

## Pre-Seed Deals

### Criteria

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

- \* Must be a C corporation
- \* 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 sign 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
- \* Prototype 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 assurance 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 levels
- \* Low level (say \$100k)
- \* Mid level (say \$150k or \$175k)
- \* High level (say \$225k or \$250k)

### **“Fast-tracking” pre-seed deals**

#### **Pre-seed deals are put on the “consent agenda” at the quarterly ETF Committee meeting if the following occur at the application presentation day:**

- \* Three or more reviewers from the ETF Committee
- \* At least two from outside the region
- \* Unanimous agreement
- \* The consent agenda means that the company is listed on the quarterly Committee meeting agenda as “pre-approved;” however, any Committee member can pull it off the pre-approved list for full discussion and voting by the whole Committee. Therefore, “fast-tracked deals are still subject to potential review by the full Committee and are always subject to due diligence and final review by the leadership.

### **Pre-seed deal post-award**

#### **After award, pre-seed deals have different 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 reserved 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. After receiving a pre-seed award by the Leadership for a set amount, each subsequent payment will not require Leadership approval but will be made in accordance with the contractual terms.

### **A note of “fast-tracking”**

- \* Only pre-seed deals can be fast-tracked
- \* Therefore, any request over \$250k cannot be fast-tracked
- \* A unanimous vote of three or more Committee members can still decline an applicant
- \* Declined applicants appear on the quarterly Committee meeting agenda as declined for documentation purposes, but they cannot be brought up for reconsideration by the Committee