

## ENTREPRENEURS' SEED CAPITAL FUND RECAPITALIZATION

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- (a) Appropriation. The amount of \$10,000,000 is appropriated from the Coronavirus Relief Fund to the Vermont Economic Development Authority to recapitalize the Entrepreneurs' Seed Capital Fund (d.b.a. Vermont Seed Capital Fund, LP) created in 10 V.S.A. § 291 to provide risk stage seed capital to Vermont businesses that have experienced economic disruption either through reduced business or through an unmanageable increase in new business due to the COVID-19 crisis.
- (b) The Fund is a \$5.1 million revolving "evergreen" capital fund in operation since 2010 serving Vermont's entrepreneurs and early stage technology enabled companies for job growth, income potential and wealth creation. Since inception, the Fund's portfolio companies have now raised in excess of \$182 million. The Fund is professionally managed by the Vermont Center for Emerging Technologies (VCET).
- (c) Investment categories. Notwithstanding any provision 10 V.S.A. § 290 to the contrary, the Fund shall initially invest the amounts appropriated consistent with the following:
- (1) Fast Capital Investment Program**
- (A) The Fund shall invest \$10,000,000 into rapid seed and early growth stage investments to employers that have a viable plan for recovery and growth.
- (B) The minimum amount of a Fast Capital Investment Program is \$50,000 and the maximum amount is \$500,000 per company.
- (C) The Fund shall make expedited investments using simplified investment terms and instruments, including stock, convertible notes, forgivable loans, royalty financing or grants with equity warrants.
- (D) In continuing to serve the Vermont innovation ecosystem and notwithstanding the expedited program timeline, the Fund shall pursue co-investment participation from local and regional investors, including Vermont venture funds, family offices, community foundations, accredited individual "angel" investors, lending institutions and other relevant sources.
- (E) For-profit Vermont businesses are eligible under the Fast Capital Investment Program except where other significant state appropriated Coronavirus Relief Fund program resources have been directed. These excluded sectors include:
- (1) traditional in-person retail operations,
- (2) lodging, hospitality and real estate operations
- (3) restaurants and food service operations