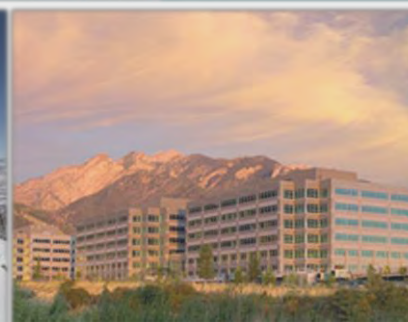
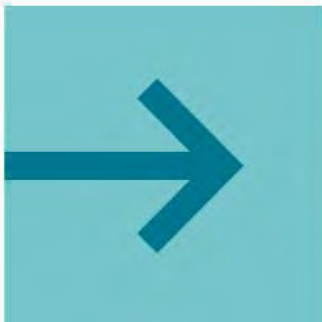


# Utah Capital Investment Corporation

## October 2015 Updates



## ▶ Economic Development Plan:

- Simple 2-page document:

Clear dual mission

Actionable items

- Create profitable investment portfolio

- Proactive and effective Utah economic development:

Impactful events

Company introductions

Local VC & PE firm introductions

Entrepreneurial meetings



utah capital  
INVESTMENT  
Economic Development Plan





Utah Capital was created by the Utah Legislature to help attract private sector investment capital into the State's growing entrepreneurial community. Utah Capital seeks to balance its dual mission of 1) mobilizing and enhancing venture capital investment in order to maximize direct economic impact to the State and 2) retaining a private-sector focus on rate of return and securing the best managers in the venture capital industry regardless of location.<sup>3</sup>

PROFITABLE INVESTMENTS

UTAH ECONOMIC DEVELOPMENT



INVESTMENTS	UTAH ENTREPRENEUR OUTREACH
<p><b>Goal:</b> Partner with investment fund managers who help fuel Utah's economy by investing in growing Utah businesses. Utah Capital will utilize its investing relationships to introduce Utah's small and growing businesses to investors.</p> <p><b>Action Plan:</b></p> <p><b>Investments:</b> Create a diversified portfolio of investment funds. Of particular focus will be managers that:</p> <ul style="list-style-type: none"> <li>have experienced management and excellent investment track records;</li> <li>have made prior investments in Utah companies or have a history of reviewing Utah company investment opportunities;</li> <li>are focused on the Governor's Office of Economic Development targeted "industry clusters"<sup>2</sup>;</li> <li>commit to spend time in Utah and review Utah companies for investment; and</li> <li>have portfolio companies interested in relocating to Utah.</li> </ul> <p><b>Relationship Building:</b> Build relationships with investment managers that will help Utah's entrepreneurs and small businesses. In addition to its investing activities, Utah Capital will make a proactive effort to reach out to investment managers to develop relationships and share Utah companies. Proactive outreach can include:</p> <ul style="list-style-type: none"> <li>attendance at fund annual meetings;</li> <li>Utah Capital investor meetings; and</li> <li>visits by Utah Capital staff to targeted geographies.</li> </ul>	<p><b>Goal:</b> Educate Utah entrepreneurs about investment capital fundraising and facilitate introductions between Utah entrepreneurs and appropriate sources of investment capital.</p> <p><b>Action Plan:</b></p> <p><b>Consulting:</b> Staff members will meet with Utah entrepreneurs and fund managers to provide insights into raising investment capital as well as key introductions from Utah Capital's established institutional networks.</p> <p><b>Events:</b><sup>2</sup> Utah Capital will host events each year focused on helping Utah entrepreneurs and small businesses. Utah Capital will also regularly support and sponsor events and organizations focused on Utah economic development.</p> <p><b>Website:</b> <a href="http://www.utahcap.com">www.utahcap.com</a> is visited by fund managers, entrepreneurs, and legislators. In addition to basic information about the fund and its management, the site also includes resources for entrepreneurs and information about Utah's attractive business climate for investors.</p> <p><b>Community Awareness Marketing:</b> In addition to supporting community events, hosting Utah Capital events, and maintaining an informational website, Utah Capital will place ads in select Utah business publications and issue periodic press releases to help make the public more aware of Utah Capital's services.</p>

"Utah Capital is a key mechanism to help attract venture capital and private equity to our state."  
— Governor Gary Herbert





Business Growth Initiative, University Venture Summit, and Governors Economic Council.



# 2014 Audit + Annual Report

**utah capital**  
INVESTMENT  
Annual Report for 2014

Prepared in accordance with the requirements of §63M-1-1206 (6) of the Utah Venture Capital Enhancement Act

## PORTFOLIO PERFORMANCE

- 2.4%** net internal rate of return including financing and administrative costs since fund inception
- 16.8%** net internal rate of return including financing and administrative costs for the reporting period
- \$63.7 m** investment distributions since fund inception
- \$113.1 m** net asset value of Utah Capital portfolio funds
- No new** investment commitments will be made under the current financing structure

## ECONOMIC DEVELOPMENT

**77**  
Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)

**5,073**  
New Utah jobs added by Utah companies since fund inception

— as of December 31, 2014 —

- \$908 k for the reporting period including:
  - \$466 k in total compensation paid to four employees
  - \$250 k investment allocation manager
  - \$173 k other (economic development, office, legal)
  - \$19 k business travel expense

\* Detailed notes and explanations on back

## Venture Capital

### ECONOMIC DEVELOPMENT

INSIGHT VENTURE PARTNERS | NEA | ACCEL PARTNERS | POINTS | Zetta

- 77 Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)
- 5,073 new Utah jobs added by Utah companies since fund inception
- \$879 m invested in Utah companies by Utah Capital portfolio funds since fund inception
- \$17 m invested by Utah Capital in Utah companies
- 29 consulting sessions during reporting period
- 74 events promoting Utah's entrepreneurs and companies
- 17 community events supported during reporting period

PELION VENTURE PARTNERS | Menlo | ANDREESSEN HOROWITZ | SORENSON CAPITAL

### The Utah Data Analytics Summit:

- 35 Developers
- 36 Entrepreneurs
- 51 Executives
- 29 Investors
- 20 Marketing, Sales, Finance, HR personnel
- 2 Vendors
- 72 Others (mainly students & professors)

**UTAH DATA & ANALYTICS SUMMIT**  
UTDAS

**utah capital**  
INVESTMENT

- Audited via “Agreed Upon Procedures”
- Portfolio Performance:
  - ❖ 2.4% net IRR after all costs, including financing
- Economic Development
  - ❖ Assisted with approx. \$35 mm to be deployed into Utah so far

Many introductions were made during the reporting period. Utah Capital was helpful in sharing Utah-based funds and a Utah-based start-up company with non-Utah investors, totaling an estimated \$35 m that could be deployed into Utah. Venture Capital and Private Equity fund managers typically raise funds every 3–5 years and invest in companies opportunistically based on various investing strategies. The \$35 mm modeled after each fund manager's past fund exposure to Utah. The Utah-based start-up company was discovered as a result of a Utah Capital event and led to subsequent capital introductions totaling nearly \$2 m. Investments often take several months (or years) to materialize from introductions.

## ▶ Key Initiatives

- Recent portfolio performance has provided Utah Capital with equity refinance options
- Finalizing strategy to refinance original \$130 mm UFOF I debt with long term equity supporters
- Seeking to combine new commitments with existing UFOF I portfolio to mitigate risk
- The IRR since inception was 5.0% and net multiple was 1.2x, including administrative and financing costs as of Q2'15

## ▶ Utah Capital Team



### ***Bret Jepsen | Managing Director***

- Northgate Capital
- San Francisco Employees' Retirement System
- Portfolio Advisors
- MBA Northwestern University, BS Brigham Young University



### ***Richard Pugmire | Managing Director, LPCA<sup>‡</sup>***

- Ford Pension Fund Investment Management
- University Venture Fund
- Harris Investor Services
- MBA, BS Finance (with Honors) University of Utah, CFA



### ***TBD | Managing Director***

- Successful Entrepreneur (e.g. Cotopaxi, InsideSales, Instagram)
- Data Analytics 2.0 Experience (e.g. Social Media, Email Analytics, etc)
- Articulate, Outstanding Presentation Skills, Precise
- MBA, BS Finance



### ***Emma Peterson | Office Manager***

- Provo City School District (Resource Teacher, Paraprofessional)
- Klas Enterprises (Editor, Press Releases, Report Summaries)
- BA Brigham Young University



### ***Associate Program***

- Recent College Graduates
- Receive VC, PE and Limited Partner Investing Experience

<sup>‡</sup> LPCA assists with due diligence, will manage all back office functions (accounting, capital calls & distributions, portfolio monitoring, reporting)

## ▶ Advisory Board(s)

### Utah Capital Investment Board



**Richard K. Ellis | Utah State Treasurer**

- Public Finance (25 Years)
- MBA U of U, B.S. BYU



**Val Hale | Governor's Office of Economic Development**

- Utah Valley Chamber of Commerce
- M.S., B.S., BYU



**Derek Miller | World Trade Center Utah**

- Governor's Chief of Staff
- J.D., M.P.A., B.A. BYU



**Robert Majka | Retired Bank President (30 years Banking)**

- Associates Capital Bank (CEO, acquired by Citigroup '00)
- B.S. Bowling Green State University



**Samuel C. Straight | Ray Quinney & Nebeker**

- RQN Hiring Partner & Chair Recruiting Committee
- J.D. Duke University, B.S. Georgetown University

### Utah Capital Investment Corporation



**Amy Rees Anderson | REES Capital**

- MediConnect Global <sup>1</sup> Founder
- IPOP Foundation for Mentoring Entrepreneurs
- Weekly Contributor Forbes, Huntsman Cancer Center
- BYU



**Ed Alter | Former Utah State Treasurer**

- Utah State Treasurer (28 yrs)
- Utah State Retirement Board
- MBA, B.A. U of U, CPA



**Ed Esber | Successful Entrepreneur**

- IBM, Texas Instruments, Ashton Tate, Creative Labs
- VisiCorp, Creative Insights, SoloPoint, Motion Computing
- MBA Harvard, M.S Syracuse, B.S. Case Western



**Mel Lavitt | Needham & Company**

- Jabil Circuit Board (NYSE: JBL ~ \$4b)
- Governor's Office of Economic Development (Chairman)
- A.B. Brown



**Bob More | Senior Advisor, Bill & Melinda Gates Foundation**

- Global Health Venture Capital
- Frazier Healthcare, Domain Associates
- Kauffman Fellows Program (Founding Member)
- MBA University of Virginia, B.A. Middlebury College



**Scott Peterson | Retired Managing Partner, Ernst & Young**

- Ernst & Young (Managing Audit Partner, Pacific Northwest)
- Financial Accounting Standards Board
- Mattson Technology (Audit Committee Chair)
- M.S., B.S. Accounting BYU



**Brad Wilson | President & CEO, Destination Homes**

- Utah House of Representatives Budget Vice-Chair
- Utah House of Representatives Assistant Majority Whip
- American Express Financial Advisors
- B.S. Weber State University



**Steve Young <sup>2</sup> | Managing Partner, HGGC**

- HGGC
- Sorenson Capital
- San Francisco 49ers
- J.D. College of Law, B.S. BYU

1, MediConnect Global sold to Verisk Analytics for \$348 mm in 3/12

2. Non-voting Member of UCIC Advisory Board

