

Office of the Deputy Mayor for Planning and Economic Development

Digital DC Initiative



www.digitaldc.co

Application for

Digital DC Tech Fund Grant

Application Deadline:

Friday, June 20, 2014 @ 5:00pm

(Online submission only)

Grant is administered by:

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Purpose of the Program

The purpose of the Digital DC Technology Fund (the “Program”) is to serve as a catalytic fund that invests in and promotes the success of early and growth stage tech-entrepreneurs with technology ventures in the District in an effort to attract new businesses, increase the District’s tax base, and create new jobs for District residents.

Eligible Applicants

There are three (3) types of eligible applicants as follows:

- 1) Company must be a Qualified High Technology Company (QHTC), defined as:
 - a. An individual or entity organized for profit;
 - b. Maintains an office, headquarters, or base of operations in the District of Columbia;
 - c. Has two or more employees in the District (other than founders, board members, and spouses);
 - d. Receives at least 51% of its gross revenue from one or more of certain “permitted” activities (D.C. Code 47-1817.1(5)(A)(iii);
 - e. Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility in the District.
- 2) Company must be headquartered within the Digital DC Opportunity Corridor or be relocated to the Digital DC Tech Opportunity Corridor within six months of initial funding and for a minimum of 36 months.
- 3) Company must commit to hire DC-residents (or those who will become DC residents within 6 months) for 510% of new positions. Company must commit to participate in the District-subsidized Summer Youth Employment Program/One City High School Intern program .

Eligible applicants must possess all of the following prior to an award being made:

- 1) Be a registered business in Good Standing with the DC Department of Consumer and Regulatory Affairs (DCRA), the DC Office of Tax and Revenue (OTR), the DC Department of Employment Services (DOES), and the federal Internal Revenue Service (IRS)
- 2) Possess property and liability insurance (an insurance quote is permitted for new businesses) compliant with requirements set forth in this application.
- 3) Verification of location eligibility on the targeted Digital DC Tech Opportunity Corridor (boundaries listed on digitaldc.co) and possess site control of the property on which the business is located through one of the following –
 - Ownership by deed
 - Property control by execution of contract of sale to purchase the property
 - Property control by execution of an option to purchase the property
 - Execution as lessee of lease with an unexpired term of at least one (1) year
- 4) Company must commit to being headquartered within the District for a minimum of 36 months.

Award Information/Amount of Available Funding

DMPED will award individual grants of a minimum of \$25,000 and up to a maximum of \$200,000, authorized pursuant to the Economic Development Special Account Revival Amendment Act of 2012, effective September 20, 2012 (D.C. Act 19-168; D.C. Official Code Section 2-1225.21) and also pursuant to the Great Streets Neighborhood Retail Priority Area Congressional Review Emergency Amendment Act of 2013, effective October 17, 2013 (D.C. Act 20-204; D.C. Official Code Section 2-1217.71 *et seq.*), and any subsequent permanent law.

Eligible Funding Uses

Grant funds will be utilized by grantees for capital expenditures to renovate property, equipment upgrades, financing of existing debt, merchandise, product inventory, rent, payroll, day-to-day operational costs (e.g. utilities, taxes, maintenance, refuse, etc.), moving expenses, or business consulting expenses.

Application Process

Applicants are required to submit their application online by visiting www.digitaldc.co. The deadline to submit the application is **Friday, June 20th, 2014 at 5:00pm**. All completed applications will be reviewed by an Investment Advisory Board and will be approved by the Deputy Mayor for Planning and Economic Development prior to the actual award of any Program funds. Upon approval, each awardee will be required to execute a grant agreement with DMPED and meet the eligibility requirements within **six (6) months** of grant agreement execution. Awardees that do not meet the eligibility requirements within the allotted six (6) months will be reevaluated and awarded funds may be reallocated. .

Evaluation Process

Each application will first be screened for basic eligibility and completeness. To obtain basic eligibility, an applicant must meet all of the criteria listed under “Eligible Applicants” on page 3 of this document. A complete application should include all necessary information and documentation.

DC Innovates (DCI), a local nonprofit, will manage the review and recommendation process on behalf of the District of Columbia Office of the Deputy Mayor for Planning and Economic Development. DCI has assembled an Investment Advisory Board (IAB) of leaders from the region’s investment and tech communities. All applications deemed eligible and complete will be forwarded to the IAB to be evaluated, scored, and ranked. The IAB will then make recommendations regarding the selection of awardees; these recommendations will be reviewed by the Program team and the Office of the Deputy Mayor for Planning and Economic Development will make the final determination of grant awards.

The following evaluation criteria will be used:

- Founder(s)/Business Concept
- Management Team/Human Capital/Company Infrastructure
- Investment Stage

- Product/Service Offering
- Scalability

First Source Agreement Requirements

Pursuant to Mayor's Order 83-265, DC Law 5-93 and DC Law 14-24, as amended, one of the primary goals of the District of Columbia government is the creation of job opportunities for District of Columbia residents. Accordingly, potential awardees must enter into a First Source Employment Agreement with the Department of Employment Services (DOES) upon award of any grant proceeds. The First Source Agreement will require the awardee to: (i) use diligent efforts to hire and use diligent efforts to require its architects, engineers, consultants, contractors, and subcontractors to hire at least fifty one percent (51%) District of Columbia residents for all new jobs created by the Project, all in accordance with such First Source Employment Agreement and (ii) use diligent efforts to ensure that at least fifty one percent (51%) of apprentices and trainees employed are residents of the District of Columbia and are registered in apprenticeship programs approved by the D.C. Apprenticeship Council.

All inquiries regarding the First Source Agreement should be directed to:

First Source Program - Department of Employment Services
4058 Minnesota Avenue, NE
Third Floor
Washington, DC 20019
(202) 698-3757 Direct
firstsource@dc.gov

Reservations

Funding for any grant award is contingent on continued grantor funding. The publication of this Application does not commit DMPED to make any awards.

DMPED reserves the right to accept or deny any or all applications if DMPED determines that it is in the best interest of the District to do so.

DMPED reserves the right to issue Addenda and/or Amendments to this grant application subsequent to the issuance of this grant application, or to rescind this grant application.

DMPED shall not be liable for any costs incurred by an applicant in the preparation of one or more grant applications for this Program. The applicant understands and agrees that all costs incurred in developing and preparing any grant application shall be the applicant's sole responsibility.

DMPED may conduct pre-award on-site visits to verify information submitted in a grant application and to determine if it is appropriate to fund the applicant's proposed improvements under the Program.

DMPED may enter into negotiations with an awardee and adopt a firm funding amount or other revision of the awardee's proposal that may result from negotiations.

In the event of a conflict between the terms and conditions of the grant application and any applicable federal or local law or regulation, or any ambiguity related thereto, then the provisions of the applicable law or regulation shall control and it shall be the responsibility of the applicant to ensure compliance.

Insurance

The applicant, when requested, must show proof of all insurance coverage required by law and grant agreement at the time of application. The applicant shall maintain general liability insurance, consistent with District law. The applicant is responsible for adhering to the insurance guidelines as defined by the District of Columbia Office of Contracting and Procurement.

- A. **GENERAL REQUIREMENTS.** The awardee shall procure and maintain, during the entire period of performance under the Grant Agreement, the types of insurance specified below. The awardee shall have its insurance broker or insurance company submit a Certificate of Insurance to the Contracting Officer giving evidence of the required coverage prior to commencing performance under the Grant Agreement. In no event shall any work be performed until the required Certificates of Insurance signed by an authorized representative of the insurer(s) have been provided to, and accepted by, the Contracting Officer. All insurance shall be written with financially responsible companies authorized to do business in the District of Columbia or in the jurisdiction where the work is to be performed and have an A.M. Best Company rating of A-VIII or higher. The awardee shall require all of its subawardees to carry the same insurance required herein. The awardee shall ensure that all policies provide that the Contracting Officer shall be given thirty (30) days prior written notice in the event the stated limit in the declarations page of the policy is reduced via endorsement or the policy is canceled prior to the expiration date shown on the certificate. The awardee shall provide the Contracting Officer with ten (10) days prior written notice in the event of non-payment of premium.

1. **Commercial General Liability Insurance.** The awardee shall provide evidence satisfactory to the Contracting Officer with respect to the services performed that it carries \$1,000,000 per occurrence limits; \$2,000,000 aggregate; Bodily Injury and Property Damage including, but not limited to: premises-operations; broad form property damage; Products and Completed Operations; Personal and Advertising Injury; contractual liability and independent contractors. The policy coverage shall include the District of Columbia as an additional insured, shall be primary and non-contributory with any other insurance maintained by the District of Columbia, and shall contain a waiver of subrogation. The awardee shall maintain Completed Operations coverage for five (5) years following final acceptance of the work performed under this grant.
2. **Automobile Liability Insurance.** The awardee shall provide automobile liability insurance to cover all owned, hired or non-owned motor vehicles used in

conjunction with the performance of this grant. The policy shall provide a \$1,000,000 per occurrence combined single limit for bodily injury and property damage.

3. Workers' Compensation Insurance. The awardee shall provide Workers' Compensation insurance in accordance with the statutory mandates of the District of Columbia or the jurisdiction in which the grant is performed.
 4. Employer's Liability Insurance. The awardee shall provide employer's liability insurance as follows: \$500,000 per accident for injury; \$500,000 per employee for disease; and \$500,000 for policy disease limit.
- B. DURATION. The awardee shall carry all required insurance until all grant work is accepted by the District, and shall carry the required General Liability; any required Professional Liability; and any required Employment Practices Liability insurance for five (5) years following final acceptance of the work performed under this grant.
- C. LIABILITY. These are the required minimum insurance requirements established by the District of Columbia. HOWEVER, THE REQUIRED MINIMUM INSURANCE REQUIREMENTS PROVIDED ABOVE, WILL NOT IN ANY WAY LIMIT THE AWARDEE'S LIABILITY UNDER THIS GRANT.
- D. AWARDEE'S PROPERTY. Awardee and subawardees are solely responsible for any loss or damage to their personal property, including but not limited to tools and equipment, scaffolding and temporary structures, rented machinery, or owned and leased equipment. A waiver of subrogation shall apply in favor of the District of Columbia.
- E. MEASURE OF PAYMENT. The District shall not make any separate measure or payment for the cost of insurance and bonds. The awardee shall include all of the costs of insurance and bonds in the grant price.
- F. NOTIFICATION. The awardee shall immediately provide the Contracting Officer with written notice in the event that its insurance coverage has or will be substantially changed, canceled or not renewed, and provide an updated certificate of insurance to the Contracting Officer.
- G. CERTIFICATES OF INSURANCE. The awardee shall submit certificates of insurance giving evidence of the required coverage as specified in the Insurance Section prior to commencing work. Evidence of insurance shall be submitted to:

Office of Contracts, Procurement and Grants
Government of the District of Columbia
Office of the Deputy Mayor for Planning and Economic Development
1100 4th Street SW, Suite E500
Washington, DC 20024

Applications - Please submit all applications online at www.digitaldc.co.



DIGITAL DC TECH FUND APPLICATION

Company Name:

Address (*Street, Town, State, Zip*):

Phone:

Web address:

Application Point of Contact:

Phone:

Email:

Amount Requested (*The pilot investment round will award up to \$1 million in grants ranging from \$25,000 to \$200,000*):

COMPANY OVERVIEW

Corporate Leadership

Management Team:

CEO

COO

CTO

CFO

Additional C-Level Executives (Name, Title)

Industry Sector:

Number of Employees:

Please designate FTE & PTE

Year Founded:

Legal Structure:

State Incorporated:

Law Firm:

Accounting Firm:

Additional Professional Service Firms (firms under contract at some point in the last 12 months):

ABOUT THE BUSINESS

Business Description:

General description of the company, technology, market. (100 word limit)

Are you a [Certified Business Enterprise \(CBE\)](#) as defined by the District of Columbia:

Products/Services:

Describe the product/service. Please note key features and benefits and competitive advantage. (150 word limit)

Value Proposition:

Describe why someone will want to buy the product/service. (100 word limit)

Company Background:

Describe the company's origins, relevant technology origins, as well as any corporate relationships such as parent company-subsidiary relationships. (100 word limit)

Competitive Advantages:

Describe the company's competitive advantages including business expertise, intellectual property including patents (note status), trade secrets, relationships/partnerships. Please note how the IP contributes and other qualifications contribution to the company's overall competitiveness. (150 word limit)

Additional Management / Leadership:

Please list additional key management, corporate advisors and partners

Sales and Marketing:

Describe the company's marketing plan including plans to confirm of the value proposition, customer acquisition, size and timing of sales force efforts, marketing channels and partnerships. (150 word limit)

Target Market:

Provide a clear description of the company's target market, and relevant market segment, including potential size and growth rate. (100 Words)

Competition:

Describe the competitive outlook and dynamics of the market(s) in which the company will operate, listing and current or potential direct and indirect competition. (125 Words)

Use of DDCTF Funds:

Describe how these funds will be used, including the specific technology or business development milestones that will be possible as a result of DDTF investment. If these funds play a role in the company’s next round of private investment, please explain. (150 word limit)

Describe the benefit/impact on the District?

Describe how these funds will benefit/impact the City of Washington, D.C.

COMPANY FINANCING

Financing to date:

Provide a breakdown of investments to date including founder’s money, and other equity/debt/grants. Please include dollar amount and source of funding.

Financing Plan:

Seed Round Financing:

Round Size:

Round Timing:

GAP Fund Dollars Sought:

Next Financing Round:

Round Size:

Round Timing:

Series-A Round (If not “next round”):

Round Size:

Round Timing:

CAP Table

GROUP	# OF SHARES	PERCENT	TYPE	NOTES
Founders:				
Total Founders’ Equity				
Executives				
Employees				

Other:				
Warrants:				
Total Allocated Shares				

Financial Projections (Unaudited):

	2009	2010	2011	2012	2013
Revenue					
Revenue Streams #1					
Revenue Streams #2 etc.					
EBITDA: <i>(dollars in thousands)</i>					

How did you hear about the program?

By submit, the applicant affirms:

That all information submitted is accurate and current;

That the enterprise is currently compliant with all the criteria detailed above, or is willing to take all necessary steps to become compliant within six months of receiving the grant funds;

That the applicant understands that failure to meet these requirements will result in the application being deemed null and void and any distributed funds must be returned in full; and

That YOU are an authorized agent of the applicant and have the authority to submit an application for funding.

Please submit the completed application by June 20, 2014 by 5pm via online only at www.digitaldc.co