



**REQUEST FOR INFORMATION (RFI)  
TO PARTICIPATE IN STATE SMALL BUSINESS CREDIT  
INITIATIVE VENTURE CAPITAL PROGRAMS**

**Nov 17, 2022**

## **Request for Information – Goals**

This Request for Information (RFI) is issued by Innovate Mississippi as acting through a contract with the Mississippi Development Authority (“MDA”), an agency for the State of Mississippi, for the purpose of obtaining information to assist in selecting investment funds to support private financing to Mississippi small businesses with a special emphasis on businesses in underserved communities. This is an informal, informational procedure whereby potential fund applicants can gain better insight into how their proposal might score in a potential future forma process. Applications in this RFI process will not be awarded funding and no funds will be obligated through this process.

Funding for this project is provided through the American Rescue Plan Act (ARPA) of 2021 that reauthorized the State Small Business Credit Initiative (SSBCI). Programs under Treasury’s ARPA SSBCI must, among other things, explain clearly how the proposed investment will support private financing to small businesses with access to capital in order to create jobs and improve the State’s economy. With the support of the U.S. Treasury through the SSBCI funding, Innovate Mississippi and its partnership with MDA, will build a sustainable program leveraged on partnerships and collaborations designed to restore and augment economic growth across Mississippi to meet the financial needs of small businesses, particularly to small businesses owned by Socially and Economically Disadvantaged Individuals and Very Small Businesses as defined by U.S. Treasury.

## **Eventual RFP Information - Please include feedback or questions through the Question submission portal on the website**

**Note that this entire section is meant to provide information about the eventual selection of funds for Mississippi SSBCI Match. The current RFI Process is INFORMATIONAL ONLY and is an optional process for gathering feedback and information. The following guidance is intended to provide information for use in crafting applications for the RFI process and getting feedback for a future RFP process.**

Innovate Mississippi is seeking investment fund entities to invest to create and grow start-up and early-stage businesses and to exist with the expansion of small businesses statewide. Funds will also need to commit to invest in socially and economically disadvantaged individuals and firms as defined in the U.S. Treasury SSBCI Policy Guidelines. For this program, Venture Capital is defined as an investment that may provide equity through the purchase of common stock, preferred stocks, partnership rights or any other equity investment. Additionally, it may mean convertible debt positions with automatic provisions to convert to equity or other such instruments used in conjunction with features intended to yield significant capital appreciation.

## **Venture Capital Funds**

A qualified or eligible venture fund may receive an investment equal to \$1 of SSBCI Mississippi funds for each \$1 of funds privately raised by the applicant fund. The maximum total dollar amount of an Innovate Mississippi investment in an eligible fund shall not exceed \$10,000,000. Amounts awarded may be reduced from the total amount requested based on availability of funds, competition for funding, or other circumstances.

Deal terms for SSBCI investment into funds must match exactly the terms of other private investors in the fund. Investment funds must agree to make investments that comply with the guidelines of the U.S. Treasury SSBCI program. All such guidelines are incorporated into these requirements.

## **Reporting Requirements**

Each proposed investment will require a submission for final approval by the SSBCI Compliance Committee for Mississippi SSBCI and must include at least the following:

1. Cover Sheet with assurances and certifications in accordance with Mississippi SSBCI Program Rules and U.S. Treasury guidelines on each investment prior to closing.
2. Name of company, amount of investment, and type of investment and general terms.
3. Use of funds
4. Company Address, Census tract, NAICS code, and demographic & general information
5. Additional information required by Mississippi SSBCI or U.S. Treasury guidelines

Quarterly and annual reports are required for any Fund receiving SSBCI capital and for each investment:

Fund Reporting:

1. Current Investors, including amount and terms.
2. Balance sheet, a profit and loss statement, and a statement showing changes in the fund's financial condition.
3. Current investments and former exits or dissolutions of companies
4. An annual audited financial statement prepared by an independent certified public accountant (prepared within 120 days of the end of the fund's fiscal year).

## **Required Qualifications – Funds**

Qualified funds must have:

- 1) Appropriate investment and capital under management for the type of fund proposed
- 2) Available to cover the general and administrative
- 3) Experienced management with a proven track record
- 4) Significant management experience in the types of investments proposed.

Each entity is encouraged to have an established office based in Mississippi with at least one or more employees located in Mississippi making investment decisions. Fund must identify how it is organized.

## **Required Qualifications – Investments**

Investments shall only invest in

- 1) Companies with 500 or fewer employees;
- 2) Businesses located in Mississippi.

## **Insiders and Conflicts of Interest**

U.S. Treasury Guidelines have very strict rules against participation in investments by insiders as defined in the SSBCI Policy Guide. SSBCI funds may not be used by SSBCI equity/venture capital programs to make or support investments in a company or venture capital fund if an SSBCI insider, or a family member or business partner of an SSBCI insider, has a personal financial interest in the company or venture capital fund. A prohibited conflict of interest is deemed to exist even if the conflict is disclosed, or the relevant individuals recuse themselves from participating in the investment. Further, accepting a role as an SSBCI insider does not require a person to divest financial interests in a company or venture capital fund resulting from previous employment or personal investment activity. However, if a person is an SSBCI insider, any company or venture capital fund in which the insider has a personal financial interest is prohibited from receiving investments or financial support from SSBCI funds.

Funds will be required to complete certifications initially and on a per-deal and annual basis that they are complying with SSBCI insider regulations.

## **Request for Information (RFI)**

A separate response must be made for each Fund application request. In order to consider your entity, your RFI must include the following information:

### **Company Information**

Interested parties should submit company information through the online application portal, including physical and mailing address, telephone and fax numbers, email address and website.

### **Business Plan**

The written RFI must include a business plan that covers all of the scored criteria listed below in the order outlined. The business plan should be succinct and clear in how it meets all of the criteria in order to be properly scored.

### **Selection Process**

Innovate Mississippi shall evaluate all RFI's, score and meet with Fund Administrators to review RFIs and provide informal feedback. A formal RFP process will be opened to the public likely in early 2023 and once reviewed a formal recommendation will be made to the Mississippi SSBCI Compliance Committee (MSCC) for approval of the Investment Firm. Upon approval, Innovate Mississippi will execute a funding agreement. Innovate Mississippi reserves the right to reject all responses in whole, or in part, if in the judgment of the MSCC the best interests of all parties will be served.

The initial phase in evaluating applicants will be based on the applicant's submission herein. The following evaluation criteria will be applied to each applicant having submitted a complete application and received at Innovate Mississippi within the specified time frame on page 7.

The criteria and weight of consideration in making the selections are as follows:

## **Potential RFP Criteria and Scoring - Competitive application with 100 potential points**

<b>Criteria</b>	<b>Maximum Score</b>
Business Model & Plan	25
Experience and Qualifications	25
Fund Raising & Match	15
Mississippi Footprint	15
SEDI Commitment	20
<b>TOTAL SCORE</b>	<b>100</b>

### **Requirements:**

- Funds must provide commitment of 1:1 financing or more.
- Funds must agree to transparency, investment approval, reporting, & other terms of the SSBCI Program

### **Scoring:**

#### **Business Plan: 25 Points**

- Each entity should submit the Business Plan the Fund. It should contain information regarding:
  - Goals of the fund
  - Any specialization of the fund if applicable
  - Geographic area it will cover
  - Marketing strategy
  - Anticipating number of businesses that will be reviewed compared to actual investments
  - Screening process for deal flow
  - Technology utilized for management and monitoring of fund,
  - Evaluation criteria,
  - SEDI investment strategy and an outline for the plan for meeting SEDI requirements and goals
  - Proposed closing date
  - Fund Structure and fees [Note program requirements for maximum fees and required LP participation.]

#### **Experience and Qualifications: 25 Points**

Each entity must have qualified and experienced management personnel in the industry. Each key member should have at least three years of experience managing investments in individual, privately held companies, and utilizing funds provided by others to make such investments. Please include the responsibility of each member, director, key advisor, or consultants that will be involved in the operation of the fund. Resumes for all principal members of the team should be included in the response.

**Fund Raising Status and Match: 15 Points**

Each entity should provide at least the following documentation in support of their application:

The legal structure of the fund

Commitment of private investment match vs SSBCI Funding (Minimum 1:1)

Evidence of private capital raised

The ratio of actual cash to commitments

Presentation sent to prospective investors or strategy for raising additional capital

List of investors with commitments.

**Mississippi Footprint & Experience: 15 Points**

Priority scoring to funds headquartered or establishing headquarters in Mississippi, including Mississippi-based offices and Mississippi-based staffing involved in investment decisions and/or financial interest owned by residents of Mississippi.

**SEDI Commitment: 20 Points**

Priority scoring for a proven track record of serving Socially and Economically Disadvantaged Individuals and being a Community Development Financial Institution per Treasury guidelines. Fund applicants must provide a commitment percentage to funding SEDI-owned businesses in their application (0-100%), which they will be held accountable to in their annual compliance monitoring for the state to track and achieve the SEDI incentive allocation. Business plan should include SEDI investment strategy and how compliance monitoring will be tracked. 5 Points for each 20% SEDI commitment.

**Other Information:**

- Available funding in SSBCI tranche 1 may restrict the amount awarded immediately in the first RFP, but funds may be awarded funding in the first RFP that will not available until later tranches.
- Final proposal terms may be negotiated prior to awards of funding.
- All plans are subject to approval by the Mississippi Development Authority and U.S. Treasury.

**Personnel & Contact Information**

All questions regarding the RFI process should be directed to the personnel below:

Lindsey Benefield  
Director of Capital Formation  
Innovate Mississippi

**Mailing Address:**  
121 N State St #500  
Jackson, MS 39201

**Physical Address:**  
121 N State St #500  
Jackson, MS 39201

**Telephone:** 601-960-3610

E-mail: [lbenefield@innovate.ms](mailto:lbenefield@innovate.ms)

## **Inquiries**

Questions should be submitted through the Innovate website [here](#) and please note that most questions will be posted with answers in a public forum – with exceptions only for questions posted with specific proprietary information marked and specified. Prior to the close of the RFI process, individual questions may be sent to Lindsey Benefield at [LBenefield@innovate.ms](mailto:LBenefield@innovate.ms)

## **RFI Submission**

To be considered by Innovate Mississippi for the first round of funding, responses to this RFI must be received by 12:00p.m., CST, Monday, January 2, 2023.

## **RFI Consideration**

Innovate Mississippi reserves the right to reject submitted RFI responses and to request additional information from applicants.

# Checklist for MS SSBCI Venture Capital Fund Business Plan Submission

Please upload a document using the format below that contains the following information:

- Business Plan (25 Points)**
  - Goals of the fund
  - Any specialization of the fund if applicable
  - Geographic area it will cover
  - Marketing strategy
  - Anticipating number of businesses that will be reviewed compared to actual investments
  - Screening process for deal flow
  - Technology utilized for management and monitoring of fund,
  - Evaluation criteria,
  - SEDI investment strategy and an outline for the plan for meeting SEDI requirements and goals
  - Proposed closing date
  - Fund Structure and fees [Note program requirements for maximum fees and required LP participation.]
  
- Experience and Qualifications: (25 Points)**
  - Description of qualified and experienced management. Please include the responsibility of each member, director, key advisor, or consultants that will be involved in the operation of the fund.
  - Resumes for all principal members of the team should be included as an attachment.
  
- Fund Raising Status and Match: (15 Points)**
  - The legal structure of the fund
  - Commitment of private investment match vs SSBCI Funding (Minimum 1:1)
  - Evidence of private capital raised
  - The ratio of actual cash to commitments
  - Presentation sent to prospective investors or strategy for raising additional capital
  - List of investors with commitments.
  
- Mississippi Footprint & Experience: (15 Points)**
  - Description of headquarters, offices, personnel or investors and their experience and connections in the Mississippi investment ecosystem.
  
- SEDI Commitment: (20 Points)**
  - Outline of a proven track record of serving Socially and Economically Disadvantaged Individuals.
  - Plans for outreach and marketing to SEDI-owned businesses.
  - Plans to provide additional support for SEDI-owned businesses
  - Plans for compliance monitoring to track and achieve the SEDI incentive allocations.
  
- Attachments:**
  - Resumes of key personnel
  - Company formation documents (if applicable)
  - List of Investors and level of commitment
  - Other attachments in support of sections above