



***SOUTH COAST ANGEL FUND LLC***

**EXECUTIVE SUMMARY**

**AND**

**NON-BINDING INDICATION OF INTEREST**

**PACKAGE**

**(Application Packet)**



**SOUTH COAST ANGEL FUND LLC**  
**EXECUTIVE SUMMARY**

***Angels: Investors who provide capital and support to an early-stage company.***

The South Coast Angel Fund LLC (South Coast) is a member-managed angel venture capital fund designed to utilize the capital, resources, and expertise of its members to profit from its investments in entrepreneurial, early-stage companies, primarily within a 200 mile radius of New Orleans, Louisiana.

<b>Structure</b>	SOUTH COAST is a member-owned and member-managed limited liability company, organized to provide members an opportunity for active involvement in a diversified capital investment process.
<b>Fund Size</b>	\$2 - 10 million
<b>Unit Size</b>	<p>\$25,000/unit with minimum of 2 units or \$50,000 for individuals and 4 units or \$100,000 for entities.</p> <p>A minimum contribution of ten percent (10%) of the total capital commitment accompanying the submission of the executed Subscription will be placed in escrow upon initial commitment of investment in the fund. The funds will remain in escrow until the First Closing, when the subscription agreement of the initial members will be accepted. An additional ten percent (10%) will be required upon the initial call for capital at the First Closing, which is expected to occur after a sufficient number of subscription agreements have been received by SOUTH COAST, and will be no earlier than October 1, 2008. It is expected that the remaining capital will be payable in eight installments, of ten percent (10%) of the total capital commitment each, and due on approximately a quarterly basis for eight quarters beginning on the first day of the quarter following the First Closing. Should projected cash be sufficiently greater than anticipated deal flow qualifying for investment during a specific forward period, a capital call delay may result.</p> <p>Members admitted after the First Closing will pay all capital installments called through the date of admission, together with interest from the dates of those installments.</p>
<b>Goals</b>	The Fund seeks to involve a broad base of successful entrepreneurs, business executives, and professionals from the Gulf Coast area to create profits for its members. This will be accomplished by investing its funds as well as the members' time and relationships, in early stage, high quality, and high growth companies.



**Member Profile**

South Coast's strength lies in its members—a group of successful men and women, primarily from communities within the Gulf Coast area, representing a variety of business, professional, and private equity experiences: entrepreneurs, venture capitalists, angel investors, people from financial and professional service industries and, most important, people with operational experience in a variety of industries and functions. Some members already have solid experience in helping to evaluate and select investment opportunities from their prior work experience, as well as from their involvement with SOUTH COAST. Members will also provide assistance to SOUTH COAST's portfolio companies.

All members must be “accredited investors,” meaning one must have a minimum net worth of \$1 million dollars or have an annual income of \$200,000 (or a combined income with the member's spouse of \$300,000) for the past two years and expect to have at least the same annual income in the current year.

For entity membership, each equity owner of the entity must also be an accredited investor or the entity's net worth must exceed \$5.0 million. Each entity member is entitled to one representative.

**Active Members**

All members are encouraged to actively participate in the operation and success of SOUTH COAST through one or more of the following activities: attending meetings, participating in screening of opportunities, participating in the due diligence process, assisting in the administration of the entity, and working with SOUTH COAST's portfolio companies as a board member or on the monitoring team. If a member works with a portfolio company as a board member or in any major role, any compensation will be determined by the portfolio company as it relates to the member.

**Fund Creation Timeline**

Solicitation of members will begin on September 1, 2008, with the First Closing of member admissions expected near the end of 2008 and then it is anticipated that the first installment of capital will be called after SOUTH COAST announces the first closing, but no earlier than October 1, 2008. If the first closing is not announced by March 31, 2009, all deposits in escrow will be returned and subscription agreements terminated.

**Investment Criteria**

SOUTH COAST uses the following criteria, as guidelines when considering companies for investment.

Invests in emerging and early stage, high growth companies, primarily located within a 200 mile radius of New Orleans, Louisiana. These companies generally are seeking their first round of financing. They will typically be one step beyond start-up, will have a management team in



place, and will already have founder and/or “friends and family” money invested in the company.

- Often invests in seed or start-up rounds.
- Typically invests between \$250,000 and \$500,000 per company with a company board seat, or observer rights, being allocated to SOUTH COAST.
- Typically co-invests with other venture capital funds, angel groups, or Super Angels (high net worth individuals who contribute large amounts to a company).
- It is anticipated that SOUTH COAST will invest in 10 – 15 portfolio companies.
- It is anticipated that no more than 10% of SOUTH COAST’s fund size will be invested in any one company.

Companies that receive investments from SOUTH COAST possess:

- An experienced, dedicated, and motivated management and advisory team
- A sound business concept demonstrating leading edge technology or a unique product or service
- A large and growing market where the company has the opportunity to become a leader.

**How Investment Decisions are Made**

SOUTH COAST’s investment decision process is flexible and will be established and periodically reviewed by members and/or the Executive Committee. Basically, the process will include the receipt and screening of business plans; a presentation by prospective portfolio companies to the Screening Committee and then to the full membership; due diligence by members; a membership vote; and timely communications with entrepreneurs. A flow chart of the decision process is attached to this document.

**Administration By SCCM**

It is expected that SOUTH COAST will choose to utilize SCCM LLC to discharge its administrative functions including engaging its Executive Director. The South Coast Executive Committee will provide the overall direction and SCCM will provide administration of the Fund. Responsibilities of SCCM include, but are not limited to:

1. Networking to find new opportunities.
2. Defining and managing the process of identifying new opportunities and conducting due diligence.
3. Networking with other venture funds and angels to develop deals together and in anticipation of obtaining follow-on funding for SOUTH COAST companies.
4. Acting on investments approved by the members.



5. Monitoring and managing the Due Diligence and Screening processes.
6. Managing the Fund Executive Director.

**Administrative  
Costs/Structure**

It is expected that approximately 4.0% of the fund (and a 2% one-time fee for add-on investments) will be contracted annually to go towards the funding of SCCM to provide the above administrative infrastructure/fund executive services.

It is expected that a carried interest from the fund and from add-on investments may be negotiated for the above referenced administrative infrastructure/fund executive services.

**Management/Fund  
Executive**

South Coast will be managed by an Executive Committee composed of South Coast Members, in conjunction with a Fund Executive provided through SCCM.

**Add-on Investments**

Add-on investments are opportunities for members to individually invest an *additional amount of their own money* through the Fund in companies that are of particular interest to them.



**South Coast Angel Fund LLC**

**Non-Binding Indication of Interest and Background Information**

Please Return via fax or mail (see below)

Name/Entity: \_\_\_\_\_ Check One: Individual \_\_\_\_ Entity \_\_\_\_\_  
 Contact: \_\_\_\_\_ Contact Me: At Home \_\_\_\_ At Work \_\_\_\_  
 Home Address: \_\_\_\_\_ Work Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Home Phone: \_\_\_\_\_ Work Phone: \_\_\_\_\_  
 Home Fax: \_\_\_\_\_ Work Fax: \_\_\_\_\_  
 Email: \_\_\_\_\_ Mobile Phone: \_\_\_\_\_  
 Occupation and Background: \_\_\_\_\_  
 Fields of Experience: \_\_\_\_\_

\_\_\_\_\_ I am an "Accredited Investor" as defined under Regulation D of the Securities Act of 1933, meaning I (a) have a net worth of at least \$1,000,000 or (b) have earned an annual income of at least \$200,000 (or a combined income with my spouse of at least \$300,000) for each of the past two years and expect to have at least the same annual income in the current year.

\_\_\_\_\_ All of the equity owners of our entity (partnership, LLC, or corporation) are individual Accredited Investors (as defined above) or this entity has total assets of at least \$5,000,000.

I (we) am interested in participating as a member of the South Coast Angel Fund LLC (SOUTH COAST). I understand that, upon fund closing, members will execute the Limited Liability Company Operating Agreement (providing for a member-managed LLC) in the form agreed to by the members. I understand that this indication of interest is not binding and does not create a contractual obligation for any party.

Minimum total capital commitment is \$50,000 for individuals and \$100,000 for entities. A minimum contribution of twenty percent (20%) of the total capital commitment is necessary at the first closing of member admissions to the LLC. It is expected that the remaining capital will be collected in quarterly installments, of approximately ten percent (10%) of the total capital commitment each (\$5,000 minimum), beginning on the first day of the calendar quarter following the First Closing. I recognize that an investment in South Coast involves a high degree of investment risk and will be substantially illiquid for a period of years. Where I add-on or co-invest in portfolio companies, I agree to pay South Coast 1% of the amount invested for expense reimbursement.

South Coast will hold investment meetings on a schedule agreed to by the members (expected to be at least monthly) to review proposed investments and to conduct other business. It is desired



that members actively participate in screening/review, due diligence, and monitoring of portfolio companies. When a member's schedule precludes attendance at investment decision meetings, it is expected that the member will be asked to provide a proxy to another member and be available for consultation by telephone if necessary.

I **am / am not** (circle one) interested in participating as a member of the SOUTH COAST Executive Committee (meeting monthly).

I **am / am not** (circle one) willing to have my (our) name used as one of the thought leaders supporting SOUTH COAST.

**I recognize that an investment in SOUTH COAST involves a high degree of investment risk and will be substantially illiquid for a period of years. This indication of interest does not constitute an offer to sell or a solicitation to buy any security.**

Anticipated Capital Commitment \$ \_\_\_\_\_

_____	_____
Signature	Date
_____	
Title (for Entity Investor)	

Return completed form

By fax : (504) 433-3528

By mail: South Coast Angel Fund  
3810 Post Oak Ave.  
New Orleans, LA 70131