties under sections 184.10 to 184.20 of the Revised Code, the Commission shall do all of the following:
(1) Establish a competitive process for the award of grants and loans that is designed to fund the most meritorious proposals and, when appropriate, provide for peer review of proposals.*

Upon receipt of proposals, Development staff will conduct an administrative review using an established written protocol to screen proposals for compliance with the objective content requirements defined in the RFP. Examples of proposal elements checked in the screening process include missing or incorrect budget forms, insufficient documentation of Cost Share, and failure to include letters of commitment from Collaborators. Proposals complying with the RFP requirements are forwarded to an external evaluator for technical review. Proposals found to not comply with this RFP's requirements may be eliminated from the competition and not reviewed further.

The external evaluator has been selected for their expertise relevant to the technical and commercial content of the OTF program. The external evaluator will conduct a first-stage review using its proprietary methodology applied in a manner that takes account of evaluation criteria from this RFP. A set of proposals determined by the

external evaluator to meet the charge of this RFP (i.e., “fundable”) will be moved to the second stage of review in which applicants will address questions in face-to-face meetings with representatives of the external evaluator.

Taking into consideration the information contained in written proposals and answers to questions and information gathered during the face-to-face meetings, the external evaluator will analyze their findings for all proposals included in the second stage review, and will prepare a rank ordering of the proposals that is based on the their relative merits.

The external evaluator will then prepare a written report, which will be delivered to Development staff. Development staff will provide OTFC members with the external evaluator report, including the rank ordering of second-stage proposals, together with information about the amount of funding available for program awards and additional information relevant to funding decisions as described below. These written materials will be distributed to OTFC members prior to the scheduled public meeting date at which award decisions will be made.

In considering proposals, OTFC has routinely solicited information from Development staff that OTFC members believe is relevant to their funding decisions. To ensure that consistent information is provided for all proposals being considered for funding, OTFC has directed Development staff to provide the following information regarding proposals presented for potential funding:

1. Past performance of the Lead Applicant for each Proposal and its team, which includes information related to prior grants with respect to:
 - a. Leverage ratio achieved;
 - b. Number of jobs created;
 - c. Cost per job created;
 - d. Average salary of job created; and,
 - e. History of grant amendments related to original scope of work.
2. The proposed Project’s strategic fit with prior Third Frontier investments, Development’s Strategic Plan, the Ohio Board of Regent’s Strategic Plan, and other State investments; and
3. Factual business intelligence relevant to describing the Ohio economic development opportunity.

The Development staff report of this information will be completed prior to the external evaluator delivering its findings and rank ordering to Development, and the staff report will be included in written materials delivered to OTFC prior to the scheduled public meeting date at which funding decisions are to be made. At no time prior to the scheduled public meeting date will Development staff make funding recommendations, written or otherwise, to OTFC.

4.2 Evaluation Criteria

Only the most meritorious proposals are sought for funding. Proposals passing the administrative review 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 by the external reviewers. Implicit in those requirements and evaluation criteria is the quality of the work plan, budget and Cost

Share. The following criteria, however, have been designated with the highest relevance to and weighting for OTFPSESI.

- Alignment of the Proposal with the OTFPSESI purpose, goals, objectives, eligibility, funding, and Cost Share requirements as described in Section 3 of this RFP
- Quality of the responses to the requirements of this RFP as outlined in Sections 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, and 3.3.12. In particular, the following requirements are considered to be of high importance.
 - The historic track record of the Lead Applicant and Collaborators, including their ability to develop and support qualified deal flow and their successes as measured by A and B Metrics.
 - The experience of the Lead Applicant, Collaborators, and key personnel with respect to successfully managing projects of comparable size, scope, and complexity.
 - The degree to which Cost Share and expected leverage will be achieved through sources that represent new, smart, and meaningful money.
 - The degree to which the Lead Applicant is able to demonstrate that its Cost Share and expected leverage will be provided by private investment sources.
 - The degree to which the Lead Applicant is able to demonstrate in a quantitative manner, for their existing portfolio and new investment opportunities, that their targeted source of deal flow is substantial, not being adequately served, or represents a new source of potential deals that has not previously been targeted by a Pre-Seed Fund or entrepreneurial assistance program.
 - The degree to which the Lead Applicant is able to demonstrate the need for additional capital and assistance funding given previous State investments and other related investments and the resources remaining from these sources that will be applied to the needs of the region.
 - The degree to which the Lead Applicant demonstrates both the historic experience and future plans to integrate their activities with other regional, state-wide, and national programs and organizations sharing complimentary missions.
- Compliance with this RFP's administrative requirements

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

4.3 Award Decision

At a public meeting, the external evaluator will lead the presentation of proposals, and Development staff will provide necessary programmatic details including information about funds available and program goals and criteria. If requested, Lead Applicants must attend the OTFC meeting at which proposals are considered for funding. Both the external evaluator and Development staff will be available to respond to questions from OTFC members. During the public meeting, and only at

the specific request of an OTFC member, Development staff will provide a funding recommendation.

OTFC members will deliberate and exercise their independent judgment regarding award decisions based on all the information exchanged. OTFC may approve awards subject to conditions identified during its deliberation. OTFC acts by the affirmative vote of a majority of its members. The funding decisions of OTFC are final. All Lead Applicants will be notified of the outcome of their Proposals after OTFC makes its funding decisions.

All decisions taken by OTFC, including votes and a summary of any award conditions, will be recorded in minutes of the OTFC meeting. If and to the extent OTFC deviates from a recommendation of an external evaluator, those deviations will be reflected in meeting minutes.

4.4 Award and Grant Agreement Preparation and Execution

Awards of Grant Funds will be made based on Proposals as submitted (including such modifications as may be agreed by the Lead Applicant), the Project budget, and any conditions set forth by OTFC. The grant will remain open for the duration of the Project, plus a three-year reporting period during which annual reports are required to be submitted to Development.

Following selection by OTFC, an award of Grant Funds must be approved by the State's Controlling Board, a legislative body that reviews appropriation of State funds. Development will request Controlling Board review as soon as possible after the OTFC funding decision. The Controlling Board process normally takes a minimum of forty-five to sixty (45-60) days to complete.

Development will prepare a Grant Agreement. The Grant Agreement will incorporate the Proposal and Project budget, as either may have been modified by evaluation findings, funding decisions, or other terms or conditions consistent with the approval by OTFC. Development may require the Lead Applicant to provide cash flow projections on a quarterly basis.

Grant Agreements are sent to Lead Applicants for review and signature. Development executes Grant Agreements on behalf of OTFC after the Grant Agreement is accepted by the Lead Applicant. After Development executes the Grant Agreement, the Grant is entered on the State's accounting system and invoices may be submitted. Once the Grant Agreement is fully-executed, the Lead Applicant will be considered and referred to as a "Grantee."

A Grantee is required to complete the Project as described in the Grantee's Proposal as submitted and with only those modifications as agreed by the Grantee and Development in finalizing the Grant Agreement. Development will assign a Program Administrator who will work with the Grantee throughout the Project Period. Development staff and the Grantee will develop a series of performance metrics that will be used to measure progress on the Grant Agreement.

All Grantees will be required to submit to Development quarterly progress and metrics reports, as well as invoices and expenditures reports, to document achievement of Project milestones, to report Project-related success stories, and to submit post-Project completion annual reports for a period of three (3) years. All

reports and invoices will be submitted in the form and format required by Development which may change from time to time.

From time to time during the Term of the Agreement, Grantee may organize conferences or other events open to industry representatives or the general public related to the Project, the subject matter of the Project or associated work of Grantee or its Collaborators. In consideration of the Grant, up to two (2) representatives of Grantor may attend such conferences and events for the purposes of sharing information between Grantee, its Collaborators and other constituents, and Grantor. Grantee shall provide Grantor reasonable advance notice of any such conferences and events. Grantor will not be charged registration fees to attend such events.

4.5 Mandatory Compliance

The following restrictions apply to all OTF Projects:

4.5.1 Human and Animal Research

For any Proposal that includes use of human subjects, the Lead Applicant's and each Collaborator's human subject policies and procedures must comply with the Code of Federal Regulations, Title 45, Part 46. For any Proposal that includes use of animal subjects, the Lead Applicant's and each Collaborator's animal subject policies and procedures must comply with US Code, Title 7, Sections 2131-2156.

4.5.2 Obligations to the State; Compliance with Laws

Grantees will be required to certify in the Grant Agreement that they do not owe: (1) any delinquent taxes to the State or a political subdivision of the State; (2) any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not.

Grant Agreements will require Grantees to comply with all applicable federal, state, and local laws in the performance of the Project. Grantees must accept full responsibility for payments of all unemployment compensation, insurance premiums, workers' compensation premiums, all income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by Grantees on the performance of the work authorized by the Grant Agreements.

4.5.3 Other Compliance

Grant Funds may not be used for research involving tissue obtained from aborted fetuses. (See Ohio Revised Code Section 2919.14)

5 APPENDICES

- A. Technology Commercialization Framework**
- B. Definitions**
- C. Forms**
- D. Cost Share Guidelines**

Appendix A

Third Frontier Grant Programs

Technology Commercialization Framework

Technology Commercialization Framework

All OTF Programs share a common goal – to promote technology-based economic development within Ohio by funding activities that move technology from ideas to market. This goal requires the State to design programs, evaluate Proposals and Projects, leverage resources, and provide management oversight within the context of a commercialization framework. Development has adopted the Technology Commercialization Framework based on an extensive literature review on the subject.¹

The Commercialization Framework consists of three major components:

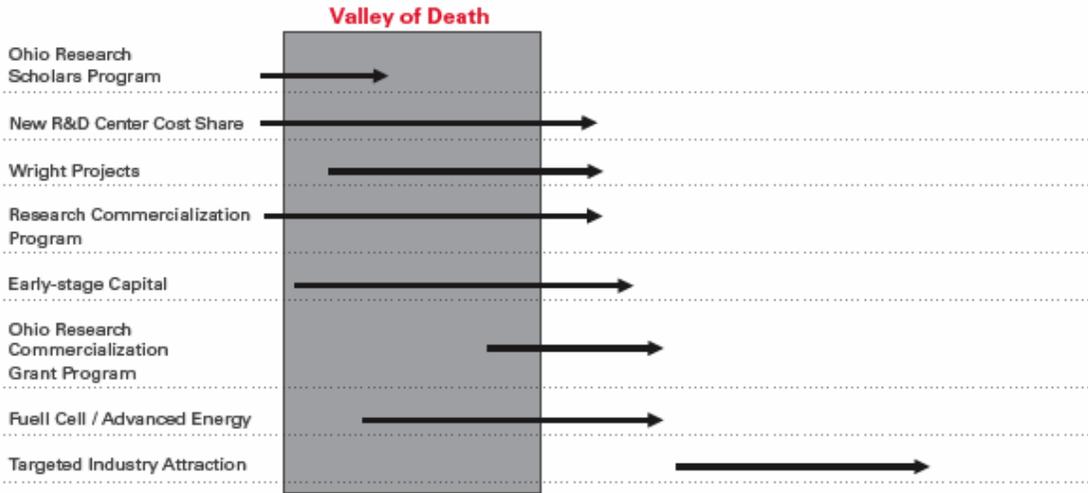
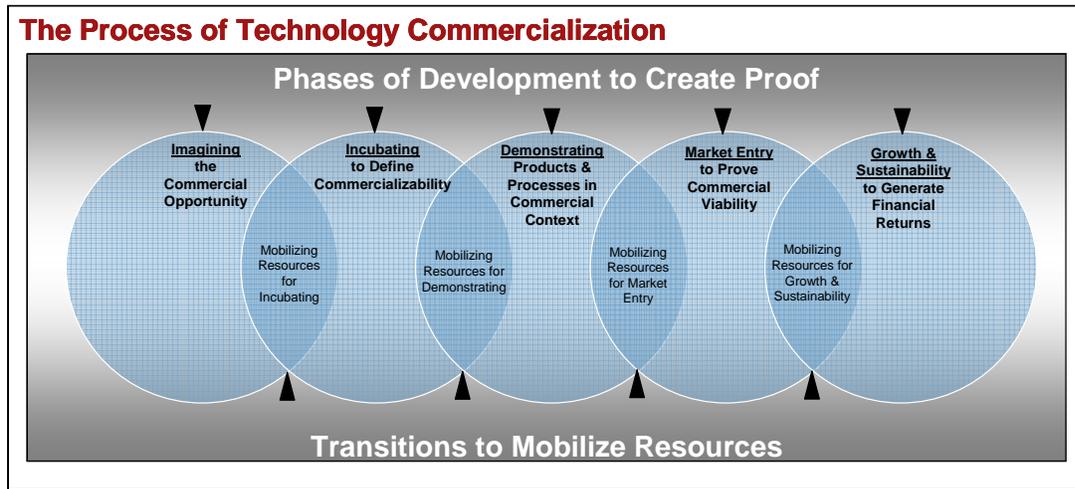
- A description of the five phases of commercialization, including an overview of two categories of activities and required proof within each phase – (i) the development of the technology, and (ii) the development of the commercial concept;
- A system of metrics (the ABC metrics) designed to provide objective interim measures of commercial progress well before the project can achieve traditional metrics (e.g. customers, revenues, profits, etc.); and
- A series of steps (the Analytical Framework) to help improve the probability of success or reduce the unproductive use of scarce resources.

The Phases of Commercialization

Figure 1 illustrates the five phases of commercialization: (1) Imagining, (2) Incubating, (3) Demonstrating, (4) Market Entry, and (5) Growth and Sustainability. In each phase, the primary goal is to generate the proof needed to attract resources required to move to and engage in the proof generating activities generally associated with the next phase of commercialization. The process is inherently iterative, with numerous starts, restarts, successes, and failures – sometimes within a particular phase and sometimes between phases. In Figure 1, each phase overlaps with the next to illustrate transitions, the process of interaction among investors, partners, customers, and the project team that results in the project's acquisition of the resources necessary to enter the next phase of the commercialization. Although the project's ability to attract resources, primarily in the form of funding, is fundamental to the measurement of commercial progress, resource acquisitions alone do not evidence commercialization. Only resource acquisitions that fund a transition demonstrate the project's movement toward market.

¹ BizLogx LLC, "The Technology Commercialization Framework", September 30, 2004.

Figure 1. Technology Commercialization Framework



The FY 2010 OTF RFP's have been placed in the stages of commercialization as shown in Figure 1.

To help determine the phase of commercialization, identify those activities most likely to lead to required resources, and measure progress, the Framework looks at two classes of activities: (i) the development of the technology, and (ii) the development of the commercial concept. The following chart (Figure 2) summarizes the activities, objectives, and desired proof within each class:

Figure 2. Summary of Commercialization Phases

Phase	Technology	Commercial Concept
IMAGINING	<p>The <i>Imagining Phase</i> begins with the techno-market insight - the linking, if only in concept, of a technology and a market opportunity. Activities focus on the generation of a “proof of principle”, generally defined as the demonstration in a laboratory setting of critical components of the technology.</p>	<p>During the <i>Imagining Phase</i>, the commercial concept is highly speculative. Often, the concept is only supported by conjecture regarding technical viability and the market opportunity.</p>
INCUBATING	<p>The <i>Incubating Phase</i> focuses on the performance of the technology in context of product performance specifications. Activities revolve around defining required performance specifications and then determining whether the technology can meet those specifications. For the most part, the activities prove the technical capabilities in a laboratory rather than a commercial setting.</p>	<p>During the <i>Incubating Phase</i>, the participants define the commercial concept (business model and market opportunity). The commercial concept depends primarily on secondary rather than market research or proof. The commercial concept lacks market confirmation and is still highly speculative since the proof is primarily in the form of research and planning.</p>
DEMONSTRATING	<p>The <i>Demonstrating Phase</i> focuses on the performance of the technology in a commercial context – generally, in the hands of a current or prospective customer. In the <i>Demonstrating Phase</i>, the source of proof begins to switch from internal to external – from the lab to the market. Resource providers generally require the following types of proof: (i) the incorporation of the technology into a market-ready product with the performance characteristics required by prospective customers; (ii) evidence that the product meets the required performance specifications in the hands of customers; and (iii) evidence of manufacturing capabilities that meet performance, quality, and cost requirements (those assumed in the Commercial Concept or Business Plan).</p>	<p>During the <i>Demonstrating Phase</i>, participants create and refine a business plan based on direct evidence of the demand for the product. Proof generally takes the form of a limited number of sales to customers at or near the price projected in the business plan. Proof helps address through direct evidence that customers are willing to pay for and use the product, and that they are generating the expected value or benefits.</p>

Phase	Technology	Commercial Concept
MARKET ENTRY	In the <i>Market Entry Phase</i> , the activities are those typically associated with the introduction of a new product to market by an existing business - production, quality, service, product performance. The company has embedded the technology in a product or service and is aggressively marketing the product or service to prospective customers. The product or service is used by an increasing number of existing customers. The opportunity has attracted the resources necessary to expand marketing, sales, and support.	In the <i>Market Entry Phase</i> , the activities are those that any business would engage in when attempting to determine the commercial value or viability of a new product or service. Types of proof include, but are not limited to meeting sales forecasts, maintaining projected pricing and margins, achieving manufacturing efficiencies, and meeting production projections. The proof frequently focuses on direct feedback from the market, measured in terms of sales, revenue, margins and growth.
GROWTH & SUSTAINABILITY	The <i>Growth & Sustainability Phase</i> involves the execution of a comprehensive product development plan to increase market share and/or extend the existing or new technologies into new products, services, and markets.	In the <i>Growth & Sustainability Phase</i> , the objective is to achieve the ongoing growth of revenue, margins, and profits in ways typically associated with a viable and profitable business.

The ABC Metrics

Given the multiple phases and non-linear nature of commercialization, the years or sometimes decades between idea and market, and the lack of traditional measures (e.g. customers, revenues, and profits), all interested parties (e.g. the project team or company, the investors, and the State) found it difficult to answer the following question using objective evidence - “Is commercial progress being made?” To answer this question, the State developed and implemented a measurement framework that includes three categories of metrics, referred to as A Metrics, B Metrics, and C Metrics.

A Metrics are synonymous with attracting the resources required to engage in the next phase of commercialization (a Transition) and are the best evidence that a project is successfully progressing towards commercialization. A Metrics also include the acquisition of resources required to continue the generation of proof within the current phase, although repeated resource acquisitions without the occurrence of a Transition will, in most cases, lead to the conclusion that the project is not progressing towards commercialization. Almost always, A Metrics take the form of cash rather than in-kind or other similar contributions or investments.

B Metrics are tangible evidence that a project is on the path to achieving A Metrics. The relevant “tangible evidence” of a B Metric is the commitment of resources by the resource provider to evaluate the project for funding. As an example, an A Metric for a project in the Demonstrating Phase would be an investment by a venture capital fund to provide the resources necessary to engage in Market Entry Phase activities. A B Metric for this project might include a substantial Due Diligence effort by the investor and the subsequent receipt by the Lead Applicant of a term sheet detailing a potential investment.

C Metrics measure activities and are the equivalent of “project milestones.” These activities (e.g. hiring qualified personnel, preparing patent applications, preparing a business plan, achieving certain technical milestones, etc.) are often critically important, but do not represent evidence of progress toward the goal of Transition or commercial success. Rather, they indicate that the participants are executing their plan.

The primary distinction between the A and B Metrics and the C Metrics is that the A and B Metrics measure the commitment of resources by a current or potential resource provider, while the C Metrics measure activities and resource commitments by the project participants or by others who are not current or potential resource providers.

Post-award and within thirty (30) days of execution of the Grant Agreement, the Grantee will submit for Development’s approval a forecast of A Metrics that the Grantee anticipates generating as a result of the project. The forecast of A Metrics must include a description of the anticipated sources and amount of A Metrics. In describing the sources, the Grantee should be as specific as possible. The Grantee will also submit a project plan that includes the primary C Metrics (e.g. hiring a fund or project manager, anticipated deal flow [including sources], anticipated timing and amounts of investments, etc.) and related dates. Development, through the Grant Agreement and the activities of program administrators, will manage grants and investments in accordance with the agreed set of A and C metrics. Development will not require the Grantee to project B Metrics, but may require the Grantee to report on B Metrics when the A and C Metrics are insufficient to provide Development with a clear picture of progress or to explain unusual circumstances.

The Analytical Framework

Successful commercialization is about successful Transitions, and the Analytical Framework focuses on the mechanism of successful Transitions. The steps of the Analytical Framework are listed below.

1. Identify the appropriate phase of commercialization;
2. Determine the amount of resources required to complete the current and next phase of commercialization;
3. Identify resource providers who can fund the next phase of commercialization activities;
4. Determine the proof required by the targeted resource providers;

5. Identify the contextual factors that are likely to have a material impact on the chances of resource acquisition;
6. Determine the appropriate measures of success; and
7. Develop a plan to produce the proof the resource providers desire and a plan to pursue the Transition.

A more extensive discussion of the Commercialization Framework is found on the OTF web site at:

http://www.ohiochannel.org/your_state/third_frontier_project/featured_publications.cfm

1.1 Commercialization Questions

Many of the Third Frontier programs are focused on the Imagining, Incubating, and Demonstrating phases of the Commercialization Framework. The following guide may prove useful in identifying the phase of an opportunity and the type of work normally associated with that phase.

Imagining Phase

The following items are representative of the proof and related activities in the Imagining Phase:

- Develop the business case (e.g. market, potential customers, value proposition, and competitive alternatives);
- Develop a firm understanding of how the technology might be developed into a commercial application;
- Develop a proof of principle – demonstrate in a laboratory setting the critical components of the technology that enable the core functionality of the commercial application;
- Assess the work needed to achieve reduction to practice;
- Investigate the freedom to operate within the target markets and the constraints imposed by existing patents or other forms of IP; and
- Develop an intellectual property strategy for the application of this technology.

Incubating Phase

The following items are representative of the proof and related activities in the Incubating Phase:

- Develop a comprehensive business plan and financial projections;
- Perform the work necessary to understand how to adapt the technology to a commercial application that addresses the market needs;
- Confirm the “freedom to operate” for the IP in context of the commercial application and then acquire adequate IP protection for the technology and related applications to allow for market introduction;
- Complete the reduction to practice and produce a working model based on well-defined and fixed commercial specifications; and
- Produce product designs and production processes that support the manufacture of a reliable product at a cost reasonably consistent with the constraints of the particular market applications.

Demonstrating Phase

The following items are representative of the proof and related activities in the Demonstrating Phase:

- Finalize the technical and commercial specifications for the market ready version of the product;
- Produce prototypes in the approximate form and with the functionality required for general market release;
- Finalize a business plan including detailed plans for sales, marketing, pricing, financing, etc.;
- Develop credible plans for manufacturing at or near the costs required by the business plan;
- Sell the product or service at or near the price contemplated by the business plan;
- Secure several customers who use the product in a commercial environment;
- Establish the reliability of the technology as embedded in a commercial product;
- Incorporate feedback from lead users into the design based on alpha and beta versions of the technology;
- Produce pilot runs that demonstrate functionality consistent with the product concept; and
- Secure facilities adequate for near-term production.

Market Entry Phase

In this Phase, the company attempts to prove the viability of the business opportunity. The proof and related activities in the Market Entry Phase are those generally associated with an ongoing business. Representative examples of proof and related activities are:

- Achieving quarterly and annual sales projections;
- Meeting production targets, including cost and quality requirements;
- Achieving financial performance measures, including, but not limited to price per unit, gross margins, operating margins, etc.; and
- Meeting product performance requirements in “real world” situations.

Growth and Sustainability Phase

In this Phase, the company attempts to establish the long-term viability of the business. As in the Market Entry Phase, the proof and related activities in the Growth and Sustainability Phase are also those generally associated with an ongoing business. Representative examples of proof and related activities are:

- Achieving quarterly and annual sales projections;
- Introducing new and improved products;
- Increasing revenues and profitability;
- Increasing market share; and
- Expanding into new markets.

The previous lists of activities are not meant to be exclusive. Rather, the purpose is to help Applicants and Grantees accurately identify the phase and scope of expected activities and required proof.

Applicants should consider and address how the ABC Metrics and Commercialization Framework relate to their investment strategies, and how progress by portfolio companies will be measured consistent with the Commercialization Framework.

Development will consider projects successful (A Metrics) if, at the proposed Project's completion, the Lead Applicant has invested in and/or provided services to opportunities or companies that have attracted follow-on funding to finance the next phase of commercialization.

Appendix B

Third Frontier Grant Programs

Definitions

Appendix B

Definitions

Collaborator – An individual not employed by or related to the Lead Applicant or an organization, institution, company or other legal entity that is not an affiliate of the Lead Applicant which is anticipated to receive State Grant Funds and/or is contributing to Cost Share.

Collaborator Commitment Form – The document submitted by each Collaborator that describes and confirms the Collaborator's commitment of resources (other than Cost Share) to the Proposal, such document to be in the form included in Appendix C to this RFP.

Cost Share – See Appendix D.

Cost Share Commitment Letter – A letter on the Cost Share Collaborator's letterhead that confirms the amount, timing, and nature of the commitment, such letter to be substantially in the form of the Cost Share Commitment Letter contained in Appendix C and signed by an authorized representative of the Cost Share Collaborator.

Current Commitment – Cost Share that is committed at the time the Lead Applicant submits the Proposal and that is contingent only on the following: (i) in the case of an ESP, the Lead Applicant receiving an award of Grant Funds from the State, and (ii) in the case of a Pre-Seed Fund, (a) on the Applicant receiving an award of Grant Funds from the State and (b) 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 the executed Grant Agreement.

Due Diligence - A process undertaken by a Pre-Seed Fund to analyze and assess the desirability, value, and potential of an investment opportunity.

Effective Date – The date upon which a Grant Agreement between a Lead Applicant and the State of Ohio is effective.

Enhanced Management Services—Services provided by a Pre-Seed Fund to a portfolio company that include marketing, management, technical and commercialization assistance.

Equipment – Any item of equipment which both costs \$5,000 or more and has a useful life of more than one year.

ESP – One of the six regional recipients of OTF grants under the Entrepreneurial Signature Program.

Escrow Account – Account into which Grant Funds are placed and then administered by a third party Escrow Agent.

Ethics Policy – A policy implemented or to be implemented by a Lead Applicant that contains, 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 Grantee

(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 Grantee (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 Grantee will define ethical situations; (2) identifies the potential for the situation; (3) describes how the Grantee will address and resolve the situation; and (4) describes the Grantee's position relative to disclosure of the potential situation to the State of Ohio.

Existing Pre-Seed Fund – A Fund will meet this requirement if the Grantee is a Not-For-Profit Fund that received a prior Pre-Seed Fund grant and plans to continue its operations with “substantially the same management team,” or a For-Profit Fund that received a prior Pre-Seed Fund grant and plans to establish a Fund with “substantially the same management team” as the prior grant recipient and which is sponsored by the same “parent” organization, is using substantially the same name, and/or is affiliated with the prior grant recipient.

For-Profit Fund – A Fund that will distribute returns from the Fund to Cost Share providers (investors), whether the Cost Share providers are for-profit or not-for-profit entities or persons.

Fund – The general name describing an Existing Pre-Seed Fund that is submitting a Proposal.

Future Commitment – Cost Share that is anticipated in the future but is not available at the time of grant award. The difference between the total Cost Share and the Current Commitment is the Future Commitment.

Grant Accounts – Accounts established and maintained by a Grantee to record separately in its books and records receipt and use of Grant Funds and Cost Share.

Grant Agreement – A legal agreement setting forth the terms and conditions upon which Grant Funds are awarded and the respective rights and obligations of the Lead Applicant and the State of Ohio with respect to Grant Funds and the Project for which they are to be used.

Grant Funds - Financial assistance in the form of money awarded by a government agency to an eligible applicant in order to accomplish a public purpose of support or stimulation of development authorized by statute.

Indirect Cost – A cost that is incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project but nevertheless is necessary to the operation of the organization. Also known as “Facilities & Administrative (F&A) cost.”

Key Personnel - Individuals from the Lead Applicant and/or Collaborators who represent a Project's leadership from the technical, commercial, and managerial perspectives.

Lead Applicant – The entity that submits a Proposal and will be legally and financially responsible for the administration of any resulting award of Grant Funds.

Not-for-Profit Fund – A Fund that intends to reinvest the profits from the Fund into further investments in companies meeting the Fund's investment criteria. These Funds operate in an evergreen manner.

OTF Website – www.thirdfrontier.com

Pre-Seed Fund – A Fund that invests primarily in technology-based companies or opportunities in the Imagining, Incubating, or Demonstrating phases of commercialization.

Principal Place of Business - 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 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 lease, the balance of which matches or exceeds the term of the Grant Period. The facility must be a recipient or beneficiary of a significant amount of the funds awarded to the Grantee.

Program Administrator – Personnel of the Ohio Department of Development assigned to monitor the progress of a Project awarded Grant Funds.

Project – The plan of activity or activities that make up the total scope of work for which an award of Grant Funds is requested and for which a Proposal is approved.

Project Completion Date – The date by which the Grantee shall complete the Project and incur all eligible expenses.

Project Period – The period of time from the Effective Date until the Project Completion Date.

Proposal – A proposal as submitted by a Lead Applicant seeking an award of Grant Funds in response to a Request for Proposals issued for a particular Third Frontier Program.

Subcontract/Subgrant – A subcontract/subgrant is a legal agreement between a Grantee and an individual or entity that has expertise in a particular area or access to specialized resources or materials that the Grantee lacks. A subcontract/subgrant is identified in the Proposal for performance of a specific function.

Supplies – Materials, including equipment, which both costs less than \$5,000 and has a useful life of less than one year.

Appendix C

Ohio Third Frontier Grant Programs

Part 1 - Application Forms *(found in Word document below)*

Part 2 - Budget Forms *(found under separate Excel spreadsheet)*

Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative

Application Information Form

2010 RFP

Letter of Intent (LOI) Notification Number (Issued by ODOD)	LOI #: OTFPSESI 10-_____
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This Application:	<input type="checkbox"/> Does	<input type="checkbox"/> Does Not	include information considered a "trade secret" under Ohio Revised Code Section 1333.61 (D)
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Lead Applicant Name			
Lead Applicant Address			
City:		State:	
County:			Zip Code:

Project Title:			
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State Funds: \$		Cost Share: \$	
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1.1.1.1 Project Focus: Check Only One	<input type="checkbox"/> Pre-Seed Fund <input type="checkbox"/> Entrepreneurial Success Fund <input type="checkbox"/> Combined Proposal
--	---

Is the Lead Applicant the lead in any other proposal submitted under this RFP?	<input type="checkbox"/> Yes <input type="checkbox"/> No
---	--

If yes, provide the following information:

Project Title/LOI #	
----------------------------	--

Typed Name of Authorizing Agent	Title of Authorizing Agent
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Signature	Date
-----------	------

For ODOD Use Only	
Date Received	Proposal ID #



**Ohio Third Frontier Pre-Seed &
Entrepreneurial Success Initiative**
Lead Applicant Contact Information Form
2010 RFP

Authorizing

Agent

Name

Title

Organization

Address

City, State Zip

Telephone #

Fax #

e-mail address

Project

Director

Name

Title

Organization

Address

City, State Zip

Telephone #

Fax #

e-mail address

Fiscal Agent

Name

Title

Organization

Address

City, State Zip

Telephone #

Fax #

e-mail address

<u>Grant Administrator</u>	Name	
	Title	
	Organization	
	Address	
	City, State Zip	
	Telephone #	Fax #
	e-mail address	

Authorizing Agent – the individual authorized by the Lead Applicant to accept the terms and conditions of an award of Grant Funds.

Project Director - the individual authorized by the Lead Applicant to direct the Project for which the Grant Funds have been awarded.

Fiscal Agent – the individual authorized by the Lead Applicant to sign Grant-related financial documents, e.g. Requests for Payment, Grant Financial Reports, etc.

Grant Administrator – the individual authorized by the Lead Applicant to oversee the day-to-day operations of the Grant Funds, including preparing progress reports, monitoring project progress, etc.

Note: The same individual may hold more than one of these positions.

Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative

Collaborator Information Form 2010 RFP

Provide contact information for each collaborator named in the Proposal. Include an e-mail address if available. Attach additional forms as needed. A signed Collaborator Commitment Form should be included for every Collaborator listed.

Name	
Title	
Organization	
Address	
City, State, Zip	
Telephone #	Fax #
e-mail address	

Name	
Title	
Organization	
Address	
City, State, Zip	
Telephone #	Fax #
e-mail address	

Name	
Title	
Organization	
Address	
City, State, Zip	
Telephone #	Fax #
e-mail address	

Name	
Title	
Organization	
Address	
City, State, Zip	
Telephone #	Fax #
e-mail address	

Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative

Collaborator Commitment Form 2010 RFP

Collaborator's Name _____
Address _____
City _____
State _____
Zip Code _____
Email Address _____

Lead Applicant's Name	_____
Lead Applicant's Project Title	_____

Please detail the agreement between the Lead Applicant and the Collaborator to provide substantial and tangible management services or other resources to portfolio companies. Include agreed upon resources, availability, rates, expertise, and service descriptions. For additional guidance, refer to the definition of the term "Collaborator" contained in Appendix A. (Use one extra page if necessary.)

I certify that I have the legal authority to commit the above-named Collaborator to the roles and responsibilities designated for it in the Proposal submitted by the Lead Applicant named on the form.

Typed Name	Title
Signature	Date

Appendix D

Third Frontier Grant Programs

Cost Share Guidelines

Cost Share Guidelines

Grantee will adhere to the Cost Share requirements set forth in this Appendix governing the identification and use of resources other than Grant Funds for eligible expenses of the Project.

The Cost Share Amount must be provided in cash as designated in section 3.3.11. Cash contributions counted against the Cost Share Amount includes eligible expenses of the Project (1) incurred to perform activities in direct support of the Project during the Project Period; (2) charged to resources of Grantee or of a subgrantee or subcontractor engaged by Grantee on the Project, and (3) documented in Grant Accounts or in the Grant-related financial books and records of the subgrantee or subcontractor, as the context requires. Cash contributions to the Cost Share Amount include resources other than Grant Funds provided by a third party to Grantee, a subgrantee or subcontractor, or to a parent organization specifically for the use or support of Grantee, a subgrantee or a subcontractor, which are actually used to perform Project activities.

General Conditions and Restrictions:

- A. Contributions to the Cost Share Amount must be for eligible expenses consistent with the then-current version of Federal Office of Management and Budget Circular A-21 and must be accessible to verification and audit.
- B. Contributions to the Cost Share Amount must provide direct support for the Project. Expenditures that provide coincidental benefits to or support for the Project may not be counted against the Cost Share Amount. All resources counted against the Cost Share Amount must be necessary and reasonable considering the Project objectives and the activities to be performed as part of the Project.
- C. Contributions may not be counted against the Cost Share Amount if the same resources are used to satisfy the cost share requirement of any other funding program.
- D. Contributions of financial support included as part of the Project's Cost Share Amount must be made between the Effective Date of the Grant Agreement and the Project Completion Date.
- E. Grantee may request Grantor approval of financial support for the Project that does not meet the cost share requirements set forth above. Any such request shall be made by Grantee in writing, and such financial support may be counted against the Cost Share Amount only if and to the extent approved by Grantor in writing prior to the contribution of such financial support. Grantor may give or withhold approval within its discretion.
- F. Documentation of all contributions to the Cost Share Amount must identify the source of the contribution and its address.
- G. Grantee shall maintain in its records related to the Project documentation sufficient to verify all Project costs and contributions claimed as part of the Cost Share Amount.

Cost share documentation will be subject to inspection and audit as provided in the Grant Agreement.

H. Certification of Cost Share:

- 1.) The method and frequency of reporting contributions to the Cost Share Amount is the same as financial reporting for the Grant Funds.
- 2.) Grantee must identify cash contributions to the Cost Share Amount in its financial reports to Grantor.

I. Modification of Cost Share Guidelines: Grantor may revise the Cost Share Guidelines from time to time. Any changes to the Cost Share Guidelines shall be effective upon delivery of written notice to Grantee and shall apply prospectively.