

IBank's Expanding VC Access Fund Program RFQ

This document provides applicants with information regarding the California Infrastructure and Economic Development Bank (IBank) Expanding Venture Capital Access Fund Program (Venture Fund) and instructions to access and complete the application to become a consultant that supports the program. For more information regarding the Venture Fund, please visit: <https://ibank.ca.gov/small-business/venture-capital-program/>. If you have additional questions after reading the RFQ and viewing the accompanying webinar at our website, please contact the IBank team by emailing vc@ibank.ca.gov.

Overview of IBank

IBank has broad statutory authority to issue tax-exempt and taxable revenue bonds, provide loans to state and local governments and nonprofits for public infrastructure and economic development projects and use financial instruments to help small businesses. IBank's current programs include the Infrastructure State Revolving Fund Program; Bond Financing Program, including: 501(c)(3) Bonds, Industrial Development Bonds; Exempt Facility Bonds; and Public Agency Revenue Bonds; and the Small Business Finance Center. In addition, IBank created the California Lending for Energy and Environmental Needs Center (CLEEN) and Climate Catalyst Fund to help meet the state's greenhouse gas reduction goals. In July 2022, IBank established the Expanding VC Access Fund Program (Venture Fund).

State Small Business Credit Initiative

The American Rescue Plan Act of 2021 included \$10 billion for the reauthorization of the State Small Business Credit Initiative (SSBCI 2.0). SSBCI was originally created through federal legislation, the Small Business Jobs Act of 2010 (SSBCI 1.0). In 2010, SSBCI was funded with \$1.5 billion to strengthen state programs that support financing of small businesses. California received \$168 million of the \$1.5 billion and the Infrastructure and Economic Development Bank (IBank) and the California Pollution Control Financing Authority (CPCFA) – an agency housed within the State Treasurer's Office (STO) split the funding equally between the two agencies.

In November 2021, the U.S. Treasury released a state-by-state allocation of the \$10 billion appropriated for SSBCI 2.0, and California was allocated \$1.182 billion. For investments to receive SSBCI funds, there must be at least a dollar-for-dollar match from the private sector and there is a cumulative leverage requirement of 10-to-1 between all SSBCI programs (i.e., \$10 private sector: \$1 SSBCI) over the life of the program, which is the same as the original program.

Additional details about SSBCI can be found [here](#).

Background

With the authorization of SSBCI 2.0, IBank will use approximately \$200 million of California's allocation to establish the Venture Fund. It is designed as a sustainable revolving finance program within the IBank with the investment proceeds continually recycling to fill market gaps and catalyze economic development across California. It will be guided by three strategies:

- a. *Inclusive California Initiative.* This initiative provides funding to venture capital managers raising at least their second fund. The goal is to support a more inclusive venture capital community in California, with a particular focus on underrepresented managers, and funds with a track record of investing in SEDI-owned businesses (those that support underrepresented communities identified by US Treasury). Commitments are expected to average \$10 million per fund for approximately 10 fund investments.
- b. *Emerging California Initiative.* This initiative provides funding to managers raising their first fund with institutional capital. It focuses on underrepresented managers and fund managers seeking to focus on SEDI. Commitments are expected to average \$5 million per fund for approximately 10 fund investments.
- c. *California Co-investment Initiative.* This co-investment initiative combines: providing (1) follow-on capital into portfolio companies of the Venture Fund raising a subsequent investment or (2) funding that meets pre-defined criteria including both strategic elements (e.g., projects borne out of regional economic development plans, climate equity, underserved regions, underrepresented ownership) and financial characteristics. Commitments will range from \$500,000 to \$5 million per investment, with an estimated total of 30 investments across the first few years of the program's life.

IBank is requesting statements of qualification from external consultant(s) to support IBank in the administration of the Venture Fund with a contract expected to be awarded at or around the end of October 2022. The scope of services and the information to be submitted are outlined in this Request for Qualifications (RFQ).

Service Agreement and Scope of Work

Upon IBank's determination, all selected applicants will enter a long-term consulting contract that may be extended through mutual agreement. Service providers will be tasked with the following obligations:

1. Marketing the Venture Fund
2. Sourcing potential fund and / or direct business investments

3. Conducting due diligence
4. Providing recommendations to the IBank staff and board, including presenting at board meetings
5. Creating a balanced portfolio
6. Overseeing that portfolio
7. Providing quarterly and annual portfolio valuations
8. Meeting IBank and US Treasury reporting requirements, which include:
 - a. Federally required information to fulfill SSBCI program requirements on a quarterly and annual basis
 - b. Self-certification forms required by the SSBCI program for each investment
 - c. Quarterly and annual valuation data on all portfolio holdings
 - d. A final report at the end of the Venture Fund participation

Funding and Eligible Costs

A total of approximately \$200,000,000 will be invested through the VC Fund with the support of the selected consultant(s). Funds may only be used for eligible activities and costs.

Minimum Qualifications

Each of the following qualifications shall be met in order for a consultant to be considered qualified for the purposes of this RFQ. IBank deems the following qualifications necessary to implement a successful venture capital program meeting the mandate approved by the IBank Board.

1. Consultant must have a presence (e.g. staff) in California
2. Consultant must have experience in advising significant venture capital assets
3. Consultant should have experience in advising mandates that include underrepresented communities

Key Dates*

Item	Event	Deadline
A	Release of RFQ	August 12, 2022
B	RFQ Submission Deadline	September 19, 2022
C	1 st Round Review	September 19-28, 2022
D	2 nd Round Interviews & Review	September 28-October 10, 2022
E	Board Approval	October 2022
F	Contract Award	Shortly after Board approval

* All dates subject to change due to Venture Fund requirements and volume of applications.

Application Components and Requirements

The application is divided into two phases. While Phase 1 of the application may be completed by all eligible applicants, only those applicants that pass Phase 1 will be invited to proceed to Phase 2 of the application process. Applicants will be invited by email to complete Phase 2 of the application by midnight Pacific Time on September 23, 2022, and the email will be sent to the email address listed for the contact person designated in the application.

Phase 1 Application Components

All eligible applicants may apply to Phase 1 to be a consultant(s) of the Venture Fund. IBank asks that interested parties submit responses to the below questions:

1. Your Company's contact details
2. Please describe your team & company history
 - a. What kind of VC assets do you manage and in what form (discretionary, non-discretionary)?
 - b. What is your investment philosophy?
 - c. Who are your key team members?
 - d. What is your current Assets Under Management and prior performance?
 - e. How do you approach compensation? Do you charge fees on assets managed, a flat management fee or a per hour rate?
 - f. Are you registered with the SEC?
3. What is your deal sourcing process?
4. What is your investment process?
 - a. What is your experience with selecting and managing diverse and emerging managers?
 - b. What is your experience with Californian investments in underserved and, underrepresented populations?
 - c. What is your experience with climate equity mandates?
 - d. What is your experience in managing public sector mandates?
5. Please outline your legal and operational capacity.

6. Please outline any significant litigation, pending litigation, governmental investigation, or business disputes. Please include any proceedings pending before any court or administrative or regulatory body against the applicant or any partner, member, owner or employee of the applicant. Please also include any significant settlements or judgments entered into.

Application Submission Process

Applications must be submitted via email to vc@ibank.ca.gov by midnight PT on the due date. **Please limit your response to 10 pages in pdf format. IBank will not review any materials that are hyperlinked to in the document, nor anything beyond 10 pages.**

There are no exceptions or extensions of application deadlines. For help applying, please send an email to vc@ibank.ca.gov with the subject line: Venture FundApplication Help. IBank will respond to your request via email, and will additionally update its website with Q&As each Friday during the application process until the week before the application deadline.

Application Review Process

IBank will utilize the following application review process:

1. Phase 1 eligibility review – Applications will be verified for completeness and eligibility
2. Disqualifications – IBank reserves the right to disqualify applicants or deny applications for the following reasons:
 - Incomplete applications
 - Ineligible applicant
 - Ineligible geographic area
 - Ineligible services
 - Proposal deemed inconsistent with the statutory or programmatic requirements of the Venture Fund
3. Phase 1 evaluation. Complete applications will be evaluated on the strength of: (i) the team's experience and background in similar engagements (ii) the consultant's operational capacity and (iii) the consultant's knowledge of and experience of investing with underrepresented communities.

The key factors are as follows:

	Item	Key Factors
1a	Company longevity	Length of experience, no of funds raised or advised
1b	Experience/Type of assets managed	Venture capital management or advisory experience
1c	Investment philosophy	Alignment with program goals of improving venture capital access to underserved communities and regions, and advancing climate equity
1d	Team strength	Backgrounds, diverse skill sets, knowledge of VC markets
1e	Investment track record	No of exits, IRR vs market on discretionary funds
2	Deal sourcing network	Breadth of network, diversity of contacts
3a	Due diligence	Depth of process, evidence of efficacy
3b	Diverse manager selection	Experience of managing / selecting diverse managers, networks in community
3c	Emerging manager selection	Experience of managing / selecting emerging managers, networks in community
3d	California manager experience	Experience of managing / selecting California based managers in underserved regions, networks in community
3e	Climate equity experience	Experience of managing / selecting climate related investments, networks in community
3f	Public sector mandate experience	Experience of managing / selecting, track record
4a	SEC Registration	Yes / No / Intended
4b	Legal Capacity	Internal staff, strength of external counsel
4c	Operational Capacity	Staffing, external providers, audit findings

4. Phase 2 evaluation – Will be provided by email to applicants that pass the Phase 1 application evaluation.

Determination of Awards

The Evaluation Process will be the primary tool for determining awards.

However, IBank may take other factors into consideration for evaluating applications, such as, video and phone discussions, information searches and background checks.

Terms and Conditions

Please review the attached [terms and conditions](#).