

Answers to all questions received about Innovate NY RFP as of February 9, 2012.

- Is an angel network incorporated as a New York not-for-profit corporation, whose mission is to present start-ups and young ventures on Long Island and in New York to its members who are accredited investors and make individual decisions to participate in early stage investments in these ventures, an eligible applicant? **Yes, as long as the not-for-profit corporation will be making direct investments in eligible small businesses.**
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- In subpart (c) Investment Experience and Track Record, you ask in part 5 to specify "owners' background". Are you referring to the background of the portfolio company founders? The context seems to imply so (the request is in a phrase that says "type of business, industry segment, owners' background..."), but clarification would be helpful. Thanks. **Yes, 'owners' background' refers to the portfolio company founders.**
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- Are New York State public authorities eligible to apply under the Innovate NY Fund RFP as Investment Entities? **No.** If so, are they eligible to charge a management fee or other consideration, including carried interest? **N/A.** What does "assistance" constitute in the second paragraph of 7(a) i5)? Thank you. **Assistance refers to any funding received by the selected investment entities.**
- Here are several questions related to the seed funding RFP:
 1. Sec 3 (c): what portion of a company's operations/employees need to be located in NY State? Will there be specific thresholds that need to be met and if so, what are those thresholds? **Fifty percent or greater of a company's operations/employees must be located in NY State, unless the Corporation modifies this requirement in writing.**
 2. Sec 3 (c): can you provide guidelines around what length of time that a company needs to be in NY that will be satisfactory? **Penalties must be applied if a portfolio company moves out of state. A proposed penalty structure should be included in each applicant's proposal. The Corporation has not made a final determination as to the number of years a company must remain in state, although it is anticipated to be not less than five years.** If a company leaves NY, could there be a small warrant coverage that kicks in rather than a requirement to repay the funds? **Yes.**
 3. Sec 3 (e): are there any penalties if the funds are not invested within the three years? If so, what are these penalties? **Funds will be evaluated yearly and may be redistributed if the Investment Entity is not on track to allocate all funds within three years.**
 4. Sec 3 (f)(3): if investment decisions are made out of a larger fund, would the Corporation look to participate in all investment decisions of that fund or just those pertaining to the seed funds received under this RFP? **Individual investment decisions will be made by the investment Entity.**
 5. Sec 3 (f) (4): can you provide guidelines on what you expect to receive back in terms of returns and interest? Are you expecting all the principal back plus a market return? **The Corporation seeks principal and returns on its overall investment in order to preserve capital for future investment rounds, although the Corporation is not specifying return expectations for individual funds, as that will be evaluated in accordance with the fund investment strategy and other public policy benefits that may result.**
 6. Sec 3 (f) (5): please clarify this requirement to market the Fund to other potential investors? **Each Investment Entity must meet non-State matching requirements, and therefore will likely have to market individual potential investments and the fund in general to non-State investors.**
- For purposes of Attachment V "Offerer Disclosure of Prior Non-Responsibility Determination", what is the Contract Procurement Number (which is a line item requested in the form)? **This will be determined once an applicant is selected and a contract initiated.** I believe that a private venture capital fund needs to

include Attachment V in its response to the RFP, but if that is not true please let me know. [Yes, private venture capital funds need to include Attachment V with its proposal submission.](#)

- Do Applicants need to create new funds to serve as the investment vehicles, or can the proceeds from the Program be kept in a segregated account in an existing entity. Being able to use an existing entity would reduce overhead expenses. [An existing investment entity can be used for purposes of this Fund.](#)
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- On Attachment V, it asks for a Contract Procurement Number. Can you tell me what that is? [The Contract Procurement Number requested on Attachment V should be “12-01 Innovate NY”](#)
- Is an angel network incorporated as a New York not-for-profit corporation, whose mission is to present start-ups and young ventures on Long Island and in New York to its members. who are accredited investors and make individual decisions to participate in early stage investments in these ventures, an eligible applicant? [Yes.](#)
- Section 3(a) states: Eligible Applicants – Investment Entities “Eligible applicants may include regional and local economic development organizations, technology development organizations, research universities, and investment funds that make seed-stage investments in New York State companies (collectively “Investment Entities” and individually an “Investment Entity”).” Does this mean that the investment fund has to have a previous track record of investing in NYS companies? [An investment entity does not have to have a previous track record of investing in NYS companies, but track record is one of the evaluation criteria.](#)
- When do you anticipate announcing the winners of the Innovate NY Fund? [ESD expects to make awards within a few months of the close of the RFP.](#)
- If the Applicant is a yet-to-be-formed joint venture between two collaborating organizations, do you want the documents and information requested in Sections 4(b) 2, 3, 4,5,11 and 12 for each of the joint venture partners? [Yes.](#)
- Can federal grants specifically targeted at start up/entrepreneurial ventures be considered matching funds? [Not for the purposes of the private matching requirement. Please see Section 3 \(d\) of the RFP.](#)
- For the bound copies, do you have a preference regarding whether these are in a binder, spiral bound, etc. [No preference.](#)