

ADDENDUM ONE, QUESTIONS and ANSWERS

Date: March 9, 2022

To: All Bidders

From: Lori. A. Cole, Buyer
Department of Economic Development

RE: Addendum for Request for Proposal Number 402010 Z1 and 402011 Z1 to be opened March 23 at 2:00 p.m. Central Time.

Questions and Answers

The following are the questions submitted, and corresponding answers, regarding the above-mentioned Requests for Proposal. These questions and answers are to be considered part of the Requests for Proposal. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

Question	Answer
1. Throughout the document, various terms are used for, what we believe, is the entity submitting the RFP. Just to confirm, are the terms "Buyer" (see Section C on P. 9), Bidder, Applicant and Contractor all referring to the entity submitting the RFP?	Bidder and Applicant are intended to refer to the entity submitting the RFP. Contractor is meant to refer to the entity that is ultimately awarded the contract. Buyer is intended to refer the Nebraska Department of Economic Development (DED).
2. Section Q on P. 14 of the RFP provides that "Either Party may assign the contract ...and such agreement shall not be unreasonably withheld." Is there a possibility the State could assign its interests to a third party?	It is always a possibility, however unlikely, that the State could assign its interests to a third party.
3. Is the "Buyer's Representative" referred to	No, the provision in Section C, P. 9 is optional in case the Buyer decides to appoint a

<p>in Section C, P. 9, the same person as the Contract Manager referred to in Section 3 on P. 23. If not, how are the roles different?</p>	<p>representative who is not Buyer to work on Buyer's behalf. The Contract Manager is the agency point person(s) who administers this contract.</p>
<p>4. What is the scope of Section IV A on P. 27? Is this Section applicable to this RFP? Will there be periodic payments for services, or will payment only be made after "...all such goods or services are completely delivered and finally accepted by the agency"?</p>	<p>It is anticipated that the selected bidder will submit periodic invoices to DED for payment based on completion of deliverables and milestones. DED will negotiate with individual contractors on specific terms for loan disbursements.</p>
<p>5. Is the language in Section G on P. 28 – in particular, the language pertaining to fiscal years beyond the current year – applicable to this RFP?</p>	<p>Yes.</p>
<p>6. The Project Description and Scope of Work defines Eligible Applicants to be "...Venture Capital Funds incorporated or organized under Nebraska law or qualified to do business in Nebraska..." What or who is included within the definition of "Venture Capital Funds"?</p>	<p>For purposes of the SSBCI program, a venture capital fund is an entity that meets the venture capital fund definition in 17 C.F.R. § 275.203(l)-1.</p>
<p>7. Could a newly created Nebraska entity which has two members – both of which are venture capital funds which are either organized or qualified to do business in Nebraska, and have an established track record and presence in Nebraska – be considered a</p>	<p>Yes, provided the newly created entity meets the following definition: For purposes of the SSBCI program, a venture capital fund is an entity that meets the venture capital fund definition in 17 C.F.R. § 275.203(l)-1.</p>

<p>“Venture Capital Fund” for purposes of this Request for Proposal?</p>	
<p>8. The RFP clarifies that only Venture Capital Funds can apply. Yet, traditional funds have a General Partnership, Management Company and a Limited Partnership structure. Which of these entities should apply? For example, the management company will source deals, perform due diligence and manage services related to growth of investment but the LP makes the investment. As it is written today, should both the management company and the limited partnership apply?</p>	<p>Whichever entity satisfies the requirements as defined as follows: For purposes of the SSBCI program, a venture capital fund is an entity that meets the venture capital fund definition in 17 C.F.R. § 275.203(l)-1.</p>
<p>9. Follow up, can venture holding companies apply? Assuming they have majority stake as General Partner in multiple funds.</p>	<p>Whichever entity satisfies the requirements as defined as follows: For purposes of the SSBCI program, a venture capital fund is an entity that meets the venture capital fund definition in 17 C.F.R. § 275.203(l)-1.</p>
<p>10. Who and how, and how many, are the decisionmakers at NGLF and NSDF named? Is this appointment by DED or another party? If so, please name the party making appointments. Or, is this an extension of a current role within DED? Please name if so. (We define decisionmaker as one who has control over approval of deals.)</p>	<p>The decisions will be made by Nebraska Department of Economic Development staff in accordance with a policy developed and adopted by the agency and approved by Treasury.</p>
<p>11. This section refers to the NGLF, but the broader basis of the RFP refers to the Nebraska Seed and</p>	<p>The decisions will be made by Nebraska Department of Economic Development RFP evaluation committee.</p>

<p>Development Fund (NSDF). Please specify which entity will be responsible for determining participants for the venture capital program.</p>	
<p>12. According to the language: SSBCI NGLF Administration Funding: The initial amount of SSBCI Applicant funding for administration/overhead will be determined by the number of Applicants who sign agreements with the Department. For ongoing administration/overhead costs, Applicants will be eligible to receive a set percentage of their deal amounts. Can you clarify, does each applicant have a total amount of deployable capital, thus the administrative fee is in proportion to that? Or are you proposing that based on each deal amount dictates the ratio? It appears that there is a conflict in the phrasing. Are participants paid an administrative fee for being approved as a participant, and paid an administrative fee per each deal?</p>	<p>The answer is both, participants will be paid an administrative fee for being a participant and program income for each deal.</p>
<p>13. Specifically considering most Venture Funds offer services through the General Partnership or Management Company entities, how will this work? Harkens back to the question on how many of a fund's associated entities should apply for approval.</p>	<p>Whichever entity satisfies the requirements as defined as follows: For purposes of the SSBCI program, a venture capital fund is an entity that meets the venture capital fund definition in 17 C.F.R. § 275.203(l)-1.</p>
<p>14. As the Nebraska venture and CDFI ecosystems are</p>	<p>Please refer to the posted Evaluation Criteria for this RFP.</p>

<p>nascent, and recognizing one of the Department's goals is to engage new partners in program ideation in order to meet the Treasury's goals of investing in SEDI-owned businesses, how will you prioritize the following in an evaluation? Please share what weight will be given to each of the following in your decision.</p> <ul style="list-style-type: none"> Management and operations Prior success and demonstrated results Program plan Potential economic impact Focus on target markets Industries Outreach plan Reporting and compliance capability 	
<p>15. If applicants are responsible for sourcing deals, performing due diligence and setting deal terms, what is the Department approving on each deal? More specifically, can you define "compliance" more explicitly? Understandably, it will be hard to set terms if 25-50% of the deal's capital is in question without clarity around the approvals.</p>	<p>The Department is reviewing the deal for compliance with the contractor's contract, the department's program rules and federal SSBCI guidelines.</p>
<p>16. Please provide a list of allowable uses for administrative and overhead expenses.</p>	<p>This remains to be determined. DED will negotiate these terms with the selected contractor(s) in accordance with federal SSBCI guidelines.</p>
<p>17. The Evaluation Criteria shows a formula that includes "Lowest Cost Submitted;" Is this an attempt to ensure early-</p>	<p>No, this is a way the RFP bidders will be weighted against each other according to cost. Please refer to the posted Evaluation Criteria for this RFP.</p>

<p>stage company valuations are set objectively and within a similar methodology? If so, what valuation methodology will the Department prefer?</p>	
<p>18. Along the lines of valuation, related to deal terms, are there deal types that the Department prefers or does not.</p>	<p>The Department will review the deal for compliance with the contractor's contract, the department's program rules and federal SSBCI guidelines.</p>
<p>19. This indicates that participating programs will sign a master promissory yet are able to retain return capital for ongoing investment purposes under the program. What are the terms of the master promissory?</p>	<p>This remains to be determined.</p>
<p>20. Is the expectation that after the program's sunset, participants return capital to the NSDF? Or that returns go back to the participating fund?</p>	<p>This remains to be determined.</p>
<p>21. Within the document, you state the department's goals are to achieve 10:1 leverage on the return on investment and in a subsequent paragraph you reference the 10:1 Private Financing Ratio. These definitions – return on investment and private financing ratio - are different. Can you clarify which is prioritized and how you're evaluating what is included in return on investment?</p>	<p>This remains to be determined and will be clarified with the selected contractor.</p>
<p>22. Will this 10:1 be similar to how the DED prototyping grant's ROI is calculated?</p>	<p>No. The two are unrelated. ROI will be evaluated according to SSBCI guidelines.</p>
<p>23. To confirm, an applicant may be in the process of</p>	<p>Yes.</p>

<p>securing their CDFI recognition at the time of this RFP.</p>	
<p>24. "Private financing" means private financing across all approved state programs and includes all loans or investments from a private source to an eligible borrower or eligible investee, whether occurring at or subsequent to loan or investment closing. How will the CDFI show proof of matching funds?</p>	<p>This remains to be determined. Proof of matching funds will be established according a procedure that is consistent with SSBCI guidelines.</p>
<p>25. CDFIs selected and approved for participation in NGLF will sign a NGLF loan participation contract and master promissory and with the Department. Can we see the terms of the contract and master promissory note?</p>	<p>This remains to be determined.</p>
<p>26. Participating CDFIs will be able to retain return capital for ongoing lending purposes under the program. In a later sentence, the RFP states that the DED will be in a subordinate lien position and the CDFI will have first claim to all recoveries until its losses are covered. If the return is projected to come to the CDFI, what losses are expected to be returned to DED?</p>	<p>Only such losses that remain or in the event of a CDFI dissolving to ensure the continuity of the security interest for the loan.</p>
<p>27. DED will oversee all NGLF program compliance including the lending process. All loans originated by a participating CDFI lender will be reviewed by</p>	<p>The Department will review the deal for compliance with the contractor's contract, the department's program rules and federal SSBCI guidelines.</p>

<p>the Department prior to the Department funding the loan. Underwriting will be performed by the CDFI, and the results will then be shared with the Department. A written commitment letter will be executed between the CDFI and the Department. Upon verification and approval by the Department, the CDFI will then close the loan and the Department will transfer funds to the CDFI to deliver the borrower. Can you clarify what program compliance includes?</p>	
<p>28. Who and how will those persons be chosen to determine program compliance?</p>	<p>The decisions will be made by Nebraska Department of Economic Development staff in accordance with a policy developed and adopted by the agency and approved by Treasury.</p>
<p>29. Are we correct in assuming this implies the Department is open to receiving a proposal for management of the loan fund on behalf of the Department, building a network of CDFIs and community banks across the state who would originate loans in which NGLF would purchase a participation, of the loans that are deemed eligible?</p>	<p>No. DED will manage the Loan Fund.</p>
<p>30. Will the Department allocate the SSBCI administrative fee (5% on first tranche and 3% on second tranche), as a percent of the capital allocated to each Applicant?</p>	<p>This remains to be determined.</p>
<p>31. The RFP states that participating CDFIs will be</p>	<p>No, such a proposal is outside the scope of work of the current RFP.</p>

<p>able to retain return capital for ongoing lending purposes of the program. Would the Department be open to receiving a proposal in which the Applicant does not retain the capital but instead manages it through an evergreen fund, recycling and deploying capital on behalf of the State for as long as the State desires?</p>	
<p>32. Is registration as a qualified vendor sufficient documentation to show the Applicant is qualified to do business in the state of Nebraska?</p>	<p>Yes, however the successful bidder will be required to register with the Nebraska Secretary of State prior to entering into a contract with DED.</p>
<p>33. Is the bidder required to have a Nebraska office location at the time of application, or is it sufficient to indicate current office locations and the intention to open a Nebraska office if awarded a contract?</p>	<p>It is sufficient to indicate current office locations and the intention to open a Nebraska office if awarded a contract.</p>

This addendum will become part of the Request for Proposal, and should be acknowledged with the Request for Proposal.