



UPDATED October 26, 2007
Emerging Technology Fund Pre-Seed Deals

Criteria

Request for no more than an initial \$250k investment from the State

- Must be a C-corporation, S-corporation or an LLC
- Information required
 - Structure of basic business plan including some information on most elements (i.e. financials, market size, market segment, etc.)
 - IP strategy outlined and some evidence of initiation of that strategy
 - Use of funds indicating appropriate application to advance IP strategy, business model.
 - Clear commercialization and business development milestones (12 month timeline) identified, including expected date to achieve and responsible party
 - Proof of Concept (POC) or technology validation by a credible independent, objective reviewer. (i.e. Federal program, academy, university, industry, publications, etc.)
- May have no equity and no more than \$500k in equity raised
- Must have commitment that RCIC will incubate or oversee incubation by others to include providing a plan on how they are going to incubate the project.
- Use of funds spelled out at multiple investment levels. Note: Applicant to provide 3 scenarios for use of funds with projected milestones that will be accomplished with each level of investment.
 - Low level (\$100k)
 - Mid level (\$175k)
 - High level (\$250k)

Pre-seed deal post-award

After award, pre-seed deals have the following contract treatment

- The “qualifying financing transaction” period is extended to 30 months
- The amount of the “qualifying financing transaction” is equal to, at a minimum, the amount of the award.
- Milestone funding: After initial milestones are met, pursuant to the contract, the pre-seed company may request additional funds to further the development of “next stage” commercialization milestones up to \$250K. This “next stage” milestone funding process can be repeated by the company up to a total project funding of \$1,000,000.

Note: A \$1,000,000 reserve will be held for each pre-seed project awarded by the leadership. The reserves availability to the project will be determined by the achievement of the “next stage” milestones and compliance with contractual agreement. After receiving a pre-seed award by the Leadership for a set amount, each subsequent payment will not require additional Leadership “consensus” approval but will be made in accordance with the contractual terms.