

Institute for Commercialization of Florida Technology
(Formerly known as - Institute for Commercialization of Public Research)

RFP Questions and Answers

Q. What is the proposal due date?

A. Thursday, August 16, 2018 by 5:00 p.m. EST.

Q. Who is the point of contact?

A. Teri Hart at rfp@florida-institute.com.

Q. What is the RFP question submission deadline?

A. Thursday, July 19, 2018 by 5:00 p.m. EST.

Q. When will answers to RFP questions be posted on the website?

A. No later than Thursday, July 26, 2018 by 5:00 p.m. EST.

Q. What information will be available to Firms responding to the RFP relating to portfolio companies which the Institute has funded?

A. Certain information about portfolio companies is confidential information of the companies. As detailed in Section 1.1 of the RFP, the Institute may select one or more finalists or may choose semi-finalists. If semi-finalists are selected, the semi-finalists will then enter into a Non-Disclosure Agreement with the Institute to view the assets of the Institute and the list of portfolio companies which the Institute has funded, and each semi-finalist will be asked to revise their Proposal based on the received information.

Q. What is the proposal delivery location?

A. Institute for Commercialization of Florida Technology
Attn: Teri Hart
3651 FAU Blvd., Suite 400
Boca Raton, FL 33431

Q. What should be submitted in the proposal packet, and how should it be marked?

A. Proposals must be sealed in one package and clearly labeled "2018 Private Fund Management RFP" on the outside of the package. Each package must contain the following:

- 1) One original signed version of its proposal clearly marked as "ORIGINAL."
- 2) Ten hard copies of the entire Proposal.
- 3) One thumb-drive with an electronic copy (in .pdf format) of entire Proposal.

Q. The services outlined in the RFP imply a number of mandates – which include fostering job growth and economic development, helping existing portfolio companies, identifying and investing in new promising companies in Florida, etc., while also indicating that the Private Fund Manager (PFM) should "Retain private sector investment criteria focused on rate of return".

a. This is important because there are active secondary markets that a PFM as a fiduciary should evaluate for the funds' investments that could result in the immediate sale of the fund's Portfolio interests to recover a return.

remain in the Portfolio. Amend Surgical was funded through the Institute's equity program and remains in the portfolio. Additional information will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process.

Q. What is the size of the Institute's Portfolio for which the Institute is seeking a PFM by dollars invested and by current estimated value?

A. The Institute has provided approximately \$24 million in financing to portfolio companies. Specific details about the Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process. More information about the Portfolio may be viewed [here](#).

Q. How many portfolio companies are currently in the Portfolio?

A. The Portfolio is comprised of 61 companies. Specific details about the Institute's Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process.

Q. What is the breakdown of fully-diluted ownership in the portfolio companies (e.g., less than 10% ownership, 10% - 20% ownership, 20% - 50% ownership and greater than 50% ownership)?

A. Specific details about the Institute's Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process.

Q. What is the composition of the Portfolio by economic sector (e.g., life sciences, software, retail, internet, industrial, energy, etc.)?

A. The Portfolio is comprised of approximately 65% Life Science companies (includes pharmaceuticals, medical devices, healthcare IT), and 35% Software/IT companies (includes Internet technologies). Specific details about the Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process.

Q. Is the Institute entitled to one or more Board of Directors seats on companies in the Portfolio? If so, how many Board seats are applicable overall in the Portfolio and are there currently Board of Directors members designated by the Institute serving?

A. The Institute is entitled to Board Observer rights for one observer each in most portfolio companies, with senior members of the Institute currently serving as observers.

Q. Does the Institute have capital available for new or follow-on investments that could be added to the Portfolio? If so, how much is earmarked for such new investments over the next 3 years?

A. Information concerning the current cash position of the Fund will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process. The PFM will work with the Institute Board of Directors to recommend new investments using the current available cash balances.

Q. Is there a specific industry, technology, or stage thesis that is mandated or encouraged by the Institute for investing in new portfolio companies?

A. The Institute's mandate is to support emerging innovation businesses in the following sectors: life sciences, information technology, advanced manufacturing processes, aviation and aerospace, and homeland security and defense, as well as other innovation industries of strategic importance to the state.

- Q. Are there specific outcomes or metrics that the Institute envisions in outsourcing the fund's management in addition to total return and the items that will be in the annual report described in the statutes?**
- A.** The Institute's mandate is the long- term value creation for Florida that also produces a reasonable rate of return. The intent is to help grow the portfolio companies into successful operating entities that contribute to the long term economic development in Florida. Desired outcomes include increased capital availability for current and new portfolio companies, and specific operating metrics will be developed with the selected PFM during the contract development stage.
- Q. What information is currently available to us (prior to submission) regarding the portfolio companies? For example, can you provide performance information, type of holdings (debt, equity, etc.), exits, valuations, failures, etc. for every portfolio company?**
- A.** The Institute has provided approximately \$24 million in financing to portfolio companies. Specific details about the Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process. More information about the Portfolio may be viewed [here](#).
- Q. May we talk to the portfolio companies?**
- A.** Yes.
- Q. Who are the Board of Directors and Board Observers from the Institute? Will the PFM have Board of Directors or Board Observer rights or responsibilities for all of the portfolio companies as well?**
- A.** The Institute Board of Directors includes Renee Finley, Founder and Past President, GuideWell Innovation, Sherrick (Rick) Wassel, Executive Director Strategy Office for the Florida Division of Adventist Health System and Managing Director, IQ Orlando, and Jim O'Connell, Assistant Vice President of Commercialization Director, Office of Technology Licensing, University of Florida.
- The Institute is entitled to Board Observer rights in most portfolio companies, with senior members of the Institute currently serving as observers. The PFM will assume Board Observer responsibilities on behalf of the Institute.
- Q. Are there any legacy fee structures, carries, or expenses that we as PFM need to know about that encumber us that we would be obligated to continue?**
- A.** No.
- Q. Are current employees of the Institute available to be hired by PFM to continue in operational roles?**
- A.** Potentially, yes, provided that potential conflicts of interest are cleared. This subject can be discussed with the selected PFM during the contract development stage.
- Q. What is the current position of the fund and how much of that must be redeployed versus how much may go toward operations? In a scenario in which, over a period there are no additional exits such that all operational cash is depleted, and if no additional funding for the Institute shall be provided by the state, how will the management fees of the PFM be paid?**
- A.** Information concerning the current cash position of the Fund will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process. Management fees and timing will be negotiated with the PFM once the firm (s) has been selected, and the PFM will work with the Institute Board of Directors to recommend new investments using current available cash balances.

- Q. The contract term is three years with an option for the Institute to renew for one or three years at a time. There is nothing describing a required periodicity in which the Institute is forced to go to RFP again. Are we correct in how we are interpreting this that there is no provision saying, "After x years the Institute must re-issue the RFP regardless of satisfaction with the incumbent?"**
- A.** Yes, that is correct, there is no such provision.
- Q. There are provisions within the RFP for the Institute to sever the relationship with the PFM. Are there reciprocal provisions for the PFM?**
- A.** The specific contract terms and provisions will be negotiated with the PFM once the firm (s) has been selected.
- Q. Does the Annual Report need to be composed in a certain way? For example, there are many specific items in the statute (listed under 4.1 of the RFP). Would an annual report be expected to speak to how we are fulfilling each one of these points?**
- A.** Yes. Per the Institute's statutes, there are specific items that must be addressed in the Annual Report, which include a description of the benefits to the state, the number of jobs created, the amount of capital raised, and other benefits relating company growth.
- Q. What other services may the PFM be expected to deliver?**
- A.** Other services beyond those listed in Section 4.1 Scope of Services in the RFP will be determined and negotiated with the PFM once the firm (s) has been selected.
- Q. Would the Institute want the PFM to deploy additional non-Institute capital as a side-by-side investment with redeployment of fund capital into new portfolio companies?**
- A.** Yes.
- Q. Given that that the PFM is averaging greater than \$10M deployed into later (post-seed) stage growth companies per year, would the Institute want the PFM to deploy such non-Institute follow-on capital to existing Institute portfolio companies?**
- A.** Yes. The Institute's mandate is to mobilize private investment capital into innovation business to support their growth and success.
- Q. What do you envision is included in the closing fee described in the statute? We're assuming that this includes the expenses incurred at closing such as legal, accounting, and banking, but want to ensure that we are clear on what the Institute anticipates for inclusion here.**
- A.** The PFM shall be paid reasonable fees consistent with industry fund management practices and consisting of:
- An operational management fee, including reimbursement of expenses, paid from the proceeds of the repayment of loans from the accelerator program or other capital, proceeds, and returns available in the technology fund;
 - A Portfolio fee paid from the proceeds of each sale or liquidation of assets or portions of the assets of the investment Portfolio; and
 - A closing fee for performing due diligence and investment closing paid from the investment amount paid by the technology fund to a company at the closing of each investment. Management fees and timing will be negotiated with the PFM once the firm (s) has been selected.

- Q. Are reference contacts from critical stakeholders (i.e. individuals who can speak to the mission, capabilities and performance of our organization) acceptable for inclusion in the RFP? Is it acceptable to include some of our presentation materials that speak to the points in the RFP in a supportive Appendix?**
- A.** Yes, these items may be included in an Appendix as long as the page count limitation of the Response does not exceed 25 pages.
- Q. Please provide a summary of obligations, legal issues, or other extraordinary requirements associated with current Portfolio that a Fund PFM should be aware of, such as:**
- **Any guarantees, authorizations, or side-agreements in effect with any portfolio company**
 - **Any current or threatened litigation/disputes between the Institute or its representatives and any portfolio company (including collection activities)**
 - **Any other material legal liability and/or indemnification matter**
- A.** Other than day-to-day operational expenses, there are no outstanding obligations, legal issues or other extraordinary requirements associated with the Portfolio at this time.
- Q. Please provide any information as to the construct, format, or content for the selection scorecard.**
- A.** The scorecard is currently in development and will adhere to the minimum required and preferred requirements as outlined in the RFP.
- Q. Who serves as members of the RFP Review Committee?**
- A.** The RFP Review Committee is comprised of Renee Finley, Founder and Past President, GuideWell Innovation, Sherrick (Rick) Wassel, Executive Director Strategy Office for the Florida Division of Adventist Health System and Managing Director, IQ Orlando, and Jim O’Connell, Assistant Vice President of Commercialization Director, Office of Technology Licensing, University of Florida.
- Q. Is it a minimum requirement for the selected PFM to be located in the state of FL?**
- A.** No, but the PFM must be a for-profit limited liability company or a for-profit corporation formed, governed, and operated in accordance with chapter 605 or chapter 607, respectively.
- Q. Please provide copies of the Institute for Commercialization of Florida Technology’s (“Institute”) annual audit for the past five years.**
- A.** Copies of the Institute’s audit reports can be found on the Florida Auditor General’s website at the following link: [Florida Auditor General](#).
- Q. What have the historical fees been for the Institute for each component of section 4.3 for the past five years?**
- A.** As a not-for-profit corporation managing a publicly-funded program, the Institute did not collect fees consistent with industry fund management practices as outlined in section 4.3.
- Q. Is there a minimum cash balance required to be carried over from year to year? Specifically, at the end of the three-year period in order to guarantee the sustainability of managing the fund, what is the target cash balance?**
- A.** No, currently there is not a minimum cash balance requirement. However, specific terms will be determined and negotiated with the PFM once the firm (s) has been selected.

Q. What is the existing software used to track investments and loans? Are the software subscriptions transferrable?

A. The Institute uses QuickBooks and Salesforce. Specific details regarding fund management operations will be determined with the PFM once the firm (s) has been selected.

Q. What is the value/size of the Fund's Portfolio in dollars.

A. The Institute has provided approximately \$24 million in financing to portfolio companies. Specific details about the Institute's Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process. More information about the Portfolio may be viewed [here](#).

Q. On average, how many companies apply for Institute funds?

A. On average, 70-80 companies per year applied for funding (prior mandate was to fund exclusively companies with technology licensed from a Florida university or research institution).

Q. On average, how many companies are selected for investment by the Institute?

A. On average, 15-18 companies per year were selected for investment.

Q. What proportion of Fund investments are debt vs equity, and what are the typical terms of debt and equity?

A. Specific details about the Portfolio will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process.

Q. What was the average number of Institute FTE employees over last two years, managing the Institute performing the services you are seeking to contract out under this RFP?

A. The average number of employees performing the services over the last 2 years was 3.

Q. What was the annual dollar budget (average over last two years) of the Institute for performing the services you are seeking to contract out under this RFP?

A. Specific details about the Institute's internal operations and budgets will be made available to semi-finalists selected for a second round of discussions, in the event that there is a second round to the selection process.

Q. What is included as Reimbursable Expenses (section 3.2 lists some services that appear NOT to be reimbursed)

A. Reimbursable expenses will be determined and negotiated with the PFM once the firm (s) has been selected.

Q. What is the investment criteria for the Fund going forward?

A. The Institute's mandate is the long- term value creation for Florida that also produces a reasonable rate of return. Additionally, the intent is NOT to liquidate the Portfolio for the highest short term financial return but to help grow the portfolio companies into successful operating entities that contribute to the long term economic development in Florida.

Criteria to be evaluated include but are not limited to: the strength of company's intellectual property position, the capabilities of the management team, readily identifiable paths to market or commercialization, significant job-growth potential, the ability to provide other sources of capital to leverage the state's investment, and the potential to attract additional funding.