Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Review Summary

Purpose of the RFP

As stated in Section 2.1 of the RFP, the 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 <u>to extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) The RFP specifically "seeks applicants for grants to:

1. 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;

2. 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,

3. 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. "

The RFP restricted eligible applicants to the ESPs and provided a list of entities that met the definition of Existing Pre-Seed Fund.

Types of Proposals

1. <u>An Existing Pre-Seed Fund</u> - 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.

2. <u>An Entrepreneurial Success Fund</u> – A specific and well-defined entrepreneurial assistance program or activity designed to meet an identified need of the region.

3. <u>A Combined Proposal</u> – A combination of an Existing Pre-Seed Fund and an Entrepreneurial Success Fund both managed by an ESP.

Scope of Reviewer's Engagement

- <u>Review 10 Proposals</u>

    - Types of Proposals - 2 Combined, 4 Existing Pre-Seed Funds, 4 Entrepreneurial Success Funds
    - Aggregate Grant Requests - $17,393,050
    - Available Grant Funds - $11,000,000

- <u>Review Process – Overview</u>

    - Evaluate the proposals in accordance with the guidelines contained in the RFP
    - Rank the proposals
    - Prepare Reviewer Comments for each proposal
    - Identify issues that should be addressed by the ODOD prior to executing a Grant Agreement and funding a successful proposal

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Review Process - Detailed

- Stage One
  - Review proposals and select most promising proposals for second stage review
  - Prepare questions relating to proposals selected for second stage review

- Stage Two
  - Reviewers submit second stage review questions to ODOD for delivery to applicants
  - ODOD delivers second stage review questions to applicants and collects the answers
  - Reviewers consider the answers to the second stage review questions
  - ODOD sets up and monitors phone conferences between reviewers and applicants during which reviewers provide applicants with an opportunity to clarify responses and related information
  - Reviewers complete the review taking into account the original proposals as well as answers to the second stage review questions and information provided during the subsequent phone conversations
  - Applying the RFP evaluation criteria to the information contained in the proposals, the answers to the second stage review questions, and the subsequent conversations, reviewers complete the ranking
  - Reviewers prepare brief comments on each proposal

- Deliverables
  - Reviewers submit rankings, Reviewer Comments, and this Review Summary to the ODOD

Evaluation Criteria

- Compliance with the RFP Requirements - Passed ODOD administrative review and responded to Reviewer's questions.

- Alignment - Evidence of alignment with purpose, goals, and objectives of the RFP.

- Track Record – Track Record has two primary components – Qualified Deals and A Metrics. The review focuses on evidence of Qualified Deals and A Metrics that (i) directly supports the proposed use of Grant and Cost Share funds, and (ii) relates to investment of capital or services made after the start of the Entrepreneurial Signature Program (January 1, 2007).

- Experience – The experience of the Lead Applicant, Collaborators, and key personnel with respect to successfully managing projects of comparable size, scope, and complexity.

- Cost Share – Factors in evaluating Cost Share include the following: (i) Is the Cost Share Current or Future? (ii) Did the applicant exceed the minimum Cost Share requirement? (iii) Does the Cost Share represent funds that the applicant would not have had access to in the absence of the Grant? (iv) Are there other tangible and intangible benefits associated with the source of the Cost Share?

- Budget – Was the budget clear and complete and did it demonstrate an understanding of the proposed use of Grant and Cost Share?

- Integration and Collaboration – The presence of material collaboration relationships that evidence the exchange of valuable resources. The integration of the applicant's current and proposed activities with other regional, state-wide, and national programs and organizations sharing complimentary missions.

- Need - The degree to which the applicant is able to demonstrate the need for additional capital and assistance funding given the historical rate of investment and unspent amounts remaining from previous State grants and related resources provided to the applicant, or in some cases, the region.

Proposal Rankings

1. 10-107 - JumpStart Combined - $4,000,000
2. 10-108 – Bioscience and the JumpStart Entrepreneurial Network - $1,762,050
3. 10-102 – Ohio TechAngel Fund III - $825,000
4. 10-105 – North Coast Angel Fund II - $2,000,000
5. 10-103 – Ohio BioValidation Fund III (Cleveland Clinic) - $2,000,000
6. 10-101 – TechColumbus Pre-Seed Fund III - $500,000

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7. 10-106 – Southwest Ohio Signature Program: The Next Generation - $2,000,000
8. 10-109 – Energy and the JumpStart Entrepreneurial Network - $1,056,000
9. 10-110 – The JumpStart and Third Frontier Entrepreneurial Network - $1,250,000

Not Ranked – 10-113 – Millstream Angel Venture Fund - $2,000,000

Additional Note: The reviewers ranked 9 proposals after concluding that each of the 9 met the requirements of the RFP in whole or in part. It is important to note, however, that a ranking is not a recommendation for funding. Based on the first and second stage reviews, the reviewers believe they have sufficient information to recommend the top 6 proposals for funding. While the proposals ranked 7, 8, and 9 may be fundable in whole or in part, the reviewers could not make the determination based on the information provided. For additional details, please refer to the reviewer comments relating to the individual proposals.

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Reviewer Comments

Project Title: TechColumbus Pre-Seed Fund III (LOI # 10-101)
Applicant: TechColumbus
Type: Pre-Seed Fund
Request: $500,000
Cost Share: $500,000
Rank: 6

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: TechColumbus, the lead applicant, is the current and original lead applicant for the ESP in Central Ohio. The purpose of this proposal is to fund the continuation of an existing non-profit, evergreen fund to provide pre-seed capital to late Imagining, Incubating and early Demonstrating phase technology-based start-ups in the 15 county Central Ohio region. The focus is on the signature areas of bioscience, information technology and advanced materials. TechColumbus has secured total Current Cost Share commitments of $500,000 from the City of Columbus and Ohio State University.

Compliance with the Requirements: The proposals complied with all RFP requirements and passed ODOD administrative review. The applicant responded fully to Reviewer questions in both written and verbal form.

Alignment: This application is fully aligned with the RFP.

Track Record: TechColumbus has been successful in generating significant Inquiries (unscreened deal flow) that average about 2,000 per year starting in 2008. This raw deal flow is screened down to an average of 387 qualified deals per year (19% of Inquiries) from which it selects client companies. This deal flow is dominated by companies and ideas in the earliest phases of commercialization, with 50% in Imagining and 30% in Incubating. Overall, this deal flow compares favorably with the higher ranking applications.

Since 2007, the TechColumbus ESP pre-seed funds have realized $15.6 million of A Metrics from a portfolio of 25 companies. Approximately 80% of the A Metrics are from investments in the companies, with the remainder being sales revenues from customers. This track record is not dominated by any outliers, reflecting good breadth in this portfolio. Overall, this A Metric performance was reasonable in context of the age of the funds, but the relatively small dollar amount resulted in a lower ranking. .

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Experience: The TechColumbus management team is experienced and has been in place for much of the time since formation of the ESP. The team includes economic development, venture financing, business development, start-up incubation, and domain experts in the TechColumbus signature areas. The management team is advised by a board of 16 regional business leaders that cover the signature areas of the ESP.

Cost Share: The application provides $500,000 of Current Cost Share that meets the requirements of the RFP. This cost share consists of $250,000 from The Ohio State University, and $250,000 from the City of Columbus. Both of these organizations have provided Cost Share to the ESP in the past. OSU is also an in-kind service provider and active participant in programs to help the ESP identify and develop new technology-based businesses.

Budget: Although the budget information was sufficient to establish the viability of the proposal, the budget and related explanation was not as clear, concise, and consistent as many of the other higher ranking proposals, especially in context of highlighting the need for additional funding given the cash balances of existing pre-seed funds.

Integration and Collaboration: TechColumbus actively combines many of the regional and state players in the delivery of entrepreneurial services. TechColumbus actively manages the 1st Fifty Fund and Regional Commercialization Fund even though neither is technically part of the ESP. TechColumbus also supports the management of the three Ohio Tech Angel funds. TechColumbus organizes and administers a weekly Deal Flow Assessment Committee that brings together all Central Ohio pre-seed and seed stage funders for deal sharing and collaboration. TechColumbus has also created an Investment Committee that includes many of the regional and state venture and angel funds, local technology providers, regional economic development agencies, and local governments, among others.

Since inception, TechColumbus has received financial support in the form of cost share from local businesses (Nationwide, Huntington Bank), local governments (Dublin, Columbus, New Albany, Franklin County, Upper Arlington), private investors (about 280 high net worth OTAF members), other funds (NCT Ventures), and the Columbus Chamber, OhioHealth, The Ohio State University and Nationwide Children's Hospital.

Need: With additional information gained from responses to reviewer questions and independent research, the reviewers were able to verify that TechColumbus is highly likely to run out of funds for pre-seed investments by June 2010. The ESP retains sufficient funds for its services programs, including the Tech Genesis grant program, which funds the transition of Imagining companies into the Incubating phase of commercialization. However, the current source of pre-seed funds (Pre-Seed Fund II) used to fund the transition of Incubating companies to the Demonstrating phase will be exhausted by June 2010. This application seeks $1 million to fund approximately 4 of its client companies. Given current investment rates and deal flow, these funds are likely to be fully used within 12 months, requiring the ESP to seek additional pre-seed funds next year. In the past, TechColumbus has used funds from its services budget to provide bridge funding for pre-seed companies. This tactic is less useful at this time because the balance in the services budget is only sufficient to sustain the services program through the life of the grant as extended.

Summary: The applicant presented a quality proposal and would appear well positioned to build on its success.

Ohio Third Frontier 2010 Fiscal Year
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Reviewer Comments

Project Title: Ohio TechAngel Fund III (LOI #10-102)
Applicant: Ohio TechAngel Fund III, LLC
Type: Pre-Seed Fund
Request: $825,000
Cost Share: $825,000
Rank: 3

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The purpose of the Ohio TechAngel Fund III (OTAF III), a for-profit, member-funded and sidecar angel investment fund, is to invest in late Incubating and Demonstrating phase Ohio-based technology companies. The Lead Applicant, Ohio TechAngels, is on the approved list in the RFP. The applicant will invest in a variety of technology areas, with a strong emphasis on the signature areas of health care innovations and IT, which currently make up 70% of its portfolio. OTAF III is an existing $3.25M fund with 98 members, including 29 members from the Dayton area and 18 female members. OTAF III received partial funding of its request for Ohio Third Frontier Pre-seed investment in 2009, and is requesting additional grant funds of $825,000 to match additional current commitments of $825,000 from its existing investors. With this grant and Cost Share, OTAF III will be a $4.9 million fund.

Compliance with the Requirements: The proposals complied with all RFP requirements and passed ODOD administrative review. The applicant responded fully to Reviewer questions in both written and verbal form.

Alignment: This application is fully aligned with the RFP.

Track Record: Since 2007, OTAF qualified 74 deals for review by its membership (annual average of 25) from which it has made investment in 16 new companies. This Qualified Deal flow is largely in Incubating (78%) and Demonstrating (7%), which reflects its focus on slightly later phase opportunities than those targeted by TechColumbus and its Pre-Seed Funds. The deal flow was lower than several others due in part to the rigorous screening process. The deal flow is solid, but did not rank among the best on this criterion.

Since 2004, OTAF portfolio companies received $57 million in A Metrics, including $4.2 million in sidecar investments, $28.2 million in direct investment, and $24.5 million in sales revenues and debt. There are no significant outliers that impact these numbers. A Metric performance compared favorably with the higher ranking applications.

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Experience: OTA has a strong management team, lead by John Huston. Mr. Huston is an experienced financial executive, an angel investor, the Chairman of the Angel Capital Association, and a co-founder of Ohio TechAngels. John is assisted by a full-time private equity investment professional and senior managers from TechColumbus. This management team is advised by an Executive Committee comprised of Mr. Huston and 4 experienced OTA members.

Cost Share: The current cost share of $825,000 is provided by the 98 members of OTAF III. Each OTAF III member has provided Cost Share to OTAF III for the 2009 Pre-Seed Fund grant, and has agreed to provide additional Cost Share for this application. With one exception, all Cost Share providers are private investors.

Budget: The applicant provided a clear budget and a detailed narrative description.

Integration and Collaboration: OTA relies on TechColumbus for resources and services, including: personnel costs for OTA management, in-kind investment management services from TechColumbus staff, and accounting, marketing and administrative support. OTA plays a critical role in identifying, developing and funding of entrepreneurial ventures in Central Ohio by providing angel investment and services for TechColumbus portfolio firms in late Incubating and early Demonstrating phases. Additionally, OTA serves as a catalyst for the development of other early stage investment groups throughout Ohio. Mr. Huston has also brought positive attention to Ohio through his leadership roles in the national Angel Capital Association.

Need: By combining the grant and cost share for the 2009 award with the proposed 2010 award, OTAF III will have $4.9M that includes $3.966M to invest and $0.934M for due diligence, enhanced management and operating expenses. The OTAF III plan is to fully invest all these funds in 16 new companies with 8 follow-on investments by the middle of 2012, a date that could be extended by as much as 4 months if OTAF III does not use funds for due diligence and enhanced management. This investment plan is consistent with its deal flow. The need, therefore, is well established although the funds will be invested over a longer time frame than many of the other higher scoring applications.

Summary: The applicant presented a quality, well-written proposal and appears to be well positioned to build on its success.

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Reviewer Comments

Project Title: Ohio BioValidation Fund III (LOI #10-103)
Applicant: Cleveland Clinic Foundation
Type: Pre-Seed Fund
Request: $2,000,000
Cost Share: $2,000,000
Rank: 5

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The Cleveland Clinic is an experienced and successful developer of biomedical spin-off companies based largely on in-house technology. The applicant has most of the attributes of a standalone Entrepreneurial Signature Program including an internal service capability, internal business and technical resources, and a pre-seed funding capability.

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The applicant is fully aligned with all but one critical component of the RFP, the requirement that each applicant have at least one collaborator "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." After careful consideration and based on a technical interpretation of the language in the RFP, the reviewers concluded that the applicant met the collaboration requirement.

Track Record: The applicant is a well recognized source of medical technology and has a documented track record of generating approximately 200 invention disclosures annually that are used by its commercialization group, CCFI, to develop spin-off companies. This deal flow is almost exclusively in the bioscience field, and appears to represent Imagining and Incubating phase opportunities, consistent with the purpose of the program. The proposal also referred to two other sources of deal flow: (i) structured invention - the development of commercial products and services from the clinical practices of the applicant's staff (approximately 50 per year); and (ii) new deals from collaborators (approximately 50 per year). The proposal did not contain substantial evidence to support the estimate for either of these sources of deal flow. In large part because of the proprietary nature and consistency of its deal flow over time, the applicant's deal flow compared favorably with the higher scoring applications.

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The applicant received Pre-Seed Fund grant awards in 2005 and 2009 in the aggregate amount of $1.8 million. The applicant matched these grants with $1.3 million in Cost Share. These two funds have invested in 9 applicant-sourced spin-offs. Of these, 5 have received follow-on funding and 3 account for 80% of the total of $20.5 million of validated A Metrics. In total, the applicant claims 33 spin-offs that have generated a total of $330 million, although the reviewers did not receive and do not have the data to validated this larger claim. Overall, the A Metric performance is solid, but ranks below several of the other proposals.

Experience: The Clinic maintains an experienced in-house new venture creation staff that consists of start-up experts, medical technology experts, and four experienced entrepreneurs who act as advisors to spin-off companies. The organization is advised by an Industrial Advisory Board of 18 successful business leaders.

Cost Share: All of the $2 million of Cost Share is contributed by the Cleveland Clinic. This is a Current Cost Share commitment. In addition, although it does not qualify as Cost Share, the Clinic provides substantial (over $2 million) of in-kind support (e.g. technical, finance, legal, business, accounting, etc.) for its spin-off companies. The in-kind support appears to provide the applicant's portfolio companies with substantial additional value. In addition to these services, the Clinic provides cash assistance from its Product Development Fund ($0.45 million over the project period).

Budget: The budgets were clear; however, the applicant did not provide financial statements for the two existing pre-seed funds.

Integration and Collaboration: The applicant is one of the founders of and a financial contributor to BioEnterprise. The applicant refers to collaborative relationships with regional ESPs (JumpStart, Rocket Ventures, and TechGROWTH), angel funds such as Ohio TechAngels and North Coast Angels, and venture funds such as Blue Chip Ventures and many others. The applicant also refers to collaborative relationships with commercial partners such as Parker Hannifin and GE. Unfortunately, none of these collaborators provide Cost Share, and the proposal lacked documentation that established the substance of these collaborations as measured by the regular and ongoing exchange of high value resources. The applicant's documented history of collaboration with regional resources is among the weakest of all of the applicants; although the applicant appears to be engaged in a concerted effort to expand its collaborations. This expansion creates the potential for the applicant to have a positive regional and state-wide impact in developing bioscience companies.

Need: The reviewers were able to estimate from information in the narrative that the applicant has approximately $270,000 remaining in the 2009 Pre-Seed Fund. This amount should be sufficient to provide initial funding for one more start-up. Given the validated deal flow numbers, it is apparent that the applicant can apply additional funds for new start-ups in the near future as projected in the proposal. The applicant has used other sources of funds to create new companies (22 of 33 were funded without state grant funds).

Summary: The applicant presented a quality proposal and would appear to be well positioned to build on its success.

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Reviewer Comments

Project Title: North Coast Angel Fund II (LOI # 10-105)
Applicant: North Coast Angel Fund II, LLC
Type: Pre-Seed Fund
Request: $2,000,000
Cost Share: $2,000,000
Rank: 4

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The applicant manages North Coast Angel Fund I (NCAF I). The proposal requests funding for a new angel investor fund. The Cost Share is provided by 54 angel investors, JumpStart Inc., and the University of Akron Research Foundation. NCAF I made 16 investments and is currently in the process of closing 2 additional investments. If approved for a Grant, the applicant projects that it will be able to make another 13 – 20 investments during the 3 year Project Period. NCAF I has generated over $20 million of A Metrics. NCAF I and II target investment located within the region, but will invest throughout the State. NCAF I has benefitted from consistently strong deal flow (over 180 Qualified Deals). NCAF targets investments in the following market/technology areas: biosciences and healthcare, advanced materials, instruments/controls/electronics, and IT (within the approved guidelines). NCAF I led approximately 75% of its investments. NCAF I frequently invests with other pre-seed investment funds located throughout the State. NCAF I has a strong history of working with other state-supported entrepreneurial assistance organizations within its region.

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The proposal is well-aligned with the requirements of the Program and the RFP.

Track Record: NCAF's deal flow and track record are well aligned with the investment focus of NCAF II. Specifically, NCAF II proposes to invest in opportunities that are substantially similar in terms of market, technology areas, phase of commercialization, and geographic location to those investments that generated existing A Metrics and those opportunities reflected in NCAF I's historical deal flow. Although these metrics were strong, several proposals achieved deal flow and other success metrics that resulted in higher rankings.

Experience: NCAF has a strong management team led by Claiborne Rankin and Todd Federman. As an angel fund, NCAF also benefits from the expertise of its members. As a part of the NE Ohio ESP, NCAF also frequently taps into the ESP's network of resources. Several proposals received slightly higher rankings because of the breadth and depth of the management resources directly available to the organization or operation.

Cost Share: The proposal was among the highest ranked in context of Cost Share. Two of the contributors to this ranking were: (i) all of the Cost Share was Current; and (ii) many of the Cost Share providers (the angel investors) contribute additional value in terms of deal flow, diligence services, and expertise.

Budget: Although the Budget was sufficient to establish the viability of the proposal, the budget and related explanation was not as clear, concise, and consistent as many of the other higher scoring proposals in context of the projected rate of investment, the timing of the use of Grant funds for Due Diligence and Enhanced Management Services, and the amount of capital remaining in NCAF I.

Integration and Collaboration: NCAF I is well integrated into the ESP and related entrepreneurial support resources.

Need: The applicant established to the reviewer's satisfaction that it will be able to invest the requested resources within the Project Period. The lack of a 2009 balance sheet and certain ambiguities in the projections resulted in a slightly lower ranking in context of this criterion.

Summary: The applicant presented a quality proposal and would appear well positioned to build on its success.

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Project Title: Southwest Ohio Signature Program: The Next Generation (LOI #10-106)
Applicant: Cincinnati USA Regional Chamber
Type: Entrepreneurial Success Fund
Request: $2,000,000
Cost Share: $2,000,000
Rank: 7

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: CincyTech is a public-private venture partnership whose mission is to accelerate the development of start-up technology businesses into high-growth companies in Southwest Ohio. Its objective is to create jobs in the region and to earn a return for investors. CincyTech is a subsidiary of the Cincinnati USA Regional Chamber and is the original ESP grantee. It targets companies in the following industries: information technology; bioscience; and advanced manufacturing, materials and energy. The application meets both the funding and the Cost Share requirements. Cost Share is provided by a wide variety of local entities.

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The application is aligned with the RFP.

Track Record: CincyTech has gradually increased its Inquiries (raw deal flow) from 139 in 2007 to 867 in 2009, largely due to changes in outreach tactics. Unfortunately, during this same period, Qualified Deal flow has decreased from 131 Qualified Deals in 2007 to 110 Qualified Deals in 2009. About 80% of the Qualified Deals are in the Imagining and Incubating phases (the earlier two phases of commercialization). About 25% is in the biosciences and 43% is in IT. Overall, Qualified Deal flow is weak when compared to higher ranked applications.

From its entrepreneurial support services, CincyTech has generated $49.2 million in A Metrics from 14 client companies. Although this is a large number, it is dominated by two companies that account for 71% of the total, with an additional 17% provided by a subgrantee that does not need and will not receive funding should this request be approved. Overall, this A Metric performance ranks CincyTech in the middle of the other proposals in context of A Metric generation.

Experience: The CincyTech team of managers and professionals brings excellent expertise in economic development, university affairs, and the domains of health care and IT.

Cost Share: CincyTech has received $2 million of Current Cost Share commitments from 10 providers. Most of these funds come from local public entities such as the Chamber of Commerce, the University of Cincinnati, and Children's Hospital Medical Center. About 6% comes from private sources. Although there is no overmatch in Cost Share, CincyTech does receive in-kind assistance from the University of Cincinnati and the Chamber of Commerce.

Budget: The budget shows that CincyTech plans to spend the Grant and Cost Share during a two year period and will use carryover funds from the 2007 grant as a supplement. The budget and corresponding detail did not adequately describe cash flow and did not convey a clear and complete understanding of the financial situation. The budget did not compare favorably to the other applications.

Integration and Collaboration: CincyTech has an active series of relationships with some of the major public entities in Cincinnati, including economic development groups. They also work with many venture and angel groups to build funding syndicates for their pre-seed companies.

Need: The budget did not clearly indicate when CincyTech will run out of its current ESP funding for services. Using information from the application and other sources, the reviewers estimate that CincyTech will exhaust its current funding for services by the end of the third quarter 2011. Due to the problems with the budget section, the reviewers have relatively low confidence in this estimate.

Summary: Overall, this application did not compare favorably with the higher scoring applications primarily as a result of weak deal flow and a budget and related narrative that made it difficult to understand the need for and use of the requested funds.

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Project Title:	JumpStart Combined (LOI # 10-107)
Applicant:	JumpStart, Inc.
Type:	Combined (Pre-Seed Fund and Entrepreneurial Success Organization)
Request:	$4,000,000
Cost Share:	$4,000,000
Rank:	1

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The applicant is JumpStart Inc. JumpStart Inc. manages the ESP and the two core JumpStart lines of business – JumpStart Ventures (JumpStart Pre-Seed), a Pre-Seed Fund, and JumpStart entrepreneurial services (JumpStart Services). In this "combined" proposal, the applicant seeks $4 million - $2 million for JumpStart Pre-Seed to be used for direct investment, and $2 million for JumpStart Services to fund ongoing operations. JumpStart Inc. is also the Lead Applicant on three other proposals (10-108 – Bioscience and the JumpStart Entrepreneurial Network, 10-109 – Energy and the JumpStart Entrepreneurial Network, and 10-110 – The JumpStart and Third Frontier Entrepreneurial Network). In each of these proposals, the applicant seeks funding for a combination of new and existing programs and subgrantees. In addition, the applicant seeks funding for the JumpStart and Third Frontier Entrepreneurial Network (JEN). JEN is "a new operational construct" designed to improve the results generated by the existing network of capital and service providers. In 10-110 – JEN, the applicant seeks funding for technology and personnel to implement JEN. Despite the integrated nature of these four proposals, the reviewers, in accordance with the RFP and the Frequently Asked Questions published by the Ohio Department of Development, evaluated each proposal on its own merits.

The $4 million of Cost Share includes $3.23 million of Current Cost Share and $0.77 million of Future Cost Share. The applicant acquired Cost Share from a wide range of sources, both in-State and out-of-State. The breakdown of Cost Share by source is 5% Federal, 13% Corporate/Industrial, 64% Non-Profit Organizations, 18% City/County, and 1% from private investors. Qualified Deal flow for JumpStart Ventures and Services is the highest of all of the applicants. Using existing data to estimate Qualified Deal flow since establishment of the ESP, the reviewers calculated Qualified Deal flow at approximately 1200. The deal flow by phase of commercialization is 47% Imagining, 37% Incubating, and 13% Demonstrating. For investments made since the formation of the ESP, JumpStart Ventures (the Pre-Seed Fund) generated A Metrics exceeding $50 million from 28 different companies, and JumpStart Services generated A Metrics exceeding $30 million from more than 40 companies. JumpStart Ventures and Services target investments in the following market/technology areas: biosciences, instrumentation/controls/electronics, advanced materials, power and propulsion, energy and clean tech, and IT (within the approved guidelines). JumpStart

Ventures and JumpStart Services have developed a large number of strong collaborations within the region and across the State.

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The proposal is well-aligned with the requirements of the RFP.

Track Record: The deal flow and track record are well aligned with the investment focus of JumpStart Ventures and Services. Specifically, both propose to invest in opportunities that are consistent with historical deal flow and that are substantially similar in terms of market, technology areas, phase of commercialization, and geographic location to those investments that generated JumpStart's A Metrics. For the following reasons, the reviewers ranked JumpStart's track record among the leaders: (1) the consistent and superior volume of Qualified Deals; (2) the large number of opportunities that generated A Metrics; (3) the aggregate amount of A Metrics, especially in light of JumpStart's focus on earlier phase opportunities (Incubating); and (4) the lack of outliers. As used in the prior sentence, the term "outliers" refers to the generation by a small number of opportunities of a disproportionate share of the A Metrics.

Experience: The experience of the JumpStart management team ranks among the best.

Cost Share: JumpStart has demonstrated success in raising significant Cost Share from a wide range of sources, including its recent success in attracting support from outside the State. With its demonstrated success, the reviewers believe that JumpStart will be able to secure the $770,000 of Future Cost Share; provided, however, the existence of Future Cost Share resulted in a ranking on this criterion below certain of the other proposals.

Budget: In light of the complexity of JumpStart Ventures and Services, and the added complexity of the 3 related proposals, the applicant provided a clear and complete picture of its intended use of Grant and Cost Share funds. The Budget and related explanation ranked among the best.

Integration and Collaboration: JumpStart Inc., including JumpStart Ventures and Services, has a long history of collaboration and integration, both within the region and throughout the State. JumpStart estimates that it spends approximately $700,000 annually to provide services and assistance to entrepreneurial assistance organizations located throughout the State. Using technology, process, and systems, JumpStart continues to provide leadership in the integration of regional resources. Again, JumpStart ranks among the best in context of these criteria.

Need: JumpStart clearly established its need for funding and its ability to productively deploy the funds within the Project Period. JumpStart intends to use of all the capital during its FY 2011 fiscal year (July 1, 2010 – June 30, 2011). Given its high volume of Qualified Deals, the reviewers have little doubt regarding JumpStart's ability to deploy the resources in accordance with the provided budget.

Summary: The applicant presented a detailed and well supported proposal that ranked among the best in almost all of the major criteria.

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Project Title: Bioscience and the JumpStart Entrepreneurial Network (LOI # 10-108)
Applicant: JumpStart, Inc.
Type: Entrepreneurial Success Fund
Request: $1,762,050
Cost Share: $1,762,050
Rank: 2

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The applicant is JumpStart Inc. The proposal relates primarily to those regional resources that provide entrepreneurial services in support of the the bioscience deal flow generated in the Northeast Ohio region. As with its other three proposals, JumpStart requests a Grant to fund a one year budget. JumpStart subgrants approximately 77% of the Grant and 77% of the Cost Share to three entities: BioEnterprise (69% of Grant/73% of Cost Share), GLIDE (4.3% of Grant/4.3% of Cost Share), and Akron Global Business Accelerator (AGBA) (4.3% of Grant, 0% of Cost Share). JumpStart retains 19% of the Grant and 19% of the Cost Share to fund two bioscience EIRs. JumpStart also retains 3.8% of the Grant and 3.8% of the Cost Share to manage and administer the program and for related support costs. BioEnterprise will use most of its subgrant to provide continuing support to existing resources (9 professionals and 8-10 interns). In addition, BioEnterprise intends to expand its capabilities to assist clients in their efforts to attract federal funding ($150,000) and increase its efforts to promote the sector and region for purposes of generating additional quality deal flow and investor interest ($186,000). The subgrants to GLIDE and AGBA will be used to fund two bioscience-focused business development executives, one to be located at each. As with the other JumpStart proposals, the reviewers, in accordance with the RFP and the Frequently Asked Questions published by the Ohio Department of Development, evaluated this proposal on its own merits.

The $1,762,050 of Cost Share includes $975,000 of Current Cost Share and $787,050 of Future Cost Share. BioEnterprise provides $900,000 of the Cost Share from its unrestricted funds. GLIDE provides the other $75,000 of Current Cost Share. The source of the Future Cost Share is the Fund for Our Economic Future, a long-time supporter of BioEnterprise and JumpStart. The applicant reported 570 bioscience Qualified Deals from January 2007 through the present (190 in 2007, 178 in 2008, 149 in 2009, and 53 in 2010). 88% of the Qualified Deals were in the first three phases of commercialization (141 – Imagining, 280 – Incubating, and 81 – Demonstrating). For investments made since the formation of the ESP, BioEnterprise reported $45 million of A Metrics from 21 different companies, and the JS ESP Network reported $22 million of A Metrics from 12 different companies. Substantially all of the A Metrics were follow-on investments, as opposed to sales revenues. BioEnterprise and JumpStart have developed strong collaborations throughout the region and the State. Both have a strong track record of sharing deal flow and services with GLIDE and AGBA.

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The proposal is well-aligned with the requirements of the RFP.

Track Record: The deal flow and track record are well aligned with the investment focus of BioEnterprise and JumpStart. BioEnterprise reported bioscience Qualified Deal flow that exceeded the total deal flow of many of the regional ESPs. Furthermore, JumpStart and BioEnterprise generated their respective A Metrics from opportunities substantially similar to those that made up the historical deal flow. For the following reasons, the reviewers ranked the bioscience track record of BioEnterprise and JumpStart as one of the best: (1) the consistent and superior volume of Qualified Deals; (2) the large number of opportunities that generated A Metrics; (3) the aggregate amount of A Metrics, especially in light of the relatively narrow industry focus; and (4) the lack of significant outliers. As used the prior sentence, the term “outliers” refers to the generation by a small number of opportunities of a disproportionate share of the A Metrics.

Experience: The experience of the JumpStart management team ranks among the best.

Cost Share: The applicant met the Cost Share requirement, but almost half of the Cost Share was Future rather than Current Cost Share. Given the history of support by the Future Cost Share provider, the reviewers have little doubt that the applicant will be able to convert the Future Cost Share into Current Cost Share. As noted, the applicant met the Cost Share requirement, but the $900,000 contributed by BioEnterprise did not represent new money to the organization. For these reasons, the proposal was not one of the higher ranked proposals in context of this criterion.

Budget: In light of the complexity of JumpStart Ventures and Services, and the added complexity of the 3 related proposals, the applicant provided a clear and complete picture of its intended use of Grant and Cost Share funds. The Budget and related explanation ranked among the best.

Integration and Collaboration: JumpStart and BioEnterprise have a long history of collaboration and integration, both within the region and throughout the State. The proposal scored among the best in terms of Integration and Collaboration. Strangely, however, the Cleveland Clinic was not a named collaborator and did not feature prominently in the proposal narrative even though the Cleveland Clinic is a member of BioEnterprise and a financial supporter.

Need: The proposal clearly established the need for funding and the ability of the applicant and subgrantees to productively deploy the funds within the Project Period. All of the funding (Grant and Cost Share) will be used in the FY 2011 fiscal year (July 1, 2010 – June 30, 2011). Given the high volume of Qualified Deals, the reviewers have little doubt regarding the applicant’s ability to deploy the resources in accordance with the provided budget.

Summary: The applicant presented a detailed and well supported proposal that ranked among the best in all of the major criteria except for Cost Share.

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Project Title: Energy and the JumpStart Entrepreneurial Network (LOI # 10-109)
Applicant: JumpStart, Inc.
Type: Entrepreneurial Success Fund
Request: $1,056,000
Cost Share: $1,056,000
Rank: 8

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The applicant is JumpStart Inc. The proposal relates primarily to those regional resources that provide entrepreneurial services in support of the energy and CleanTech deal flow generated in the Northeast Ohio region. JumpStart requests a Grant to fund a one year budget. JumpStart subgrants approximately 69% of the Grant and 89% of the Cost Share to two entities: NorTech (69% of Grant/59% of Cost Share), and TeamNEO (0% of Grant/29% of Cost Share). JumpStart retains 31% of the Grant and 11% of the Cost Share to fund two energy EIRs and certain costs relating to program management and administration. NorTech will use most of its subgrant to fund the Commercialization Pipeline Initiative. Under the Commercialization Pipeline Initiative, NorTech will work with multiple universities, research labs and industry partners throughout the US to identify available energy and CleanTech technologies that can be converted into promising start-ups. The budget provides funding for personnel and purchased services. TeamNEO will use its subgrant to fund the Advanced Energy Attraction Initiative. The purpose of this Initiative is to attract Demonstrating phase advanced energy and CleanTech opportunities to the Northeast region. The funding will be used to hire two persons including an executive and to fund certain purchased services. As with the other JumpStart proposals, the reviewers, in accordance with the RFP and the Frequently Asked Questions published by the Ohio Department of Development, evaluated this proposal on its own merits.

The $1,056,000 of Cost Share includes $836,000 of Current Cost Share and $220,000 of Future Cost Share. The sources of the Current Cost Share are Team NEO ($311,000) and NorTech ($511,000). The sources of the Future Cost Share are the Fund For Our Economic Future ($120,000) and First Energy ($100,000). The applicant reported 464 energy and CleanTech Qualified Deals from January 2007 through the present (47 in 2007, 176 in 2008, 169 in 2009, and 72 in 2010). 89% of the Qualified Deals were in the first three phases of commercialization (167 – Imagining, 167 – Incubating, and 79 – Demonstrating). For investments made since the formation of the ESP, the ESP reported $12.7 million of A Metrics from 12 opportunities. These resulted from the efforts of the TechLift Advisors, JumpStart, and JumpStart Ventures.

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The proposal is not well-aligned with the requirements of the RFP. Although the Advanced Energy Attraction Initiative may prove to be a valuable addition to the region's economic development efforts, company attraction does not fit squarely into the RFP which specifically seeks proposals for grants to "provide funding for specific and well-defined <u>entrepreneurial assistance programs</u> ….". (emphasis added)

Track Record: The energy and CleanTech deal flow is significant, and the ESP, through the TechLift Advisors, has achieved meaningful A Metrics by providing entrepreneurial services to energy and CleanTech opportunities. Unfortunately, this track record does not constitute proof of success of the Advanced Energy Attraction Initiative or the Commercialization Pipeline Initiative. Since these two initiatives represent a major portion of the requested funding, the proposal received a low ranking on this core evaluation criterion.

Experience: The experience of the management team is solid in context of the JumpStart portion of the proposal. Although both Nortech and TeamNEO employ experienced business development executives, both the Commercialization Pipeline and the Advanced Energy Attraction Initiatives will depend on critical personnel that have not yet been hired. Given the lack of track record and the open positions, the proposal did not receive a high ranking on this criterion.

Cost Share: The applicant met the Cost Share requirement, but the two Current Cost Share providers received their Cost Share contributions back in the form of subgrants. In addition, the proposal contained Future Cost Share. For these reasons, the proposal was not highly ranked in context of this criterion.

Budget: In light of the complexity of the proposal, and the added complexity of the 3 related proposals, the applicant provided a clear and complete picture of its intended use of Grant and Cost Share funds. The Budget and related explanation ranked among the best.

Integration and Collaboration: JumpStart, TeamNEO, and Nortech have a long history of collaboration and integration, both within the region and throughout the State. The proposal ranked among the best in terms of Integration and Collaboration.

Need: Because of the deficiencies in track record (described above), and the fact that two of the initiatives are still being formed, the applicant could not establish need with the same level of certainty as some of the higher ranking proposals.

Summary: Although the JumpStart portion of the proposal would, most likely, have received a relatively high ranking if submitted separately, the inclusion of the two new initiatives resulted in a substantially lower ranking for the proposal since proposal had to compete with others that could establish a strong and directly applicable track record.

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Project Title: JumpStart and Third Frontier Entrepreneurial Network (LOI # 10-110)
Applicant: JumpStart, Inc.
Type: Entrepreneurial Success Fund
Request: $1,250,000
Cost Share: $1,250,000
Rank: 9

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: The applicant is JumpStart Inc. The proposal has two components. First, the proposal seeks funding to support certain existing resources, including (i) the 5 EIRs employed by JumpStart that support the Incubators in Youngstown (YBI), Akron (AGBA), Mansfield (Braintree), and MAGNET; (ii) 1.5 FTEs supporting current marketing efforts; (iii) 1.5 FTEs supporting metrics and grant reporting; (iv) support for JumpStart Inclusion Advisors (EDGE client support); and (v) support for the Ohio Aerospace Institute and related grant assistance programs. Second, the proposal seeks funding to implement "a new operational construct called the JumpStart Entrepreneurial Network (JEN)". JEN involves the application of people, process, and technology to ensure that resources across the region are applied in a cost efficient fashion and invested in the most promising entities. JumpStart requests a Grant to fund a one year budget. The subgrantees – YBI, AGBA, Braintree, MAGNET and OAI – will receive $265,000 of Grant and $120,000 of Cost Share to support the 5 EIRs and certain purchased services. The remainder of the Grant and Cost Share will be used to fund the remaining existing positions as well as the new JEN personnel and technology. As with the other JumpStart proposals, the reviewers, in accordance with the RFP and the Frequently Asked Questions published by the Ohio Department of Development, evaluated this proposal on its own merits.

The $1,250,000 of Cost Share includes $120,000 of Current Cost Share and $1,130,000 of Future Cost Share. The sources of the Current Cost Share are the City of Akron ($60,000), MAGNET ($30,000), and The Ohio Aerospace Institute ($30,000). The sources of the Future Cost Share are the Knight Foundation ($335,000), The Fund For Our Economic Future ($367,500), and the Cleveland Foundation ($367,500). The applicant is relying on the same Qualified Deal Flow (>2000) and A Metrics (>$100 million) as those referenced by the ESP. During the life of the ESP, the subgrantees have generated the following A Metrics – MAGNET ($1.74 million – 4 companies), YBI ($396,000 – 2 companies), Braintree ($981,000 – 2 companies), and AGBA ($8.09 million – 20+ companies).

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Compliance with the Requirements: The proposal complied with the RFP requirements and passed ODOD administrative review. The applicant responded to Reviewer questions in both written and verbal form.

Alignment: The proposal is not as well-aligned with the requirements of the RFP as the higher ranking proposals. The applicant strongly believes that the JEN initiative will drive productivity and efficiencies across the region. Among the ESPs, the applicant is one of the leaders in deploying technology and process across the various subgrantees and collaborators that make up the ESP. The focus of the RFP is, however, the delivery of entrepreneurial services and capital to pre-seed opportunities. The RFP permits a reasonable allocation of overhead to fund the deployment of technology and the related administrative burden associated with growth and success. The proposed system re-engineering, and the substantial investment in new hardware, software, processes, and support personnel, do not align well with the primary purpose of this RFP. As a result, the proposal received a lower ranking on this criterion.

Track Record: Although the ESP's track record is among the best, the track record relates primarily to the deployment of capital and services, and only secondarily to the underlying systems and processes. As a result, the track record is not strong proof of the potential benefits of the JEN investment in people, process re-engineering, and technology. The higher scoring proposals, including two of the JumpStart proposals, provided proof of deal flow and A Metrics that was more directly aligned with the use of funds contained in the proposal. As a result, this proposal was not highly ranked in context of this criterion.

Experience: As already noted in context of other JumpStart Inc. proposals, the experience of the management team ranks among the best.

Cost Share: Most of the Cost Share was Future rather than Current. Although the providers of the Future Cost share are long-term supporters of JumpStart and the ESP, the large percentage of Future Cost Share resulted in a lower ranking on this criterion.

Budget: In light of the complexity of the proposal, and the added complexity of the 3 related proposals, the applicant provided a clear and complete picture of its intended use of Grant and Cost Share funds. The Budget and related explanation ranked among the best.

Integration and Collaboration: The purpose of this proposal and JumpStart's strong track record of collaboration and integration caused this proposal to be one ranked among the best on this criterion.

Need: Because of challenges with alignment and the lack of direct proof regarding the likelihood of success of these efforts (measured in terms of increased deal flow and A Metrics), the applicant could not establish need with the same level of certainty as some of the higher ranking proposals.

Summary: If ranked separately, the portions of this proposal that represented continued funding for personnel and programs would most like have resulted in a much higher ranking. With the large portion of the Grant and Cost Share committed to JEN, the proposal received a relatively low ranking.

Ohio Third Frontier 2010 Fiscal Year
Pre-Seed & Entrepreneurial Success Initiative
Reviewer Comments

Project Title: Millstream Angel Venture Fund (LOI #10-113)
Applicant: Regional Growth Partnership
Type: Combined Proposal
Request: $2,000,000
Cost Share: $2,000,000
Rank: Not ranked

The reviewers applied the evaluation criteria contained in the Ohio Third Frontier Pre-Seed & Entrepreneurial Success Initiative (this "Program"), Fiscal Year 2010, Request for Proposals (the "RFP") to each proposal. The RFP limited applicants to "existing Ohio Third Frontier Pre-Seed Funds and related entrepreneurial support programs". Originally tailored to the needs and opportunities located in their respective regions, the applicants have implemented a diverse array of programs and activities to provide capital and related entrepreneurial support to opportunities in the Imagining, Incubating, and Demonstrating phases of commercialization. Although a strength of the Program, the diversity presents unique challenges in evaluating and ranking proposals, especially when attempting to differentiate among applicants with experienced teams who, in many cases, have generated meaningful results for their regions and investors. Fortunately, the RFP provided a focal point for differentiation – "proven success based on a recognized need". As stated on page 6 of the RFP, "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 <u>extend and build on proven success based on a recognized need</u> within its' region". (emphasis added) Although the reviewers considered each of the following evaluation criteria, the higher ranking proposals were frequently distinguished by specific and accurate evidence linking recent performance (A Metrics and Qualified Deal flow from investments made since the creation of the ESPs) with the intended use of Grant and Cost Share.

Overview: This application proposes to create, with the assistance of Rocket Ventures (the Northwest Region ESP Lead Applicant), a new angel investment and enhanced management organization centered in the Findlay area to serve the north central region of Ohio. The Findlay Investor Group, a group of successful and experienced angel investors, has provided a Future Cost Share commitment in the amount of $2 million to be matched by a $2 million Grant.

Compliance with the Requirements: The proposal passed ODOD administrative review. The applicant responded to reviewer questions in both written and verbal form.

Although this application met the technical requirements of administrative review, the reviewers identified material compliance issues. Based on the results of the question and answer period and a detailed review of the application, the reviewers advised ODOD that this application does not comply with the RFP in the following areas: 1) Rocket Ventures will manage the back-end systems and the due diligence process relating to the proposed fund, but the investment decisions are to be made by an entirely new management team; and 2) although the application suggests that the services budget for this combined application will be retained by Rocket Ventures, the decision to use those funds and hence the effective control over those funds will also be exercised by a new management team.

Accordingly, after discussion with ODOD, the reviewers have concluded that the applicant does not meet the definition of an existing Pre-Seed Fund, as required by the RFP. It is important to note that even if the proposal met the technical requirements of the RFP, the lack of direct evidence of qualified deal flow and A Metrics would have resulted in a low ranking.

The reviewers recommend that this nascent opportunity be pursued by Rocket Ventures within its existing budget. By using existing Rocket Ventures resources, the applicant could begin to generate proof of the new qualified deal flow and A Metrics. With this proof, the applicant would be well-positioned in competing for funding under a future RFP that is open to new Pre-Seed Funds.