Ohio Third Frontier Entrepreneurial Services Provider Program

Calendar Years 2017-2018

Request for Proposals (RFP) for Entrepreneurial Services Providers for Northwest and West Central Ohio

- RFP Released – December 28, 2016
- Written Questions through January 12, 2017
- Proposals due by 1:00 p.m. on January 23, 2017
- Cost Share Commitment letters due by 1:00 p.m. on March 1, 2017
- Review and Award approximately in March 2017
# TABLE OF CONTENTS

1 OHIO THIRD FRONTIER STATEMENT OF SOLICITATION ................................................... 3  
1.1 Overview .......................................................................................................................... 3  
1.2 Background ...................................................................................................................... 3  
1.3 Request for Proposals Issuance ...................................................................................... 4  
1.4 RFP Process and Awards Process .................................................................................. 4  

2 PROGRAM DESCRIPTION ...................................................................................................... 5  
2.1 Purpose ............................................................................................................................ 5  
2.2 Goals ................................................................................................................................ 5  
2.3 Eligibility ........................................................................................................................... 6  
   2.3.1 Lead Applicant .................................................................................................... 6  
   2.3.2 Clients ................................................................................................................. 6  
   2.3.3 Collaborators ....................................................................................................... 7  
2.4 Funding and Cost Share .................................................................................................. 7  
   2.4.1 Funding Available ............................................................................................... 7  
   2.4.2 Cost Share .......................................................................................................... 7  
2.5 Term of Project ................................................................................................................ 8  

3 GENERAL PROPOSAL REQUIREMENTS .............................................................................. 9  
3.1 General Instructions ......................................................................................................... 9  
   3.1.1 General Formatting Requirements ..................................................................... 9  
   3.1.2 Page Limitations ................................................................................................. 9  
3.2 Public Information .......................................................................................................... 10  
3.3 Order and Content of Proposal Sections ....................................................................... 10  
   3.3.1 Application Information Page ............................................................................ 10  
   3.3.2 Abstract ............................................................................................................. 10  
   3.3.3 Table of Contents ............................................................................................. 10  
   3.3.4 Qualifications of Lead Applicant ....................................................................... 10  
   3.3.5 Strategy ............................................................................................................. 10  
   3.3.6 Organization, Governance and Administration ................................................. 10  
   3.3.7 Key Application Topics ..................................................................................... 11  
   3.3.8 Service Components ......................................................................................... 12  
   3.3.9 System-Wide Metrics Projections ..................................................................... 14  
   3.3.10 Budget ............................................................................................................. 15  
   3.3.11 Letters of Commitment ..................................................................................... 18  

4 EVALUATION CRITERIA ........................................................................................................ 20  

5 APPENDICES .......................................................................................................................... 21  
   Appendix A – RFP Process, Awards Process, and Mandatory Compliance .................. 21  
   Appendix B – Application Forms ..................................................................................... 21  
   Appendix C – Technology Commercialization Framework ......................................... 21  
   Appendix D – Staff Information ....................................................................................... 21  
   Appendix E – Budget Forms ............................................................................................. 21
1 Ohio Third Frontier Statement of Solicitation

1.1 Overview

This RFP is intended to support high-value entrepreneurial services for Ohio concept, seed and early stage technology companies in Northwest and West Central Ohio (refer to Section 2.3.1) to help achieve significant growth, attract investment capital and create jobs in Ohio.

The Lead Applicant (defined in Section 2.3.1) may submit a proposal to provide entrepreneurial services in the selected region for one or more of the service Components (defined in section 3.3.8). Proposals will be evaluated based on the requirements set forth in section 3 and the criteria set forth in section 4.

1.2 Background

Ohio Third Frontier is a $2.1 billion economic development initiative supporting technology entrepreneurship and growing jobs across the state of Ohio. Through a statewide network of resources, entrepreneurs have access to the technology, business assistance, capital and talent to turn great ideas into thriving companies. Ohio Third Frontier is driving this expanding, vibrant community of high-growth technology companies, and making Ohio a leading destination for entrepreneurs.

What Ohio Third Frontier Supports:

Ohio Third Frontier seeks compelling business models for near-term market opportunities based on technology and tech-enabled products and services focused in the following areas:

- Software/Information Technology
- Biomedical/Life Sciences
- Advanced Materials
- Sensors
- Energy
- Advanced Manufacturing

For all subsequent sections of this RFP, the above information amplifies the meaning of "concept, seed and early stage companies".

For more information about Ohio Third Frontier, visit www.ohiothirdfrontier.com.
1.3 Request for Proposals Issuance

This Request for Proposals (RFP) is being issued for funds to be awarded under the Ohio Third Frontier Entrepreneurial Services Provider (ESP) Program (Program). This RFP will be released by publication on the Ohio Third Frontier website at http://development.ohio.gov/bs_thirdfrontier/esp.htm and the State of Ohio procurement website at https://procure.ohio.gov.

The Ohio Third Frontier Commission (Commission) reserves the right to fund any proposal in full or in part, to request additional information to assist in the review process, to reject any or all proposals responding to this RFP, and to re-issue the RFP and accept new proposals if the Commission determines that doing so is in the best interests of the State of Ohio. Issuing this RFP does not bind the State to make an award of Ohio Third Frontier funds. Any award of Ohio Third Frontier funds in respect to this RFP will be subject to availability of funds as provided in Ohio Revised Code Section 126.07.

The Ohio Development Services Agency (DSA) administers this RFP and reserves the right to adjust the dates for this RFP for whatever reason it deems appropriate. DSA’s Office of Small Business and Entrepreneurship will administer all funds awarded under this RFP. This RFP is not a contract or commitment of any kind on the part of DSA.

1.4 RFP Process and Awards Process

The RFP process will consist of the following steps:

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

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

In addition, DSA anticipates scheduling face-to-face meetings in Columbus with each of the entities that submits a proposal.

The Awards Process will consist of the following steps:

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

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

All questions regarding this RFP must be submitted in writing via e-mail to ESP@development.ohio.gov with a subject line of “ESP RFP Q&A”. Lead Applicants, Clients and/or others acting on their behalf shall be aware of all prohibited contact in Section IV of Appendix A – RFP Process, Awards Process, and Mandatory Compliance.
If a Lead Applicant, Client or others acting on their behalf makes prohibited contact, DSA, in its sole discretion, may eliminate the proposal from the RFP process.

2 Program Description

2.1 Purpose

The purpose of the Program is to build an effective entrepreneurial system capable of supporting and accelerating high-potential Ohio concept, seed and early stage technology companies. The Program supports the delivery of high-value services by a Lead Applicant (defined in Section 2.3.1) and its Collaborators (defined in Section 2.3.3) to assist these technology companies in achieving significant economic impacts within Ohio.

The Program aims to position Ohio as a leader in inclusive technology entrepreneurship, foster sustainable engines of entrepreneurial activity and assistance, and generate visibility and excitement about entrepreneurship in Ohio. The Program actively seeks to reach and serve minority, women, and rural entrepreneurs.

2.2 Goals

The goals of the Program (Goals) are to:

- Enable strategic approaches to build and enhance entrepreneurial communities that support and accelerate the growth of Ohio concept, seed, and early stage companies;
- Build a pipeline of high growth companies;
- Identify and fill gaps that present obstacles to the growth of Ohio concept, seed, and early stage companies, such as talent, capital, access to customers and mentors, and inclusion;
- Provide high-value services and resources to effectively and efficiently advance Ohio concept, seed, and early stage companies in order to create new jobs in Ohio, attract investment capital, generate product sales and build sustainable Ohio businesses; and
- Attract and leverage resources to support the entrepreneurial community, including:
  - A diverse, deep pool of entrepreneurial talent, including minority, women, and rural technology entrepreneurs;
  - Stakeholders who provide customer access, mentoring, and other high-value services; and
  - Venture capital firms and other investors within and outside of Ohio;
  - Professional service firms that support and enable company operations and growth.
2.3 **Eligibility**

2.3.1 **Lead Applicant**

A Lead Applicant is the entity that submits a Proposal, and that will serve as the Entrepreneurial Services Provider (ESP) organization for the selected service Component(s) (defined in section 3.3.8). The Lead Applicant will be legally and financially responsible for the administration of the contract and any resulting award of Ohio Third Frontier funds.

The Lead Applicant is responsible for forming and managing the Project organization that will execute the activities described in this RFP, the proposal and the grant agreement. The Lead Applicant is not required to form a separate legal entity in order to conduct the Project, and is discouraged from doing so if it would lead to an increase in administrative complexity or cost. However, the Lead Applicant should be mindful of conflicts of interest that may arise in this situation and build specific processes and policies to ensure equal access for all entrepreneurs to the services and resources offered.

Proposals are sought from Lead Applicants and their Collaborators to provide entrepreneurial services in either one of the following two service areas:

**Northwest Ohio** (composed of the counties of Allen, Auglaize, Defiance, Fulton, Hancock, Hardin, Henry, Lucas, Mercer, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, Wood, and Wyandot)

**West Central Ohio** (composed of the counties of Champaign, Clark, Darke, Greene, Miami, Montgomery, Preble, and Shelby).

2.3.2 **Clients**

A Client is a concept, seed or early stage company located in Ohio, or currently located outside Ohio but committed to locating a principal place of business in Ohio (Client). A principal place of business is a facility located in the State of Ohio where the company, which is registered with the Secretary of State to conduct business in Ohio and maintains physical operations managed by a senior representative who is authorized to make decisions and to obligate the company and its resources. This facility must be owned by the company or be subject to a long-term lease.

To be considered a Client, the company must have signed a service agreement with the Lead Applicant and/or Collaborator and received a minimum of 20 documented hours of services from the Lead Applicant, Collaborators, an expert mentor network managed by the ESP, or professional service firms under contract to the Lead Applicant or Collaborators or who donated their services. A company does not become a Client simply upon the initiation of due diligence, the provision of incubator space, the selection into an accelerator, or an introduction to a source of funding.

At the time of becoming a Client, the company is expected to be in the Imagining, Incubating or Demonstrating stages of the Technology Commercialization
Framework (refer to Appendix C – Technology Commercialization Framework). As is characteristic of businesses in one of these three phases of commercialization, the companies will typically not be sufficiently mature to attract significant venture capital or other forms of commercial financing. After becoming a Client and advancing to meaningful market entry as a result of the services provided, the company may continue receiving services through the Market Entry stage of the Technology Commercialization Framework.

2.3.3 Collaborators

DSA defines a Collaborator as an organization, institution, company or other legal entity that is not an affiliate of the Lead Applicant, or an individual not employed by or related to the Lead Applicant, that is anticipated to receive Ohio Third Frontier funds and/or has raised cash cost share, and is actively involved in the delivery of services on an ongoing basis (Collaborator).

All Collaborators and cost share providers must be listed on the Collaborator Information Form in Appendix B – Application Forms and provide Commitment Letters as described in Section 3.3.11 of this RFP.

2.4 Funding and Cost Share

2.4.1 Funding Available

DSA anticipates awarding up to $10.6 million through the Program to Northwest Ohio and West Central Ohio (up to $5.3 million each per award) for Calendar Years 2017-18.

If a Lead Applicant’s plan requires time to commence one or more of the proposed service Components (see section 3.3.8), then the Lead Applicant’s budget should reflect a commensurate rate of growth from the first to the second year.

The Commission engages an independent, professional evaluator to review and recommend awards, which may include recommendations of support for none, one or more of the proposed service Components set forth in Section 3.3.8.

The Commission reserves the right to award additional or fewer funds and to shift the allocation of funds among Lead Applicants if it determines that this best serves the interests of the Program.

Any resulting grant agreement shall be effective from the date of the Commission’s funding decision.

2.4.2 Cost Share

Cost share is the commitment of financial resources to the support of the overall project budget by the Lead Applicant, Collaborators or third parties. The primary source of cost share is typically cash contributions from institutions, businesses and other entities that comprise the local economy.
The cost share commitment must be at least one dollar for every dollar of Ohio Third Frontier funds requested (i.e., a ratio of 1:1).

**Cash.** At least 75% of cost share must be in the form of cash.

**Donated Services.** Up to 25% of cost share may be in the form of donated services for high-value services to Clients from third party professional services firms. Examples of allowable professional services include legal, tax, accounting and marketing. Hours spent with Clients must be documented and reported at hourly rates that are verifiable and auditable. The proposed rate for the donated services from a firm must reflect the actual average market rate charged for the services provided. Documentation of the rate proposed must be made available upon request by DSA.

**Other Cost Share Not Allowed.** Other forms of in-kind cost share such as donated facilities or in-kind personnel are not allowable. Cost share may not be in the form of donated services from either the Lead Applicant or any Collaborator.

**Collaborator Cost Share.** It is preferred that each Collaborator participating in the proposal raises cash cost share for the proposed activities in order to demonstrate support from its local community. However, the distribution of cost share obligations is at the discretion of the Lead Applicant and Collaborators.

**Proportionality.** The Lead Applicant may draw on the grant award to reimburse itself or its Collaborators for budgeted expenses. However, before reimbursements will be authorized, the grantee must have expended cash cost share and/or accessed donated services in proportion to the amount dictated by the cost share ratio committed in the proposal.

For details regarding the Budget, please see Section 3.3.10.

### 2.5 Term of Project

The Project is the plan of activity or activities that make up the total scope of work for which an award of Ohio Third Frontier funds is requested and for which a proposal is approved. The period during which the active work funded by the grant award will take place shall be no more than two years, from the effective date of the grant agreement, which can be no earlier than the date of Commission approval, until December 31, 2018 (Project Period).
3 General Proposal Requirements

3.1 General Instructions

Proposals must be submitted in the following manner:

Proposals are to be submitted electronically as a single readable PDF file to ESP@development.ohio.gov with subject line “ESP Proposal Submission”.

Additionally, all tabular data including Metrics, Appendix E – Budget Forms, and Appendix D – Staff Information shall be submitted in Excel (.xlsx) format.

It is the Lead Applicant’s responsibility to ensure submission of a complete proposal based on all requirements of this RFP.

3.1.1 General Formatting Requirements

- Proposals are to be submitted on 8.5 x 11-inch page size.
- Margins must not be less than ¾ of an inch on all sides, with the exception of forms found in the Appendices.
- Font must be 11 point or larger with no more than 6 lines per inch.
- All pages must be numbered consecutively using the format “Page [#] of [total number of pages]” (e.g., Page 2 of 25).
- The proposal title and Lead Applicant name must appear at the bottom of each page.
- Proposals should not include color figures that cannot be understood when photocopied in black and white.
- The first page of the proposal must be the Application Information Page found in Appendix B – Application Forms.
- Do not include a cover or cover letter other than the Application Information Page.

3.1.2 Page Limitations

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

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.2 Abstract</td>
<td>1 page</td>
</tr>
<tr>
<td>3.3.4 Qualifications of Lead Applicant</td>
<td>1 page</td>
</tr>
<tr>
<td>3.3.5 Strategy</td>
<td>3 pages</td>
</tr>
<tr>
<td>3.3.6 Organization, Governance and Administration</td>
<td>2 pages</td>
</tr>
<tr>
<td>3.3.8 Service Components &amp; Cross-Cutting Activities</td>
<td>4 pages per topic area (4)</td>
</tr>
<tr>
<td>3.3.9 System-Wide Metrics Projections</td>
<td>2 pages</td>
</tr>
<tr>
<td>3.3.10 Budget</td>
<td>Use specified forms</td>
</tr>
</tbody>
</table>
3.2 Public Information

Lead Applicants are reminded that all information submitted in response to this RFP is public information unless a statutory exception exists that exempts it from public release under the Ohio Public Records Act in Section 149.43 of the Ohio Revised Code.

3.3 Order and Content of Proposal Sections

Unless otherwise noted, the proposal must address all of the elements listed in this section in the order requested.

3.3.1 Application Information Page

The first page of the proposal must be the completed Appendix B – Application Forms.

3.3.2 Abstract

Prepare an abstract that summarizes the Lead Applicant’s work plan. This section must minimize the use of jargon and technical language and be written so that a non-technical person can understand it. This section will be used in public documents, including press releases, and must be understandable by the general public. The abstract must not contain any information that would be covered by the exception referenced in Section 3.2.

3.3.3 Table of Contents

Prepare a Table of Contents with detail for all levels of headings requested in this RFP. This section should also include a list of Charts, Figures and Tables that appear in the proposal with a page number for each.

3.3.4 Qualifications of Lead Applicant

Provide a narrative establishing the qualifications of the Lead Applicant to deliver the proposed service Component(s) (defined in section 3.3.8).

3.3.5 Strategy

Describe the current state and future vision for the proposed service area’s entrepreneurial community. Highlight key opportunities, needs or gaps, and community assets or stakeholders. Describe a cohesive, integrated strategy to deliver economic impacts and return on the State’s investment.

3.3.6 Organization, Governance and Administration

Organizational Structure. Describe the Project organization, including its structure, legal status, and direct reporting relationships with other entities (including the Collaborators). Describe the composition of the Project executive
team and explain how the team will manage the resources of the Lead Applicant and the Collaborators to ensure the seamless delivery of services to Clients.

**Governance.** Describe the role of the board or other governing body in assuring that the Goals of the Program are being met and discuss the provisions that will be made to assure that DSA will have full access to oversight meetings and other communications commensurate with its observer status.

**Conflicts of Interest.** Explain how conflicts of interest will be mitigated through process and policy to ensure equal access by all the service area’s entrepreneurs to the services and resources of the Program.

### 3.3.7 Key Application Topics

Responses to Service Components (3.3.8) should each address the following topics in order:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>1. Opportunity/Gap/Need</strong></td>
<td>Clearly identify a unique opportunity, gap, or need in the entrepreneurial community and the stakeholder engagement to support the Lead Applicant addressing the opportunity.</td>
</tr>
<tr>
<td><strong>2. Goal/Outcome</strong></td>
<td>Articulate a measurable overall goal or vision for the service Component.</td>
</tr>
<tr>
<td><strong>3. Approach/Process</strong></td>
<td>Provide detail on the approaches and/or process to be used to achieve the overall service goal/outcome.</td>
</tr>
<tr>
<td><strong>4. Leadership/Key Personnel</strong></td>
<td>Detail the individual(s) and stakeholders(s) who will be responsible for achieving the service Component goal(s). Detail the duties and document the level of commitment of each key individual.</td>
</tr>
<tr>
<td><strong>5. Client Acquisition and Service Delivery</strong></td>
<td>Describe the types of client businesses (i.e., phase of development and growth) to be served and how they will discover and access services from the Component. Describe how client satisfaction will be objectively measured and reported.</td>
</tr>
<tr>
<td><strong>6. Key Success Criteria</strong></td>
<td>Describe how success or achievement will be measured and tracked. Justify the criteria selected. Include milestones that may establish interim progress.</td>
</tr>
<tr>
<td><strong>7. Core Resources</strong></td>
<td>Detail the assets, capital, intellectual property, or other resources required to achieve the service Component goal. Describe the role that each type of asset plays in accomplishing the Component goal(s) and how the assets support plans for organizational sustainability.</td>
</tr>
<tr>
<td><strong>8. Key Risks and Mitigations</strong></td>
<td>Discuss and prioritize risks that may impact the goal or success criteria. Present plans to mitigate these risks.</td>
</tr>
<tr>
<td><strong>9. Other Considerations</strong></td>
<td>Provide any additional information that may be</td>
</tr>
</tbody>
</table>
3.3.8 **Service Components**

Each Lead Applicant should describe the services and activities being proposed for one or more of the three principal service Components (Components), using the ordered topics described in Section 3.3.7, plus the Cross-Cutting Activities as described in Section 3.3.8.4:

- Institutional Technology Commercialization
- Venture Development Services
- Enterprise Development Services

### 3.3.8.1 Institutional Technology Commercialization

The purpose of this service Component is to create value from early stage technical assets and to build a sustainable environment for technology commercialization and entrepreneurship.

Relevant goals or activities included in this Component may include, but are not limited to:

- Engaging with research institutions and other sources of deal flow
- Identifying and validating commercial potential of early stage technology
- Providing access to “voice of the customer”
- Developing systems and expertise to scale technology screening
- Streamlining licensing
- Establishing grant programs to provide early market or technical validation
- Providing services to enable pursuit of non-dilutive funding, and
- Attracting initial leadership teams and developing overall regional entrepreneurial talent.

### 3.3.8.2 Venture Development Services

The purpose of this service Component is to engage enterprises from institutional and non-institutional sources at the earliest stages of company formation. Firms at this stage of development benefit from services to aid in attracting additional executive and technical talent and capital to enable product validation and refinement, as well as larger investment. Funds may additionally be required for mentors, Entrepreneurs-in-Residence (EIRs), or other experts who assist firms in securing capital and building “first customer” relationships. Types of support may range from a general process regime of education and business assistance to the formal structures of incubators and accelerators as described below:

*Incubators* provide workspace to their tenant firms as well as basic business services. Incubators often provide necessary technical facilities such as rapid prototyping, laboratories, or testing facilities that align with
area assets and the ESP strategy. In addition, they also offer some mentorship and sometimes more formal educational resources to help firms refine their business models and learn about entrepreneurship. There is no fixed time limit for users of incubators and they are typically aimed at very early stage or seed stage firms.

**Accelerators** have many of the same attributes as Incubators: they provide business mentorship and educational opportunities aimed at helping companies progress. However, accelerators have a competitive and programmatic aspect—accelerator programs are structured around fixed beginning and end dates, often tied to capital raises from angels and other early stage investors. Acceleration services may include a blend of traditional accelerator programs as well as innovative accelerator models designed to meet the unique needs of the region and/or the industry in which a client company competes (i.e., life sciences needs are quite different from fintech needs).

Lead Applicants may offer general business assistance and education, incubator services, accelerator services or all three. Lead Applicants should describe the mix being offered and why it is appropriate for the proposed service area.

### 3.3.8.3 Enterprise Development Services

This service Component includes the diverse set of high-quality services required by high growth-potential firms. ESPs not only provide access to services, but also help anticipate firms’ needs and stage appropriate resources and services to scale their businesses. Support for customer base development and revenue generation is a significant element of this Component.

**Access to capital** at the seed through traditional “series A” rounds to support growing firms is critical at this stage. Services may include providing connectivity with diverse capital sources both from within and outside of Ohio, and providing mentoring and other support to help firms become investment-ready and to identify and pursue appropriate investors.

**Talent attraction** programs are designed to engage seasoned entrepreneurs to lead high-potential firms, as well as building out personnel to support growth.

**EIRs and Mentor Networks** may be built to provide targeted guidance and access to customers, investors, business intelligence or other resources. These networks should align with the industry focus of the service area, and may be recruited from industry or other stakeholders.

A diverse pool of **high-quality professional services** such as accounting, legal, marketing, information technology help growing firms maintain their growth trajectory while addressing key needs.
3.3.8.4 Cross-Cutting Activities

ESPs are charged with an array of cross-cutting activities that are necessary regardless of the range of specific client services being offered. Please describe the specific activities and initiatives that will be undertaken to ensure support for each item below:

- Marketing, Branding, and Outreach
- Pipeline Development and Client Management
- Inclusion and Diversity
- Stakeholder Engagement, i.e., Corporate, Municipal, Foundation/Charitable, Educational, Non-Profit, Research Lab, Health System, etc.
- Other proposed initiatives that the Lead Applicant considers to be important to the service area.

List the expected outcomes and describe the resources that will be applied to each activity.

3.3.9 System-Wide Metrics Projections

Provide projections for the metrics outlined below during the Project Period. Explain the rationale behind these projections and the justification for the likelihood of achieving them. Using the key metrics, discuss the quantitative return on investment for the grant funds.

For new, permanent jobs and active clients, please indicate the projected number as of year-end (12/31/17 and 12/31/18) for each category (i.e., the number should represent a snapshot as of that date). For all remaining categories, please list the amount or number generated or attracted within that calendar year only.

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td>New Ohio permanent, full-time jobs at Clients</td>
<td></td>
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<tr>
<td>Total third-party professional investment raised by Clients ($)</td>
<td></td>
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<tr>
<td>Third-party professional investment attracted into Ohio ($)</td>
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<tr>
<td>Product sales ($)</td>
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<td></td>
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<tr>
<td>Federal grants, licensing income and other revenue ($)</td>
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<td></td>
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<tr>
<td>Qualified Deals*</td>
<td></td>
<td></td>
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<tr>
<td>Woman-owned/led**</td>
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<td>Minority-owned/led**</td>
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<tr>
<td>Rural***</td>
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<tr>
<td>Active Clients****</td>
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<tr>
<td>New Clients</td>
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<td>Woman-owned/led**</td>
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<td>Minority-owned/led**</td>
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<td>Rural***</td>
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<tr>
<td>New Clients attracted to Ohio</td>
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</table>
New Clients that are research institution spinouts

Number of Clients that raise at least $250,000 million in third-party professional investment capital

Number of Clients that raise at least $1 million in third-party professional investment capital

Jobs totals should reflect the following:

- Report only new jobs created above the baseline number of retained jobs of the company that were present at the time it became a Client of the ESP.
- New jobs should be a net total of new jobs created less those lost for reasons including, but not limited to, attrition, company closings, or companies moving out of the state of Ohio. Another way to measure this is total Ohio permanent employment as of year-end less the baseline retained number of employees for each company. This will be the net new job creation (or loss) for each company.

Active client totals should also be reported as of each calendar year end. Similar to jobs, it will reflect the net total of new clients added in that calendar year less those clients lost due to graduation, disengagement, out of business, leaving Ohio or otherwise exiting the portfolio.

*Qualified Deal must meet the following requirements (Qualified Deal):

- Technology-based or technology-enabled opportunity in the Imagining, Incubating or Demonstrating phases of commercialization;
- Significant potential to create jobs, attract capital or achieve product sales and move to a point of sustainability after the engagement;
- Completed online application form; and
- Initial assessment of the opportunity by the Lead Applicant and/or the Collaborators through a direct interaction with the entrepreneur(s).

** At least 30% ownership and/or CEO/President position.
*** Outside a Metropolitan Statistical Area.
**** Active Client – Client that is actively receiving services from the Lead Applicant and/or the Collaborators.

3.3.10 Budget

Please see Section 2.4 for additional information.

The budget must clearly describe all sources and uses of funds for the proposed Project Period. The Lead Applicant is to provide a detailed budget and related explanations that are consistent with the level of resources being requested. In preparing the budget, the Lead Applicant must use the applicable budget forms contained in Appendix E – Budget Forms.
lead applicant responsibility. the lead applicant is solely responsible to have adequate funds to cover all expenses not covered by the ohio third frontier funds awarded. such acceptance must be documented by the lead applicant in a letter that specifically states that it understands and accepts this responsibility.

3.3.10.1 cost share

the cost share commitment must be at least one dollar for every dollar of ohio third frontier funds requested (i.e., a ratio of at least 1:1). all cost share must be identified by amount, proposed use and source, and documented in the budget forms. the cost share must represent a specific, new commitment, including the dollar amount or value.

new cost share. resources that have already been designated as cost share for another award cannot be used as cost share for a program award, including the pre-seed fund capitalization program.

future cost share. a lead applicant may submit future cost share commitments. the use of future cost share commitments is limited to potential funders with unique budget process and cycles. all cost share must be current by the time the grant agreement with dsa is executed.

use of cost share. cost share must be used directly in support of the project and not for coincidental or related/similar allocations. cost share must be necessary and directly allocable to activities that support the project objectives. any activity/expense incurred that is not eligible for reimbursement under ohio third frontier funds can also not be applied as cost share.

3.3.10.2 budget forms

budget form b1. this form reports the sources and type of cost share by entity from the lead applicant, all collaborators, and all donated services providers. it is strongly recommended that applicants complete this form before any other budget form.

budget forms b2, b3, b4, and b5. these forms account for the selected service components and the cross-cutting activities (section 3.3.8). each form includes budgets for the lead applicant as well as each collaborator that will contribute to the effort (additional collaborator budgets may be added as needed, with formulas in other budget forms adjusted accordingly).

budget form b6. this form represents the total project budgets of the lead applicant and all collaborators, irrespective of the specific activity areas. the subcontract/sub-grant line on the lead applicant's budget refers to the funds provided to collaborators by the lead applicant or cash cost share provided by collaborators. all lines in this form are automatically filled via built-in formulas once budget forms b1-b5 are completed.

budget form b7. this form provides an overview of the entire project budget by line item. all lines in this form are automatically filled via built-in
formulas once Budget Forms B1-B5 are completed. The total of all funds being applied to the Project must be represented on this form.

3.3.10.3 Allowable Expenses and Specific Budget Definitions

Other Ohio Third Frontier or state of Ohio funding may not be used as cost share for this proposal, and funds awarded under this RFP may not be used as cost share against other Ohio Third Frontier projects. The expense of cost share must take place during the Project Period. All expenses and cost share must be verifiable and auditable, and must be documented within the financial books of the Lead Applicant. All expenses and cost share must be allowable and are subject to audit in accordance with 2 CFR 200.

Indirect Costs. Indirect costs are allowed under the Program. Indirect costs are those costs incurred for common or joint objectives and are necessary to the operation and administration of an entity, but cannot be readily identifiable to a specific cost objective or grant. These costs are commonly known as “Facilities & Administrative (F&A) costs,” “General & Administrative (G&A) costs” or “Management & Administrative (M&A) costs.” All facility related costs are to be considered indirect costs. These include, but are not limited to, rents, utilities, janitorial services, grounds maintenance and minor building maintenance. Purchase of real estate, capital improvements and renovations are not allowable as either direct or indirect costs. Depreciation expense and interest on mortgages are allowable as indirect costs pursuant to 2 CFR 200.

For Lead Applicants with indirect rates approved by a “cognizant federal agency”, the State will accept the approved or provisional rates for use in calculating fully loaded costs. The Indirect Cost Negotiation Agreement letter or similar document from the cognizant agency documenting the approved rates for federal FY2017 must be included with the proposal. For Lead Applicants without federally approved indirect rates, a 2 CFR-200-compliant rate application must be submitted with the proposed budget. A well-written guide for generating a compliant indirect rate calculation may be found at http://www.dol.gov/oasam/boc/DCD-2-CFR-Guid-Jan2015.pdf. Upon approval by DSA, these indirect rates will be applied for the Project Period. All costs are subject to reconciliation if provisional rates have been used. Complete financial records are expected to be kept, and will be subject to audit.

Performance compensation. Performance compensation is only allowable for reimbursement and eligible as cost share if there is a clearly defined, consistent, organization-wide performance-based compensation structure. No other types of bonuses or rewards or any discretionary compensation are allowable.

3.3.10.4 Budget Narrative

A budget narrative must be included covering a detailed explanation of the sources and uses of funds for (i) Ohio Third Frontier funds requested and (ii) cost share committed. The uses of funds and the scope of activities must be clearly and fully described for each line item. Provide
specific detail, including amounts and vendors to be used under “Other Direct Costs”.

All significant expenditures should be accompanied by a rationale for the expenditure as well as a basis for the budget provided. Examples include, but are not limited to: justification of vendor(s) chosen, basis for costs provided, breakdown of costs among multiple suppliers, etc.

Identify each full-time and part-time position to be supported with Ohio Third Frontier funds, the percentage of time dedicated to entrepreneurial services to Clients, and the compensation in Appendix D – Staff Information.

3.3.11 Letters of Commitment

A Commitment Letter must be provided for each cost share provider identified in Budget Form B1. Organizations contributing cost share in the form of donated services must complete both a Commitment Letter and the Donated Services Provider Information Form included in Appendix B – Application Forms. **Commitment letters that do not meet all requirements will not be considered.**

Commitment letters may not be longer than one page and may not include appendices or attachments except for those providing a Donated Services Provider Information Form. Note that final Commitment letters are due no later than 1:00 p.m. on March 1, 2017.

Commitment letters must meet each of the following requirements:

- Be submitted on the letterhead of the cost share provider;
- Include the name of the Lead Applicant;
- Briefly state the nature and the duration of the relationship;
- State the specific amount of the cost share commitment that matches the cost share amount on the corresponding Budget Forms, and the type of cost share (cash or donated services);
- Define the source(s) and use(s) of funds committed;
- State the time period during which the committed cost share will be available to the Lead Applicant;
- For future cost share commitments, describe the need for future approval, the approval process and anticipated timing for securing commitments, and the current stage in the approval process;
- If the collaboration involves the delivery of services:
  - State the magnitude of the Ohio Third Frontier funds anticipated to be received as part of this proposal;
  - How the proposed services will contribute to the overall strategy of the entrepreneurial community;
  - Explicitly commit the organization to its specific service or other scope of work;
- Donated services providers must:
  - Affirm their primary business is the delivery of professional services;
• Affirm that the firm routinely provides the donated services to paying customers;
• Describe the basis for the hourly rate proposed.
• If applicable, state any resources other than cost share that the cost share provider is committing to the Lead Applicant;
• Be dated and signed by a representative of the cost share provider with the authority to make the cost share commitment.

**Donated Services Provider Information Form.** Organizations providing donated services as cost share must complete the Donated Services Provider Information Form. This form includes the number of hours committed, cost per hour, description of the services to be provided, and the total monetary value of the commitment.

**General support letters are not allowed.** Any such letters submitted will be removed from the proposal and not transmitted to the external evaluation team.
4 Evaluation Criteria

Proposals will be evaluated by an independent, professional evaluator based on the Lead Applicant’s responsiveness to the requirements of this RFP for each Component sought and on the response to any additional information that may be requested. Each service Component will be evaluated on its standalone merits and the evaluator may or may not recommend funding for each based on the quality of the plan presented.

The following criteria will be used to evaluate each selected service Component:

- Understanding and prioritization of gap(s) in the entrepreneurial community;
- Clarity of vision and/or goals, and measurability of proposed outcomes;
- Integration and cohesion of approach for achieving the goals defined;
- Appropriateness of role and strength of the Project leadership team and other stakeholders;
- Alignment of service Components with target Client type(s)
- Importance, appropriateness, and commitment of resources (e.g. personnel, capital, stakeholders) to support the approach proposed;
- Realism and reasonableness of the budgets proposed with respect to the service Components offered;
- Reasonableness and measurability of success metrics; and
- Adequacy of risk identification and the mitigation plans presented.

Consideration will also be given to the quality and reasonableness of the major non-service-Component elements of the proposal and how well they enable the effective delivery to clients of the services proposed. The major non-service-Component categories include:

- Organization, governance and administration
- Cross-cutting activities.
5 APPENDICES

Appendix A – RFP Process, Awards Process, and Mandatory Compliance

Appendix B – Application Forms

Appendix C – Technology Commercialization Framework

Appendix D – Staff Information

Appendix E – Budget Forms