

Appendix A

Ohio Third Frontier

Pre-Seed Fund Capitalization Program

Request for Proposals Process, Awards Process and Mandatory Compliance

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

Request for Proposals Process: This Ohio Third Frontier Request for Proposals (RFP) Process will consist of the following steps:

I. Release of Request for Proposals (RFP)

This RFP will be released by publication on the Ohio Third Frontier website at www.ohiothirdfrontier.com.

II. Bidder's Conference (Optional)

A Bidder's Conference regarding this RFP will be held and will include a presentation by the Development covering the intent and purpose of this RFP, the requirements of this RFP, the evaluation process that will be used to determine awardees, and a question and answer session. Attendance is encouraged, but is not mandatory. Bidders Conference information is provided on the cover of this RFP.

III. Letter of Intent

A prospective Lead Applicant must submit a Letter of Intent via e-mail as a condition to submitting a Proposal. The Letter of Intent must be received before the deadline and should be addressed to PF2014@development.ohio.gov with "2014 Pre-Seed Fund Capitalization Program Letter of Intent" appearing in the subject line. Development is not responsible for any technological errors that result in a late submission, and any late Letter of Intent submissions will not be considered. The deadline for Letter of Intent submissions is provided on the cover of this RFP.

The Letter of Intent must include the following information: the prospective Lead Applicant's name, address, phone number, contact person, including e-mail address for the contact, proposed Project title, estimated Ohio Third Frontier funds to be requested, and known Collaborators. Please note, no proprietary or trade secret information may be included in the Letter of Intent, as these records will be posted on the internet in their original format. While submitting a Letter of Intent does not obligate the prospective Lead Applicant to submit a Proposal, a Proposal will not be reviewed unless a Letter of Intent for such Proposal has been submitted by the deadline.

Development will issue for each Letter of Intent submitted an identification number for the anticipated Proposal. The identification number must appear on the Application Information Page of the Proposal. See [Appendix B – Application Forms](#). Prospective Lead Applicants submitting a Letter of Intent will be notified within one week of their Letter of Intent number, when the full text of the Letter of Intent and its respective assigned number is posted to the RFP website.

IV. Questions and Answers (Q&A) and Communications

a. Question and Answer Period

Except for communication during the Bidder's Conference, should one be included as part of this RFP's process, all communications and questions regarding this RFP must be submitted to Development staff in writing via e-mail. Substantive questions and answers will be posted in a Frequently Asked Questions section on the RFP website. All questions and inquiries must be sent to PF2014@development.ohio.gov with a subject line of "Pre-Seed Fund Capitalization Program Q&A". Development reserves the right to edit questions for brevity and clarity. The deadline for written question submissions to be submitted to the e-mail address in this paragraph is provided on the cover of this RFP.

b. Communication during Proposal Period

After the Proposals are submitted for this program RFP, the Ohio Third Frontier Commission reserves the right to request additional information from any or all Lead Applicants to assist in its evaluation process. However, no Lead Applicant, Collaborator or others acting on their behalf may contact any Ohio Third Frontier Commission member, Development's external evaluators for this RFP's Proposals, and/or Development staff, other than via the communication method described in Part IV.a. of Appendix A (above) of this RFP during the Proposal Period regarding this RFP. The Proposal Period is considered to be the date of Proposal submission for this RFP through the date of the Ohio Third Frontier Commission's award. Current Lead Applicants responding to this RFP are expected to limit their contact to those Development staff with whom they ordinarily interact regarding the administration of Ohio Third Frontier programs and grants. Lead Applicants, Collaborators and others acting on their behalf are to avoid direct contact with Ohio Third Frontier Commission members or other Development staff during the Proposal Period, other than that which might occur at regularly scheduled meetings.

c. If a Lead Applicant, Collaborator and/or others acting on their behalf makes prohibited contact, Development in its discretion may subject the Proposal to elimination from the RFP process.

V. Submittal of Proposal

It is the responsibility of each Lead Applicant to ensure that Development's Office of Technology Investments receives Proposals at the prescribed place and by the submission deadline. Late Proposals will not be reviewed nor considered.

A Lead Applicant must ensure that a Proposal submitted in response to this RFP complies with all the requirements set forth in this RFP. All Lead Applicants are advised to read this RFP carefully to ensure a complete understanding of the Proposal requirements. In particular, the form, format, and content of all Proposals must follow the directions provided in Sections 2, 3 and 4 and use the forms presented in Appendix B – Application Forms, Budget Forms and Pre-Seed Fund Performance Form. The Lead Applicant is solely responsible to ensure the Proposal is complete, accurate, and responsive to the requirements of this RFP, and received by

Development's Office of Technology Investments by the deadline provided on the cover of this RFP.

Note: All costs incurred in preparation of a Proposal shall be borne by the Lead Applicant and its team. Proposal preparation costs and/or Proposal consultancy costs are not recoverable from Ohio Third Frontier funds nor will they be considered as Cost Share to the Project. The state shall not otherwise contribute to or be liable for the costs of Proposal preparation.

Awards Process: The Ohio Third Frontier Awards Process will consist of the following steps:

I. Proposal Review and Evaluation Procedures

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

An annual strategic plan, recommended by the Ohio Third Frontier Advisory Board and approved by the Ohio Third Frontier Commission in open, public meetings, drives the program framework and budget allocations. Following the Ohio Third Frontier Commission established program framework, this RFP establishes specific award criteria and will be subject to a competitive peer review process. This RFP process complies with Ohio Revised Code Section 184.02 (B), which states:

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

Upon receipt of proposals, Development staff will conduct an administrative review using an established written protocol to screen proposals for compliance with the objective content requirements defined in the RFP. Proposals found to not comply with this RFP's requirements may be eliminated from the competition and not reviewed further.

II. Award Decision

At a public meeting, Proposals recommended for funding will be presented along with necessary programmatic details including information about funds available and program goals and criteria. Lead Applicants will be informed of the meeting at www.ohiothirdfrontier.com and through direct notification from Development staff. If requested, Lead Applicants must attend the Ohio Third Frontier Commission meeting at which Proposals are considered for funding. Both the external evaluator for this Ohio Third Frontier Program and Development staff will be available to respond to questions from the Ohio Third Frontier Commission members. During the public meeting, and only at the specific request of an Ohio Third Frontier Commission member, Development staff will provide a funding recommendation.

Ohio Third Frontier Commission members will deliberate and exercise their independent judgment regarding award decisions based on all the information exchanged. The Ohio

Third Frontier Commission may approve awards subject to conditions identified during its deliberation. The Ohio Third Frontier Commission acts by the affirmative vote of a majority of its members. The funding decisions of the Ohio Third Frontier Commission are final and all Lead Applicants will be notified of the outcome of their Proposals after the Ohio Third Frontier Commission makes its funding decisions.

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

III. Award and Loan Agreement Preparation and Execution

Awards of Ohio Third Frontier funds will be made based on Proposals as submitted (including any such modifications that may be identified during the review and evaluation process and as may be agreed by the Lead Applicant), the Project budget, and any conditions set forth by the Ohio Third Frontier Commission. The Loan will remain open for the duration of the Project, plus a reporting period to be determined by Development during which annual reports are required to be submitted to Development.

Following selection by the Ohio Third Frontier Commission, an award of Ohio Third Frontier funds must be approved by the state's Controlling Board, a legislative body that reviews appropriation of state funds. Development will request Controlling Board review as soon as possible after the Ohio Third Frontier Commission funding decision. If requested, Lead Applicants selected by the Ohio Third Frontier Commission for funding must attend the Controlling Board meeting at which their applications for funding are to be considered. The Controlling Board process normally takes a minimum of 45 to 60 days to complete.

Development will prepare a Loan Agreement, a legal agreement setting forth the terms and conditions upon which Ohio Third Frontier funds are awarded and the respective rights and obligations of the Lead Applicant and the State of Ohio with respect to Ohio Third Frontier funds and the Project for which they are to be used. The Loan Agreement will incorporate the Proposal and Project budget, as either may have been modified by evaluation findings, funding decisions, or other terms or conditions consistent with the approval by the Ohio Third Frontier Commission. Development may require the Lead Applicant to provide cash flow projections on a quarterly basis.

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

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

All Borrowers will be required to submit to Development quarterly progress and metrics reports, as well as disbursement requests and financial reports, to document achievement of Project milestones, to report Project-related success stories, and to submit post-Project completion annual reports for a period of time to be determined by Development. Due diligence reports for companies in which State funds are being considered may be requested as part of regular reporting. All reports and invoices will be submitted in the form and format required by Development, which may change from time to time. Additionally, Development shall be treated as a member of the Pre-seed Fund for reporting and monitoring purposes and receive all reports and information provided to other investors for the life of the Fund until all investments have either returned capital or been written off. Lead Applicants that receive Ohio Third Frontier awards and become Borrowers must participate in semi-annual meetings with Development staff and present a comprehensive report detailing Fund performance and outlook. At least one meeting is to take place on-site with the Lead Applicant.

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

Mandatory Compliance: The following restrictions apply to all Ohio Third Frontier Projects:

I. Human and Animal Research

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

II. Obligations to the State; Compliance with Laws

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

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

III. Compliance with Governor's Executive Order 2011-03K

In accordance with Executive Order 2011-03K, Borrower, by its signature on this document, certifies 1) it has reviewed and understands Executive Order 2011-03K, 2) has reviewed

and understands the Ohio ethics and conflict of interest laws including, without limitation, Ohio Revised Code §§ 102.01 *et seq.*, §§ 2921.01, 2921.42, 2921.421 and 2921.43, and §§ 3517.13(I) and (J), and 3) will take no action inconsistent with those laws and the order, as any of them may be amended or supplemented from time to time. The Borrower understands that failure to comply with the Ohio ethics and conflict of interest laws is, in itself, grounds for termination of this Agreement and the Loan of funds made pursuant to this Agreement and may result in the loss of other contracts or grants with the State of Ohio. The Executive Order can be found at <http://governor.ohio.gov/Portals/0/pdf/executiveOrders/EO2011-03.pdf>.

IV. Other Compliance

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