

## **MICHIGAN INNOVATE CAPITAL FUND PROGRAM FAQs**

### **What is the purpose of this new program?**

The Michigan Innovate Capital Fund (MICF) Program will award incentives to multiple non-profit organizations that operate fund programs to invest in pre-seed and start-up stage competitive edge technologies that require capital in the earliest stages of the commercialization process. The primary objectives of the program are to:

1. Increase the amount of capital being invested in Michigan-based competitive edge technology companies that are in the earliest stages of commercialization.
2. Create a capital climate that supports the development, retention, and attraction of venture-backed competitive edge technology companies in Michigan.
3. Build a pipeline of high-growth, competitive edge technology company deal flow for the subsequent stages of funding, attracting investments from inside and outside the State of Michigan.

### **What are the qualifications?**

There are two categories of eligible applicants: one for those who have previously received financial support from the MSF or MEDC for pre-seed fund activities (Established Applicants), and one for applicants who have not previously received funding from MSF or MEDC (Emerging Applicants).

To qualify, applicants will have to demonstrate an ability and willingness to invest in high growth technology-based companies that are primarily in the earliest phases of commercialization (seeking \$250,000 or less to prove out technology and market concepts). Specific program guidelines are outlined here <https://www.michiganbusiness.org/public-notices-rfps/>

### **Why is this fund necessary?**

Since 2011, a well-established network of the MSF-funded Pre-Seed Funds has been critical in building a healthy pipeline of high-impact technology start-ups in Michigan. The broader network of early-stage funds that are closely integrated with Michigan SmartZones, Entrepreneurial Service Providers and Universities, is a vital feeder for the state's venture capital industry providing opportunity for innovation to thrive across the state.

### **Is it the intention to award the program funds as quickly as possible to qualified applicants?**

Applications will be accepted by the MEDC until the budget is exhausted. Applications will not be accepted once available funding has been fully committed. Any changes to the Program will be announced on MEDC website.

### **What is the expected investment award?**

The expected initial investment award is up to \$5M per applicant.

### **What is the expected award term?**

We expect the initial term to be five years, with the option to extend the term for an additional five years upon approval of the MSF.

**Is there a requirement that 100% of the funds invested is in Michigan-based companies?**

Yes. The applicant is expected to focus and deploy capital exclusively in the State of Michigan. MICF capital will be used for portfolio companies with their headquarters facilities in Michigan and for which Michigan is its principal place of operation (with at least 51% of full-time employees based in Michigan). Applicants investing in multiple states will not be considered for this program.

**Is there an expectation for the key person/ key decision maker(s) for the fund to be based in Michigan?**

Yes. This is a Michigan based and focused fund. Key person/decision maker(s) for the fund must reside in Michigan full-time.

**Additional questions? Please direct all questions to [MICF@Michigan.org](mailto:MICF@Michigan.org)**