

Strategic Growth Loan (SGL)

Maximum Loan Amount \$250,000

Program Description

The SGL Program is designed to help bridge the early-stage funding gap that many North Carolina biotechnology companies face. Through the SGL program, loans of up to \$250,000 are available for biotechnology companies in North Carolina. Importantly, SGL funds must be matched by an equal investment or loan from one or more organized angel funds or networks (“Angel Groups”) or venture capital funds (“VCs”). This program is intended to fund companies to reach specific and meaningful milestones that will enable them to obtain further funding from private investors.

Eligibility

In order for a candidate biotechnology company to be eligible for the SGL, it must:

- Have *significant operating presence* in North Carolina. To establish a significant presence, the company must (i) maintain its head office (where its books and records are kept, taxes are paid, and senior management is located) in North Carolina as reported to the Secretary of State and/or (ii) conduct significant research, product development, or manufacturing activity in North Carolina.
- Be engaged in applied research, development or manufacturing utilizing *living cells and/or biological molecules* to develop a product or technology with commercial potential.
- Have achieved a robust technical and commercially promising *proof-of-principle* of its technology for the intended product or application.
- Have a committed, dedicated *management team* and a solid *business plan*.
- Have valid *license(s)* to the relevant core intellectual property expected to be necessary for the company to commercialize its product or technology.
- Obtain a *commitment* from an Angel Group or VC for an equity investment or loan at least equal in value to the amount being sought under the SGL.

The Biotechnology Center determines compliance with these requirements in its sole discretion on a case-by-case basis.

Permitted Use of Funds

The SGL funds strategic growth activities intended to help the applicant achieve a significant company milestone (“Fundable Event”) that would position the company for follow-on investment. SGL funds can be used for both technical/product development and business development activities.

Application Procedures

Companies interested in applying for an SGL should contact the Biotechnology Center’s SRL program director listed in the Contact section below to discuss the company, its proposed project, and the application procedures. After this discussion, company representatives may be invited to the Biotechnology Center to make an initial presentation.

Pre-Application: Once the applicant's eligibility and general fit for the program have been established, the company may be invited to submit a pre-application describing the company's management, technology, proposed project, and source of matching funds.

Full-Application: Upon satisfactory review of the pre-application, the company may be invited to submit a full online application. This application will include the company's complete business plan, project proposal, budget, financial statements, matching investment commitment(s), and other supporting documentation.

Review and Approval: The Business and Technology Development team will thoroughly review the company's application and solicit independent, third-party reviewers to evaluate the technical and commercial merits of the proposal. Applicants will have the opportunity to respond to external reviewers' comments. Competitive applications will be recommended to the NCBC's Equity Investment Committee (EIC) for final review and approval.

Application Deadlines: See [website](#) for current deadlines.

Loan Terms

The SGL is an unsecured loan with favorable terms including:

- Three-year loan with balloon payment at maturity for principal and accrued interest
- Interest rate equal to the current prime rate plus 1%
- Warrant coverage for a portion of the loan principal amount

Loan Distribution

Successful applicants will receive their loan funds according to the following schedule:

- 50% of the loan amount at closing
- An additional 40% upon receipt and approval of a mid-term project report
- The final 10% upon receipt and approval of a final project report

[Mid-term and final reports](#) include a detailed update of progress against proposed milestones (including supporting documentation) and actual spending versus budget. The Biotechnology Center will actively monitor the company's progress until the SGL is repaid in full. Periodic progress reports and occasional site visits will be required.

Contact

Contact Joseph Nixon at joseph_nixon@ncbiotech.org with questions regarding this program or to schedule a preliminary meeting.

