



NYC Catalyst Fund Request for Applications
Project #10306
Second Round Questions & Answers
January 26, 2024

In connection with the **Request for Applications (“RFA”)** relating to the **NYC Catalyst Fund (“NYCCF”)** released by NYCEDC on **September 20, 2023**, the 2nd round of questions from potential Respondents, as well as answers provided by NYCEDC, are below.

1. Q: Will you accept proposals where requirements may be satisfied upon award of the funds? For example, if awarded we would establish an office in New York City.

A: Proposals will largely be evaluated based on existing operations. Exceptions may be made for certain provisions that can be satisfied prior to award of the funds, such as insurance requirements described in Appendix II.

2. Q: Regarding the NYC-based portfolio companies or projects, how do you define "NYC-based"?

A: A NYC-based portfolio company is defined as:

- a) a company or project that is headquartered in New York City; or
- b) a company or project that has at least 25% of its full-time employees working in New York City

3. Q: How do we submit updates?

Q: We have been consistently making progress as far as investments and have recently received a strong markup for one of our portfolio companies. How do we update our submission?

Q: We recently distributed our 3rd Quarter update letter to limited partners (“LPs”) and if appropriate would welcome the opportunity to share it and our continued progress with you since submitting our First Round RFA application / response. Would it be appropriate for us to do so and if so, what is the best approach to share?

A: Updates can be submitted to NYCCF@edc.nyc, but may or may not be used during evaluation.

NYCEDC will contact applicants to seek clarification regarding materials as applicable—for example, NYCEDC may inquire into an applicant’s latest status regarding fundraising relative to what was described in the applicant’s submission.

4. Q: The RFA mentions a check size range of \$1-7M. Will a \$5M commitment from NYCEDC be feasible given the \$40M for 10-15 funds?

A: Yes, a \$5M commitment is in line with expectations for the program.

5. Q: As a hybrid fund of funds / direct investor, we invest in both VC funds and some of the startups in the portfolios of those VC funds we've backed—are we eligible under the Private Investments test of the Material Terms of Conditions?

A: Eligible applicants must be investment funds that only invest in private companies or projects, with the understanding that certain portfolio companies may become public post-investment. Fund of fund structures are not eligible based on this requirement.

6. Q: As a hybrid fund of funds / direct investor, our fund has a term of 12 years. Are we eligible?

Q: From what we see it is a requirement is that the fund have a maximum 10-year life. Is this a hard requirement?

A: The Investment Fund should propose an investment commitment from NYCEDC in a fund with a term of 10 years or less, excluding extensions.

If a Fund has a term longer than 10 years or is not a closed end fund, it must demonstrate a path to liquidity and repayment of investor's capital.

7. Q: I am reaching out on behalf of a NY-based fund looking to apply for funds from the Catalyst Fund. Our firm is a registered investment advisor—should we expect any additional regulatory requirements (beyond the noted insurance requirements in the RFA) if we are selected?

A: Selected applicants must register with the New York City Mayor's Office of Contract Services' Procurement and Sourcing Solutions Portal (PASSPort) and complete vendor enrollment.

NYCEDC will impose and comply with any regulations required by law. Applicants should consult with their qualified legal and tax professionals regarding any requirements to which their firm may be subject in connection with a commitment and investment from the NYC Catalyst Fund.

8. Q: Given the link between the fund and the City of New York, are there any pay to play regulations we should be aware of?

A: Proposals made to the Catalyst Fund are considered a business dealing with the City under Local Law 34 of 2007.

No proposal or application will be considered and no award will be made unless a Doing Business Data Form (see Appendix I of the RFA) is completed.

NYCEDC will impose and comply with any regulations required by law. Applicants should consult with their qualified legal and tax professionals regarding any requirements to which their firm may be subject in connection with a commitment and investment from the NYC Catalyst Fund.

9. Q: The RFA states that at least 25% of the Applicant's full-time employees work in New York City. It is common for many venture capital firms to not have full- or part-time employees. In this case, our organization does not have employees, only contractors and owners. Can you confirm how we should address this eligibility question if there are no full-time employees? Do we only qualify if we meet the required 3x investment threshold outlined in Section V, Part 4b?

Q: As with above, if the firm has an office space in NYC but does not have any full-time employees, are we exempt from applying?

A: Partners of the applicant's firm are considered when evaluating the NYC Investment Objective, which can be satisfied through at least one of the following criteria:

- a) The applicant is headquartered in New York City and at least 25% of the applicant's full-time employees work in New York City, including at least one investment partner, or
- b) The applicant will commit to investing at least three times (3x) NYCEDC's invested capital in NYC-based portfolio companies or projects.

For an applicant that has an office in NYC but is headquartered outside of NYC, eligibility must be satisfied by criteria (b) above.

10. Q: The RFA does not clarify if the headquarters must be a legally registered space for the firm. Does the headquarters need to be a physical space or may it also be a coworking space where our team operates?

A: Applicants should identify their principal place of business as their headquarters whether it is a leased or owned space.

11. Q: In accordance with the requirements surrounding full-time employees, are you able to offer any guidance on how to address insurance requirements for workers' compensation, disability benefits as they are not applicable to our fund?

A: Selected applicants should maintain workers' compensation and disability benefits as required by the applicable governing body (e.g., New York State Workers' Compensation Board). Applicants should seek their own legal counsel to determine how to comply with any such regulations or laws.

12. Q: Please confirm that "Additional Rounds Submission" means that new applicants (like us) are able to submit by the first business day of every month and that the language does NOT refer to subsequent evaluation rounds for applicants that are already in the system (i.e., those who successfully moved past round one).

A: Additional submission rounds are intended for new applicants to submit their proposals for evaluation.

Applicants that have previously applied may also provide revised proposals during the additional submission rounds. For example, applications that were previously considered non-responsive may be submitted with revisions to address the Material Terms and Conditions outlined in Section V of the RFA.

13. Q: When providing "4. Firm Financials," can we submit a folder with separate financial documents as PDFs, or should the documents be aggregated into a single PDF?

A: A folder with separate PDFs can be provided within the zip file in response to #4 of the requested submission files. There is no need to aggregate different sets of PDFs into a single file for submission to the RFP portal.

14. Q: When providing proposal materials, can we submit separate supporting files via a virtual data room?

A: When submitting the proposal, we recommend supporting files to be included within the zip file—as opposed to separately shared via data room—to the extent they provide clarity to the applicant’s proposal.

For example, applicants may include within their zip file additional files such as:

- Excel file that details the investment team’s financial track record
- Past LP letters
- Impact reports
- Standard due diligence questionnaires

15. Q: Regarding the private placement memorandum (“PPM”) that is required, I saw your response to question #14 in the First Round Questions & Answers file posted on October 23, 2023.

For the “analogous materials,” given that we are planning to cover each of the areas mentioned in the “applicant’s proposal” document, should we not submit anything for the PPM, or would you prefer that we submit a separate document in lieu of a PPM, even if that document ends up being quite repetitive with the materials covered in our proposal?

A: The submission of a separate document in lieu of a PPM is preferred.

To the extent that sections would be repetitive to components already covered in the applicant’s proposal (e.g., summary of the firm, summary of principal fund terms, team biographies, investment strategy, risk factors, regulatory considerations, etc.), references can be made to the relevant sections and pages of the applicant’s proposal as opposed to repeating the content itself.

If the applicant’s proposal comprehensively covers what would otherwise be provided in lieu of a PPM, applicants should either state this within their proposal or provide a separate, brief document that includes a list references to the relevant sections and pages.