



# NYS EMERGING AND REGIONAL MANAGER FUND FOR FUND MANAGERS REQUEST FOR QUALIFICATIONS

Release Date: October 31, 2022

The following is a list of responses to questions submitted by prospective respondents to NYS Ventures RFA for NYS Emerging and Regional Manager Fund for Fund Managers. A copy of the RFA is available at:

<https://esd.ny.gov/doing-business-ny/requests-proposals/nys-emerging-regional-manager-fund-rfa-fund-managers>

No.	Question	Answer
1	What qualifies a Beneficiary Company as being in New York State?	SSBCI funds allocated to New York State are principally intended to benefit the New York State economy. <u>See</u> <a href="https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf">https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf</a> (page 41-42, SSBCI Capital Program Policy Guidelines). Eligible Beneficiary Companies should have a demonstrable physical and economic presence in the State of New York, as evidenced through various company records including, but not necessarily limited to, leases and/or deeds for office space, payroll records, and other indicators reflecting a significant business presence within the State of New York.
2	<p>I am one of four Managing Partners for a Fund and I am located in New York City where I work out of my home office. However, our Fund is incorporated in California with official headquarters in San Francisco, where our CEO works from a home office.</p> <p>Of our portfolio of 6 investments to date, two of our portfolio companies are headquartered in New York City.</p> <p>Given this, would we be eligible for funding given the geographic requirements?</p>	<p>The Beneficiary Companies in which the Investment Entity invests need to be located in New York State. This program as designed is intended to strengthen the New York State innovation ecosystem and as such, ESD will give preference to Investment Entities with at least one office/team member located in the State.</p>



No.	Question	Answer
3	If our Fund I raised \$5M, and we are currently just starting to raise Fund II (so we don't have commitments yet), are we qualified to apply for this program? (At the bottom of the RFA, it states that a fund must have the proven ability to raise at least \$7.5 mm).	Yes, you are eligible to apply. Subject to and in keeping with program guidelines, ESD is excited to support the development of new Investment Entities with this program.
4	Who should be the official "Applicant" for the purposes of this RFA? Should it be the management company of an investment entity, the limited partnership, or individual managers with an ownership interest in these entities?	Because we will be working to evaluate the managers of the Investment Entity, we recommend the official Applicant be the management company of an Investment Entity.
5	Is the provision of a Private Placement Memorandum required, given that certain emerging managers, with smaller funds, usually do not have a Private Placement Memorandum for such funds?	If you do not have a Private Placement Memorandum available, please provide us with an equivalent and/or analogous set of responsive documents so that we can still evaluate you as an Applicant for the Program.



No.	Question	Answer
6	Should a PPM be necessary, could an interim document be submitted, with the final version provided after a decision about selected applicants has been made?	If you do not have a Private Placement Memorandum available, please provide us with an equivalent and/or analogous set of responsive documents so that we can still evaluate you as an Applicant for the Program. You are also welcomed to submit a formal Private Placement Memorandum once it is available.
7	In instances where a fund is still being formed or new, is the documentation being requested in, e.g., items 20 and 21 of the RFA, required, as it may not be available in such cases?	It will be required eventually but if not yet available, please clearly state that in your submission and indicate when you expect to have those materials available. If an item is not applicable, just state that it is not applicable. ESD understands that some of the questions may not apply to newer Investment Entities.
8	Since this RFA is open to first-time fund managers, how should such funds deal with questions related to financial performance over the past 3-5 years, and the associated request for financial statements?	If a question is not applicable because the applicant is a newer Investment Entity, just note it as “not applicable” and state the reason why. ESD understands that some of the questions will not apply to newer Investment Entities.



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9	What evidence would like to see as far as the "demonstrated ability to raise a minimum of \$7,500,000.00" is concerned	Provide as much detail as you can to demonstrate how you expect to achieve your fundraising targets.
10	Regarding the application format, given that there are maximum page limits, is there a required font size and/or page margin size for the materials to be submitted?	ESD appreciates font sizes no less than 11pt and standard margins.
11	For a brand-new fund that is the base funding in the application, it will be too new to have its own NYS Grants Gateway registration, financials, etc., so is it acceptable for the applicant to be the affiliated parent organization (ie., serves as GP for the new fund) that is registered in NYS Grants Gateway	Yes, that is acceptable.
12	If an eligible entity has two funds that qualify for SSBCI funding, can the entity combine the funding for each entity to yield the base funding as the basis for the SSBCI match?	Provided both underlying funds meet the eligibility criteria for the program, leveraging the assets of both for the SSBCI match is allowable.
13	Conversely, relative to question '3,' can the entity with more than one fund apply for two separate sets of SSBCI funding – one for each of its funds? If so, does the entity include these two requests in the same application or make two separate applications?	Please submit one application for each fund that you would like to receive SSBCI funds for.
14	Regarding eligible base funding, for an existing fund, do already invested dollars from the applicant's base fund count as match or only dollars that are not currently invested?	We are not able to consider funds already invested as part of the match.



No.	Question	Answer
15	Are public dollars from any source considered ineligible match or just public dollars from NYS?	This is a federal and a state program. No public dollars are eligible for the “private” match.
16	Can awardees invest SSBCI dollars into existing portfolio companies they have been funded through other vehicles, but that do not involve the company having received SSBCI dollars from either the awardee or other awardees from SSBCI 1.0?	Follow-ons into other existing portfolio companies is discouraged but permissible provided any potential conflicts of interests, including financial interests, do not exist. Additional information about conflicts of interest can be found here: <a href="https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf">https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf</a>
17	Can multiple SSBCI awardees co-invest in the same deal for a single company? That is, can a company receive co-investment of SSBCI dollars from multiple funds that are capitalized with SSBCI dollars?	Yes, a beneficiary company can receive co-investment from other Investment Entities who are also investing SSBCI monies. However, for matching requirements and eligibility, SSBCI funds cannot use other SSBCI funds as part of the leverage calculation. Further, for the purposes of calculating leverage, each dollar of SSBCI funding (regardless of which entity invested it) must be matched at least 1:1 by its own unique dollar of matching private leverage.
18	The application prioritizes investments in SEDI businesses. Is there a percentage of dollars and/or transactions that are required for SEDI investments? If so, what is the breakdown for the various categories (e.g., women, minority, economically distressed regions, rural regions)?	Each state, including New York State, received an initial SEDI allocation from US Department of Treasury and we will be following programmatic requirements related to that allocation (and each allocation received) as prescribed by the SSBCI program. For additional information, please consult: <a href="https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci">https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci</a>

No.	Question	Answer
19	<p>Regarding Part 3 of the application materials, it is not clear whether this entire item is meant to be in the Attachments or whether a portion is supposed to be in the narrative with the other portion being included in the Attachments. More specifically, Part 3 reads: “Describe the Applicant’s operating policies and procedures, including deal sourcing, deal review and due diligence, investment approval, portfolio management, portfolio company monitoring and oversight, and financial management. Please include at least 1-2 case studies that demonstrate the Applicant’s past work and experience (Attachment G). If applicable, provide a sample Investment Memo (Attachment H).” Therefore, the question is whether all of this content is supposed to be captured solely within Attachment G &amp; H, or whether the first portion this question regarding policies, procedures, etc. is meant to be included in the narrative, then only the case studies and memos would be included as attachments?</p>	<p>The first portion of this question should be captured as narrative. Attachment G should be case studies and Attachment H should be a sample Investment Memo.</p>
20	<p>In reference to Section 12 - Program Guidelines, b(i), what is the definition of Beneficiary Companies “located in New York”? (i.e Number of employees living/working in NYS, physical office in NYS, incorporated in NYS?)</p>	<p>SSBCI funds allocated to New York State are principally intended to benefit the New York State economy. <u>See <a href="https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf">https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf</a></u> (page 41-42, SSBCI Capital Program Policy Guidelines). Eligible Beneficiary Companies should have a demonstrable physical and economic presence in the State of New York, as evidenced through various company records including, but not necessarily limited to, leases and/or deeds for office space, payroll records, and other indicators reflecting a significant business presence within the State of New York.</p>



No.	Question	Answer
21	What is the period of time that the Beneficiary Company needs to remain in New York State after investment as stated in Section 12- Program Guidelines, b(i)?	As a general matter, for SSBCI investments greater than \$250,000, the duration of the New York State locational requirement will be 36 months. For SSBCI investments of \$250,000 or less, the duration of the New York State locational requirement will generally be 12 months. Successful applicants will be notified as to the duration of their relevant locational requirement prior to the finalization and execution of investment commitments.
22	Can you please provide a more detailed explanation of Section 12 - Program Guidelines, b(ii), specifically around how you define “The Investment Entity must also invest its own private capital in a proportionate amount as defined in the investment agreements?” (i.e. if we invest \$500,000 into a Beneficiary Company using ESD funds, how much additional capital do we need to invest from our other LP’s?)	If the Investment Entity has a base fund of \$10 million and SSBCI capital of \$2.5 million, the base fund should invest alongside the SSBCI monies in a Beneficiary Company in the same relative proportions (after consideration for non-eligible investments that the base fund may also have supported).
23	Can you please provide further explanation for Section 12 - Program Guidelines, b(viii), specifically about the 1:1 ratio of other sources of outside capital? Does our Fund count towards “other sources of private capital?” Is the ratio calculated over the life of the Beneficiary Company or for each financing round?	The “Fund” can count towards other sources of private capital so long as the funds being counted are from non-public sources. The 1:1 ratio applies to each funding round. Ultimately US Treasury wants to see that each dollar invested of SSBCI capital is leveraged by \$10 of outside capital (over time) so the matching of private capital, and reporting on it, is an important measure/metric for New York State’s success with this program.
24	As referenced in Section 12 - Program Guidelines, d(iv), to what extent will The Corporation be actively participating on the limited partner committee (or equivalent) with the participating Investment Entity and other investors? Please provide a more detailed explanation.	The Corporation will need to be involved in monitoring compliance with SSBCI program requirements, including requirements around the management of potential and/or apparent conflicts of interests. As such, particularly in the case of larger investments that are made in this program (\$5 million or higher), we reserve the right to request that the Corporation be allowed to appoint a designee to the limited partner committee.
25	As referenced in Section 12 - Program Guidelines, d(vi), can you please provide more explanation on what it means to “market the Fund” to other investors and companies?	This section is to ensure that the Investment Entity has a plan for creating awareness of the availability of SSBCI monies that it has received for supporting innovation businesses in NYS.

No.	Question	Answer
26	In reference to Section 14 - Scope of Work, a(2), we had questions around the 1.71% of Allocated Funds for services. Is this in addition to the management fee we propose? Or part of the management fee itself?	This authorized allowance of up to 1.71% to cover services for portfolio companies can be charged against the SSBCI committed capital and used for support of portfolio companies as defined in the US Treasury program guidelines. <u>See <a href="https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf">https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf</a></u> (page 37). <u>See also <a href="https://home.treasury.gov/system/files/136/SSBCI-FAQs.pdf">https://home.treasury.gov/system/files/136/SSBCI-FAQs.pdf</a></u> (page 21-22).
27	To align with ESD's management requirements for investing in Beneficiary Companies based in NY, would we be allowed to set up a Side Fund to hold ESD's investment? The intention of this Side Fund being to invest alongside the main fund in Beneficiary Companies?	Yes, ESD expects many of the funds to be set up as Sidecar Funds alongside a main fund. This is specifically to accommodate funds who have base funds that are not subject to investing in New York State companies exclusively.
28	Tactical questions <ul style="list-style-type: none"> <li>Does the 3-page maximum for the Executive Summary include the Pitch Deck?</li> <li>Is there an alternative document that a Fund can submit to replace a Private Placement Memorandum?</li> <li>What is the page maximum for the Narrative portion of Part IV?</li> </ul>	<ul style="list-style-type: none"> <li>Does the 3-page maximum for the Executive Summary include the Pitch Deck? <b>NO.</b></li> <li>Is there an alternative document that a Fund can submit to replace a Private Placement Memorandum? <b>There is not a specific document but do your best to be sure that your responsive materials would cover most of what would be in a typical PPM.</b></li> <li>What is the page maximum for the Narrative portion of Part IV? <b>There is no stated page maximum but it is helpful if you can be concise as we will be reviewing numerous applications for this program.</b></li> </ul>
29	Can the "Base Fund" referenced throughout the solicitation be a range (e.g. \$10-20 million) or does it need to be specified as an exact amount at the time of application submission.	We understand that applicants are in the process of raising their funds, and therefore a range is acceptable.
30	Section A of Program Guidelines ("Program Summary") references "Emerging and Regional Program Fund Rules and Regulations" that are attached as Exhibit I. Where is Exhibit I located? No exhibits appear to be attached to the RFA or on ESD's website.	You are correct. The Program Regulations and applicable definitions are now included in the body of the RFA and there is no separate Exhibit. Efforts will be made to address the typographical error referencing an Exhibit.





No.	Question	Answer
31	What are the additional details related to the Step I and Step II review processes?	The target timelines pertaining to the Step I and Step II review processes are indicated in Section I(B) of the RFA. Internal deliberative processes will be carried out in accordance with the evaluative criteria set forth in the RFA, as well as the SSBCI program guidelines.
32	Can Applicants apply more than once if not successful in their first submission.	For as long as funds are still available, ESD welcomes Applicants to apply, even if unsuccessful initially.
33	Will all questions received, and answers provided be made public on ESD’s website?	Yes, the answers to all questions and responses will be made available publicly.
34	Would it be possible to receive the required application in a Word document format?	We are not at liberty to provide the application in Word format. However, we are in the process of exploring whether the application can be offered in a fillable PDF format and will provide relevant updates on the Empire State Development website.
35	On page 3, under B. Beneficiary companies, bullet a., “Corporation” is referenced. Would you please define who the Corporation is in reference to?	“Corporation” as referenced is Empire State Development Corporation. In the agreements that we have with each successful Applicant, it will define the terms of eligibility for Beneficiary Companies.
36	On Page 4, Section B, bullet h: are there any restrictions on “other sources of private capital” that are required for the 1:1 match? How does ESD define “private capital”?	Private capital emanates from a non-public source of capital. For example, a federal, state, or municipal grant or loan would not be considered private capital.
37	In Part II, is it expected that questions 15 through 18 will be provided in narrative format and adhere to the 3-page maximum limit?	The page limit is only for the narrative and not the attachments. This section is an Executive Summary and is by design intended for the applicant to be concise.

No.	Question	Answer
38	<ul style="list-style-type: none"> <li>In Part III, there is a 7-page maximum for the narrative portion. What questions are considered the 'narrative portion'? For example, does this page limit only apply to question 19? Or does it also apply to question 22, as well as portions of question 23 (describe the roles, capacity and skills, size and experience of the Applicant's management team and list key staff) and the first part of question 25 (Describe the applicant's operating policies and procedures, etc.)?</li> </ul>	Use the narrative to address any questions asked that are not responded to in the requested attachments.
39	Is there a page limit for the narrative portion of Part IV?	No, there is no stated page limit but we ask applicants to be as concise as possible so that we can respond in a timely manner to all applicants.
40	In Section IV - Application Instructions, it reads "provide tabs for each of the major sections of the proposal". Do you have a preference for how this is presented in a digital format?	No and it is largely unnecessary in digital format. You can ignore.
41	Section F - Additional Conditions: what reporting requirements are associated with this funding opportunity?	This is part of a broader federal program which dictates reporting requirements to the participating states. You can read more about that here: <a href="https://home.treasury.gov/system/files/136/SSBCI-Reporting-Guidance.pdf">https://home.treasury.gov/system/files/136/SSBCI-Reporting-Guidance.pdf</a>
42	Should the application forms, narrative, and attachments be condensed into one document prior to submitting via Dropbox? Do you have a preference on format type, such as PDF?	It is ok to submit it in sections or as one document. A PDF or MS Office files are both acceptable.
43	I have a question about Form 139 J&K - for questions 1-4 within the form with one asking "Has any Governmental Entity made a finding or non-responsibility regarding the individual or entity seeking to enter into the Procurement Contract in the previous four years	Please see form instructions here: <a href="#">Required Form</a>

No.	Question	Answer
44	<p>In Part II, Program Guidelines, Section B.b, a reference is made to the Investment Entity investing "its own private capital in a proportionate amount as defined in the investment agreements." No other reference is made to this requirement in the RFA or other documents. This appears to be distinct and different from the general 1:1 private financing ratio required by the federal government. Can you please provide more context for this requirement? Is it a mandatory 1:1 match of private capital from the Investment Entity's existing Fund? Can the ratio be different?</p>	<p>NYS will provide the selected managers an investment commitment that is a maximum commitment of no greater than 25% of the total investment capital of the managers base fund with a total minimum commitment of \$2 million and a maximum commitment of \$15 million.</p> <p>If the Investment Entity has a base fund of \$10 million and SSBCI capital of \$2.5 million, the base fund should invest alongside the SSBCI monies in a Beneficiary Company in the same relative proportions (after consideration for non-eligible investments that the base fund may also have supported).</p>
45	<p>How much of NY State's first tranche from the federal government will go to this program?</p>	<p>The total allocation for the Emerging and Regional Manager Fund Program is \$102 million.</p>
46	<p>Are editable pdf versions of Parts I (Organization Information) and V (Disclosures and Certifications) available?</p>	<p>We will make available a fillable PDF of those sections.</p>
47	<p>One of the clients I'm working with is a high growth startup in the information technology industry based in NYC, looking for raise an angel or A round. I was wondering if you will disclose the recipients of this fund so we can make the proper introduction.</p>	<p>Yes, funds who are selected will be announced and posted publicly on the relevant website at Empire State Development.</p>
48	<p>Will you be investing directly into the fund? Or are we creating a separate entity for you, which will co-invest alongside the fund investments?</p>	<p>ESD will have both structures available depending on the needs of the Investment Entity. If a standalone entity is the better option, ESD will create those documents.</p>
49	<p>What percentage of investments from the base fund need to be invested in NY based companies? How do you view companies that have a presence in NY, but are remote or hybrid?</p>	<p>That percentage depends on the accepted commitment from ESD. If the Investment Entity has a base fund of \$10 million and SSBCI capital of \$2.5 million, the base fund should invest alongside the SSBCI monies in a Beneficiary Company in the same relative proportions (after consideration for non-eligible investments that the base fund may also have supported).</p>



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50	<p>Eligibility criteria mentions "resources, expertise and intent to invest in companies that are located in NY." To clarify, to be compliant do all of our Fund's portfolio companies need to be located in NY or a certain percentage threshold of the portfolio?</p>	<p>If Empire State Development is an LP in your fund, all such investments would need to be in NYS. However, we also will be creating sidecar funds for Investment Entities who intend to invest outside of New York State as well. Then the percentage of the base fund that would need to be invested in NYS companies will depend on the accepted commitment from ESD. If the Investment Entity has a base fund of \$10 million and SSBCI capital of \$2.5 million, the base fund should invest alongside the SSBCI monies in a Beneficiary Company in the same relative proportions (after consideration for non-eligible investments that the base fund may also have supported).</p>
51	<p>As a follow-up to the previous question, if a percentage threshold determines eligibility but there seems to be a requirement for Program funds to be deployed in NY located companies only, can the ESD's potential commitment be co-mingled with other LP Fund commitments or would it need to be structured and deployed through a parallel vehicle?</p>	<p>In that case, we will offer the Investment Entity a sidecar structure for the SSBCI commitment.</p>
52	<p>Are there more specific guidelines regarding Beneficiary Company investment criteria available for our review? Some aspects that would be very helpful to better understand include:</p> <ul style="list-style-type: none"> <li>• ESD's sample written agreement template regarding NY State location certification</li> <li>• ESD's threshold definition regarding what constitutes location compliance (i.e. business footprint &amp; presence, duration period, etc.)</li> </ul> <p>Any additional summary information available outlining SEDI / SSBCI compliance requirements and measurements</p>	<p>New York State will be compliant with all federal guidelines related to the SSBCI program and you can learn more about what those requirements are here: <a href="https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci">https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci</a></p>

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53	Does the 1.71% Services to Beneficiary Companies annual allocation include allocation for management fees for the Fund's management company or is that separate? If separate, what is the applicable / allowable management fee percentage	It is an average of 1.71% of allowable fees over the duration of the commitment to the Investment Entity. It is the available fee that can be charged against the SSBCI committed capital and used for support of portfolio companies as defined in the US Treasury program guidelines (see page 37 <a href="https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf">https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf</a> and pages 21-22 <a href="https://home.treasury.gov/system/files/136/SSBCI-FAQs.pdf">https://home.treasury.gov/system/files/136/SSBCI-FAQs.pdf</a> ).
54	Is the program structured to invest in successor manager funds (i.e. Fund II or Fund III) or as a single commitment only	Currently the program funds only allow for a single commitment only.
55	Is there any additional guidance available regarding ESD reporting requirements for Funds (beyond standard audit and quarterly reporting covenants)	This is part of a broader federal program which dictates reporting requirements to the participating states. You can read more about those requirements here: <a href="https://home.treasury.gov/system/files/136/SSBCI-Reporting-Guidance.pdf">https://home.treasury.gov/system/files/136/SSBCI-Reporting-Guidance.pdf</a>
56	For reference, how much of the \$102M available is expected to be deployed in / after the First Round and has a deadline been set for Second Round submissions	New York State will continue to accept applications and deploy funds on a rolling basis until all funds are expended.
57	Our question is: how will our application be affected if we do not provide a Private Placement Memorandum (Attachment B)?	If you do not have a Private Placement Memorandum available, please provide us with an equivalent and/or analogous set of responsive documents so that we can still evaluate you as an Applicant for the Program.
58	Is there a team requirement to be eligible? E.g. specific number of FT partners or team members.	There is no specific team requirement.



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59	We allow LPs to participate throughout our process. We share diligence and also have a mechanism where those who want can participate in the decision-making process (not required). Ultimately the decision resides with the Investment Committee but we allow for transparency and participation. Is this acceptable?	We are open to different fund strategies for sourcing and making investment decisions of the Investment Entities.