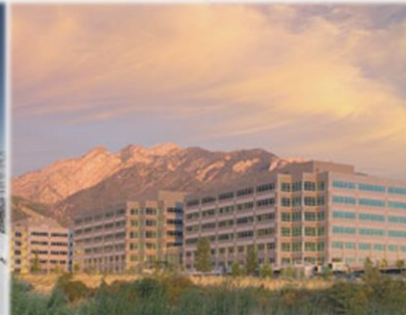


# Utah Capital Investment Corporation

## May 2016 Updates



## Audit + Annual Report (9/15)



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



### 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
- ▶ \$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

#UDAS

- Audited via “Agreed Upon Procedures”
- Portfolio Performance:
  - ❖ 2.4% net IRR after all costs, including financing (as of 12/31/14)
  - ❖ **3.7% net IRR** after all costs, including financing (as of 12/31/15)
- 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.

# ▶ Economic Development Plan – the Impact of a *Fund Intro* ...

**PELION**  
VENTURE PARTNERS

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Blake Modersitzki  
Managing Director

I'm fortunate enough to have spent the last decade or so doing what I love best: invest in technology start-ups. But that's not to say my career path has been predictable. Unless, of course, people in my profession typically move sprinkler pipe around an alfalfa field, loft hay bales, and shovel manure.

I should probably explain that I grew up on a farm in Bancroft, Idaho. My father was an old-school entrepreneur and farmer — the kind of guy who knows that if you come in from the fields with clean hands, you're probably doing something wrong.

He may have worn overalls to work, but he had a firmer grip on wheat and grain futures than the traders on Wall Street. And not by accident, either. His father ran a furniture and carpentry startup. And his father's father ran a fleet of fishing vessels on the Baltic Sea in East Prussia. So, needless to say, hard work is something of a family tradition.

As for me, I've spent my entire career in the software business doing everything from sales and marketing to M&A and, eventually, venture investing.





**PELION**  
VENTURE PARTNERS

@blakemod



San Francisco Employees' Retirement System  
**RETIREMENT BOARD MEETING MINUTES**

**Wednesday, June 10, 2015**  
1145 Market Street, 6<sup>th</sup> Floor  
San Francisco, CA 94103  
1:00 p.m.

.... page 20:

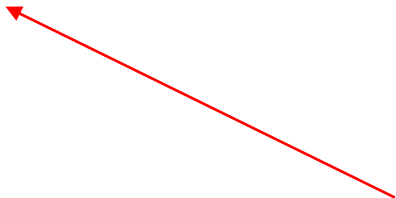
**Pelion Ventures VI, L.P.**

At its meeting on April 8, 2015, the Retirement Board approved in closed session an investment of up to \$25 million in Pelion Ventures VI, L.P. The investment was approved by the following vote:

Ayes: Bridges, Cohen, Driscoll, Meiberger, Paskin-Jordan, Stansbury  
Absent: Makras

SFERS' investment of \$25 million in Pelion Ventures VI, L.P. closed on May 1, 2015.

This investment is classified as a venture capital investment within SFERS' private equity portfolio and



## ▶ Key Initiatives

- Finalize strategy to refinance original \$130 mm UFOF I debt with lower cost of capital or equity
- Review 2<sup>nd</sup> fund with key legislators
- Continue effective Utah economic development activities (StartFEST 2017, Techstars SLC, Utah-based fund intros)