



Ohio's SSBCI Venture Capital Programs

Request for Proposals (RFP)

- RFP Released – August 24, 2023
- Letters of Intent due by 2:00 p.m., October 12, 2023
- Written Questions – through October 26, 2023
- Proposals due by 2:00 p.m., November 9, 2023
- Review and Award approximately – February 2024

RFP Administered by:

The Ohio Department of Development
Office of Technology Investments
77 South High Street, 28th Floor
Columbus, OH 43215

77 South High Street
Columbus, Ohio 43215 U.S.A.

614 | 466 3379
800 | 848 1300
development.ohio.gov

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1 Statement of Solicitation

1.1 Background

The State Small Business Credit Initiative (SSBCI) was reauthorized by the American Rescue Plan Act of 2021 as part of the national response to the economic effects that resulted from the coronavirus pandemic. Originally created in 2010 and federally administered through the U.S. Department of the Treasury, SSBCI allocates \$10 billion in funding to states to use for their own capital access initiatives.

Through an agreement with the U.S. Treasury, the Ohio Department of Development (Development) was approved to receive up to \$182 million through the SSBCI. A portion of the funding will be allocated for businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses). Another portion of the funding will be allocated for very small businesses. Development will administer the SSBCI program in Ohio and will allocate the funding among four programs: two venture capital programs to be administered by Development's Office of Technology Investments, and a loan participation program and a collateral enhancement program to be administered by Development's Minority Business Development Division.

These programs support small business growth and entrepreneurship and will leverage private funds to help Ohio small businesses acquire additional capital to grow their businesses and create good-paying jobs.

1.2 Request for Proposals Issuance

This Request for Proposals (RFP) is being issued for funds to be awarded under the Ohio Department of Development. This RFP will be released by publication on Development's website at <https://development.ohio.gov/ssbci>.

This RFP requests proposals from eligible applicants for either or both of the following Venture Capital Programs:

1. **Ohio Early Stage Focus Fund**, which will provide capital to professionally managed investment Funds to support early stage technology companies in underserved communities and populations in Ohio.
2. **Ohio Venture Fund**, which will provide investment capital to professionally managed investment Funds to support Ohio technology companies with early stage capital through Series A.

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

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

1.3 The RFP Process and Awards Process

The RFP process will consist of the following steps:

- Release of RFP
- Letter of Intent
- Questions and Answers (Q&A) and Communications
- Submittal of Proposals

The Awards Process will consist of the following steps:

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

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

All questions regarding this RFP must be submitted in writing via email to SSBCI-VC@development.ohio.gov with the subject line “SSBCI Venture Capital Programs Q&A.” Lead Applicants, Collaborators, and/or others acting on their behalf are to be aware of all prohibited contact in Section IV of Appendix A – RFP Process, Awards Process, and Mandatory Compliance. If a Lead Applicant, Collaborator, and/or others acting on their behalf makes prohibited contact, Development in its discretion may subject the Proposal to elimination from the RFP process.

2 Program Description

2.1 Purpose

The Ohio Department of Development (Development) has long recognized that capital is the lifeblood of technology-based ventures. Current programs support a strong and well-

funded network of angel, pre-seed, and seed-stage investment Funds. Those Funds have helped establish a strong ecosystem in Ohio for early-stage investments and has fueled the formation of many high-potential startups.

The need for sufficient capital persists as companies mature and as new startups emerge. In addition, Development has identified the need for investment capital in traditionally underserved communities and populations that face barriers to capital.

Through the SSBCI, Development will establish two new venture capital programs that will address these structural issues by increasing the amount of resources available to Ohio technology-based startups and by concentrating on underserved markets, communities, and populations that face barriers to access credit and capital. These efforts will increase the amount of capital that Ohio startups need to grow and will ensure that Ohio's most promising entrepreneurial companies achieve their full growth potential in Ohio.

This RFP requests proposals from eligible applicants for either or both of the following Venture Capital Programs:

1. **Ohio Early Stage Focus Fund**, which will provide capital to professionally managed investment Funds to support early stage technology companies in underserved communities and populations in Ohio.
2. **Ohio Venture Fund**, which will provide investment capital to professionally managed investment Funds to support Ohio technology companies with early stage capital through Series A.

Specific program information can be found in Section 2.5.

Funding from both the Ohio Early Stage Focus Fund and the Ohio Venture Fund will be structured as loans from the state of Ohio to the Fund's General Partner/Fund Manager, or to a wholly owned subsidiary of the General Partner entity, which will then deposit the loan proceeds into the Fund as a Limited Partner, for the purpose of an investment into eligible businesses, with a repayment structure similar to that of an equity position.

2.2 Goal and Objectives

The goals of Ohio's SSBCI Venture Capital Programs are to:

- Increase the number of professionally managed investment Funds investing throughout Ohio.
- Increase the amount of early stage capital being invested in Ohio technology-based companies in the imagining, incubating, demonstrating, or market-entry phases of technology commercialization.

- Create a capital climate that supports the development, retention, and attraction of investable technology companies in Ohio.
- Accelerate the growth of high-potential technology companies in Ohio and create high-paying technology jobs in Ohio.
- Build a pipeline of technology company deal flow that increasingly attracts the resources of venture capital firms both within and outside of Ohio.

The specific objectives of the SSBCI Venture Capital Program are to:

- Provide investment capital to investment Funds that will provide capital to early stage technology companies.
- Support Funds focused on early stage technology-based companies in general and companies that are woman- or minority-owned or are based in an area that has been underserved by venture capital, in particular.
- Support Funds that are led by proven management teams, particularly women and/or minorities, as well as emerging managers.

Proposals selected for award are required to invest one hundred percent of Ohio SSBCI funds and matching private capital in Ohio technology-based companies that are primarily in the imagining, incubating, demonstrating, or market-entry phases of commercialization.

2.3 Eligibility

2.3.1 Minimum Eligibility Requirements

Lead Applicants must meet the following minimum criteria to be eligible:

- Must meet the Securities and Exchange Commission’s (SEC) definition of a Venture Capital Fund, as set out in 17 C.F.R. § 275.203(l)-1 as well as any entity that would meet that definition but for the form of the investment of SSBCI funds in the entity, e.g., via a debt instrument (in the latter case, this deviation from the regulatory definition may have implications for the ability of program participants to rely on the SEC’s venture capital fund definition and any associated exemption from certain requirements under the Investment Advisers Act of 1940). For example, entities that receive SSBCI funding via a debt instrument will qualify as a “venture capital fund” for purposes of SSBCI, so long as the entities otherwise meet the definition under 17 C.F.R. § 275.203(l)-1.
- Must have at least one Fund Manager/General Partner who has investment decision-making authority and is a full-time Ohio resident.
- Must provide evidence that the SSBCI investment in the proposed Fund is catalytic to the private financing. An example of a situation in which the

SSBCI investment might not be catalytic if the SSBCI commitment to the Fund occurs after the Fund's initial close. In that situation, the applicant will need to explain the specific circumstances and address how the SSBCI investment will be catalytic to cause and result in a minimum 1:1 new private capital.

2.3.2 Subject Matter

Development has determined that Ohio's SSBCI Venture Capital Program will fund only the highest-scoring proposals in which a Fund is structured to:

- Invest in one or more of the following technology areas:
 - Biomedical/Life Sciences related to diagnostics, imaging, surgical instruments/equipment, implant devices, therapeutics, and regenerative medicine.
 - Information Technology/Software Applications for business and health care.
 - Advanced Materials related to advanced polymers, ceramics, composites, carbon fibers and nanotubes, and specialty metals and alloys.
 - Aerospace & Aviation.
 - Agriculture and Food Technologies.
 - Energy and Energy Storage.
 - Sensors and Automation Technologies.
- Invest in new opportunities.
- Invest in existing Ohio-based companies or in companies that will relocate their headquarters to Ohio and maintain a Principal Place of Business in Ohio as a condition of the investment.

2.3.3 Lead Applicant

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

The Lead Applicant should have relevant investment and financial experience with technology commercialization and startup companies.

Lead Applicants for this program will maintain a Principal Place of Business in Ohio throughout the term of the loan agreement. A Principal Place of Business is a facility located in the state of Ohio where the Lead Applicant, who is registered with the Ohio Secretary of State to conduct business in Ohio, maintains physical operations that are staffed and managed by a senior representative of the Lead Applicant who is authorized to make decisions and to obligate the Lead Applicant and its resources. This facility must be owned by the Lead Applicant or be subject

to a long-term lease. The Lead Applicant must have a federal tax identification number.

The Lead Applicant must be willing and able to enter into a loan agreement with the state of Ohio. If the Lead Applicant receives an Ohio SSBCI award and becomes a Borrower, the loan will be from the state of Ohio to the General Partner/Fund Manager, which will then deposit those proceeds into the Fund established, as proposed. Borrowers are expected to make full payment on the loan with interest on or before the maturity date and make payments on their loan upon the occurrence of all liquidity events, until the loan has been repaid in full.

Once the loan has been repaid in full, any distributable cash received after that point is considered to be some form of interest. The full amount of distributable cash is distributed to Development and to other investors on a pro rata basis. Payments to Development are credited first to accrued but unpaid fixed interest. Once the principal and the fixed interest have been repaid any additional distributable cash from the Borrower shall be distributed on a pro rata basis to Development and all other investors after the Borrower has deducted its carried interest (not to exceed 20% of the total amount of distributable cash distributed). This amount is the participating interest. Funds are expected to distribute returns to cost share providers, whether the cost share providers are for-profit or nonprofit entities or are persons.

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

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

Lead Applicants may submit a proposal for an Early Stage Focus Fund, an Ohio Venture Fund, or for both. If submitting for both, the Lead Applicant must submit a separate proposal for each Fund. Awards for separate proposals to the same Lead Applicant may not be combined into a single loan agreement. If a Borrower received two loans under separately approved programs, the Borrower must provide documentation showing that the loan proceeds from the two loans are being used for different purposes.

2.3.4 Collaborators (including Limited Partners/Private Investors)

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

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 a

Collaborator Commitment Form and cost share Commitment Letter, as described in section 3.3.12 of this RFP, signed by a representative authorized to commit the Collaborator to the proposed Project. The Lead Applicant should only include a Collaborator Commitment Form from Collaborators who will provide a substantial, well-defined commitment of resources critical to the success of the Project or will be providing significant services with a sub-award of Ohio SSBCI funds.

If a Collaborator will provide cost share, the Lead Applicant should submit both a Collaborator Commitment Form and a cost share Commitment Letter. The cost share Commitment Letter should clearly indicate whether the cost share is a Current Commitment or a Future Commitment. A Current Commitment is cost share that is committed at the time the Lead Applicant submits the Proposal and that is expressly contingent only on the Lead Applicant receiving an Ohio SSBCI Venture Capital Program award and final review and approval by the cost share provider of those changes in the Investment Documents that are necessary to make the terms of the Investment Documents conform to the Proposal as reflected in Development's executed Loan Agreement. A Future Commitment is cost share that is anticipated in the future but is not available at the time of the Ohio SSBCI Venture Capital Program award. The difference between the total cost share and the Current Commitment is the Future Commitment.

2.3.5 Determining SEDI Eligibility

A portion of the federal funding through the SSBCI Program is dedicated to providing financial support to small businesses that qualify as socially and economically disadvantaged individuals (SEDI businesses). The basis for SEDI eligibility can be geographic, demographic, or socioeconomic. A small business may qualify as a SEDI business if it meets at least one of the following criteria:

1. Businesses that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances because of their:
 - Membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society.
 - Gender.
 - Veteran status.
 - Limited English proficiency.
 - Physical handicap.
 - Long-term residence in an environment isolated from the mainstream of American society.
 - Membership of a federally or state-recognized Indian Tribe.
 - Long-term residence in a rural community.
 - Residence in a U.S. territory.

- Residence in a community undergoing economic transitions (including communities impacted by the shift toward a net-zero economy or deindustrialization).
 - Membership of another “underserved community” as defined in [Executive Order 13985](#).
2. Businesses that certify that they are owned and controlled by individuals whose residences are in Community Development Financial Institution (CDFI) Investment Areas.
 3. Businesses that are located in a CDFI Investment Area, or businesses that certify that they will operate a location in a CDFI Investment Area.
- To determine if a business or residence is within a CDFI Investment Area, please use the [CDFI Public Viewer](#).
 - The term “owned and controlled” means, if privately owned, 51 percent or more is owned by such individuals; if publicly owned, 51 percent or more of the stock is owned by such individuals; and in the case of a mutual institution, a majority of the board of directors, account holders, and the community that the institution services is predominantly comprised of such individuals.
 - The determination of whether a business is a SEDI-owned business is based on the ownership and control of the business immediately before the consummation of the investment transaction.

2.4 Funding and Cost Share

Development anticipates awarding up to \$111.7 million through the Ohio SSBCI Venture Capital Program. The Lead Applicant must meet or exceed the private Cost Share requirement of \$1 of cost share for every \$1 of Ohio SSBCI funds requested (i.e., a ratio of 1:1). All cost share must be in the form of cash and must represent a specific new commitment of cash to the Fund described in the proposal.

SSBCI participation in a Fund must “cause and result in” the private capital being committed. Lead Applicants must provide evidence that the SSBCI investment in the proposed Fund is catalytic to the private financing. For example, if an organization trying to raise a \$50 million Fund had its first close when it reached \$25 million (50% of the \$50 million goal) in private commitments, but before it knew whether it would receive Ohio SSBCI funding, and it provides a letter from each of its private investors that specifically stated the following:

- 1) The amount of dollars being committed to the applicant Fund.
- 2) That the dollars are being committed – with the understanding that and because – the applicant Fund is pursuing an award of Ohio SSBCI funding.

- 3) When the dollars being committed will be available to the applicant Fund for investment.

In this scenario the private capital is committed but not yet funded. Their commitment is contingent on Ohio SSBCI participation and documented as such. That is a scenario that supports the catalytic role of SSBCI.

Funding will be in the form of a loan. Lead Applicants that become Borrowers will be required to establish Fund terms whereby the private capital is *pari passu* with the Ohio SSBCI investment in cash flow rights.

2.5 Program Guidelines

2.5.1 Ohio Early Stage Focus Fund

- Development anticipates making seven to 14 awards totaling up to \$36,718,475 through the Ohio Early Stage Focus Fund.
- Eligible applicants are organizations and private investment firms.
- The Lead Applicant's plan must be based on a Proposal for state funding in the range of \$1 million to \$5 million that would result in a total Fund of at least \$2 million to \$10 million.
- The Lead Applicant must meet or exceed the cost share requirement of \$1 of cost share for every \$1 of Ohio SSBCI funds (i.e., a minimum ratio of 1:1). The Lead Applicant is ultimately responsible for ensuring that all proposed cost share is met, regardless of the original planned cost share providers, and that all reporting requirements are met.
- Investments must be made in qualified companies that meet the following characteristics:
 - Are woman- or minority-owned or are based in an area that has been underserved by venture capital (i.e., the company is located within a CDFI Investment Area, as determined by the [CDFI Public Viewer](#)).
 - Are based in and have their headquarters in Ohio.
 - At least 50% of company leadership and employees must be residents of Ohio and work from a physical location in Ohio.
 - Have a federal tax ID number and are registered with the Ohio Secretary of State to conduct business in Ohio.
 - Have fewer than 250 employees.
 - Have their product or service offerings focused on an approved technology area.

A woman-owned company is a business that: if privately owned, 51 percent or more is owned by females; if publicly owned, 51 percent or more of the stock is owned by females; in the case of a mutual institution, a majority of the board of directors, account holders, and the community that the institution services is predominantly comprised of females; or one or more individuals who are females have the power to exercise a controlling influence over the business.

A minority-owned company is a business that: if privately owned, 51 percent or more is owned by minority individuals; if publicly owned, 51 percent or more of the stock is owned by minority individuals; in the case of a mutual institution, a majority of the board of directors, account holders, and the community that the institution services is predominantly comprised of minority individuals; or one or more minority individuals have the power to exercise a controlling influence over the business.

“Minority individual” means a natural person who identifies as American Indian or Alaska Native; Asian American; Black or African American; Native Hawaiian or Other Pacific Islander; Hispanic or Latino/a; or one or more than one of these groups.

Areas that have been underserved by venture capital are geographic regions and populations of the state that have been historically overlooked by venture capital.

A qualifying investment means the investment must be the first Ohio SSBCI investment in a company. There is no minimum or maximum investment transaction size, however the round size for each investment needs to average \$5 million or less and no single investment round that includes an Ohio SSBCI-funded investment, including all classes of equity instruments that close on or about the same date, can exceed \$20 million. The \$20 million restriction cannot be avoided by creating separate equity instruments within an investment round.

For each investment, the Fund is required to obtain an assurance from each investee company stating that the investment proceeds will not be used for an impermissible purpose under Ohio’s SSBCI Program.

2.5.2 Ohio Venture Fund

- Development anticipates making seven to 15 awards totaling up to \$75,000,000 through the Ohio Venture Fund.
- Eligible applicants are organizations and private investment firms.
- The Lead Applicant’s plan must be based on a Proposal for state funding in the range of \$5 million to \$10 million that would result in a total Fund of at least \$10 million to \$20 million.
- The Lead Applicant must meet or exceed the cost share requirement of \$1 of cost share for every \$1 of Ohio SSBCI funds (i.e., a minimum ratio of 1:1). The Lead Applicant is ultimately responsible for ensuring that all proposed

cost share is met, regardless of the original planned cost share providers, and that all reporting requirements are met.

- Investments must be made in qualified companies that meet the following characteristics:
 - Be based in and have their headquarters in Ohio.
 - At least 50% of company leadership and employees must be residents of Ohio and work from a physical location in Ohio.
 - Have a federal tax ID number and be registered with the Ohio Secretary of State to conduct business in Ohio.
 - Have fewer than 250 employees.
 - Have their product or service offerings focused on an approved technology area.
 - Are growing or have high-growth potential.
- Program has a target of 40% of the funding going to woman- and/or minority-led Funds.
- A qualifying investment means the investment must be the first Ohio SSBCI investment in a company. There is no minimum or maximum investment transaction size, however, the round size for each investment needs to average \$5 million or less and no single investment round that includes an Ohio SSBCI funded investment, including all classes of equity instruments that close on or about the same date, can exceed \$20 million. The \$20 million restriction cannot be avoided by creating separate equity instruments within an investment round.
- For each investment, the Fund is required to obtain an assurance from each investee company stating that the investment proceeds will not be used for an impermissible purpose under Ohio’s SSBCI Program.

2.5.3 Use of Funds

Lead Applicants that receive Ohio SSBCI awards and become Borrowers may use the funds to make investments in Ohio technology-based startup companies.

Funds must not be used for investments that occur prior to the final execution of a loan agreement between the Borrower and Development or to make an investment in a business in which an SSBCI insider has a personal financial interest.

- An “SSBCI insider” of an Ohio SSBCI venture capital program is a person who, in the 12-month period preceding the date on which Ohio SSBCI support for a specific investment in a company is closed or completed:

- Was:
 - A manager or staff member, whether by employment or contract, in the Ohio SSBCI venture capital program.
 - A government official with direct oversight or jurisdiction over an SSBCI venture capital program or such an official’s immediate supervisor.
 - A member of the board of directors or similar body for a state-sponsored nonprofit entity who, through such membership, has authority to vote on decisions to invest SSBCI funds or has authority over the employment or compensation of staff managing processes related to the investment of SSBCI funds.
 - A member of the board of directors or similar body for an independent nonprofit or for-profit entity that operates an SSBCI venture capital program.
 - An employee, volunteer, or contractor on an investment committee or similar body that recommends SSBCI investments for approval or approves SSBCI investments under the SSBCI venture capital program.

Or
- Exercised a controlling influence on state decisions regarding:
 - The allocation of SSBCI funds among approved venture capital programs.
 - Eligibility criteria for the SSBCI venture capital programs.
 - The processes for approving investments of SSBCI funds under the SSBCI venture capital program.
- A “business partner” of an SSBCI insider is a person who owns 10 percent or more of any class of equity interest, on a fully diluted basis, in any private entity in which an SSBCI insider also owns 10 percent or more of any class of equity interest on a fully diluted basis.
- A “family member” of an SSBCI insider means:
 - Such person’s spouse, domestic partner, parents, grandparents, children, grandchildren, brothers, sisters, stepbrothers, and stepsisters.
 - Any other relatives who live in the same household as the SSBCI insider.
- An “independent nonprofit entity” means any nonprofit entity that is not sponsored by Ohio.
- A “personal financial interest” means any financial interest derived from ownership or right to ownership of, or lending to or other investment in, a private, for-profit entity that may receive an SSBCI investment (including any financial interest derived from ownership or right to ownership of, or investment in, a venture capital fund).

- A “jurisdiction-sponsored nonprofit entity” is a nonprofit entity created by legislation to pursue policies of the jurisdiction’s government and over which the jurisdiction’s officials exercise a controlling influence through budgetary decisions or other legislative action or direction.

Subject to the exceptions described below, Ohio SSBCI funds may not be used by SSBCI equity/venture capital programs to make or support investments in a company or venture capital fund if an SSBCI insider, or a family member or business partner of an SSBCI insider, has a personal financial interest in the company or venture capital fund. A prohibited conflict of interest is deemed to exist even if the conflict is disclosed or the relevant individuals recuse themselves from participating in the investment. Further, accepting a role as an SSBCI insider does not require a person to divest financial interests in a company or venture capital fund resulting from previous employment or personal investment activity. However, if a person is an SSBCI insider, any company or venture capital fund in which the insider has a personal financial interest is prohibited from receiving investments or financial support from SSBCI funds. Exceptions to the general prohibition are as follows:

- A governmental entity or a jurisdiction-sponsored nonprofit entity may use SSBCI funds for follow-on investments in companies or venture capital funds if the entity has an existing ownership or voting interest resulting from a prior investment of SSBCI funds or non-SSBCI funds. Furthermore, in this circumstance, the entity may authorize investments where an SSBCI insider serves on the board of directors of the company or venture capital fund, if (i) the SSBCI insider does not have a personal financial interest in the company or venture capital fund and (ii) the entity’s prior financial interest is in compliance with all applicable laws and rules.
- An independent nonprofit or for-profit entity managing or investing SSBCI funds for an SSBCI equity/venture capital program is not precluded from authorizing follow-on investments using SSBCI funds in a company or venture capital fund in which the entity previously invested SSBCI funds or the entity has previously appointed a representative to serve on the board of directors in stewardship of the investment. However, such independent nonprofit or for-profit entity may not authorize (or seek approval from the participating jurisdiction for) an investment of SSBCI funds in a company or venture capital fund in which the entity holds any type of financial interest resulting from an investment made with non-SSBCI funds.

In addition, Borrowers that receive SSBCI funds will qualify as a “venture capital fund” for purposes of SSBCI, so long as they otherwise meet the definition under [17 C.F.R. § 275.203\(l\)-1](#). Borrowers who meet the SEC’s definition of a venture capital fund may use up to an annual average of 1.71 percent of Ohio SSBCI funds awarded to the Borrower to provide services to portfolio companies. These services may include, for example, financial management, operational guidance, IT consulting, and connecting portfolio companies to potential customers, investors, board members, and officers. These are

services that the portfolio companies need to grow their businesses and vary depending on the portfolio company's stage in the venture capital ecosystem. Any travel expenses are limited to those incurred specifically to carry out the award. The Lead Applicant, in its proposal, must identify the services to be provided by the Fund to the portfolio companies and annually certify that these services were provided. The agreement between the Fund and its portfolio companies should also include disclosure of these services offered by the Fund Manager. To support its annual certification of services provided, the Venture Capital Fund should maintain documentation of services provided in line with industry standards, such as periodic reports on portfolio companies provided to private capital limited partners.

If a Venture Capital Fund has not invested in any portfolio companies since the date of the first close of SSBCI capital, the Fund must satisfy three criteria to use the 1.71 percent allowance described above: First, the Fund may make payments using the 1.71 percent allowance only within 12 months after the date of the first close of SSBCI capital; Second, the Fund's payments using the 1.71 percent allowance before an investment in a portfolio company cannot exceed 3 percent of the federal contribution to the Venture Capital Fund over the 12-month period after the date of the first close of SSBCI capital; and Third, the Fund's payments must satisfy all the requirements related to the 1.71 percent allowance in the SSBCI Capital Program Policy Guidelines and all other SSBCI rules and guidance, including FAQs.

The 1.71 percent allowance may be used only for services provided to potential portfolio companies related to the same Venture Capital Fund to which the SSBCI capital will be contributed and cannot be used for services provided before a loan agreement is executed with Development.

One hundred percent of Ohio SSBCI funds and committed cost share must be invested in Ohio technology-based startup companies, as described in section 2.3.2. An Applicant will have a maximum of four years from the effective date to invest all the funds. Proposals that put funds to use over a shorter time frame will be viewed more favorably.

Before disbursements will be authorized, the Borrower must present to Development proof that cost share in an amount dictated by the cost share ratio contained in the Proposal and in the Loan Agreement is being invested. Before reimbursements will be authorized, the Borrower must present to Development proof of services and affirm that the Borrower has current access to cost share in an amount dictated by the cost share ratio contained in the Proposal and in the Loan Agreement.

All SSBCI-supported transactions must include disclosure by the investor of all key terms in an easy-to-understand manner. A particular form is not prescribed. If the documentation an investor uses to provide information to an investee complies with the substance of the disclosure of terms requirement, the disclosure requirement to be satisfied. For venture capital fund investors, the disclosure requirement to be satisfied, except in cases of fraud or violations of otherwise applicable law, if their documentation discloses the following information, as applicable to the terms of the transaction, to the investee:

- Total amount of the investment.
- Any payment obligation and schedule. For example, \$_____ is due by the___of each month.
- Any terms giving the investor control over the investee’s cash balances or other assets, cash flows, or ownership (including personal guarantees).
- Any conversion rights and future rights to purchase equity.
- Any fees or extra costs.

All applicable federal and state securities and lending disclosure laws, rules, and regulations continue to apply.

The Development loan will require payments upon a liquidity event with any outstanding balance due at maturity. More loan details are set forth in the sample loan agreement attached as Appendix C.

2.5.4 Reporting Requirements

Ohio’s SSBCI Venture Capital Programs will be funded by federal monies received through the U.S. Department of Treasury’s SSBCI. The guidelines for the initiative mandate that “at a minimum, \$1 of public investment by the State program will cause and result in \$1 of new private [financing capital].” To achieve this, Development is mandating that Lead Applicants raise private capital in an amount that meets or exceeds the 1:1 private financing ratio. For this Program, the “cause and result” requirement will be met by the Lead Applicant raising matching private capital of at least 1:1 at the fund level, because private capital would not enter into the Fund for the purpose of investing without the presence of the SSBCI capital. The Fund’s ability to invest is conditional upon the Fund first meeting or exceeding the 1:1 private financing ratio.

In addition to regular reporting provided for in the loan agreements, Borrowers shall provide transaction details and federally-required certifications (see Appendix D) to Development before each investment.

SSBCI capital must be either (1) held in a separate fund and separately accounted for, or (2) held in a fund with other investors’ funds, with each investor’s investment accounted for separately. The Borrower must be able to record, with a written, detailed report, each investment transaction that received SSBCI funds, in part or in whole. Example reporting shall include, without limitation: details on investment performance and other transaction-specific details for each business (and the business’s owners) that received SSBCI capital. Reports will be due in advance of each investment to help verify compliance. Borrowers must be able to trace and report on each investment in a fund’s portfolio that was funded partially or entirely by the SSBCI contribution to the fund. Development will be required to report to Treasury on investment performance and other transaction-specific details for each business that received SSBCI capital.

U.S. Treasury may make additional changes or clarifications to these requirements, and the Borrower shall be required to comply with all such changes that are applicable to the Ohio SSBCI Venture Capital Programs. While the compliance and regulations listed in this RFP are current, there is no guarantee that this is a complete list of your responsibilities. The Borrower shall be responsible for complying with additional and final SSBCI rules and requirements applicable to the Fund when and as issued by the U.S. Treasury.

The Borrower shall submit reports to Development within 15 days after the end of each quarter. In addition to the report items listed above, the report shall also include the total amount of SSBCI funds deployed to eligible small businesses on a quarterly and cumulative basis, the aggregate amount of SSBCI funds deployed for very small businesses (VSBs) and businesses owned by socially and economically disadvantaged individuals (SEDI-owned businesses), the amount of program income generated, and the amount of SSBCI funds deployed for administrative costs. The Borrower shall also submit quarterly reporting with transaction detail to Development.

The Borrower shall submit SSBCI annual reports and certifications by March 15 of each year. These reports and certifications comply with SSBCI reporting guidelines and include, but are not, necessarily, limited to:

- Reporting transaction-specific details for each investment in the fund's portfolio
- Reporting company-specific detail for each investment in the fund's portfolio
 - o Company leadership's demographics
 - o Company's total employment numbers
- Certification that "no principal of the investor or the investee has been convicted of a sex offense against any minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. § 16911))
- Adopt conflict-of-interest policies into the due diligence process to ensure investments do not go into businesses in which an SSBCI insider has a personal financial interest
- Certification Regarding Venture Capital Fund Services to Portfolio Companies, consistent with Section VIII.i "Services to Portfolio Companies" of the SSBCI Guidelines.

These annual reports must contain transaction-level data, including small business characteristics, for each investment made with SSBCI funds for that year, and information on all subsequent private financing or investments received by companies that received SSBCI investments in prior years, as well as, a summary of the performance results for all investments made, partially or in full, with SSBCI funds, and certification of the services provided to portfolio companies in that year.

2.5.5 Other Requirements

Certification Relating to Sex Offenses

Lead Applicants that receive Ohio SSBCI awards and become Borrowers must obtain, prior to every investment, an assurance that no principal of the investor or the investee has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. § 16911)).

For the purposes of this certification, “principal” is defined as: if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds 50 percent or more ownership interest of any class of the partnership interests; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 50 percent or more of any class of equity interest in the entity; and if a partnership where the managing partner is a corporation, limited liability company, association, development company, or other entity, each director and each of the five most highly compensated executives or officers of the entity.

Compliance with Civil Rights Requirements

The Ohio SSBCI funds are considered federal financial assistance for purposes of legal requirements related to nondiscrimination and nondiscriminatory use of federal funds. Lead Applicants that receive Ohio SSBCI awards and become Borrowers will be bound to not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with, but not limited to, the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI), 42 U.S.C. § 2000d-1 et seq., and Treasury’s implementing regulations, 31 C.F.R. part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), 29 U.S.C. § 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. § 1681 et seq., and Treasury’s implementing regulations, 31 C.F.R. part 28; Age Discrimination Act of 1975, 42 U.S.C. § 6101 et seq., and Treasury’s implementing regulations at 31 C.F.R. part 23.

Enrollment of Loans in Loan-Related SSBCI Programs

Lead Applicants that receive Ohio SSBCI awards and become Borrowers cannot enroll an investment/loan in more than one approved state program at the same time. Development may not divide one loan into multiple agreements or notes, each enrolled in an approved program, for the same loan purpose. If, for example, a Borrower receives two loans under separately approved programs, the Borrower must provide documentation showing that the loan proceeds from the two loans are being used for different purposes. Examples of documentation include the description of the loan purpose in the two loan agreements, copies of checks paid to vendors with the proceeds of the two loans, or a statement signed by the lender or borrower prior to closing the SSBCI-supported transaction indicating the two different uses of the two loans. All funding under these

programs are subject to the Terms and Conditions of the State’s allocation agreement with Treasury and the terms and conditions of the SSBCI program.

2.6 Term of Project

The project is the plan of activity or activities that make up the total scope of work for which an award of Ohio SSBCI funds is requested and for which a proposal is approved. The project period will extend from the effective date through the project completion. The project period will be a maximum of four years. Proposals that put the funds to use over a shorter timeframe will be viewed favorably. The term of Ohio SSBCI Venture Capital Program Loan Agreements will be ten years.

3 General Proposal Requirements

3.1 General Instructions

- Submit Letter of Intent and receive a Letter of Intent ID Number from Development. If a Lead Applicant previously submitted a Letter of Intent between January 5, 2023 and February 17, 2023, and there are no changes to that Letter, then it is not necessary to re-submit that Letter of Intent.

Proposals must be submitted in the following manner:

- Proposals are to be submitted electronically as a single PDF file to SSBCI-VC@development.ohio.gov with subject line “SSBCI VC Fund Proposal Submission”.
- Proposals are to be submitted on 8.5 x 11-inch format.
- Margins must not be less than $\frac{3}{4}$ of an inch on all sides, with the exception of forms found in [Appendix B – Application Forms, Budget Forms, and Pre-Seed Fund Performance Form](#) of this RFP.
- Font must be 11 point or larger with no more than 6 lines per inch.
- All pages must be numbered consecutively using the format “Page [#] of [total number of pages]” (e.g., Page 2 of 25).
- The Proposal title, Lead Applicant name, and Letter of Intent number must appear at the bottom of each page.
- Proposals should not include color figures that cannot be understood when photocopied in black and white.
- The first page of the Proposal must be the Application Information Page.
- Do not include a cover or cover letter other than the Application Information Page.

3.2 Trade Secret Information

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

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

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

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

3.3 Order and Content of Proposal Sections

3.3.1 Application Information Page

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

3.3.2 Trade Secret Information

This section of the Proposal must disclose any trade secret information included in the Proposal. This page is required and must be included only 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, specifically jobs created, follow-on investment raised and product sales. 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 news releases, and must be understandable by the general public. The Abstract may not contain any trade secret information.

3.3.5 Table of Contents

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

3.3.6 The Opportunity

Briefly summarize the opportunity to invest 100 percent of Ohio SSBCI funds and the matching private capital in Ohio technology-based companies that are primarily in the Imagining, Incubating, Demonstrating, or Market-Entry phases 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, investment size, investment phase, and investment use (see bullets below for additional details).
- The ideal opportunity or company the Lead Applicant will target for investment (e.g., industry, phase of commercialization, company size,

etc.), and why this type of opportunity is well-positioned to attract follow-on funding and advance to the next phase of commercialization.

- Evidence of a high-quality and ongoing source of quality deal flow at the applicable phase of investment. The Lead Applicant's relationship with any deal flow partners should be described in detail.
- Rationale regarding the gap that the proposed project is addressing and why it is not being addressed by private sources of capital within and outside of Ohio and a brief description of the types of milestones and funding outcomes that these funds will enable the portfolio companies to accomplish.
- The projected outcomes the Lead Applicant intends to generate.
- To the extent applicable, the exit timing and mechanisms.
- 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.
- Plans for outreach to women and minority entrepreneurs who are members of one of the following groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians. Discuss the percentage of existing portfolio companies that are women- and minority-owned or majority-controlled. Compare the current portfolio to national inclusion statistics for technology-based startups. For definitions and more information, please refer to the Ohio Revised Code Sections 184.17 and 184.18. While inclusion is an important component of all Proposals, Proposals that are specifically focused on one or more of these groups are welcomed.

3.3.7 Operations

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

- Identify each of the private 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. Describe how the Lead Applicant will utilize private sector judgment, influences, and incentives in the investment decision-making process.
- Describe the Lead Applicant's strategy to attract out-of-state capital to co-invest or as follow-on investment.
- Describe the Lead Applicant's history of collaboration with Ohio-based organizations that are involved with the commercialization of technology-based opportunities in the Imagining, Incubating, Demonstrating, or Market-Entry phases of commercialization or other state-funded programs and organizations sharing complementary missions.
- Describe the Lead Applicant's approach to diversity, equity, and inclusion relative to its investment strategy, as well as its Fund operations.
- Describe in detail the Lead Applicant's approach to performing due diligence (i.e., the process undertaken by the Fund prior to an investment decision to analyze and assess the desirability, value, and potential of an investment opportunity) including staffing, process, access to required expertise, reporting, and the source of resources (financial and other) required.
- Describe in detail the Lead Applicant's approach to providing services it believes are necessary and its approach to providing such services (i.e., identify the services to be provided by the Fund to a portfolio company. These services may include, but are not limited to, financial management, operational guidance, IT consulting, connecting portfolio companies to potential customers, investors, board members, and officers, and other technical and commercialization assistance. These services vary depending on the portfolio company's stage in the venture capital ecosystem). The description should also summarize the terms of any service relationships and how the Lead Applicant will allocate the services and assess their impact. If awarded, the specific services to be provided will be included in the loan agreement and the Borrower will be required to annually certify to Development that these services were provided.

3.3.8 Success and Track Record

Lead Applicants must provide the following additional information regarding the performance of prior investment funds. This separate narrative section is limited to six pages and shall include:

- A written explanation that is similar to a “Management Discussion and Analysis” section in a company annual report summarizing the success and track records of previous funds. Discuss current assets under management, as well as prior experience investing in Ohio technology-based startup companies.
- An explanation of material successes and failures highlighting information from historical financials of any prior Fund(s), as well as any currently active Fund (e.g. income statement, balance sheet, cash flow statement, and distributions and calculated IRR in accordance with GAAP). Financial statements/spreadsheets can be attached as appendices and will not count against the six-page limit.
- Detailed performance data from prior Funds, which may include prior Ohio Third Frontier Pre-Seed Funds. Use the Prior Fund Performance Form in Appendix B – Application Forms, Budget Forms, and Fund Performance Form. The performance data should include:
 - Actual and projected deal flow for any prior funds, number and disposition of all deals.
 - A list of investments including dates, amounts, phase of commercialization, and form of investment.
 - A list of co-investors (i.e., those that invested concurrently with the Fund’s investment) and identification of Ohio vs. non-Ohio.
 - A list of follow-on investors (i.e., those that invested subsequent to the Fund’s investment) that invested in whole or in part because of the investment by the prior Fund. The list should identify the follow-on investor, operating location, and indicate the date and amount of the follow-on investment.
 - The Internal Rate of Return on the total investment for each prior Fund.
 - The Multiple on Invested Capital (MOIC) for each prior Fund.

3.3.9 Projected Economic Impacts and Regional Priorities

Impact on Ohio. Demonstrate how the Ohio SSBCI award will have an impact on Ohio during the project period by providing projections for the following metrics and explaining the rationale behind these projections and the justification for the likelihood of achieving them:

	2024	2025	2026	2027	2028
New Ohio permanent, full-time jobs at Portfolio Companies					
New Ohio 1099 contract jobs at Portfolio Companies					
Average salary of jobs created					
Total third-party professional follow-on investment raised by Portfolio Companies (\$)					
Third-party professional follow-on investment attracted into Ohio (\$)					
Product sales (\$)					
Federal grants, licensing income and other revenue (\$)					
Active Portfolio Companies					
New Portfolio Companies					
New Portfolio Companies attracted to Ohio					
New Portfolio Companies that are research institution spinouts					
Number of Portfolio Companies that raise at least \$1 million in third-party professional follow-on investment capital					

Alignment with Regional Priorities. Identify regional economic development initiatives and discuss how the requested Ohio SSBCI funds will support those priorities.

3.3.10 Experience and Qualifications

Summarize the experience and qualifications of the individuals primarily responsible for the management of the Fund. The summaries should include relevant work history, investment and financial experience, technology commercialization experience, and project management experience. The summaries should focus only on the relevant experience. For example, relevant experience would include serving as a partner or principal in a validation, early stage, seed, growth, or mezzanine private equity Fund, or substantial involvement

in government-related economic development programs involving direct investment in entities in the Imagining, Incubating, Demonstrating, or Market-Entry phases of commercialization. In connection with each individual or entity identified in this section, the Lead Applicant should also provide:

- Not more than two references each. The reference must be able to speak to experience, track record, management skills, and expertise with servicing, operating, or investing in entities in the Imagining, Incubating, Demonstrating, or Market-Entry phases of commercialization.
- A brief description of industry contacts, capabilities, or sources of additional capital that the general partners, principals, managers, or to a lesser extent, limited partners and other cost share providers and Collaborators bring to the management of the Fund.
- A brief (not more than 250 words) description of the Lead Applicant that shall include, as applicable: type of organization, date established, and parent company/organization information. This information will be placed into files that are a matter of public record. Do not include any trade secret information in this description.

3.3.11 Budget

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

The detailed budget, forecast, and related explanations must:

- List the amount of private 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 cash flows for the Lead Applicant. The Lead Applicant must then supplement the Budget Forms with a detailed explanation of all material assumptions and line items (the “Budget Narrative”). The Budget Narrative 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 must also include a Budget Narrative that explains any material line item relating to the source or use of Ohio SSBCI funds or private

cost share. The purpose of the Budget Narrative is to help convey a complete understanding of the budget and related assumptions.

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

A Lead Applicant may, in its Proposal, bid both Current and Future cost share commitments. All cost share must be documented on the budget forms and in a commitment letter from each organization contributing cost share and be signed by a representative authorized to commit the organization to the proposed Project and the cost share described. Each letter must state the specific amount of cost share that is being committed. The cost share must represent a specific new commitment of cash to the Project described in the Proposal. For any Future Commitment, the commitment letter must also state the anticipated timing the cost share will be available to the Lead Applicant.

For any Future Commitment listed in the Budget at the time of Proposal submission but from whom the Lead Applicant was not able to secure a commitment letter, Lead Applicants will have until January 15, 2024, to secure and submit commitment letters from each of those organizations. Prior to signing the Loan Agreement and within three months of the Development award date, all cost share must be in the form of a Current Commitment unless otherwise indicated in the applicable Loan Agreement. Any award recommendation will be based in part on cost share commitment letters received by Development by January 15, 2024.

All draws on the Ohio SSBCI funds must include a draw on cost share in an amount proportionate to the ratio of cost share contained in the Proposal and agreed to in the Loan Agreement. Ohio SSBCI funds must flow through the books of the Borrower, cost share is permitted to flow directly into the Fund, and both must be included in the approved budget of the Loan award.

Payments shall be made following the receipt of a written request and are subject to approval of performance reports. In addition to other requirements found in the Loan Agreement, disbursement of Ohio SSBCI funds to the Borrower is subject to the following conditions related to Borrower’s cost share:

- The cost share must be in the form of a Current Commitment.
- The cost share must be currently available for draw by the Borrower.

Cost Share Requirements – Sources: Cost share must be in the form of cash and must be expended during the project period. Cost share must be charged to resources of the Lead Applicant or Collaborator and documented in the financial books of the Lead Applicant or Collaborator, as the context requires. Prior Ohio

Third Frontier funding may not be used as cost share for this Proposal, and Ohio SSBCI funds awarded under this RFP may not be used as cost share against other Ohio Third Frontier Projects. All cost share reported is subject to audit.

Cost Share Requirements – Constraints: Resources that have already been designated as cost share for some other award cannot be used as cost share for an Ohio SSBCI Venture Capital Program award. The cost share must be applied to the Project during the project period.

The Lead Applicant is solely responsible for having adequate funds to cover all expenses of the Project not covered by the Ohio SSBCI funds awarded.

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

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

Budget Form 1 - Total Budget Plan for Lead Applicant and All Collaborators is to be used to present the total budget plan (not to exceed four years) for expenditure of Ohio SSBCI funds and all cost share by the specific use categories listed on the form. The Budget Plan should include the expenditure of cost share at least in proportion to the ratio of cost share to Ohio SSBCI funds contained in the Proposal. Ohio SSBCI funds may not be used for the purchase or lease of capital equipment or other similar durable assets by the Borrower for use by the Borrower. Collaborator expenses should be broken out into individual expense categories on this form. The full amount of funds being requested must be budgeted within the allowable project period. However, the Borrower may plan to use a portion of those funds during the life of the Fund but beyond the project period, but must describe that plan in the Budget Narrative.

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

The completed Budget Form 2 should also include a projection of the amount of follow-on funding for Fund portfolio companies from new investors that the Lead Applicant believes the Fund will attract.

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

Budget Form 3 - Source of Cost Share requires the Lead Applicant to report the sources of all cost share from itself and all Collaborators. A Letter of Commitment on the cost share source'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 separate letter that specifically states that it understands and accepts this responsibility.

3.3.12 Letters of Commitment

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

The letters must:

- Be submitted on letterhead of the cost share provider or Collaborator.
- Include the name of the Lead Applicant, the title of the Proposal, and the Letter of Intent number assigned by Development.
- Briefly state the nature of the collaboration.
- State the duration of the collaboration.
- State the resources, other than cost share, the Collaborator is committing to the proposed project.
- State how the proposed project will contribute to the strategy of the Collaborator.
- State the specific amount of the commitment that matches the cost share amount on the corresponding Budget Form 3.
- State the source of the commitment.
- State when the committed resources will be available to the Lead Applicant.
- Be dated and signed by a representative of the cost share provider or 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.

3.3.13 Ethics Policy

All Lead Applicants must prepare and submit an Ethics Policy relative to its investment activities and conflicts of interest. The Policy must contain, at a minimum, (1) a definition of current and potential conflicts of interest; (2) ways of

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

3.4 Page Limitations

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

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

4 Evaluation Criteria

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

The following criteria have been designated with the highest relevance to and weighting for the Ohio SSBCI Venture Capital Program:

- Alignment of the proposal with the program purpose, goals, objectives, eligibility, funding, and cost share requirements of this RFP.
- Quality of the responses to the requirements of this RFP as outlined in the proposal narrative with emphasis on the following specific elements:
 - The degree to which the Lead Applicant is able to demonstrate in a quantitative manner that its targeted source of deal flow in Ohio is substantial and is currently not being adequately served by other sources of early-stage capital.
 - The degree to which the Lead Applicant is able to demonstrate its ability to manage the Fund, including the investment and reporting processes.
 - The experience of the Lead Applicant, Collaborators, and key personnel with respect to successfully managing funds of comparable size, scope, and complexity.
 - The likelihood that the Fund will be well positioned to enable portfolio companies to raise Series A capital and beyond in the near term.
 - The degree to which the Lead Applicant demonstrates its ability to integrate its activities with Ohio-based organizations that are involved with the commercialization of technology-based opportunities in the Imagining, Incubating, Demonstrating, or Market-Entry phases of commercialization, or other state-funded programs and organizations sharing complementary missions.
 - The degree to which the Lead Applicant is able to demonstrate its ability to actively pursue outreach activities to Ohio minority and rural populations as set forth in Ohio Revised Code 184.17.
 - The degree to which the Ohio SSBCI funds will be impactful as evidenced by (i) the magnitude and scope of the projected metrics and (ii) how realistic the projected metrics appear.

- The performance of prior Funds, including if applicable, prior Ohio Third Frontier Pre-Seed/Seed Plus Fund awards. Prior performance measures that will be emphasized include:
 - The current economic impact of previous Funds, such as Ohio jobs, follow-on capital, product sales, and company success stories.
 - The ability to attract out-of-state capital into Ohio.
 - The Lead Applicant and Collaborators ability to develop and support qualified deal flow.
 - The degree to which the Lead Applicant is able to demonstrate the need for additional early stage capital funding given previous state investments and the resources remaining that will be applied to the needs of the community and/or geography that is intended to be served.

- Compliance with this RFP’s administrative requirements.

The evaluation criteria are designed to support the mission and goals of the Ohio SSBCI Venture Capital Programs.

5 APPENDICES

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