

FY 2010 BIDDERS CONFERENCE
Pre-Seed & Entrepreneurial Success Initiative
TechColumbus
1275 Kinnear Road
Columbus, OH 43212
December 4, 2009

1. When should a lead organization submit multiple proposals?

Answer: When there are discrete needs and purposes for use of the funds being requested, the lead applicant has the ability to structure the request into more than one proposal or when the lead applicant has the resources to request a proposal for an amount greater than the maximum allowable for any one proposal. Please note that each proposal must be fully independent of any other and that each proposal must stand on its own merits and will be evaluated separately from all other proposals.

2. Since a Collaborator can also be a Cost Share provider, please explain the circumstances under which the Lead Applicant should submit a Collaborator Commitment Form and a Cost Share Commitment Letter.

Answer: If a person or entity is a "Collaborator" as the term is defined in Appendix B or in Section 2.3.3 of the RFP, the Lead Applicant should submit a Collaborator Commitment Form. If a person or entity is contributing Cost Share, the Lead Applicant should submit a Cost Share Commitment Letter. If a Collaborator will provide Cost Share and receive a sub-grant, then the Lead Applicant should submit both the Letter and the Form. Section 2.3.3 of the RFP supplements the definition of "Collaborator" contained in Appendix B. Section 2.3.3 defines a Collaborator as a provider of a "substantial, well-defined commitment of resources critical to the success of the Project" If a person or entity meets the Section 2.3.3 definition, the Lead Applicant should submit a Collaborator Commitment Form; provided, however, the Lead Applicant should only submit the Form if the resources are material, measurable, critical to success, and well defined.

3. Do you anticipate using the same criteria and limits (i.e. who can propose, focus of / use of money, intent) for the FY2011 Pre-Seed Entrepreneurial Success Initiative?

Answer: In May and June of 2010, the Ohio Third Frontier Commission will develop a program plan for 2011 that will answer all these questions. At this point in time, final decisions about the Third Frontier renewal or any budget changes that may occur between now and then are not known. Therefore, it would be best advice to assume that the FY2011 Request for Proposal will be similar in nature to the FY 2010.

4. Under what circumstances should an ESP Lead Applicant submit a combined proposal?

Answer: An ESP Lead Applicant should submit a combined proposal under two circumstances:

- i. When the Lead Applicant is submitting proposals to fund both a Pre-Seed Fund and an Entrepreneurial Success Initiative Fund and the Lead Applicant intends to use excess Cost Share from the Pre-Seed Fund to meet the Cost Share required for the ESIF; or
- ii. When the Lead Applicant is submitting proposals to fund both a Pre-Seed Fund and an ESIF and the operations of the two are tightly integrated.

5. Will new money be more highly valued than existing assets for cost share? Why?

Answer: The state would like to see new cost share providers and new collaborators getting involved in the activities when these organizations are a valuable resource for delivering the results being proposed. New providers of cost share help to validate that the activity is valuable. New collaborators delivering services indicate the lead applicant has critically assessed the needs and resources of the region as the proposal was structured and has not simply decide to propose the status quo. Another dimension to this question is that any cost share that is proposed for this program has to be used during the period of performance of this program and must be directly related to the proposed activities.

6. Some of us might have reserves, so the intent might be to use some of those reserves that have not been committed to the ESP program as match. This is money we have in a bank account, vs. new money that we have yet to raise.

Answer: Cost share sources that have been previously pledged against a grant may not be pledged against a new and different proposed grant. Existing money residing in your accounts that have not pledged as cost share are eligible.

7. Regarding the smart, new and meaningful money. If money is new, but being pledged by an existing organization that is part of the collaborative group do you consider this money to be new, or must money be from a new source to be new?

Answer: If the money is newly pledged to this particular proposed project, it is considered new. If it is a sizeable amount of money relative to the resources of the organization providing then funds, then it is meaningful. If it comes from an organization that understands the purposes to which the money will be used, it is considered smart.

8. What is the plan for Pre-Seed Entrepreneurial Success Initiative budget for FY 2011 – Still \$15M? It is important for some of us to decide whether to submit or not.

Answer: It is the intent of the Administration to place the renewal of the Ohio Third Frontier on the ballot in May 2010. Joint Resolution 12 has been introduced in the House. Whether it will be successful in getting through the General Assembly and then being approved by the voters is unknown. Each applicant will have to weigh the risks and benefits of any renewal outcome on their decision process.

9. Will project plans that put Grant funds to work sooner be viewed more favorably than those that take the full three years?

Answer: All other things being equal, a Proposal that demonstrates that it can put the Grant funds to use in a shorter period of time will be viewed more favorably than one that takes longer; provided, however, the spending plan must be consistent with evidence of success, track record, and unmet deal flow.

10. Will availability (through ESP) of dry powder for similar purpose during the project period be viewed as a negative in the scoring criteria? Is extending regional runway allowed or would that be a negative?

Answer: One of the themes of this RFP is the request for specificity in terms of how you are going to be using the monies. It is expected you will tell us what you propose to do with the funds; why it is important; why existing resources can not be used; and how the proposed activities fit with other activities being funded with existing dry powder. You must be specific about how you propose to use funds. Proposals that simply state that the funds will be used to support the operation of an existing organization will not be considered responsive.

11. How much of the Grant must be retained and used by the ESP Lead Applicant to satisfy following statement that appears at the top of page 10 of the RFP: "The Lead Applicant must retain a significant amount of funding with which it will provide value added services. Lead Applicants that simply pass the funding through to partners will not be deemed competitive."

Answer: There is no specific amount or percentage that satisfies this requirement. The State is looking for evidence of true collaboration - that the specific opportunity is part of a continuum of ESP resources directed at a particular need or opportunity that is not adequately met by other regional or State-funded resources. Evidence of past collaboration, unmet need, and a successful track record will be critical to making this determination. A simple pass-through of Grant funds to a subcontractor will not be viewed favorably in most circumstances.

12. Is it the intent that these grant funds be used in a one year period?

Answer: No. The intent is that the grant funds be used in a period appropriate to the project for which the funds are being requested. Two to three years is average, but the time that it takes should be appropriate to effectively and efficiently complete that activity. As noted in a previous response, it is expected that many valuable projects can be performed in a period of time less than three years.

13. Can an eligible lead applicant for pre-seed funding submit more than one proposal?

Answer: Yes. There is no limit on the number of proposals that can be submitted from any of the eligible organizations. Each proposal must stand on its own merits and meet all requirements. Each proposal will be evaluated separately and no proposal can be made contingent on award of another proposal.

14. What types of activities fit within the definition of "Enhanced Management Services"?

Answer: Please refer to Section 3.3.7 of the RFP and the definition of "Enhanced Management Services" in Appendix B.

15. If a lead applicant proposes a Pre-seed Fund and EAO separately, could excess match proposed for the PS proposal be counted toward match requirements of the separately proposed EAO?

Answer: In a combined proposal the answer is yes. If two or more discreet proposals are submitted, the answer is no. Please note, the term "EAO," which was used in the past to define another set of organizations in addition to the ESPs, is no longer being used.

16. If a region determines that a past ESP collaborator's performance has been unable to achieve reasonable A metric(s) outcomes over the past three years; therefore, that collaborator is not included in the proposal, will that choice negatively impact the evaluation of the proposal?

Answer: Past collaborators are not required to be included in a proposal. Proposals must demonstrate why organizations have been included in the proposal. Such reasons may include past performance, organizational missions, and potential future successes. Please note that providing cost share is not a mandatory condition for an organization to be included in a proposal.

17. Please clarify the page limits for bio/sketches, experience and qualifications; page 26 of the RFP, details page limits for each of those sections, but on page 21, the language lists experience and qualifications as a single section under 3.3.10.

Answer: Proposal may include up to five biographical sketches as defined and allowed under section 3.4 Page Limitations. Such information would be included in the Experience and Qualifications section of the proposal.

18. On page 28 of the RFP, an evaluation comment states that a favorable outcome is cost share that is provided by private investment sources. Please define private investment sources. For example, if CincyTech's fund, which is for-profit, has an investor who is profit-oriented, would this be looked upon differently than a private investor who invests in JumpStart's evergreen fund which is non-profit, where the motivation is sustainability?

Answer: Private investment sources are generally considered to be non-state funds that more fully meet the need for "smart" and "meaningful" investments. The state favors these because private sector investments help validate performance by demonstrating support from investors with a pure profit motive or organizations who are in the business of making such investments. Funds that mix public and private sector money meet many of these same characteristics.

19. The last example implies that if the fund has a mix of private and public investors that is ok and that the fund would not be judged harshly for being mixed. However, the statement also implies that if a fund is composed of only public monies it would not be a disqualifier, but the public only investment does not demonstrate the same level of validation.

Answer: That is correct. Generally an investment by the private sector is considered to be "smarter" than public sector simply because the private sector is dedicated to this type of investment. While the public sector investors may have the same level of staff expertise and skills to evaluate performance and plans they may have motivations that differ from those investors with a profit model. In the end, the support of both public and private monies is important. The commitment of funds for business reasons and a profit model show a high level of market validation; the commitment of public funds demonstrate support from the community and economic development organizations.

20. On page 7 of the RFP, the language states that "proposals may not include physical incubation services delivered by Edison Technology Incubators." Can you provide a definition of physical incubation services?

Answer: The intent is not to fund the housekeeping functions of an Edison Incubator. That is, funding for paying utilities, common space charges, or receptionist activities would not be allowed. If an Edison Incubator requested, through their regional ESP, to receive funding for entrepreneurial assistance for EIRs to help existing tenants, new tenants within their facility, and companies not necessarily located at the incubator that use of funds would be acceptable.

21. Are seed funds that make their new investments vs. re-ups in a better or worse position?

Answer: We do not have a preference either way. The RFP states that follow-on investments were an allowable activity under this RFP so that there was no confusion about the ability of the existing funds to continue to assist their portfolio companies.

22. Answer: During the proposal evaluation would there be a slight weighting in favor of a fund that proposes to make more new investments than follow-on investments; presuming the old can be sustained?

Answer: As previously stated, this RFP allows both investments in new companies and follow-on funding to existing portfolio companies; both activities are viewed as important. No specific weight has been assigned to either activity. The Third Frontier seeks to award applicants who have most meritorious overall proposal.

23. Entrepreneurial services that are discrete: define discrete.

Answer: Discrete means that the lead applicant clearly defines the activities being proposed, the budget for these activities, and the expected results. The more specific the lead applicant is with respect to defining the activities, the greater is the ability to evaluate the proposal. For example, it is better to propose an activity such as...“EIRs for advanced energy companies particularly wind and biomass” than to propose an activity that such as...“business consultation for high technology companies.”

24. ESP programs include a development grant set-aside. Is this an appropriate feature for a new fund? For all categories – pre-seed, entrepreneurial success, and combined?

Answer: Some very early stage developmental grants activities have proven to be effective. Therefore, the lead applicant should describe previous success with such activities or describe why they are now important to their region and how the region will use best practice to develop the newly proposed activity.

25. Would a proposal that intends to establish a fund to make development grants and equity investments be allowed? Would such a fund be considered a Pre-Seed Fund proposal or a Combined proposal?

Answer: Yes, such a proposal would be allowed; performance history and the type of metrics generated from the development grants in the program should be included for evaluation. If sufficient deal flow exists for development grants and no dry powder remains in an existing development fund the Lead Applicant may apply for such resources. If the Lead Applicant desires to have equity monies for follow-on equity investment into those companies receiving development grants then a Combined fund application should be submitted

26. In assessing the track record of a Fund and its management team, will the review focus only on the performance of a previously awarded Third Frontier Pre-Seed Fund, performance as the recipient of an ESP sub-award, or performance of investments made that were not associated with any grant award?

Answer: The experience of Funds capitalized through the Ohio Third Frontier is important as is the experience of other Funds managed by this team; recent experience will have more value. Factors to be considered in the past performance include overall performance of a fund and the magnitude and quality of deal flow generated by the previous funds.

27. As past performance is characterized, does it make sense to aggregate the number of deals, number of follow-ons, and the jobs? Should we treat all the investments of that one fund as a body to be judged on that performance?

Answer: More recent experience will be considered more heavily than older experience therefore performance should be presented in a disaggregated manner.

28. On a combined proposal, can over-match be used for a second proposal?

Answer: No. Each proposal has to be self-contained.

29. If an ESP Lead Applicant is submitting a combined proposal that includes a Pre-Seed Fund and an Entrepreneurial Success Initiative Fund, can the Applicant exceed the page limits listed in Section 3.4 of the RFP?

Answer: If the ESP Lead Applicant submits a combined Proposal that includes a Pre-Seed Fund and an Entrepreneurial Success Initiative Fund, the following page limits shall apply; provided, however, the Applicant should attempt to be as concise as possible:

- i. Abstract - 2 pages (one for the Pre-Seed Fund and one for the Entrepreneurial Success Initiative Fund.
- ii. The Opportunity and Operations - 15 pages
- iii. Success and Track Record - 8 pages
- iv. Projected Economic Impacts and Regional Priorities - 2 pages (no change)
- v. Experience and Qualifications - 8 pages
- vi. Biographical Sketches - 8 pages
- vii. Budget - use specified forms for each
- viii. Budget Narrative - Minimum of 2 and maximum of 6 pages total
- ix. Collaborator Information/Letters of Commitment - no change

30. If an ESP Lead Applicant submits a combined Proposal that includes a Pre-Seed Fund and an Entrepreneurial Success Fund, is it possible that the Third Frontier Commission will award funding to one and not the other, or fund the Proposal at an amount less than the amount requested?

Answer: If the ESP Lead Applicant chooses to submit a combined Proposal, the Commission will assume that the Pre-Seed Fund and the Entrepreneurial Success Initiative Fund are inextricably linked. The scoring and award will be based on the combined proposal; provided, however, the Commission may consider a reduced award under appropriate circumstances as long as the Commission is comfortable that the reduced award does not jeopardize the viability of the proposal.