



Mobilizing Sources of Equity Capital
for Oklahoma Businesses

IMPACT REPORT



Devon L. Sauzek
President's Letter



"We must attract capital to our state because we don't have the resources to fund all of the promising projects in front of us. It only makes sense to recruit outside capital to Oklahoma companies with outstanding potential for growth."

-Devon Sauzek, OCIB

The Boomers, the Sooners and the wildcatters all had it – an attraction to opportunities and a willingness to take a risk. More than 100 years later, Oklahoma is still ripe with opportunities and still attracting pioneers willing to venture on building new technologies and companies.

Showcasing these Oklahoma opportunities is the Oklahoma Capital Investment Board (OCIB). By attracting merit-based venture capital funds to our state, OCIB plays a key role in Oklahoma's plan to diversify our economy. Now more than ever, the state needs these funds to continue searching for and investing in Oklahoma technologies and companies.

OCIB also plays an important role in developing local venture capitalists within our state. As some of Oklahoma's most successful business owners turn their talents toward raising capital and developing venture funds, OCIB is often their first stop. You will hear from some of these individuals in this report.

From the shopping cart to a method for using retinopathy to detect diabetes; from the parking meter to nanotechnology that renders cotton fabric "unstainable," Oklahoma has always been a state of notable inventions, big ideas and remarkable entrepreneurs. But without capital, today's entrepreneurs cannot build great companies. That is why OCIB exists – to attract capital for our entrepreneurs, to ensure that those with capital have access to and knowledge of the new ideas and technologies arising from our private universities, research labs and talented pool of entrepreneurs.



OCIB seeks to invest with the best venture capital funds. Through these partnerships we support Oklahoma's entrepreneurial ecosystem. Our efforts are working. As you will learn in this report, OCIB's programs have reaped a \$1.1 billion impact to Oklahoma's economy.

Moving forward, we will continue to invest with successful, merit-based funds that have a proven track record and a commitment to prospect for opportunities in Oklahoma. OCIB will continue to launch successful Oklahoma business owners into the realm of venture capital. We will continue to serve as a catalyst for the economic development of Oklahoma.

Sincerely,

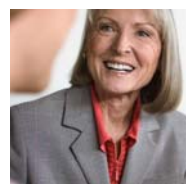
A handwritten signature in black ink that reads "Devon L. Sauzek".

Devon L. Sauzek

President

Oklahoma Capital Investment Board

March 2009



Oklahoma's entrepreneurial attitude has always been its calling card. Now that innovative spirit has found a foothold in an industry that barely existed in this state a little more than a decade ago as more and more Oklahomans - their ideas and innovations - are attracting the attention of venture capitalists around the country.

For seventeen years, the Oklahoma Capital Investment Board has cultivated the venture capital industry in this state -- launching Oklahomans as venture capitalists and drawing outside venture firms to the state.

6 About OCIB

Through its programs that support innovation and entrepreneurship in Oklahoma, OCIB has a substantial impact on the economic development of our state. OCIB has programs to assist investors and entrepreneurs in their efforts to grow strong businesses.

7 OCIB Results

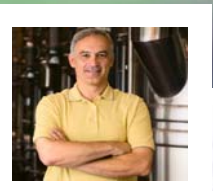
The impact of OCIB on the Oklahoma economy has grown steadily over the last 17 years. Investors, innovators, and entrepreneurs across the state are better positioned now more than ever to benefit by partnering with OCIB.

11 OCIB Success Stories

Take a closer look at what OCIB has done and continues to do for investors and entrepreneurs across the State of Oklahoma. There are countless success stories that showcase OCIB's positive impact on the state's economic development.



The OCIB. Investing in Oklahoma.



More than a billion dollars. That's the economic impact to Oklahoma over the past 17 years due to the work of the Oklahoma Capital Investment Board. The Board has used its statutory authority to build the private venture capital industry in the state and mobilized sources of equity and near-equity capital to serve Oklahoma businesses. The \$1.1 billion in impact compared to \$12.7 million in realized costs means the Board has leveraged state resources at the rate of 86 to 1.





about OCIB

The **Oklahoma Capital Investment Board** is the State of Oklahoma's institution for building the private venture capital industry in Oklahoma.

Since 1993, the Board has supported investment in 19 venture capital funds, which in turn have attracted additional investments of over \$120 million to Oklahoma businesses and projects. The Board also has supported nearly \$44 million in development loans to more than 1,450 small businesses across Oklahoma.



prosperity through growth

Created in 1993, OCIB's Venture Investment Program supports the funding of venture capital pools that meet the investment and strategic objectives of the Board. Through December 2008, OCIB has committed \$69.5 million to 19 venture funds. Of this commitment amount, \$60 million has been drawn. These funds have attracted in excess of \$120 million in equity investment to Oklahoma companies and an estimated \$240 million in leveraged debt.

Funding Growth



Over the years, the Board's Oklahoma Capital Access Program (OCAP) has supported in excess of \$44 million in loans to more than 1,450 Oklahoma businesses. In recent years, the large majority of these loans were to businesses in rural Oklahoma.

RESULTS

OCIB is a catalyst for economic development in Oklahoma; attracting investment capital, creating jobs and providing training and networking opportunities for Oklahoma entrepreneurs. OCIB programs have resulted in: establishing bioscience companies in the state; aiding the commercialization of technologies arising from Oklahoma universities and private research foundations; and assisting banks across the state in stretching their lending power to hundreds of small Oklahoma businesses.

Leveraging State Resources

"Oklahoma must continue to attract outside investment talent to the state. Learning from others is the only way to keep pace in a global market place."

-Devon Sauzek, OCIB President

IMPACT ON OKLAHOMA

ECONOMY OVER PAST 17 YRS

\$1.1 Billion

A 2007 independent study conducted for the Oklahoma Capital Investment Board by Applied Economics of Phoenix, Arizona, shows the financial programs of OCIB have impacted the Oklahoma economy by \$1.1 billion over the past 17 years.

RETURN ON INVESTMENTS

86:1

OCIB has had an overall impact or benefit ratio of 86 to 1. This represents \$1.1 billion in benefit to the state compared to \$12.7 million in realized cost since OCIB's inception.

TOTAL IMPACT FROM OKLAHOMA START-UPS

\$852.5 Million

The total impact on the Oklahoma economy from OCIB participating companies was \$852.5 million in increased economic activity.

SUPPORT FOR RURAL BUSINESSES

1,450

Over the years, more than 1,450 small Oklahoma companies have benefitted from OCIB's Oklahoma Capital Access Program. The Board has backed approximately \$44 million in development loans. In recent years, more than 80% of these loans went to small businesses in rural Oklahoma.

ESTABLISHING OKLAHOMA VENTURE FUNDS

\$104 Million

The amount of total capital invested in 8 Oklahoma Venture Funds after OCIB committed to being a lead investor.

JOBS CREATED BY OCIB'S
VENTURE INVESTMENT PROGRAM

11,000

11,000 jobs, (or an average of 780 jobs per year) and \$287.8 million in payroll resulted from companies' participation in OCIB's Venture Investment Program. This includes jobs and payroll at participating companies as well as jobs and payroll at other local businesses.

EQUITY INVESTMENT IN
OKLAHOMA BUSINESSES

\$120 Million

The amount of equity invested in 25 Oklahoma companies as a result of OCIB's Venture Investment Program. It is estimated that these companies have utilized \$240 million in debt finance, created 8,300 jobs and \$176.5 million in payroll.

ASSISTANCE TO SMALL BUSINESS
THROUGH OKLAHOMA BANKS

76

The number of Oklahoma banks that have enrolled in the OCAP program. The program helps banks broaden their loan capabilities to hundreds of small businesses across the state.

ECONOMIC ACTIVITY FROM
OCIB'S CAPITAL ACCESS PROGRAM

\$203.7 Million

The amount of increased economic activity impacting small businesses in Oklahoma due to OCIB's investments through its Capital Access Program. This activity included more than 2,300 jobs and \$37.5 million in payroll mostly in rural Oklahoma.

NUMBER OF COMPANIES
ASSISTED BY OCIB PROGRAMS

840

According to a 2007 independent study conducted for OCIB by Applied Economics of Phoenix, Arizona, OCIB programs assisted more than 840 companies.

VIP PROGRAM



The Venture Investment Program

Through its Venture Investment Program (VIP), the Board supports investments in private, professionally managed venture capital firms that have a history of producing solid returns for their investors and that are committed to serving entrepreneurs. As of December 2008, the Board has made commitments to 19 venture funds - 8 headquartered in Oklahoma - all with significant in-state presence.

OCIB's capital represents approximately 7% of the total capital raised by these 19 funds, yet more than 12% of the companies invested in are Oklahoma companies. More than \$120 million has been invested in promising Oklahoma businesses as a result of OCIB's venture activities. In addition, by leveraging other sources of financing, an estimated \$240 million has been mobilized for the growth of these businesses at minimal cost to the state.



"Oklahoma needs this type of equity partnership providing venture capital to promising industries. We are especially appreciative of the initial help and encouragement we received from the Oklahoma Capital Investment Board who made an early commitment to us for \$3 million."

- Gregory J. Edwards, Mesa Capital Partners Oklahoma

"Our job is to seek out groups that demonstrate a successful investment track record, a strong strategic fit with Oklahoma investment opportunities and a solid plan for being accessible to Oklahoma entrepreneurs."

- Devon Sauzek, President Oklahoma Capital Investment Board



Mesa Ventures Oklahoma

PROGRAM:

Venture Investment Program

OCIB INVESTMENT:

\$3 Million

FUND SIZE:

\$12 Million

YEAR FUNDED:

2005

INDUSTRY FOCUS:

Not Industry Specific

Mesa Ventures Oklahoma

Longtime Oklahoma businessmen, Greg Edwards and Doug Frans, have a history of owning and operating successful businesses. But in 2004, the pair along with another partner, Moritz Schlenzig, were evaluating the prospect of starting a venture capital fund that would address a need not being adequately supported by existing capital sources. Their first meeting was with the Oklahoma Capital Investment Board.

"OCIB reviewed our plan on how we intended to raise capital and where we intended to invest," said Greg Edwards. "And after a thorough review, the Board gave us a commitment of \$3 million. We raised the next \$9 million in the following three months."

Edwards says their fund, Mesa Oklahoma Growth Fund I, L.P., raised \$12 million in venture capital from twenty-one prominent Oklahoma City and Tulsa investors and launched investment activities in 2005. But he says it was OCIB serving as the lead investor on this project which helped give Mesa the momentum it needed to raise the additional funds.

"I tell everyone that OCIB is the fountain from which sprang Mesa's ability to raise additional capital for our fund," said Edwards, General Partner of Mesa. "OCIB was integral in our decision to create the Mesa Fund. The Board has created a firm foundation for the establishment of venture capital funds in Oklahoma; particularly one like Mesa which focuses on entrepreneurs who are otherwise underserved in this state...We have not limited our investment prospects to a few target industries. We have chosen those emerging companies in Oklahoma or with ties to Oklahoma which generally fail to receive proper attention from larger venture funds."

One example of a company in which Mesa invested is Lifeguard America, Inc., a Tulsa-based software company that has designed systems to streamline the excessive, duplicative and complicated paperwork involved in gathering and sharing donor information within the human organ and tissue transplant industry.

Oklahoma Equity Partners

PROGRAM:
Venture Investment Program

OCIB INVESTMENT:
\$7.5 Million

FUND SIZE:
\$11.5 Million

YEAR FUNDED:
2003

INDUSTRY FOCUS:
Alternative Energy, Consumer
Products, Biotech

Oklahoma Equity Partners

Oklahoma Equity Partners (OEP) is an \$11.5 million venture capital fund focused exclusively on Oklahoma opportunities. The fund considers any stage business in any industry in the state.

OEP co-invests in Oklahoma businesses with a group of select investors from venture funds with regional and national reach and scope. These partnerships provide the type of financial capacity and business acumen that adds value to entrepreneurial ventures and makes OEP a strong option for Oklahoma entrepreneurs in search of equity capital.

“Our goal is to know every deal in Oklahoma that has the potential to be a venture capital investment opportunity,” says Dave Humphrey, COO and senior investment professional. “We review about 80 business plans per year.”

In its six year history, OEP has invested in companies ranging from biotech and consumer products to alternative energy – all of them companies founded and based in Oklahoma.

“The OEP model is to find opportunities for our fund and bring in other larger venture funds as co-investors,” Humphrey says. “The other venture capital fund often takes the lead on certain aspects such as due diligence; drafting the valuation and term sheet, and handling the closing. This partnership allows OEP to focus on the front end of the process - creating investment opportunities in Oklahoma that previously didn’t exist.”

Humphrey says without the initial investment from the OCIB, OEP would not be in the Oklahoma market looking for deals and partnering with other venture funds on these deals. “We needed the support of a well established institutional partner such as OCIB.” An excellent example of a company funded by OEP is InnovAlarm Corporation, an Oklahoma City company that has developed an innovative and patented smoke and carbon monoxide alarm system for the hearing impaired.



Oklahoma Life Science Fund

Oklahoma Life Science Fund

Since its inception in 2000, the Oklahoma Life Science Fund has played a key role in the building of several successful life sciences companies within Oklahoma including InterGenetics, Ekips, ForHealth, Zapaq, and Inoveon. OLSF's mission is to provide venture capital to biotech start-ups in Oklahoma. The fund, which has current committed capital of \$10.5 million, will finance the most promising early-stage life sciences companies north of the Red River and south of the Kansas border according to William Paiva, Ph.D, OSLF's director.

PROGRAM:
Venture Investment Program

OCIB INVESTMENT:
\$1.75 Million

FUND SIZE:
\$10.5 Million

YEAR FUNDED:
2006

INDUSTRY FOCUS:
Biotech, Life Sciences

According to Paiva, many life sciences companies can't attract venture capital due to the high-risk nature of biotechnology. "You've got a queuing of companies that are sitting out here, early-stage, that are ready to go but can't get venture capital - money in the purest sense of the word," Paiva said. "So the Oklahoma Life Science Fund is intended to pick two or three of the most promising Oklahoma health care companies (and) make investments of \$500,000 to \$700,000 dollars to carry them over that barrier."

A perfect example of this is Inoveon, a premier medical services company that provides digital imaging services to detect and monitor diabetic retinopathy in the primary diabetes care setting. According to Paiva, "Without OCIB, it is highly unlikely that Inoveon would ever have been funded. OCIB has allowed us to establish a larger, regional fund with the necessary capital to carry these types of ventures from start-up to truly thriving companies."

Prolog Ventures

Prolog Ventures

Prolog Ventures is a VC firm specializing in life sciences. Since its launch in 2001, Prolog has supported more than 20 young companies. Routinely, Prolog invests in traditional healthcare opportunities as well as emerging areas — such as nutrition, wellness, and green technology. The firm also has a keen interest in platforms and tools that enable all of life science.

According to Prolog’s founder and managing director, Brian Clevenger, the firm uses its expertise to invest in what Prolog knows best: exceptional opportunities in their early stages. And then they take an active, ongoing role in helping entrepreneurs develop the right strategy, team, and connections to succeed.

Clevenger is a huge proponent of OCIB’s VIP program. “Because of OCIB, we actively and continually seek out investment opportunities in Oklahoma. It is often so difficult to put together a syndicate of investors. OCIB facilitates this process and acts as the catalyst in getting great new ventures off the ground.

A shining example of a company in which Prolog Ventures invested is Altheus Therapeutics. Altheus Therapeutics was established to develop novel therapies for Inflammatory Bowel Disease (IBD). The company’s technologies, developed at the University of Oklahoma, are the result of 30 years of research and insight into the disease. Altheus’ mission is to bring to market technologies that address unique disease mechanics of IBD and in turn reduce suffering.

PROGRAM:

Venture Investment Program

OCIB INVESTMENT:

\$5 Million

FUND SIZE:

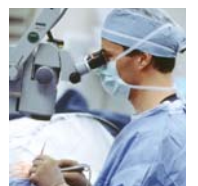
\$65 Million

YEAR FUNDED:

2005

INDUSTRY FOCUS:

Biotech, Life Sciences, Agriculture



The logo for the Oklahoma Capital Access Program (OCAP) is displayed in white, bold, uppercase letters on a solid orange rectangular background.

The Oklahoma Capital Access Program

Through its Capital Access Program, the Board provides credit enhancement tools to banks and other lending institutions. OCAP allows these lending institutions to stretch their loan capabilities and offer more opportunities to Oklahoma's small business borrowers.

OCAP is easy to use, has few restrictions and OCIB staff is available to provide training or answer questions to lending institution about enrollment. As of December 2008, the program has supported more than 1,450 loans totaling nearly \$44 million to Oklahoma businesses.

Loans vary in size from \$1,000 to \$700,000 and have been used to fund everything from farmers and ranchers to foundries and day care operators. A large majority of the program's recent loans are to businesses located in rural Oklahoma.



"The OCAP program allows us to make loans to small businesses and entrepreneurs that wouldn't be possible otherwise. In many cases, the companies we work with can trace their success directly to the funds received through the OCAP program. OCAP is a valued partner to our bank and a continued positive influence in our local economy."

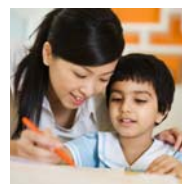
- Lance Smith, First National Bank of Sallisaw

"The Capital Access Program offered by OCIB is really an incredible tool for banks because it allows us to extend our loan power to customers that might otherwise not be able to get a loan. But it's the companies and our community that see the benefits because it impacts our local economy to a great extent."

- Rod Carver, First National Bank & Trust Elk City

"We've been approached many times by a customer who wants us to help them launch their local business, but because their capital infusion is not what we had hoped for, we find ourselves sitting on the fence about whether to make the loan. That's exactly the instance when we introduce the customer to the OCAP program and get these types of ventures the financing they need."

- Jerry Key, Stroud National Bank



First National Bank & Trust Elk City

PROGRAM:

Capital Access Program

PROGRAM RECIPIENT:

First National
Bank & Trust Elk City

INDUSTRY FOCUS:

Construction Contractors, Heavy
Equipment Businesses, Retail

NUMBER OF BUSINESSES ASSISTED:

30

First National Bank & Trust Elk City

One hundred-fifty to two hundred jobs – that’s the estimated number of jobs created over the past 10 years in Elk City thanks to the Oklahoma Capital Access Program (OCAP) according to banker Rod Carver. The Vice President of the First National Bank and Trust in Elk City says the economic impact to his community is due to the Capital Access offered by OCIB.

“The OCAP has been a great success for us and this community,” says Carver. We’ve used it to help many small businesses get started in our area.”

Carver estimates the First National Bank has used the OCAP program to help roughly 30 businesses in the Elk City area over the past decade or so. None of these businesses would have received a loan without the program.

“When a business comes to us for a loan, we have to have a certain amount of equity before we can make that loan and the OCAP fills that void,” says Carver. “It gives us a reserve of equity to fall back on if or when we might need it.”

Oil and gas services industries, retail, small manufacturers and catering companies are a few examples of the types of businesses First National Bank and Trust has supported with OCAP help over the years. The program has been such a success that the bank has used it to its fullest extent.

Carver says he’s not sure that business owners who receive the loans are familiar with how the Capital Access Program works, but they certainly appreciate the fact that a loan can be extended to them that might have otherwise not been possible.

“The Capital Access Program offered by OCIB is really an incredible tool for banks because it allows us to extend our loan power to customers that might otherwise not be able to get a loan. But it’s the companies and our community that see the benefits because it impacts our local economy to a great extent.”

Stroud National Bank

PROGRAM:

Capital Access Program

PROGRAM RECIPIENT:

Stroud National Bank

INDUSTRY FOCUS:

Construction Contractors, Heavy
Equipment Businesses, Retail

NUMBER OF BUSINESSES

ASSISTED:

20-25

Stroud National Bank

In the past 12 years, businesses in and around Wellston have opened, thrived and expanded thanks in part to the Oklahoma Capital Access Program (OCAP) managed by the Oklahoma Capital Investment Board. Jerry Key, Branch President of the Stroud National Bank in Wellston says he has used the OCAP program to extend loans to roughly 20 to 25 businesses in the area.

“We’ve been approached many times by a customer who wants us to help them launch their local business but because their capital infusion is not what we had hoped for, we find ourselves sitting on the fence about whether to make the loan,” says Key. “That’s exactly the instance when we introduce the customer to the OCAP program.”

Key says the program has allowed Stroud National Bank to provide loans for many clients over the years and without OCAP, these clients wouldn’t have started their company or realized their planned expansions.

“It’s a very simple program for us and our clients,” says Key. “As long as the business keeps a continuous line of credit the business owners qualify for the program which comes with a required capital reserve. The business owners can continue to pay on the loan and reduce the balance of the loan, but the capital reserve stays with the business as long as it is renewed along with future notes.”

Key says another group that appreciates the OCAP is bank examiners.

“The added capital infusion or reserve associated with OCAP strengthens our position in the bank examiner’s eyes,” says Key. “We’ve heard them say they often tell other banks about OCAP because they believe it’s a great program.”





ORGANIZATION



OCIB Trustees

The Board is a state-beneficiary public trust. There are five Trustees who serve as representatives of the state. Each member is appointed by the Governor with the advice and consent of the Senate. Trustees are selected based upon their outstanding knowledge and leadership, and for their experience in managing venture investments.

The Board retains Institutional Equity Associates, LLC to provide investment management and administrative services. The principals of this firm are Robert G. Heard and Devon L. Sauzek. Mr. Sauzek serves as OCIB president and Diana K. Mooney as administrative officer.

General Counsel for the Board is Robert A. Curry of the firm Conner & Winters, Tulsa. The CPA firm of Finley & Cook, Shawnee, performed the annual audit. The State Bond Advisor advises the Board on bond financing matters.



The Board at fiscal year end 2008 included:

Bill Andrew
Financial Advisor
Edward Jones
Enid, OK
Assistant Secretary

Gerald G. Austin
Executive Vice President, retired
Fleming Companies, Inc.
Oklahoma City, OK
Vice Chairperson

John A. Brock
Owner
Rockford Exploration
Tulsa, OK
Secretary/Treasurer

Jean McGill
President
Noble Investments, Inc.
Tulsa, OK
Assistant Secretary

Michael Mitchelson
Attorney & OCU Law Professor
Oklahoma City, OK
Chairperson





VISION



Vision

The Oklahoma Capital Investment Board supports a developing entrepreneurial ecosystem in Oklahoma by investing in and partnering with carefully selected venture capital funds which provide necessary risk capital to Oklahoma companies from early-stage start-ups to later-stage expansions. The Board also works with banks to encourage them to stretch to make loans to Oklahoma companies. These activities create jobs for Oklahomans and help to diversify the state's economic base.

The Board raises private investment capital supported by \$100 million in contingent state tax credits and operates without state appropriations. The Board exceeds its statutory minimum requirement of 2 dollars invested in Oklahoma projects and businesses for every 1 dollar of principal guaranteed. The Board's Venture Investment Program is designed to leverage private capital of approximately 5 to 1 while the Oklahoma Capital Access Program (OCAP) has already achieved leverage of better than 24 to 1.

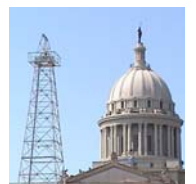
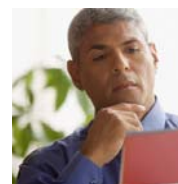
Both the funding structure and delivery system employed by the Board provide a variety of opportunities for meaningful private sector participation in its programs.



A key focus of the Board's Venture Investment Program is its recruitment of outside venture expertise to Oklahoma entrepreneurs. By supporting investment in a number of venture capital funds, each with its own team of investment professionals, the Board brings to Oklahoma a broad range of professional talent to serve the diverse opportunities within the state. These outside firms help build networks, provide capital and demonstrate good investment practices to local Oklahoma firms.

Additionally, the Board reduces the inherent risks of venture capital by diversifying: investing over time in high quality venture funds with a variety of industry interests, investment stages, and geographic locations.

The Board, through its OCAP program helps support additional Oklahoma companies that may not qualify or need venture funding. By making a credit enhancement tool available to dozens of banks, the Board engages a large number of individual bankers in creating solutions for small business borrowers.



BACKGROUND & CORE VALUES



History

The Oklahoma Capital Investment Board is a public trust with the State of Oklahoma as its sole beneficiary. The public trust was originally formed in 1975 for unrelated purposes. Legislation relating directly to the Board occurred first in 1987. The Oklahoma Capital Formation Act (the Board's enabling legislation) was passed in 1991. The mechanism by which the Board's guarantee authority can be used to raise capital was clarified by District Court decree in January 1992. The amended trust indenture was signed by the Governor in March 1992. The Board's Oklahoma Capital Access Program enrolled its first loan in July 1992. The Board's Venture Investment Program made its first fund investment in March 1993.

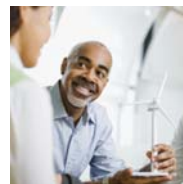
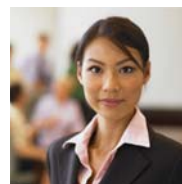
Core Values

OCIB programs are based on principles that emphasize the use of private sector expertise and traditional investment disciplines. When it comes to building new capital companies in the state, ones that will endure for many years, there is no substitute for a careful investment process that seeks the best talent available to serve the needs of Oklahoma businesses.



The following are basic principles pursued by the Board:

- Risk capital is necessary to generate and support the growth of entrepreneurial firms, which in turn create jobs and provide economic growth.
- Risk capital is best provided and managed by qualified, professional investment groups.
- A responsive state program can demonstrate to potential investors the high level of commitment Oklahoma has for entrepreneurial ventures.
- The pursuit of a market rate of return provides the best discipline for using limited resources to generate the greatest economic impact.
- The risks of making venture capital investments in Oklahoma can best be managed by diversifying this risk through a number of investments in separate venture capital funds, each with a proven track record.
- The successful targeting of venture investments to the state requires the careful selection of fund managers who can demonstrate the ability to successfully invest in economic sectors that are indigenous to or developing within the state. Such managers must commit to marketing their resources aggressively, being highly visible to their primary markets within Oklahoma and to actions that help build the permanent presence of venture capital talent within the state.



OTHER EFFORTS

In recent years, the Board has ventured beyond its established VIP and OCAP programs to participate in other projects that have benefitted the state and its entrepreneurs. Below are two examples of OCIB's efforts to promote the state.

CONCEPT TO COMMERCIALIZATION

Nanotechnology that makes cotton resistant to stain, methods to harness the advertising power of social media networking and a software application that provides an intelligent medication management system for institutions: these are a few of the ideas and technologies emerging from Oklahoma research institutes and entrepreneurs. Many of these ideas and advancements are showcased to venture capital and angel investors at Oklahoma's bi-annual Technology Ventures Summit (TVS or Summit).

The Summit, developed by OCIB and Oklahoma Equity Partners (OEP) and sponsored by other Oklahoma entities such as the Oklahoma Business Roundtable, also offers intensive training designed to help entrepreneurs and angel investors connect and hone their skills.

Whether it involves walking entrepreneurs through the steps of financing to building a budget or writing a business plan for their idea or technological invention, the TVS offers nationally-acclaimed workshops to Oklahomans who have a solid idea or technology but aren't sure how to take it to the next level.

"Many entrepreneurs can articulate their ideas and technologies to peers, but get lost in the aspects of financing their venture and picking the best path to the market." said Paul Huleatt, CEO of World's Best Technologies and facilitator of the SBIR workshop at the first TVS.

Other workshops at the TVS are aimed at helping successful business owners make the transition into the world of angel investing. Another highlight of the Summit is the opportunity for venture capital and angel investors from Oklahoma and the region to hear presentations from and review the business ideas and plans of some of Oklahoma's leading technology startups.

Keynote speakers at past Summits include Rich Karlgaard, publisher of Forbes Magazine and Steve Mercil, founder of RainSource Capital, one of the nation's pioneers in building successful angel investor networks.

"Oklahoma has a significant entrepreneurial talent pool. The Technology Ventures Summit provides an incredible opportunity for these entrepreneurs to learn more about the business aspects of commercializing their ideas and then network with and showcase their talent to investors," said Dave Humphrey, President of OEP.

NET SUCCESS

Before Oklahoma City became the home of the Thunder in 2008, major league professional sports debuted in the capitol city, due in part, to OCIB. In 2005, after the City of New Orleans was ravaged by Hurricane Katrina, the Board joined the City of Oklahoma City and private investors to support a bid to give the New Orleans Hornets a temporary home at the Ford Center for its 2005-2006 NBA basketball season.

As an inducement for relocating the New Orleans team, Oklahoma City officials assembled a group to help ensure a minimum level of revenues to the team. The city, private investors and OCIB each agreed to share one third of the \$10 million commitment that would have been called if revenues for the season fell short of a \$40 million goal. OCIB considered handling the state's commitment after receiving support to do so from State Treasurer Scott Meacham, Governor Brad Henry and leadership of both the House and Senate.

"We called a special meeting of our board" said Devon Sauzek, OCIB President. "Board members looked at the benefits to the state and the structure of the project, and determined it was worthy of support."

"This is a unique opportunity for Oklahoma. I am very pleased OCIB was able to help with the state's guaranteed portion of this project." said Governor Brad Henry at the time the deal was struck. And the investment partnership was a success. Revenues for the Hornets exceeded the \$40 million goal and resulted in more than a \$71 million economic impact on the state. The team stayed for an additional season creating additional jobs and an economic boost to Oklahoma. Oklahoma City garnered national attention for its enthusiastic support of the misplaced team and that was one factor that spurred some local business owners to buy their own NBA franchise and bring it to the Sooner State.

"The investment partnership for the Hornets deal brought a lot of public attention to OCIB," said Sauzek. "We were certainly known in the investment community, but this was the first time we had been associated with a project of such general public interest. So while the project was outside the norm of the types of ventures we typically support, the Board gave it the same careful consideration and vetting that we do our other opportunities. In the end, it was a project that not only succeeded, but continues to reap significant benefits for the city and Oklahoma."

Investing in Oklahoma's Future



Contact us today to learn more.

Mobilizing Sources of Equity Capital for Oklahoma Businesses

For further information contact:
OKLAHOMA CAPITAL INVESTMENT BOARD
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