

The Competition deadline has been extended to **June 30, 2008, 5:00pm EDT.**
The deadline for RFP/Competition-related questions has been extended to
June 23, 2008
E-mail RFP/Competition-related questions to: 21stcenturyjobs@michigan.org

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Awards Management System Tips

Q. Does registration with the online Awards Management System secure Applicants a spot in the Competition? (6/26/08)

A. The only way to have an application and business plan included in the Competition is by fully completing the entire online application, including the upload of all required attachments, and by submitting the online application by the Competition deadline of 6/30/08, 5:00pm EDT.

E-mailed business plans will not be accepted

Each component listed in the online application MUST be opened, fully completed, and saved. Mark each component as complete only after it has been fully completed and saved.

Be sure to read all instructions within the Online Awards Management System. System-related technical support questions must be sent to AMSTechSupport@michigan.org.

Q. Where in the online budget should matching funds associated letters of commitment for future financings in 2009 vs. matching funds associated with letters of commitment for fall 2008 be entered? (6/26/08)

A. The total amount of matching funds from each collaborator, regardless of year, should be entered as a lump-sum under the respective collaborator in the "Collaborators" section of the application. This lump-sum will auto-populate the budget section under the "Year 1" column; matching funds do not get allocated across the years.

Q. How do I add additional personnel from my organization to the application? (6/23/08)

- A. The Primary Contact or Authorized Official on an application may add additional users through the 'My Profile' link within the Main Menu.
- Q. **Regarding the \$500 application fee due at submission, what are the options for making the payment? (5/21/08)**
- A. The payment can be made using American Express, MasterCard or Visa. Checks, ACH transactions, and wire transfers are not accepted. Applicants are required to submit payment within the Awards Management System at the time of application submission.
- Q. **If you know an SEIC Board member professionally or socially but do not have any formal ties, is that a conflict of interest that must be disclosed within the AMS Conflict of Interest component? (5/19/08)**
- A. Disclose the relationship with the Board member as a potential conflict of interest within the AMS Conflict of Interest component.
- Q. **Is there a way to check my application to ensure that I have fully completed each of the components prior to submitting? (5/9/08)**
- A. The Awards Management System allows you to preview your entire application at any time by clicking on the "Preview" button. This will allow you to look over your application to make certain that you have completed each part and have attached each of the required documents. **Do not submit your application until you have previewed it. An application cannot be changed once it has been submitted.**
- Q. **Do you absolutely need to use more than one NAICS code when registering an organization? (5/1/08)**
- A. No

Eligibility

- Q. **The RFP states that "applicants should be aware the MEDC's economic diversification plan for 2008 focuses specifically on: cellulosic biofuels, wind energy, solar photovoltaic technology, advanced energy storage, renewable water, life sciences, vehicle R&D, and increasing the federal defense spending in Michigan". What does this specifically mean for proposals that are in one of the four stated Competitive Edge Technology Sectors, but not in the focused list? (6/12/08)**
- A. This focused list was provided for informational purposes only and does not affect the evaluation and scoring of proposals in any way.
- Q. **Are non-Michigan for-profit companies eligible to participate? (6/12/08)**

- A.** Non-Michigan for-profit companies that are authorized to transact business in Michigan and either relocate to Michigan, establish a significant portion of their business in Michigan, or have substantially all of its employees in Michigan at or before the time award agreements are entered into are eligible to apply. Furthermore, if the Primary Contact on an award relocates outside of Michigan during the award period, the recipient organization must identify an alternate Primary Contact or a Michigan-based collaborator to take over the direction of the award. If such arrangements are not feasible, the award will be rescinded.

Non-Michigan for-profit companies are advised to work with their legal counsel to make sure they have met all the requirements to transact business in Michigan.

The determination of whether or not the company has established a significant portion of their business in Michigan will be made on a case-by-case basis.

- Q. Is this funding applicable to acquisitions that will bring jobs into Michigan? (5/1/08)**

- A.** In order to be eligible for this competition, the acquisition will have to result in **new** jobs for Michigan. Michigan-based jobs that are simply transferred from an existing Michigan-based company as a result of the acquisition will not count as new jobs. Additionally, the acquisition must be completed before the award agreement is signed.

- Q. Is there a limit to the size of company that can apply? (5/1/08)**

- A.** No. Provided other eligibility criteria are met, there is no limit to the size of a company that applies, or a collaborating partner, in terms of employees, revenues or profits.

- Q. Can an application be submitted under the Advanced Automotive, Manufacturing and Materials sector if it does not relate to automotive technology? (4/28/08)**

- A.** Yes. The Advanced Automotive, Manufacturing and Materials sector includes advanced automotive and/or advanced manufacturing and/or advanced materials.

See **Appendices A-D of the RFP** for further information on the four competitive edge technology sectors.

- Q. What is meant by the phrase “commercialize a product?” (4/22/08)**

- A.** For the purposes of this RFP, the definition of “Commercialization” has been limited to actions necessary to achieve market entry and general market competitiveness of **new innovative technologies, processes, and products**. Eligibility will be determined on an individual basis by the independent peer review experts as part of their review.

This RFP is **not** seeking proposals for ancillary support services or resource networks.

- Q. Where can I obtain additional information about the four competitive edge technology sectors? (4/15/08)**

- A.** The four competitive edge technology sectors are Advanced Automotive, Manufacturing and Materials, Alternative Energy, Homeland Security and Defense Technology, and Life Sciences.

For definitions of the competitive edge technology sectors refer to Appendices A-D of the Competition RFP.

- Q.** **Are training or education programs eligible for funding under the 2008 Commercialization Business Plan Competition?**

- A.** No. The 2008 Commercialization Business Plan Competition is not soliciting applications for educational or training programs

Funding

- Q.** **How will funds be disbursed to the awardees? (4/22/08)**

- A.** Funds will be disbursed in tranches upon completion of milestones. Awardees may also be allowed an initial draw upon execution of the loan agreement. The specific disbursement schedule is negotiated between the SEIC Board and the awardee.

- Q.** **Is there a limit to the amount of funding a company can request? Will the amount requested adversely affect the application success?**

- A.** There is no limit to the funding request, but it is important to note that a maximum of \$30 million is available in 2008. The program is expected to be extremely competitive and the higher the funding request, the better the application will have to be to justify an award. It will be up to the applicant to clearly convey that the application and project merits the amount requested.

- Q.** **What is the average funding level?**

- A.** Awards made for commercialization activities under the 21st Century Jobs Fund's 2006 competition ranged from \$500,000 to \$6.2 million, with the average award being \$1.8 million. Under the former Michigan Life Sciences Corridor/Technology Tri-Corridor programs, awards have ranged from \$200,000 to \$3.6 million, with the average award being \$1.3 million.

- Q.** **Is the amount of funding that is requested in an application final or will the amount be negotiated?**

- A.** Through the independent peer review process, the peer review team has the authority to recommend budget adjustments to the SEIC Board. The SEIC Board has final decision making authority on these recommendations.

- Q.** **If the application is successful, when will the funding be in place?**

- A.** This is on a case-by-case basis and is subject to the contract negotiation process and successful completion of a due diligence review. The negotiations and due diligence review will begin after the final award decisions have been announced at the SEIC Board Meeting in September 2008. Depending on the timeline for negotiations, the funds could be disbursed anytime after the due diligence review is successfully completed, contract negotiations are finalized and the contracts are signed.

The advice we have for all awardees is to have the due diligence material organized and submitted by the due date and review the award agreement template ahead of time and be prepared to discuss it as well as your proposed milestones and budgets when the MEDC contacts you to start the negotiation process. If necessary, consult with professional advisors who are familiar with your business and the award agreement terms.

Application, Business Plan and Budget

- Q.** For the required 3-year financial projections, should 2008 or 2009 be year one? (6/26/08)

- A.** This decision is up to the applicant. It is the applicant's responsibility to determine how best to present this information.

- Q.** There is a question on the online application related to other awards; would the MEGA tax credit apply to this question? Would Techtown and/or Automation Alley support apply? (6/25/08)

- A.** MEGA tax credit **does** apply. Techtown and/or Automation Alley support **does not** apply.

- Q.** What is the relevant time frame that we should detail financials, staffing plans and job creation statistics in our business plan and attachments? The RFP asks for 3 years out; however, our current planning period is greater than 3 years out. (6/23/08)

- A.** The applicant must include details for at least the minimum number of years specified in the RFP. It is the applicant's decision whether or not to provide details beyond 3 years.

Keep in mind that this RFP is specifically seeking proposals from for-profit companies seeking to create or expand viable, sustainable Michigan business opportunities in competitive edge technologies with near term job creation—five (5) years or less.

- Q.** Do the title page, table of contents, and table of figures count towards the 25 page limit? (6/23/08)

- A.** Yes.

- Q.** Section IV, Part J of the RFP refers to a Policy on Conflict Management. Does this refer to conflict of interest? Is there a preferred format for this policy? (6/23/08)

- A.** This Policy on Conflict Management refers to conflict of interest. The applicant must submit their organization's overall policy on how it manages conflicts of interest.

The Policy on Conflict Management does not pertain to any specific portion of the application. There is not a preferred format for this policy as it is the organization's own document.

- Q.** **Will there be a preference given for certain types of spending of the 21CJF funds? (6/12/08)**

- A.** No. Funds need to be spent in a manner consistent with the overall business plan. The independent peer review experts will be evaluating the application and business plan as a whole.

- Q.** **What is the difference between the budget asked for in the application form and the budget requested within the business plan? (6/12/08)**

- A.** The budget in the application form should be considered "Use of Proceeds". This is where applicants list how they intend to use State funds if awarded. If an applicant is successful, this budget will also be used as the benchmark throughout the life of the loan to monitor the expenditures of the company for audit and compliance purposes as well as measures against which milestone payments will be made.

The budget requested in the business plan relates to the company overall and how the management team manages expenditures. This is not only relevant as a measure of how a company utilizes funds in general, but also of the management teams ability to plan and execute a sound financial strategy for the company.

Both budgets will be evaluated by the peer review experts.

- Q.** **Companies may have more than one simultaneous project being supported by the matching funds. May 21st Century Jobs Fund proceeds be added to the overall 'pool' of available funds, or must they be dedicated to a specific single project or projects? (6/12/08)**

- A.** 21st Century Jobs Fund monies are to be added to the overall 'pool' of available funds, not dedicated to a specific single project or projects.

- Q.** **Should the Budget section of the application be submitted for only the 21CJF monies or for the fully matched amount or for the entire 3-year budget (the entire amount of unexpended funds + 21CJF monies)? (6/10/08)**

- A.** The expense categories listed in the Budget section of the **online application** should be completed for only the 21CJF monies. The matching funds from each collaborator will auto-populate from the Collaborator section and will appear as a separate line item of the Budget. The matching funds from each collaborator will auto-populate as a lump sum and will appear in the "Year 1" box.

- Q.** **May we place references for scientific and business literature in an appendix? (5/21/08)**

- A. References made within the body or footnotes of the business plan are acceptable; however, they will count toward the 25-page limit.
- Q. Will hyperlinks in the PDF file be preserved for the reviewers? (5/21/08)**
- A. Hyperlinks will be visible within the file; however, it is highly unlikely that they will be live as most reviewers prefer to print the applications and review them on paper.
- Q. What specifically is being sought for Section IV, H. Milestones and Timing that is different from the materials being presented in the other sections of the business plan? (5/19/08)**
- A. Funds will be disbursed to awardees in tranches upon completion of milestones. Section IV, H requires applicants to determine appropriate milestones for their commercialization project and to give an estimated schedule of completion. These milestones must be related to the four objectives listed in under Section H.
- The milestone/disbursement schedule will be negotiated between the SEIC Board and the awardee during the contract development stage.
- Q. Section IV of the RFP provides an outline detailing the minimum information that the business plan must contain. Should we follow this outline in structuring our business plan that we will submit? (5/19/08)**
- A. The content of business plans submitted in response to this RFP **must** include all information listed in the outline; however, business plans are not required to follow that structure.
- Q. Is it possible to append to the application the Clinical Investigator Brochure? The RFP doesn't appear to make allowances for these types of detailed product development documents. (5/13/08)**
- A. Product development documents such as the Clinical Investigator Brochure may only be included in the application if it is **within** the 25-page Business Plan document and will count toward the 25-page limit.
- Q. Section IV, J of the RFP requires "most recent period-to-date actual financials compared to budget-to-date for same period as well as annual budget." Does this need to include all 3 financial statements (balance sheet, income statement, cash flow)? (5/13/08)**
- A. Applicants are required to submit the budget-to-actual comparison and annual budget in the form in which they have already been prepared by the Applicant Organization.
- Q. Should bios be included for members of a company's Board of Directors and/or Scientific Advisory Board? (5/13/08)**
- A. Applicants should complete the Biographical Sketch component within the Awards Management System's online application for each of the individuals associated with the

commercialization project that the applicant would like to have considered as part of the scoring criterion of Personnel Expertise. This may include individuals from the management team, collaborating organization(s), advisors, investors, and Board members.

Q. Our company has several open projects that appear to meet the requirements set forth in the RFP. Do we need to submit a separate application for each project, or just one single application for the company as a whole? (5/13/08)

A. Submit one application and business plan for the company. All projects the company would like considered for funding under this RFP should be addressed within that one application and business plan.

Q. Section IV, C of the RFP requests a classification of existing and new positions into “type (category / range).” Please explain what “type (category / range)” means. (5/7/08)

A. Type (category / range) refers to the major categories of the existing and new positions and the respective salary range for those categories. Examples of job categories include, but are not limited to, administrative, professional, scientific and technical, etc.

Q. Do Applicants need to submit monthly or annual financials and for how many years? (5/1/08)

A. **Section IV, I of the RFP** requires applicants to submit, within the business plan document, a 3-year projection of the balance sheet, income statement, and statement of cash flows. It is not required that the 3-year projection be broken out by month.

Section IV, J of the RFP requires applicants to submit an Appendix of Historical Financials. These do not count toward the 25-page requirement for the business plan document. The Appendix of Historical Financials must include the following:

- Balance sheet, income statement, cash flow (audited or certified by CEO or CFO) for previous **three (3) years (Not required to be broken out by month)**
- A policy on conflict management
- Most recent period-to-date actual financials compared to budget-to-date for same period as well as annual budget **(Not required to be broken out by month)**

Note: *Providing these financial documents is for Review and Evaluation purposes and shall not be construed as a substitution, if awarded, for the information required to be submitted as part of the due diligence phase of the award agreement process. Separate and additional documentation may be required. These documents may be subject to disclosure under Michigan FOIA. See **Appendix E to the RFP** for additional information.*

Q. Is it best to request a stated amount of money or to request a dollar range? (5/1/08)

A. The Applicant Organization can only request a stated amount of funding within the Budget component of the online application. The online application does not accept requests for a dollar range. Please refer to the Budget component of the online application for guidance.

- Q. Do you need to have a separate CEO and CTO at the time of application submission? (5/1/08)**
- A. No. Each Application must have a Primary Contact and an Authorized Official. One individual may serve in both capacities.
- Q. Included in the Financial Documents required under Section IV, I of the RFP is a one-page summary of three (3) year forecast for the balance sheet, income statement, cash flow. Does this mean one total page or one page for each of the 3 financial statements? (4/28/08)**
- A. Applicants are allowed to have a separate page for each financial statement's 3-year forecast. This would mean a total of 3 pages. Please note that these **do** count toward the 25-page limit of the business plan.
- Q. Can the form from the 2006 Competition be used to satisfy this requirement? (4/22/08)**
- A. No. The purpose of the form from the 2006 Competition was to identify conflicts of interest. The Policy on Conflict Management requirement in this RFP is an organizational policy on how conflicts of interest are managed overall.
- Q. Which expenditure categories are included within the budget portion of the application? (4/22/08)**
- A. Inventory Purchases
Property, Plant & Equipment
Intellectual Property Acquisition/Protection
Salaries & Wages, Including Fringe Benefits
Professional/Consulting Fees
Supplies
Travel
Marketing/Sales
Overhead (subject to limitation)
- Q. What constitutes an indirect job? How are indirect jobs calculated?**
- A. Indirect jobs are jobs outside of the applicant organization that are the result of activity anticipated to be generated by the company. This may include, but is not limited to, vendors, subcontractors, or customers who may have added personnel to support the awarded company activities. There is no formula or exact calculation of this number, nor will it officially be counted as 'job creation'; it is a soft number that can be considered an additional element to be evaluated by the peer review panels to judge the competitiveness of the company's proposal.
- If the applicant wishes to have the concept of indirect jobs considered as part of the proposal, then the business plan must include a reasonable estimate and justification of the number of jobs outside of the applicant organization that may potentially be created to support the proposed commercialization efforts.

Confidentiality

Q. For what type of information may confidentiality be requested? (6/25/08)

- A.** Applicants may request confidential treatment for “financial or proprietary information,” which is defined as: *“information that has not been publicly disseminated or which is unavailable from other sources, the release of which might cause competitive harm.”*

Unless considered proprietary in nature, routine financial information cannot be acknowledged as confidential. The MSF Board will make the final decision on whether information designated as confidential by the applicant will be acknowledged as confidential.

Q. How must the Applicant identify information that it desires to be designated as confidential by the MSF Board? (6/25/08)

- A.** Applicants may request confidential treatment for “financial or proprietary information” contained within application submission materials that meets the definition of “financial or proprietary information” contained in the MSF Act. Such information **MUST** be identified directly within the material submitted by applicants by the following requirements:

1. Identify each component and portion of the narrative for which you are requesting confidentiality.

Text, tables or graphics MUST be bolded and marked with asterisks and brackets (*[bold if text]*) within the narrative.

2. Identify the attachment and the portion of the document for which you are requesting confidentiality.

Text, tables or graphics MUST be bolded and marked with asterisks and brackets (*[bold if text]*) on the attachment. If you are requesting confidentiality for portions of a multi-page document, such as the Business Plan, you MUST also list the page numbers of all pages that contain information marked by asterisks and bold brackets.

Note: Applicants are advised that all information contained within the abstract is subject to disclosure under the Michigan Freedom of Information Act.

Applications that fail to differentiate truly proprietary information from public information by indiscriminately labeling large sections or entire applications as proprietary cannot be properly protected and will be returned to the applicant without review and may result in disqualification. Watermarks, footers and headers that state “Confidential” or similar general indications will be construed to be an indiscriminate labeling of confidential information and will not be acknowledged.

Q. Is there a way that the letter can come from the company's Board of Directors, and offer to show evidence of the match, but still preserve the confidentiality of the partner? (6/2/08)

- A.** The Applicant may request confidential status and protection from disclosure under FOIA, pending MSF approval. The portion of the letter of financial commitment containing the

proprietary or financial information must be marked in accordance with the instructions provided within the RFP.

Keep in mind that in order to ensure thorough evaluation it is in the applicants' best interest to include the name/source of money for independent peer review expert evaluation. Independent peer reviewers will be required to sign a confidentiality agreement.

If an applicant chooses to omit name/source they or the match will not be automatically disqualified, but it will affect the ability of peer reviewers to assess the match. It is up to applicant to make that decision.

Q. I consider all of the items required under *Appendix E, Section K, 4* as being proprietary or financial in nature. If I designate the materials as being proprietary, will the MSF Board treat them as such or will the MSF Board consider them to be 'routine financial information'? (5/13/08)

A. Appendix E, Section K lists the documents that will be required as part of the due diligence phase of the award agreement process from those applicants selected by the SEIC Board for an award.

Applicants are advised to mark (in accordance with the instructions in Appendix E, Section G) each piece of information that they consider to be proprietary or financial in nature. MEDC Staff will present this to the MSF Board for approval; however, it cannot be guaranteed that the MSF Board will grant the confidentiality request.

If the MSF Board does not grant confidentiality, applicants will be notified and given an opportunity to withdraw from the Competition.

Note: information such as the applicant organization name and certain dates are not proprietary or financial in nature and should not be designated as such.

Q. Will I have to disclose the details of my proposed technology to any party other than the MEDC? (4/22/08)

A. The details of the proposed technology will be disclosed to the MEDC, the SEIC Board, and the Independent Peer Review Agency in order to evaluate the proposal. Except as otherwise provided in the RFP, all information in an applicant's proposal is subject to disclosure under Public Act No. 442 of 1976, known as the "Freedom of Information Act".

For information on how to request confidentiality for portions of the application submission material, refer to the **RFP Exhibit E**, or to the Confidentiality section of this FAQ document.

Note: Information that is not acknowledged as confidential by the MSF Board may be subject to disclosure under the Michigan Freedom of Information Act.

Financial Contributions and Collaboration

Q. My organization has applications pending for Federal funding. We are unable to obtain a letter of financial commitment from the source due to the fact that our applications are undergoing the review and selection process. How should we include this in our application? (6/26/08)

A. This decision is up to the applicant. If a letter of financial commitment is not available, other evidence of the potential match could be uploaded, such as confirmation of application submission.

Q. Can we just attach one copy of a summary term sheet for Series X financing by lead investor to their Letter of Financial Commitment and then refer to the Series X financing in the other Letters of Commitment since the term sheet is the same for all investors in the same round? (6/26/08)

A. Yes.

Q. Is the Notice of Grant Award from a Federal funding agency adequate documentation of funding or should the Program Official provide a letter as outlined in the RFP for other financial collaborators? (6/23/08)

A. The Notice of Grant Award from the Federal funding agency is adequate documentation of funding.

Q. The match requirement seems narrow. How can I determine if the financial match I have qualifies? (6/10/08)

A. All entrepreneurs who believe they have a compelling business plan that demonstrates a viable, sustainable business opportunity with near term job creation, and fits into the competitive edge technology sector definitions, are encouraged to apply.

The type and quality of each financial match will be evaluated by the peer review experts, looking at the level of due diligence done by the financial source and the value added to the company in addition to the financing. The match is one component to be measured in the overall context of the business plan. There is no specific source, amount or structure of financial match that limits eligibility.

Rather than assuming a particular match disqualifies an applicant; entrepreneurs are encouraged to demonstrate why their business should receive funding over others.

Q. To whom and where should the letters of support be addressed? (6/10/08)

A. Collaborators should address their letters of support to the applicant organization at their business address.

Q. If a Company receives a bridge loan that is to be converted to equity when a 21st Century Job Funds award is received, will the total amount of the bridge loan be considered as matching funds, or will the matching funds portion be limited to the unused balance on the bridge loan at the time of the award? (6/2/08)

A. This will be decided by the independent peer review experts during their review of the application as a whole.

Q. Should investors positioned for financing/matching funds be listed as collaborators if applicable, or only in the investment section of the business plan? (5/19/08)

A. Investors positioned for financing/matching funds must be added to the application as collaborators.

In order for a financial match to be considered by the independent peer review experts, it must be included within the Collaborator component of the online application. A letter of financial commitment must accompany each Collaborator.

Q. What qualifies as a financial match? (5/13/08)

A. The MEDC will not be providing guidance on the specific types of funding that would qualify as a match. Each organization's matching funds will be evaluated on an individual basis by the independent peer review experts as part of their review.

For further information on the required match, see Section II, D of the Competition RFP.

Q. Can you confirm that venture capital investments are the preference for matching funding? (5/13/08)

A. No. The objective of this Competition is to create or expand viable, sustainable Michigan business opportunities in competitive edge technologies with near term job creation; the match requirement is a component of achieving that objective. Applications will be evaluated as a whole by the independent peer review experts.

Q. If a for-profit company intends to invest with the State of Michigan without going to additional 3rd Party investors, is this sufficient? Is using the company's internal funds supplemented by the State of Michigan considered "reinvested revenues," which are explicitly not allowed? (5/1/08)

A. A company's internal funds are considered "reinvested revenues" for purposes of meeting the matching funds requirement. If a company's only source of funding is its own reinvested revenues supplemented by the State of Michigan, the matching funds requirement has not been met.

Q. What is meant by the phrase "The source of the matching money has performed financial due diligence" in section II, D of the RFP? (4/28/08)

A. This means that the source of the matching money has performed a reasonable investigation and evaluation of the applicant organization before committing funds.

Q. What is considered new money for purposes of the required financial match? (4/28/08)

A. The requirement is that money previously committed cannot have been expended at the time of the award. The quality of the match will be evaluated on an individual basis by the independent peer review experts as part of the review process.

Q. Is a financial match required? (4/15/08)

A. The SEIC Board requires applicants to leverage other resources as a condition of the award. Each proposal must provide a specific financial contribution committed to, or available for, the direct support of the proposed plan. This leverage or “matching money” must be from a source other than personal funds, reinvested revenues, and/or funds received through other programs from the State of Michigan, and must meet the following tests:

- The source of the matching money has performed financial due diligence
- Preference will be given for matching money that is either in-hand or committed at the time of application. If an applicant does not yet have cash in-hand or committed dollars, applicants may submit a letter of intent as an indication of an anticipated match
- In order to qualify as matching money, previously committed funds cannot have been expended at the time of the award
- Ideally, matching money will be equal to or greater than the money requested in the proposal, and will be funded or committed at the time of application
- Preference will be given if the source of the matching money is capable of adding value to the applicant beyond the financial match itself
- Preference will be given if the source of the matching money is capable of providing follow on funding

The “Ability to Leverage Additional Funds” represents one of the four equally-weighted legislatively-mandated scoring criteria. The independent peer review experts will evaluate the quality of the match in determining the score for the “Ability to Leverage Additional Funds” criterion.

For detailed information on the required match, see **Section II, D** of the Competition RFP.

Q. What proof is needed to demonstrate a financial match?

A. Letters of financial commitment are required from those who will provide, or those who have provided, matching money to the proposed project. In each case, the letter must indicate the following:

- The source of the matching money
- Why and how the source is capable of adding value in addition to the value of the matching money
- The amount of the match
- The date the match was provided or is to be provided
- The terms of the matching money
- The actual and anticipated support of the company the source has and will provide

The absence of such letter will be interpreted as the absence of matching money. The peer review experts will be contacting investors and/or collaborators for verification.

Q. Should an application be submitted if the Letters of Financial Commitment have not been received?

A. No. Letters of financial commitment must be uploaded as Portable Document Format (.pdf) files in the Collaborator Letter of Support section of the web-based Awards Management System prior to submission of the application.

Q. Is collaboration with non-Michigan-based entities permitted?

A. Collaboration with non-Michigan-based entities is permitted if the applicant can demonstrate that the collaborator (1) provides access to specialized resources, scientific, technical, and commercial expertise that are not readily available in Michigan, and (2) ultimately benefits Michigan in a manner consistent with the intent of the 21st Century Jobs Fund.

Q. Is there a maximum number of collaborating organizations allowed?

A. No. However, Applicants are advised that the SEIC Board consists of 19 members. Any action of the SEIC Board, including making an award to a successful applicant, requires the vote of 10 members.

While collaboration is highly encouraged, it is each applicant's responsibility to determine: (1) how many collaborating entities a proposal should include; (2) whether any of those collaborating entities will result in the recusal of a SEIC Board member because of an actual or apparent conflict of interest; and (3) how to structure the proposal to ensure that at least ten SEIC Board members will be available to vote on the proposal.

Failure to properly consider this issue may result in an application not being considered for approval by the SEIC Board.

Conflicts with SEIC Board members must be identified during the application submission process within the Conflict of Interest section of the MEDC's Awards Management System.

Legal Requirements

Q. What is routine financial information? (6/23/08)

A. The MSF Act does not define routine financial information. This is determined on a case-by-case basis.

Q. Has the scope of the personal background checks that are to be conducted as part of the due diligence process been determined? (6/23/08)

A. For information on Due Diligence, See **Appendix E, Section K of the RFP.**

Prior to the disbursement of any award, the MEDC and the Office of the Chief Compliance Officer will conduct due diligence on each awardee, including, but not limited to, criminal and civil background checks of the applicant, and review of the applicant's organizational documentation and financial information.

The background checks will include, but not be limited to, affiliates, subsidiaries, officers, directors, managerial employees, and any person who, directly or indirectly holds a pecuniary interest in that business entity of 20% or more.

To facilitate these background checks, applicants will be required to provide the complete names, addresses, and birthdates of all persons for whom a background check will be conducted prior to the execution of an award agreement.

- Q. The headings under sections B and C of Appendix E to the RFP both say “Collaboration.” What should section C be titled?**
- A.** The title to Section B of Appendix E should be Collaboration.
The title to Section C of Appendix E should be **Award Types and Contract Negotiation.**
- Q. When must the disclosure statements referred to in the RFP Appendix E, Section D be submitted?**
- A.** Disclosure statements are not required until after awards have been announced. The disclosure statement is available for review on the Competition website.

Review Process

- Q. Will the applicant be able to suggest reviewers that would be appropriate and request that certain people be excluded from reviewing? (6/26/08)**
- A.** No. The independent peer review experts will be required to disclose potential conflicts of interest with all submitted applications. An independent peer review expert will not be assigned to an application with which a potential conflict was indicated. Conflicts of interest are thoroughly examined throughout the entire award process.
- Q. Most life science companies don’t generate revenues until 3-5 years later. How will reviewers judge/evaluate biotech companies that exit (become public or become acquired) before they start to generate revenues? (6/26/08)**
- A.** Each business plan will be evaluated as a whole by a panel of independent peer review experts. Peer review experts will be assigned to review the business plans within their area of expertise.

Business plans will be reviewed against the four legislatively mandated criteria of: (1) Commercialization Merit, (2) Personnel Expertise, (3) Ability to Leverage Additional Funds, (4) Scientific and Technical Merit.

The 2008 Request for Proposed Commercialization Business Plans is specifically seeking proposals from for-profit companies seeking to create or expand viable, sustainable Michigan business opportunities in competitive edge technologies with near term job creation—five years or less.

Q. If an application successfully makes it to the interview round of peer review, which individuals must be present? (6/10/08)

A. The Primary Contact may bring anyone they choose in order to discuss the details of their proposal. When successful applicants are notified of their interview date and time, they will be provided with a limit to the number of people they may bring with them.

Q. Would any consideration be given in respect to being an awardee from a prior competition? (5/7/08)

A. Applicants that have received a previous award from the MEDC or the Commercialization Board are eligible for awards. If proposed activities involve or are related to the same technology or product for which funds were previously awarded, applicants **MUST** demonstrate a progression of activity towards achieving commercialization. Progress of previously funded proposals, including the status of any outstanding grants or loans, will be evaluated as part of the review process.

Q. How does the peer review process work?

A. Applications will be evaluated by independent peer review experts with business expertise and experience in areas such as venture capital investments, business creation and business growth scenarios, and technology commercialization. Additionally, peer reviewers will have specific expertise relevant to the appropriate four competitive edge technology sectors.

Results from the first round of independent peer review will be in the form of numerical scores and recommendations to the SEIC Board. Successful applicants will be invited to participate in the oral interview round. Results from the interview round of independent peer review will be in the form of numerical scores and recommendations to the SEIC Board for final award decisions.

All applications are expected to demonstrate a viable, sustainable business opportunity with near term job creation—five (5) years or less and will be scored and ranked based on four equally-weighted, legislatively-mandated criteria.

Award Types and Agreements

Q. What is considered a significant or preferred amount of job creation (both direct and indirect) under the Fund over a five year period? (6/23/08)

A. The SEIC Board does not have a specific number for this. All entrepreneurs who believe they have a compelling business plan that demonstrates a viable, sustainable business opportunity with near term job creation, and fits into the competitive edge technology sector definitions, are encouraged to apply.

Q. Will the loans require collateral? (6/4/08)

- A. All loan agreements will be secured instruments. The SEIC Board will, at a minimum, have a first priority security interest with any assets purchased with 21st Century Jobs Fund proceeds.

In years past, companies have been required to provide tangible personal property owned by the company as security for the loan. This does not include any personal or real assets of the owners. However, the loan agreement is in the development phase so the scope of the collateral may also change.

The loan agreement will be posted to the Competition website once it has been approved by the SEIC Board.

- Q. If awarded funds, will the awardee have a timeline for receiving matching funds from its committed source before it can receive awarded funds from the 21st Century Job Fund? (6/2/08)**

- A. This will be negotiated between the awardee and the SEIC Board on an individual basis.

- Q. Will the loans be short term or long term? (6/2/08)**

- A. The loans will be long-term loans. Disbursements are made in tranches over a typical period of 2-5 years and are followed by a payback period of an additional 2-5 years.

- Q. Please define “convertible loan.” (6/2/08)**

- A. Convertible loans are convertible into or exchangeable for some form of equity interest in the Company.

- Q. Are the terms of the loan determined on an award-by-award basis? (6/2/08)**

- A. The overall structure of the debt instrument will be the same for all awards; however, a number of specific terms will be negotiated on an award-by-award basis.

- Q. Will the terms of the loan agreement be available prior to June 4, 2008? (5/13/08)**

- A. It is not anticipated that the terms of the loan agreement will be available prior to June 4, 2008

- Q. What are the terms of the loan agreement? (5/9/08)**

- A. The entire loan agreement is currently in the development stage and will be posted to the Competition website once it has been approved by the SEIC Board.

- Q. What determines whether the funding is in the form of a straight or convertible loan?**

- A. This is negotiated between the SEIC Board and the applicant.

Q. Will any applicant be eligible to receive grants under the 2008 Commercialization Business Plan Competition?

A. No.

Miscellaneous

Q. If an applicant has been selected to receive an award through the Competition, but they have not finished negotiating their agreement with the SEIC Board, may the applicant start spending their own funding? (6/23/08)

A. Yes. The applicant may begin spending their own funds; however, the applicant cannot spend the 2008 Business Plan Competition proceeds until the agreement has been fully executed. Be advised that agreements will not be executed until after the awardee has successfully gone through a due diligence process, which includes background checks.

Q. When does the 'clock' start ticking on the creation of new jobs? (6/2/08)

A. With the execution of the award agreement.

Q. Are there exceptions to the \$500 application fee due at submission? (6/2/08)

A. No exceptions will be made.

Q. Is there a local contact that I could contact for more information on the 2008 Commercialization Business Plan Competition? (5/9/08)

A. There are a myriad of providers across the state that offer outstanding services to support early stage technology companies with everything from business plan writing to high level strategic and market plan assessments. These organizations are ready to help you with your business plan for this competition now. On the bottom of the main Competition website there is a link to access an interactive map of these providers.

Q. How are intellectual property rights handled for developments funded by the award? (5/7/08)

A. The State of Michigan does not hold intellectual property rights for developments funded by the award.

Q. What makes funding from the 21st Century Jobs Fund more appealing than a traditional line of credit from a bank? (5/7/08)

A. Many early-stage technology companies are at a stage where they cannot obtain traditional bank financing. This State funding provides an alternative for this type of higher risk financing. Furthermore, unlike a traditional line of credit from a bank, the 21st Century Jobs Fund aims to serve as a source of value-added funding to its recipients.

Each award recipient will be teamed up with an MEDC Portfolio Manager who will be dedicated to assisting the recipient in building and growing their company.