

2023 Annual SSBCI Narrative for Wyoming

The Wyoming Business Council (“WBC”) had a productive first year of SSBCI participation in 2023. Following the initial tranche in January, Wyoming as the Participating Jurisdiction (“PJ”) hired the fulltime SSBCI program manager, Gordon Finnegan. With experience in venture capital and fund of funds investing, Gordon worked with WBC Investment Director, Bert Adam, to further craft the framework of the Wyoming Venture Capital (“WYVC”) program, including the portfolio construction, as well as finalize the program’s application process. The WYVC application process is built within the WBC’s existing Salesforce instance, with the intention of streamlining the process of due diligence as well as reporting. Of the \$58.4 Million allocated to the PJ, 60% of the funds have been committed to the Direct Strategy and 40% to the Funds Strategy, investing directly into Wyoming-based companies and into Wyoming-focused venture capital funds respectively. Since we have yet to make our first Funds Strategy investment, this narrative with focus primarily on the Direct Strategy.

Upon public launch of the application portal in April, the PJ’s SSBCI program, titled Wyoming Venture Capital or “WYVC,” was announced. In the first quarter of applications being opened, WYVC received 47 applications from across the Jurisdiction totaling over \$100M in investment opportunities, representing nearly \$250M in financing rounds and new investment funds. After the first few months of being open, WYVC made 3 investments through the Direct Strategy in startups. The 3 financing rounds were supported by the PJ through Letters of Intent (or “LOIs”) to support the fundraising efforts and align with prospect lead investors. Applications have continued to show economic diversity within Wyoming and we foresee no diminishing excitement for the program.

After the initial swell of interest and public communication of the new program subsided, WYVC reached a steady pace of investment consideration and due diligence ending the year with 6 total direct investments totaling just over \$9M. The direct investments have been in companies across the Jurisdiction including rural communities, SEDI owned companies, and CDFI zones. Wyoming is underserved with most of the state impacted by the energy transition and carbon reduction goals, and by nature of being the nation’s least populated state, the majority of communities are additionally classified as rural. When we started the diligence process, we anticipated 5 of the 6 investments would be SEDI qualified, however, due to the certification process only 3 of those 5 investments ended up qualifying for SEDI. Within those 6 investments we also supported 2 very small businesses with early investments in their growth.

With the improved fundraising opportunities in the Jurisdiction, the emerging venture capital funds have gained additional interest from private investors. Over the first year, WYVC identified 4 funds that could each make a unique impact on the Jurisdiction’s venture capital ecosystem. After completing initial due diligence, WYVC provided the 4 funds with LOIs to help secure limited partners from private investors. As the PJ’s initial Direct Strategy was to focus on the relative gap in financing round support for companies, the emerging funds have the opportunity to invest in earlier stage startups with the possible future support from the WYVC Direct Strategy program in parallel. Concluding 2023, the PJ did not yet make any investments through the Funds Strategy, however, remains optimistic in Fund commitments in the first half of 2024.

Looking forward to 2024, the PJ, WYVC and the WBC, has continued to build the team committed to driving the SSBCI program. Before the year-end, WYVC added Rylan O'Bryan as an investment analyst. Rylan had the opportunity to be a part of the team since inception as a part time intern and his continued fulltime roll has bolstered the consideration and due diligence capacity of the program going forward. As we plan for 2024 we also have confidence that the original split of funding is still relevant having 60% set aside for the Direct Strategy and the remaining 40% for the Funds Strategy. We are getting close to having a first close on the first WYVC supported fund in the coming months. As tranche 2 of the PJ's allocations approaches, WYVC has no current intention of changing the strategic allocation between the two approved programs.