Subject	2024 SSBCI Life Science/Healthcare Fund NIO Questions and Responses
Tags	Question and Answer Period, Legal Review, Frequently Asked Questions, Federal Compliance, State Compliance, Reporting, SSBCI, Program Development

Summary
The purpose of this document is to accumulate and memorialize questions gathered in response to the notice of investment opportunity ("NIO" or "Notice") for the SSBCI Life Science/Healthcare Fund. Questions to this notice had to be submitted in writing via e-mail. **NO FURTHER QUESTIONS ARE ALLOWED AT THIS TIME.**

Questions & Answers – SSBCI Life Science/Healthcare Fund

	Date	Question	Response
1.	8/15/2024	Upon creation of the SPV, is there a maximum duration within which the fund manager has to make the <u>first</u> investment to continue to be eligible under this program?	No, there is no such requirement for the selected fund manager(s). However, there are other important deadlines that fund managers should be aware of. NJEDA's SSBCI investment is subject to receipt of SSBCI funds from U.S. Treasury. The SSBCI capital program operates on a structured disbursement model that is divided into three tranches. To date, NJEDA has only received the first tranche. In order for the NJEDA's SSBCI Venture Program to receive the additional tranches, the NJEDA SSBCI programs, in aggregate, must have expended 80 percent or more of the prior disbursement of allocated funds. Additionally, U.S. Treasury requires at least two transactions with eligible small businesses to be completed during every 12-month period from the SSBCI Venture Programs inception (2/28/24). Follow on investments may count towards transactions, subject to approval from the NJEDA for continued compliance with SSBCI guidelines. Therefore, delays by the fund manager in making investments may add to the risk that NJEDA does not receive a subsequent SSBCI tranche and that the fund manager may not receive the entire amount of NJEDA's SSBCI investment. Additionally, NJEDA may choose to not enter into a contract to close its program commitment to a selected manager if the manager has not yet raised private sector limited partner capital of at least 25% of NJEDA's commitment amount participating in the same or prior closing rounds. From the date the Board of NJEDA approves a program commitment to a selected manager, the manager will have 12 months to raise matching capital from private sector limited partners of at least 50% of NJEDA's capital commitment or NJEDA may choose to rescind its commitment. Similarly, managers will have 18

			months to fulfill the entire 1:1 fund level matching requirement.
2.	8/15/2024	Under section 7 of the NIO (Fund Manager Qualifications and Eligibility), NJEDA may request insurance from the fund manager. What is the approximate level of insurance that is expected and what is the approximate cost? Will this cost be considered a part of the Partnership Expenses?	At its sole discretion, the NJEDA may seek key person insurance from the selected fund manager(s). NJEDA will consider such factors as the number of investment managers and NJEDA's determination of the costs and benefits to NJEDA of including such insurance to decide whether to require the key person insurance. Permitted direct and indirect administrative costs under the U.S. Treasury SSBCI program include, but are not limited to, insurance expenses. NJEDA will allow selected fund manager(s) to use up to $50,000 of the NJEDA SSBCI investment for operating and audit expenses (which are generally Partnership Expenses in a Limited Partnership Agreement).
3.	8/15/2024	Under the same section 7, can you please elaborate on this bullet point: All Fund assets must be transferred to NJEDA upon dissolution.	We acknowledge that this requirement is incorrect. That requirement is no longer applicable and is replaced with the following requirement: Upon fund termination, distribution and dissolution of assets within the fund including any investments, cash and other property must be distributed to the appropriate parties in accordance with the partnership agreement.
4.	8/15/2024	Under section 3 of the side-letter agreement (Investor Commitment), the maximum Investor commitment is $7,500,000. Is that the final maximum amount?	No, the $7,5000,000 amount in the side letter template is a placeholder. Questions 4.17 and 4.18 of the due diligence questionnaire requests that responding fund manager(s) specifically enumerate the amount of private financing the fund manager can raise to match the NJEDA SSBCI funds to be invested in NJ life sciences/healthcare companies. NJEDA will determine the maximum amount of Investor commitment based on responses received and NJEDA's determination of the capacity of selected fund manager(s).
5.	8/15/24	Can we get a copy of the Schedule A (Allocation Agreement), and the various exhibits (A-K)?	Both documents are posted here: [Notices of Investment Opportunity - NJEDA.]() Please scroll down to the Life Science/Healthcare box on the bottom left.

6.	8/15/24	Under Section 18c (Disclosure) of the side-letter agreement, what does Section 14.9.8 refer to? We couldn't find that in this agreement.	The reference to "Section 14.9.8 of the Partnership Agreement" in Section 18(c) of the side-letter agreement, as well as all other reference to the Partnership Agreement, is a placeholder. Specific references to the Partnership Agreement will be inserted based on the actual Limited Partnership Agreement applicable to the investment.
7.	8/23/24	Does NJEDA have to approve each of the investments we make? Is there a defined process to obtain this approval?	Yes, all SSCBI supported investments must be approved for SSBCI and NJEDA compliance. Prior to the NJEDA making any investor contributions, the general partner must deliver a capital call notice that includes specific details about related fees and expenses. See Appendix C for specific portfolio company investment criteria and other transaction requirements.
8.	8/23/24	The application information states that a level of insurance might be required of the Fund. What insurance and how much is contemplated?	Please see the NJEDA's response to question #2.
9.	8/23/24	Under the sex offense clause, is the entity in question the Fund or the investee company or both?	The sex offender certification is required from the selected fund manager(s) and all SSBCI supported investee companies. For the purposes of this Certification, Principal means the following: if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds a 20% or more ownership interest in the partnership; and if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 20% or more of the ownership stock or stock equivalent of the entity. Please see Exhibit C: Sex Offender Investor/Investee Certification of the Side letter appendices
10.	8/23/24	1:1 Match – We have provided an example to understand the match clear. Fund A applies to the SSBCI program for a $5 million grant and is	As stated in U.S. Treasury SSBCI Capital Program Policy Guidelines (Revised December 4, 2023): "A private investment that occurs prior to the SSBCI investment may count towards the jurisdiction's 1:1 financing ratio when a jurisdiction can document that the forthcoming SSBCI funds were the 'cause and result' of the private investment. For example, a private investment

		approved in late 2024. The SSBCI investment closes in December 2024. Fund A raises new capital of $3M from 3 LPs who are made aware of the potential SSBCI funding in November 2024. Would the match from SSBCI be $3M plus $2M (from previous Fund A LP closings) or is it just $3M? And consequently, NJEDA will only provide $3M and not the entire $5M?	that occurs prior to an SSBCI investment may count towards the jurisdiction's private capital ratio if the jurisdiction supplies documentation (e.g., board meeting minutes) evidencing the causal connection between the SSBCI investment and the private investment. In addition, private capital raised within the same funding round as the SSBCI funding may be counted toward the 1:1 financing ratio if a term sheet or similar agreement specifies the inclusion of SSBCI capital and the private financing transaction occurs no earlier than 90 days before the SSBCI investment." Accordingly, for a fund manager to count any private investment that occurs prior to the NJEDA's SSBCI investment, the fund manager must provide, to the NJEDA's satisfaction, the "cause and result" documentation or the term sheet or similar agreement required above, as applicable. To answer the question, we make the following assumptions: The $2 million was raised in a prior funding round, and the $5 million SSBCI program funding is provided in the same funding round as the new capital of $3 million. For the $2 million to count as private matching, the fund manager must provide documentation, to NJEDA's satisfaction, of the causal connection between the NJEDA SSBCI investment to the prior $2 million investment. With regard to the $3 million, that investment was obtained less than 90 days before the NJEDA SSBCI investment and in the same funding round as the NJEDA SSBCI investment, therefore the fund manager must provide, to NJEDA's satisfaction, the term sheet or similar agreement with the partners that invested the $3 million that specifies the inclusion of SSBCI capital. The amount of the NJEDA SSBCI investment will depend on the documents provided by the fund manager and meets all other SSBCI requirements (including, but not limited to, investment in New Jersey companies).
11.	8/23/24	It says that capital from programs funded by tax-credit funds cannot be combined with the SSBCI Moneys. If we invest $1M into a NJ-based Healthcare company, and apply for $1M from the	No. Fund managers may not combine financing from tax credits, tax credit-supported programs or entities, or SSBCI-supported programs for the same business purpose within the same investment. If a company is receiving an investment from an SSBCI supported program, the investment cannot be matched or supplemented by another investment from a private fund that is also capitalized by the sale of tax credits, which includes the NJEDA's NJ Innovation Evergreen Fund.

		Evergreen program, can we also invest $1M from the SSBCI SPV?	
12.	8/23/24	Any further insights on the SPV Fund logistics. If we are 1.5 years into our Fund and we set up a new SPV, should the Management period and fees match the Fund, or have a separate five-year investment period. It sounds like the new investments will need to be made in 3 years, but what about follow -ons and the associated reserved capital.	SSBCI funds will only be allocated to fund manager(s) that are currently fund raising. The terms of the SPV are outlined in the side letter agreement. Whether funds raised prior to the NJEDA SSBCI investment, please see the answer to question #10 above. All of the U.S. Treasury deadlines and compliance requirements for the selected fund manager start when the SSBCI closing documents are signed. Follow on investments are only permissible if SSBCI funds were used for the initial investment.
13.	8/23/24	What are the logistics for reserves to protect the SPV investments. How long with these reserves be available to invest. Will these also require exact 1:1 match. What happens if the SPV runs out of time and needs reserves after the SPV investment period ends.	Selected fund manager(s) must ensure the SPV remains eligible under the U.S. Treasury SSBCI program and NJEDA's requirements. Any reserves from the SSBCI Investment are subject to the constraints and deadlines in the answer to question #1.