



***Investing in Community Development
And Other Emerging Domestic Markets***

Federal Reserve Bank of Boston

Cory L. Nettles
Managing Director

- GGC Profile
 - Partners' Backgrounds
 - Competitive Advantage
- GGC Target Market
 - LMI and Minority Businesses in WI
 - Underserved Market Opportunity
- Investment Strategy
 - Transaction Parameters
 - Operating Model
 - Double Bottom Line Returns
- Founders' Commitments

GGC Profile

Cory L. Nettles

- Former Secretary for the WI Department of Commerce
- Former partner and currently Of Counsel to Quarles & Brady LLP law firm
 - Educational experience: B.A. from Lawrence University (Magna Cum Laude) and Juris Doctor from UW-Madison
- Business Owner
 - Universal Housing Systems LLC, Encore Development Group, Quinn David & Associates LLC
- Senior Advisor to Baird Private Equity

John K. Reinke, CFA

- Seven years private equity investment experience in Wisconsin
 - Worked through all facets of the private equity investment cycle
 - Experience dealing with the unique challenges presented in small company investments
 - Worked closely with portfolio companies to identify resource gaps and apply best practices to drive aggressive growth plans
 - Education experience: BBA in finance from Minnesota-Duluth, MBA from Marquette University, and CFA Charterholder
- Prior corporate banking experience in Wisconsin as a Vice President with Firststar Bank (now US Bank)

- Deal Sourcing Capabilities
 - Greater Milwaukee
 - Wisconsin business communities- Wausau, Green Bay, Fox Valley, Madison, LaCrosse, Racine, Kenosha and N. Illinois

- Access to Best of Class minority entrepreneurs

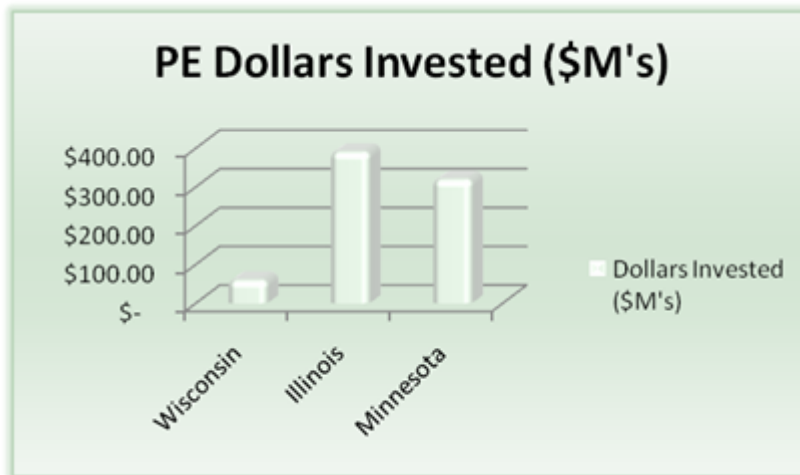
- Proactive operational improvement focus supported by solid team of Operating and Business Advisors

- Government business development network and experience
 - Ability to identify and access:
 - Governmental contracts and subsidies
 - Workforce development and training programs
 - Low cost loans and tax incentives
 - Knowledge of approval process can help ‘fast track’ regulatory approval

GGC Target Market

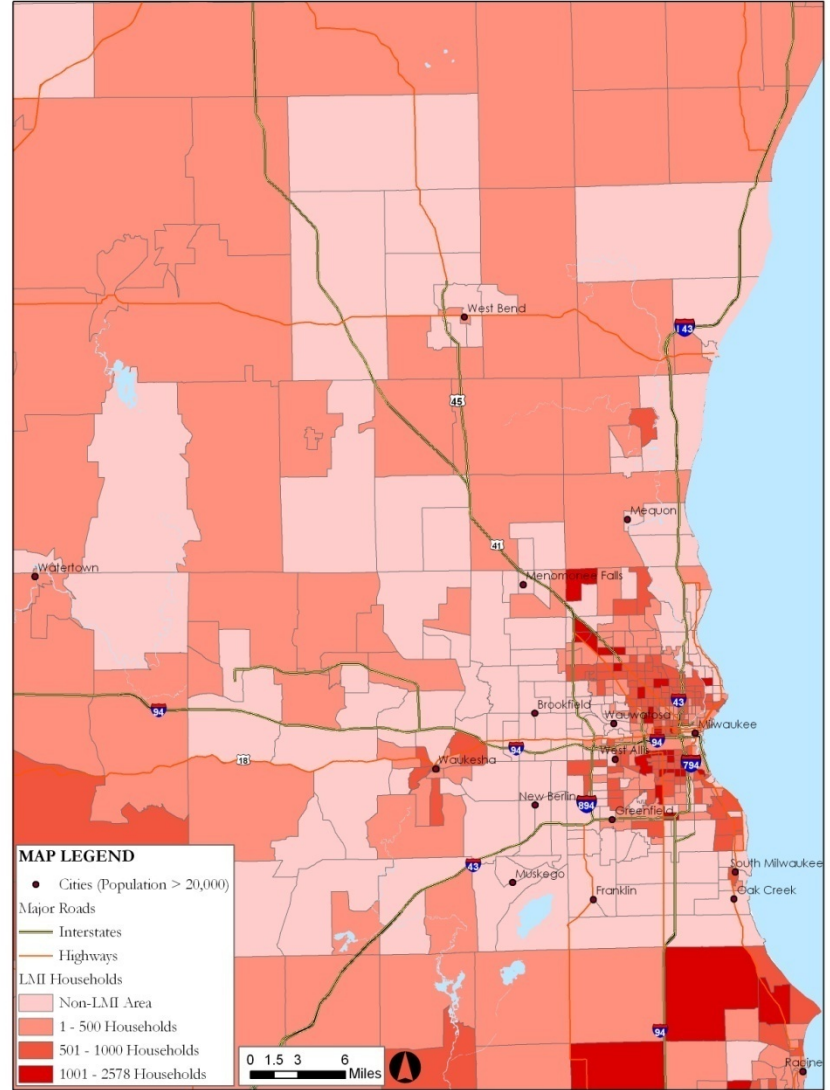
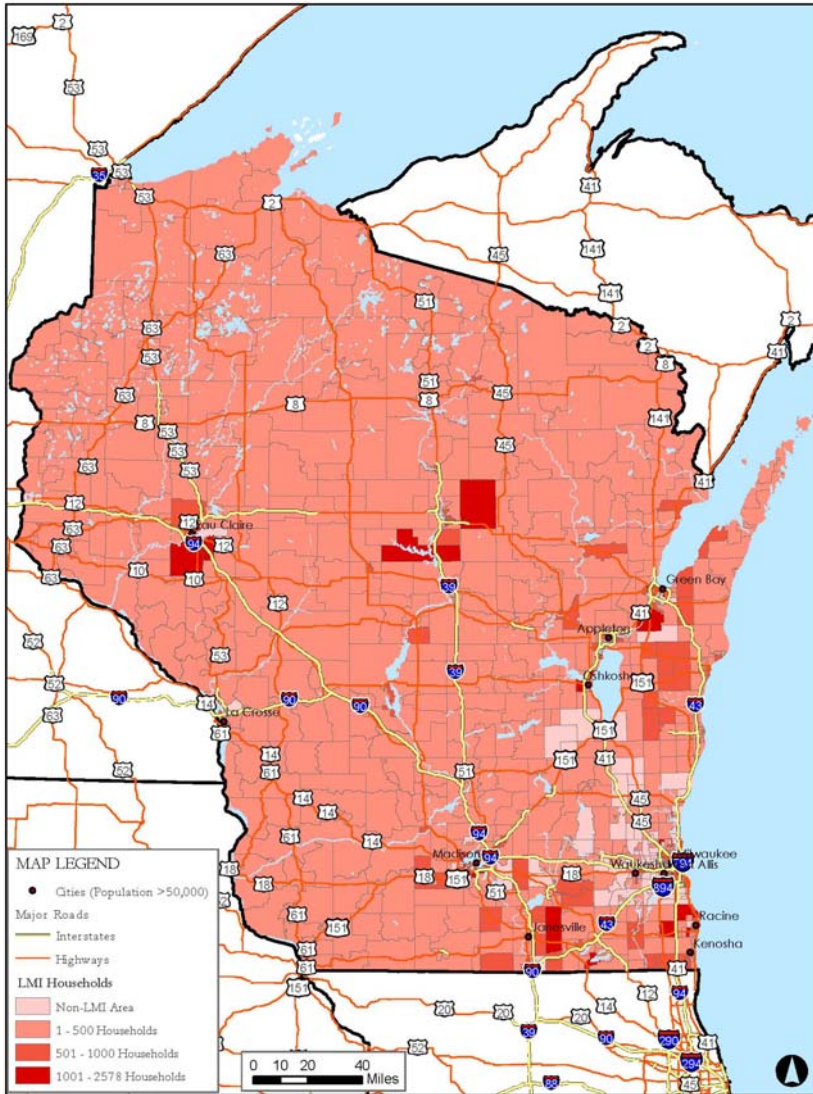
-
- Target Market
 - As defined by the U.S. Dept. of Housing and Urban Development (HUD), LMI communities are those “with a low to moderate income percentage that is greater than 51%”. The LMI % within a particular region is calculated as those households that earn 80% or less than the avg. of all households located in that region.
 - GGC will invest in companies that are (i) located in, (ii) hire from, or (iii) provide goods or services to LMI residents.
 - GGC also will invest in companies led by ethnic minorities.
 - Market Statistics
 - Approximately 40% of all households in Wisconsin meet the HUD definition of LMI.
 - Approximately 53,000 businesses out of the 144,000 businesses located in the state have between 5 and 100 employees, which is an indicator of the size of company we will target for investment.
 - Over 10,000 of these businesses are located in Milwaukee County.
 - Minorities represent nearly 10% of the total state population, yet minority-owned businesses only represent 4.6% of the total businesses within the state.

- GGC provides growth capital to companies serving LMI communities and minority-led businesses located in Wisconsin.
 - Small companies located in Wisconsin are generally underserved by institutional private equity.
 - Small companies serving **LMI communities** and **minority-led** businesses are *particularly* underserved as it relates to private equity investment.
 - This lack of investment results in an inefficient capital market and an offers an opportunity to generate market rate private equity returns.



Source: Price Waterhouse Coopers MoneyTree Survey Report

GGC Target Market



Investment Strategy

- GGC will target profitable small businesses with sustainable market niches across a broad range of industries.
- Transaction Parameters

Enterprise Values of \$5 million to \$25 million

Investment amounts of \$1 million to \$5 million

Structured as equity or subordinated debt w/ warrants

Consider broad range of service, manufacturing, and distribution businesses

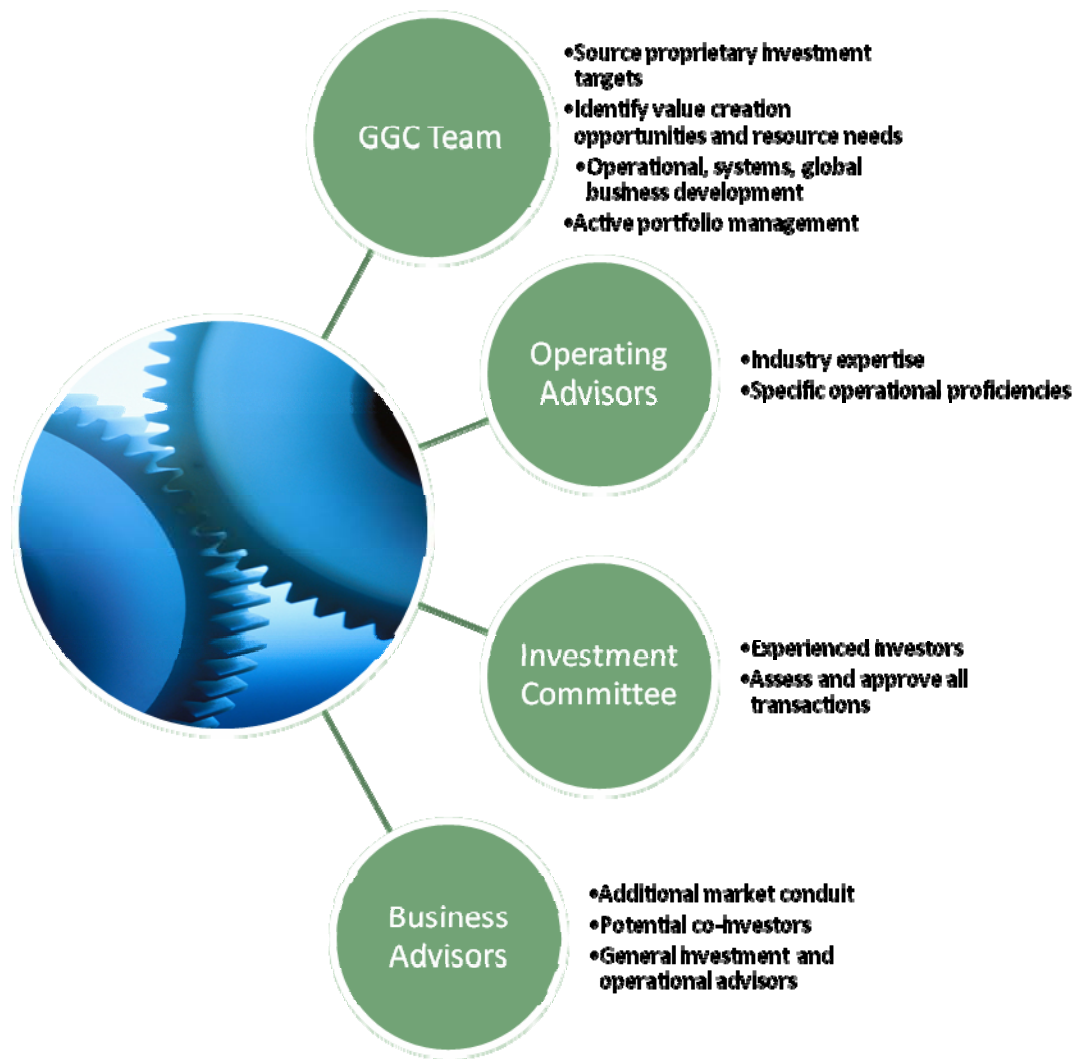
Capital used to support growth plans, buyouts, and corporate spin-outs

Focus on specific opportunities to leverage our professional experience and Operating Partners

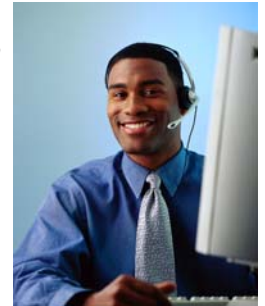
- Managing **successful investments** in this market requires more than capital.
- Small companies in our Target Market typically need **additional resources** to execute aggressive growth plans.
- Fund structure allows us to **leverage higher level management** and operational talent across multiple companies.



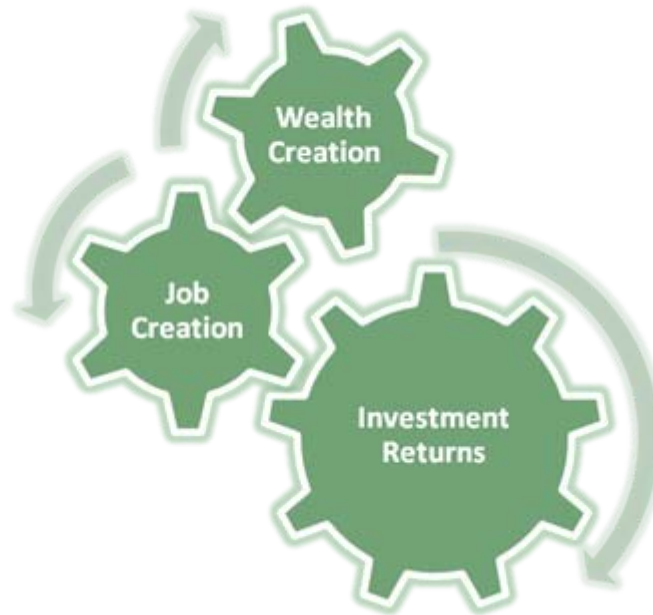
GGC Operational Model



- GGC's double bottom line:
 - Generate **attractive private equity investment returns** and **create wealth in LMI communities** that have been traditionally overlooked as sources of attractive investment opportunities.
 - Create jobs
 - Increase tax base of LMI communities
 - Stimulate additional economic activity
 - Create wealth for minority entrepreneurs and LMI residents through higher quality jobs and benefits programs



- Successful investing will help **expand the availability of capital** to LMI areas.
 - GGC will partner with managers to **create wealth and generate a spirit of entrepreneurial self-sufficiency** in LMI communities.
 - With the generation of attractive returns, **more capital will be attracted** to this investment space and provide more opportunity in these communities.



Founders' Commitments

- Helen Bader Foundation, Baird Capital Partners and M&I Bank CDC have been influential as Founders of GGC.
 - Anchor investors/running start
 - Operational funding support
 - Advisory and market research support
 - Conduits to local business community

