

The OHIO 
CAPITAL FUND™

2015

ANNUAL REPORT



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The Ohio Capital Fund (the “OCF”) was established to **increase the amount of private investment capital available for seed- and early-stage Ohio-based business enterprises**, with the goals of increasing employment, **creating additional wealth** and otherwise **benefiting the economic welfare of the people of the State of Ohio**.

TO THE OHIO VENTURE CAPITAL AUTHORITY:

We are pleased to present the 2015 Annual Report for The Ohio Capital Fund LLC (the “Fund”). Standard practice for the private equity asset class is to report underlying fund information one quarter in arrears. This report will include the most up-to-date information available as of June 30, 2015 for the underlying fund investments (the “Underlying Funds”). All references to quarters in this report mean calendar quarters, unless otherwise indicated in the context.

Everyone knows that Ohio was home to Thomas Edison, the Wright Brothers and Neil Armstrong. These 20th Century trailblazers played leading roles in the technical revolutions that fundamentally changed society and transformed the modern world. Were it not for them, we may not have electrification, commercial aviation and manned space flight. Today, Ohio is home to a new generation of pioneers, entrepreneurs and risk takers. TOA, iSqft, Uptivity and now CardiInsight are four examples of Ohio’s new tech economy. These companies were developed, incubated and grown right here in our state. They were founded by Ohioans, and funded by investors that saw the promise of their vision. They grew rapidly, creating value for founders, employees and shareholders along the way. These four successful companies are the epitome of OCF achieving its “double bottom line” goals – 1) they generated solid returns for their investors and wealth for their founders and 2) they created jobs, economic activity and tax revenue for the state of Ohio. The OCF will continue to support 21st Century companies like TOA, iSqft, Uptivity and CardiInsight in order to generate attractive investment returns for investors and economic value for Ohio.

FOURTH QUARTER SUMMARY

The Ohio Capital Fund continued its solid performance in the fiscal fourth quarter ended June 30, 2015. The Fund received distributions of \$2.7 million during the quarter, and the Fund’s gross total value to paid in capital was 1.38x. Capital draws by Underlying Funds increased 2.9% during the quarter, representing a total of \$119.0 million, or 85.9% of the Fund’s current commitments. Approximately 88% of the Fund’s capital commitments through June 30, 2015 were made to Ohio-based Underlying Funds and 12% to national Underlying Funds. This exceeds the requirement to commit at least 75% of the Fund’s investable capital in Ohio-based Underlying Funds.

As of June 30, 2015, the Underlying Funds have invested in 81 Ohio-based early-stage companies. There has been a slowdown in new investment activity in Ohio-based early-stage companies by Underlying Funds as most are finished making new investments and are focused on supporting existing portfolio companies. During the quarter, OCF made separate commitments of \$2 million to Draper Triangle III, Edison Partners VIII, NCT II and RiverVest Ventures III. These fund managers are four of the top performers for OCF and have met program requirements in prior OCF fund commitments. BVP approved the commitment to NCT II in 2013.

As of June 30, 2015, Underlying Funds had invested \$265.1 million, or 2.23 times the \$119.0 million funded amount, into the 81 Ohio-based early-stage companies. Invested capital by Underlying Funds in Ohio-based companies increased by 1.3% during the quarter. As a condition to receiving an investment from OCF, the Underlying Funds agree to invest at least 50% of the capital committed from the Fund into Ohio-based early-stage companies. This condition would imply a goal of at least \$75 million (50% of the total Fund size of \$150 million). For each \$1.00 drawn down from the Fund by the Underlying Funds, \$8.76 has been invested in Ohio-based companies with the total investment from the Underlying Funds and co-investors included in those same financing rounds. The total investment in Ohio-based companies increased by approximately 1.3% in the quarter. In aggregate, over \$1 billion has been invested into the 81 Ohio-based early-stage companies. Through June 30, 2015, the 81 Ohio-based early-stage companies that received investment from OCF have added 1,019 new employees since the time of investment by Underlying Funds. Total headcount for Ohio-based companies has increased to 2,738 employees.

Underlying Funds are generally investing at a slower pace as most are at the end of their investment period and are unable to make investments in new companies. Underlying Funds drew down \$7.3 million from the Fund in the last calendar year. Total investment in Ohio-based companies increased by approximately 7.0% during the year. Certain Ohio-based companies are receiving larger late-stage rounds of financing as they continue to mature. We regard these growth rounds of financing as a signal of positive market feedback for the portfolio (Source: BVP). In the past year, the Underlying Funds distributed \$22.1 million back to OCF, including the secondary transaction closed in June 2014. As the investments in the funds continue to grow and mature, we hope to see an increase in these distributions in the coming quarters.

During the quarter, Cleveland-based CardiInsight Technologies was sold to Medtronic (NYSE: MDT) for \$93 million. Draper Triangle Ventures has been an investor in CardiInsight since 2006, after the company was spun out of Case Western Reserve University. CardiInsight’s technology includes a vest that reads electrical data from a patient’s torso and the system’s software then converts that data into a map showing the electrical activity of the heart. According to Reggie Groves, Vice President and General manager of the Atrial Fibrillation unit at Medtronic, the plans are to maintain CardiInsight’s employees in Cleveland.

The Fund continued its positive momentum relative to its double bottom-line mission during the quarter. This mission includes seeking financial returns and continued positive impact on the Ohio venture capital ecosystem.

Sincerely,
Buckeye Venture Partners, LLC

\$1 BILLION

TOTAL INVESTMENT BY ALL INVESTORS,
INCLUDING THE OCF UNDERLYING FUNDS,
INTO 81 EARLY-STAGE OHIO COMPANIES

THE OCF PORTFOLIO HIGHLIGHTS

We are pleased to report on the continued increase in the level of Ohio-based investment activity. This helps fulfill The Ohio Capital Fund's mandate of increasing the amount of private investment capital available for seed- and early-stage Ohio-based business enterprises.

**81 EARLY-STAGE
OHIO COMPANIES**

56 ACTIVE, HAVE RECEIVED INVESTMENT
FROM THE OCF UNDERLYING FUNDS

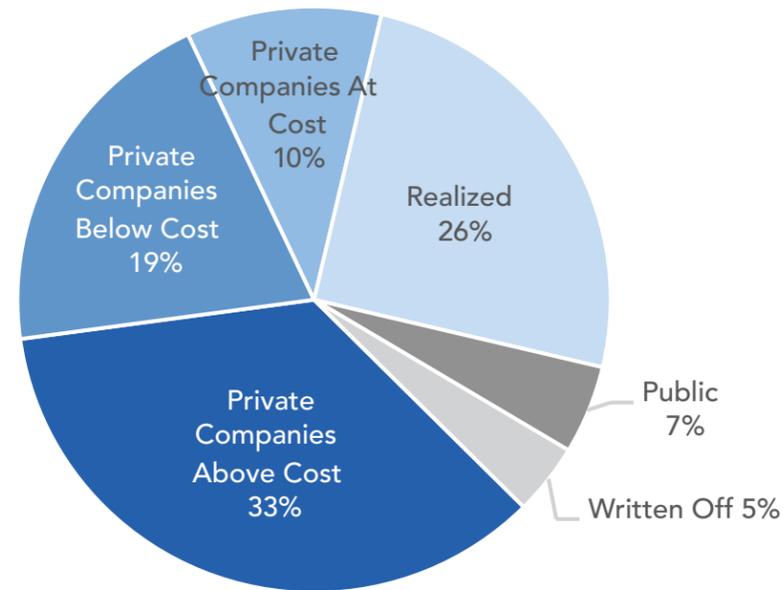
2,738 JOBS
HAVE BEEN CREATED
AND RETAINED BY THE
81 OHIO COMPANIES

\$265 MILLION
CAPITAL INVESTED BY THE OCF
UNDERLYING FUNDS IN THE
81 EARLY-STAGE COMPANIES

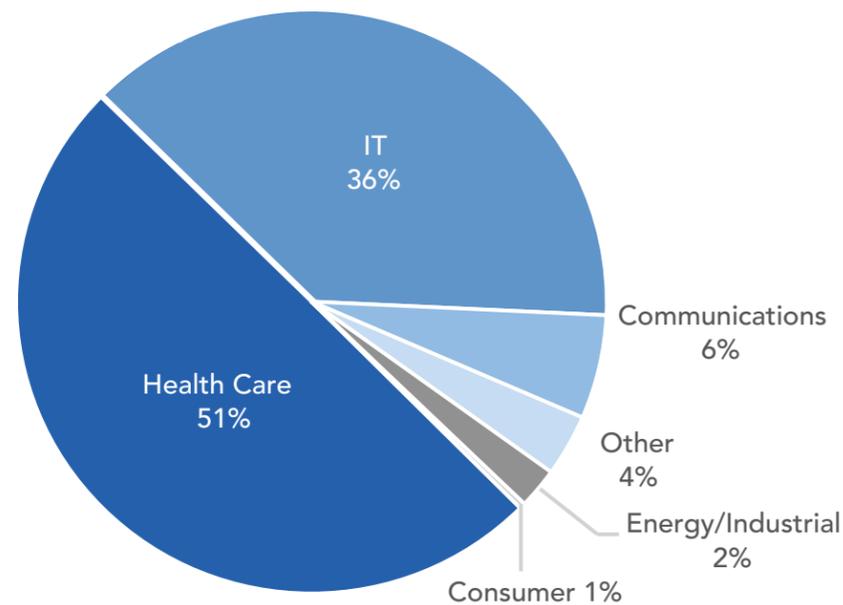
Portfolio Holdings

As of June 30, 2015, the underlying funds have made investments in a total of 358 portfolio companies, of which 249 are active.

COST BASIS OF INVESTMENTS



REMAINING VALUE BY SECTOR



THE OCF UPDATE

THE OCF STRUCTURE

The OCF is not funded with taxpayer dollars; rather, it is funded by the issuance of publicly traded, S&P-rated bonds. Bond interest and principal are supported by means of contingent refundable tax credits from the State of Ohio. To date, no tax credits have been issued, and the OCF has paid all of its own expenses.

When it began in 2005, the OCF was funded by institutional lenders and backed by a bank line of credit. During the financial crisis of 2008, the lenders declined to renew the L/C-backed credit facility, forcing the OCF to refinance the facility with bonds in 2010. The refinancing provided the OCF with long-term stability, but at increased long-term costs relative to the original facility.

The bonds mature from 2014 to 2027 and pay current interest. In February, \$31.8 million of the taxable R&D Funding Revenue Bonds were refinanced to obtain a lower interest rate. In addition, the bonds were partially refinanced in 2013 in order to take advantage of lower interest rates, enabling the OCF to reduce costs and structurally increase flexibility.

The bonds have been structured to permit future refinancing and restructurings as market conditions allow. Market conditions are continuously monitored for opportunities to reduce the borrowing costs for the OCF.

It is very difficult to forecast OCF's underlying future fund performance. Buckeye Venture Partners ("BVP"), manager of OCF, continues to monitor the cash flow projections on a daily basis.

Fund Data (as of 6/30/15)

\$138.6 MILLION
COMMITTED TO
30 VENTURE CAPITAL FUNDS

13 FUNDS WITH A
NEW PRESENCE IN OHIO INVESTING
\$117.8 MILLION
IN OHIO COMPANIES

1.38x
GROSS RETURN MULTIPLE
ON FUND INVESTMENTS

\$119.0 MILLION
CAPITAL DRAWN FROM THE
30 VENTURE CAPITAL FUNDS

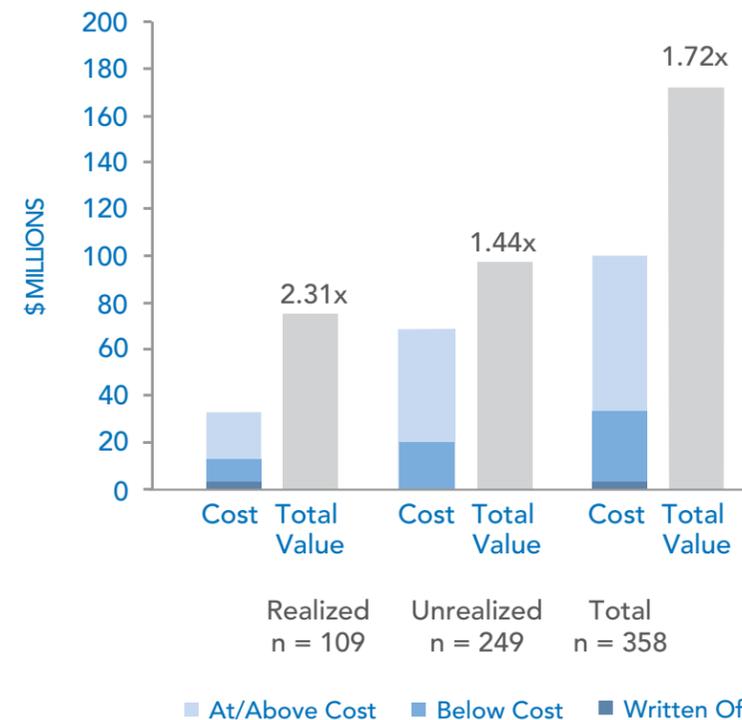
\$65.2 MILLION
CUMULATIVE DISTRIBUTIONS
FROM UNDERLYING FUNDS

8.0%
GROSS INTERNAL RATE OF
RETURN ON FUND INVESTMENTS
SINCE INCEPTION

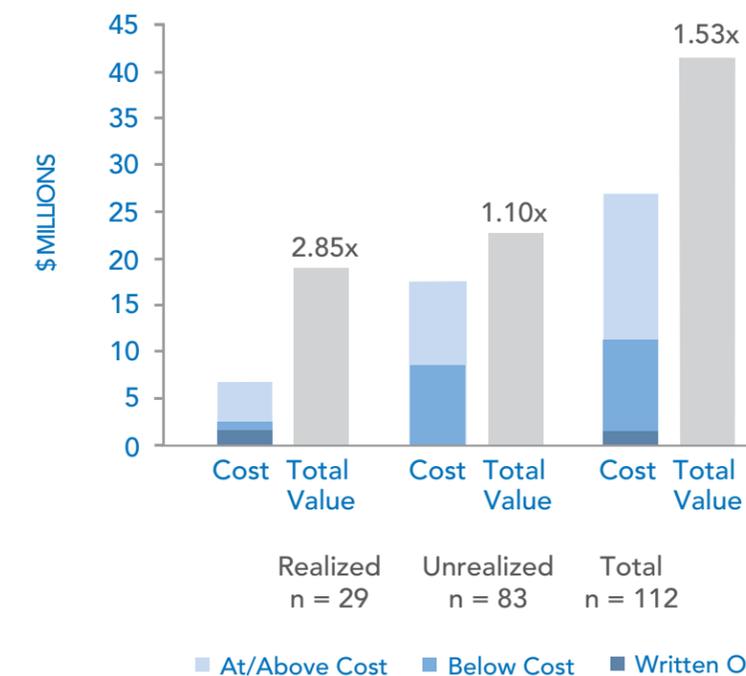
Ohio Company Realization Status

The OCF Ohio-based company investments have performed extremely well with 29 realized companies generating a 2.85x gross return on invested capital. This far exceeds the gross return of 2.31x of the entire OCF realized company portfolio. We are pleased to see the Ohio company investments produce such outsized returns, producing excellent returns for our underlying funds and in turn the Ohio entrepreneurs who can use the return of capital to start new high-growth, Ohio-based startups in the future.

OCF Portfolio Company Status Summary



Ohio Portfolio Company Status Summary



Ohio Capital Fund Impact

CAPITAL IMPORTED FROM NATIONAL INVESTORS

The OCF has helped to attract over \$1 billion of private investment into 81 Ohio companies. \$265 million has come from the OCF underlying funds, with another \$777 million coming from investors other than the OCF's underlying portfolio funds, investing in those same rounds of financing. The \$1 billion invested in these 81 companies has created an 8.76 leverage multiple on the \$119.0 million contributed by the OCF to date to its underlying funds.

The OCF investments have helped to attract capital into seed- and early-stage companies in Ohio. Of the OCF's 30 investments, 13 funds established a new presence in Ohio. Those 13 funds have since made direct investments into Ohio start-ups totaling \$118 million. Many of these funds had never invested in Ohio prior to receiving a commitment from the OCF. Some of these companies have gone on to raise large amounts of capital from the non-OCF sources.

Most of the OCF underlying funds invest at a critical time in the life of their start-up companies, the Series A round of financing. The Series A investment is very important for start-ups to develop products, perform initial marketing and branding, hire key employees and begin business operations. For start-ups that survive, this eventually leads to the growth round of financing, when large, influential venture funds from around the country will invest to support the start-up's continued growth. Without strong, active local venture funds, like the ones within the OCF portfolio, start-up companies typically either move closer to the coasts where most large venture funds are located, or they never receive the growth funding that enables them to reach their full potential, and they stay small or go out of business entirely.

\$777 MILLION
COMING FROM INVESTORS
OTHER THAN THE OCF'S
UNDERLYING PORTFOLIO FUNDS

\$1 BILLION
TOTAL INVESTMENT BY ALL
INVESTORS, INCLUDING THE OCF
UNDERLYING FUNDS, INTO 81
EARLY-STAGE OHIO COMPANIES

\$118 MILLION
INVESTED INTO OHIO START-UPS
FROM 13 FUNDS WITH A NEW
PRESENCE IN OHIO

ATTRACTING EARLY-STAGE INVESTMENT CAPITAL TO OHIO

The OCF Underlying Funds
National Fund Co-Investor

Charter Life Sciences
Intel Capital
Kearney VP
Sutter Hill Ventures
Technology Crossover Ventures
US Venture Partners

Sun Mountain Capital
Flywheel Ventures

RiverVest Venture Partners

DFJ Mercury

Arboretum Ventures
Detroit Venture Partners
General Motors Ventures
Plymouth Ventures

Chrysalis Ventures

Arsenal Venture Partners

Draper Triangle Ventures

Boston Scientific
Braemer Energy Ventures
Canaan Partners
Edison Partners
Fletcher Spaght Ventures
New Science Ventures
OrbiMed
Radius Ventures
SV Life Sciences

Recent Successful Ohio Company Exits



Over the last four quarters, Ohio has witnessed numerous start-up companies get sold to well-known, global corporations at attractive sale prices. Four such companies, described below, received investment from OCF underlying funds.

CardioInsight is a Cleveland, Ohio based medical device company that has developed a unique, non-invasive advanced cardiac mapping technology to map electrical disorders of the heart. The technology combines body surface electrical data with heart and torso anatomy to provide single beat epicardial 3D electroanatomic maps of the heart. The technology was initially developed at Case Western Reserve University and Draper Triangle Ventures funded the company in 2006. CardioInsight was sold to Medtronic (NYSE:MDT) in June, 2015.

Simbionix is the global leader in virtual reality surgical simulation and training. Headquartered in Cleveland, Ohio with a research and development center in Israel, Simbionix has pioneered patient-specific simulation with FDA-cleared solutions that are changing how doctors prepare for individual surgeries. Simbionix was formed in Israel and moved its headquarters to Cleveland in 2002. The Company was funded by Early Stage Partners and River Cities Capital. In 2014, Simbionix was sold to publicly-traded company 3D Systems (NYSE:DDD).

TOA Technologies is a Cleveland, Ohio based provider of field service management applications. ETAdirect, TOA's patented software platform, improves customer service while dramatically reducing operational costs and delivering immediate and lasting return on investment. The founders decided to try and solve the "cable guy problem" with technology that managed and routed a mobile workforce more efficiently. Draper Triangle Ventures and Early Stage Partners co-invested in TOA's first financing in 2005 after the company rebuffed a term sheet from a venture fund in New York. Along the way, TOA raised capital from around the country including Intel Capital, Sutter Hill Ventures and Technology Crossover Ventures in California. In 2014, TOA was sold to Oracle Corporation (NYSE:ORCL).

Uptivity, a Columbus, Ohio based cloud contact center software leader, helping organizations around the globe create high quality customer experiences. inContact (NASDAQ: SAAS), the leading provider of cloud contact center software and contact center agent optimization tools purchased Uptivity in May, 2014. Edison Ventures VII invested \$7 million in Uptivity in 2011 and helped lead the company to an exit. This was Edison's first ever investment in an Ohio company following OCF's commitment to Fund VII.

Ohio Investment Requirement

Investment	Commitment Year	Commitment	% Funded	Achievement of Ohio Investment Commitment ¹	Amount Fund has Invested in Ohio Companies ²
Ohio Funds					
Allos Ventures II, L.P.	2012	\$2,000,000	63.1%	5.3x	\$5,304,000
Arboretum Ventures IIa, L.P.	2008	6,000,000	95.2%	2.7x	8,060,000
Arsenal Venture Partners IIa, L.P.	2009	6,000,000	49.2%	1.0x	2,984,000
Athenian Venture Partners III, L.P.	2009	2,000,000	100.0%	10.8x	10,780,000
Charter Life Sciences (Ohio) II, L.P.	2008	6,000,000	99.7%	5.8x	17,383,000
Chrysalis Ventures (Ohio) III, L.P.	2006	10,000,000	100.3%	1.8x	8,915,000
Draper Triangle Ohio Ventures, L.P.	2005	6,000,000	95.0%	10.9x	32,594,000
Draper Triangle Ventures Ohio III, L.P.	2013	4,000,000	29.6%	0.8x	1,500,000
Early Stage Partners Fund II, L.P.	2007	10,000,000	92.7%	6.7x	33,337,000
Edison Venture Fund VII, L.P.	2011	8,000,000	90.4%	3.6x	14,531,000
Edison Venture Fund VIII, L.P.	2015	2,000,000	0.0%	NM	NM
Emerging Market Fund, LLC	2011	250,000	100.0%	6.0x	750,000
FSV II-B, L.P.	2008	8,000,000	91.4%	1.4x	5,416,000
Glengary LLC	2008	2,000,000	93.4%	6.5x	6,505,000
NCT Ventures Fund I, L.P.	2008	5,000,000	100.4%	8.3x	20,734,000
NCT Ventures Fund II, L.P.	2015	2,000,000	30.8%	NM	NM
Primus Capital Fund VI, L.P.	2007	6,000,000	95.6%	4.9x	14,690,000
QCA First Fund III	2009	500,000	100.0%	15.5x	3,872,000
Radius Venture Partners (Ohio) III, QP, L.P.	2008	5,000,000	85.1%	2.3x	5,703,000
Reservoir Venture Partners II, L.P.	2006	5,000,000	90.5%	6.7x	16,800,000
River Cities Capital Fund IV, L.P.	2006	10,000,000	92.6%	3.1x	15,395,000
RiverVest Venture Fund II (Ohio), L.P.	2007	8,000,000	75.0%	1.4x	5,650,000
RiverVest Venture Fund III (Ohio), L.P.	2014	2,000,000	21.0%	NM	NM
SunBridge Partners Technology Fund III, L.P.	2006	4,000,000	100.8%	1.7x	3,450,000
Subtotal Ohio Funds		\$119,750,000			\$234,353,000
Non-Ohio Funds					
SV Life Sciences Fund IV, L.P.	2006	5,000,000	93.6%	12.3x	30,787,000
Subtotal Non-Ohio Funds		\$5,000,000			\$30,787,000
Total Portfolio		\$124,750,000	85.4%	4.3x	\$265,140,000

Proprietary and Confidential. Source: BVP. Data as of June 30, 2015. ¹Achievement of OH Investment Commitment measures dollars invested in Qualified OH-based companies versus the Underlying Funds' total commitment to invest into OH-based companies. ²The amount the Fund has invested in OH companies may include parallel or related fund investments.

Ohio Company Spotlight



HQ LOCATION: Columbus

THE OCF FUND INVESTORS:
NCT Ventures

OHIO JOBS CREATED: 13

INDUSTRY: Marketing Automation

DESCRIPTION:
DOmedia is the out-of-home advertising industry's first and largest media buying & selling platform and is now evolving into a media marketplace

DOmedia, LLC, based in Columbus, Ohio has developed a web-based media marketplace platform that is changing the way media is bought and sold. Founded in 2007, the initial marketplace was launched in late 2008. The concept was conceived and funded by NCT Ventures based upon similarities observed and value created with then current investments in a natural gas marketplace and an alternative media company.

In 2009, DOmedia introduced the first programmatic buying application in the out-of-home (OOH) media industry. Recognizing it was well ahead of the market, DOmedia re-focused development on automating current market processes to help the industry move towards programmatic applications.

As the database grew and with the launch of a RFP application, DOmedia showed large agencies could save time, manage data/analytics and leverage competition to make better buying decisions on behalf of their clients. This resulted in a strategic partnership being born. Launched in 2011 with The Starcom Mediavest Group (SMG) - the largest media buying agency in the world - the goal was to develop an integrated, web-based media planning and buying platform. In 2014, after over 2 years of development with SMG, the platform was adopted exclusively by the agency and integrated into financial systems for all OOH media buying. Over \$1B in media has been planned and executed through the platform since that time.

Based on the significant demand-side volume, DOmedia has begun working with the largest media companies in the industry to bring efficiency to the selling process as well. Integrations of inventory, proposal and contracting applications deliver significant time saving by eliminating redundancy and errors. These advancements are also part of DOmedia's strategic plan to build partnerships with the supply-side of the industry which will power the media marketplace platform.

DOmedia also sees the application of its technology with other premium and hyper-local focused media not currently bought programmatically. Automation through increased standardization and data structure is projected to bring similar benefit, only at much higher scale due to market size. In 2016, DOmedia will focus on expanding its user base in OOH and moving into other media formats.

With increased transaction volume and data, ever improving algorithms will be designed into applications with interfaces to meet the needs of all media buyers and sellers, regardless of size and expertise.

To date, NCT Ventures has invested \$5.6M with an additional \$4.3M in LP debt and loans. DOmedia is currently exploring a B Round investment to accelerate growth and build the media marketplace.

Active Ohio Companies

The portfolio companies are distributed across Ohio but are concentrated in the areas of Cleveland, Columbus and Cincinnati. The active Ohio-based company investments are primarily focused in the health care and IT sectors relative to the number of companies at 42% and 40%, respectively. However, as measured by the dollars invested, health care companies represented 53% of the capital invested into active Ohio companies while IT companies represented 37%.

Energy and communications sectors together represented 11% of the number of companies and 8% of the dollars invested in active Ohio-based companies through December 31, 2014. Remaining businesses represented less than 7% of the companies and 2% of capital invested. The active companies and their respective sectors are as follows:

Portfolio Company	City	Sector	Portfolio Company	City	Sector
7Signal Solutions, Inc.	Akron	Communications	Five Star Technologies	Independence	Energy
Acceptd LLC	Dublin	IT	GenSyn Technologies, Inc.	Cleveland	Health Care
Adfiki LLC	Columbus	IT	GotCast LLC	Columbus	IT
Aerpio Therapeutics	Cincinnati	Health Care	Great Lakes Pharmaceuticals, Inc.	Broomfield	Health Care
Agile Network Builders	Canton	Communications	HealthSpot, Inc.	Dublin	IT
Arisdyne Systems, Inc.	Cleveland	Energy	Impact Economics, LLC	Columbus	Other
Athersys, Inc.	Cleveland	Health Care	Ischemia Care	Cincinnati	Health Care
Ayalogic, Inc.	Akron	IT	Juventas Therapeutics	Cleveland	Health Care
Azoti	Columbus	IT	LineStream Technologies, Inc.	Cleveland	IT
Beagle Bioproducts, Inc.	Columbus	Health Care	MAR Systems, Inc.	Cleveland	Energy
Bioformix, Inc.	Cincinnati	Energy	Minimally Invasive Devices, Inc.	Columbus	Health Care
Bjond, Inc.	Columbus	IT	Monarch Teaching Technologies, Inc.	Beachwood	IT
Blue Spark Technologies	Westlake	IT	NanoStatics LLC	Circleville	IT
Bold Guidance, Inc.	Cleveland	IT	Neuros Medical	Willoughby	Health Care
Bringshare, Inc.	Columbus	IT	NineSigma, Inc.	Cleveland	IT
Cardiox Corp.	Columbus	Health Care	OnShift	Cleveland	IT
Career Town Network	Columbus	IT	Ovation Polymers, Inc.	Medina	Energy
CerviLenz	Chagrin Falls	Health Care	Pacejet	Columbus	IT
Cleveland Heart Lab	Cleveland	Health Care	Qstart Labs	Columbus	IT
Cleveland Medical Polymers, Inc.	Medina	Health Care	Securus Medical Group, Inc.	Cleveland	Health Care
Collaborent Group, Ltd.	Cleveland	Other	Simbionix	Cleveland	Health Care
Comet Solutions, Inc.	Cincinnati	Other	SironRX Therapeutics	Cleveland	Health Care
Commuter Advertising, Inc.	Dayton	Other	SoMoLend	Cincinnati	IT
CoupSmart LLC	Cincinnati	IT	SparkBase	Cleveland	IT
DOmedia LLC	Columbus	IT	SpineForm LLC	Cincinnati	Health Care
EndoSphere, Inc.	Columbus	Health Care	ThinkVine	Cincinnati	IT
enosix, Inc.	Cincinnati	IT	Venture Highway LLC	Columbus	IT
Exacter	Columbus	IT	Vox Mobile, Inc.	Independence	IT

BUCKEYE VENTURE PARTNERS, LLC

In 2004, the newly created Ohio Venture Capital Authority ("OVCA") instituted an investment policy for the State's fledgling venture capital fund-of-funds program embodied by the OCF and issued a request for proposals ("RFP") from private fund managers to fill the role of program administrator. Buckeye Venture Partners, LLC ("BVP"), which was formed as a joint venture between Cincinnati-based Fort Washington Investment Advisors, Inc. and Cleveland-based Peppertree Partners, LLC, was selected from among the RFP respondents and engaged by the OVCA to serve as program administrator in January 2005. BVP is the sole manager of the OCF and is currently a subsidiary of Fort Washington Investment Advisors, Inc. following its acquisition in 2008 of Peppertree. Fort Washington Capital Partners Group ("FW Capital") is the institutional private equity division of Fort Washington Investment Advisors.

Sources: Fort Washington Capital Partners Group. BVP.

Investment Team



STEPHEN A. BAKER, DEPUTY HEAD OF PRIVATE EQUITY

Steve has over 20 years of private equity experience, having invested in more than 50 companies in his career. He is a member of the FW Capital investment committee and serves on several portfolio fund advisory boards. Prior to FW Capital, Steve was a principal with Seaport Capital Partners, a New York-based private equity firm, where he made growth equity and buyout investments in the media, communications, Internet and telecom sectors. Steve earned his BA, cum laude, in History from the University of Cincinnati and his MBA from the Stern School of Business at New York University.



PAUL D. COHN, MANAGING DIRECTOR

Paul, with an office in Columbus, joined FW Capital in 2006 and focuses on venture capital investments and secondary investments. He has nearly 30 years of private equity and commercial lending experience. Prior to Fort Washington, Paul served as Founder and Managing Director for Navigation Capital Partners, LLC, a boutique investment bank. He has held executive positions with G4 Venture Partners, a venture capital firm; Mellon Ventures, Inc., a private equity firm; Mellon Bank; and Westinghouse Credit Corp. Paul earned a BS in Administration and Management Services and an MBA from Carnegie Mellon University.



TARIK ADAM, SENIOR INVESTMENT MANAGER

Tarik, with an office in Cleveland, joined FW Capital in 2008 and focuses on venture capital investments. Tarik has nearly a decade of relevant public and private equity experience. Prior to joining FW Capital, Tarik was an Investment Manager at Peppertree Partners, a Cleveland-based fund of funds manager. At Peppertree, Tarik managed primary investments in venture capital funds. Tarik earned a BS in Business Administration from The Ohio State University and an MBA from the Weatherhead School of Management at Case Western Reserve University.



ANDREW C. EVANS, SENIOR RESEARCH ANALYST

Andrew Evans joined FW Capital in 2012 and focuses on due diligence, reporting and monitoring for primary and direct investments. Prior to joining FW Capital, Andrew held the position of Senior Associate in the strategic sourcing group at Convergys Corporation, where he managed global procurement initiatives on behalf of the corporate real estate organization. Andrew received a BA in Economics from the University of Kentucky and an MBA from the Williams College of Business at Xavier University.



Ohio's Venture Capital Funds Program Overview

Ohio's venture capital funds program, codified mainly in Chapter 150 of the Revised Code, was overwhelmingly passed by the 124th Ohio General Assembly in December 2002 and signed into law by then-Governor Bob Taft in January 2003. Promoted by a broad section of the business community statewide and enacted with bipartisan support, the program was established to increase the amount of private investment capital available in Ohio for seed- and early-stage businesses based here, with the long-term goals of increasing employment, creating additional wealth, and otherwise benefiting the economic welfare of the people of Ohio.

The program calls for the creation of a venture capital fund of funds (the "program fund") to be managed by a private investment management firm as program administrator, and capitalized through sales of debt securities to private-sector investors. The proceeds of these sales would be used to make investments in private, for-profit venture capital funds ("VC funds") and pay program fund expenses. The statutory design of the program requires that at least 75% of the program fund's investments be made in VC funds based in Ohio, and that every VC fund receiving a program fund investment — whether the fund is Ohio-based or not — must agree to invest at least a specified minimum amount in seed- or early-stage businesses based in Ohio, the minimum amount being equal to 50% of the program fund's total investment in that VC fund.

To encourage lenders to capitalize the program fund, the legislature designed the program so that if, at any point, the returns on the program fund's underlying investments in VC funds have been insufficient to enable it to repay its loans on schedule, then the lenders would be entitled to receive refundable State tax credits to the extent of the shortfall. The State, then, serves as a guarantor of the program fund's obligations to its lenders. The statutes authorize the issuance of up to a maximum of \$380 million in tax credits over the life of the program ending in the year 2036, but not more than \$20 million in tax credits in any one year.

Buckeye Venture Partners, LLC, was engaged by the OVCA to serve as program administrator in January 2005 with a mandate to minimize the likelihood of using tax credits. During 2005, the OCF was formed to act as the program fund envisioned by R.C. Chapter 150. In the same year, the OCF closed on its initial debt financing facility, under which it received total lending commitments of \$58 million, and began to perform due diligence and make equity investment commitments in underlying VC funds. The OCF continued to pursue its fundraising activities while its investment program was proceeding, and in October 2006, its total lending commitments increased to \$150 million.

In 2009, responding to the disruptive events in worldwide financial markets that began in late 2008, the Ohio legislature amended the program

to enable the OCF to refinance and replace its original lending facility with a more stable lending facility involving port authority conduit revenue bonds, backed by refundable tax credits as before. It had been recognized by the legislature, the OVCA, then-Governor Ted Strickland, and the program administrator that the switch to a bond-based facility was necessary because financial market conditions were making the debt service costs under the OCF's original facility ever more expensive and untenable.



The OCF held the initial closing under its port authority revenue-bond financing facility in 2010, at that time receiving authorization from the OVCA to borrow up to approximately \$169 million. Overall, the OCF was authorized to borrow a principal amount sufficient to yield, net of capitalized interest, \$150 million for VC Fund investments and program fund expenses. In 2013, the OCF took advantage of lower interest rates to reduce its long-term debt service costs by restructuring a part of the bond indebtedness incurred in 2010. At that time, the OVCA increased the limit on the OCF's total principal indebtedness to approximately \$179 million.

On May 27, 2010, RBC Capital Markets underwrote a bond offering to sell taxable bonds to refinance the existing obligations of the Fund and to provide cash for the future operations and investment activity of the Fund. The bonds were issued by the Columbus-Franklin County Finance Authority acting as a conduit to the Fund. In August 2013, \$60.4 million of the term bonds were refinanced to obtain a lower rate. The term bonds had a fixed rate of 6.625% and they were refinanced at an average rate of 4.3%.

In February, 2015, \$31.8 million of the Taxable R & D Refunding Revenue Bonds, Series 2015A were refinanced to obtain a lower rate. The term bonds had a fixed rate of 6.625% and they were refinanced at an average rate of 3.07% and a weighted average maturity of 6.87 years. The current bond structure is outlined below along with the call features of the bonds. The bonds were rated AA- by Standard and Poor's. See the following summary of the bonds as of August 17, 2015:

Ohio Venture Capital Authority

As part of the venture capital funds program, the Ohio legislature established the Ohio Venture Capital Authority ("OVCA") to provide oversight of the program fund. The OVCA consists of three members appointed by the Governor, one selected from a list of nominees provided by the President of the Senate, and one selected from a list of nominees provided by the Speaker of the House of Representatives. The Director of Development and the Tax Commissioner serve as advisors. The statutory responsibilities of the OVCA are:

- To establish, and modify from time to time as the OVCA sees fit, a written policy governing the investment of program fund monies in underlying VC funds, including diversification and other requirements.
- To select through a competitive bidding process, and negotiate and conclude a management agreement with, a private, for-profit investment management firm to serve as program administrator, manage the program fund's debt financing and venture capital investing activities, and negotiate contracts with lenders and VC funds on the program fund's behalf.

- To issue tax credits to the program fund's lenders to the extent of any loan losses they might experience, when the program administrator has certified the occurrence and the amount of such losses to the OVCA.
- To enter into agreements with lenders to the program fund containing terms and conditions governing the OVCA's issuance of tax credits to them.
- To give a report annually to the Ohio legislature concerning the financial and investment affairs of the program fund and the OVCA's assessment of the program's achievement of its economic development purpose.



Mark Williams, Chairman OVCA
Managing Director of Manchester Partners

MBA from the Harvard Business School
Polytechnic University (NYU)



Betty Montgomery, Member OVCA
President of Montgomery Consulting Group

Former Ohio Attorney General, Auditor of State and State Senator
Graduate of University of Toledo College of Law and Bowling Green State University



Mitchell Grindley, Member OVCA
President Plaskolite Inc.

Graduated from The Ohio State University