



**STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT**

REQUEST FOR QUALIFICATIONS (RFQ)

**TO PARTICIPATE IN STATE SMALL BUSINESS CREDIT
INITIATIVE VENTURE CAPITAL PROGRAMS/LOUISIANA SEED
CAPITAL PROGRAM**

March 28, 2022

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1.0 GENERAL INFORMATION

1.1 Purpose

This Request for Qualifications (RFQ) is issued by LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (“LEDC”) acting herein through the LOUISIANA DEPARTMENT OF ECONOMIC DEVELOPMENT, also known as LOUISIANA ECONOMIC DEVELOPMENT (“LED”), an agency for the State of Louisiana, for the purpose of obtaining information to assist LED, in selecting venture capital funds, angel funds, and non-profit organizations with associated funds to support private financing to Louisiana small businesses and businesses in underserved communities impacted by the COVID-19 pandemic. These services will be obtained through funding agreements and service contracts, which are not required to be competitively awarded through public bid or request for proposal procedures; this is an informal, informational procedure. LED will select multiple contractors from firms providing sufficient information for LED to determine whether they possess adequate investment, financial, operational and managerial experience, and are aligned in the mission of their investing activities to meet the objectives as set forth in the program.

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, LED will build a sustainable program leveraged on partnerships and collaborations designed to restore and augment economic growth across Louisiana 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.

1.2 Scope of Services

LED is seeking venture capital fund entities to assist in the support of private financing through investments to create and grow start-up and early-stage businesses, or for expansion of small businesses statewide, and to reach, identify, and promote small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to businesses owned by women and minorities through the following incentive programs: *SSBCI Seed Capital ARPA 2021 and SSBCI Venture Capital ARPA 2021*.

For this program, Seed Capital is defined as:

1. a dollar amount of not less than \$25,000 of capital provided to an inventor or entrepreneur to prove a concept and to qualify for start-up capital, which may involve product development and market research, as well as building a management team and developing a business plan, if the initial steps are successful;

2. research and development financing to finance product development for start-up as well as early-stage companies (which may include a company that may already be in business for three years or less);
3. start-up or early-stage financing to companies completing product development and initial marketing which companies may be in the process of organizing or they may already be in business for three years or less, but have sold their product commercially; or
4. first-stage or early-stage financing to companies that have expended their initial capital and require funds to initiate full-scale manufacturing and sales, for costs of inventory, equipment, expansion, modernization, and for working capital purposes.

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 debt positions, which may act as equity or have equity features such as subordinated debt, debentures or other such instruments used in conjunction with features intended to yield significant capital appreciation.

Even if an entity is selected by LED, there is no guarantee of the amount of seed capital or venture capital funds available for any one entity. Each investment will depend upon the availability of SSBCI funds allocated to LED from the U.S. Treasury. Further specifications for each program are as follows:

1.3 Nature of Services – Seed Capital Investment Fund

A qualified or eligible seed fund may receive an investment equal to \$1 of LED funds for each \$1 of funds privately raised by the applicant fund. The maximum total dollar amount of an LED investment in an eligible fund shall not exceed \$5,000,000.

The method of LED's investment into the qualified or eligible fund or investment will be equal to the method of investment of the other investors into that fund, i.e., committed capital for committed capital, cash investment for cash investment, or cash and commitment for cash and commitment. Investment funds must make investments in accordance with U.S. Treasury guidelines. Guidelines are subject to change.

1.4 Nature of Services – Venture Capital Investment Fund

A qualified or eligible venture fund led by a non-profit entity may receive an investment equal to \$1 of LED funds for each \$2 of funds privately raised by the applicant fund. The maximum total dollar amount of an LED investment in an eligible fund shall not exceed \$10,000,000.

Any other qualified or eligible venture fund may receive an investment equal to \$1 of LED funds for each \$4 of funds privately raised by the applicant fund. The maximum total dollar amount of an LED investment in an eligible fund shall not exceed \$10,000,000.

The method of LED's investment into the qualified or eligible fund or investment will be equal to the method of investment of the other investors into that fund, i.e., committed capital for

committed capital, cash investment for cash investment, or cash and commitment for cash and commitment. Investment funds must make investments in accordance with U.S. Treasury guidelines. Guidelines are subject to change.

1.5 Nature of Services – Required Reporting

Upon each investment made, the following information at a minimum must be submitted:

1. Name of company, amount of investment, and type of investment;
2. Census tract, NAICS code, and if SEDI-owned or VSB;
3. Use of funds;
4. Additional information required by U.S. Treasury guidelines; and
5. Assurances and certifications in accordance with U.S. Treasury guidelines on each investment prior to closing.

Each participant will be required to report, at a minimum, semi-annual and annual reports to include:

1. a list of all investors in the fund, including the amounts of each investment and the nature of each investment;
2. a statement of the financial condition of the fund including, but not limited to, a balance sheet, a profit and loss statement, and a statement showing changes in the fund's financial condition;
3. a current reconciliation of the fund's net worth; and
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).

1.6 Required Qualifications – Funds

Each qualified or eligible fund must have 1) a minimum of \$500,000 in investments or a minimum of \$2.5 million under management; 2) on-hand cash sums sufficient to cover the general and administrative costs for the first and early years of its operations; 3) proven, experienced management recognized in the venture capital community and; 4) significant management experience in risk investments. Each entity is encouraged to have a production office based in Louisiana with permanent employees employed by the fund capable of evaluating potential investment opportunities. Fund may either be non-profit or for-profit and must identify how it is organized.

If interested in participating with SSBCI funds, detailed information including 1) the experience and qualifications of the fund's existing or proposed management team to include, but not limited to experience, roles and responsibilities, credentials and achievements; 2) the business plan for the seed capital or venture capital fund; 3) historical performance in promoting small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to businesses owned by women or minorities; 4) marketing plan to promote small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to businesses owned by women or minorities; 5) geographical

area or region served and to what types of businesses; and 6) the fund's fundraising abilities, activities, and success. Additional information regarding the management assistance to be offered and complementary relationships are encouraged.

1.7 Required Qualifications – Investments

Investments made by either a seed capital fund or venture capital fund shall target and invest in

- 1) average business size of 500 or less employees;
- 2) socially and economically disadvantaged Individuals (SEDI)-owned business;
- 3) very small businesses (VSB); and
- 4) businesses located in Louisiana or local region.

1.8 Independence

Conflicts of interest checks will be required. The applicant/investment firm may contract with LED for other general services, but will be expected to perform a conflict of interest check prior to acceptance of any requested assignment, report the results of the conflicts check to LED, and LED may not select an applicant/investment firm to perform these services or other general services if the applicant/investment firm has any conflict or appearance of any conflict of interest with regard to any project related to the program in which this RFQ is intended.

LED funds may not be used to make or support investments in a company or venture capital fund if a SSBCI insider, or a family member or business partner of a 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.

2.0 RFQ INFORMATION

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

2.1 Company Information

Interested parties should submit: physical and mailing address, telephone and fax numbers, email address and website. Indicate whether your entity is local, regional, or national.

2.2 Experience, Qualifications and Business Plan

The written RFQ must specify:

1. Program interested in. Please submit a separate response for each program, i.e., Seed Capital Non-Profit, Seed Capital Profit, Venture Capital Non-Profit, or Venture Capital Profit.

2. Experience and qualifications of management and key personnel, including experience in managing investments in individual, privately-held companies, utilizing funds provided by others to make such investments. Please include resumes, responsibilities, and private-placement memoranda.
3. Fund Raising activities either occurring or anticipated should include the amount of private capital raised, private capital anticipated, legal structure of fund, evidence of \$2.5 million under management, expected closing amount and date. If creating a new fund, a minimum of \$500,000 in capital must be evidenced as establishment of the fund.
4. Business Plan including target market, life cycle stage likely to finance, geographical area, financing instruments intended to be used, marketing strategy, screening process, evaluation criteria, internal controls, management assistance to be offered, operating budget, and performance projections for the first five years.

2.3 Selection Process

LED shall evaluate all RFQ's and formal recommendation will be made to the LEDC Board of Directors ("BOD") for approval of the Investment Firm. Upon approval, the LEDC and Investment Firm will execute a funding agreement. LED reserves the right to reject all responses in whole, or in part, if in the judgment of the LEDC BOD 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 LED within the specified time frame on page 10.

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

Experience and Qualifications: 25 Points

Each entity must have qualified and experienced management personnel in the industry. Each 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.

Business Plan: 25 Points

Each entity should submit the Business Plan on the Fund. It should contain information regarding the goals of the fund, any specialization of the fund, the geographic area it will cover, marketing strategy, anticipating number of businesses that will be reviewed compared to actual investments, the screening process, evaluation criteria, and proposed closing date. Ability to reach disadvantaged businesses, minority and women-owned businesses, veteran-owned businesses and the other small businesses of Louisiana is a plus.

Fund Raising: 15 Points

Each entity should provide documentation of the legal structure of the fund, evidence of private capital raised, the ratio of actual cash to commitments, presentation sent to prospective investors or strategy for raising additional capital, and list of investors with commitments.

Growth-related Services: 15 Points

Each entity should provide growth-related services to social economically disadvantaged individual-owned businesses and very small business. Please provide the type of services the fund will provide, along with the management staff, consultants, advisors, or third party assistance that will provide said services.

Louisiana Location: 10 Points

As a Louisiana state agency, we value the expertise of firms in our state, and welcome the opportunity to contribute to the state’s economy. Please submit the location of the firm and any production offices.

Capacity: 10 Points

Each entity must have sufficient capital or commitments to match the private capital to SSBCI funds as mentioned in Section 1.4 or Section 1.5, as appropriate. Each entity must have sufficient cash or alternative source to cover the first years of operation and or administrative expenses.

Responders will be awarded points as indicated in Section 2.3 above.

Criteria	Maximum Score
Experience and Qualifications	25
Business Plan	25
Fund Raising	15
Growth-related Services	15
Louisiana Location	10
Capacity	10
TOTAL	100

3.0 ADMINISTRATIVE INFORMATION**3.1 PUBLIC RECORDS LAW**

Pursuant to the Louisiana Public Records Law (La. R.S. 44.1 et. seq.), all proceedings, records, contracts, and other public documents relating to this Contract shall be open to public inspection. While trade secrets and other proprietary information submitted to the State may not be subject to public disclosure, the Contractor is required to claim protection. The Contractor shall clearly designate parts of materials that contain proprietary or trade secret information as “confidential” in order to claim protection from disclosure.

By submitting materials with data, information, or material designated as containing trade secrets and/or confidential proprietary information, or otherwise designated as “confidential,” the Contractor shall indemnify the State and hold the State harmless against all costs and expenses (including attorney’s fees), actions or court proceedings that may ensue which seek to order the State to disclose the information. At its own expense, Contractor shall cooperate with the State in defending the Contractor’s confidential information, including being present in court, providing witnesses, etc.

The State reserves the right to make any submitted documents containing trade secrets or confidential proprietary information available to OSP personnel, the Office of the Governor, or any other State agency or governmental body for the sole purpose of assisting the State in its review and negotiation of Contract terms.

3.2 RFQ Coordinator

This RFQ is available in PDF form at www.louisianaeconomicdevelopment.com/RFQ. All questions regarding the RFQ process must be directed to the RFQ Coordinator:

Christina Ocmant, Contract/Grant Reviewer
Louisiana Economic Development
Office of the Secretary, Legal Division

Mailing Address:
P.O. Box 94185
Baton Rouge, LA 70804-9185

Physical Address:
LaSalle Building, 11th Floor
617 North 3rd Street
Baton Rouge, LA 70802

Telephone: 225.342.4071

E-mail: christina.ocmand@la.gov

3.3 RFQ Inquiries

LED will consider written inquiries and requests for clarification regarding the Scope of Services and other substantive matters relating to this RFQ, submitted to the RFQ Coordinator by 4:00 p.m., CST, on **Friday, April 22, 2022**.

Responses and clarifications that may be of value to other participants will be posted at www.opportunitylouisiana.com/RFQ.

LED reserves the right to modify the RFQ should a need for change be identified. Requests for email notification of such modifications may be made through the RFQ Coordinator.

3.4 RFQ Submission

To be considered by LED for the first round of funding, responses to this RFQ must be received by 4:00 p.m., CST, **Friday, April 29, 2022**.

Interested parties shall submit ONE copy of the completed RFQ for each program, signed by an authorized representative of the firm, via email to the RFQ Coordinator: christina.ocmand@la.gov. If the applicant is a corporation, please also provide a copy of the corporation's Resolution authorizing the person signing this RFQ response, the contract/agreement, and all other contracts for the corporation.

3.5 RFQ Consideration

LED reserves the right to reject submitted RFQ responses and to request additional information from applicants.

3.6 RFQ Award

LED will notify selected applicants once approved by the LEDC BOD.