Annual Report Requirements

Generally, the MOA will include in each year's annual report transaction-level data only for investments closed in the reporting period year. Data will include the following:

1. A unique investment identifier number, the census tract, and zip code of the investee's principal location.
2. The SSBCI-approved program in which the venture capital investment is enrolled.
3. The total amount of venture capital and other financing invested or loaned, and of that amount, the portion that is from non-private support.
4. The amount of venture capital provided by the Approved Municipal venture capital fund program.
5. Date of initial disbursement.
6. The business's annual revenues in the last fiscal year.
7. The business's full time equivalent (FTE) employees.
8. The 6-digit North American Industry Classification System (NAICS) code for each business's industry.
9. The year the business was incorporated.
10. The estimated number of jobs created and the estimated number of jobs retained as a result of the investment.
11. The amount of additional private financing occurring after the investment closing, if required under the provisions of Annex 7 in the SSBCI agreement with the MOA.

The MOA must also include in its annual report data on private financing that occurs after the loan/investment closing. Reporting this data for subsequent years allows the SSBCI to determine program effectiveness in achieving the MOA's projected 10 to 1 private leveraging expectation across all approved municipal programs. Subsequent financing may be considered to be caused by, or resulting from, the initial SSBCI-supported other credit support program (OCSP) financing when the initial SSBCI-supported OCSP financing increases the current and future creditworthiness of a company. If the MOA is required to report subsequent private financing, either for all OCSP programs or for a particular OCSP program, the MOA should record an amount greater than $0 only when the subsequent private financing is caused by, or resulting from, the initial SSBCI-supported OCSP financing, based on the guidance provided below.

For example, some loans or investments made under venture capital programs, or direct loan or loan participation programs, satisfy this condition. By investing equity, convertible, or subordinated debt, their financing can directly strengthen a company's balance sheet and allow it to (a) acquire assets that can collateralize a bank loan or (b) increase the cash available to service bank debt. The direct nexus between the initial

SSBCI–supported loan/investment and subsequent private financing occurs only when the initial loan/investment is a form of subordinate, mezzanine, or equity financing—in other words, a form of financing that actually strengthens the company's balance sheet or that can be used to secure or repay debt. Therefore, the MOA should record subsequent private financing for venture capital investments, direct loans, or loans enrolled in loan participation programs only when the initial loan/investment involves subordinate, mezzanine, or equity financing.

The MOA has the option to report subsequent financing for previously closed OCSP loans or investments if its total cumulative private financing generated by all approved municipal programs has already exceeded 10 to 1. Under these circumstances, reporting is not mandatory.

The MOA should record subsequent private financing for venture capital investments when the initial loan/investment involves subordinate, mezzanine, or equity financing.

Cumulative Private Leverage Ratio for All Approved Municipal Programs

The cumulative private leverage ratio is the result of dividing the total cumulative private financing generated by all approved municipal programs by the total SSBCI funds used by all approved municipal programs. The resulting weighted average is outlined below and reflects the MOA's ability to meet its reasonable expectation of 10 to 1 leveraging to date.

Calculating 10 to 1 Expectation

The MOA should calculate its leveraging for purposes of demonstrating a 10 to 1 ratio across all of its approved municipal programs according to the following formula:

Cumulative Private Leverage Ratio for all Approved Municipal Programs = [Total Cumulative Private Financing Generated by all Approved Municipal Programs]/[Total Cumulative SSBCI Funds Used by all Approved Municipal Programs]