

## REQUEST FOR INTEREST

### **State Small Business Credit Initiative (SSBCI) Venture Capital Programming**

#### **PURPOSE OF THIS RFI**

The State of Delaware Division of Small Business (the “Division”) is seeking information from organizations and investment funds interested in participating in the U.S. Treasury State Small Business Credit Initiative (SSBCI) program.

The intent of this RFI is to obtain preliminary information on proposed equity investment programs/funds seeking SSBCI contributions. This RFI will be used to refine Delaware’s application to the U.S. Treasury and develop a list of organizations and funds that may meet the initial qualifications of SSBCI guidelines for equity or venture capital investment vehicles. This RFI is not a formal application for SSBCI funds and no decisions for state investment will be made based on a submittal. If Delaware’s SSBCI application is approved, a formal RFP process will follow and interested organizations can apply to participate in the program. **Responding to this RFI will have no effect on any organizations ability to participate in the RFP process. Additionally, no information obtained in connection with this RFI will be used to make awards under the RFP.**

#### **PROPOSED USES OF SSBCI FUNDS FOR VENTURE CAPITAL**

The Division is seeking use SSBCI funds to strengthen and sustain Delaware’s ability to provide venture capital (“VC”) to high-impact startup companies. Specifically:

- **Building resident VC capacity** within Delaware to conduct and attract equity (VC) deals and catalyze new VC assets under management (AUM) in Delaware.
- **Increasing the deal flow** of new technologies and startups by investing in accelerator and concept funds that prime the pump for future investment.
- **Expanding access for women and founders of color** to the capital and advisory services that increases their success.

As part of the application process for the SSBCI program, the Division needs to obtain information regarding the interest and capacity of organizations that can develop and successfully deploy one or more of the following VC investment vehicles.

- Managing a state-supported fund that would make direct investments into companies alongside other co-investors that would provide at least \$1:1 additional private sector investments in each deal. In SSBCI guidelines and FAQs this is referred to as a “Direct Investment Model.”
- Investing in VC funds making a significant number of deals in Delaware, especially funds that would be managed in Delaware. These investments would require at least a \$2:1 match from other investors, including at least \$1:1 match from private capital sources. In SSBCI guidelines and FAQs this is referred to as a “Fund Model” where a qualifying VC fund is defined by [17 C.F.R. § 275.203\(l\)-1](#)
- Supporting incubators or very early direct investments of up to \$125,000 or \$375,000/round and which include incubator type advisory services. Additional information can be found in [SSBCI guidelines](#) pages 33-34.

All investment models will be required to show a \$1:1 match in private sector capital; at the deal level for direct investments and at the fund level for VC funds. In addition, programs must have the ability to leverage significant follow-on funding over a ten-year period with a goal of a 10:1 leverage. Except for call options to cash flow rights allowed in the incubator model, all supported VC programs will require that private capital be *pari passu* with, or junior to, the SSBCI investment in cash flow rights.

## RFI DOCUMENTATION

To submit a response to this RFI, please complete Attachment A and provide the following information using the recommended page limits as indicated. Submit your proposal in a PDF format [regina.mitchel@delaware.gov](mailto:regina.mitchel@delaware.gov) no later than **January 21, 2022** by 5 pm EDT.

- **Part I: Program Design (Page limit: 2 pages)**
  - A description of the type of fund/program for which you are seeking SSBCI funding (When possible please use descriptions that correspond to SSBCI examples such as an accelerator program, direct investment vehicle on behalf of the state, a VC fund seeking SSBCI participation as an LP, etc.)
  - Total size of your fund/program seeking SSBCI investment, including the amount of existing or anticipated match, and a description of co-investment or match sources (e.g. Limited partners contributing \$x-\$y/LP; foundations, etc.) *Note that match must be private capital and not in-kind or other public funds.*
  - The anticipated profile of investments including business stages, investment vehicles, typical deal size, number of anticipated investments per year.
  - Desired distribution of SSBCI funds. Given that SSBCI funds are deployed in three tranches approximately three years apart, would you be requesting all funds in a single tranche or distributed over 2 or more tranches? Given your distribution option, what do you anticipate as the date of your first or only request?
  - Advisory or other services directly or indirectly provided to companies, and names of partner organizations (if applicable) that will be engaged in delivering these services. *Note: you do not need to provide names of specific advisors, just a description of what services/expertise these individual advisors will provide.*
- **Part II: Program Leverage (Page limit: 2 pages)**
  - Why SSBCI funds are critical to the execution and success of your program/fund.
  - How SSBCI funds will be used to immediately leverage or cause at least \$1:1 in private capital on each deal, and how these investments will encourage follow-on funding.
  - How your program will reach underserved geographies and/or populations including women and founders of color (referred to as SEDI-owned in SSBCI guidelines).
  - How your proposed program/fund will enhance the VC ecosystem in Delaware (e.g., increase fund under management, etc.) and benefit the Delaware economy.
- **Part III: Core Qualifications (Page limit: 2 pages)**
  - Experience of the management team/general partners.
  - Relevant investment history and returns of previous funds.
  - Experience in investing public funds alongside private equity and reporting to government agencies and institutional Limited Partners.
- **Part IV: Other (Page limit: 5 pages)**

- Required: A brief description of how your fund/program will comply with SSBCI's conflict of interest policies, and/or safeguards you will put in place to ensure compliance
- Optional: Brief bios of general partners or key staff
- Optional: Any background or additional information you believe is relevant to this RFI

NOTE: If you are applying for more than one type of program (e.g., an accelerator fund and an investment into a seed/early stage fund) please complete separate descriptions for Parts I & II (Program Description and Program Leverage). You can include both descriptions in a single response.

For additional information, please see [SSBCI guidelines](#) and [FAQs](#) for details. We have also included a link to the Treasury's PPT on the VC program presented on December 17, 2021 ([link](#))

If you have questions about this RFI, please refer to the SSBCI guidelines and additional information provided above, or contact Regina Mitchell at [regina.mitchell@delaware.gov](mailto:regina.mitchell@delaware.gov).

# ATTACHMENT A: General Program Information

**Organization**

Organization/Fund Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Website: \_\_\_\_\_

**Primary Contact**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**Program Director/Fund Manager (if different than Primary Contact)**

Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**Type of SSBCI Equity/VC Investment Vehicles Requested** (please see [SSBCI guidelines](#) and [FAQs](#) for details)

**Incubation Funding Model or Early Stage Investor Model** (Concept/pre-seed oriented funds up to \$125,000/deal with a maximum round of \$375,000 that may use a call option; see page 33-34 of Guidelines)

**Direct Investment Fund** (Manage a fund on behalf of the state that primarily consists of state/SSBCI funds that is then coinvested alongside other funds/investors to meet \$1:1 investment criteria)

**Fund Investment** (SSBCI funds as an LP investor, sidecar fund, or similar vehicle in a newly formed fund or fund being raised. SSBCI contributions in anticipated to be capped at 33% of funds raised/under management)

*I am authorized to provide the information contained in this response and submit a response on behalf of the organization named above.*

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Date**