



Baylor Angel Network

# Annual Newsletter

March 31, 2011

## Upcoming Events

*Register online today!*

**April 14<sup>th</sup>**

**What: Education Day**

**Time: 9:00 am – 4:00 pm**

**Where: Texas Sports Hall of Fame, Tom Landry Room**

**What: Angel and Analyst Banquet**

**Time: 6:30 – 8:30 pm**

**Where: Diamondback's in Waco**

**April 15<sup>th</sup>**

**What: Waco Presentation Meeting #2**

**Time: 9:00 am – 3:00 pm**

**Where: Texas Sports Hall of Fame, Tom Landry Room**

**April 19<sup>th</sup>**

**What: DFW Presentation Meeting #2**

**Time: 9:00 am-3:00 pm**

**Where: Baylor EMBA Auditorium, Cooper Clinic on Preston Road**

## Message from the Chairman:

When we reflect on our business careers, the word ***first*** evokes memories of success and achievement. For example, we all have fond memories of starting our ***first*** job, of receiving our ***first*** promotion, or of cashing our ***first*** big bonus check. The fall of 2010 was a season of ***firsts*** for the Baylor Angel Network, and when we look back in years to come it will shine as a pivotal moment in our history.

Here are a few of our firsts:

- One of BAN's very ***first*** goals was to reach a membership of 40 investors. We achieved, and surpassed, that goal for the ***first*** time this fall.
- BAN angels have invested over one million dollars for the ***first*** time, and we are well on our way to the second million dollars.
- BAN held its ***first*** Angel Education Day, attracting over 50 participants.
- BAN convened its ***first*** in a series of Entrepreneurial Information Programs, enabling us to deliver our message to over 40 participants.
- From a pool of over 20 applicants, BAN appointed six Junior Analysts for the ***first*** time. The resumes of these students reveal them to be some of the best and brightest that our university has to offer.
- Due to the momentum that BAN has achieved, our day-to-day operating requirements surpassed what could be expected from a part-time MBA student. Thus a most significant achievement this past fall was the hiring of our ***first*** full-time Executive Director, Kevin Castello, MBA '09.

Thank you, Dr. Kendall Artz, Chairman of the Management & Entrepreneurship Department of the Hankamer School of Business, and Dr. Terry Maness, Dean of the Hankamer School of Business, for your support in making it possible to hire Kevin.

A disclaimer at the bottom of financial statements often reads "past performance should not be used as a predictor of future results." I don't think we will apply this proviso to BAN. The ***firsts*** achieved by BAN this past fall are a superb benchmark of exciting accomplishments yet to come.

May all of your returns be whoppers!

Bob Brewton, Chairman

## Upcoming Events

**April 21<sup>st</sup>**

What: **Houston  
Presentation Meeting #2**  
Time: 9:00 am – 3:00 pm  
Where: TBD

**August 26<sup>th</sup>**

What: **Waco Presentation  
Meeting #3**  
Time: 9:00 am – 3:00 pm  
Where: Texas Sports Hall  
of Fame, Tom Landry  
Room

**August 30<sup>th</sup>**

What: **DFW Presentation  
Meeting #3**  
Time: 9:00 am-3:00 pm  
Where: Baylor EMBA  
Auditorium, Cooper  
Clinic on Preston Road

**September 1<sup>st</sup>**

What: **Houston  
Presentation Meeting #3**  
Time: 9:00 am – 3:00 pm  
Where: TBD

## What's Happening

The Baylor Angel Network currently has 40 angel members, 4 senior analysts, 6 junior analysts, 1 company in due diligence, 2 funds in due diligence, multiple companies in the screening pipeline, as well as, 1 angel education day, 1 Angel/Analyst banquet, and 3 presentation meetings upcoming and that is just for the rest of this semester. We also have exciting plans for the fall semester and into the future.

### Deal Information:

Presentation Meetings To Date:

**9**

Deals Funded:

**6**

Amount Invested To Date:

**\$1.17 M +**

### Deals Funded:

One Spot Bridge Round	\$22,500
All-In Learning	\$33,000
BizGreet	\$55,000
One Spot	\$65,000
MyEdu Series B (with Bain Capital)	\$100,000
Boomerang	\$170,000
MyEdu Series A	\$175,000
G51	\$550,000

## Presentation Meeting

### The upcoming Presentation Meetings are :

- Friday April 15th in Waco
- Tuesday April 19th in Dallas
- Thursday April 21st in Houston

### Participants at the last Presentation Meeting on Friday February 25th:

- Atopia Technologies      Currently in due diligence
- GeoWhiz
- MCG Fund      Currently in due diligence
- Naturally Curly

## In The News

BAN has been recently gaining attention in the news. Here are some of the current sources where our activity has been noted:

- Dallas Morning News
- Dallas Entrepreneur Network
- News Blaze
- Austin Business Journal Entrepreneur
- Baylor Business Journal

Be sure to check out the website for more news updates!

## New Members Since March 2010

Current number of Angel Investors:

**40**

Since March 2010, BAN is delighted to announce **19** new members!

Bruce Ballengee  
Michael Brodie  
Michael Caine  
Kirk Coleman  
David Dominy  
Pat Hamner  
Carl Hefton  
Tim Hoerr  
Dan Hord  
Miles Koon

Skip McBride  
Bill Mearse  
Robert Nitsche  
Tyler Self  
Kirk Townsend  
Gary Walker  
Chris Wallis  
Michael Wilhite, Jr.  
Anonymous

## Board of Advisors and Staff

Bob Brewton  
Hall T. Martin  
Bob Browder  
Rick Davis  
Ed Fikse  
Pat Horner  
Rex Whitaker  
Dr. Bill Petty  
Kevin Castello  
Dr. Kendall Artz  
Dean Terry Maness

Chairman  
Vice Chairman  
Director  
Director  
Director  
Director  
Director  
Director of Academics  
Executive Director  
Director of Entrepreneurship Department  
Dean of Hankamer School of Business

## Upcoming Events

**October 27<sup>th</sup>**

What: **Angel Education Day**

Time: 9:00 am – 4:00 pm

Where: Texas Sports Hall of Fame, Tom Landry Room

What: **Angel and Analyst Dinner**

Time: 6:30 – 8:30 pm

Where: Diamondback's in Waco

**October 28<sup>th</sup>**

What: **Waco Presentation Meeting #4**

Time: 9:00 am – 3:00 pm

Where: Texas Sports Hall of Fame, Tom Landry Room

**November 1<sup>st</sup>**

What: **DFW Presentation Meeting #4**

Time: 9:00 am-3:00 pm

Where: Baylor EMBA Auditorium, Cooper Clinic on Preston Road

**November 3<sup>rd</sup>**

What: **Houston Presentation Meeting #4**

Time: 9:00 am – 3:00 pm

Where: TBD

## BAN Fellows Membership

### Overview

The BAN Fellows program originated when several professionals expressed interest in being involved in the Network. It is through this interest that BAN has created a new level of membership – Fellow.

These members are supportive of the mission, willing to donate their time and expertise, and excited about learning more of the Angel investment ecosystem. Due diligence, student mentoring, operations development, and education presentations represent just a portion of the contributions that have been made. These professionals are a vibrant part of the BAN community and illustrate the next generation of Angel investors.

Fellows programs, in the academic environment, usually indicate the process of gaining expertise in a specific didactic arena and preparing to operate within it. This dedication to learning and seeking to become Angel investors is a core value for the Fellows and for BAN. Since this dedication is exhibited by our Analysts during their time serving BAN, this membership level will be automatically granted to each of them dues-free upon graduation identifying them as valued members of BAN for life. It will be available as a membership for other professionals at a rate of \$250 per year.

### Summary of Membership

Dues - \$250/year

Benefits of Fellows Membership:

- Invitation to all BAN events
- Member pricing on special events such as Angel Education Days and Banquets
- Recognition as a valued member of BAN
- Continue learning the Angel ecosystem from the inside
- Camaraderie of a professional network of like-minded people
- Eligibility to serve as a mentor to the Analysts
- Service opportunity to Baylor University, Hankamer School of Business, and the Entrepreneurship Department

## Screening Committee

Starting in 2011, BAN implemented a new screening process for reviewing companies. A designated screening committee was established to review deals and select companies to present at the presentation meetings. We are thankful for the contribution and involvement in this important process.

Those currently involved include:

Bruce Ballengee  
Bob Browder  
Bob Brewton  
Pat Hamner  
Tim Hoerr  
Bill Petty  
Chris Wallis  
Michael Wilhite



## 2011 Goals For Angels

1/1/11

- ☒ **Attend One Meeting.**
- ☒ **Make One Investment.**
- ☒ **Refer One Entrepreneur.**
- ☒ **Refer One Angel.**

## New Junior Analysts

BAN is delighted to announce six new Junior Analysts as of November 2010! The Junior Analysts are currently shadowing the Senior Analysts and will then step in to fill their role beginning Fall 2011. Provided is a basic summary of each Junior Analyst:

**Steven Diedrich;** Waco, TX ; Major(s): Finance, Economics, Business Fellows

After graduation Steven wants to work as a consultant for businesses in a variety of industries and then wants to attend an MBA program before going back to work in a consulting job or working with small startup companies.

**Chris Egan;** Bedford, MA; Major(s): Business Fellows, Finance, and Economics; Minor in Mathematics

Chris would like to eventually work in private equity, with the ultimate goal of personally founding both a private equity as well as a microfinance firm.

**Jonathan Hamilton;** Conway, AR; Major(s): Business Fellows, Finance, Economics

This summer, Jon will be interning at JPMorgan Investment Bank in Houston.

**Joseph Mercer;** Nashville, TN; Major(s): Accounting, Finance, and Economics

After college, Joseph would like to acquire a job in finance and more specifically banking.

**Gib Reynolds;** Richardson, TX; Major(s): Entrepreneurship and International Business

Gib would like to work with a start-up venture before pursuing a Masters degree.

**John Sommers;** Tulsa, OK; Major(s): Finance, Economics, Baylor Business Fellows

This summer, John will be interning with Goldman Sachs in Dallas.

## Senior Analysts

With graduation approaching, the four senior analysts have a lot to look forward to:

**Wes Nemec;** Houston, TX; Major(s): Finance and Entrepreneurship

After graduation, Wes would like to secure a position with a private equity firm.

**Neal Robinson;** Dallas, TX; Major(s): Business Fellows, Finance, Economics

Neal will begin his career as an Analyst for McColl Partners, a middle market investment bank based out of Charlotte, North Carolina.

**Sophia Yue Sun;** Qingdao, China; Major(s): Finance, Economics, Business Fellows; Minor in Mathematics

Sophia will begin the PhD program in Finance at the University of Texas at Austin.

**Amy Wofford;** Elkhorn, NE; Major(s): Entrepreneurship and Marketing

Amy will start her career as a Sales Associate at Vision Research Organization; a hedge fund and investment research firm in Dallas.

## Analyst Alumni

As a major contribution to the foundation and success of BAN, we would like to recognize the Analyst Alumni. Listed below is what they are currently doing:

**Matt Brown** is now a second year analyst at Goldman Sachs, where he works in the Private Wealth Management (PWM) division. Matt joined the Dallas office full time in February 2010, but recently moved to New York to join the US PWM support team and is responsible for analyzing a number of different financial and operational metrics for each of the regional offices across the United States.

**Emily Byrd** is in her second year with the Valuation group within Ernst & Young's Transaction Advisory Services practice. Based in Houston, she primarily serves clients in energy and oil & gas, with a focus on recent M&A activity. Emily's down time consists of training for the Edinburgh half marathon in May and traveling with her husband.

**Lauren Delay** has recently moved back to Waco to work while she applies for graduate school. She is pursuing a Master's in Sports Management and would like to work for Baylor Athletics. One day, Lauren hopes to work in player development for the NFL.

**Michael McSweeney** is currently working with his family business, MCM Vehicles, in Birmingham, Alabama. There, he is serving as the Chief Financial Officer where he is responsible for operating and capital budgeting, growth management, cost tracking and internal performance reporting. He also works in conjunction with the Advisory Board in assessing niche transportation opportunities in emerging automotive markets. Additionally, Michael volunteers on the deal-flow screening committee for the Birmingham Angel Network.

**Tim Springer** is currently in his first year at SMU Dedman School of Law in Dallas, TX. Prior to law school, Tim worked as financial analyst for Watson & Taylor, a real estate acquisitions and management group in Addison, TX. After law school, he wishes to practice law and continue working with new venture companies in the Dallas area.

**Jesus Rios** is currently working as a valuation analyst for The BVA Group LLC in Plano, Texas. He performs valuation analyses for various purposes including purchase price allocations, fairness opinions, merger and acquisition consulting, ESOP valuations, and federal estate and gift tax purposes. The firm recently opened up an office in Houston and Jesus will be transferring there in July. Additionally, much of his upcoming free time will consist of many hours of studying as he plans to sit for the C.P.A. in the fall.

**Patrick Roberts** was recently awarded *Teacher Of The Year* at Kimball High School and is currently finishing his second and final year in the classroom with Teach For America in Dallas. This summer, Patrick will begin a new position as a business valuation analyst with VMG Health, a firm that specializes in transaction advisory and valuation services for healthcare related companies.

**Taylor Tomasini** is currently working in Commercial Banking at Wells Fargo in Houston.



## Operations Update

BAN is off to a great start in 2011 as we are growing in every facet of our group! It is an exciting time to be involved and we have a number of new operational processes in place. Here is a summary of the highlights:

- 2011 Angel Events Schedule has been distributed and 2012 dates are already being worked on.
- A Screening Committee is now in place and is reviewing companies to invite to present.
- Regionalized entrepreneur presentation meetings – now see pitches in Waco, Dallas, and Houston for a total of 12 possible ways to see companies.
- Two Angel Education Events – April 14 & October 27 – In April, we have Bill Payne, Angel Investor for 30 years, presenting the ACEF “Valuation of Pre-Revenue Companies” and in October we will be conducting the ACEF “Early Exits” course based on the book by the same name authored by Basil Peters. We will also have Dr. Robert Wiltbanks, author of the “Returns for Angel Investors in Groups” study joining us to discuss the key factors to increase your ROI.
- Two Banquets – April 14 & October 27 – Notice the same date as the Angel Education events. You can come to the education and then stay for the banquet. The April banquet will be at Diamond-back’s so register today. You should also notice that there will be a presentation meeting the next day in Waco.
- A Member Management System that handles RSVPs, dues, entrepreneur invoicing, contacts, email distribution, secure data storage, and member information. You can access this to find contact information on other members at [www.baylorangelnetwork.memberlodge.org](http://www.baylorangelnetwork.memberlodge.org) at anytime. Your login is your email and the password is blank until you change it.

## Membership Dues

Dues are going to increase beginning May 1, 2011 to \$1,500 per year. The above events are great examples of how we are working to provide you a great value and service for your membership dollars. With the addition of a full-time Executive Director and increased travel to provide regional access to deal flow it is necessary to increase our top-line revenue. In addition to raising the dues, we are also working on sponsorships, entrepreneur training days, and another membership level to achieve sustainability for the network. You will have a couple of new options for dues beginning in May.

A two or three year membership will be available at a 10% discount.

1 year - \$1,500

2 years - \$2,700

3 years - \$4,050

Or you can become a Founder’s Circle Member:

\$5,000 one-time tax deductible gift and \$1,000 annual dues for 10 years

\$10,000 one-time tax deductible gift and \$1,000 annual dues for 20 years

Don’t forget corporate matching if you make a gift and have it available! I would like to meet with each of you personally over the course of the year beginning in May so look for a request. Until then I am always available to serve the needs of our membership so please contact me if I can be of any assistance!

-Kevin Castello, Executive Director



## Academic Update

When the Baylor Angel Network was formed, a key component was to have strong student engagement. As we began, students were selected for analyst positions at the beginning of their Senior year. Today the analysts are selected at the end of the Fall semester of their Junior year, primarily to let them observe the work of the Senior Analysts in preparation for their own responsibilities as analysts. In addition to their duties relating to the deal flow process, they are required to read and review literature related to private equity and angel investing. Examples of their reading assignments are as follows:

- Guy Kawasaki, *The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything*.
- John Mullins, *The New Business Road Test: What Entrepreneurs and Executives Should Do Before Writing a Business Plan*, 2<sup>nd</sup> edition.
- “Note on Business Model Analysis for the Entrepreneur,” Harvard Business School
- Stephen Lawrence and Frank Moyes, “Writing a Successful Business Plan”
- “A Note on Private Equity Securities,” Harvard Business School
- “Deal Structure and Terms,” Harvard Business School
- “A Note on Valuation of Venture Capital Deals,” Stanford Graduate School of Business:
- “A Note on Exits,” Tuck School of Business:

Combining the academic with the practical experience allows them to apply their studies in ways that are not possible in a traditional course structure. Furthermore, we will strive to be even more effective in giving them the educational experience that enhances their effectiveness in working with angels and entrepreneurs alike. After all that is the end goal.

-Dr. Bill Petty, Director of Academics

## Member Management System

The member management system (MMS) is a full service database that facilitates the operations of BAN. The MMS enables us to catalog and retrieve member information, digitally store and link to important documents, manage details and receive registrations for upcoming events. Additional features include ability to monitor financial status of the organization, track angel investments, and send mass e-mails to the membership regarding all of the aforementioned items. It is basically a system that does everything we need to run the network, all rolled into a nice, easy to use package.

It's important because before we adopted this system, all of this information was stored in different places and it was not easy to share up-to-date information among all of the BAN members. Now that we have this system in place, it has centralized all of our data and provided us a forum to operate, communicate, and share information more efficiently.

If you have any questions, please contact Wes Nemec at [Wes\\_Nemec@Baylor.edu](mailto:Wes_Nemec@Baylor.edu).

## A Final Word:

We would like to extend a thank you to our event sponsors who have contributed to the success of BAN:



Additional thanks goes to the members and mentors who have been actively involved in the Network. Because of you and many others, enriching opportunities have been provided for the Analysts and BAN is set up for an exciting future. We hope more can serve as a mentor in the future. Please review the upcoming dates throughout the newsletter and register online today!

## Contact Information:

Baylor Angel Network is seeking both angel investors and deals, please reply to Kevin Castello for more information:

**Kevin Castello:**  
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Kevin\_Castello@Baylor.edu

**Bill Petty:**  
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Bill\_Petty@Baylor.edu

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ANGEL CAPITAL ASSOCIATION



Visit our website to learn more about our organization and our mission:  
[www.baylor.edu/business/angelnetwork](http://www.baylor.edu/business/angelnetwork)

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