

Accelerator Fund Questions & Answers

1. Is there a draft version of the scoring template available or when will it be available for review?
 - a. Yes, a scoring template will be available for viewing on this website (www.themedc.org/AcceleratorFund) as soon as the template is finalized. Please stay tuned for any updates.
2. To help with start-up costs, and given the 15% limitation on administrative expenses from the Fund, can the management fees derived from the state investment draw on a different schedule than management fees derived from the LP's?
 - a. Yes, the GP can negotiate a different fee schedule (and amount) with its other LPs. The RFP was left intentionally broad to allow flexibility for GP input on how the Fund can be administered.
3. If a private sector match of over \$1 million is raised by the GP would the GP be constrained to invest those additional funds in Michigan and into the four designated sectors? Or could it invest those additional funds as a side car fund?
 - a. All funds raised for and invested from the Accelerator Fund must be invested in Michigan and within one of the four designated sectors.
4. What is the form of the private sector commitment to be included in the proposal – a simple list of LPs, signed letters from LPs, or full subscription documents for each LP?
 - a. That is left to the applicant to decide. Obviously the stronger the commitment(s), and the stronger the supporting documentation, the higher the score for the proposal.
5. In what format should private commitment letters be provided, electronic or with signed printed copies?
 - a. The application must be submitted by electronic mail to AcceleratorFund@michigan.org.
6. With regard to section I.A. Page 2: “Further, the SEIC recognizes that the portfolio companies of the Funds will often require both capital and board leadership which exceeds the immediate resources of the Fund...” Please clarify what is meant by “capital leadership”?
 - a. In referenced sentence, please read “capital” and “board leadership” as separate requirements. “Capital” refers to the business’ needs, both current and future.
7. Can historical track records of applicants be kept confidential?
 - a. Yes, you can request that any information in the application be kept confidential. See Appendix E, Sections F-G of the RFP for instructions on requesting confidentiality.
8. What types of conflicts of interest must be disclosed?

- a. All conflicts of interest must be disclosed.
9. Referring to Appendix E.H. – “Abstract” (Pg. E5): Does the “abstract” refer to the “executive summary” as outlined in Section V? Please clarify.
 - a. No, the “abstract” does not refer to the “executive summary”. An abstract is not required under the RFP, it is optional. The “Abstract” section was included for instances where an applicant chooses to include one.
10. Can the General Partner and applicant be a single entity with management personnel designated to manage the fund?
 - a. The applicant must be the proposed fund itself. The managers of the fund need to be designated as such and outlined in the application.
11. Does the \$1 million match have to come from the other Limited Partners, or can the General Partner be the source of the full \$1 million match?
 - a. The \$1 million match must come from unrelated, external, third party limited partner(s).
12. Is the 15% management fee over and above the \$6 million fund total?
 - a. The 15% management fee is taken out of the \$6 million fund. The fund can utilize the 15% on any schedule it chooses.
13. What defines the life of the fund?
 - a. Life of the fund is determined by the applicant, as defined in its proposal.
14. Please clarify what is meant by “ability to leverage additional funds” as it relates to how proposals are scored and ranked.
 - a. This is one of the four legislatively mandated scoring criteria. Each of the four criteria is equally weighted for scoring purposes.
15. Section III, explains that “disbursements of the award will be milestone based”. Please explain what these milestones will be, and how each would affect the amount of the award to be disbursed.
 - a. The word “milestones” can be interpreted as “capital calls”. The fund is designed to mimic the typical function of a venture capital firm. Funds will be disbursed in the form of capital calls, or “milestones”, on a per investment basis, as opposed to a one time disbursement.
16. Section II notes that “in no event shall the management fee exceed 15% of the award over the life of the funds”. Are management fees derived from the private match required to follow this same provision?
 - a. No, fees derived from other private Limited Partners fall outside of this provision. The GP is free to negotiate private match management fees separately.
17. Will awarded funds be disbursed to the fund itself (applicant) or to individual portfolio companies?

- a. Funds are disbursed directly to the fund, not to individual portfolio companies.
18. Please confirm the assumption that if match funds are invested on substantially identical terms to the award funds, that this would be acceptable under the program?
- a. Correct
19. Please describe the loan terms of the award (pre-conversion interest rate, maturity, etc.)?
- a. Terms will be negotiated with the recipient, however the program intends for conversion to take place quickly in order to mimic typical venture capital funding.
20. What other terms will apply to the calculation of ROI other than those listed in the RFP?
- a. At this time, no other terms have been contemplated.
21. Why is bio-diesel not included among the identified “clean fuels”?
- a. Bio-diesel is not included within the applicable statutory definition of clean fuels.
22. What is the definition of an early stage company?
- a. It is defined by Public Act 296 of 2003, the Michigan Early Stage Venture Investment Act. “Seed or early stage business” means a business that is either of the following:
 - i. A business that has not fully established commercial operations and may also be engaged in continued research and product development.
 - ii. A business engaged in product, service, or technology development and initial manufacturing, marketing, or sales activities.
23. Does the fund manager need to be one specific individual, or can an entity act as the manager, so long as they have at least one equivalent FTE?
- a. Yes, the fund manager should be an entity, but the actual manager(s) (FTEs) should be profiled in the proposal as required under the RFP.
24. Under the “Business Plan Format” in Section V, what is meant by “valuation policy”?
- a. This section would explain how, and/or by what method, the fund will value its portfolio through its life cycle.
25. Can the track records of management and support staff be included in the appendices rather than in the body of the proposal?
- a. Descriptions and qualifications of team members must be included in the body of the proposal. Any other relevant materials (e.g.: resumes, curriculum vitae, etc.) can be included in appendices.
26. Are the metrics (ROI) based on the overall portfolio returns or individual investments?
- a. The ROI metrics are based on the overall portfolio returns.
27. Can an established venture capital fund apply as a sidecar fund? What is the definition of a “first generation fund”?

- a. At least one of the managing partners must not be a General Partner at an affiliated venture capital fund. Partners and employees of the Accelerator Fund who have other jobs must demonstrate in the application that they have sufficient time and ability to fulfill their duties to the Accelerator Fund.
28. How is conflict of interest defined?
- a. There is not a standard definition of conflict of interest for purposes of this RFP. All applicants are required to submit their conflict of interest policy and disclosure statement form.