

REQUEST FOR PROPOSALS FOR FUND MANAGER

For the Management of a Risk Capital Matching Fund

Issued by the Trustees of the Arkansas Venture Capital Investment Trust:

President of the Arkansas Science and Technology Authority (ASTA)
President of the Arkansas Development Finance Authority (ADFA)
Director of the Arkansas Department of Finance and Administration (DFA)

The logo for the Arkansas Development Finance Authority (ADFA) is displayed in a large, teal, serif font. The letters are bold and have a slight shadow effect, giving them a three-dimensional appearance. The logo is centered on the page.

**SPECIAL NOTE: FOR THE COMPLETE RFP, GO TO
([HTTP://WWW.STATE.AR.US/ADFA](http://www.state.ar.us/adfa)) OR CONTACT GENE EAGLE
(GEAGLE@ADFA.STATE.AR.US) AT 501-682-5905 OR CHUCK
CATHEY (CCATHEY@ADFA.STATE.AR.US) AT 501-682-5906.**

September 14, 2007

**Arkansas Development Finance Authority
423 Main Street, Suite 500
Little Rock, AR 72201
(501) 682-590**

SECTION I: INSTRUCTIONS TO PROPOSERS/ GENERAL INFORMATION

A. PURPOSE. The Arkansas Risk Capital Matching Fund Act of 2007 (Act 1025 of 2007) authorizes the trustees of the Arkansas Venture Capital Investment Trust (AVCIT) to create a risk capital matching fund to assist in the development and retention of technology-based enterprises in the State of Arkansas. The goal of AVCIT is to provide financial investment and assistance to convert research and development activities and early stage technology-based enterprises into viable commercial ventures.

AVCIT is requesting proposals from qualified firms and individuals to develop recommendations, structure and manage the investments of the Arkansas Risk Capital Matching Fund (ARCMF). The project further requires the respondent to assist in the provision of financial assistance to technology-based enterprises at the early stages of development. AVCIT may issue a separate RFP for legal counsel for the ARCMF.

Description of AVCIT. The AVCIT has a history that started in 2001. Act 1791 of 2001 known as the Venture Capital Investment Act of 2001, authorized the establishment of a fund of funds venture capital investment program through an Arkansas Institutional Fund (AIF) which was sponsored by the Arkansas Development Finance Authority (ADFA) for the purpose of increasing the availability of equity and near equity capital for emerging, expanding, relocating and restructuring enterprises in the State anticipating the such investments will help strengthen and State's economic base and create jobs. In 2003, ADFA capitalized the AIF through the extension of a guaranty of principal and interest to a lender so that the AIF managers could start the process of investing to promote and provide for a targeted equity and venture capital program for the State of Arkansas. To date the AIF has closed on five investments in regional venture capital limited partnerships. In 2003 the AVCIT was established as a public trust pursuant to Title 28, Chapter 72, Subchapter 2 of the Arkansas Code of 1987 to hold the investment returns of the AIF. The Science and Technology Authority (ASTA) was the Settlor of AVCIT. The Ex-Officio Trustees of the AVCIT are the President of ASTA, the President of ADFA and the Director of DFA. In 2007, the AVCIT was also selected to be the home for the investment returns of the ARCMF and to utilize the combined experience of the ASTA, ADFA and DFA to make the selection for the fund manager of ARCMF and to act on recommendations of the ARCMF fund manger.

Description of ARCMF. ADFA will pursue a two-fold strategy of financial investment and assistance in both technology validation and early stage enterprise development through separate accounts in the ARCMF. The Technology Validation Account will be allocated 25% of the funds with a maximum investment in any one enterprise of \$100,000 and 75% of the funds allocated to the Enterprise Development Account with a maximum investment in any one enterprise of \$750,000. The Fund will be authorized through the Technology Validation Account (TVA) to invest in the technology validation process for the purpose of assisting very early stage technology-based enterprises in developing or achieving any one or more of the following; a sound business plan; market research; marketing plans; software or hardware and equipment on which the technology-based enterprise is being built; development of laboratory, pre-clinical or other testing procedures and results; proof of concept; building experimental or pilot-scale models of products or facilities; or other similar milestones required for the advancement of very early stage technology-based enterprises

approved by the fund manager and review committee. The Fund will be authorized through the Enterprise Development Account (EDA) to invest in early stage technology-based enterprises for the purpose of assisting such enterprises in augmenting the investments made or proposed to be made from angel investors and other individual or institutional investors, where milestones for further development of such enterprises are set forth in an established business plan to be approved by the fund manager and the review committee. A copy of the Act can be downloaded from the following address:

<http://www.arkleg.state.ar.us/ftproot/acts/2007/Winword/Act1025.rtf>

Funds Under Management in the ARCMF. The level of funding for the ARCMF from public and private sources is anticipated to be between \$10,000,000 and \$20,000,000.

B. SUBMISSION OF PROPOSALS. Written proposals responding to the questions and requests for information in the manner specified in this Request For Proposal (“RFP”) should be submitted to the following: ppatton@adfa.state.ar.us

To be considered, one (1) copy of the proposal should be delivered to ADFA not later than October 30, 2007, by 12:00 p.m., via email. All proposals shall be time and date stamped upon receipt. Late proposals will not be accepted. ADFA reserves the right to reject any or all proposals.

C. ADDITIONAL INFORMATION. It is the responsibility of the proposer to inquire about and clarify any aspect of the RFP. Questions should be directed to Gene Eagle (geagle@adfa.state.ar.us), Vice President for Development Finance at 501-682-5905, Chuck Cathey (ccathey@adfa.state.ar.us), Development Finance Loan Officer at 501-682-5906 or Patrick Patton (ppatton@adfa.state.ar.us), Vice President for Internal Audit at 501-682-5902. Substantive questions and answers will be documented in letter form and will be sent by electronic mail to those who provide us with an e-mail address. **IN ORDER TO BE ON THE DISTRIBUTION LIST FOR INTERNET TRANSMISSION OF ALL RESPONSES TO INQUIRIES, YOU MUST IMMEDIATELY ADVISE PATRICK PATTON OF ADFA, THE INTERNET E-MAIL ADDRESS TO WHICH YOU WANT ALL SUCH TRANSMISSIONS SENT.**

D. PROPERTY OF AVCIT. Any information or materials submitted as a response to this RFP shall become the property of AVCIT and will not be returned. All submitted materials will be available for public review.

E. RESPONSE TO REQUEST FOR PROPOSAL. Firms wishing to respond to this RFP can interact and contact Patrick Patton, Chair of the Staff Professional Selection Committee. **NO CONTACT WITH AVCIT TRUSTEES IS ALLOWED AND ANY SUCH CONTACT WILL BE GROUNDS FOR IMMEDIATE REJECTION OF A FIRM’S PROPOSAL.**

F. PROPOSAL TIMETABLE.

September 14, 2007	Request for Proposal Issued
October 30, 2007	Proposals Due @ 12:00 noon
November 15, 2007	Short List chosen and announced (if necessary)
TBA	Oral Presentations (if necessary)
November 30, 2007	AVCIT Action (Appoint/ratify appointment of Fund Manager)

G. SELECTION PROCESS. The AVCIT and appropriate staff personnel will review the submitted proposals. Proposals will be evaluated based on responses to specifics outlined in the Proposal Format section of this RFP and based upon the selection criteria. Proposals which omit any of these items may be rejected as non-responsive. From this review, a select group of firms could be chosen for oral interviews. All proposing firms will be advised of the firms selected for oral interviews, if necessary. After interviewing, the final selection will be made by a vote of Board of Trustees of the AVCIT.

ADFA may at any time prior to the selection of the ARCMF reject any and all proposals and cancel this RFP, without liability therefor, upon finding that there is good cause for rejecting all proposals and that it would be in its interest to cancel the solicitation. Further, ADFA shall under no circumstances be responsible for any proposer costs and expenses incurred in submitting a response to this RFP. Each proposer who submits a response does so solely at the proposer's cost, risk and expense. ADFA accepts no responsibility for the return of successful or unsuccessful proposals. This RFP in no way obligates ADFA or the AVCIT to select a firm.

SECTION II: SCOPE OF SERVICES AND REQUIREMENTS

The ARCMF will be expected to perform the following management and support services, including but not limited to:

A. Refine AVCIT Business Plan for the Technology Validation and Early Stage Technology-based Enterprise Investing Program

- 1) Assist AVCIT in the development of the validation and investment strategy;
- 2) Refine and augment marketing plan and exercise ongoing marketing activities;
- 3) Assist AVCIT with documenting accounting treatment, procedures, policies, procedures and controls.

B. Invest the Resources of the Risk Capital Matching Fund

- 1) Develop fund application process; review fund applications and provide application assistance;
- 2) Recruit and market to technology validation and early stage technology-based enterprises in Arkansas;
- 3) Assist in the development of business, marketing, and financial plans and statements;
- 4) Provide nationally recognized technology assessment and market valuations; provide applicant development services;
- 5) Perform due diligence work that includes background checks, site visits, etc;
- 6) Prepare and present investment recommendations to the Review Committee for funds that the management team feels should receive a commitment of capital;
- 7) Negotiate the structure and terms of the investments;
- 8) Provide on-going monitoring of funded applicants;
- 9) Other services as required in the contract.

C. Manage the Risk Capital Matching Fund Investments

- 1) Participate on limited partner advisory committees for each company;
- 2) Attend annual meetings of each company;
- 3) Review company financials;
- 4) Calculate current and projected IRRs;
- 5) Manage distributions and liquidations;
- 6) Monitor efforts of each investment in meeting Arkansas-specific objectives.

D. Meet all Reporting Requirements for the Risk Capital Matching Fund

- 1) Prepare quarterly financials;
- 2) Publish an annual report to include its annual audit of activities conducted by the Fund Manager;
- 3) As requested, present the annual report in writing and by testimony to the Governor, the House and Senate Interim Committees on Agriculture and Economic Development of the Arkansas General Assembly, the ADFFA Board of Directors, and the Arkansas Science and Technology Authority Board.

SECTION III: PROPOSAL FORMAT

A. TRANSMITTAL LETTER. A brief transmittal letter prepared on the proposer's business stationery should accompany the original and required copies of the proposal.

B. PROPOSAL. The proposal should be labeled "Proposal to serve as Fund Manager of the Arkansas Risk Capital Matching Fund". The proposal must contain sufficient information to enable the Committee to evaluate the proposal. It should be prepared in a clear and precise manner and should address all appropriate subsections.

- 1) Describe the organization, size, structure and stability of the firm, including:
 - a) Type of firm (such as bank, registered investment advisor, consultant or other) and the number of professionals in each major functional area of the firm;
 - b) Year founded and current ownership structure;
 - c) Focus of business and what portion of the business is devoted to advising on or investing in technology validation and early stage technology-based enterprises; and
 - d) Brief history of the firm.
- 2) Identify the representative of the firm who is submitting the proposal on behalf of the firm and his/her address and telephone number.
- 3) Identify individuals that will be assigned substantive and on-going roles for this relationship. Describe each individual's responsibilities and indicate whether primary or secondary and include each person's detailed resume of qualifications, years of experience with the firm, position within the firm and years of experience in prior firms.
- 4) Technology Validation and Early Stage Technology-based Investing
 - a) Describe your firm's criteria for evaluating and investing in technology validation and early stage technology-based enterprises. Describe the portfolio of companies that would result from those criteria.
 - b) Describe the process your firm uses in doing due diligence, including the typical number and kind of contacts utilized.
 - c) Describe your experience in negotiating fund terms unique to certain clients or client needs.
- 5) Deal Flow Management.

- a) Describe your strategy for intelligent deal flow to optimize available resources, processing time, and lead-time for all parties participating in the deal.
 - b) Describe the appropriate anticipated deal flow for the first twelve (12) months of the Fund investment.
 - c) Describe the total anticipated number of deals, distribution of deals and amount of funds to be invested through the Fund over the next twelve (12) months.
 - d) Describe your protocol for handling the unsuccessful applicants for Fund investment.
- 6) Strategic and organizational relationships
- a) Describe your firm's current strategic relationships in Arkansas.
 - b) Describe your firm's plan for developing and strengthening those relationships described in the Scope of Services herein.
 - c) Describe your firm's current and past organizational relationships as they relate to technology validation and early stage technology-based enterprise investing and economic development finance entities.
 - d) Describe your firm's plan for developing and strengthening those relationships described in the Scope of Services herein.
 - e) Describe you firm's ability to attract potential additional investors into the Arkansas Risk Capital Match Fund.
- 7) Describe your firm's experience managing public sector investment or finance programs and your relevant experience managing relationships with public sector officials who served as sponsors or supervisors of the programs.
- 8) Provide at least five references. References should be clients for whom your firm has provided services similar to those listed above or others with in-depth knowledge of your firm's abilities with respect to the relevant question. For each reference, include the name, telephone number, relationship and nature of the service provided or reference relationship.

- 9) Describe each transaction (if any) in which your firm or any present employee has been the subject of a proceeding of any nature (with or without formal hearings) to, in, or by the Securities and Exchange Commission, any state agency, any other governmental agency of the United States, Canada or other country, or a political subdivision thereof with jurisdiction over securities or similar activities, a securities or similar exchange, a national securities association (e.g. National Association of Securities Dealers), or other self-regulatory organization or professional organization or judicial or quasi-judicial body.
- 10) Describe each situation (if any) in which your firm or any present employee of your firm has been involved as a defendant in any action contesting performance.
- 11) Describe any transaction, agreement or arrangement for the rendering of services, or potential conflict of interest, that might arise between your firm or any individuals in your firm and:
- a) Any of the Directors, Officers or Professional Advisors of ADFA listed herein and their respective firms; or
 - b) The State of Arkansas, or any public trust or agency of the State.
- 12) Potential Conflicts. List any relationship which might lead to a potential conflict in performing any services for AVCIT. Please list specifically any conflicts resulting from material adverse matters, as distinguished from the conduct of business as usual. Indicate what steps would be taken to eliminate any such conflict.
- 13) Describe in detail the proposed level and method of compensation (including fees charged for services, any hourly or activity-based rates, any bonus, incentive, performance based or “upside participation”) that the managing entity of the Arkansas Risk Capital Matching Fund will receive for the services rendered.
- 14) Arkansas Presence. Please explain your firm’s presence within Arkansas and describe how that presence is relevant to the proposed transaction.
- 15) Rationale for Appointment and Proposal Summary. This section of the proposal should be used by each respondent to present the case for its appointment to the position sought. It is not necessary for you to recite comprehensively your firm’s qualifications and experience, but it would be useful for you to describe how your qualifications and experience is relevant to the proposed transaction. In particular, you may want to describe a current relationship with another client and summarize the similarity to this program. Also summarize your plan for the implementation of this legislation in Arkansas.

Other Terms and Conditions

AVCIT reserves the right to take any or all of the following actions:

- 1) Cancel, delay or re-open this solicitation;
- 2) Reject any or all proposals or award the contract to the next most qualified firm if the firm receiving the award does not execute a contract acceptable to AVCIT within 20 working days after receiving the award;
- 3) Select for contract negotiations the respondent's proposal which in its judgment will best meet AVCIT's needs, regardless of any differences in estimated cost between that respondent and all others;
- 4) Negotiate one or more contracts that cover selected parts of the proposal or that will be interrupted for a period of time or terminated; and
- 5) Accept joint proposals.

Any proposal may be withdrawn up until the date and time set forth above as the deadline for submission of proposals. Any proposal not so withdrawn shall constitute an irrevocable offer, for a period of 90 days, to provide to AVCIT the services set forth herein, or until one or more of the proposals has received an award and a contract has been executed.

The respondent selected shall not assign any interest in the contract and shall not subcontract or otherwise transfer any interest in the same without the prior written consent of AVCIT.

SECTION IV: SELECTION CRITERIA

The proposals will be reviewed by the staff and the AVCIT Trustees. This group may use the following criteria to rank all acceptable proposals and to develop recommendations, although they reserves the right to consider factors beyond those mentioned below and to follow a process of selection that involves means other than ranking based on such scores.

<i>Factor</i>	<i>Point Range</i>
Appropriateness of proposer for work provided (question 1)	10.0
Collective level of experience of lead and support individuals (question 3)	10.0
Relevant experience, track record and demonstrated breadth and depth of Organization (question 4)	10.0
Relevant deal experience and production (question 5)	15.0
Depth and breadth of knowledge of technology validation and early stage technology-based enterprise development, experience in managing the same and public sector management experience (question 6)	10.0
Strength of reputation (question 7)	10.0
Value received for services provided (question 13)	20.0
Quality of plan and commitment to perform (questions 14, 15)	<u>15.0</u>
<i>Maximum Points</i>	<u>0-100</u>

SECTION V: DRAFT OF RULES AND REGULATIONS

DRAFT SEPTEMBER 14, 2007

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
RESOLUTION REGARDING
RULES AND REGULATIONS, IMPLEMENTING THE LAW REGARDING THE RISK
CAPITAL MATCHING FUND PURSUANT TO ACT 1025 of 2007

WHEREAS, Act 1025 of 2007 of the Arkansas General Assembly (the “Act”) designates the Arkansas Venture Capital Investment Trust (the “AVCIT”) as the body charged with creation of the Risk Capital Matching Fund and the selection of a fund manager for the Risk Capital Matching Fund (capitalized terms herein not otherwise defined, having the same meaning ascribed to them in the Act); and

WHEREAS, the Act requires that rules and regulations be promulgated to implement the Act and setting forth the rules and procedures to be utilized by the AVCIT in the oversight and direction of the Fund Manager; and

WHEREAS, the Act requires that such rules and regulations be promulgated pursuant to the Arkansas Administrative Procedures Act, Arkansas Code Annotated Sections 25-15-201 et seq. (the “APA”); and

WHEREAS, the AVCIT finds that the requirements for promulgation of regulations under the APA having been fulfilled, the regulations required by the Act are contained hereinafter and are appropriate for accomplishing the purposes of the Act;

NOW, THEREFORE, BE IT RESOLVED, that the following regulations implementing Title __, Chapter __, Subchapter __ of the Arkansas Code of 2007 Annotated, are hereby adopted and shall be in full force and effect from and after the date set forth in Section _ of this resolution:

RULES AND REGULATIONS
REGARDING THE CREATION AND IMPLEMENTATION OF THE RISK CAPITAL
MATCHING FUND

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Section 1. Creation of the Arkansas Risk Capital Matching Fund

1.1 Statutory Creation. Pursuant to Ark. Code Ann.15-5-1604, there is established the Arkansas Risk Capital Matching Fund, and within that fund the Technology Validation Account and the Enterprise Development Account, which fund and accounts shall be held by and maintain as a separate fund and separate accounts within the Venture Capital Investment Trust.

1.2 Moneys Deposited. Pursuant to Ark. Code Ann 15-5-1605(2), moneys deposited to the Venture Capital Investment Trust for the purposes of providing financial assistance to Technology-based Enterprises shall be allocated between the Technology Validation Account and the Enterprise Development Account as follows:

- (a) Twenty-five percent (25%) of the moneys shall be allocated to the Technology Validation Account; and
- (b) Seventy-five percent (75%) of the moneys shall be allocated to the Enterprise Development Account.

1.3 Technology Validation Account. Pursuant to Ark. Code Ann. 15-5-1605(g)(1), funds in the Technology Validation Account are available for investment in the technology validation process for the purpose of assisting very early stage Technology- based Enterprises in developing or achieving any one or more of the following:

- (a) a sound business plan;
- (b) market research;
- (c) marketing plans;
- (d) software or hardware and equipment on which the Technology-based Enterprise is being built;
- (e) development of laboratory, pre-clinical or other testing procedures and results;
- (f) proof of concept;
- (g) building experimental or pilot-scale models of products or facilities;
- (h) other similar milestones required for the advancement of very early stage technology-based enterprises approved by the fund manager and review committee.

1.4 Limiting Conditions of the Technology Validation Account.

Investments from the Technology Validation Account are limited as follows.

- (a) Investment in the technology validation process from the Technology Validation Account will be in the form of matching funds. Funds will provide for up to 90% of the cost of the validation process to be matched with at least 10% of the cost provided by the company.
- (b) Any enterprise receiving an investment from the Technology Validation Account shall have a business valuation of less than one million five hundred dollars (\$1,500,000) prior to the making of the investment.
- (c) The maximum investment that may be made to any one (1) enterprise from the Technology Validation Account is one hundred thousand dollars (\$100,000).

1.5 Business Valuation of Technology Validation Account Investments.

The business valuation for investments from the Technology Validation Account shall be tied to the valuation received by the angel, institutional or other investors, subject to the limitations set forth in Subsection 1.4(b) above. (Details of this subsection will be completed after selection of the Fund Manager.)

1.6 Enterprise Development Account. Pursuant to Ark. Code Ann. 15-5-1605(h)(1), funds in the Enterprise Development Account are available for investment in early stage Technology-based Enterprises for the purpose of assisting such enterprises in augmenting the investments made or proposed to be made from angel investors and other individual or institutional investors, where milestones for further development of such enterprises are set forth in an established business plan to be approved by the fund manager and the review committee.

1.7 Limiting Conditions of the Enterprise Development Account.

Investments from the Enterprise Development Account are limited as follows.

- (a) Investment in the enterprise development process from the Enterprise Development Fund will be in the form of matching funds. Funds will provide for investments up to 20% in the early stage development process to be matched or augmented with at least 80% provided by investments from angel, institutional or other investors.

twenty-

- (b) Any enterprise receiving an investment from the Technology Validation Account shall have a business valuation of less than five million dollars (\$25,000,000) prior to the making of the investment.
- (c) The maximum investment that may be made to any one (1) enterprise from the Technology Validation Account is seven hundred fifty thousand dollars (\$750,000).

1.8 Business Valuation of Enterprise Development Account Investments.

The business valuation for investments from the Enterprise Development Account shall be the same as the negotiated value with the angel, institutional or other investors at the time of investment, subject to the limitation set forth in Subsection 1.7(b) above. (Details of this subsection will be completed after selection of the Fund Manager.)

Section 2. Duties and Powers of the Selection Committee, Review Committee and Fund Manager

2.1. Selection Committee. A Selection Committee is hereby established, comprised of the following members: the President of the Arkansas Science and Technology Authority; the Director of the Arkansas Department of Finance and Administration; and the President of the Arkansas Development Finance Authority, or their equivalent successors, as appropriate.

2.2. Duties and Powers of the Selection Committee.

- (a) The Selection Committee shall select one (1) Fund Manager to utilize the Arkansas Risk Capital Matching Fund in the most effective and efficient manner that best promotes the growth of Technology-based Enterprises in Arkansas.
- (b) The Selection Committee shall have the right to remove and replace the Fund Manager and effect the assignment of all assets, liabilities, guarantees and other contracts of this program to a new Fund Manager.
- (c) The Selection Committee in consultation with the Review Committee and the Fund Manager shall develop guidelines for the investments of the Arkansas Risk Capital Matching Fund assets.

2.3. Review Committee. A Review Committee is hereby established, comprised of the following members: the President of the Arkansas Science and Technology Authority; the Director of the Arkansas Economic Development Commission; the President of the Arkansas Development Finance Authority, their equivalent successors or designees, as appropriate.

2.4. Duties and Powers of the Review Committee.

- (a) The Review Committee shall participate with the Selection Committee in the selection of the Fund Manager.
- (b) The Review Committee in consultation with the Selection Committee and Fund Manager shall develop guidelines for the investments of the Arkansas Risk Capital Matching Fund assets.
- (c) The Review Committee shall recommend to the Selection Committee the payment fees and expenses out of the Arkansas Risk Capital Matching Fund for the operation of the fund and the payment of the Fund Manager.
- (d) The Review Committee shall review and give final approval to the recommendations made by the Fund Manager with regard to fund investments.

2.5. Fund Manager. The Fund Manager is a private sector entity hired by the Selection Committee to develop recommendations, structure and manage the investments of the Arkansas Risk Capital Matching Fund and assist in the provision of financial assistance to Technology-based Enterprises at the early stages of development.

2.6. Duties and Powers of the Fund Manager.

- (a) The Fund Manager in consultation with the Selection Committee and the Review Committee shall develop guidelines for the investments of the Arkansas Risk Capital Matching Fund assets.
- (b) The Fund Manager shall employ an individual who will be active in the management of the fund with demonstrated experience in design, structure, implementation and management of investments in early stage Technology-based Enterprises.
- (c) The Fund Manager shall publish in writing an annual report within three (3) months after the close of each fiscal year that shall include an annual financial accounting of the activities conducted by the Fund Manager.

Section 3. Application for Investment from the Arkansas Risk Capital Matching Fund

3.1 Technology-based Enterprise Defined. Pursuant to Ark. Code Ann. 15-5-1603(7), to apply for financial assistance or investment from the Arkansas Risk Capital Matching Fund you must first meet the following definition of a technology-based enterprise. A Technology-based Enterprise is defined as a growing business in one (1) or more of the following business sectors:

- (a) Advanced materials and manufacturing systems;
- (b) Agriculture, food and environmental sciences;
- (c) Biotechnology, bioengineering, medical technology and life sciences;
- (d) Information Technology;
- (e) Transportation logistics; and
- (f) Bio-based products.

3.2 Form of Application. The Application shall be substantially in the form attached to these regulations as Appendix A-1 (“Application for Investment from the Arkansas Risk Capital Matching Fund”). (The indicated attachment will be completed after selection of the Fund Manager.)

3.3 Manner of Application. All Applications must be delivered to the Authority and shall be addressed to:

Arkansas Development Finance Authority
Arkansas Risk Capital Matching Fund
P.O. Box 8023
Little Rock, AR 72203-8023

Section 4. Miscellaneous

4.1 Amendments of Regulations. These regulations may be amended from time to time by Resolution of the Board of the Authority in accordance with the requirements of the APA.

ADOPTED, this ____ day of December, 2007.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: _____
Chair

ATTEST:

President