



VIPC | VIRGINIA INNOVATION
PARTNERSHIP CORPORATION

Connecting Innovators with Opportunity

VVP Fund of Funds RFP Step 2

*Powered by Virginia's State Small Business Credit Initiative (SSBCI)
Venture Capital Program*

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<https://www.virginiaipc.org/vvp-request-for-proposal>

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Section 1 – Step 2 Application Guidelines

Step 2 – Full Application

To ensure consistency in content provided by each Applicant, VIPC requires specific information from each Application as outlined in each of the following sections. It is strongly encouraged that each Applicant fully read the description of the requirements to understand exactly the content and format that is required for preparing a concise, complete, and compliant Application.

An online application process similar to that of Step 1 will be provided to successful Applicants who pass Step 1. The online Application will limit character counts and ability to answer questions. It is not required nor suggested to use the maximum character limit if a shorter answer is more appropriate. The below word estimates are approximate and not absolute and provided only for purposes of planning.

Applicants should be careful to not attempt to submit more information by embedding a hyperlink in the Application materials. Hyperlinked content will not be reviewed.

Applicants will not need to answer questions that have been requested previously in this RFP, so if Applicant has already provided sufficient information in Step 1, there is no requirement to repeat that information in Step 2.

A complete and compliant Application is a required of each Applicant and prior to VIPC selecting which Funds to invite for oral presentations.

Each Application shall address the following:

1. Investment Thesis and Strategy
 - a. Investment Strategy
 - b. Investment Exit
 - c. Value Add
 - d. Investor Networks
2. Fund Organization, Leadership, Teams & Terms
 - a. Organizational Chart
 - b. Corporate Structure
 - c. Fund Life
 - d. Leadership
 - e. Ownership
 - f. Governance
 - g. Manager Relationship History
 - h. Other Key Personnel
 - i. Outside Work Commitments
 - j. Summary of Fund Terms
 - k. Administration and Technology Infrastructure
 - l. Other SSBCI Applications

3. Track Record, Roles and/or Experience
 - a. Experience Sourcing Deals
 - b. Company Development and Supporting Companies
 - c. Experience in Helping Company Exit
 - d. Established Deal Networks
 - e. Capability and Experience of Back Office
 - f. Domain Expertise or Other Unique Value Add
 - g. Track Record
 - h. Past VC Roles
 - i. Resume for IC and Key Personnel
4. Budget, Projections and Plans
 - a. Budget and Management Fee
 - b. Fund Performance Projections
 - c. Leverage Capital Projections
 - d. Current Status of Capital Raise
 - e. Virginia Capital Commitment (aside from the Matching Capital)
 - f. Matching Capital Restrictions
 - g. Ability to Report
5. Virginia Plan
 - a. Multi-Jurisdictional Focused Funds
 - b. Physical Presence
 - c. Outreach/Deal Flow
 - d. Industry Focus
 - e. Plans Across Virginia (Geographic Diversity)
 - f. Job Creation
 - g. Support Current Initiatives
 - h. Ecosystem Partners
 - i. Other Long-Term Outcomes
 - j. Virginia History
 - k. Capital Contribution
 - l. Contacts
6. SEDI Plan
 - a. SEDI Plan
 - b. SEDI Partners

- c. History with SEDI Populations
- d. SEDI Outreach
- e. DEI Commitment
- 7. List of Attachments: Documents, Tables and Exhibits
 - a. Organizational Chart
 - b. Investment Performance Track Record
 - c. Budget for the Fund
 - d. Fund Model
 - e. Investor Deck
 - f. Link to Data Room
 - g. Leverage Capital Projections

For more information that describes the required content for each section identified above, reference the below sections. Questions in actual Step 2 Application may change slightly.

Investment Thesis and Strategy

Investment Strategy. Define the Manager’s investment strategy and thesis for the Fund, including the Fund Manager’s due diligence process, the Fund’s criteria for selecting businesses in which to invest, how and by whom investment decisions will be made. (500 words)

Investment Exit. What is the Fund’s process to support a Portfolio Company’s exit or liquidity event? What is the Fund’s goal timeline for achieving liquidity events and why do you believe that timeline makes sense? (250 words)

Value-Add. Describe processes, tactics, and methods the Fund Manager will use to add value to its Portfolio Company investments beyond providing capital (e.g., governance role, strategic planning, capital raising, sales and marketing support, etc.). (250 words)

Investor Networks. Provide 3-5 contacts of relationships for partnering with other venture capital funds or other serial investors. Ideally, if possible, list contacts that have been part of prior syndication or have invested after an initial investment by Fund Manager. Please provide contact information so they may be contacted (name, phone numbers and email). (list)

Additionally, include a description of the Fund Manager’s ability to attract co-investors and follow-on investors to the Manager’s investments. (250 words)

Fund Organization, Leadership, Team & Terms

Provide an organizational chart.

Corporate Structure. Describe the legal structure or proposed legal structure for the Manager and the Manager’s Fund. VIPC requires that a partnership, corporation, trust, or limited liability company serve as the Manager. It is encouraged that each Manager seek the advice of counsel or do the research necessary for identifying the type of business structure that is a best fit for a new Manager; however, generally, a partnership or Limited Liability

Corporation (LLC) structure should be considered due to its favorable tax structure unless the Manager can substantiate the tax benefits related to an alternative legal structure. (100 words)

Fund Life. State the term of its proposed Fund (including permitted extensions at the discretion of the GP or LPAC). (50 words)

Leadership. Provide a list of the legal entity’s principal officers (such as General Partners, Principals, Managers, Managing Partners, Managing Directors, Vice-Presidents, and so forth for the Fund Manager) and include citizenship status (U.S. or other country), primary email address and phone number for each. (list)

Ownership. Provide a list of all owners with twenty percent (20%) or more of equity interests in the Management entity and, if the Management entity is a subsidiary, all owners of twenty percent (20%) of the equity interests in the ultimate parent entity(ies) to include a specific breakdown of the entity’s ownership structure (citizenship, percentage ownership, dollars invested, date(s) of investment(s), voting rights, restrictions on transferring ownership interests, and SEDI group affiliation, if any). Identify who, within the Management entity, will have decision-making authority in making investment decisions. (list and 250 words)

Governance. Provide a list of the names and citizenship of the Management entity’s Board of Directors (or other governing body), if any, and only if additional/different from the above. Identify the role the Board will play, if any, with respect to making investments or exiting investments. If investment decisions involve the Board, provide brief one (1) page resumes for those members that have venture capital investment experience. (list, short answers – 50 words, upload for resumes)

Manager Relationship History. Provide a brief history of the Manager(s), including for each of the owners with twenty percent (20%) or more of the equity interest, the amount of time such individuals have known each other, worked together, and the nature of their professional relationship. With this regard, also describe the decision-making process among the Applicant’s investment team and if any one (1) person has more weight to their vote. (250 words)

Other Key Personnel. Identify other personnel to be engaged by the Manager, *if each such contractor’s role is material to the Manager’s duties, obligations, and performance.* This may include Scouts, Venture Partners, Entrepreneurs in Residence (“*EIRs*”), and third-party service providers, etc. Explain how each will be compensated. (250 words)

Outside Work Commitments. Identify any other investment or professional activities that the Managers will engage in during the term of the Fund. Address any and all relevant matters and whether any of the key roles will be filled by personnel not dedicated to the Manager full-time. VIPC will evaluate the need for outside work commitments, as a method and measure to understand if Managers are placing financial reliance and time commitment of the Managers on activities outside the Fund. VIPC recognizes living expenses may not be fully provided Fund fees in the early years. (250 words)

Summary of Fund Terms. Provide a summary of the LPA terms as it relates to GP commitment, Investment Period, Minimum Investment, Organizational Expenses, Management Fee, Carried Interest, and Distribution Waterfall and Claw Back. (250 words)

Administration and Technology Infrastructure. Provide plans for obtaining, and names of the providers for, each of the following services for the Fund (list) and how long the Fund has worked with each: Description (50 words per item), list of below service providers.

- Audit
- Tax and Accounting

- Legal
- Banking
- Data Security
- Deal Flow Management
- Fund Reporting
- SSBCI Reporting

Other SSBCI Applications and Funding. If Applicant is seeking SSBCI funding from other states, in addition to a funding request from the VIPC SSBCI fund, please identify which states Applicant has submitted applications or plans to make an application and/or has received SSBCI funds. (100 words)

Track Record, Roles and/or Experience

For each of the sections below, provide a short description of the experience of the Management Team and advisors in the venture ecosystem and in a role as a Fund Manager, or, for first time managers, **performing activities of a type that would be required of a Fund Manager**. Advisor experience may be important for those Fund Managers with less professional investment experience.

Experience Sourcing Deals. Include Fund Manager’s ability to source deals, screen deals, and keep a healthy pipeline, as well as the ability to conduct due diligence prior to making an investment. (250 words)

Company Development and Supporting Companies. Include Fund Manager’s experience in helping early-stage companies grow and scale over their lifecycle. For instance, information such as if Fund Manager has sat on boards, contributed to hiring, growth, and sales decisions, and assisted a portfolio company with obtaining future funding rounds, among other types of support. (500 words)

Experience in Helping Companies Exit. Include the extent and length a Fund Manager has been in the ecosystem, which will also include VIPC requesting information about any activities a Fund Manager has taken to support companies during an exit and the Fund Manager’s knowledge of the exit process. (250 words)

Established Deal Networks. Describe the networks and capital that a Fund Manager will contribute to the Commonwealth. Please describe. (250 words)

Capability and Experience of Back Office. Describe Fund Manager’s ability to complete and maintain financial records, financial reporting, audits, cash management, and other back-office skills. (250 words)

Domain Expertise or Other Unique Value Add. Include the unique ideas and proven skills and experience that a Fund Manager brings to their practice – especially to the extent it dovetails with Virginia goals and initiatives (see subsection re Industry Focus inside the Virginia Plan section). (250 words)

Track Record. Describe the total amount of capital that has been managed or is currently under management by the Manager and/or the Manager’s principal officers, owners, and key personnel. (250 words)

Please upload a track record of prior investments. A Fund may use the format provided by VIPC or use the Fund’s own track record format so long as the components included in the VIPC sample are covered. Please do not count any deal twice. For example, if two (2) of the Fund Managers oversaw the decision, so state, but do not list the company/investment two (2) times.

The track record asks Fund Managers to specify the following info in the spreadsheet on each of the below data points.

- the Fund that invested (if applicable)
- the individual responsible for making the investment decision
- the total amount of capital invested
- the valuation (or valuation cap) of the company at time of investment (please specify pre- or post-money)
- the instrument used to invest
- the year(s) in which investment(s) was/were made
- the number of investments made in the company
- the industry in which the investments were made
- the location of the invested company (if in Virginia or other states)
- the investment stage of the initial investment (pre-seed, seed, series A, etc.)
- the value-added services/management expertise provided to the businesses in which investments were made
- for Funds, the annual and cumulative performance metrics, including:
 - internal rate of return (“**IRR**”),
 - total value to paid in (“**TVPI**”),
 - multiple on invested capital (“**MOIC**”),
 - distributed to paid in (“**DPI**”)

Describe, as an addition to the Track Record sheet, the specific methodology for calculating the annual and cumulative metrics, the actual numbers used to calculate the annual and cumulative metrics, and the effective date of the annual and cumulative metrics. (250 words)

Past VC Roles. For the capital managed or currently under management, constituting the investments described above, describe fully the specific roles and responsibilities that the Manager, or the stated individuals associated with the Manager, had for these historical investments, in addition to specifying any board positions/roles (whether formal board seats, board observer status, etc.). If Applicant has held VC roles but have not been part of the decision-making process for investment, please identify the roles and scope of work for each. (250 words)

Resumes. Please upload a recent resume for each member of the Investment Committee and Key Personnel.

Budget, Projections and Plans

VIPC recognizes that, depending on the size of the Fund, the level of management fees from the Fund may not enable the Fund Manager to directly hire all of the expertise needed and as identified in this section, and that advisors, co-investors, and other relationships will be an important component of Fund management. Therefore, review of the overall plans and budget of the Funds will be important to VIPC, as well as the amount of the raise, the amount needed to sustain the Firm, and the projected exits.

Additionally, experience with leveraging related resources such as universities, the business community, other financing institutions, and relevant government and non-governmental organizations and programs, will be viewed as positive.

Budget And Management Fee. Provide an actual detailed or pro-forma budget for the Fund. A Fund may use the format provided by VIPC or use the Fund’s own budget format so long as the components included in the VIPC sample are covered. Identify the amount of annual management fees (including what will be front loaded) and operating expenses of the Manager throughout the life of the Fund. Include the expected starting date for these fees and expenses and the anticipated timing of the capital calls needed to pay such fees and expenses. VIPC encourages all Applications to consider allowable management fees as circumscribed by Treasury’s SSBCI guidance as well as the capital formation strategy of the proposing fund. (upload spreadsheet – see sample template for reference – alternatives permitted)

Fund Model. Provide the Fund Manager’s performance projections, including the Manager’s projected annual and cumulative rate of return for the Fund, and the method used to calculate such returns. A Fund may use the format provided by VIPC or use the Fund’s own fund model format so long as the components included in the VIPC sample are covered. (upload spreadsheet – see sample template for reference – alternatives permitted)

Leverage Capital Projections (Leverage Capital). Provide Applicant’s projections for private capital that will match SSBCI funds over time, keeping in mind the ultimate 10x leverage goal of U.S. Treasury for the SSBCI program. A Fund may use the format provided by VIPC or use the Fund’s own leverage capital projections format so long as the components included in the VIPC sample are covered. (upload spreadsheet – see sample template for reference – alternatives permitted)

Current Status of Capital Raise. Provide more details around the capital raise than was provided in Step 1, if desired. Include the amount raised to date (if changed), the current amount the Fund has available to invest, and the amount already invested. (250 words)

Virginia Capital Commitment (aside from the Matching Capital). This section is for Applicant to include more details around the capital match than provided in Step 1, if desired. Assuming Applicant receives an allocation from VIPC, identify how much capital (if any) - aside from the 1:1 match - the Manager be willing to dedicate to investing in Virginia. Is there additional information VIPC should know about the matching capital commitment? (250 words)

Matching Capital Restrictions. Funds from State-sponsored programs or other SSBCI programs of states other than Virginia, will not be considered matching funds, nor will funding from other federal sources (including federal assistance programs, contracts, and Other Transaction Agreements (OTAs)). Provide confirmation that Fund Manager understands and agrees to this limitation.

Ability to Report. Applicants who are awarded SSBCI funds will be required to comply with specific reporting requirements under U.S. Treasury, and a Fund Manager will be required to commit to tracking all metrics and reporting. Describe in more detail than in Step 1, if desired, the Fund Manager’s ability to perform recording, tracking, and reporting data. (500 words)

Virginia Plan

Multi-Jurisdictional Focused Funds. If Applicant will invest outside of Virginia, provide information to identify and describe the invested time and money Fund will commit to spend on finding and making investments in Virginia compared to opportunities outside of Virginia. Applicant should provide an expected percentage of time focused on Virginia investments and describe factors for prioritizing and focusing on Virginia investments. (250 words)

Physical Presence. Provide more details around if Applicant currently has or will have a physical office location in Virginia and how it will be staffed (including allocation of time present at the Virginia office and what roles from the Fund will be doing the staffing). If Applicant does not plan to have an office presence in Virginia during the Fund’s period of performance, describe how much time Applicant plans to spend in the Commonwealth conducting Fund work and the role of that person or persons. It is not necessary to repeat information provided in Step 1. (250 words)

Outreach/Deal Flow. Describe the Fund’s marketing and/or communications plan for the Commonwealth, addressing the Manager’s anticipated sources of deal flow in Virginia. Identify and describe if Applicant currently has an active Virginia pipeline, and if so, please provide additional details centered around that pipeline. It is not necessary to repeat information provided in Step 1. (250 words)

Industry Focus. Several industry and governmental bodies have identified initiatives and areas of focus for the Commonwealth. Examples include the Governor’s Compete to Win initiative, VIPC’s current initiatives and Centers of Excellence, and Go Virginia.¹

Identify all industry focus areas for the Fund (if any) and *describe how these areas align* with industry focus areas for the Commonwealth. Alternatively, what industry areas that are active in Virginia will become areas of investment for the Fund?

For example, how will Applicant’s plan support industry areas already targeted for growth in the Commonwealth (i.e., govt/DoD, agtech, healthtech, life sciences, advanced manufacturing, maritime technologies, etc.)? (Note: Under the Go Virginia initiative, each of the nine (9) regions has prioritized industry clusters where they want to experience business and job growth. For example, six (6) of the nine (9) regions have given priority to healthtech and life sciences, and several have identified autonomous systems.

VIPC is open to receipt of proposals addressing new and emerging sectors assuming that such proposals demonstrate that sufficient investment-grade deal flow exists or may be cultivated in such sectors to justify fund investment.) (250 words)

Plans Across Virginia (Geographic Diversity). Provide more details than in Step 1 regarding if and how Applicant plans to invest across the Commonwealth of Virginia? If not, identify where within Virginia Applicant will focus. (250 words)

Job Creation. Describe how the investment strategy will result in the creation of high-wage jobs in Virginia. (250 words)

Support Current Initiatives. Describe how Applicant plans to *work with* economic development initiatives already in progress in Virginia. Include information, as applicable, with respect to VEDP, Go Virginia, universities and tech transfer offices, regional economic development areas, accelerators, etc. (250 words)

Ecosystem Partners. Provide Applicant’s strategy and plan for collaborating with or developing ecosystem partners for outreach and technical assistance to entrepreneurs. Include a list of ecosystem partners with who Applicant has connections that provide outreach and connections between entrepreneurs and the fund, as well as those that provide technical assistance to support the development of entrepreneurs and small businesses (including VSBs). Applicant may identify ecosystem partners that do not currently operate in the targeted community or in the Commonwealth but that would support the success of the fund; in such case, describe the niche that the organization(s) would fill. Identify resources and funding available from these partners, as well as gaps or needed support which could be financial. (list and 250 words)

Other Long-Term Outcomes. Overall, describe how Applicant plans to support long-term positive economic outcomes in the Commonwealth of Virginia (e.g., increase number of startups, investment dollars, support, managers, jobs, etc.). Please do not repeat what has already been discussed. (250 words)

¹ Compete to Win information is at: <https://www.governor.virginia.gov/newsroom/news-releases/2022/december/name-954249-en.html>, and full report is at: <https://www.commerce.virginia.gov/media/governorvirginiagov/secretary-of-commerce-and-trade/pdf/Ec-Dev-Plan---FINAL-FINAL---12.22.22.pdf>. VIPC initiatives are at <https://www.virginiaipc.org/initiatives> and Centers of Excellence information is at <https://www.virginiaipc.org/vipa#oUaDiJ>, Go Virginia is at <https://govirginia.org/>

Virginia History. Describe if Applicant’s fund, or Applicant’s partners, have a recent history of investing in Virginia. (250 words)

Capital Contribution. Identify and describe how the Fund Manager will bring in new sources of capital to Virginia, including syndication partners, or multiple follow-on investment funds in or focused on the Commonwealth. (250 words)

Contacts. Provide a comprehensive description of contacts and relationships with others in the Virginia ecosystem (including names of primary contacts, phone numbers, and email addresses), if any, other than Applicant’s references. (list)

SEDI Plan

SEDI Plan. Concisely describe the strategy and plan for engaging underserved communities in the Applicant’s targeted geographies and industries. Describe access and connections the Manager would bring to one or more SEDI demographics, including community connections and language skills, as appropriate. Application should specify pre-existing relationships as distinguished from new relationships created for the purposes of Applicant’s application. Identify and list SEDI groups the Applicant plans to target and describe the plan for doing so. Further describe how the focus of the Fund aligns with engaging underserved communities and SEDI founders. Do not repeat what was written in Step 1. (500 words)

SEDI Partners. Regarding the Ecosystem partners identified above, identify any partners that specifically operate in underserved communities and support SEDI-owned businesses. Again, call out the specific SEDI groups that are being supported by these partners and describe how Applicant will work with these partners. (list and 500 words)

History with SEDI Populations. Describe Applicant organization’s work with SEDI founders in the past and how this materialized. Identify the SEDI groups and describe the specific work relationship for each group. Also describe any specific access and/or know-how the Manager brings to recruit SEDI entrepreneurs, including community connections inside Virginia. (500 words)

SEDI Outreach. Describe how the Applicant intends to identify new SEDI founders as part of the Fund’s investment thesis. For example, if the Applicant is focused on aerospace investing, how will Applicant ensure enough companies in that industry domain, as it relates to Virginia, meet the SEDI guidelines? Include those factors that would cause SEDI founders to want to work with Applicant’s organization. That is, are there specific support, programming, or networks Applicant intends to provide to the SEDI population(s) that the Applicant is focused on? (500 words)

DEI Commitment. The Manager should describe its history of and plans for diversity, equity, and inclusion (“*DEI*”) within their organization. (250 words)

Attachments: Tables and Exhibits

The below is a list of tables and exhibits that will be requested to be uploaded in Step 2.

- A. Organizational Chart
- B. Investment Performance Track Record
- C. Fund Budget
- D. Fund Model
- E. Leverage Capital Projections
- F. References – Provide references related to three different sections of the RFP

1. No less than three (3) general references are required for each of the General Partners of the Fund; References may include contacts from LPs, Portfolio Companies, and Virginia ecosystem stakeholders.
 2. Also include no less than three (3) contacts that exhibit Investor Networks within the Commonwealth (see Investment Thesis and Strategy section).
 3. Include no less than three (3) Ecosystem Partner references (see Virginia Plan section - and SEDI Plan section).
- G. Investor Deck for LPs (no page limit but may not be reviewed in detail)
- H. Resumes for IC and Key Personnel
- I. Link to the Data Room

Section 2 – Step 2 Evaluation Criteria

Step 2: Full Application Evaluation Criteria

Step 2 will be evaluated as follows:

Evaluation Criteria	Weight
Strength of Fund Manager and Management	40%
Virginia Plan	20%
SEDI Plan	20%
Fund Structure and Economics	20%

Strength of Fund Manager and Management

VIPC seeks to understand the team inside the Fund Manager, their history, experience and relationships. VIPC also seeks to understand how the Fund Manager makes decisions, and their investment thesis and strategy.

Virginia

The strength of a Manager’s ecosystem partner network, across the Commonwealth or within targeted regions of the Commonwealth, is of considerable interest in the evaluation of the Application. This will help VIPC evaluate how the Applicant will bring capital, resources, support, etc. to support the Commonwealth of Virginia.

Additional consideration will be given to Funds that prioritize a commitment to investing significantly more funds in Virginia than the minimum 1:1 match amount allocated to the Fund under SSBCI.

Similarly, additional consideration will be given to Funds who can effectively demonstrate they can bring something unique to Virginia, such as expertise or capital that aligns with the Governor’s Compete to Win initiative, VIPC’s current initiatives and Centers of Excellence, and/or Go Virginia.

SEDI Plan

Priority will be given to Funds demonstrating their ability to invest in businesses majority owned by socially and economically disadvantaged individuals (“**SEDI**”) and the Fund’s proven practice of doing so.

One of the core goals of the SSBCI program is to consider the economic development needs in the Commonwealth and work to form Funds where private capital is insufficient, driving private sector investment to businesses and entrepreneurs that have traditionally had a difficult time securing capital. FoF Applicants shall identify opportunities for deploying some or all of their funds into SEDI and VSB businesses in their investment strategy, fund thesis, or overview of general practices, which will result in SEDI or VSB investments.

VIPC believes that Virginia’s geographic, social, ethnic and gender diversity will continue to fuel extraordinary contributions to the Commonwealth’s future. VIPC is committed to a program of sourcing and investing in high-growth start-ups and qualifying small businesses that are found in all Virginia communities and contribute to the alignment of the economic development and social equity objectives of the Commonwealth.

Fund Structure and Economics

VIPC is seeking to invest in Fund Managers who have competitive deal terms for the Commonwealth and are able to handle the detailed reporting that management of the SSBCI funds will entail. VIPC is also looking for Funds who demonstrate their ability to sustain themselves over the life of the Fund.