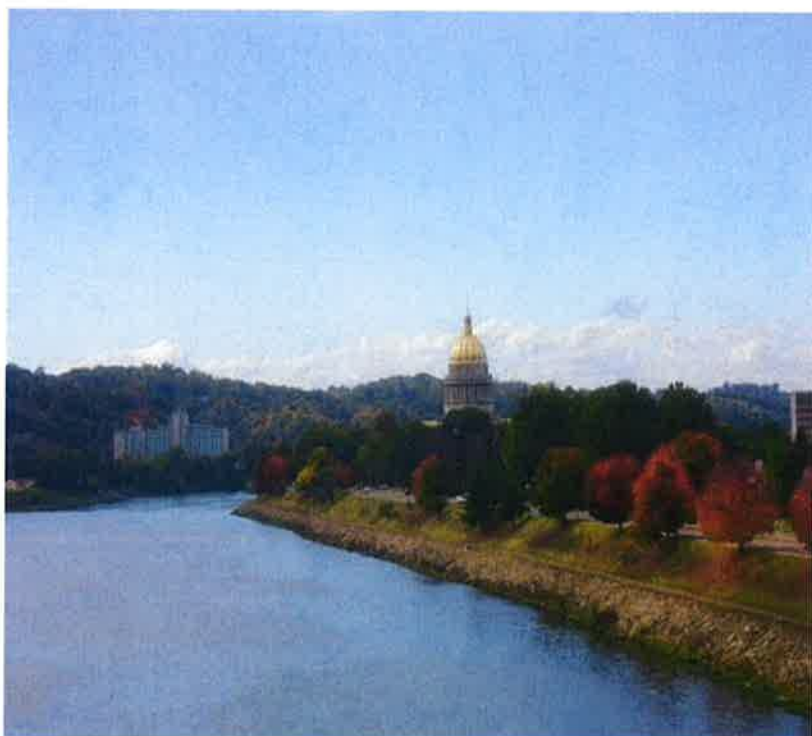




# WV JOBS INVESTMENT TRUST BOARD ANNUAL INVESTMENT ANALYSES JUNE 30, 2020



West Virginia Jobs Investment Trust  
1012 Kanawha Blvd. East, 5th Floor  
Charleston, WV 25301  
Tel: 304-345-6200  
Fax: 304-345-6262  
[www.wvjit.org](http://www.wvjit.org)



## Message from WVJIT Executive Director

To our WVJIT Board of Directors and State Legislators:

Since our inception in 1992, the WV Jobs Investment Trust Board (WVJIT) has played an instrumental role in our state's economic development. WVJIT was created to develop, promote and expand our state's economy by direct investment in West Virginia's enterprises to create jobs, sustain growth, and provide new opportunities. Our investments touch major sectors within this state's economy such as manufacturing and technology yet we have also been able to invest in emerging sectors that will play a role for our state's future growth such as healthcare, biotechnology, software and education.

As of June 2020, WVJIT has invested nearly \$6 million dollars across 18 companies in a broad array of industry sectors such as information and financial technology, healthcare, manufacturing, life sciences, educational services, to name a few. Total equity investment and loans provided are \$3.4 million dollars and \$2.5 million dollars, respectively. A total of 294 full-time employees and 56 part-time jobs have been supported from the WVJIT's loans and investments. State-backed Venture Capital programs have a proven record of providing not only significant financial returns, but also high quality, sustainable job creation. The WVJIT, with the support of a dedicated staff and Board of Directors, has developed a proven model and is a significant contributor to the State's economic development efforts.

Like the past few years, the upcoming year continues to be challenging for WVJIT as the Fund seeks to raise new sources of capital as well as leading the effort to build a robust business ecosystem. While we are aware of the challenges that lay ahead, I could not be prouder of our accomplishments and could not be more optimistic for our state's economic future. On behalf of the WVJIT staff, I thank you for your assistance and continued support in us to fulfill our economic and entrepreneurial mission to this great state.

Yours Truly,

Andrew Zulauf  
Executive Director

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## Methodology of Current Evaluation of the Investment

Factors that may be considered in the evaluation of investments in equity and debt securities of startup companies and other securities for which market quotations are not readily available are:

- the amount that might reasonably be expected to be received upon current sale of the securities;
- the fundamental analytical data relating to the investment;
- the nature and duration of restrictions on disposition of the securities;
- an evaluation of the forces that influence the market in which these securities are purchased and sold;
- type of security;
- cost at date of purchase;
- size of holding;
- discount from market value of unrestricted securities of the same class at the time of purchase;
- financial statements;
- special reports prepared by analysts;
- information as to any transactions or offers with respect to the security;
- existence of merger proposals or tender offers affecting the securities;
- price and extent of public trading in similar securities of the issuer or comparable companies;
- the nature of the business and history of the enterprise from its inception;
- the general economic outlook and the condition of and outlook for the specific industry;
- an evaluation of the securities and economic condition of the portfolio company;
- the portfolio company's capacity for earnings;
- the portfolio company's market position;
- competition;
- the portfolio company's goodwill and other intangible values;
- recent sales of securities by the portfolio company;
- market prices of publicly traded securities of corporations of comparable size and earnings in the, or similar lines of, business;
- likelihood of exercise of conversion privileges of convertible securities;
- actual performance compared to expected performance; and
- other relevant matters.

The American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide, *Audits of Investment Companies*, requires venture capital companies to record their investment portfolios at quoted market prices or, in the absence of quoted prices, at amounts representing estimates of fair value using methods determined in good faith by the board of directors or general partner.

Financial Accounting Standards Board (FASB) Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, excludes all companies that record investments at fair value, in accordance with specialized practice, from the requirements to report loan loss contingencies. In any event, the FASB requires that loan loss provisions be accrued only when it is *probable* that an asset has been impaired and that the amount of the loss be *reasonably* estimable.

The AICPA Investment Companies Special Committee states in its report, *Accounting for Venture Capital Investment Companies*, that "Startup companies generally do not have a record of earnings or operating information. Startup and other early-stage companies generally report losses in the early years, and portfolio companies seeking second-stage financing may not yet be showing profits. An operating loss reported by a portfolio company does not necessarily mean that the venture capital investment company should reduce the carrying amount of its investment. In determining value, the board of directors should also consider such factors as the cost of the investment, actual performance compared to expected performance, and earning potential."

The Investment Companies Special Committee believes that investments in startup companies should be presented at value. Value is usually assumed to be the same as cost during the early stages of such investments unless there is persuasive evidence of a quantifiable increase or decrease in the value of the investment based on consideration of such factors as those discussed above.

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**Snapshot:**

Company: **Aither Chemicals, LLC**  
Website: aitherchem.com  
Location: South Charleston, WV  
Total Employees: FT/0; PT/0  
WV Employees: FT/0; PT/0

**WVJIT Investment: \$550,000**  
**WVJIT Loan reserve: \$550,000**  
**WVJIT Ownership: 17.56%**  
**Subject to GASB 62: NO**

**Background**

The genesis of Aither Chemicals began in 2010 as an effort by the Mid-Atlantic Technology, Research & Innovation Center (MATRIC) to evaluate the utilization of unique, demonstrated technologies to create value added chemicals from ethane. Throughout 2010, MATRIC's team of highly experienced technical and management staff worked to evaluate the opportunity created by tremendous supplies of ethane coming from the wet natural gas in shale plays. As a result of this valuation and additional technical work, Aither was officially formed in 2010 by MATRIC. Aither Chemicals technology is based upon a proven, proprietary, patent-pending chemical process that converts a natural gas feedstock (ethane) into higher value chemical products (petrochemicals) in a cost-effective manner. Aither's manufacturing process is the lowest cost production method to make petrochemicals. Using Aither's proprietary process, its facilities have advantages over traditional ethane cracking technologies.

**WVJIT Investment History**

**July 2011:**

\$250,000 Convertible Debenture; 10% Interest; Maturity Date of June 26, 2014  
Loan put on non-accrual, 100% reserved against the outstanding principal

**June 2012:**

\$300,000 Convertible Debenture; 10% Interest; Maturity date of June 26, 2014

**December 2014:**

MAH granted 1,756,325 shares to WVJIT – resulting in 17.56% ownership

**Total WVJIT Investment:**

\$550,000 (\$300,000 funded through WVCAP)

**Warrant Coverage:**

100% coverage @ 20% discount expired in June 2019

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**June 2012:**

100% warrant coverage into Preferred A Units, 7-year term, strike price at a 20% discount of the Series A Preferred price. Expired June 2019

**Co-Investors/Lenders:**

INNOVA Commercialization Group  
MAH

**Board of Directors**

**Patrick Bond, Mid-Atlantic Holding**

Patrick Bond brings a wealth of experience in finance, administration, strategic planning, general management, and management information systems. Previously, Mr. Bond owned/operated an independent consulting practice, Growth Management Group, that specialized in the areas of business environment assessments, new product development, investment, financial analysis, and strategic planning.

**C. Andrew Zulauf, Executive Director, WV Jobs Investment Trust**

Andrew Zulauf has extensive experience in finance and venture capital, having served as Executive Director and Senior Loan Officer for the West Virginia Capital Corporation, as a Partner and Managing Director of West Virginia operations for Adena Ventures, and as Vice President and Upper Middle Market Commercial Relationship Officer for Fifth Third Bank.

**Guy Peduto, INNOVA Commercialization Group**

Guy Peduto joined the INNOVA Commercialization Group in April 2006. Prior to joining INNOVA, he held the position of Director of Commercial Programs at the Institute for Scientific Research, Inc. While there, he developed strategies for the commercial utilization of ISR's technology and research applications in such areas as biomedical research, education, software development, mining safety and communication, VTOL aerial vehicles, and automotive controls and diagnostics.

**Products**

Aither Chemicals technology is based upon a proven, proprietary, patented chemical process that converts a natural gas feedstock (ethane) into higher value chemical products (petrochemicals) in a cost-effective manner. Aither's manufacturing process is the lowest cost production method to make petrochemicals. Using Aither's proprietary process, their facilities have the following advantages over traditional ethane cracking technologies:

- |  |   |
|--|---|
| 1. Lower capital cost                    | 6. Smaller plant footprint                          |
| 2. Lower operating cost                  | 7. Simpler process to produce higher-value products |
| 3. Shorter time to commercial operations |   |
| 4. Lower energy input                    |   |
| 5. Lower CO2 output                      |   |

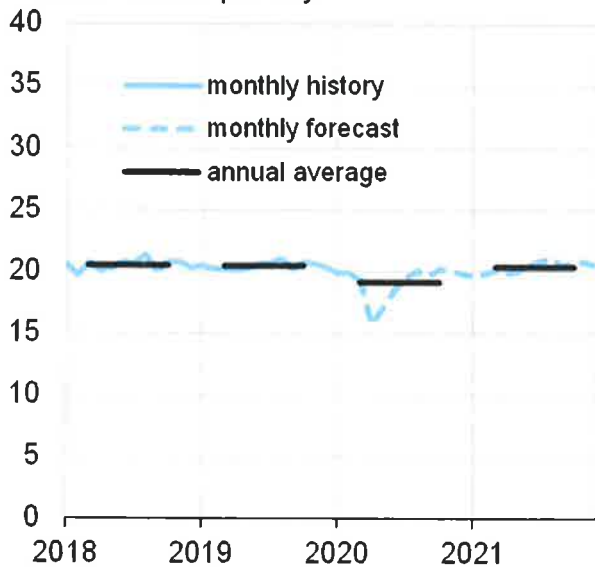
**Market/Industry Summary**

Energy Information Administration (EIA) assumes significantly lower levels of U.S. liquid fuel consumption during much of 2020 as a result of the disruptions to economic and business activity because of COVID-19 and the strict containment measures that have dramatically reduced all forms of travel. These impacts are expected to be most pronounced during the second quarter of 2020 when most containment measures and wide-scale reductions in business activity are assumed to be in place. EIA expects these impacts to persist through most of 2020, but in the second half of 2020, EIA expects liquid fuels consumption will gradually increase from these low levels as some business activity resumes and stay-at-home orders gradually ease. EIA forecasts these travel disruptions will have the largest impacts on gasoline and jet fuel consumption in 2020 but expects distillate fuel oil consumption to be affected less because of assumed increases in trucking activity both for distribution and expected increases in personal deliveries of goods and food services. The rise in U.S. liquid fuels consumption in the second half of 2020 drives the United States to return to being a net importer of crude oil and petroleum products in the third quarter of 2020 and remaining a net importer in most months through the end of the forecast period.

EIA forecasts that the U.S. annual average hydrocarbon gas liquids consumption will decline by 1.6% in 2020 and then increase by 12% in 2021. This 2020 decline is mainly the result of the expected slowdown in manufacturing, which would keep ethane demand as a petrochemical feedstock below 2019 levels for the remainder of this year. Ethane consumption begins to rise in the second quarter of 2021 as manufacturing begins to recover, and both new and existing ethane-fed petrochemical plants increase utilization.

**U.S. liquid fuels product supplied (consumption)**

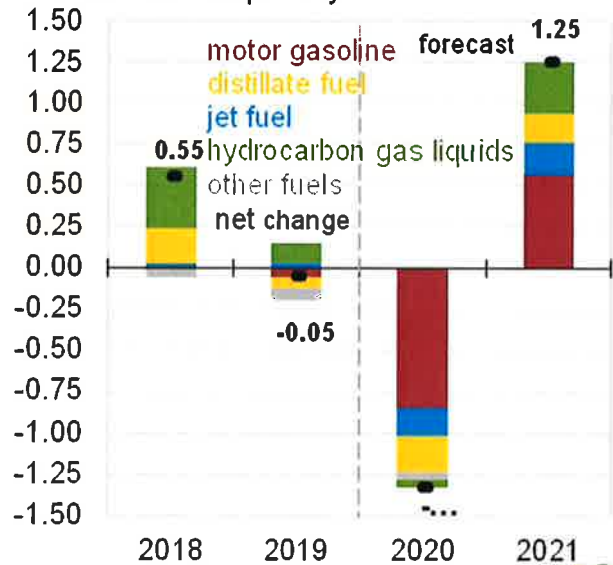
million barrels per day



Source: Short-Term Energy Outlook, April 2020

**Components of annual change**

million barrels per day







**Map depicting Unconventional Shale Plays in the Northeast**

This map above depicts the shale plays in the Northeast and their proximity to potential cracker projects.

### Significant Events

**June 2020:** Working with legal counsel to exercise options to sell/license the IP.

**June 2019:** Continuing to work with INNOVA to sell/license the IP. The scientific team is working with NETL on the technology and any possible enhancements to the technology.

**June 2018:** Continuing to work with INNOVA and the Aither scientific team to sell/license the IP and/or develop other monetization strategies.

**September 2017:** Aither Chemicals was formally issued the below referenced patent.

**June 2017:** Aither Chemicals receives notice the official Patent award for its application of “Methods for Integrated Natural Gas Purification and Products Produced” would be issued under USP Number 9,676,695. This patent is only for the U.S. The Company is working to expand the patent to include all of North America.

**June 2016:** WVJIT and INNOVA work with the IP attorney on outstanding filing issues. Additionally, a consultant reviewed the technology to determine the next steps for the Company.

**June 2016:** Shell announces its plan to move forward with building a cracker plant in Pennsylvania.

**May 2015:** MATRIC COO resigns from Aither Board.

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**January 2015:** MAH Holdings receives a request from INNOVA and WVJIT for information pertaining to the due diligence process for the evaluation conducted by a new investor.

**December 2014:** MAH grants 1,756,325 shares to WVJIT. The shares represent 17.56% ownership in Aither.

**September 2014:** RMG offers to divest its stake in Aither to WVJIT and INNOVA.

**June 2014:** Aither board of directors submit a draft agreement to a regional energy holding company for a potential investment into the Company.

**March 2014:** Aither Chemicals meets with a Taiwanese Petrochemical Company looking to negotiate a joint venture/M&A for rights to the catalyst for their cracker plant.

**Overall Conclusion**

WVJIT continues to work with the scientific team at MATRIC/Aither Chemicals and legal counsel to develop a strategy to either sell the intellectual property/patent that was recently issued to the Company or license the technology under a royalty agreement. WVJIT is cautiously optimistic that given the recent improvement in market conditions for the natural gas industry (prices have increased over the past year which has resulted in more drilling and transportation activities), the Aither technology would be more attractive and economical to potential acquirers of the IP/patent.

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Aither Chemicals, LLC at value, which is currently presumed to be **\$0.00**, due to a 100% reserve against the loan.

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**Snapshot:**

Company: **American Benefit Corp.**  
Website: abcwv.com  
Location: Ona, WV  
Total Employees: FT/56; PT/0  
WV Employees: FT/56; PT/0

**WVJIT Investment: \$699,650**  
**WVJIT Ownership: 13.70%**  
**Subject to GASB62: NO**

**Leadership**

C. Ryan Jones, Chief Executive Officer  
Kimberly A. Wood, President/Chief Operating Officer  
Holley Hutchison, Human Resources Director

**Background**

American Benefit Corporation has been in existence for over 60 years having been formed in 1948 as the Raymond Hage Company and was renamed American Benefit Corporation (ABC) in 1976. The Company specializes in managing health plans for hard working Americans and provides best-in-class service to teamsters, plumbers, pipefitters, steelworkers, carpenters, electrical workers, operating engineers, miners, and laborers, among others. Following a succession of owner-operators, the Company was purchased by Charles W. (Bill) Eastwood, Jr. in 2007. ABC is the only third-party administrator (TPA) in West Virginia that handles Taft Hartley plans. Its principal offices are located in Ona, WV and Charleston, WV with satellite offices in Cincinnati, OH, and Chicago, IL. ABC has developed relationships that provide competitive advantages, specifically being able to offer discounts on medical procedures through a relationship with Anthem Blue Cross and Blue Shield. The Company has also established additional advantages such as state of the art information management, wellness program offerings, and consumer-driven healthcare.

**WVJIT Investment History**

**December 2009:**

699,650 Series A Preferred Unit Investment  
8% Cumulative Monthly Dividend  
825 Shares

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**Warrants:**

| <u>Company</u> | <u>Date Issued.</u> | <u>Equity Inv.</u> | <u>Debt Inv.</u> | <u>Coverage %</u> | <u>Type</u> | <u>Term (Yrs)</u> | <u>Exp. Date</u> | <u># Warrants</u> | <u>Cost to Exercise</u> |
|----------------|---------------------|--------------------|------------------|-------------------|-------------|-------------------|------------------|-------------------|-------------------------|
| ABC            | Feb - 10            | \$700K             | -                | 10%               | Pref. A     | 7                 | Feb. 24          | 70K               | \$63K                   |
| ABC            | Nov - 18            | -                  | \$100K           | 10%               | Pref. A     | 7                 | Nov. 25          | 10K               | \$10K                   |

**Co-Investors/Lenders:** Poca Valley Bank

**Management Team**

**C. Ryan Jones, Chief Executive Officer**

Ryan Jones joined American Benefit Corporation in 2007. Mr. Jones is a CPA who has an extensive background in public practice including a regional firm that concentrated its practice in the healthcare field. He works closely with the IT and Sales departments to achieve the financial goals of the organization. He holds a Bachelor's degree in Business Administration with a concentration in Accounting from West Virginia State University.

**Kimberly A. Wood, President/Chief Operations Officer**

Kimberly Wood joined American Benefit Corporation in 1998 as Assistant Actuary and was named Director of the Actuarial Department in 2005. She now serves the company as an actuary and consultant. She has extensive experience in working with both health and pension funds including administration, plan design, benefit studies, and federal compliance. Ms. Wood's holds a Bachelor of Arts and Master of Arts degrees in Mathematics from Marshall University. She earned the designation of Enrolled Actuary in 2009.

**Holley Hutchison, Human Resources Director**

Prior to joining American Benefit Corporation, Holley Hutchison built her experience through diversified Human Resources and Labor Relations roles. She enjoys the stay-on-your-toes challenge provided by the varieties and complexities of HR responsibilities. Furthermore, she believes in the power of using HR analytics to determine strategic, value-creating decisions. Ms. Hutchison earned her Juris Doctor from West Virginia University College of Law in 2013.

**Board of Directors**

**C. Ryan Jones, Chief Executive Officer (See Management Team)**

**Kimberly A. Wood, President/Chief Operations Officer (See Management Team)**

**C. Andrew Zulauf, Executive Director, West Virginia Jobs Investment Trust**

Andrew Zulauf has extensive experience in finance and venture capital having served as Executive Director and Senior Loan Officer for the West Virginia Capital Corporation as a Partner and Managing Director of West Virginia operations for Adena Ventures and as Vice President and Upper Middle Market Commercial

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Relationship Officer for Fifth Third Bank. Mr. Zulauf is a graduate of Marshall University and the University of Charleston's Executive MBA program.

**Products**

American Benefit Corporation provides intelligent planning and management on employee health plans. ABC also provides administrative support to ensure efficiency in the life of the benefit plan. Other services include:

1. Benefit plan design assistance
2. Medical, dental and vision claim processing and adjudication
3. Pharmacy Benefits Manager evaluation, implementation and integration
4. COBRA/HIPAA administration
5. Consumer Directed Health Plans:
  - FSA
  - HRA
  - HAS
  - VEBA
6. Comprehensive care management suite of services
7. Network analysis and optimization
8. Claims re-pricing
9. Disability/loss of time processing
10. Coordination of benefits, including Medicare Part D
11. Claim Subrogation
12. EDI/HIPPA compliance
13. Appeal review
14. Reinsurance placement
15. Eligibility management
16. Consolidated billing
17. ID card production and mailing
18. Enrollment support
19. Annual Employee contribution/Accrued benefit letters
20. Contribution processing
21. Reconciliation of bank statements
22. Vendor payment and reconciliation



Over the past year, the Company has not introduced any new products or services into the market.

**Competition/Market Summary**

**Benefit Assistance Corporation (BAC)**

Established in 1992 in Hurricane, WV with a second office in Ripley, WV, BAC has become one of the largest independent regional TPAs servicing the eastern United States. Their client base ranges from 50 to 3,000 employees and the company prides itself for not being tied to the large "national" claim paying systems and thereby having the flexibility to customize the claims processing service.

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### **Blue Cross and Blue Shield**

The Blue Cross and Blue Shield Association (BCBSA) is a federation of 36 separate health insurance organizations and companies in the United States. Combined, they directly or indirectly provide health insurance to over 107 million Americans in all 50 states, Washington D.C., and Puerto Rico. Nationwide, more than 96 percent of hospitals and 95 percent of doctors and specialists contract with Blue Cross and Blue Shield companies. The company is headquartered in Chicago, IL.

### **Cigna**

Cigna is a global health services company providing healthcare plans as well as administrative services. In addition, Cigna has an expanding international footprint in the health services arena. The company is headquartered in Philadelphia, Pennsylvania. Cigna services 180 million customer and patient relationships in more than 30 countries around the world and more than 70,000 employees worldwide. Cigna currently has \$153.6 billion in revenues, \$61.8 billion in assets, and \$45.344 billion in shareholders equity.

### **Humana**

Humana is one of the largest health insurance companies in the United States and is headquartered in Louisville, Kentucky. The company was founded in 1961 and currently operates in the retail, group and specialty, healthcare services, and individual commercial segments. To date, nearly 16.7 million Medicare customers have chosen Humana to be their healthcare partner, making them one of the largest health insurance providers in the country with revenue of \$53.8 billion in 2019.

### **United Healthcare**

UnitedHealth Group Incorporated is an American for-profit managed healthcare company based in Minnetonka, Minnesota. It offers healthcare products and insurance services. It is the largest healthcare company in the world with revenue of \$242.2 billion in 2019 and 115 million customers.

## **Industry Summary**

Global healthcare spending is projected to increase at an annual rate of 5.4% in 2019-2023. This increase reflects the rising prevalence of chronic diseases, the expansion of healthcare coverage in developing markets, the growing care needs of elderly populations, advances in treatments and health technologies, and rising healthcare labor costs. In the United States, national healthcare spending reached \$3.81 trillion in 2019 and would increase to \$4.01 trillion in 2020. It is projected that by 2028, healthcare spending would reach \$6.19 trillion, and would account for 19.7% of GDP, up from 17.7% in 2018.

Employee benefits trends to continue in 2020 include:

1. Account-based health plans will create buzz.
  2. Direct contracting with healthcare providers will grow.
  3. Employers will get family-friendly faster.
  4. Voluntary benefits will become more personal.
  5. Emotional health will move to the forefront.
  6. Benefits technology will simplify employees' decision-making.
-

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7. Strong benefits programs are linked to job satisfaction and retention.
8. A robust benefits program can be a strong recruiting tool.
9. Many employees don't enjoy benefits enrollment and choose the same benefits year after year.

According to a recent Aflac Workforce Report, 49% of employees would be at least somewhat likely to accept a job offer that included lower compensation but a more robust benefits package. Furthermore, 94% of employees say that a benefits package is at least somewhat important to job satisfaction.

**TPA/Healthcare Industry**

Widespread industry consolidation, as well as the growing influence of consumerism, registered as the most important trends healthcare leaders were paying attention to in 2019. According to a Definitive Healthcare Survey Industry, consolidation was listed as the most important trend of the year, leading the way with 25.2% of the votes followed by consumerism at 14.4%. The top results are generally in line with some of the top storylines from the past year in healthcare, including focus on several vertical megamergers and longstanding business models being redefined by consumer behavior.

In 2018, 803 mergers and acquisitions along with 858 affiliation and partnership announcements occurred, a trend that was not expected to slow in 2019. Another area experiencing widespread M&A activity is the post-acute care side. 35% percent of healthcare M&A activity occurred in the long-term care field, indicating that hospitals are seeking to control costs and drive down rising readmission rates.

**Union Membership**

The Union Membership rate for 2019 was 10.3% which was a 0.2% decrease from the previous year. This rate, which is defined as the percent of wage and salary workers who were members of unions by the Bureau of Labor Statistics, has fallen significantly since the first recorded union data in 1983; in 1983 the Union Membership rate was 20.1%. Around 14.6 million workers belonged to unions in 2019 which was down from 14.7 million the previous year. Of those union members in 2019 around 33.6% of workers were in the public sector, which was more than five times that of the private sector which sits at 6.2%. Of those workers who belong to a union from private or public, men had a 1.1% higher rate.

**Significant Events**

**May 2020:** ABC received PPP Loan.

**June 2019:** Founders of ABC were negotiating a possible buyout of the largest shareholder.

**June 2018:** ABC continued to work without a replacement CFO and opted to reassign those duties to the CEO and Contoller.

**December 2017:** ABC's CFO leaves the Company to take a position with the State of West Virginia.

**June 2017:** ABC continued to pursue a buyout of Mr. Eastwood's equity interest in the Company.

**February 2016:** ABC was looking to coordinate an investment firm to work with retirees and active employees considering retirement. The Company has been unable to convert on this market and generate ongoing revenue. The Company can sponsor retirement and financial planning workshops at the local union hall.

**December 2015:** ABC loses one of its biggest clients, Steel of WV. The Company continued to pursue new

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business relations in the wake of this loss.

**March 2015:** Negotiations between ABCH and its possible acquirer were terminated.

**December 2014:** ABC's holding company, ABCH, completed a Letter of Intent to be acquired by an out-of-state strategic partner.

**September 2014:** ABC entered into negotiations with a strategic partner for potential acquisition.

**January 2014:** ABC closed on the acquisition of Stoner & Associates. The company utilizes operational assistance through WVCAP for marketing and website development for the newly formed company.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in American Benefit Corporation at value, which is currently presumed to be the same as cost or **\$699,650**.

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Company: **ABC Holding Company**  
Website: abcwv.com  
Location: Ona, WV  
Total Employees: FT/11; PT/0  
WV Employees: FT/5; PT/0

**WVJIT Investment: \$499,230**  
**WVJIT Ownership: 11.32%**  
**Subject to GASB 62: NO**

#### **Leadership**

C. Ryan Jones, Chief Executive Officer  
Kimberly A. Wood, President/Chief Operating Officer  
Holley Hutchison, Human Resources Director

#### **Background**

ABC Holding Company formed in December 2013 following ABC's acquisition of Cincinnati-based TPA, Stoner & Associates. The \$500,000 transaction allowed ABC to have an entry into the Ohio market. Stoner & Associates in comparison to ABC is much smaller in headcount as well as clientele. Stoner provides administrative solutions for benefit plan management for defined contribution and defined retirement plans, long-term and short-term disability plans, medical, dental, cafeteria and medical reimbursement plans.

#### **WVJIT Investment History**

##### **January 2014:**

\$299,404 Convertible Debenture Investment, 8% interest rate. (\$199,826 from WVCAP for a total of \$499,230)

Converted in April 2014

517 shares of Common Stock

3% Dividend

#### **Products**

American Benefit Corporation provides intelligent planning and management on employee health plans. The Company also provides administrative support to ensure efficiency in the life of the benefit plan. Other services include:

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1. Benefit plan design assistance
2. Medical, dental and vision claim processing and adjudication
3. Pharmacy Benefits Manager evaluation, implementation, and integration
4. COBRA/HIPAA administration
5. Consumer directed health plans:
  - FSA
  - HRA
  - HAS
  - VEBA
6. Comprehensive care management suite of services
7. Network analysis and optimization
8. Claims repricing
9. Disability/loss time processing
10. Coordination of benefits, including Medicare Part D
11. Claim Subrogation
12. EDI/HIPPA compliance
13. Appeal review
14. Reinsurance placement
15. Eligibility management
16. Consolidated billing
17. ID card production and mailing
18. Enrollment support
19. Annual Employee contribution/Accrued benefit letters
20. Contribution processing
21. Reconciliation of bank statements
22. Vendor payment and reconciliation



Over the past year, the Company has not introduced any new products or services into the market.

**Management Team**

**C. Ryan Jones, Chief Executive Officer**

Ryan Jones joined American Benefit Corporation in 2007. Mr. Jones is a CPA who has an extensive background in public practice including a regional firm that concentrated its practice in the healthcare field. Mr. Jones works closely with the IT and Sales departments to achieve the financial goals of the organization. Mr. Jones holds a Bachelor's degree in Business Administration with a concentration in Accounting from West Virginia State University.

**Kimberly A. Wood, President/Chief Operating Officer**

Kimberly Wood joined American Benefit Corporation in 1998 as Assistant Actuary and was named Director of the Actuarial Department in 2005. She now also serves the Company as an actuary and consultant. She has extensive experience in working with both health and pension funds, including administration, plan design, benefit studies, and federal compliance. Ms. Wood holds a Bachelor of Arts and Master of Arts degree in Mathematics from Marshall University. She earned the designation of Enrolled Actuary in 2009.

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**Holley Hutchison, Human Resources Director**

Prior to joining American Benefit Corporation, Holley Hutchison built her experience through diversified Human Resources and Labor Relations roles. She enjoys the stay-on-your-toes challenge provided by the varieties and complexities of HR responsibilities. Furthermore, she believes in the power of using HR analytics to determine strategic, value-creating decisions. Ms. Hutchison earned her Juris Doctor from West Virginia University College of Law in 2013.

**Board of Directors**

**C. Ryan Jones, Chief Executive Officer** (See Management Team)

**Kimberly A. Wood, President/Chief Operating Officer** (See Management Team)

**C. Andrew Zulauf, Executive Director, West Virginia Jobs Investment Trust**

Andrew Zulauf has extensive experience in finance and venture capital, having served as Executive Director and Senior Loan Officer for the West Virginia Capital Corporation, as a Partner and Managing Director of West Virginia operations for Adena Ventures and as Vice President and Upper Middle Market Commercial Relationship Officer for Fifth Third Bank. Mr. Zulauf is a graduate of Marshall University and the University of Charleston's Executive MBA program.

**Healthcare Payment Outlook**

Convergence and collaboration between health systems and health plans will become more important in 2020. The need to care for aging populations means healthcare may be a growth business. The challenge for drug makers right now is politicians, regulators, and consumers increasingly clamoring to curb growth in drug prices. Technological advancements will reduce the costs drastically within the medical field over the next couple of decades.

**Industry Summary**

The Union Membership rate for 2019 was 10.3% which is a 0.2% decrease from the previous year. This rate, which is defined as the percent of wage and salary workers who were members of unions by the Bureau of Labor Statistics, has fallen significantly since the first recorded union data in 1983; in 1983 the Union Membership rate was 20.1%. Around 14.6 million workers belonged to unions in 2019 which is down from 14.7 million the previous year. Of those union members in 2019 around 33.6% of workers were in the public sector, which was more than five times that of the private sector which sits at 6.2%. Of those workers who belong to a union from private or public, men had a 1.1% higher rate.

**Significant Events**

**May 2020:** ABCH received PPP Loan.

**June 2019:** Founders of ABC were negotiating a possible buyout of the largest shareholder.

**June 2018:** ABCH was in discussion with Anthem Blue Cross Blue Shield regarding possible expansion into

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their geographical footprint.

**June 2017:** ABCH continued to be a strategic partner of Anthem Blue Cross Blue Shield. The Company was being considered to “private label” products in the mid-west. ABCH was also developing BICC (administration software) using modern infrastructure such as Microsoft SQL Server and .Net platforms.

**March 2016:** ABCH closed on the agreement and acquired the full-service management information systems company.

**February 2016:** ABCH entered into an agreement to acquire a full-service management information systems company located in Chicago, IL providing total software solutions.

**April 2015:** ABCH had discussions to acquire and add a local business consulting company within ABCH. The consulting company specializes in health care and insurance.

**March 2015:** ABCH and its strategic partner terminated acquisition negotiations.

**December 2014:** ABCH signed LOI for acquisition by a strategic partner. Terms of the agreement were undisclosed and negotiations continued.

**May 2014:** ABCH reported strong financial 1Q14 performance following the acquisition of Stoner & Associates. The management team announced several prospects the Company was hoping to close by mid-year.

**March 2014:** ABCH engaged Malone Consulting, Kick-It, LLC and Wolfe Design for marketing and website development. Funds were provided through WVCAP’s Operational Assistance Fund.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in American Benefit Holding Company at value, which is currently presumed to be the same as cost or **\$499,230**.

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**Snapshot:**

Company: **Billow Global, Inc.**  
Website: BillowGlobal.com  
Location: Charleston, WV  
Total Employees: FT/1; PT/0  
WV Employees: FT/1; PT/0

**WVJIT Investment: \$52,187**  
**WVJIT Ownership: 13.94%**  
**Subject to GASB 62: NO**

**Leadership**

Marnie Rustemeyer – CEO/Founder

**Background**

Billow Global, Inc. (“BGI”) is the first premium breast support pillow company for women who have trouble sleeping due to discomfort resulting from surgery, nursing and breast size. It has a patent-pending ergonomic design that can embrace the individual and assist with comfortable sleep. The pillow addresses each element of a woman’s need for perfect breast, back, underarm and neck support.

**WVJIT Investment History**

**February 2016:**

\$50,000 Promissory Note; 8% Interest Rate  
Warrants: 10% coverage; expiring in seven years.  
Maturity: November 2022

**October 2017:**

Converted 50% of the 2016 Promissory Note and all accrued interest.

**Co-Investors/Lenders/Board Members:**

INNOVA Commercialization Group

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**Products and Services**

The main product produced by White Lotus Home in New Jersey is a high-quality pillow called the Billow Pillow, an all-natural breast support pillow for women who have trouble lying on their stomach due to breast pain and discomfort resulting from surgery, nursing, breast size or mastalgia. The Billow Pillow is ergonomically designed to fit to each woman's body shape resulting in an enhanced experience whether she is resting or sleeping. The product is made into two parts. The lower portion is raised and firmer to provide support for the lower back while also supporting the breasts. The underarms have a medium fill to provide underarm support and cushioning.

The product is 100% organic, chemical, and cruelty free. The outer shell is organic cotton and the Billow is filled with eco-pure wool, which is naturally lightweight, breathable, flame, dust mite and bug resistant. The Billow Pillow retails for \$200 and at a cost of production, stands at \$85. The manufacturer holds the inventory and ships the order directly from their location.

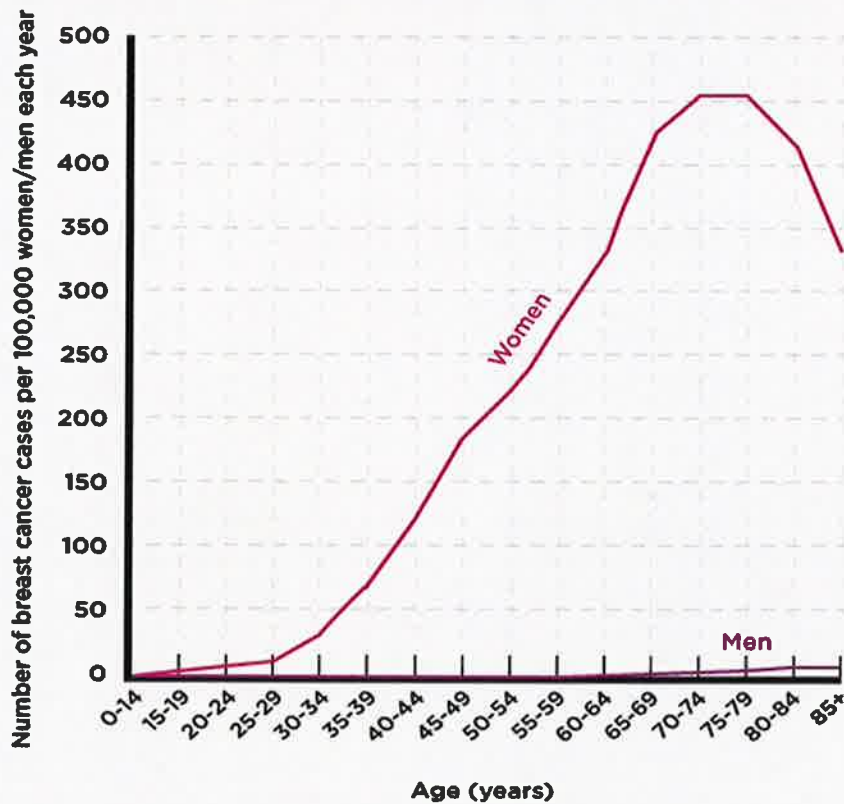


**Competition/Market Summary**

In 2019, an estimated 268,600 new cases of invasive breast cancer are expected to be diagnosed in women located in the U.S., along with 62,930 new cases of non-invasive breast cancer. As of April 2020, there are more 3.5 million women in the U.S. with a history of breast cancer; this includes women currently treating the disease. Overall, about one in eight women will contract breast cancer at some point in their lives.

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### Age-Specific Rates of Breast Cancer in the United States



Post diagnosis, cancer treatment involves various methods depending upon the type and severity of cancer. The cancer treatment market is growing at a significant rate due to an increase in the incidence of cancer cases with the growing awareness among people about various stages and availability of treatment of cancer. In addition, government initiatives and improvement in healthcare facilities are driving the global market for cancer treatment. Breast cancer refers to the uncontrolled growth of malignant cells in the breast tissue. Rising prevalence of breast cancer and growing numbers of awareness programs, such as the Breast Reconstructive Awareness Campaign, are expected to encourage women to undergo reconstructive surgeries.

The breast cancer therapeutics market is a huge industry that targets women who have endured either surgery for cosmetic enhancement or for medical reasons. The industry valued at over \$17.8 billion in 2018 and is expected to grow to \$38 billion by 2026. The industry also has an expected CAGR as high as 10.2% over the next 5 years.

**Significant Events**

**June 2020:** BGI continues to sell its products through e-commerce. PLE no longer has a U.S. exclusive rights to sell. A prospective investor continues to conduct due diligence on BGI.

**May 2020:** BGI contracted to work with an India-based company to sell Billow products. The company is exploring its options.

**January 2019:** BGI entered into an agreement with Pink Lotus Elements. This agreement gives PLE exclusive rights to the U.S. market to sell and distribute BGI products.

**May 2018:** BGI signed an exclusivity agreement to OTI Korea for a commitment of 50 billows a month for 2 years.

**October 2017:** BGI converted \$25K of the JIT convertible note into equity with the remaining balance being paid back over a 5-year amortization period.

**July 2017:** BGI was working with an accountant to verify and discuss the financial reports for the past 18 months.

**June 2017:** BGI secured a two-year contract with a Spanish Therapy Center to provide Billow Pillows and other related products over the period.

**January 2016:** BGI secured \$6,000 in a Kiva Loan, which is an online-based lending platform that bears 0% interest. Repayments started in February 2017.

**June 2016:** BGI continued its marketing effort to medical and spa customers. The Company received solid press from Vogue, Vanity Fair, Self, and WV Living. Company seeks a new manufacturer and hired a part-time employee.

**February 2016:** Billow Global, Inc. receives funding from WVJIT and other investors.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Billow Global, Inc. at value, which is currently presumed to be the same as cost or **\$52,187**.

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**Snapshot:**

Company: **CFOAM, LLC**  
Website :[www.cfoam.com](http://www.cfoam.com)  
Location: Triadelphia, WV  
Total Employees: FT/15; PT/0  
WV Employees: FT/14; PT/0

**WVJIT Investment: \$125,000**  
**WVJIT Ownership: 0.00%**  
**Subject to GASB 62: No**

**Leadership**

Gary Steinepreis, Non-Executive Chairman  
Toby Chandler, Non-Executive Director  
Flemming B. Bjoernslev, Executive Director

**Background Information**

CFOAM, LLC, previously known as Carbon Innovations LLC, is a U.S. based, wholly owned subsidiary of CFOAM, LTD. (“CFO”) founded in 2016 that produces next-generation carbon foam products. CFO is a publicly traded company listed on the Australian Stock Exchange (“ASX”). It was the fourth most successful initial public offering on the ASX in 2016 and floats under the ticker ‘CFO’. The Company began trading on October 26, 2016. The IPO raised \$9M AUS or \$7.2M U.S. after placement of 45M shares. The initial price was 20¢ per share. CFO acquired assets from Touchstone Research Laboratories (“Touchstone”) via an Asset Purchase Agreement that included assets, IP and 27 patents.

CFOAM, LLC changed its name from Carbon Innovations, LLC in October 2017 in order to better align themselves and their identity with their holding company CFO. Although headquartered in Perth, Australia, the Company will continue to keep its manufacturing operations headquarters in Triadelphia, WV. Currently, the Company is housed in the same building as Touchstone although there has been a specific separation of companies. The Company will look to formalize the separation from Touchstone in the coming year.

**WVJIT Investment History**

In January 2018, WVJIT loaned \$1 million as a secured note. Interest on the note is paid quarterly. When the Company closes on its permanent financing with the WVEDA, it will be required to pay down the note by \$600,000. Three succession fees will be due beginning in January 2021. The note matures in January 2023.

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**Warrants:**

None

**Co-Investors/Lenders:**

WVEDA, Summit Bank

**Total WVJIT Investment:**

\$1,000,000

**Board of Directors and Management Team**

**Gary Steinepreis, Non-Executive Chairman**

Mr. Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management, and accounting advice to a number of companies involved in the resource, technology, and leisure industries. He is also currently a director of AVZ Minerals Limited and New Horizon Coal Ltd. Mr. Steinepreis, in his role as a director of Ascent Capital, has previously been appointed as a director to a number of companies that have entered into external administration. In these instances, Mr. Steinepreis was appointed to assist in the restructure and recapitalization processes. He was a director of Central Norseman Gold Corporation Pty Ltd, which is a subsidiary of Norseman Gold Plc. An administrator was appointed to Central Norseman Gold Corporation Pty Ltd in October 2012 to undertake a recapitalization and restructure of the business due to lack of working capital and loss-making operations. A deed of company arrangement for Central Norseman Gold Corporation Pty Ltd was settled in May 2013 and the entity is no longer in administration. Mr. Steinepreis resigned as a director of Central Norseman Gold Pty Ltd and Norseman Gold Plc on March 2016.

**Toby Chandler, Non-Executive Director**

Mr. Chandler is the managing director of ASX listed, Structural Monitoring Systems Plc. He is Co-Founder and Chief Investment Officer of SEAL Capital Ltd, a global macro hedge fund investing in diverse global markets and financial instruments. Before forming SEAL Capital, Mr. Chandler was a Partner and Portfolio Manager with private equity and macro hedge fund, Seagate Global Advisors, Inc. In prior roles, Mr. Chandler was Managing Director with Morgan Stanley Inc, New York, where he ran the bank's Specialist Hedge Fund, servicing key institutional counterparties in an array of financial products and global markets. Mr. Chandler has also held several other senior bank positions including Managing Director and Head of Global Fixed Income Distribution with HSBC Securities (USA) NA, New York; other previous Executive Director positions with Morgan Stanley, Inc. and Morgan Stanley International Plc, London, as Head of Emerging Markets and Global Fixed Income Distribution; and Vice President with Citigroup NA, New York and Citigroup Australia. Mr. Chandler received his Bachelor of Commerce in Finance from the University of Western Australia and his Masters in Applied Finance and Investment from the Securities Institute of Australia.

**Flemming B. Bjoernslev, Executive Director**

Mr. Bjoernslev is an experienced executive, having spent 30 years in the chemical industry in Europe, Latin America and the United States. Most recently, he was President/CEO of Lanxess Corporation and is currently an Operating Partner with Virgo Investment Group, while also serving as an advisor to the North American chemical industry as a Senior Consultant at Cumberland Highstreet Partners.

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### Products

CFOAM® is a registered trademark of the company that is used to describe a wide range of products that are produced. Included in their product list are CFOAM20, CFOAM25, and CFOAM30; the differentiating factor between these products is the weight. These products are inexpensive, lightweight, fire-resistant, impact-absorbing, and can be fabricated in a variety of shapes, sizes, the property requirements of specific applications. It is this versatility that appeals to a wide range of industries. Carbon foam is in high demand in specific industries such as military, industrial, and aerospace markets that require superior materials. This next-generation carbon material is produced from powdered metallurgical coal using a highly proprietary manufacturing process, the result being carbon foam that is far more applicable than current, conventional materials such as balsa wood, ceramic insulation, fiberglass, rubber and various other materials. Carbon foam is used in the military to provide fire resistant ship decking and bulkheads, noise and impact mitigation for aircraft, and firewalls for cars, amongst other applications.



### Industry and Market Size

CFO is perfectly situated to take advantage of a growing market and can serve a number of different industries with a variety of products. As described above, the demand for a superior product from the defense, transportation, and energy sectors is enabling the Company to enter this industry. Composite materials in the tooling market are forecast to grow at a CAGR of 5.2% from 2020 to 2025.

The future of composite materials in the tooling market looks promising with opportunities in the wind energy, automotive, aerospace, marine, consumer goods and construction industry. The major drivers for this market increase in demand for lightweight tools, decrease in lead time for part manufacturing, and increasing penetration of composite tooling in various end use industries.

An emerging trend which has a direct impact on the dynamics of composites materials in the tooling industry, includes increased use of metal/composites combination materials for tooling.

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Within this market, wind energy will remain the largest application for the composites tools market due to increasing wind MW installation in the U.S. and Asia-Pacific region and an increase in the length of the blade. Composite tools for aerospace application is expected to witness the highest growth over the forecast period. Composite tools provide lightweight, dimensionally accurate, and affordable tooling for various applications in aerospace, such as primary and secondary structure.

North America will remain the largest region and it is also expected to witness the highest growth over the forecast period due to growth in wind energy, aerospace, and marine industry.

CFO has already established relationships with three companies who have a high demand for composite tooling: Coast, Janicki, and Boeing.

The initial focus will be on the composite tooling application and with the 3-phase expansion plan, the organization will scale up and expand into other target markets such as the defense industry, which is a \$25.5B market. The Company has already established a relationship with the U.S. Navy to provide carbon foam products on their ships. The energy sector which is an \$18B market will also be targeted as the Company scales up.

#### **Competitive Analysis**

Current competitors who are operating in this market either provide a less durable product, while materials that can compete with the durability of that of the CFOAM® range are much more expensive than that of the CFOAM® product price comparison. Examples of other competing products are general plastics, which are used in composite tooling but are very cheap and less accurate. Aluminum and Steel are two other materials that are significantly less accurate than the CFOAM® products due to their chemical properties that expand and contract too much for the material to compare to the CFOAM® product line.

#### **Significant Events**

**January 2020:** Consol Energy Inc. acquires a 25% equity stake.

**March 2019:** CFOAM paid off WVJIT's note. The succession fee remains outstanding.

**April 2018:** CFOAM reported its cash receipts tripled for the first quarter as compared to the 4<sup>th</sup> quarter of 2017. The start-up of the coal pulverizer was in process.

**March 2018:** CFOAM reported a significant boost in the sales pipeline.

**January 2018:** WVJIT closed on its loan to CFOAM, LLC.

#### **Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in CFOAM, LLC at value, which is currently presumed to be the same as cost or **\$125,000**.

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**Snapshot:**

Company: Core10  
Website: www.core10.io  
Location: Huntington, WV  
Total Employees: FT/42; PT/0  
WV Employees: FT/20; PT/0

**WVJIT Investment: \$545,000**  
**WVJIT Ownership: 5.28%**  
**Subject to GASB 62: No**

**Leadership**

Jeff Hanson, CEO  
Lee Farabaugh, Co-Founder/President

**Background**

Core10, Inc. is a 100% U.S. based Software Development Company that creates financial technology solutions for the banking, healthcare, insurance, and retail sectors, among others. Shared between Tennessee and West Virginia, the talent base provided by Core10 is very highly regarded while mitigating problems associated with offshoring. The Company is headquartered in Nashville, TN with an innovation center in Huntington, WV and a satellite office in Morgantown, WV and Martin, TN. The Huntington innovation center enables the Company to compete with traditional IT outsourcing by offering high level product design on a very competitive pricing model.

**WVJIT Investment History**

**January 2018:**

WVJIT executed the warrants associated with the Core 10 investment at a price of \$8 per share resulting in \$50,000 for an additional 6,250 Preferred A shares.

**October 2016:**

WVJIT invested \$500,000 as part of a \$1,000,000 Series A Preferred Equity round. Company raised additional \$500K via private investors mainly located in Huntington, WV

**Warrant Coverage:**

10% Warrant coverage (6,250 Series A Preferred Units). Warrants were exercised at a \$7.20 per unit strike price in January 2018 at a cost of \$45,000.

**Total WVJIT Investment:**

\$545,000 (\$250,000 funded through WVCAP)

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### **Products and Services**

The Core10 team manages the end-to-end software cycle providing an all-around service for their customers. The products and services provided by the Core10 team are of the highest quality built by U.S. developers. The products are built by the developers and integrate with existing company systems to provide seamless technology solutions to the companies. The Core10 service continues after the original software creation and implementation with ongoing services to maintain, support, and enhance the applications that have been developed with all this being done at an attractive rate competitive with any existing companies located in the U.S. or abroad. Core10's employees include expert leadership from the existing Nashville team while combining this with local highly skilled software developers who are educated and based in the U.S. This combination allows for a well-rounded service that caters to all of a customer's demands and needs.

Companies who are utilizing this type of software application within their company have been forced to outsource this work to countries that can provide the services at a much lower, affordable rate. Countries such as the Ukraine and India have benefitted from the high prices charged by developers in the tech hubs of the U.S. The need for these types of services provided by Core10 is evident. The growth in the software industry has been dramatic over the past decade. Software drives productivity and innovation in almost every economic sector, helping businesses of all sizes perform better in good times and bad. The solutions offered by Core10 are innovative and in high demand in 2016 in the U.S. Core10 has existing relationships with a number of companies through their previous entity, Synergy Systems. Ingram Barge, IPREO, Iron Solutions and Jack Henry & Associates, who are just a few of their current and former clients that have formally expressed interest in working with Core10.

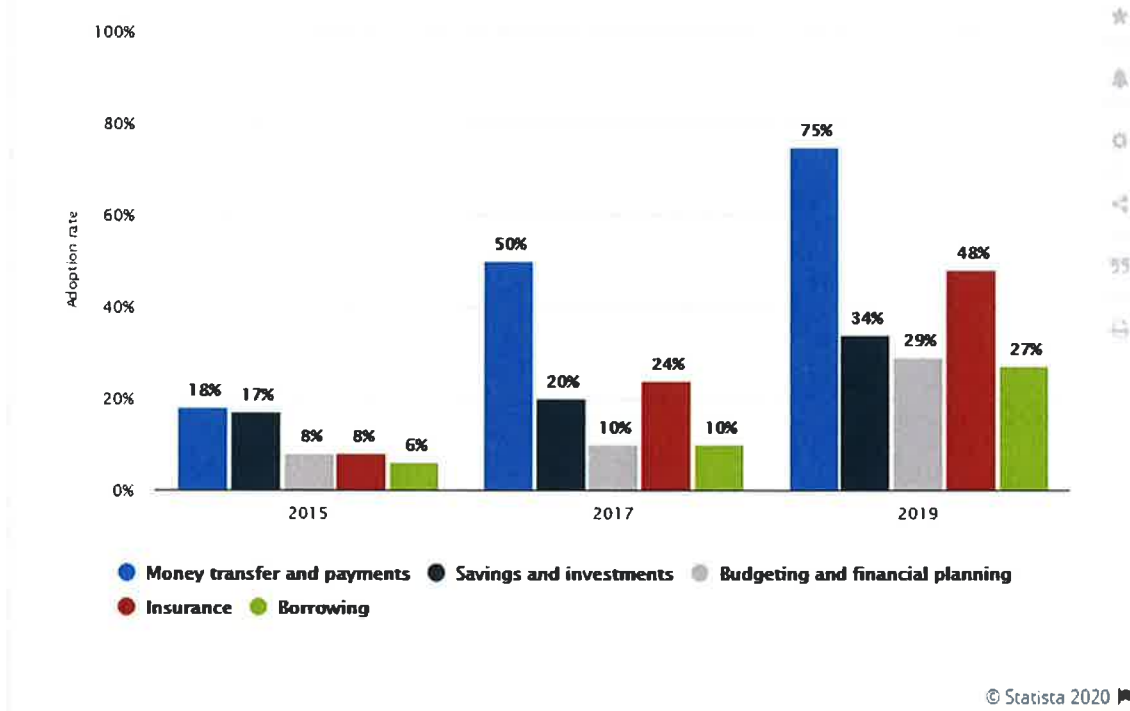
### **Market/Industry**

The Fintech (Financial Technologies) market consists of sales of technology and platforms and related services. Companies in this market produce applications, processes, and products which are used in the financial services industry, and these solutions are provided as an end-to-end process over the Internet. It is used by financial institutions on the back end to automate insurance, trading, banking services, and risk management.

The global fintech market was valued at about \$127.66 billion in 2018, and is expected to grow to \$309.98 billion at an annual growth rate of 24.8% through 2022. Growth in the digital payments sector is driving the market for global Financial Technology (Fintech). Fintech has made payments for goods and services faster, easier, more convenient, and cost-efficient for customers. Customers can now pay for various goods and services via cryptocurrency, loyalty points, and other digital cash alternatives. The growth in the digital commerce market and proliferation of mobile technology has contributed to the growth of the digital payments sector. For instance, companies such as Square and Stripe provide portable Point-of-Sale (POS) systems which can instantly read and process touchless payments like Apple Pay, along with credit cards and even some mainstream cryptocurrency wallets. As an increasing number of businesses are adopting digital payment systems, the demand for fintech solutions is increasing and driving the growth of the market.

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## Consumer fintech adoption rates globally from 2015 to 2019



### Management Team

#### Jeff Hanson, CEO

Jeff Hanson began his career in Finance with Fortune 50 companies, including GE and Walt Disney, and found his passion for technology companies; as a VC, investor, and advisor to early-stage and middle-market companies and a b2b SaaS incubator.

#### Lee Farabaugh, Co-Founder/President

Lee Farabaugh has served in delivery and operations roles in technology for over 15 years and was a founder of the successful healthcare software development firm, PointClear Solutions. She now serves as co-founder and COO at Core10, responsible for sales and marketing, delivery, recruitment, and client retention. Ms. Farabaugh's background in user experience design enables her to focus on the details of Core10's delivery operations, office environments, recruitment, employee relations, and customer experience. She understands deep market focus, having spent the past 10 years focused in the healthcare sector.

### Core10 Software Development Team

Core10 plans to hire a team of highly skilled software developers to be based in the West Virginia area. Pulling from a large pool of graduates from well-known Universities in the Tri-State region, Core10 promotes quality employment opportunities as well as retain talent based in WV by offering competitive salaries for employees

in this area. Core10 will look to hire technology experts and will marry the talent in WV with the senior staff in Nashville, TN. Through this model, the Core10 team believes it can deliver an excellent quality product/service at a price that is affordable for clients and enables a viable option for companies who are currently outsourcing. Since their inception year (2016), Core10 had 10 employees, with that number growing to 17 total employees by the end of 2017. At the end of 2018, Core 10 had 43 full-time employees. The Company anticipated its employee base growing to 60 total employees by the end of 2019, with wage estimates being \$48,000 per year for developers and \$45,000 per year for data analysts.

### **Board of Directors**

#### **Joe Maxwell, Managing Partner, Cultivation Capital**

Joe Maxwell is the Managing Partner of the FinTech Growth Fund at Cultivation Capital. He was most recently the EVP and MD of IPreo Inc. where he led the Private Capital Markets, acquiring Clear Momentum Inc. in December 2015, and Ilevel Inc. in August 2015. Prior to its 2014 acquisition by Ipreo, he was Chairman and CEO of Shareholder InSite. He was also the founder and CEO of CapControls, Inc., and founder, CEO, and Chairman of Investment SCorecard, Inc. Investment SCorecard was the first online performance reporting and analytics technology provider, monitoring over 1,100 investment advisory firms, \$4T in assets, and over \$1.8M investment accounts. Investment SCorecard sold to Informa PLC in April 2007.

#### **Patrick Bond, Representative of Series A Preferred**

Managing Director of McCabe-Henley Properties LP since 1998, Pat Bond brings a wealth of experience in finance, administration, strategic planning, general management, and management information systems. Previously, Mr. Bond owned/operated an independent consulting practice, Growth Management Group, that specialized in the areas of Business Environment Assessments, new product development, investment and financial analysis, and strategic planning. Prior to that, he was President of a natural gas marketing company and was President and CEO of Atlantic Financial Federal, a \$750 million savings and loan institution and all its business units. He graduated from WVU where he received both Master and Bachelor Degrees in Industrial Engineering.

#### **Sarah Biller, Executive Director of Vantage Ventures**

Sarah Biller is very active in the FinTech community. She is an Entrepreneur, Advisor, Investor, and teaches a graduate level course on the evolution of Financial Technology at Brandeis University. She is the Co-Founder of the FinTech Sandbox and currently sits on its Advisory Board. Ms. Biller was also most recently the Head of Innovation Ventures at State Street Bank's Global Exchange division and its Chief Operating Officer for Innovation. Prior to joining State Street, Ms. Biller had been a Principal in the launch of several successful venture-backed start-ups in the FinTech and Life Sciences sectors. Most recently, she was the Co-Founder and President of Capital Market Exchange (CMX), a venture-backed predictive analytics platform utilizing investor sentiment to help bond investors anticipate near-term changes in spreads. Ms. Biller has also held roles at Fidelity Investments, worked on MCI's corporate venture team, and launched and led research divisions for Fortune 500 CFO's and treasurers at the Corporate Executive Board. She is also supportive of the arts and plays tennis competitively. Ms. Biller studied Finance at West Virginia University and George Washington University

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**Jeff Hanson** - See Management Team

**Lee Farabaugh** - See Management Team

**Significant Events**

**May 2020:** Core10 received PPP Loan.

**April 2019:** Highest FTE count since starting the WV operations, with WV having 18 of the 43 listed.

**March 2019:** Overall utilization highest since July 2017. Billable Bonus was the key driver of the increase.

**May 2018:** Core 10 increased headcount in the WV office to 17 employees since opening in 2016.

**January 2018:** WVJIT executed the warrants associated with the Core 10 investment at a price of \$7.20 per share resulting in \$45,000 for an additional 6,250 Preferred A shares.

**June 2017:** Core10 hired 6 new employees for their Huntington location. Currently at 10 new hires since inception in November 2016.

**March 2017:** Core10 won TechConnect Start-Up of the year award at the WV Spirit of Innovation Awards.

**February 2017:** Core10 closed a large service contract with a national company worth \$2.1M.

**November 2016:** Core10 closed \$1M Series A round by raising \$500K from private investors to match the \$500K equity investment from WVJIT.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Core10 at value, which is currently presumed to be the same as cost or **\$545,000**.

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**Snapshot:**

Company: **Crosscutting Concepts, LLC**  
Website: CrosscuttingConcepts.com  
Location: Huntington, WV  
Total Employees: FT/3; PT/0  
WV Employees: FT/3; PT/0

**WVJIT Investment: \$215,000**  
**WVJIT Ownership: 37.50%**  
**Subject to GASB 62: YES**

**Leadership**

Scott Moening, General Manager  
Darryl Jones, Operations Manager

**Background Information**

Crosscutting Concepts, LLC, formerly known as Vandalia Science Education, was founded as a division of Vandalia Research in 2006. It started with one hands-on laboratory kit on DNA typing. Through a distribution partnership with Fisher, the product line grew to six kits on forensic science and launched in January 2007. In January 2010, an additional six kits were slated for development and were launched in January 2011. Also, in 2011, distribution was dramatically expanded resulting in substantial sales growth. The final two Lyle & Louise modules were launched in the latter part of 2011. In 2013, Crosscutting partnered up with EMC Publishing to develop a series of engaging, hands-on laboratory kits.

**WVJIT Investment History**

**October 2012:**

WVJIT invested \$150,000 following Crosscutting Concepts achieving matching funds from First Sentry Bank and a private investor. (\$150,000 funded through WVCAP).

**Warrants:**

10% Warrant Coverage (50,000 units: Series A Preferred Units). Warrants good for 7 years and exercised at a \$1.00 per unit strike price.

**September 2017:**

WVJIT approved a \$65,000 loan with a one-year maturity with 12 monthly disbursements.

**Total WVJIT Investment:**

\$215,000 (\$150,000 funded through WVCAP)

**Co-Investors/Lenders:**

WesBanco  
Joan Weisburg

### **Management Team**

#### **Scott Moening, General Manager**

Scott Moening is the senior employee of Crosscutting Concepts and has been with the Company since September of 2017. Mr. Moening is responsible for the day-to-day operations of the Company and staff located in Huntington. Since then, he increased sales by 10%, reduced production costs, and implemented production techniques to make production more efficient.

#### **Darryl Jones, Operations Manager**

Darryl Jones is one of the senior employees of Crosscutting Concepts who has been with the Company since 2008. Mr. Jones has a firm understanding of the operations and has worked with the staff to implement production and inventory systems. In addition, he manages customer relations and distribution partners. Mr. Jones graduated from Marshall University in 2013 with a BA in Health Science.

### **Board of Directors**

#### **Patrick Bond, Mountaineer Capital**

Pat Bond brings a wealth of experience in finance, administration, strategic planning, general management and management information systems. Previously, Mr. Bond owned/operated an independent consulting practice, Growth Management Group, that specialized in the areas of business environment assessments, new product development, investment, and financial analysis, and strategic planning. He graduated from WVU where he received both Master's and Bachelor's Degrees in Industrial Engineering.

#### **C. Andrew Zulauf, Executive Director, WV Jobs Investment Trust Board**

Andrew Zulauf is the Executive Director of the West Virginia Jobs Investment Trust Board, a public seed investment fund. He has extensive experience in finance and venture capital, having served as Executive Director and Senior Loan Officer for the West Virginia Capital Corporation, as a Partner and Managing Director of West Virginia operations for Adena Ventures, and as Vice President and Upper Middle Market Commercial Relationship Officer for Fifth Third Bank.

### **Products**

**The Mystery of Lyle and Louise** - Premier forensic science curriculum designed for high school and introductory undergraduate education. Comprised of independent hands-on laboratory modules, Lyle and Louise introduce students to a broad range of techniques in forensic analysis, including DNA Typing, Questioned Document Examination, Forensic Entomology, Bite Mark Analysis, Blood Spatter Analysis, Hair and Fiber Analysis, and more.

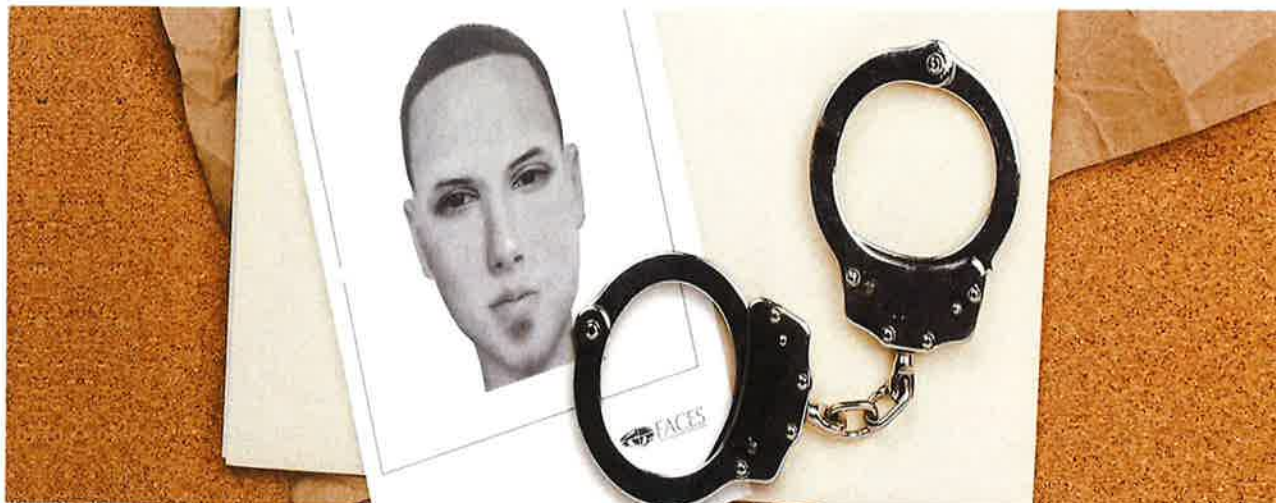
**Desolation: STEM** - This product from Crosscutting Concepts compels students to solve problems involving design, development, evaluation, and improvement. Students are exposed to the subjects of astronomy, engineering, chemistry, and physics in this unique four-module product.

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**Biotech by Ellyn** - Crosscutting has partnered with EMC Publishing and author Ellyn Daugherty to develop and market Biotechnology by Ellyn Daugherty™, a series of engaging, hands-on laboratory kits to accompany the best-selling textbook and laboratory manual *Biotechnology: Science for the New Millennium*. Designed for introductory courses, this program teaches the concepts and hands-on lab procedures required for entry-level careers in the rapidly growing biotechnology industry.

**Aeronautics: Drones** - Crosscutting has recently introduced an entire new line of drone related products. With these kits, students will be able to build fully functional drones, learn the basics of coding, and learn how to fly and perform stunts with the drones. Crosscutting also allows students to fly the drones in first person perspective with an included virtual reality headset.

**Faces 4.0 Law Enforcement Version** - Law enforcement agencies around the world agree that Faces 4.0 is an effective software for creating facial composites of criminals. This same software is utilized by crime-fighting agencies like the CIA, FBI, and the U.S. military. It is easy to use, requires no prior forensic artist skills or experience, and can run on any standard desktop or laptop with Microsoft Windows 98 or better.



#### **Competition/Market Summary**

**Carolina Biological Supply Company (Burlington, NC):** Supplier of hands-on science and math education products and services that help students of all ages learn and understand science and math.

**Edvotek (Washington, D.C.):** Supplier of biotechnology kits and equipment designed specifically for education.

**Aldon (Hanover Park, IL):** Manufactures educational kits for its own Innovating Science brand. Aldon is a subsidiary of Thermo Fisher Scientific.

**Ocean Optics (Largo, FL):** Offers an educational science kit for teaching STEM labs called a spectroscopy experiment kit.

**Nasco (Fort Atkinson, WI):** Private company with a variety of different educational kits and an estimated revenue of under \$1 million.

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**Ward's Science (Rochester, NY):** Ward's Science states that they offer materials for every science and every grade level including educational kits.

**Stemfinity (Boise, ID):** Stemfinity claims to have the largest selection of hands-on enrichment from the most trusted STEM brands on the planet.

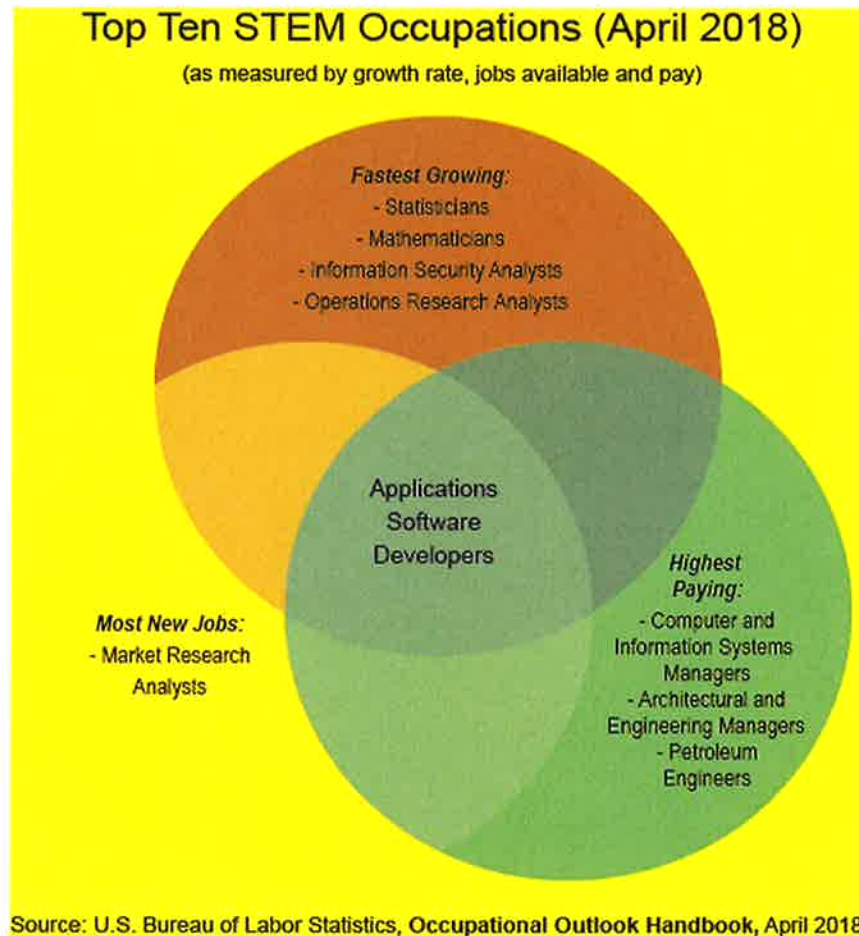
**Flinn Scientific (Batavia, IL):** Flinn has been producing high-quality science supplies and kits since 1977. Their products range over a vast amount of different STEM fields.

### **Industry**

The importance of STEM (an acronym for science, technology, engineering, and mathematics) employment in the U.S. economy has been steadily increasing during this century and experts expect this trend to continue. The U.S. Bureau of Labor Statistics forecasts overall employment in the economy to grow by 7.4% between 2016 and 2026, while jobs in STEM fields are expected to grow by 10.8%. According to the U.S. Department of Commerce, college-educated STEM job holders earn between 29% and 39% more per hour than non-STEM employees with equivalent educational attainment. Approximately half of all STEM jobs are in the computer or mathematics fields, including information systems management, software development, programming, and other IT support roles. The other half is focused on engineering, and life, physical, and social sciences.

The United States has developed as a global leader, in large part, through the genius and hard work of its scientists, engineers, and innovators. In a world that's becoming increasingly complex, where success is driven not only by *what* you know, but by what you can *actually do* with what you know, it's more important than ever for our youth to be equipped with the knowledge and skills to solve tough problems, gather and evaluate evidence, and make sense of information. These are the types of skills that students learn by studying science, technology, engineering, and math—subjects collectively known as STEM. Yet today, few American students pursue expertise in STEM fields, and we have an inadequate pipeline of teachers skilled in those subjects. Adults believe the reason there is a lack of students within STEM fields is because the programs are too hard to understand. Only a third of workers aging 25 and older have an undergraduate degree within a STEM field. Unfortunately, STEM is not appealing to the younger crowd, and they believe that it will not be useful for their future careers. STEM will have to market their products stronger for younger crowds to become more involved, perhaps by using social media as an outlet.

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### Significant Events

**May 2020:** Crosscutting Concepts received PPP Loan.

**March 2019:** Crosscutting Concepts was featured in an advertorial on the Fox Business channel.

**February 2019:** Crosscutting Concepts introduces a new software called Faces 4.0. Faces is used by law enforcement as well as the CIA to create composite images of criminals. Students have the option between the homeschool, student, or law enforcement versions of the software.

**September 2018:** Crosscutting Concepts introduces an entire new line of drones. Students have the option between the drone anatomy challenge, the drone obstacle course, or the coding drone.

**May 2018:** Manuals have been updated and translated into several languages, including Mandarin and Korean. Crosscutting Concepts in the process of developing a new story line product.

**September 2017:** Scott Moening is hired as General Manager.

**April 2017:** Entered into a consulting agreement with Derek Gregg to identify and hire a GM. A transition strategy is also being delivered in order to grow the Company.

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**June 2016:** Crosscutting Concepts relocated to a new office in Huntington and was managed by Derek Gregg under a management contract negotiated and approved by the company board of directors.

**December 2014:** Executive team introduced 2015 budget to the Crosscutting Board. Revenues were expected to rise compared to 2013 based upon more projects by existing customers. Company discussed possible new products to be developed. Derek Gregg announced to the board his departure to pursue business school. His expected departure was during 3Q of 2015. Justin Swick also departed from the Company.

**Overall Conclusion**

As a result of GASB 62 valuation requirements, a write-down of \$15,706 will decrease the book value of the investment. Additionally, due to declining sales and weakening balance sheet, WVJIT has decided to recommend a 100% loan loss reserve for this loan balance.

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Crosscutting Concepts, LLC at value, which is currently presumed to be the same as cost or **\$107,629**.

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**Snapshot:**

Company: **Figure 8 Surgical, Inc.**  
Website: figure8surgical.com  
Location: Morgantown, WV  
Total Employees: FT/0; PT/1  
WV Employees: FT/0; PT/1

**WVJIT Investment: \$250,000**  
**WVJIT Ownership: 8.0%**  
**Subject to GASB 62: NO**

**Leadership**

Dr. Tom McClellan, Founder/CEO  
Brian Miller, Operations Manager

**Background**

Figure 8 Surgical, Inc. is a Delaware Corporation founded in 2009. The Company has developed an FDA cleared medical device called the Flatware Sternal Closure System, a simple, cost effective alternative to traditional cerclage used in the primary closure of sternums following heart surgery. This specific technology can reduce the pain experienced by patients following this type of surgery as well as reducing the length of a hospital stay. Ultimately, the Flatware Sternal Closure System will look to create a stronger, more durable method of closure while reducing patient costs.

A median sternotomy involves separating the sternum longitudinally to allow surgical access to the thoracic cavity and associated organs (heart, lungs, aorta). Upon closure, the sternum must be held together to promote bone healing and reduce pain. The wire is susceptible to fracture upon twisting and to metal fatigue during patient movement or the action of breathing or coughing. If the wire breaks, the tissue/bone can separate and results in sternal non-union and/or wound infection. These preventable complications result in longer hospital stays, further surgeries, and in the case of deep infection, a lethality rate of 48% with very high associated costs.

**WVJIT Investment History**

**January 2016:**

\$250,000 Series D Preferred. Shares priced at \$.19/share with an 8% annual non-cumulative dividend.

**Total WVJIT Investment:**

\$250,000 (\$250,000 funded through WVCAP)

**Co-Investors/Lenders:**

WV Growth Fund  
INNOVA Commercialization Group





**Board of Directors/Management**

**Dr. Tom McClellan, Founder/CEO**

Dr. McClellan is Board Certified by the American Board of Plastic Surgery and a Fellow in the American College of Surgeons. He specializes in reconstructive and cosmetic surgery including breast augmentation. Dr. McClellan completed medical school at the University of Alabama at Birmingham, his internship and residency in Internal Medicine at the Hospital of the University of Pennsylvania in Philadelphia, and his fellowship in renal medicine at the University of California in San Francisco.

**Brian Miller, Operations Manager**

Mr. Miller has an extensive background in manufacturing and management. He worked for Mylan Pharmaceuticals. Based on his background, Dr. McClellan hired him as Operations Manager for the WV headquarters.

**Catherine Mott, President/CEO Blue Tree Angels**

Catherine Mott is the founder and CEO of BlueTree Capital Group and BlueTree Allied Angels. Ms. Mott is the past Chairman of the Angel Capital Education Foundation, an organization that researches angel capital, tracks angel capital, and provides education to bring professionalism and ethics to the industry. In July 2010, she was named Chairman of the Board of the Angel Capital Association, the professional trade association for Angel Networks and Angel Funds in the U.S. Ms. Mott holds an MBA in Finance.

**Michael Green**

Michael Green, a retired businessman with a background in technology, was appointed to the West Virginia Board of Education in 2009 to a nine-year term. He was elected Vice President in 2013 and President in 2015. Mr. Green is a current resident of Morgantown in Monongalia County. He serves as an adviser, investor and board member for several privately held technology companies, earned a bachelor's degree in mathematics from Boston University, and a master's degree in numerical science from Johns Hopkins University.

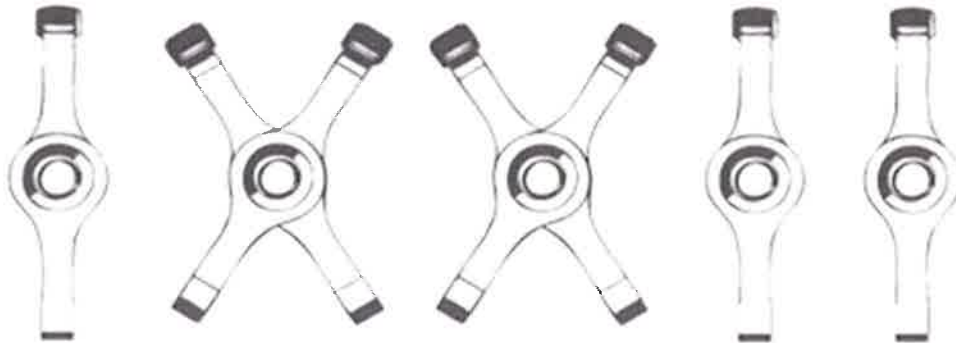
**Michele O'Connor, WV Jobs Investment Trust**

Michele O'Connor has more than 30 years of experience in the finance and banking industry. She attained her Certified Financial Planner designation along with the Accredited Investment Fiduciary Manager designation. She was the Portfolio Manager for the Trust Department at First United Bank and managed over \$600 million for the department. Currently, Ms. O'Connor is the Investment Manager for the West Virginia Jobs Investment Trust.

**Products**

Figure 8 Surgical has developed patented technology to address the sternal closure market. By modifying existing techniques and eliminating the twisting steel wire cerclage, the Company has solved many of the problems associated with failure. The Figure 8 Surgical FlatWire is made of stainless steel. The Figure 8 Surgical FlatWire Sternal Closure System has been specifically developed to replace steel wire in primary sternal closure. It comes as a peel pack unit which contains 6 single stainless-steel devices and 2X devices. A reusable aluminum-tensioning device is provided to the surgeon at no additional cost. A standard needle driver and wire cutters are also used on the application or removal of the devices.

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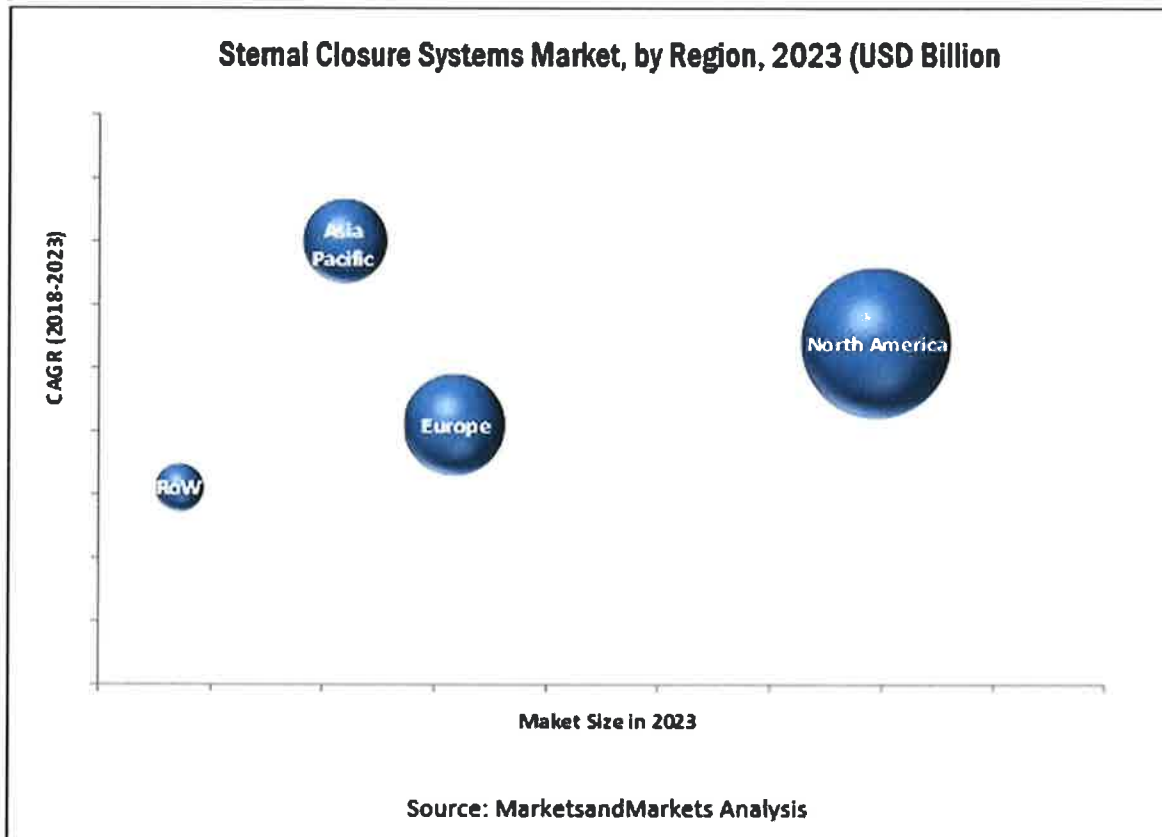
FlatWire is not only stronger, but also more rigid in its resistance to lateral separation of the sternal halves. Each device is placed in a similar fashion to steel wire. The devices are reversible until the ends are twisted. Removal is very fast, simple, and uses standard wire cutters. There have currently been over 500 patients across the U.S. who have been closed with the FlatWire system. The first FlatWire implantation was at Mon General Hospital in Morgantown. Figure 8 Surgical has four issued U.S. patents that also allow claims in the EU. These patents cover both the implanted device and tool.

#### Market/Industry

Today, more than 700,000 sternotomies are performed each year in the U.S. The procedure provides excellent access to all mediastinal structures, is quick and easy to perform, and is well tolerated by most patients. Although complications are relatively rare, they are serious when they occur.

The potential market size for Figure 8 Surgical is affected by price in relationship to wire and other competitive closure options. The global sternal closure systems market is projected to reach \$2.63 billion by 2023 from \$2.02 billion in 2018, at a CAGR of 5.2% during the forecast period. The market is segmented into median sternotomy (most popular technique for cardiac exposure which holds over 50% of market revenue), hemisternotomy, and bilateral thoracosternotomy on the basis of procedure. Geographically, the sternal closure systems market is segmented into North America, Europe and Asia Pacific.

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Sedentary lifestyles, high smoking, alcohol consumption, and unhealthy diet are leading to an increase in prevalence of cardiac diseases globally. As a result, there is a rise in surgical procedures which is likely to expand the market for sternal closure systems. The American Heart Association states that by 2035, around 130 million adults in the U.S., nearly half of the entire U.S. population, are expected to suffer from at least one major cardiovascular disease.

### Competition

The major players in the sternal closure systems market are Kinamed Incorporated, DePuy Synthes, Zimmer Biomet Holdings, A&E Medical, Orthofix International N.V., Abryx, Jace Medical, Acute Innovations, and Jeil Medical Corporation. By company type, Tier 1 is 45%, Tier 2 is 34%, and Tier 3 is 21%. The sternal closure market can be unpredictable due to the number of patients receiving surgery within a year. Geographically, it's split up between North America at 40%, Europe at 32%, APAC at 20% and RoW at 8%.

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**Significant Events**

**February 2020:** Figure 8 Surgical has one active account which has completed over 50 cases with no incident.

**December 2019:** A consultant was engaged to review the Company's go to market strategy. The Company passed an FDA site visit.

**March 2019:** Figure 8 Surgical engaged Brian Doughty to head up revised sales strategy. The Company continues to work with hospitals to be approved through various VATs.

**June 2018:** Figure 8 Surgical is working with over 10 hospitals across the country for approval through their VAT. Once approved, the Company will be cleared to sell its product directly to hospitals.

**March 2018:** Figure 8 engaged a part time salesperson to work with existing distributors in the market.

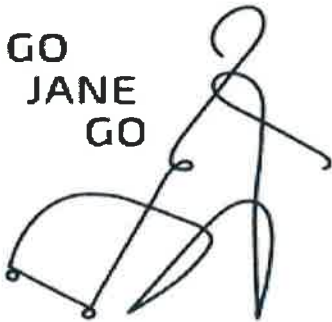
**April 2017:** Figure 8 cleared all regulatory reviews and engaged a sales rep to begin selling products.

**November 2016:** Figure 8 closed on funding transaction with WVJIT.

**Overall Conclusion**

Due to the lack of revenue generation and market demand for the Company's product, the WV Jobs Investment Trust Board recommends a write down of 50% of its investment in Figure 8 Surgical, Inc. It is recommended to report the value of its investment at **\$125,000**.

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**Snapshot:**

Company: **GoJaneGo Travels**  
Website: [gojanegotravels.com](http://gojanegotravels.com)  
Location: Morgantown, WV  
Total Employees: FT/1; PT/0  
WV Employees: FT/1; PT/0

**WVJIT Investment: \$125,000**  
**WVJIT Ownership: 0%**  
**Subject to GASB 62: NO**

**Leadership**

Ellen Saksen, Founder/CEO  
Kate Nichols, Founder/COO

**Background**

With roughly 20 million U.S. women who travel domestically for business each year and the number of global female business travelers rising, the need for products and content to meet the needs of the traveling female professional are also increasing. However, there is no place, digital or actual, where these women can find information geared to them, consolidated and curated, in one place.

The founders of GoJaneGo found themselves wanting for information week after week for a collective 40 years on the road.

Women usually travel differently than men. They have different concerns, different schedules due to familial obligations, and different needs while traveling. These include finding a safe hotel to being able to stream live during homework time with kids, to dealing with sexual harassment on planes, cabs and hotel bars. A businesswoman on the road often has a different decision tree than a man on the road. GoJaneGo looks to be a place a businesswoman could go to gain access to a willing community of fellow female business travelers who share practical information, humor, and even companionship if desired. A site to get information about destinations supplied by other women.

GoJaneGo created a mobile community specifically for the global female business traveler. When a woman travels for business, or when she plans on traveling for business, she can use GoJaneGo and the women in the GoJaneGo community for information about travel, for information on her specific destination, and she can use the mobile app (in development) to connect with fellow travelers in real time.

Revenue sources for GoJaneGo will be varied. The Company will be introducing a membership model. For an annual fee, women who join the community will receive access to an on-demand concierge service powered by artificial intelligence with a backup of a human interface. They also will receive additional downloadable content, access to the message board, and perks and discounts from brands who want to reach the female business

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traveler. Second, the Jane-Verified™ evaluation tool is the only scorecard to measure whether a product, service or brand is truly meeting the needs of the woman traveler.

The GoJaneGo team is uniquely positioned to build the first solution for women who travel for business. Kate Nichols went from managing a team of women who traveled daily for work, to leading the predictive analytics team for cosmetics at L’Oreal for 3 years, to now managing \$80M customers for Red Bull, traveling 185,000 air miles a year. Ellen Saksen built a global semiconductor trade association from the ground up which required weekly domestic and international sales travel for three years and then managed the highest grossing toothpaste brand for Colgate Palmolive for 6 years and traveled solo the whole time.

**WVJIT Investment History**

**September 2019:**

\$225,000 Convertible Debenture. 8% interest rate, 10% warrant coverage redeemable at \$.01 in seven years. Secured by all business assets. Maturity in 36 months. The Company has only drawn \$125,000 from the loan commitment.

**Total WVJIT Investment:** \$125,000

**Board of Directors/Management**

**Ellen Saksen**

Ms. Saksen is responsible for the creation and growth of the first trade association for small tech, which was acquired by SEMI in January 2016. She built three new products for Colgate-Palmolive’s Tom’s of Main brand and began innovations in their new body care department. She has worked in both North America and the EU building international brands in the tech and industrial sectors.

**Kate Nichols**

Ms. Nichols has grown national distribution of product lines at 20%+ year-over-year for the past six years. Her expertise in business development has contributed over \$70 million dollars in revenue during that time period. She has also been an analytical liaison for L’Oréal Paris, identifying and developing opportunities for Sales and Marketing. She is currently an NYU Digital, Marketing and Strategy Certification Candidate.

**Mark Wise**

Mr. Wise, a serial entrepreneur with more than 20 years of experience, led multiple successful product launches, guided companies through multiple acquisitions and assisted in integrating them with a new company. Launched first company Webworx, which was acquired/merged with another company and helped build that company that was sold to City National Bank - Citynet. Launched third product, ListHub. Successfully pitched and was selected as a commercial data provider for Google. This was not the norm for Google; only a select group of partners were in this category. He made strategic decisions on packaging and positioning that led the company to acquire over 70% of the brokers in the U.S. as customers that represented over 90% of the listings in the U.S. Threewise Corporation was acquired by Move in 2010 and is still operating and leads the industry today. He is currently a Vice President of Product Strategy at Move Inc., in charge of their professional software and platform

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initiatives that align with their consumer efforts.

**Michele O'Connor, WVJIT**

Michele O'Connor has more than 25 years of experience in the finance and banking industry. She attained her Certified Financial Planner designation along with the Accredited Investment Fiduciary Manager designation. She was the Portfolio Manager for the Trust Department at First United Bank and managed over \$600 million for the department. Currently, Ms. O'Connor is the Investment Manager for the West Virginia Jobs Investment Trust, a leading venture capital firm focused on turning the innovation of new ideas into successful world-class companies. Ms. O'Connor graduated Magna Cum Laude with a BA in Finance from the University of Maryland College.

**Christina Cassotis, CEO Allegheny Airport Authority and Pittsburgh International Airport**

Christina Cassotis brings a lot of board experience to Go Jane Go. She currently sits on the Boards of S&T Bank and EQT Corporation. She previously was the Managing Officer of Airport Services at ICF SH&E, and prior to that was Deputy Director of Communications at the Massachusetts Port Authority. She earned an MBA from MIT Sloan School of Management and a BA from the University of Massachusetts Boston.

**Products**

To date, the primary product at GoJaneGo is the website. The content is created and controlled by the Company and published at regular intervals via the website and via social channels.

The next stage will be developing the mobile app. That app will allow current and future members access to content and exclusive benefits (if they choose to become a paying member). The data collected by the app on the patterns of its users will become a marketable commodity for vendors looking to connect to this niche. Currently, 47% of all business travelers are women and vendors are seeking information and channels to connect directly to this market.

The mobile app will serve two purposes. First, to allow members access to the platform and community. Second, it will provide brands rich data on this underserved niche, giving them an opportunity to expand their market. The app and its software will capture demographic and psychographic information and behavior. New stack technology will aggregate the data to help brands to gain greater share of the market.

What the Company has learned from its beta testing is female travelers will pay for access to a vetted community, trusted resources, and a platform to access those. The solution will be the GoJaneGo platform. It offers a private community by and for women and a Freemium model on the app. Free content will include access to discussion boards, conversation threads, and basic content. With the payment of an annual fee, users will have access to personal concierge service 24/7, ability to contact other members, discounts and offers from brand partners, and curated content.

Additionally, the Company's community continues to grow on a daily basis. At least 70% of current members are active at least once every week. The website has over 8,000 page views a month.

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Brands seeking to access this niche market will pay a fee (\$3k - \$25K). This gives the brands the ability to communicate with this niche market and give them the opportunity to monetize conversations women are already having.

### Market/Industry

While there is no simple published data on the number of global female business travelers in the world, we can extrapolate from existing data that there are roughly 20 million female business travelers domestically and as many as 150 million globally. As women are closing in on being 50% of the workforce, they also continue to grow their presence in management and executive roles which naturally demand more business travel. GoJane Go is poised to meet the needs of these women as their buying power and influence and specific needs continue to grow.

According to an article released by Harvard Business School Working Knowledge (Martha Lagace), “women business travelers are still often shoehorned into a model designed for men. Hotel rooms for business travelers offer downcast décor and so-so amenities; the hotel’s social area may consist of a bar that is at best uninviting or at worst, vaguely creepy.” A result is “a valuable market is still waiting to be served; that goes double when one considers women’s substantial role in organizing their families’ “leisure vacation”.

Per *Travel & Leisure*, females are estimated to comprise 50% of frequent fliers. Keeping in mind, females may make 70% of all her family’s personal travel decisions so a positive travel experience can lead to a follow-on booking or return trip. And over 40% of all business travelers today are women. Women’s needs are not necessarily unique. Both men and women seek high quality of service and efficiency. However, the female market does provide an opportunity to enhance the current travel market and add additional amenities, such as better towels, better lighting in the bathrooms, and upgraded décor.

InterContinental Hotels Group recently launched a new brand that is more female-focused called Hotel Indigo. What they did was focus on feedback received specifically from female travelers. For example, instead of increasing the size of the guest rooms, they enlarged the bathroom. They brought color into the décor instead of sticking with traditional hotel beige. They created a social/guest area that now female travelers can feel safe and comfortable. So instead of the traditional hotel lobby bar, it may be a place to grab a salad and a glass of wine, do some business or simply read a book. Personal security was the leading pain point for female travelers. Some trends that reinforce that thought include women traveling alone typically don’t book rooms on the first floor and not too close (or too far) from the elevator.

A June 2018 Forbes article states that nearly 70% of female business travelers today face higher travel safety risks yet only 18% of corporate travel policies specifically address matters related to safety needs. The two biggest safety issues center on the location and type of lodging. The Global Business Travel Association recommends female travelers be booked into rooms on the third floor or higher and only in rooms with double locks (the double lock recommendation is for men as well). It is also recommended that women have access to some kind of assistance/support while traveling.

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### **Competition**

The GoJaneGo advantage AND disadvantage is first to market strategy with this kind of community and certification program. If the Company can keep the quality of community engagement high and consistent, it will have an excellent chance of gaining member traction quickly.

A search of the Internet provided only one other “community” focused on the female business traveler, Maiden Voyage. It is located in England and appears to target EU travelers specifically. Many of the pain points mentioned above (security issues, need for assistance, etc.) are mentioned on Maiden Voyage’s website. However, it doesn’t appear they openly offer partnership opportunities to brands. This site doesn’t offer a mobile app and doesn’t seem to be seeking the data opportunities that GoJaneGo is hoping to capitalize on. The services of Maiden Voyage are targeted to the corporate travel division/agent rather than the actual traveler. GoJaneGo’s market is the traveler versus the corporate agent booking the trip.

Other sites on the Internet focus on female leisure travel, which is different in scope and planning than corporate/business travel.

### **Significant Events**

**June 2020:** GoJaneGo beta version of app and online platform completed.

**March 2020:** GoJaneGo design team hired to create the app and online platform.

**February 2020:** GoJaneGo surpasses 800 members in FaceBook group.

**September 2019:** GoJaneGo received its first tranche of funding from WVJIT.

### **Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in GoJaneGo, LLC at value, which is **\$125,000**.

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**Snapshot:**

Company: **Greenbrier Technical Services, Inc.**

Website: <http://www.greenbrier-tech.com/>

Location: Ronceverte, WV

Total Employees: FT/22; PT/4

WV Employees: FT/22; PT/4

**WVJIT Investment: \$400,000**

**WVJIT Ownership: 0%**

**Subject to GASB 62: NO**

**Leadership**

Joe McGraw, President/CEO

Tawana Martin, VP/CFO

**Background**

Founded in 1989, Greenbrier Technical Services, Inc. (GTS) provides engineering solutions to the banking, elevator equipment and mining industries. The Company has two major components: manufacturing and repair. GTS manufactures replacement parts, repairs printed circuit boards and modules, provides parts sourcing services, engineering, and reverse engineering services. GTS has a flexible manufacturing facility capable of fulfilling orders in quantities from one to thousands. The Company is headquartered in Ronceverte, WV.

**WVJIT Investment History**

**May 2015:**

\$250,000, 8% Convertible Note. The Convertible disbursed in two tranches upon meeting predetermined milestones.

**Warrant Coverage:**

10% priced at \$.01 expiring in five years (April 2025).

**May 2019:**

\$150,000 draw note at 9%

**Total WVJIT Investment:**

\$250,000 (\$250,000 funded through WVCAP)

\$150,000 Note

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**Co-Investors**

Joseph and Susan McGraw  
Edward Knight  
Vissac, LLC  
Angus Peyton

Patrick McGraw  
INNOVA Commercialization  
Bonnie Brae Farm, LLC

**Management Team**

**Joe McGraw, President/Chief Executive Officer**

Joe McGraw began his career as a software engineer for Bendix Corporation, immersing himself in the development of microprocessor software and continuous analyzers to monitor the exposure of toxic substances and control gas chromatographs. He oversaw many projects related to those developments from research and development to execution. In 1983, Mr. McGraw recruited several engineers and raised approximately \$2M to establish Greenbrier Electronics to manufacture and develop the 4400 Portable Universal Tester (PUT) portable electronic tester to troubleshoot technical issues related to industrial electronics. In 1986, the assets were acquired by Temco Instruments, Inc. and Mr. McGraw held roles in Marketing, Sales, and Product Definition for Temco, where he participated in many trade shows and seminars showcasing the company's products to prospective end-market users.

In 1989, Mr. McGraw left Temco to start GTS where he currently serves as President/Chief Executive Officer. He is also 100% owner of Greenbrier River Trading company, which is a dormant company since 2011, and a 90% owner of Greenbrier Floor Care, LLC, which is a ServiceMaster Franchise run by his son, Jonathan McGraw. Mr. McGraw received his B.S. Magna Cum Laude in Electrical Engineering from WVU and M.S. in Electrical Engineering from Virginia Tech.

**Tawana Martin, VP/Chief Financial Officer**

Tawana Martin began her career with GTS in 1999 serving as the Marketing and Public Relations Director. In 2004, she was promoted to General Manager where she oversaw both business development as well as business operations. In 2009, Ms. Martin was promoted to VP and Chief Financial Officer where she implements and defines the long/short-term company objectives, policy implementation, and strategic direction. She also administers the company budget and internal cost controls for the company. Ms. Martin received her B.S. in Health Care Administration and Business Administration from the College of WV as well as an MBA from WVU concentrating in Management and Technology.

**Board of Directors**

**Guy Peduto, INNOVA Commercialization Group**

Guy Peduto joined the INNOVA Commercialization Group in April 2006. Prior to joining INNOVA, he held the position of Director, Commercial Programs at the Institute for Scientific Research, Inc. While there, he developed strategies for the commercial utilization of ISR's technology and research applications in such areas as biomedical research, education, software development, mining safety and communication, VTOL aerial vehicles, and automotive controls and diagnostics. Mr. Peduto's background includes 20 years of strategic planning experience with an emphasis on product introduction, leadership for early stage and start-up companies as well as market and business development. This experience includes business formation, product development,

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go-to-market and market development strategies for industrial and commercial manufacturers, consumer goods, advanced research and development, health care, financial institutions, Internet start-ups and retail chains. Mr. Peduto received a Bachelor's degree in Business Administration with a major in Marketing from West Virginia University.

**Michele O'Connor, West Virginia Jobs Investment Trust**

Michele O'Connor has more than 25 years of experience in the finance and banking industry. She attained her Certified Financial Planner designation along with the Accredited Investment Fiduciary Manager designation. She was the Portfolio Manager for the Trust Department at First United Bank and managed over \$600 million for the department. Currently, Ms. O'Connor is the Investment Manager for the West Virginia Jobs Investment Trust, a leading venture capital firm focused on turning the innovation of new ideas into successful world-class companies. Ms. O'Connor graduated Magna Cum Laude with a BA in Finance from the University of Maryland College.

**Joe McGraw, President/ CEO**

(See Management)

**Ron Magruder**

Ron Magruder spent his entire career in the hospitality business. His first job was as a dishwasher in a Big Boy restaurant while in high school. After a number of jobs managing different types of restaurants he joined the Darden group as an Assistant Manager for Red Lobster. He worked his way up to the position of Vice President of Operations for that brand and was sent to Japan to develop the brand there. In 1985, he was appointed President of The Olive Garden. At that time there were four restaurants. During the next ten years he led the team in growing the chain to over 500 restaurants. His last position with Darden was Vice Chairman and in 1995 he changed categories and joined Cracker Barrel as its President. In 1999 he was named Chairman of the National Restaurant Association. He then moved to Canada and was President of the Swiss Chalet and Harvey's brands for Cara Operations. Mr. Magruder has since retired and has happily chosen Greenbrier County, West Virginia as his home. He has served on a number of University and Community Boards over the years. He currently is President of the Greenbrier Valley Theatre in Lewisburg, WV.

**Product/Services**

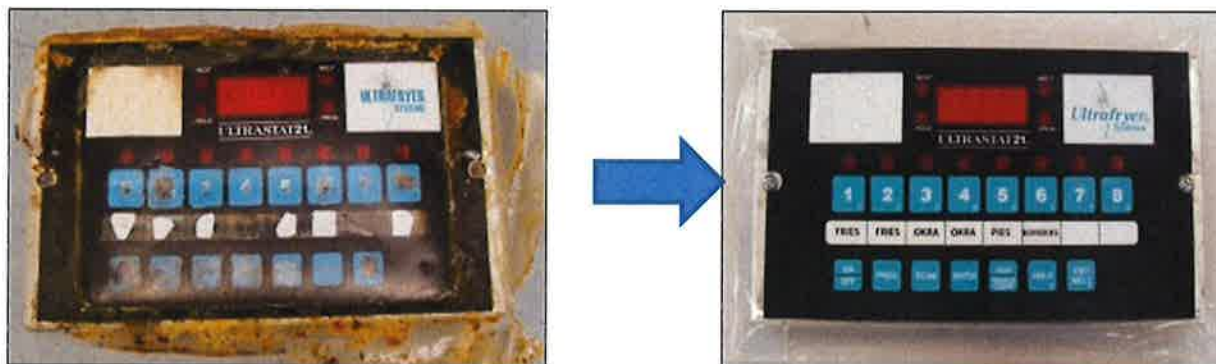
GTS manufactures parts and components for companies within the defense/military, elevator/escalator, financial, HVAC, instrumentation, pharmacy, petroleum, mining, food service and vending. Examples of OEM replacement parts include the electronic components found in ATMs, freight elevators and industrial machinery. GTS has staff engineers and technicians to develop OEM microelectronic parts such as card readers, industrial printers, blower assemblies and printed circuit boards (PCBs) that are more durable and offer a longer useful life.

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The second operating segment for GTS is in repair and support. Currently, GTS provides depot repair, electronic/electromechanical repair services, end of life machinery support services, and other custom services. The Company commenced its penetration in the commercial food equipment market in 2013. Soon after forming relationships with notable restaurant operators and food equipment providers, GTS pursued and was later awarded the ISO 9001-2008 quality system management certification.

GTS prides itself on being the only ISO 9001-2008 certified commercial food service repair company in the country. The ISO 9001 is a policy that assures proper and safe quality controls and tests those products upon its completion for accuracy and excellence. The management team stresses the importance of holding a high standard of quality and accountability on all its new and senior employees. Unlike its competitors, the Company's 14,000 square foot facility gives the capacity to handle both the repairing of circuit boards as well as the manufacturing of overlays and membrane switches typically used in commercial food equipment. GTS utilized the funds it received from the Newtek loan to purchase additional equipment to expand its operating repair capacity. The picture below shows the before-and-after repair of malfunctioned and poorly maintained circuit boards for QSRs and commercial equipment companies. Turnaround time for GTS is usually two weeks upon receipt. The Company can minimize that time upon the hiring of additional employees.



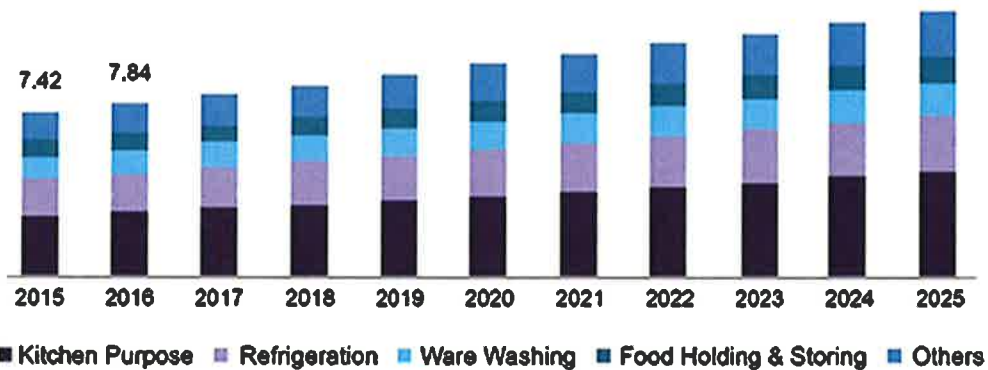
**Industry/Market Summary**

GTS covers a wide variety of industries with their electronic repair service. The global outlook for this industry is currently experiencing an upward swing driven by the large number of innovative electronic equipment that is now becoming more and more integrated within businesses and households across the U.S. and the rest of the world. The dependency for electronic equipment is fueling the demand for repair services that allow organizations to keep costs at a minimum. The demand for refurbished products is growing at a faster rate as companies battle with cost effectiveness. Consumers are also more likely to repair or refurbish their current electronics instead of investing in new equipment. As more and more electronic equipment becomes installed in organizations, this will only grow this industry to continue on its upward momentum. In the U.S., the global electronic repair service market is expected to reach \$162.39B by 2026 with the CAGR of 8.1% during the period from 2018-2026. Europe makes up the largest share of the market accounting for \$26.9B as of 2018.

The global electronics devices market (including consumer electronics and industrial electronics devices) is expected to be impacted significantly by COVID-19 as China is one of the major suppliers for the raw materials (used to manufacture devices) as well as the finished products. The industry is on the brink of facing a reduction in production, disruption in supply, and price fluctuations. While this can vastly encourage local manufacturers to step up and address the growing demand, the scarcity of raw material can still pose a challenge to this industry.

Prior to COVID-19, the global food service equipment market size was estimated at USD 31.64 billion in 2018 and is expected to expand at a CAGR of 5.0% during the forecast period. Factors such as changing lifestyle, increased demand for refrigerated products, increased import and export activity in food and beverage sector, and evolving food consumption trends are contributing to the growth.

**U.S. food service equipment market size, by product, 2015 - 2025 (USD Billion)**



Source: [www.grandviewresearch.com](http://www.grandviewresearch.com)

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Another segment market GTS serves is ATM's. These will continue to be of need and show an increasing demand trend which translates to more machines being in use, rather less.

- There are approximately 470,000 ATMs in the U.S.
- The U.S. has approximately 144 ATMs per 100K people – compared to 42 per 100K people worldwide.
- Cardless ATMs are on the rise using NFC, passcodes, and QR technologies.
- ATM supplier NCR notes that 90% of ATM orders have been for replacement machines – not new locations.

**Significant Events**

**May 2020:** GTS received PPP funding as well as an EIDL loan.

**April 2020:** GTS exploring varying federal and private funding options during the COVID-19 pandemic.

**October 2019:** GTS drew down on \$150k loan.

**May 2019:** GTS hires a new Salesperson.

**March 2019:** WVJIT approves a \$150K loan to GTS.

**November 2018:** Sales Director leaves GTS to relocate family.

**June 2018:** GTS continues to find additional customers in the food service industry.

**February 2018:** GTS sold commercial property and proceeds were used to pay down outstanding debt.

**February 2017:** GTS landed a sizable contract which increased sales and production significantly. Due to the increase, the Company planned to hire additional employees.

**June 2016:** GTS Sales Manager shifted to more outside sales efforts and with the new push increased sales in the restaurant sector. Additionally, the sales mix continued to shift to more repair versus manufacturing.

**December 2015:** GTS sold a condo and the net sale proceeds were used to pay down the Newtek loan.

**June 2015:** GTS closed on its loan from WVJIT and INNOVA to expand its commercial food equipment service repair segment.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Greenbrier Technical Services, Inc., at value, which is currently presumed to be the same as cost or **\$346,468**.

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**Snapshot:**

Company: **InspectionGo, Inc.**  
Website:  
<http://www.igoinspectors.com/>  
Location: Morgantown, WV  
Total Employees: FT/28; PT/0  
WV Employees: FT/28; PT/0

**WVJIT Investment: \$500,000**  
**WVJIT Ownership: 0%**  
**Subject to GASB 62: NO**

**Management**

John Russell, CEO/Co-Founder  
Will Russell, CFO/ Co-Founder  
Mark Wise, CPO

**Background**

The real estate industry drives a huge portion of our economy, yet the data about a home is very limited, fragmented, and oftentimes inaccurate. Mark Wise's experience in the real estate industry focused on this data problem. Throughout his career in the real estate industry, he found that there is no "magic bullet" to solving the data problem. "Someone has to do the work, and this person's only incentive should be to gather great data." He quickly determined that the best person to "do the work" is the home inspector. But the problem is that the home inspection market is highly fragmented, with an average home inspection company size of 1.5 employees. To solve the fragmentation problem, a national network of highly trained home inspectors is needed - a network of inspectors who can be easily booked by either the homeowner or someone on behalf of the homeowner using a platform. So how do you develop a product and get a "highly fragmented" market to adopt your solutions? You need insiders who have the trust and ears of the companies you are seeking to adopt your product. John Russell was the CEO of Green Home Solutions and one of their main clients was home inspection companies (HICs). During John's time growing that franchise, he met Chad Hett and saw that some of these companies were trying to grow and consolidate other home inspection companies (Elite Group has over 70 home inspectors and a lot of them had their own business before joining). With their business experience and connections, InspectionGo had found its "insiders" that would help the Company get things off the ground in a big way.

InspectionGo began by helping the Elite Group grow. For over three years now, InspectionGo has helped the Elite Group grow its business from \$6M in revenue to over \$10M and in turn, this helped define the product strategy. In 2019, InspectionGo started signing up additional companies to provide a similar set of services and products that were provided to Elite Group. InspectionGo saw the same outcomes for those companies which total 47. Now that the Company has replicated their outcomes for more than 47 home inspection companies, they are making investments to enhance their current products and add new products that align with their growth plan.



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InspectionGo is building a solid business at each phase of growth. They do not have to arrive at “Phase 3” to be profitable, and along the way will re-invest their profit to grow the business to the next phase.

InspectionGo has three phases of growth:

Phase 1: The Booking Experience

- The outcome of this phase is to drive bookings through their platform. This includes creating an experience for the Realtor, Consumer and Home Inspector that is MUCH easier than calling a number. Think Uber/Lyft versus hailing a cab.

Phase 2: Data Acquisition and Smart Reports

- The outcome of this phase is to decrease the time it takes to gather data, increase the data home inspectors are gathering, and finally to create a report that helps both the consumer and Realtor to easily interpret the data collected - “smart reports”.

Phase 3: Data Usage and Referral network

- The outcome of this phase is to increase value for the consumer and home inspector by integrating this data into other systems. These can be home insurance platforms, home services platforms, etc. This phase of growth has a large revenue potential for both the Company and its Home Inspection Company clients.

**WVJIT Investment History**

**January 2020:**

\$500,000, 8% Convertible Debenture. The Convertible disbursed in two tranches upon meeting predetermined milestones.

**Warrant Coverage:**

10% priced at \$.01 expiring in seven years (January 2027). The warrant will not be issued unless the Company pays off the debenture prior to maturity.

**Total WVJIT Investment:**

\$500,000 Debenture

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**Management Team**

John Russell

- CEO and Co-Founder of InspectionGo
- Started wireless business and grew to 27 locations in 7 years
- Former CEO of national franchise
- Founded EMG Brands in Tyrone, PA
- Created 100+ jobs in rural community
- Decade of management and successful startup experience

Mark Wise

- Chief Product Officer of InspectionGo
- Over 20 years product development experience in real estate
- Expertise in building high value products and go-to-market strategies
- Background with Lithub, Realtor.com, Veristo.com
- Value creation for both customer and corporation

Will Russell

- CFO and Co-Founder of InspectionGo
- Former CFO of national franchise
- Decade of tax and financial consulting experience
- Consulted on \$1B national student real estate acquisition
- Certified Public Accountant (PA)

**Board of Directors**

John Russell - See Management Team

Mark Wise - See Management Team

Will Russell - See Management Team

Chad Hett - Owner Elite Group

Andrew Zulauf - WVJIT

**Product/Services**

The iGO platform has the following areas of focus for the home inspection company:

**iGO Demand:** This is the entire booking experience for the Realtor, consumer, home inspection company and its home inspectors. This product has a mobile experience as well as a call center experience. Both the call center and mobile “self serve” experience are built on the same tech platform. Also, as the Company moves into phase 2 and 3 (per above), the demand product is where data acquisition and reporting writing will live. This product represents a projected 25% of revenue for the next year.

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**iGO Accounting/Services:** Does the bookkeeping for the home and provide insights on their market performance. This is a profitable service today and over time this will help create a better ROI report for business owners – The Company knows their business inside and out. This product represents a projected 16% of revenue for the next year.

**iGO Academy:** For home inspection companies to grow they need well-trained home inspectors. Instead of building this piece of the platform from scratch, the Company decided to make an acquisition and purchased Axiom Academy out of Denver, CO. This product represents a projected 33% of revenue for the next year.

**iGO Community:** As we all know, relationships are critical to growing a business. Also, helping your current customers grow helps your business grow, i.e., the more they make the more we make. The Company knows this was important, so the Company did the same thing as they did with the Academy - made an acquisition. It purchased the Mastermind Inspection Community (MIC). MIC helps home inspection companies grow their business through marketing strategies and material as well as coaching programs that help home inspection companies learn from other successful home inspection companies. MIC has over 400 members representing the top home inspection companies in the country. This product represents a projected 25% of revenue for the next year.

The strategy with the iGO Product Suite is to help a home inspection company with its core business needs - booking home inspections, delivering a great experience and valuable report, hiring and retaining great talent, and learning how to grow and manage the business bottom line. And while most companies won't start off using ALL of InspectionGo's products at once, over time the Company will be able to show them the value of the full product suite and get them to 100% usage of all its products.

#### Industry/Market Summary

Currently, there are over 38K home inspectors and 25K home inspection companies that do an average of 4M home inspections in a given year with an average cost of \$450 per inspection.

**Market Demand - Existing Properties** - Demand for home inspections on existing properties is responsive to growth in the volume of real estate property transactions. These transactions are influenced by property values and affordability and broader economic conditions. Buyers and sellers typically hire inspectors to check the structure, components, and zoning code violations of homes. Buyers want to know of any important issues with the house so that they can estimate repair costs and the fair value of the home. Sellers want to know of any problems before the sale so they can fix them and/or be able to estimate a selling-price for the house. Banks may also hire inspectors to evaluate the condition of the foreclosed property so that they can determine property market value.

**Market Demand - Repair** - A large portion of industry revenue is generated from evaluating specific elements, systems, or site features on buildings and structures for repair and reconstruction. This includes inspections of structural components, electrical wiring, and roofing. Demand can also be generated from the need for inspections for environmental hazards, such as asbestos and radon. Demand for these services is largely driven by the aging of existing buildings and changes in the regulation of environmental, health, and safety standards. Other factors can also have localized effects on industry demand. The destruction caused by floods, hurricanes,

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severe snowstorms, and tornadoes, provides an immediate increase in demand for home inspection services in the affected regions. Additionally, these natural disasters can stimulate demand for industry services to ensure the habitability of buildings and oversee reconstruction practices. For example, California has a high-density of companies offering earthquake inspection.

**Business Locations - Concentration** - The distribution of locations for the Home Inspection industry typically trends in line with regional population percentages. Locations with high population concentrations have the greatest amount of homes and other buildings. Consequently, there is a higher demand for home inspectors.

The Home Inspection industry is highly fragmented. Its five largest operations, all of which are franchised, represent 5.0% of industry revenue in 2019. A large number of nonemployers (sole proprietors or part-time inspectors) contributes to the highly-fragmented nature of this industry. An estimated 73.5% of industry enterprises are nonemployers. Most businesses tailor toward local markets and inspector licensing, accreditation, and knowledge base are sometimes not transferable between states. (*source: IBIS Report - 2019*)

#### **Significant Events**

**May 2020:** InspectionGo received PPP Loan.

**January 2020:** InspectionGo receives WVJIT funding.

#### **Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in InspectionGo, Inc., at value, which is currently presumed to be the same as cost or **\$500,000**.

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**Snapshot:**

Company: **IstoVisio, Inc.**  
Website: [syglass.io](http://syglass.io)  
Location: Morgantown, WV  
Total Employees: FT/5; PT/3  
WV Employees: FT/5; PT/3

**WVJIT Investment: \$200,000**  
**WVJIT Ownership: 0%**  
**Subject to GASB 62: NO**

**Leadership**

Dr. George Spirou, Founder  
Michael Morehead, Founder  
Mark Wise

**Background**

Formed in 2015, IstoVisio's product syGlass is virtual reality software for neuroscience and microscopy. After developing software to utilize walk-in CAVE systems, the Company focused on head-mounted display technology to achieve a more user-friendly, immersive experience. The software's purpose is to facilitate visualization of images for insight, annotation, analysis and understanding. The advances in microscopy allow for the collection of large 3D image files, but most scientists can only view the data in 2D on conventional monitors. syGlass provides a better way to view and annotate 3D data.

IstoVisio currently has a beta version in the marketplace. Although the technology was developed at WVU, per the Tech Transfer agreement, there are no royalty payments but rather WVU was granted a small equity position in the Company.

**WVJIT Investment History**

**August 2019:**

\$200,000 Convertible Note; 9% Interest Rate  
Warrants: 10% coverage; expiring in seven years.  
Maturity: August 2021

**Co-Investors/Lenders/Board Members**

INNOVA Commercialization Group

**Management**

Michael Morehead  
George Spirou

**Board of Directors**

**Dr. George Spirou, Founder**

Dr. Spirou is a neuroscientist who studies nervous system structure and function. He holds an MS in Physiology from Indiana University, PhD in Neuroscience from the University of Florida, and fellowship training in Biomedical Engineering from Johns Hopkins University. He is Professor of Otolaryngology, and holds the John S. and Jeannette W. Straton Research Chair in Neuroscience. He utilizes novel technologies that generate large volume and large size datasets, which motivated the need for visualization and analysis of structures in 3D. His research program identifies the need for software tools that are incorporated into syGlass, and is the testing ground for new software. Dr. Spirou also provides an entrée into the research community for sales of syGlass.

**Michael Morehead, MS (Founder)**

Mr. Morehead holds an MS in Computer Science from West Virginia University. He is a graduate student in computer science who participates in the implementation of new software features, demonstrates syGlass to customers with intimate knowledge of its technical features, cultivates participants in new applications of syGlass, conceives new software features, and manages the customer base. He attended medical school for one year prior to choosing a career in computer science, so he has a good perspective on biological applications of syGlass. His activities are essential to building a user base and in maintaining the public face of syGlass.

**Mark Wise**

Mr. Wise is a serial entrepreneur with more than 20 years of experience, led multiple successful product launches, guided companies through multiple acquisitions, and assisted in integrating them with a new company. Launched first company Webworx, which was acquired/merged with another company and helped build that company that was sold to City National Bank - Citynet. Launched third product, ListHub. Successfully pitched and was selected as a commercial data provider for Google. This was not the norm for Google; only a select group of partners were in this category. Made strategic decisions on packaging and positioning that lead the company to acquire over 70% of the brokers in the US as customers that represented over 90% of the listings in the U.S. Threewise Corporation was acquired by Move in 2010 and is still operating and lead the industry today. Currently a Vice President of Product Strategy at Move Inc., in charge of their professional software and platform initiatives that align with their consumer efforts.

**Guy Peduto, INNOVA Commercialization Group**

Guy Peduto joined the INNOVA Commercialization Group in April 2006. Prior to joining INNOVA, he held the position of Director, Commercial Programs at the Institute for Scientific Research, Inc. While there, he developed strategies for the commercial utilization of ISR's technology and research applications in such areas as biomedical research, education, software development, mining safety and communication, VTOL aerial vehicles, and automotive controls and diagnostics. Mr. Peduto's background includes 20 years of strategic planning experience with an emphasis on product introduction, leadership for early stage and start-up companies as well as market and business development. This experience includes business formation, product development, go-to-market and market development strategies for industrial and commercial manufacturers, consumer goods, advanced research and development, health care, financial institutions, Internet start-ups and retail chains. Mr. Peduto received a Bachelor's degree in Business Administration with a major in Marketing from West Virginia University.

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**Michele O'Connor, West Virginia Jobs Investment Trust**

Ms. O'Connor has more than 25 years of experience in the finance and banking industry. She attained her Certified Financial Planner designation along with the Accredited Investment Fiduciary Manager designation. She was the Portfolio Manager for the Trust Department at First United Bank and managed over \$600 million for the department. Currently, Ms. O'Connor is the Investment Manager for the West Virginia Jobs Investment Trust, a leading venture capital firm focused on turning the innovation of new ideas into successful world-class companies. Ms. O'Connor graduated Magna Cum Laude with a BA in Finance from the University of Maryland College.

**Products and Services**

syGlass is a scientific data visualization and annotation system built from the ground up to work seamlessly with virtual reality technologies like the HTC Vive and Oculus Rift. High resolution polygon meshes, 4D movies, and volumetric imaging data can be processed quickly and easily, producing immersive VR renderings that provide new insight into data of all shapes and sizes. Boasting a comprehensive suite of VR tools, syGlass allows for rapid, context-rich annotation of 3D images.



Key Features of the product includes:

- Data Visualization – view volumetric and polygonal data in a new light using an assortment of shaders and independent control and coloring of multiple color channels. syGlass is terabyte ready in part due to the propriety manner in which the data files are compressed.
  - Object Counting – navigate complex populations of cells or structures easily with the counting tool. Stereoscopic vision allows accurate marker placement and quick compression of even the largest data sets.
  - Tracing and Tracking – tracing and skeletonization are faster, more accurate, and more engaging in syGlass. 3D context and a suite of manual and assisted tracing tools allow for proofreading and creation of tracing, exportable and importable date.
  - Insight through VR – natural interactions and a visual sense of depth make discovering new information in data easy.
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- Easy to learn – controls are natural and life-like.
- Large-field direct volume rendering – view large image and movie files (10’s to 100’s of terabytes).

**Competition/Market Summary**

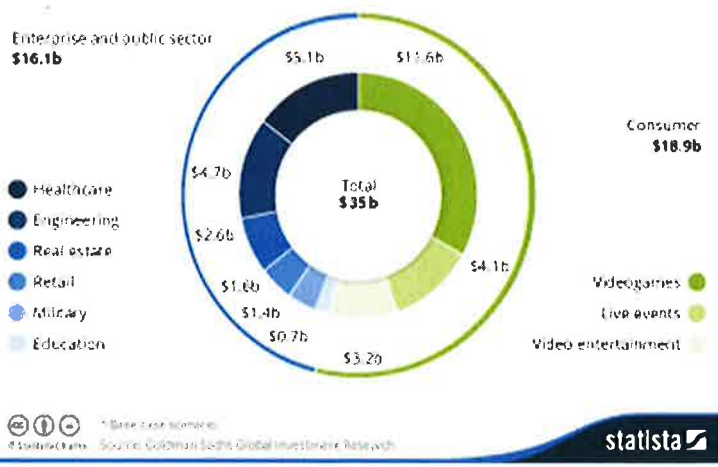
IstoVisio has two primary markets it will target. First the medical field and second the research market. A secondary third market would be the medical education market. In the medical practice market, there are approximately 40,000 medical surgeons in the U.S. In addition, there is potential for use of syGlass by other (non-surgical) medical practitioners. syGlass may also be useful to inform and educate patients on their conditions. In the research market, it is estimated that there are approximately 30,000 structural biology and neuroscience laboratories worldwide. In the medical education market, there are 125 allopathic and 33 osteopathic medical (total 158) schools in the U.S.

At present, the global virtual reality and augmented reality market across different end-user industries were valued at \$12.15 billion in 2018 and is projected to reach \$478.45 billion by 2025. Increasing expenditures in the healthcare industry and the need for cutting-edge technologies for the development of novel diagnostics and treatment therapies propelled the need for integrating AR and VR technology in the healthcare industry. Augmented reality in healthcare can help project the organs of the body in 3D format or high definition visuals to highlight the problem areas for better treatment decisions. These technologies can be combined with existing technologies such as magnetic resonance imaging (MRI) or X-ray systems to collate all the information for the surgeon for enhanced and high-precision surgeries.

According to the recently published market intelligence report by BIS Research, the market for virtual reality and augmented reality in healthcare was estimated at around \$2.14 billion in 2018 and is projected to reach \$11.14 billion by 2025. The market is anticipated to grow at a CAGR of 23.13% during the forecast period from 2018-2025.

**The Diverse Potential of VR & AR Applications**

Predicted market size of VR/AR software for different use cases in 2025\*





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**Significant Events**

**June 2020:** IstoVisio opted not to close on the approved \$100K WVJIT loan.

**May 2020:** IstoVisio received a PPP loan.

**April 2020:** IstoVisio awarded \$1.6M NIH SBIR award.

**March 2020:** IstoVisio accepted into SkyDeck at UC Berkeley.

**December 2019:** IstoVisio \$100K loan approved by WVJIT Board.

**August 2019:** IstoVisio signed a three year deal with an international veterinary company.

**June 2019:** IstoVisio on track to meet 2019 budget and looking to hire a salesperson.

**April 2019:** IstoVisio accepted into the South Florida Accelerator program. Headquarters remain in Morgantown.

**March 2019:** IstoVisio signed a licensing deal with a large veterinarian equipment company. Continued discussions with other large companies for similar deals.

**August 2018:** IstoVisio receives funding from WVJIT.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in IstoVisio, Inc. at value, which is currently presumed to be the same as cost or **\$200,000**.

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**Snapshot:**

Company: **MATRIC**  
Website: [Matricinnovates.com](http://Matricinnovates.com)  
Location: South Charleston, WV  
Total Employees: FT/80; PT/45  
WV Employees: FT/80; PT/45

**WVJIT Investment: Balance: \$797,500**  
**WVJIT Ownership: 0.0%**  
**Subject to GASB 62: NO**

**Leadership**

Steve Hedrick, President/CEO  
Greg Clutter, COO  
Dr. John P. Dever, CTO  
Parvez Wadia, VP of Strategic Initiatives  
Dr. George Keller, Chief Engineer  
B. Duane Dombek, VP of R&D Business Development  
Mark Dehlin, Director of Advanced Software Technologies  
Dr. Michael C. Bradford, Director of Research

**Background**

MATRIC is a West Virginia non-profit organization headquartered in South Charleston, West Virginia. MATRIC has three wholly owned subsidiaries performing various services; Mid-Atlantic Commercial Research, LLC (MCR), which provides for-profit commercial R&D; Mid-Atlantic Technical Engineering, LLC, which is a full service professional engineering firm; and, Mid-Atlantic Technical Consulting, LLC, (MATC). MATRIC also has a majority interest in Mid-Atlantic Holding, Inc. (MAH) which holds and commercializes the intellectual property portfolio of MATRIC through licensing and the creation of technology-based companies.

MATRIC is focused on conducting life-changing research and development and commercializing related products and services. The Company currently employs over 80 people, a bulk of whom have doctorates in the fields of science and technology. MATRIC's scientific staff performs research and development in chemical and environmental technologies, advanced engineering, and health and life sciences.

MATRIC develops its own intellectual property through internally funded research as well as pre-negotiated "field of use" agreements with customers to allow the Company to advance discoveries in domains that are not of interest to the customer organization and further exploring commercialization opportunities.

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MATRIC is managed by individuals with extensive research and development experience. The Company is headquartered within a 650-acre site that includes research and development buildings, engineering buildings, a data center, and laboratories that house other companies such as Dow Chemical, Bayer, and the laboratories of West Virginia State University. The location and experience of MATRIC's scientists and engineers provide a substantial long-term competitive advantage.

**Investment/Loan History**

The WV Legislature authorized \$2M in funds to be made available to MATRIC. It was determined that the most appropriate method to invest those funds was through WVJIT. WVJIT negotiated with MATRIC a transaction whereby WVJIT would loan \$2 million to MATRIC. In turn, WVJIT secured its loan with accounts receivable, inventory, fixtures and equipment. In addition, WVJIT secured its loan with "reserved" shares in MAH. WVJIT has the option to convert its loan into shares of MAH. If the full loan proceeds were converted at WVJIT's option, it would convert to 20,000 or 20% of MAH. If MATRIC is unable to meet its debt obligations then WVJIT, in a default circumstance, may convert its loan in up to 40,000 shares of common stock, or 40%. MAH is currently authorized to issue up to 100,000 shares and initially issued all 100,000 shares to MATRIC. MATRIC sold 1,000 shares to American Electric Power; 5,000 shares to the Clay Foundation; and, 2,000 shares were issued to the Charleston Area Alliance in exchange for previously issued debt.

**May 2009:**

Convertible Loan: \$2,000,000  
Current Loan Balance: \$ 797,500

**Board of Directors**

**Steve Hedrick, Chairman/CEO**

MATRIC

**Stephen A. Kawash, Treasurer**

Brown Edwards CPAs

**William B. Goode**

WV Investments

**Dr. George Keller**

MATRIC, Chief Engineer

**Dr. Kevin DiGregorio**

Chemical Alliance Zone

**Joe W. Gollehon**

TSG Consulting

**James Underhill, CPA**

MRC Global

**Don Supcoe**

Energy Corporation of America

**Greg Clutter**

MATRIC, COO

**John Miesner**

MATRIC, General Counsel

**Bob Welty**

Fifth Third Bank

**Dr. John Dever, CTO**

MATRIC

**Dr. Parvez Wadia**

MATRIC

**L. Newton Thomas Jr.**

ITT Carbon Industries

### Products

MATRIC offers research and development support and services in the following specialties: Chemical Process Technologies, Technical Engineering and Software Technologies.

**Chemical Process Technologies:** Provides R&D support as well as Catalysis, Scale-up and Technology Verification, Solids Processing, Green Technologies, Techno-Economic Assessments and Emerging Technology Evaluations, Safety Engineering Services, Environmental Services, and other strategic programs.

**Technical Engineering:** Provides mechanical, civil, electrical engineering, instrumentation control systems design and programming personnel, as well as other project services areas of expertise including: project management, detailed engineering, procurement and operations training. The staff specializes in Natural Gas, Water and Chemical Industry.

**Advanced Software Technologies:** Provides customers with unique offerings such as GIS Applications, Modeling Simulation, Software Engineering, and Development Servers to specifically meet the needs of their market offerings.

### Industry Summary

In 2019, the life sciences sector saw a strategic rise of the digital mindset and further adoption of transformative technologies. While traditional investment vehicles, like mergers and acquisitions, can expect a sharper focus, external innovation can become a meaningful culture change-agent through innovative and creative partnerships with new entrants and non-traditional players.

Several trends will likely continue to shape U.S. biopharmaceutical and medical device manufacturers in the year ahead. Here are a few developments industry players should watch for:

- Scrutiny over drug pricing.
- Increased interest in contracts that demonstrate value.
- Declining return on investment for research and development.
- Evolving regulatory frameworks and collaboration between industry regulators.

### Significant Events

**July 2020:** MATRIC loan paid off.

**June 2019:** Steve Hedrick elected Chairman of the Board. This is the first time in the Company's history that the Board consolidated the role of Chief Executive Officer (CEO) of the Company with the role of Chairman.

**December 2018:** MATRIC continued to exceed revenue targets. The Company hired 21 new employees.

**December 2017:** MATRIC opens Morgantown location and continues to show growth.

**June 2017:** MATRIC note was refinanced beginning July 2017 with a maturity of date of June 30, 2024. Interest rate is a variable rate based upon WSJ rate + 1%.

**January 2017:** MATRIC announces Thomas Heywood to succeed Gregory Babe as Board Chairman effective

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January 1, 2017. Heywood brings more than 30 years of experience in corporate, finance and commercial law.

**June 2016:** WVJIT Board approved MATRIC loan extension of the note from June 30, 2016 to June 30, 2017.

**May 2016:** MATRIC expanded its social media targeting campaign to lift its brand. Business development continued to bring in new customers and expand existing relationships.

**November 2015:** MATRIC University is created. Recruitment of team members resulted in three new hires at the Morgantown location.

**April 2014:** Chemical Alliance Zone launched Chemception, the nation's only incubator focused solely on commercializing chemistry-based technologies and helping entrepreneurs, start-ups, and small companies launch their businesses. MATRIC is a strategic partner for the incubator and hoped to attract entrepreneurs starting their chemistry-based businesses in Charleston. Tenants included Liberty Hydro and Polyplex, LLC.

**February 2014:** MATRIC announced Gregory S. Babe replaced Paul Arbogast as Board Chairman. He brings more than 30 years of experience in the chemical and manufacturing industries.

**Overall Conclusion**

In early July 2020, WVJIT received a full payoff of the outstanding loan and accrued interest. However, at the time of this report, the Company still had an outstanding balance of \$797,500 on the loan. Therefore, it is recommended to report the value of the MATRIC loan at **\$797,500**.

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## **MOUNTAINEER TROUT FARM**

### **Snapshot:**

**Company:** Mountaineer Trout Farm, LLC  
**Website:** N/A  
**Location:** Josephine, WV  
**Total Employees:** FT/4; PT/0  
**WV Employees:** FT/3; PT/0

**WVJIT Investment:** \$65,000  
**WVJIT Ownership:** 0.0%  
**Subject to GASB 62:** NO

### **Ownership**

Colleen Miller, Owner

### **Management**

Paul Rowe, General Manager

Tony Matherly, Operations Manager

### **Background**

Mountaineer Trout Farm, LLC is an aquaculture business formed in March 2007 as a joint partnership run by the late Ted Miller of Birch Creek Deer Farms located in Pennsylvania and S.E. Thompson, Jr., of Gainesville, Florida. Operations are located at the Lillybrook Aquafarm site located in Josephine, West Virginia. The site uses water from the former Lillybrook Mine. The water is ideal in temperature, chemistry, and is free of water-borne disease. The site is gravity-fed, thus eliminating redundant pumping systems which significantly reduces operating costs and gives the Company a major cost advantage. Mountaineer Trout Farm leases the property by Lillybrook Mine and pays a leasehold payment based on a percentage of gross sales. The lease began after the assets reverted back to WVJIT in 2007.

Mountaineer Trout Farm was formed to take advantage of a natural resource – mine water used to supply an aquaculture project. The Company now has two parallel raceways each measuring 100 feet by 20 feet width. The raceways were constructed with Company funds and borrowed funds from Farm Credit. The raceways are estimated to have a maximum capacity of 400,000 in future years. The lease gives Mountaineer Trout Farm the right of first refusal on any future lease for the McAlpin Farm site.

The project was initially funded as Minaqua in 1995, with the goal of becoming a major supplier of Arctic Char to the Mid-Atlantic and South-Central regions of the United States. At the date of the formation of Mountaineer Trout Farm, WVJIT had a depreciated value of \$573,387 to its lease household interest in the facility which in turn is subleased to Mountaineer Trout. WVJIT wrote off the 2007 investment in Mountaineer Trout Farm.

### WVJIT Investment History

**2007:**

\$1,573,794 Debt Investment

\$280,000 Equity Investment

**October 2017:**

\$65,000 loan granted at 8% with a 2021 maturity.

**Royalty:**

5% on gross sales

### Products

Mountaineer Trout Farm sells a variety of trout on their farm in Josephine, WV. During the past year, no new products or services were created by Mountaineer Trout. Their continued growth and sales numbers continue to retain unprecedented status and Mountaineer Trout will continue on their same path as their future looks bright.

### Competition/Market Summary

Trout is the fish most commonly raised by West Virginia aquaculture enterprises. The estimated value of trout produced in West Virginia, both intended for sale and distributed for restoration, conservation, enhancement, or recreational purposes totaled nearly \$3.7 million dollars in 2018. There are at least 23 aquaculture operations in West Virginia; Mountaineer Trout Farm is reportedly the state's largest commercial trout farm. The farmed product enjoys year-round seasonality, making it readily available to food producers, restaurants, and end consumers.

Trout are produced in more than 16 states across the U.S.; however, certain states are known for their high level of production. Idaho, which was responsible for over 65% of all trout production in the U.S. in previous years, now only represents 40% of total U.S. trout production. North Carolina, Pennsylvania, California, and Colorado are some other large producers of trout. West Virginia ranks at number 10 on the highest trout producing states.

### Industry Summary

Nationally, the volume of trout grower sales during much of the decade remained range-bound. Excluding eggs, an average of 59.1 million pounds of fish was annually sold in the US during the six years ending 2017. The volume of sales in 2018 (most recent available data) appears to have decreased substantially below the previous average, to 49.8 million pounds live weight; however, this figure likely overstates the recent decline, as a number of states withheld reporting to the US Department of Agriculture (USDA) to avoid disclosing data for individual trout grower operations.

Between 2012 and 2017, the annual dollar value of US sales rose from \$93.1 million to \$109.4 million (excluding eggs), and from \$101.5 million to at least \$118 million (including eggs), an overall increase of about 17 percent, reflective of a generally rising price per pound during the decade. By comparison, the cumulative rate of consumer price inflation (CPI-U) during the same period amounted to 6.8 percent. In 2018, the national total for trout sales (including eggs) dipped to \$110.6 million. Average per-pound selling prices fell from 2017 to 2018

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in several states, including in Pennsylvania, but remained stable or rose in places important to MTF's business: North Carolina, Virginia, and West Virginia. As with sales volume reporting, the 2018 USDA data referenced for this report withheld sales totals from some states for reasons of confidentiality.

**Significant Events**

**June 2020:** WVJIT is awaiting the Mountaineer Trout Farm FYE 2019 federal tax return, which the Company is obligated to send WVJIT per the lease agreement.

**May 2020:** Mountaineer Trout Farm received PPP Loan.

**June 2019:** Mountaineer Trout Farm had a record year in 2018 in spite of the management and ownership issues.

**June 2018:** WVJIT successfully concluded its Receivership as the two owners agreed to a settlement where Ms. Miller will be the sole owner of MTF. WVJIT is in final negotiations with MTF regarding a new lease agreement wherein MTF will pay the higher of (1) 5% of total sales or (2) \$5,000 monthly lease payment.

**July 2017:** Maintenance work began on Raceway 2B and Water Tower #1. Improvements are being made to several other areas of the farm such as the workshop and the repurchase of the stocking truck.

**June 2017:** MTF opens a new bank account that is controlled and operated by WVJIT. Site visits are carried out and deferred maintenance is evaluated. The relationship between WVJIT and MTF employees continues to strengthen.

**May 2017:** WVJIT is appointed special receiver of MTF by the circuit court of Raleigh County, WV. This role has no defined time period and will go on until the ownership dispute is resolved. In the receiver capacity, WVJIT manages the operations of MTF, collects receivables, operates and open bank accounts, pays AP, manages sales and employment matters.

**March 2017:** WVJIT files subsequent motion to intervene and appoint a receiver in this case.

**February 2017:** On February 21, 2017, owner Coleen Miller initiated civil action seeking temporary restraining order and further injunctive relief.

**February 2017:** The General Manager of MTF is fired and leaves the farm in possession of the stocking truck.

**June 2016:** Fiscal year 2016, Mountaineer Trout sold 439,878 pounds of trout, an increase of over 9% year over year.

**December 2015:** During 2015, Mountaineer Trout changed oxygen distributors which decreased their cost by 50%. The Company also bought a new stocking truck. The local trout processor continued to increase orders which they provided to Tamarack, The Greenbrier and other local restaurants. The Company is in the planning stage of expanding production capacity with additional raceways.

**December 2014:** During 2014, Mountaineer Trout Farm sold 400,599 pounds of Rainbow Trout with the overall production cost remaining constant at \$1.42 per pound. These costs were expected to increase during 2015. The lease payment percentage reverted back to the original 5%. The Company planned to expand its production capabilities during the Spring/Summer of 2015, maybe looking for funding for the project.

**June 2014:** Mountaineer Trout Farms requested the lease be amended to reflect the 3% royalty lease payment which it has been sending in lieu of the 5% royalty lease payment.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Mountaineer Trout Farm, LLC at value, which is currently presumed to be **\$74,480** which is the net asset value of the property and the loan balance per the WVJIT financial reports as of June 30, 2020.

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**Snapshot:**

Company: **PolyPlexx, LLC**  
Website: PolyPlexx.biz  
Location: South Charleston, WV  
Total Employees: FT/0; PT/1  
WV Employees: FT/0; PT/1

**WVJIT Investment: \$271,560**  
**WVJIT Ownership: 11.37%**  
**Subject to GASB 62: NO**

**Leadership**

Jon C. Pauley, President/Chief Commercialization Officer  
Dr. Richard M. Gerkin, Sr. Technical Advisor

**Company**

Formerly known as Transparent Armor, LLC (a MATRIC spin-off), it was renamed PolyPlexx, LLC in 2005. The Company was founded by former Union Carbide scientists: Jon C. Pauley, Edmond J. Derderian and Richard Gerkin. Scientists are developing new chemistry for making high-performance polyurethane and/or urethane hybrid polymers which are easier to process relative to the existing polymers such as polycarbonate. In addition, these polymers are well-known for their extremely broad formulation latitude and can be designed to meet a wide variety of application needs in industries such as Ophthalmic, Safety and Defense. The Company is located at the Research Technology Park in South Charleston, WV.

**Investment History**

**May 2014:**

\$271,560 Series C Equity Investment. (Funded through WVCAP).  
No Warrant Coverage

**Co-Investors/ Lenders in Series C Round:**

Crimson Hill  
INNOVA Commercialization Group

**Management Team**

**Jon C. Pauley, President/Chief Commercialization Officer**

Jon Pauley's responsibilities focus on leading the commercialization efforts of the organization. Mr. Pauley also provides the interface between commercial activities and the Research and Development activities. He received B.S. degrees in Biology and Chemistry from West Virginia State College in 1983 and has spent the largest portion of his career working as a small business start-up specialist.

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**Dr. Richard M. Gerkin, Sr. Technical Adviser**

Dr. Gerkin is the co-inventor (with Dr. Derderian) of the technology. Dr. Gerkin received a Ph.D. in Chemistry from the University of California at Santa Barbara in 1968 and a B.S. in Chemistry from Wheeling Jesuit College in 1965. He began his technical career in industrial research with Union Carbide Corporation at the South Charleston Technical Center in 1969. His work continued with OSi Specialties when it was spun off from Union Carbide in 1993, and with the successor companies Witco Corporation and Crompton Corporation. He retired in June 2002 as a Corporate Research Fellow. Dr. Gerkin’s technical focus throughout his career has been the development of new products for use in polyurethane systems, including polyols, catalysts and silicone surfactants. He has authored numerous technical papers and holds 22 patents.

**Board of Directors**

|                    |                    |
|--------------------|--------------------|
| Tim Appleberry     | Crimson Hill, LLC  |
| Jon Pauley         | PolyPlexx          |
| Doug Malcolm       | Board Member       |
| Eric Nelson, Jr.   | Nelson Enterprises |
| Michele O’Connor   | WVJIT              |
| Dr. Richard Gerkin | Polyplexx          |
| Tim Fogarty        | Crimson Hill, LLC  |

**Products**

*Viziplexx* is a developed and patented net urethane-based technology platform that provides industries with new high-performance optical/impact resistant materials.

PolyPlexx has developed and patented three products through the technology platform. Primary business model will be through licensing the technologies with private and public entities and institutions.

| <b><u>Patent/Trademark</u></b>  | <b><u>U.S. Patent Number/Serial Number</u></b> | <b><u>Issue Date</u></b> | <b><u>European/World Patent Number</u></b> |
|---------------------------------|--|--------------------------|--|
| Impact Resistance Polyurethanes | US8178644 B2                                   | February 2012            | EP2227500 B1, WO2009088456A2               |
| Transparent Polyurethanes       | US8372939 B1                                   | February 2013            | International patents to be filed.         |
| Viziplexx (Safety & Security)   | 8584788  | February 2013            | N/A  |
| Viziplexx (Ophthalmic Lense)    | 77652104                                       | January 2009             | N/A  |



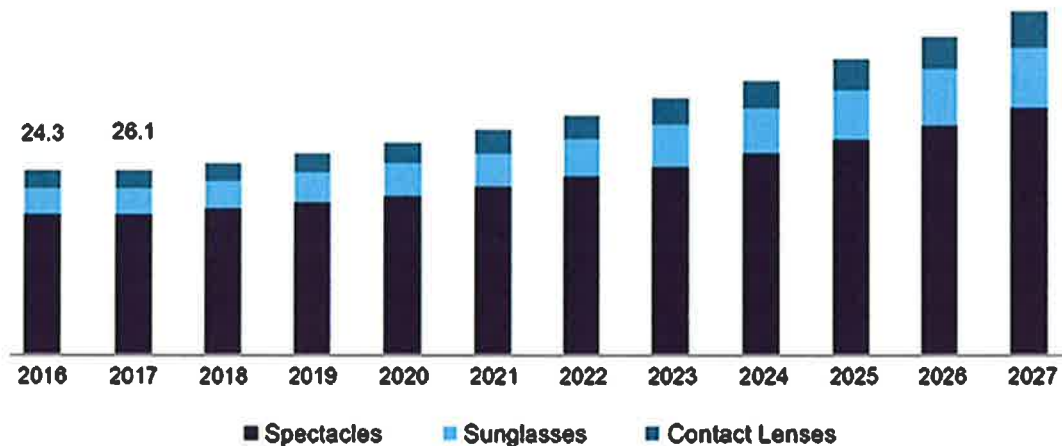
**Competition**

| <b><u>Company</u></b> | <b><u>Public/Private</u></b> | <b><u>Location</u></b> | <b><u>Most Recent Revenue</u></b> |
|-----------------------|------------------------------|------------------------|-----------------------------------|
| Chemtura Corp.        | Public (NYSE: CHMT)          | Philadelphia, PA       | \$414M (3/31/16)                  |
| PPG Industries        | Public (NYSE: PPG)           | Pittsburgh, PA         | \$3.67B (3/31/16)                 |
| Dow Chemical          | Public (NYSE: DOW)           | Midland, MI            | \$10.7B (3/31/16)                 |

**Market Summary**

The global eyewear market size was valued at USD 138.7 billion in 2019, registering a CAGR of 8.1% from 2020 to 2027. The increasing focus of premium optical brands on quality materials and classic designs is expected to offer growth potentials for the eyewear industry. Moreover, advancements in the shape and color of eyeglasses are expected to increase investments in the market for eyewear over the forecast period.

**U.S. eyewear market size, by product, 2016 - 2027 (USD Billion)**



Source: [www.grandviewresearch.com](http://www.grandviewresearch.com)

**Ophthalmic Instrumentation**

The emergence of new players due to low entry barriers, offers more buying options to consumers and increases brand competitiveness. The new players have disrupted the market by offering handcrafted eyewear, which adds a premium touch to the product and offers more buying options to the customer.

### Solar

For the first time ever, in April 2019, renewable energy outpaced coal by providing 23 percent of U.S. power generation compared to coal's 20 percent share. In the first half of 2019, wind and solar together accounted for approximately 50 percent of total U.S. renewable electricity generation displacing hydroelectric power's dominance.

Declining costs and rising capacity factors of renewable energy sources, along with increased competitiveness of battery storage, drove growth in 2019. In the first half of the year levelized cost of onshore wind and utility-scale solar declined by 10 percent and 18 percent, respectively, while offshore wind took a 24 percent dip. The greatest decline was in lithium-ion battery storage, which fell 35 percent during the same period. This steady decline of prices for battery storage has begun to add value to renewables, making intermittent wind and solar increasingly competitive with traditional, "dispatchable" energy sources.

### Ballistics

Bulletproof Glass market worldwide is projected to grow by U.S. \$6.2 Billion, driven by a compounded growth of 13.4%. Automotive, one of the segments analyzed and sized in this study, displays the potential to grow at over 14.1%. The shifting dynamics supporting this growth makes it critical for businesses in this space to keep abreast of the changing pulse of the market. Poised to reach over U.S. \$3.6 Billion by the year 2025, Automotive will bring in healthy gains adding significant momentum to global growth.

Representing the developed world, the United States will maintain a 11.9% growth momentum. Within Europe, which continues to remain an important element in the world economy, Germany will add over U.S. \$243.6 Million to the region's size and clout in the next 5 to 6 years. Over U.S. \$200.5 Million worth of projected demand in the region will come from the rest of Europe markets. In Japan, Automotive will reach a market size of U.S. \$144.3 Million by 2025. As the world's second largest economy and the new game changer in global markets, China exhibits the potential to grow at 17.3% over the next couple of years and add approximately U.S. \$1.5 Billion in terms of addressable opportunity.

### Significant Events

**June 2020:** Polyplexx continues to pursue licensing and investment opportunities. Samples were sent to an interested potential partner for review.

**March 2020:** Polyplexx was awarded the opportunity to present at the TechConnect 2020 competition.

**May 2019:** Polyplexx is in negotiation with an international company for a licensing deal for the eyeglass market.

**January 2018:** A strategic advisor was hired to focus on monetizing near-term commercial opportunities and the underlying intellectual property.

**June 2017:** Jon Pauley and Crimson Hill continue to look for replacement COO.

**April 2017:** Small purchase order received from solar panel company. Jon Pauley notified the Board he would be stepping down from his role as soon as a replacement could be found.

**January 2017:** New technician hired to work on Quality Control.

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**December 2016:** PolyPlexx reviewing manufacturing options which would allow it to meet expected demand.

**August 2016:** PolyPlexx completed milestone for next round of funding in Series C. Company was also negotiating a 50,000-lb. order of ViziPlexx II to a European solar panel company.

**June 2016:** Updates to the Polyplexx Board indicate sample manufacturing capabilities have been expanded by engaging a contract-casting partner. PolyPlexx continued to close the expanded Series C round. The second tranche of funding was secured with only the third tranche left. Each tranche was milestone based; either sales revenue or additional capital injection. The Company was in the final negotiating rounds of its first commercial order of 50,000 pounds of ViziPlexx II with shipments of product beginning September 2016.

**June 2015:** Jon Pauley provided the Board updates relating to the business development evaluations with major companies PolyPlexx had been in negotiations with for the past few months. PolyPlexx also gained the interest of a potential outside investment as well.

**December 2014:** PolyPlexx was working with Crimson Hill and INNOVA to transfer financials to an accounting firm and were working with the South Charleston Technology Park to secure a build out to begin manufacturing.

**September 2014:** PolyPlexx satisfied the requirements for the third closing of the Series C round. WVJIT and INNOVA finalized the documents to close and disburse.

**June 2014:** PolyPlexx updated their Board on recent developments surrounding ViziPlexx I and ViziPlexx II Formulation, laboratory operations, and its opportunities with several Japanese companies.

**April 2014:** PolyPlexx closes Series C investment round.

**Overall Conclusion**

Due to the lack of revenue generation and market demand for Polyplexx products, it is recommended that the investment be written down by 50%. Therefore, it is recommended to reflect the investment at **\$135,780**.

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# SIOX

## Snapshot:

Company: Siox, LLC  
Website: N/A  
Location: Morgantown, WV  
Total Employees: FT/1; PT/0  
WV Employees: FT/1; PT/0

WVJIT Investment: \$200,000  
WVJIT Ownership: NA  
Subject to GASB 62: NO

## Leadership Team

Tim Fogarty, Crimson Hill  
Tim Appleberry, Crimson Hill

## Background

SIOX, LLC is a Delaware Limited Liability Corp. that is developing a simple low-cost process for acquiring manufacturing high purity synthetic magnetite. Magnetite is one three common naturally occurring iron oxides and is the most magnetic of all the naturally occurring minerals on earth. Applications for magnetite include, but are not limited to, automotive brakes, batteries, fertilizer and paints. SIOX will be working closely with the National Energy Technology Laboratory (NETL) in Morgantown to develop the manufacturing process.

## WVJIT Investment History

### April 2016:

\$200,000 Investment - \$100,000 disbursed on the first tranche; second \$100,000 milestone-based tranche was disbursed July 2017. Convertible Debenture, 8% interest maturing March 2019.

### May 2019: Debenture modified to the following terms:

- 24 month note with an option to extend for an additional 6 months
- Warrants restructured to 10% of Series A units and mature in 10 years

### Warrant Coverage:

Up to 10% of the Series A at \$.01 a unit.

### Total WVJIT Loan Balance:

\$200,000 (\$100,000 from WVCAP)

### Co-Investors/Lenders:

INNOVA Commercialization Group

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**Board of Directors**

**Tim Fogarty**

Tim Fogarty was Vice President of Energy Programs at Innovation Works (“IW”) in Pittsburgh, PA where he managed a pool of over \$10M dedicated to energy technology investments. There, he reviewed over 150 opportunities over a three-year period and closed on over 30 investments across a broad cross-section of energy sectors. Those investments include existing seed stage companies and newly formed entities. Mr. Fogarty was a managing director of MHI Energy Partners, a venture capital firm focused on energy technology seed stage investing in North America. Mr. Fogarty also served as Vice President of Finance for INI Power Systems, a fuel cell company in Cary, North Carolina developing portable power solutions for military applications. Previously, Mr. Fogarty was the Power Technologies Equity Research Analyst at Thomas Weisel Partners, LLC in New York City. Prior to entering the financial sector, Mr. Fogarty spent four years in the U.S. Marine Corps as an infantry officer. Mr. Fogarty received an A.B. from Harvard University.

**Tim Appleberry**

Tim Appleberry founded Omega Holding Company, a company that specializes in industrial facilities decommissioning and commercial recycling. The company does business under the name Omega Industrial Decommissioning and Recycling and in its first year of operation expected to generate nearly \$5M in sales revenue. Prior to Clover Technologies, Mr. Appleberry was the COO, CEO, co-founder of Thoroughbred Technologies, a recycling and remanufacturing company. Thoroughbred Technologies was twice named to Entrepreneur Magazine’s “Hot 100” fastest-growing companies in the U.S. Under Mr. Appleberry’s direction, the company quickly became the industry leader in quality and reliability. Mr. Appleberry was responsible for much of the design of the production equipment and processes and built a product/engineering team that initiated industry-changing processes and proprietary intellectual property and was a regular contributor to industry publications and standardization committees. Thoroughbred Technologies was acquired by Clover Technologies as a result of the company’s dynamic growth and reputation for quality. Mr. Appleberry holds a M.A. from the University of Wisconsin – Madison.

**Desmond O’Connor**

A strategic consultant to startup and growth companies. A Graduate of University College of Dublin and holds a MSIA from Carnegie Mellon University. He has been an Advisor to Impact Innovation Program at Idea Foundry and an Executive in Residence at Innovation Works.

**Guy Peduto, INNOVA Commercialization Group - Observer**

Guy Peduto joined INNOVA Commercialization Group in April 2006. Prior to joining INNOVA, he held the position of Director of Commercial Programs at the Institute for Scientific Research, Inc. While there, he developed strategies for the commercial utilization of ISR’s technology and research applications in such areas as biomedical research, education, software development, mining safety and communication, VTOL aerial vehicles, automotive controls and diagnostics. Mr. Peduto’s background includes 20 years of strategic planning experience with an emphasis on product introduction, leadership for early stage and start-up companies as well as market and business development. This experience includes business formation, product development, go-to-market and market development strategies for industrial and commercial manufacturers, consumer goods, advanced research and development, healthcare, financial institutions, Internet start-ups and retail chains. Mr. Peduto received a Bachelor's degree in Business Administration with a major in Marketing from WVU.

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**Michele O'Connor, West Virginia Jobs Investment Trust - Observer**

Michele O'Connor has more than 25 years of experience in the finance and banking industry. She attained her Certified Financial Planner designation along with the Accredited Investment Fiduciary Manager designation. She was the Portfolio Manager for the Trust Department at First United Bank and managed over \$600 million for the department. Currently, Ms. O'Connor is the Investment Manager for the West Virginia Jobs Investment Trust, a leading venture capital firm focused on turning the innovation of new ideas into successful world-class companies. Ms. O'Connor graduated Magna Cum Laude with a BA in Finance from the University of Maryland College.

**Products**

Magnetite is a common mineral that is also one of the three common naturally occurring iron oxides and a member of the spinel group. It is a black, opaque, submetallic to metallic mineral. Magnetite is sometimes found in large quantities in beach sands in various places ranging from the West Coast of the United States to the North Island of New Zealand. Most recently, larger deposits have been found in Chile, Sweden, and Western Australia.

**Applications**

Magnetite is a leading material used in scrubbing of H<sub>2</sub>S (Sulfur) removal from streams near the Marcellus Shale gas reserve. Magnetite (iron oxide) is a leading material used in the scrubbing of H<sub>2</sub>S from these streams. The Company's discussion with one customer has indicated that their demand alone for the H<sub>2</sub>S application should grow to 4,000 tons per year by 2020. Magnetite also offers several consumer applications as well such as paints, coatings, water filtration, iron phosphates, semi-metallic brakes, food additives and fertilizer. Magnetite is also a compound found in the manufacturing of audio recording tapes and is a catalyst for the industrial synthesis of ammonia. Its properties have been able to serve as a sorbent to remove arsenic from drinking water.

**Competition/Market Summary**

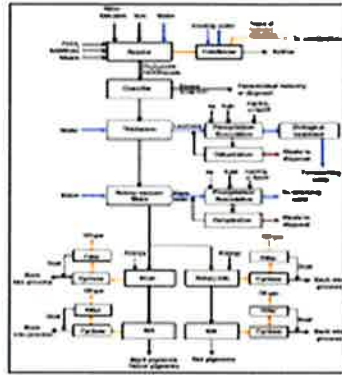
Competition stems from three sources:

1. Synthetic manufacturers using a chemical process: The biggest player in this market is *Lanxess*. This company manufactures material that has high purity and small particle size though their product is sold at about \$1.50/lbs., which is roughly four times the projected price sold to SIOX's customers. The Laux Magnetite process has been known to be environmentally destructive with low quality control.





## **Laux Magnetite**



- **Environmentally hazardous & energy intensive chemical reduction process**
- **High quality control**
- **Highest price**
- **Smallest particle size**
- **Cost prohibitive for almost all applications**

## **SIOX**

2. **Mined Magnetite:** Magnetite is naturally occurring in nature and is mined by many mining companies. Reiss Viking is an example of a mined magnetite supplier. Mined Magnetite is typically of lower purity compared to SIOX material and as a result it is sold at between \$0.20 and \$0.50/lbs. Mined Magnetite is not suitable for all applications due to the presence of mineral impurities and the generally courser product size.

## **Natural Magnetite**



- **Environmentally destructive mining process**
- **Low quality control**
- **Low cost**
- **Unusable in many applications**

## **SIOX**

3. Synthetic manufacturers using a heat treatment process: There are some magnetite manufacturers that use a heat treatment process to manufacture synthetic magnetite. However, it's believed that those processes use higher heat which can result in courser particles and are more expensive than the proposed SIOX process. The Pirox magnetite process, though environmentally sound, at producing a refined byproduct of steel manufacturing, it can be quite cost prohibitive for some applications.

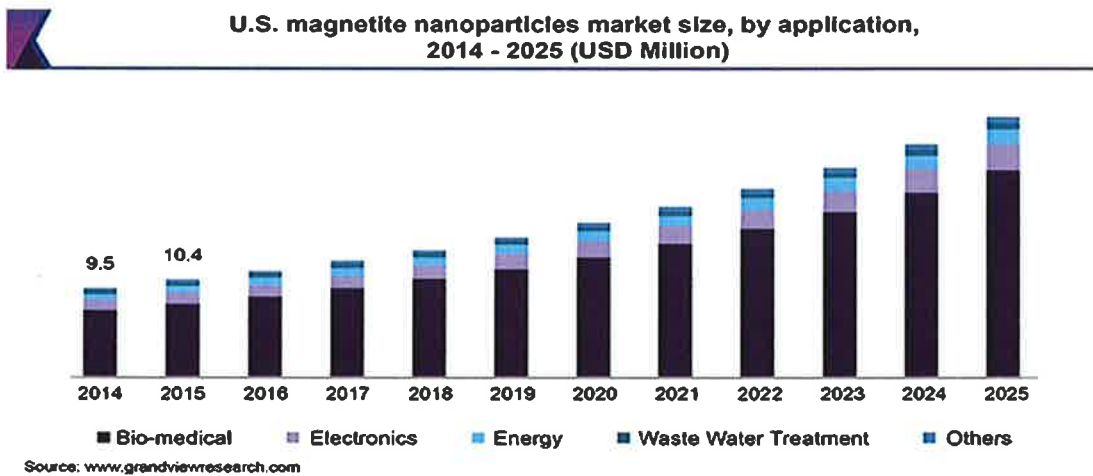
Key purchasing decisions vary by market, yet in general the most common factors are the purity, particle size in choice of materials, and cost. SIOX is developing a simple low-cost process for manufacturing high-purity synthetic magnetite. This process compares extremely favorably with the traditional Laux process that is used to manufacture synthetic magnetite that's both cost effective and environmentally friendly. There are three distinct advantages that SIOX has over its competition:

1. SIOX's manufacturing process is simple and relatively manageable versus the current process used by its competitors.
2. SIOX's magnetite is as pure or of higher purity than the synthetic magnetite manufactured by its competition.
3. SIOX's low manufacturing costs allow it to sell its product at a price that meets the market demand.

**Industry Summary**

The global magnetite nanoparticles market size was estimated at USD 43.9 million in 2018 and is expected to register a CAGR of 10.3% over the forecast period. Increasing demand for the product in application industries such as bio-medical, electronics, wastewater treatment, and energy is expected to drive the market.

The market for magnetite nanoparticles has been witnessing huge growth potential since the last few years on account of continuous research & development activities in the field. The product is anticipated to gain popularity owing to its superparamagnetic properties coupled with diversified applications in several industries. Companies are continuously engaged in offering magnetite nanoparticles-based products using innovative and advanced methods to comply with customer demands from different application industries.



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The increasing importance of the product in the bio-medical industry owing to its biological properties is anticipated to encourage several research laboratories and commercial manufacturers to invest in extensive R&D activities and explore the potential applications of the product. Furthermore, the market is expected to witness growth owing to the rising penetration of the product in the medical industry for drugs and therapy as well as in microfluidics, drug delivery, and vivo imaging.

Iron oxide nanoparticles are anticipated to witness substantial growth owing to their unique properties such as high surface area, superparamagnetic, surface-to-volume ratio, and easy separation methodology. Several physical, biological, and chemical methods are adopted to synthesize magnetic nanoparticles, which exhibit great potential in various industries. Nano solutions and powders containing nanoparticles are largely utilized in separating impurities from water since nanomaterials offer high recyclability and are characterized by high surface area.

**Significant Events**

**June 2020:** SIOX is commercially ready to move forward to source customers pending a final purity test of the latest pilot plant run.

**March 2020:** SIOX has product at a 97% purity level in a test run of the pilot plant in Morgantown.

**May 2019:** SIOX modifies the terms of its investment with WVJIT and INNOVA.

**June 2018:** SIOX had a location in Morgantown selected for the pilot plant. Additional testing was needed but after meeting NETL, it was anticipated the pilot plant should be ready to be built by fourth quarter 2018. SIOX is in the process of raising the needed funds to complete the pilot plant.

**July 2017:** SIOX received second tranche of funding from WVJIT.

**June 2017:** SIOX was finalizing testing and planned to have the small pilot plant in Morgantown running and producing product by fourth quarter 2017. The Company has not needed to expand to the WV Tech Park, but if extra space is needed a lease can be signed.

**June 2016:** SIOX was in negotiations with the WV Tech Park about moving into the complex. Although nothing had been signed, they were looking to transition from their Morgantown location to the TechPark within the year.

**May 2016:** NETL is progressing with the cold flow unit using a fluid bed design. SIOX was seeking additional space to manufacture once the unit had been finalized by NETL.

**April 2016:** WVJIT closed its Convertible Debenture and disbursed first tranche of funding to SIOX.

**Overall Conclusion**

SIOX is still in a developmental stage and is completing construction on a pilot plant. Once testing is complete, the Company will be able to ramp up production. Once the purity of the product is consistent with each processing run, the Company will begin to source commercial customers.

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in SIOX, LLC at value, which is currently presumed to be the same as cost or **\$200,000**.

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**Snapshot:**

Company: Troy, LLC  
Website: troylcwwv.com  
Location: Harrisville, WV  
Total Employees: FT/55; PT/0  
WV Employees: FT/55; PT/0

**WVJIT Investment: \$581,037**  
**WVJIT Ownership: 16.67%**  
**Subject to GASB 62: NO**

**Leadership Team**

Martin Ballen, CEO/ Director of Sales  
Richard Kerns, Chief Operating Officer/Chairman BOD

**Background**

Troy Mills, Inc., a New Hampshire based Company, was established in 1865. It owns an 85,000-square foot facility located in Harrisville, West Virginia and supplies needle punched textile products to niche markets. The Harrisville facility is a Tier-One and Tier-Two supplier to the automotive industry and is also a supplier to the apparel industry. The facility produces automotive interior fabrics and apparel linings. Troy Mills filed for bankruptcy protection in 2001. Mountaineer Capital, WVJIT, and two individuals purchased the West Virginia operation in March 2002. The Company has been organized as a Limited Liability Company known as Troy, LLC.

**WVJIT Investment History**

**February 2002:**

**\$500,000 Investment**

\$60,000 in Series A Convertible Preferred Membership Units  
\$440,000 in Convertible Subordinated Term Loan

**May 2013:**

**\$840,000 Loan**

Closed June 2013 - convertible 5.5% loan. WVCAP Seed Capital Co-Investment funds accessed for \$420,000 of loan. WVCAP portion was repaid in 2014.

**Total WVJIT Loan Balance:** \$521,037

**Total WVJIT Equity Balance:** \$60,000

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**Co-Investors/Lenders**

WVEDA: \$252,737 – Debt  
MOVRC: \$197,631 – Debt  
WUB: \$358,177 Term Loan; \$515,003.78 LOC

**Warrants**

| <b>Date</b> | <b>Equity</b> | <b>Debt</b> | <b>Covg.</b> | <b>Type</b> | <b>Price</b> | <b>Term</b> | <b>Exp.</b> | <b># Warrants</b> | <b>Exer. Cost</b> |
|-------------|---------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------------|-------------------|
| May-11      | -             | \$400K      | 10%          | Pref. A     | \$1,000      | 7           | June 20     | 36                | \$36K             |

**Board of Directors**

**Richard Kerns, Chief Operating Officer/Chairman of the Board of Directors**

Richard Kerns is a military veteran having served from 1965 to 1967. He was the Production Supervisor of FMC Corporation located in Parkersburg, West Virginia from 1968 to 1974. Mr. Kerns has been with Troy since 1974 where he has served in such positions as Production Supervisor and Manager of the Harrisville, WV facility. Since March of 2002, Mr. Kerns has been COO and part owner.

**Martin Ballen, Chief Executive Officer**

Martin Ballen completed a four-year materials engineering program at General Motors Institute. After completion of the program, he joined GM's engineering department staff. Later, he would continue in the automotive field and join Chrysler Corporations' engineering staff. Through the years, Mr. Ballen has held various management positions with both GM and Chrysler. In 1970, he joined Troy Mills Inc. as a sales engineer. Since then, Mr. Ballen helped develop new applications for Troy's capabilities for various automotive customers at OEM, Tier One and Tier Two levels. In 1990, he became the VP of Automotive Business Group with responsibility for marketing, sales, and R&D, customer service and manufacturing. In 2000, he started the Prestwick Group, LLC, a representative for several manufacturers of materials for the automotive industry. In 2002, with Richard Kerns and an investment group, the purchase of Troy Mills was made and the name was changed to Troy, LLC. Mr. Ballen currently serves as CEO.

**Patrick Bond, Mountaineer Capital**

Pat Bond joined McCabe-Henley Properties LP as Managing Director in early 1998. Mr. Bond brings a wealth of experience in finance, administration, strategic planning, general management, and management information systems. Previously, Mr. Bond owned/operated an independent consulting practice, Growth Management Group, that specialized in the areas of business environment assessments, new product development, investment and financial analysis, and strategic planning. Prior to that, he was President of a natural gas marketing company and was President and CEO of Atlantic Financial Federal, a \$750 million savings and loan institution and all its business units. He graduated from WVU where he received both Master's and Bachelor's Degrees in Industrial Engineering.

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**Sam Sommerville, CPA**

Sam Sommerville is currently VP of Northeast Natural Energy and a former partner of the Simpson & Osborne Accounting firm. He is a graduate of Glenville State College, a certified public accountant (CPA), and is active in various professional, trade, and civic organizations.

**C. Andrew Zulauf, Executive Director, WV Jobs Investment Trust Board**

Andy Zulauf is Executive Director of the West Virginia Jobs Investment Trust Board, a public seed investment fund. He has extensive experience in finance and venture capital having served as Executive Director and Senior Loan officer for the West Virginia Capital Corporation, as a Partner and Managing Director of West Virginia operations for Adena Ventures, and as Vice President and Upper Middle Market Commercial Relationship Officer for Fifth Third Bank.

**Products**

|                   |  |
|-------------------|--|
| <b>Automotive</b> | Produces needle punch synthetic fabrics for applications that include seating trim, luggage compartments, molded door carpets and inserts, package trays and headliners. |
| <b>Apparel</b>    | Recycle fibers for printed lining materials for work jackets and western theme clothing, saddle pads, gun cases, custom luggage and baseball caps.                       |
| <b>Industrial</b> | Produces felts and materials using fine and coarse denier polyester, polypropylene and nylon fibers, coupled with a wide variety of support scrims and backings.         |



**Competition/Market Summary**

**Formed Fibers (Auburn, Maine)**

Specializes in Polyester Fiber, Fabric, Substrates, and Custom formed parts. The Company has three locations (Auburn, ME; Sydney, OH; Sumter, SC). FFT is the only auto supply Company that is vertically integrated from fiber to fabric to finished part. Each product manufactured is custom designed for its intended use.

**Foss Manufacturing (Hampton, New Hampshire)**

Established in 1954 and has six business units (Automotive, Specialty Fibers, Kunin Group, Technical Products, Eco-Fi, and Ozite). They are a vertically integrated producer of engineered, non-woven fabrics and specialty synthetic fibers.

**IAC (Troy, NC)**

Specializes in plastics, fibers and other manufacturing components.

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**Oxco Incorporated (Charlotte, NC)**

Since 1994, Oxco has built a reliable reputation for delivering quality nonwoven products with the most reliable service in the industry.

Other major players in the market include: Huntsman International LLC, Dow Chemical Company, DyStar Group, Kiri Industries Limited, Pulcra Chemicals, Archroma, OMNOVA Solutions Inc.

**Industry Summary**

The global textile chemicals market was valued at \$23.6B in 2018 and is expected to reach more than \$32.1B by 2025, expanding at a CAGR of 4.5% between 2018- 2025. The high growth is attributed to high demand from the rapidly growing apparel industry. This rapid growth in the apparel industry is a result of higher disposable incomes and increased penetration of organized retail.

Textile chemicals are used in the process of fabric processing including pretreatment chemicals, textile dyeing chemicals, printing chemicals, finishing chemicals, antistatic agents, and other specialty chemicals. There has been a sustained shift in the geographic location of the world's textile production from Southeast Asia to China and India for the last 30 years. Sizing chemicals are used increasingly in the apparel applications industry in order to increase the absorption rate of the fabric.

Asia Pacific was the largest consumer of textile chemicals in 2018 led by the high demand for coating and sizing chemical products in China and India. India is now the second largest exporter of textiles globally and continues its expansion rapidly. Tighter environmental regulations in China have forced several dye manufacturers to shut down operations and have allowed India to penetrate the international market. Asia Pacific accounted for more than 50% share of the global textile chemicals market in 2018. It was also the fastest growing market in the year due to the significant demand for textile chemicals in various applications industries. Europe was the second-largest consumer of textile chemicals in 2018, as a result of the rising demand for these chemicals in technical textile applications in Turkey and Germany. The market in North America is anticipated to expand at a modest rate during the forecast period. The concern of regulatory bodies regarding harmful effects of textile chemicals on environment and emergence of bio-based textile chemicals are estimated to hamper market growth; however, technological innovation and development of new textile chemicals are projected to act as the opportunity for the manufacturers of textile chemicals during the forecast period. Growth in the apparel and industrial industry is anticipated to propel the textile chemicals market during the forecast period. Furthermore, rising numbers of products of textile chemicals in various applications are likely to act as a major opportunity for the textile chemicals market in the near future.

**Significant Events**

**June 2020:** Troy board approved final asset purchase agreement for the sale of the Company. Expected to close in July 2020.

**May 2020:** Troy received a PPP loan.

**March 2020:** Close on sale of Troy postponed until early 3rd Qtr. due to COVID pandemic.

**September 2019:** Agreement in principle to sell Company, anticipated close 1st Quarter 2020.

**June 2019:** Troy continued to feel the effects of trade tariffs and other disruptions in the automobile industry.

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WVJIT is working with West Union Bank and WVEDA to secure a loan under the Loan Insurance Program to provide additional working capital if the Company needs it to support operations.

**June 2018:** Troy continues to work on cutting fixed costs and sales are projected to be lower.

**July 2017:** Troy paid off its loan to the WVEDA and received title to the facility and real estate.

**June 2017:** Troy and WVJIT agreed upon a refinance of the existing loan. The annual interest rate was fixed at 7% with a 5-year amortization and a balloon payment at maturity.

**June 2016:** Troy Comptroller resigned. Company actively seeking a replacement.

**May 2016:** WVJIT modified existing Troy loan. New maturity date was June 2017.

**March 2016:** New labor contract approved.

**February 2016:** Existing labor contract extended until month-end.

**October 2015:** Troy began to renegotiate labor contract expiring January 2016.

**July 2015:** Troy worked with two major automotive manufacturers on trunk and other components.

**April 2015:** Troy picked up new customer with automotive customer, Lear Corporation.

**April 2014:** Mr. Kerns noted the refinancing of the WVJIT loan was complete. The annual interest rate was fixed at 5.5% with a 10-year amortization and a 3–5-year balloon.

**March 2014:** Troy entered into discussions with Oxco, Inc., a Charlotte-based textile manufacturer looking to expand its exposure to the automotive market.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Troy, LLC at value, which is currently presumed to be the same as cost or **\$581,037**.

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**Formerly**



**Snapshot:**

Company: Valtari Bio, Inc. (CereDx, Inc)  
Website: www.valtaribio.com  
Location: Morgantown, WV  
Total Employees: FT/1; PT/5  
WV Employees: FT/1; PT/2

**WVJIT Investment: \$250,000**  
**WVJIT Ownership: 0.00%**  
**Subject to GASB 62: No**

**Leadership**

Tara L. Barr, PhD, RN, FAHA, Co-Founder/Chief Scientific Officer  
Richard Giersch MS, Co-Founder/Chief Executive Officer  
Michael Green, Chairman of the Board

**Background Information**

Valtari Bio™ Inc. is focused on advancing the treatment of stroke through the development of next-generation precision diagnostics and therapeutics. Currently, there is no simple test to diagnose stroke or time of onset. Patients rely on physician/patient assessment and neuroimaging. Approximately 2.2 million people each year are having unnecessary stroke workups, costing the U.S. Healthcare system at least \$5.5 billion a year. More serious are the patients being misdiagnosed with other conditions that mimic a stroke. Time of stroke is important. Hospitals take, on average, 60-80 minutes to diagnose a stroke. Delay decreases or eliminates a patient's chance to receive lifesaving clot-busting drugs as they cannot be administered past 4 ½ hours of onset. It is estimated only 3-8% of eligible patients receive these drugs due to physicians being unable to determine the time of onset.

**WVJIT Investment History**

In 2016, WVJIT invested \$250,000 as a senior secured convertible note at a fixed 8% interest rate. The note will accrue simple interest and the maturity date of the note is 24 months from disbursement. Valtari Bio elected in October 2017 to exercise its option to extend the note for an additional 12 months at the new interest rate of 10% per terms of the agreement. Note was amended in March 2020 to extend maturity date to December 2020.

**Warrants:**

20% Warrant coverage, redeemable at 20% discount of preferred shares in a qualified financing, expiring in 5 years.

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**Total WVJIT Investment:**

\$250,000 investment from WVJIT through the WVCAP.

**Co-Investors/Lenders:**

INNOVA, WVU Research Group, WV Growth Investment Fund

**Board of Directors**

**Richard F. Giersch** (See Bio Below)

**Tara L. Barr** (See Bio Below)

**Guy Peduto - Observer (Innova Commercialization Group)**

Guy Peduto joined the INNOVA Commercialization Group in April 2006. Prior to joining INNOVA, he held the position of Director, Commercial Programs at the Institute for Scientific Research, Inc. While there, he developed strategies for the commercial utilization of ISR's technology and research applications in such areas as biomedical research, education, software development, mining safety and communication, VTOL aerial vehicles, and automotive controls and diagnostics. Mr. Peduto received a Bachelor's degree in Business Administration with a major in Marketing from West Virginia University.

**Michele O'Connor - Observer (WVJIT)**

Michele O'Connor has more than 25 years of experience in the finance and banking industry. She attained her Certified Financial Planner designation along with the Accredited Investment Fiduciary Manager designation. She was the Portfolio Manager for the Trust Department at First United Bank and managed over \$600 million for the department. Currently, Ms. O'Connor is the Investment Manager for the West Virginia Jobs Investment Trust, a leading venture capital firm focused on turning the innovation of new ideas into successful world-class companies. Ms. O'Connor graduated Magna Cum Laude with a BA in Finance from the University of Maryland College.

**Michael Green**

Michael Green, a retired businessman with a background in technology, was appointed to the West Virginia Board of Education in 2009 to a nine-year term. He was elected Vice President in 2013 and President in 2015. Mr. Green is a current resident of Morgantown in Monongalia County. He serves as an adviser, investor and board member for several privately held technology companies, earned a bachelor's degree in mathematics from Boston University, and a master's degree in numerical science from Johns Hopkins University.

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**Management Team**

**Tara L. Barr, PhD, RN, FAHA, Co-Founder & Chief Scientific Officer**



Dr. Barr is Valtari Bio's Chief Scientific Officer and has an adjunct appointment at the University of Pittsburgh School of Nursing. She is a 2012 inductee to the Robert Wood Johnson Foundation Faculty Nurse Scholars Program and serves on the Chair of the American Heart Association's Cardiovascular and Stroke Nursing Council. Dr. Barr's work has spanned from basic preclinical models of neurological disease mechanism to qualitative research methods to understand the human response to disease and the application of genetics and genomics in clinical research. She received her PhD in Translational Neuroscience Nursing Research from the University of Pittsburgh and the Graduate Partnership Program of the National Institutes of Nursing Research.

**Richard Giersch MS, Co-Founder & Chief Executive Officer**



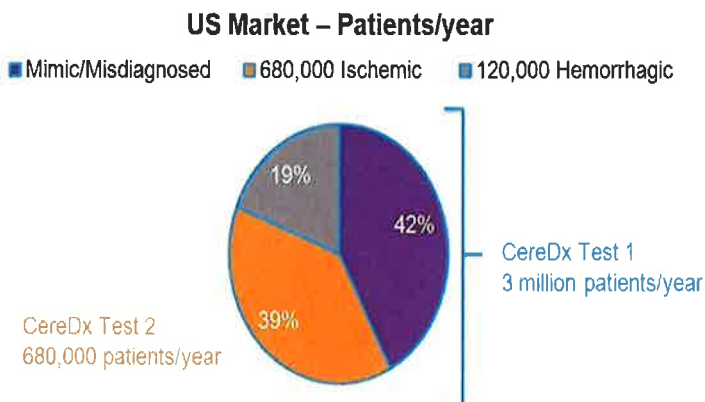
Mr. Giersch currently serves as the Director of Venture Development for West Virginia University. He graduated with a BS from WVU and a received a graduate degree from UNC Chapel Hill. He is a seasoned biotechnology and venture capital executive. After attending UNC Chapel Hill, he became Director of Information at Fusion Ventures, a venture capital firm where he led technology evaluation and due diligence. He then accepted the Chief Operating Officer position with ZenBio, a regenerative medicine company and research tool provider. In that role, he led licensing, manufacturing operations, university partnerships, grant development and sales operations.

**Products**

Valtari Bio's first product will focus on stroke vs. no-stroke diagnostic test. The test has the potential to serve over 3 million people annually, significantly improve patient outcomes, and save billions of dollars in health care system costs. The Company's second product will focus on time of stroke onset test. These diagnostic tests should easily be integrated into current diagnostic treatment paths in ER's, EMS vehicles, urgent cares and primary care offices. These tests are expected to provide a clear diagnosis in 20 minutes or less.

In the U.S. market alone, 3 million people are treated to determine if they are having a stroke. Of those patients, 680,000 tests positive. The first test being developed by Valtari Bio would specifically assist medical personnel to determine if the patient was having a stroke without waiting for neuroimaging results. Worldwide, this number is closer to 15 million annually.

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Preliminary data indicates that the Valtari Bio (CereDx) stroke profile performs better than the current standard of care.

|   | <b>CURRENT STANDARD</b> | <b>Valtari Bio PRELIMINARY DATA</b> |
|---|-------------------------|-------------------------------------|
| <b>Sensitivity</b><br>true positive- STROKE     | 83%                     | 93%                                 |
| <b>Specificity</b><br>true negative - NO STROKE | 44%                     | 96%                                 |

**Industry and Market Size**

Stroke is the fifth most frequent cause of mortality after ischemic heart disease, cancer, accidents, and chronic lower respiratory diseases, and the second cause of disability in adults worldwide only after neuropsychiatric disorders. In the U.S., stroke ranks third for leading cause of death and first for leading cause of long-term disability. Over the past 15 years, there were an estimated 15 million strokes per year. One third of these strokes were fatal and another one third of these patients were permanently disabled. Care for stroke survivors in the United States cost an estimated \$18.6 billion in 2008, and lost productivity and premature mortality cost an additional \$15.5 billion. In 2003, only 4% of ischemic stroke patients received TPA. Furthermore, between 2005 and 2011 only 3.8% of stroke patients received TPA. In 2011, this had increased only to 7%. Therefore, there is a significant market need for a biomarker or other additional test that would identify more patients that could benefit from treatment. Although a biomarker for ischemic stroke is currently not used in clinical practice, efforts to develop diagnostic and prognostic indicators for stroke are ongoing.

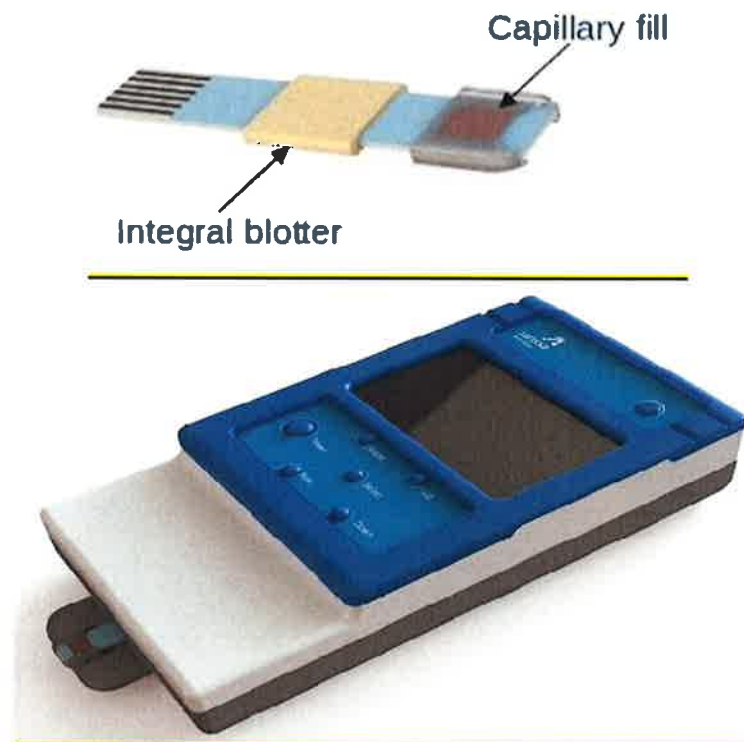
Each year, around 795,000 Americans experience a stroke and of those 795,000 approximately 610,000 are new stroke cases. In the United States, someone has a stroke every 40 seconds. The American Heart Association predicted that the prevalence of strokes is expected to increase by 20.5% by 2030. Around 85% of those patients will suffer an acute ischemic stroke in which bleeding does not occur and treatment can substantially alter disease prognosis. Increases in the number of cases of acute ischemic stroke and technical advancements in medical devices have led to the growth of the global acute ischemic stroke diagnosis and treatment market.

The major factor for this is that more patients are surviving the initial injury following stroke and are living with significant disabilities. According to a recent report, the global acute ischemic stroke diagnosis and treatment market will grow at a 6.7% CAGR for the period 2019-2024. The report states that the global acute ischemic stroke diagnosis and treatment market is currently valued at \$1.8 billion and is estimated to hit \$2.5 billion by 2024.

### Competitive Analysis

Diagnostics Sarissa's platform is called SmartChip. A finger prick blood sample is applied to the end of the strip. The process takes approximately 3 to 5 minutes. The company raised \$1.2m (Euros) for its new device. The funds will be used to carry out a clinical study with the NHS and Newcastle University Stroke Research Group. The company was founded in 2002 as a spin out from Warwick University.

Their approach to stroke detection is different. They rely on the detection of purines that result from ischemic injury to the brain. Purines are also released when there is ischemic injury in other parts of the body and have been studied for heart disease and trauma for years. They are considered a competitor but don't infringe on Valtari Bio's technology.



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**Significant Events**

**January 2020:** Valtari Bio continues to fundraise to close a Series A round.

**May 2019:** Michael Green was appointed as Chairman of the Valtari Bio Board.

**January 2018:** James Langford and Martha Power are brought on as seasoned clinical trialists and consultants.

**October 2017:** Convertible note maturities extended to January 2019. The University of Texas, Austin now completing work on the clinical trial.

**April 2017:** 50+ patients were enrolled in the clinical trial and analysis was on track for 2017.

**January 2017:** CereDx changed its name to Valtari Bio, Inc. due to a conflict.

**November 2016:** CereDx held its first meeting with the FDA. Presentation was very well received with compliments going to the clarity and logical format of the pitch.

**June 2016:** CereDx achieved \$250,000 in matching funds from INNOVA. WVJIT matched the \$250,000 with WVCAP funds. On June 30, 2016 funds were deployed to CereDx.

**May 2016:** WVCAP Committee and WVJIT Board of Directors approves an investment in CereDx, Inc. for up to \$250,000 with a 20% warrant coverage pending achievement of matching funds.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to set up a 50% reserve against the outstanding principal of the Loan. Therefore, it is recommended to record the value of the loan at **\$125,000**.

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**Snapshot:**

Company: **Wright Wold Scientific, LLC**  
Website: [swiftagsystems.com](http://swiftagsystems.com)  
Location: Morgantown, WV  
Total Employees: FT/1; PT/0  
WV Employees: FT/1; PT/0

**WVJIT Investment: \$125,000**  
**WVJIT Ownership: 13.94%**  
**Subject to GASB 62: NO**

**Leadership**

Zachary Wright – Founder

**Background**

SwifTag is a West Virginia based Limited Liability Corporation. It was created by Brandon Lucke-Wold and Zachary Wright. Both are MD/PhD students at West Virginia University. Based on their laboratory experiences, they realized the limiting factors associated with the current system of tagging and tracking animals. They began to develop a streamlined process for inventory and identification of laboratory animals. One current system involves metal ear tags and tracking animal information by hand. A barcode system is another option but requires the researcher to handle each of the animals. The SwifTag system uses RFID technology to seamlessly integrate animal tagging and tracking in an efficient and hands-off manner. The information gathered through the RFID tag can be sent to a digital receiving unit to be uploaded into a software system.

The Company is in the start-up phase. The founders presented at the WVU Collegiate Business Plan Competition and won the 2016-2017 round. They have received funding from Launch Lab, the Brickstreet Center for Innovation and Entrepreneurship, Scale-up WV, and Robert C. Byrd Institute. The Company placed third in the PitchTX competition presented by South by Southwest.

**WVJIT Investment History**

**December 2018:**

\$125,000 Promissory Note; 10% Interest Rate  
Warrants: 10% coverage; expiring in seven years.  
Maturity: January 2022

**Co-Investors/Lenders/Board Members:**

INNOVA

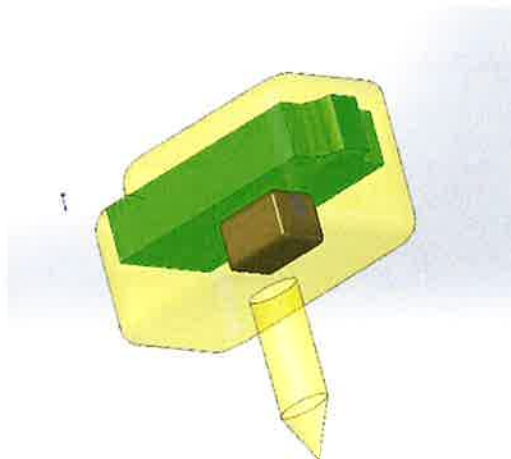
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### Products and Services

SwifTag's product and service is the automated animal inventory management system. This automated animal inventory management system combines modern technologies to simplify the processes involved with animal management being conducted by research laboratories and animal housing facilities. The primary components are a RFID ear tag, a smart cage that reads and transmits ear tag information, a portable reader attached to a smart device (smartphone or tablet), and a room scanning module. This module identifies the cage location and receives and then transmits the cage/tag information to a cloud-based animal management software.

The system allows for multiple animal facility users to easily update, track and obtain information concerning the animals they are maintaining. The system limits unnecessary handling of the animals, which has shown to negatively impact behavioral outcomes during drug discovery testing. It also allows the user to reduce time, cost and error rates as well as boost efficiency by minimizing the manual aspects of animal management. This system will be marketed directly to the university research market.

SwifTag's RFID tags can, and will be, sold separately as a way for research labs to track and manage their animals. The tags will be sold with all of the components of the automated system, without the software. The RFID tags can be modified to work with a lab's existing software management system. This approach is cost effective for the larger labs (such as Johnson & Johnson and NIH). The primary targeted labs will be those that require Good Laboratory Practice (GLP) software, such as pharmaceutical companies seeking FDA approval on the therapeutic agents they test on animals. Many of these companies have had software custom designed and approved for their needs and can easily integrate the tag readers into the workflow as SwifTag's readers are supplied with API documentation.





### **Market Summary**

It is estimated over 75 million research animals are used worldwide with 25 million used in the United States each year with over \$48 million spent on tracking and inventory of those animals. Recent developments in the market saw barcode tags and automated cage card systems being introduced. The barcode earing system is limited, in that line of sight scanning is necessary requiring the researcher to handle the animal for inventory. This potentially causes more stress to the animal. The automated CageTalker system does not track individual animals, only cages requiring researchers to still tag animals with metal tags. The laboratories are constantly seeking new and improved methods to reduce costs and errors.

The projected growth rate for laboratory animals is at a sustained rate. Due to the COVID-19 Pandemic the need for research ramped up in 2020. It is estimated the market is poised to grow by \$1.6 billion over the next four years.

The growth of the laboratory animal market is the result of continued and growing use in academic basic research settings as well as the expansion into the applied field of drug development and discovery. These animals have become a necessary step in the processes of identifying underlying mechanisms of disease states as well as testing potential therapeutic approaches. The initial market analysis did not account for the advent of the novel genomic engineering technology.

SwifTag's primary target market will be large private corporations that utilize laboratory animals for research and development. These would include: Merck, AstraZeneca, Pfizer, and Johnson & Johnson.

Based on research compiled by BrickStreet, there are over 1,300 commercial laboratories in the United States. Additionally, there are over 300 doctoral degree granting institutions that produce "Moderate Research Activity" or higher. All of these institutions likely utilize animals in research and therefore can be targeted as potential customers in the Company's secondary market.

As a matter of practice, most laboratories utilize one of four major suppliers for animals and animal tracking materials. SwifTag has established a relationship with one of these suppliers, Priority One Services, to review and beta test its tags. Upon a successful beta test by one or more of these providers, it will be much easier to penetrate the primary and secondary target markets.

### **Competition**

The Company's primary competitor is RapID Lab, Inc., which markets and sells barcode tags. In 2016, RapID generated \$2.4 million in revenue after five years in the market. Their tags cost \$3.25 to \$4.37 each (depending upon purchased volume). SwifTag plans to price their tags in the \$3.00 to \$4.50 range to remain competitive. Additionally, they plan to offer reduced pricing for university research laboratories.

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**Significant Events**

**May 2020:** Wright Wold Scientific received a PPP loan.

**May 2020:** Wright Wold Scientific continues to work with universities during the Pandemic. Company in the process of raising a new round of funding.

**December 2019:** Wright Wold Scientific enters into a paid pilot agreement with a research university.

**August 2019:** Wright Wold Scientific accepted into the AlphaLabs program. Received funding from InnovationWorks.

**December 2018:** WVJIT closed on convertible loan to Wright Wold Scientific, LLC.

**Overall Conclusion**

Based on the foregoing, the WV Jobs Investment Trust Board finds it most appropriate to record its investment in Wright Wold Scientific, LLC at value, which is currently presumed to be the same as cost or **\$125,000**.

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