

IBank's Expanding Venture Capital Access Program RFQ

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

Overview of IBank

IBank was created in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. IBank's current programs include the Infrastructure State Revolving Fund (ISRF) Loan Program, Expanding Venture Capital Access Program, the Climate Catalyst Revolving Loan fund, Small Business Finance Center and the Bond Financing Program.

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). In November 2021, the U.S. Treasury allocated approximately \$1.2 billion to California for programs to support small businesses. 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 allocated approximately \$250 million to establish the Venture Program. It is designed as an evergreen program within IBank with the investment proceeds continually recycling to fill market gaps and catalyze economic development across California. The program is 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 provides capital into companies that meet pre-defined criteria including both strategic elements (e.g., projects borne out of regional economic development plans, climate equity, underserved regions, or 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's venture program is primarily funded through SSBCI and must therefore comply with investment requirements and restrictions set forth by United States Treasury. In order to help the program make market-rate investments, IBank has secured an additional \$50 million in state funds. This allows the IBank venture program to solve for common issues with SSBCI programs, including the ability to pay full management fees.

IBank is requesting statements of qualification from external consultant(s) to support IBank in the administration of the Venture Program with a contract expected to be awarded at or around the end of March 2025. The scope of services and the information to be submitted are outlined in this Request for Qualifications (RFQ).

Program Eligibility and Priorities

The primary objective of IBank's VC program is to provide a model for private markets that increasing access to capital for underrepresented entrepreneurs generates top-tier returns. Venture capital funds qualify for consideration if they meet the following conditions:

- a. Increases access to capital for underrepresented fund managers, underrepresented entrepreneurs, underinvested regions of California, or climate justice companies
- b. Demonstrates an economic benefit to California through team, portfolio, or customer or revenue base presence in the state
- c. Invests primarily in U.S. based, early stage (defined as up to Series A) companies
- d. For venture capital fund investments, targets a fund size between \$50M and \$250M

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 Program
2. Sourcing potential fund and / or direct business investments
3. Conducting due diligence
4. Providing due diligence summary reports to IBank
5. Creating a balanced portfolio
6. Overseeing that portfolio
7. Providing quarterly and annual portfolio valuations
8. Assisting in meeting IBank and US Treasury reporting requirements
9. A final report at the end of the Venture Program participation

Funding and Eligible Costs

A total of approximately \$250,000,000 will be invested through the Venture Program with the support of selected consultant(s). IBank may select multiple consultants to deploy the funds. Funds may only be used for eligible activities and costs.

Minimum Qualifications

Each of the following qualifications shall be met 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	January 30, 2025
B	RFQ Submission Deadline	February 18, 2025
C	1 st Round Review	February 19-28, 2025
D	2 nd Round Interviews & Review	March 3-14, 2025
E	Board Approval	March 26, 2025

F	Contract Award	Shortly after Board approval
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* All dates subject to change due to Venture Program 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 February 28, 2025, 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 Program. 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 are 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. Please describe your interest and relevant experience related to IBank's Venture Program.
 - 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?
4. What is your deal sourcing process?
5. What is your due diligence and investment process?

- a. How many full due diligence processes can you complete each year? What is your ability to provide ad hoc analysis on specific venture investments?
 - b. Please provide a sample due diligence report.
6. What is your process for monitoring funds post-investment? Please describe how you evaluate fund performance over time.
7. Please outline your legal and operational capacity.
8. 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 (the sample due diligence report is not part of the 10 pages). 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 Program Application 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 Program
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, number 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, Internal Rate of Return 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
3g	Ad hoc requests	Capacity to perform ad hoc due diligence on investments upon request
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.

RFQ TERMS AND CONDITIONS

1. VERIFICATION OF APPLICANT INFORMATION: By submitting an application, applicants authorize IBank to verify any and all information submitted in the application, including, but not limited to, verification of prior experience, any public records, and any other information necessary to evaluate the application. IBank may request additional documentation to clarify or validate any information provided in the application.

2. RFQ NOT A CONTRACT: The RFQ does not constitute a contract or an offer to contract or engage in services. In addition, any contract awarded as a result of this RFQ is subject to any additional restriction, limitation, or condition enacted by IBank, the Legislature or established by the United States Department of the Treasury that may affect the provisions, funding, or terms of the contract in any manner (see Contract Terms and Conditions below). IBank reserves the right to make one award, multiple awards, or to reject all proposals, in whole or in part, submitted in response to this RFQ. IBank further reserves the right to make no award, and to modify or cancel, in whole or in part, this RFQ.

3. Covenant Against Gratuities: An applicant warrants that no gratuities, in the form of entertainment, gifts, or otherwise, were offered by the applicant or any agent, director, or representative of the applicant, to any officer, official, agent, or employee of IBank with a view toward securing award of or securing favorable treatment with respect to any determinations concerning the performance of any resulting contract. For breach or violation of this warranty, IBank will have the right to terminate any resulting contract in whole or in part. The right and remedies of IBank provided in this provision shall not be exclusive and are in addition to any other rights and remedies provided by law or under the resulting contract.

4. OTHER TERMS AND CONDITIONS:
 - a. IBank is not responsible for any expense incurred in preparing and submitting a response to this RFQ or taking any action in connection with the selection process, or for the costs of any services performed by any consultant prior to the execution of a contract with IBank.

 - b. Oral communications with IBank officers and employees shall be non-binding on IBank and shall in no way exempt the applicant from obligations as set forth in this RFQ.

 - c. IBank reserves the right to select a consultant that will best meet IBank's needs, regardless of differences in fees and expenses among proposers. IBank retains the right to waive irregularities in a proposal.

5. DISPUTES: If an applicant believes the RFQ selection criteria or procedures were not followed in the making of the award decision with respect to its application, and such failure constitutes a sufficiently substantial error to justify a change in the decision, it may email the Venture Fund staff at the vc@ibank.ca.gov email address. The applicant must specifically set forth what criteria or procedures it believes were not properly followed and describe in detail how those errors or omissions are sufficient to warrant a change in the decision. Only facts and arguments relating to the denied applicant will be considered. Facts and arguments regarding other applicants, or unrelated matters will not be considered. If the applicant failed to meet the eligibility requirements outlined in this RFQ or merely disagrees with the score given to its application, IBank will not reconsider its decision. All information and arguments concerning the dispute must be emailed as specified above within 10 calendar days of IBank's notification of the decision. Restarting the consultant selection application process or re-evaluating all consultant applications are not available remedies.

6. CONFIDENTIAL INFORMATION: By submitting an application, the applicant acknowledges that IBank is subject to the California Public Records Act (PRA) (Government Code section 6250 et. seq.). Consequently, materials submitted by an applicant to IBank may be subject to a PRA request. In such an event, IBank will notify the applicant, as soon as practicable, that a PRA request for the applicant's information has been received, but not less than five (5) business days prior to the release of the requested information to allow the applicant to seek an injunction. IBank will work in good faith with the applicant to protect the information to the extent an exemption is provided by law, including but not limited to notes, drafts, proprietary information, financial information and trade secret information. IBank will also apply the "balancing test" as provided for under Government Code section 6255 to the extent applicable.

CONTRACT TERMS AND CONDITIONS

Contracts awarded as a result of the RFQ will contain all required state and federal contracting terms and conditions applicable to such agreements, including, but not limited to, those listed below:

1. AUDIT: Contractor agrees that IBank, the Department of General Services, the Bureau of State Audits, or their designated representatives, any representative of the Internal Revenue Service auditing applications/loans for which services were provided to IBank, the U.S. Department of the Treasury, and the Office of Inspector General shall have the right to review and to copy any records and supporting documentation pertaining to the performance of the contract. Contractor agrees to allow access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to records and interview staff in any subcontract related to performance of the contract. (Gov. Code §8546.7, Public Contract Code §10115 et seq., CCR Title 2, Section 1896).

2. NON-DISCRIMINATION CLAUSE: During the performance of the contract, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristic), age (over 40), marital status, gender, gender identity, gender expression, sexual orientation, political affiliation, veteran or military status, retaliation, genetic information, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, will be incorporated into the contract by reference and made a part thereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

In addition, as part of the federal SSBCI program, the contractor agrees to comply with statutes and regulations prohibiting discrimination, which include, but are not limited to:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22;
- b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23;
- d. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.); and
- e. Title IX of the Education Amendments of 1972, 20 U.S.C. § 1681 et seq., and Treasury's implementing regulations, 31 C.F.R. Part 28.

3. AMERICANS WITH DISABILITIES ACT: Contractor assures IBank that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONFLICT OF INTEREST:

For Current State Employees (Public Contract Code §10410):

- a. No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- b. No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

For Former State Employees (Public Contract Code §10411):

- a. For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- b. For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions above, such action by Contractor shall render the contract void. (Public Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Public Contract Code §10430 (e))

In addition, a contractor is required to comply the SSBCI conflict of interest policy. Funds from an SSBCI venture capital program must not be used to make an investment in a business in which an SSBCI insider has a personal financial interest. States with venture capital programs should adopt conflict-of-interest policies consistent with the standards set forth below.

The following definitions apply to the conflict-of-interest standards for venture capital programs:

- An “SSBCI insider” of an SSBCI venture capital program is a person who, in the 12-month period preceding the date on which SSBCI support for a specific investment in a venture capital fund or company is closed or completed:
 - o Was:
 - a manager or staff member, whether by employment or contract, in the state’s SSBCI venture capital program;
 - a government official with direct oversight or jurisdiction over an SSBCI venture capital program, or such an official’s immediate supervisor;

- a member of the board of directors or similar body for a state-sponsored non-profit entity who, through such membership, has authority to vote on decisions to invest SSBCI funds or has authority over the employment or compensation of staff managing processes related to the investment of SSBCI funds;
- a member of the board of directors or similar body for an independent nonprofit or for-profit entity that operates an SSBCI venture capital program; or
- an employee, volunteer, or contractor on an investment committee or similar body that recommends or approves SSBCI investments under the SSBCI venture capital program; or
- o Exercised a controlling influence on state decisions regarding:
 - The allocation of SSBCI funds among approved state venture capital programs;
 - Eligibility criteria for the state's SSBCI venture capital programs; or
 - The processes for approving investments of SSBCI funds under the state's SSBCI venture capital program.
- A "business partner" of an SSBCI insider is a person who owns 10 percent or more of any class of equity interest, on a fully diluted basis, in any private entity in which an SSBCI insider also owns 10 percent or more of any class of equity interest on a fully diluted basis.
- A "family member" of an SSBCI insider means:
 - o Such person's spouse, domestic partner, parents, grandparents, children, grandchildren, brothers, sisters, stepbrothers, and stepsisters; and
 - o Any other relatives who live in the same household as the SSBCI insider.
- An "independent non-profit entity" means any non-profit entity that is not state sponsored.
- A "personal financial interest" means any financial interest derived from ownership or right to ownership of, or lending to or other investment in, a private, for-profit entity that may receive an SSBCI investment (including any financial interest derived from ownership or right to ownership of, or investment in, a venture capital fund).
- A "state-sponsored non-profit entity" is a non-profit entity created by state legislation to pursue policies of the state government and over which state officials exercise a controlling influence through budgetary decisions or other legislative action or direction.

Subject to the exceptions described below, SSBCI funds may not be used by SSBCI 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.

Exceptions to the general prohibition are as follows:

- A governmental entity or a state-sponsored non-profit entity may use SSBCI funds for follow-on investments in companies or venture capital funds if the entity has an existing ownership or voting interest resulting from a prior investment of SSBCI funds or non-SSBCI funds. Furthermore, in this circumstance, the entity may authorize investments if an SSBCI insider serves on the board of directors of the company or venture capital fund, if an SSBCI insider does not have a personal financial interest in the company or venture capital fund and the entity's prior financial interest is in compliance with all applicable state laws and rules.
- An independent non-profit or for-profit entity managing or investing SSBCI funds for an SSBCI venture capital program is not precluded from authorizing follow-on investments using SSBCI funds in a company or venture capital fund in which the entity previously invested SSBCI funds or the entity has previously appointed a representative to serve on the board of directors in stewardship of the investment. However, such independent nonprofit or for-profit entity may not authorize (or seek approval from the participating state for) an investment of SSBCI funds in a company or venture capital fund in which the entity holds any type of financial interest resulting from an investment made with non-SSBCI funds.

The United States Treasury may update or clarify the SSBCI conflict of interest policy at any time and the selected consultant would be required to comply.

5. GOVERNING LAW: The contract will be governed by and shall be interpreted in accordance with the laws of the State of California.

6. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. Contractor acknowledges that IBank will be verifying that Contractor is currently qualified to do business in California, and that "doing business" is defined in Revenue and Taxation Code Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

b. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Contractor acknowledges that IBank will determine whether Contractor, if

Contractor is a corporation or other entity requiring registration with the Secretary of State, is in good standing by contacting the Office of the Secretary of State.

7. DOCUMENT RETENTION REQUIREMENTS: All Venture Fund related documents, papers and reports must be retained at the consultant's expense for a minimum of three (3) years, unless otherwise specified in 2 C.F.R. § 200.334 or the consultant is notified in writing by IBank of the need to extend the retention period. The consultant will be required to make such working papers available to IBank or any other entity authorized by IBank, including the State Auditor's Office, the U.S. Department of the Treasury, the Treasury Inspector General, and the Government Accountability Office.