

**DMPED Responses to RFA Questions
DC Venture Capital Grant Program
RFA # DMPED-FY23-VCGP
September 8, 2023**

1. Question: Is DMPED only requesting applications for someone to fill the Program Administrator position or is DMPED also accepting applications from businesses who wish to receive grant funding?

Answer: For this RFA, DMPED is only accepting applications for the Program Administrator. This RFA is not for businesses that are seeking to receive investment.

2. Question: Is the 5% used for administrative costs a one-time payment?

Answer: The 5% available for administrative costs refers to 5% of the total amount of funding in the first tranche. The Program Administrator will receive the first tranche in a single disbursement and may use 5% of those funds for administrative costs during the entire period when the first tranche is deployed to the Fund Managers for investment.

3. Question: Does the Program Administrator need to set up a fund that is audited?

Answer: The Program Administrator will not be making any direct investments into the Fund Managers or into businesses. SSBCI funds awarded to the Program Administrator must be kept in an account separate from other funds and may be subject to District or federal audits. Further, the Program Administrator may be required to provide an independent review of the Program Administrator's internal controls.

4. Question: Which terms will the Program Administrator be required to negotiate with the Fund Managers?

Answer: The Program Administrator will negotiate the terms by which the funds will be deployed to Fund Managers, eligibility requirements for businesses to receive investment, the process for reviewing and approving investments, requirements for raising private capital to match SSBCI funds, reporting requirements for Fund Managers, the use of SSBCI funds as part of the fund and any investment, the use of any income generated by SSBCI investments, and compliance with other DMPED and SSBCI requirements.

5. Question: What federal requirements will the Program Administrator need to comply with?

Answer: The Program Administrator will be required to comply with all terms of the SSBCI program, requirements of the American Rescue Plan Act, and other federal statutes that may be applicable to this program.

6. Question: Can software like Decile Hub be used to manage a federal Fund of Funds? Is their 1% carry fee permitted?

Answer: DMPED will review Treasury guidance and provide an update.

7. Question: Is there an expectation for the number of Fund Managers that will be selected to deploy capital?

Answer: DMPED anticipates selecting between three and five Fund Managers through this program, though the Program Administrator may recommend a different number. At least two Fund Managers must be selected.

8. Question: Is there a cap on the size of funds that Program Administrators select to deploy capital?

Answer: There is no cap on the size of funds that the Program Administrators select to deploy capital. However, Fund Managers must meet a 1:1 private fundraising match on any SSBCI funds they receive and provide plans to meet a 10:1 private leverage ratio.

9. Question: Do funds need to be disbursed evenly to all Fund Managers selected?

Answer: Funds do not need to be evenly disbursed to all Fund Managers. The Program Administrator may provide recommendations to DMPED regarding the distribution of funds to Fund Managers.

10. Question: Will fund managers be allowed to invest via SAFE and convertible note instruments?

Answer: Yes, Fund Managers will be allowed to invest via SAFE and convertible note instruments.

11. Question: Should be priority be given to first time fund managers and/or fund managers from underrepresented backgrounds?

Answer: Fund Managers must be able to demonstrate an ability to develop a pipeline of eligible businesses, experience generating positive returns on investments, having qualified management and staff, and having an ability to comply with District and federal reporting requirements. First time Fund Managers may be eligible if they meet these qualifications. Fund Managers from underrepresented backgrounds may receive additional preference.

12. Question: Who is managing the DC Venture Capital Program for DMPED?

Answer: The DC Venture Capital Program is managed by the Director of Strategic Initiatives and the Deputy Director of Business Development and Strategy at DMPED.

13. Question: Does DMPED expect to provide additional criteria for selecting Fund Managers?

Answer: DMPED does not currently anticipate providing additional criteria for Fund Managers, but may choose to require additional criteria at its discretion and if required by federal or District laws. The Program Administrator may also propose additional criteria for selecting Fund Managers.

14. Question: Is there a target number of businesses required of a Fund Manager to invest in?

Answer: There is not a target number of businesses, however, DMPED anticipates that the average investment will be between \$100,000 and \$300,000, with a minimum investment amount of \$50,000 and a maximum investment amount of \$5,000,000.

15. Question: What is meant by "program income" in Section III(D) regarding reporting requirements?

Answer: Program income refers to any returns generated by the investment of SSBCI funds.

16. Question: Once there are returns, can the Program Administrator retain carried interest?

Answer: DMPED will review Treasury guidance and provide an update.

17. Question: Is it correct that the program administrator will be eligible to receive up to \$953,283 across all tranches of the program?

Answer: Correct. This represents the total amount of administrative funds.

18. Question: Over what time period are the funds the Program Administrator is eligible to receive provided?

Answer: 5% of the first tranche may be used for administrative expenses, and 3% of the second and third tranches may be used for administrative expenses. DMPED anticipates that the first tranche will be deployed by September 30, 2025. Each tranche must be deployed within three years, and all SSBCI funds must be deployed by September 30, 2030. The Program Administrator is able to use these funds for administrative costs during this period.

19. Question: What is the expected timing of the three tranches of funding?

Answer: DMPED anticipates that the first tranche will be deployed by September 30, 2025. Each tranche must be deployed within three years, and all SSBCI funds must be deployed by September 30, 2030.

20. Question: Is it possible to request additional funding from SSBCI?

Answer: The District is receiving a total allocation of \$62,027,062 in SSBCI funds, and DMPED anticipates receiving a total maximum amount of \$26,046,000. DMPED does not anticipate receiving any additional SSBCI funds.

21. Question: Can the Program Administrator also be selected as a Fund Manager?

Answer: The Program Administrator cannot be selected as a Fund Manager.

22. Question: What is meant in Section X by, "determining and documenting the cause and result of private capital leverage related to the investment?"

Answer: Fund Managers are required to provide a 1:1 match of private capital to SSBCI funds and implement strategies to achieve a 10:1 match of private capital to SSBCI funds. The Program Administrator will need to demonstrate that it is ensuring Fund Managers meet these private capital requirements. The cause and result reporting will address the amount of private capital raised and the amount of SSBCI funds used, to determine the private leverage ratio.

23. Question: Is there any guidance as to from whom the three references described in Section XIV should come?

Answer: References should be able to speak to the applicant's experience and ability providing the services necessary as the Program Administrator.

24. Question: Should references described in Section XIV include letters or just contact information?

Answer: References need only include contact information.

25. Question: In which cases would the First Source Employment Agreement with the Department of Employment Services be required?

Answer: Organizations that receive more than \$300,000 in District government assistance are required to enter into a First Source Agreement with the Department of Employment Services (DOES).

26. Question: In which cases would a Subcontracting plan be required?

Answer: Organizations that receive more than \$250,000 in District government assistance are required to provide a plan to set-aside 35% of the award for subcontractors eligible to be a Certified Business Enterprise (CBE). This requirement may be waived if no CBE is available to provide the work required under the contract or grant.

27. Question: What constitutes appropriate facilities for the Program Administrator?

Answer: Appropriate facilities refers to a place of business that indicates the Program Administrator has the capacity and infrastructure to implement the scope of services for the VC Program.

28. Question: Is there a page limit or recommended length for each section?

Answer: There is not a page limit or recommended length.

29. Question: How can we access the online application system?

Answer: The online application system, GrantVantage, is available on the DMPED website for this RFA at <https://dmped.dc.gov/node/1005662>.

30. Question: What is required in the Applicant Introduction of the narrative response?

Answer: The Application Introduction should include a summary of the applicant's organization, expertise, and capacity to implement the scope of services for the VC Program, and any other information the applicant feels is necessary to describe the organization.

31. Question: Can staff be employed by the parent company of a Program Administrator applicant?

Answer: Yes, staff can be employed by the parent company of the applicant.

32. Question: Where can applicants find the following supplemental documents: (1) Audited Financial statements and reports for the last three year and (2) Statement of Certification?

Answer: Audited financial statements and reports will be provided by the applicant. The Statement of Certification document is available through the online application portal.

33. Question: Where can applicants find the following supplemental document: Conflict of Interest Policy and Statements?

Answer: Applicants should provide the applicant's organization conflict of interest policy. If the applicant does not have one, it should provide a document, on the applicant's letterhead, that it does not have a conflict of interest policy.

34. Question: Where can applicants find the link to the informational webinar?

Answer: A copy of the presentation from the information session is posted on the RFA website.

35. Question: Does DMPED have a further outline of the "ideal" fund manager sub-allocates it wishes to see the Fund of Funds manager deploy capital to?

Answer: DMPED does not currently have additional criteria for Fund Managers to which the Fund Manager will deploy capital. Fund Managers should demonstrate sufficient experience to meet the goals of the VC Program and meet the private capital requirements of SSBCI. The Program Administrator may recommend additional criteria for selecting Fund Managers.

36. Question: Can a Program Administrator provide additional services to Fund Managers, such as back-office accounting, fund modeling, and management service agreements, some of which will be a fee to the Fund Manager?

Answer: The Program Administrator may provide additional services to Fund Managers, some of which will include a fee to the Fund Manager, provided that the total percentage of administrative fee the Program Administrator takes from SSBCI funds does not exceed 5% of the first tranche and 3% of the second and third tranches.

37. Question: Is the Program Administrator allowed to co-invest with a Fund Manager and can the Program Administrator raise capital to assist the Fund Manager in meeting the 10:1 SSBCI leverage requirements?

Answer: The Program Administrator will not invest any of its own funds into the Fund Managers or take an ownership stake in any company receiving SSBCI funds as part of an investment. The Program Administrator may support Fund Managers with raising private capital but will not directly raise capital itself.

38. Question: Could the Program Administrator commingle or jointly manage the fund with other philanthropic, debt, or grant money to have the same goals without a conflict of interest?

Answer: No, SSBCI funds granted to the Program Administrator should be managed separately from other funds.

39. Question: Does DMPED have a directive or preference for an investment thesis of potential applications such as technology, AI, manufacturing, commercial, etc.? If so, is a percentage allocation preferred?

Answer: DMPED does not have a specific directive or preference for the industry for eligible businesses. Eligible businesses should be technology or tech-enabled companies (companies that do not develop a proprietary technology but use technology to deliver a good or service). The Program Administrator may recommend Fund Managers with a specific investment thesis. The District's Comprehensive Economic Development Strategy (DC Comeback Plan) does identify target high-growth sectors but these are not required to be the technology or tech-enabled sectors targeted by the Fund Managers.

40. Question: Could the Program Administrator raise capital to assist a smaller Fund Manager, and charge a fee to the Fund Manager and participate in investments made by the Fund Manager?

Answer: No, the Program Administrator should not invest its own funds or participate in investments made by a Fund Manager.

41. Question: Who is considered to be "the applicant" for Category 1?

Answer: The applicant is the organization applying to be the Program Administrator. If an organization has both a private and a nonprofit entity that are closely-related entities (for example, sharing similar leadership, office space, and operations), either entity could apply.

42. Question: In Category 1, the application asks about ownership of a nonprofit. How should applicants interpret "ownership" for the purposes of this section."

Answer: Applicants should provide information about the CEO or Executive Director of the nonprofit.

43. Question: In Category 1, the application asks for the organization concept. Is this referring to the concept of the applicant's organization or the concept the applicant is proposing as the Program Administrator?

Answer: The applicant should provide information about the organization.

44. Question: If an applicant is fully remote and maintains both a legal address for business registration and an address as a virtual office location, should it provide both addresses?

Answer: The applicant should provide the address associated with the applicant's business registration and business license.

45. Question: For Attachments C & D, which are resumes for Staff and Board, can applicants submit each as one set, i.e., all Board resumes as one PDF and all Staff resumes as one PDF?

Answer: Yes, one PDF for all Board resumes and one PDF for all Staff resumes is acceptable.

46. Question: The application shows that a Budget Template is needed. Are applicants expected to submit a budget with this application or is this a post-award requirement?

Answer: Applicants should submit a budget indicating how the funds will be used. SSBCI guidelines allow for the Program Administrator to use up to 5% of the funds in the first tranche for administrative expenses and for the remainder of the funds to be deployed to Fund Managers.

47. Question: The application asks for a Project Plan. Should applicants provide a project plan separate from the application or this a post-award requirement?

Answer: The applicant should include its proposal for administering the VC Program in the Project Plan.

48. Question: The portal does not provide a submission prompt for the Cover Page or Applicant Introduction. Should the applicant include these as part of the Program Implementation section?

Answer: Yes, the applicant may provide this information as part of the Program Implementation section.