

## MANAGEMENT SERVICES AGREEMENT

**This Management Services Agreement** (this "**Agreement**") is made and entered into this 20th day of December, 2000, by and between the Oklahoma Capital Investment Board, an Oklahoma public trust ("**OCIB**"), and Institutional Equity Associates, LLC ("**Edge**"), an Oklahoma limited liability company which is wholly owned by Edge Development Capital, Inc.

### RECITALS

A. On August 15, 2000, OCIB issued a Request for Proposals for the Management of Board Programs (the "**RFP**").

B. Edge responded to the RFP on September 15, 2000, and such response was supplemented by a letter dated October 1, 2000, from Edge to OCIB (collectively, the "**Proposal**").

C. Representatives of OCIB and Edge (the "**Parties**"), subsequently held discussions which resulted in agreed modifications to the Proposal.

D. OCIB currently manages the Venture Investing Program (the "**VIP**"), the Oklahoma Capital Access Program ("**OCAP**") and new program development initiatives ("**PDI**"), all as described in the RFP.

E. As more fully described in the RFP, Oklahoma Capital Formation Corporation, a private, for-profit, Oklahoma corporation ("**OCFC**"), serves under contract with OCIB as the investor of record for the VIP, and OCIB authorizes OCFC to invest in those venture funds selected by OCIB as meeting OCIB's investment and strategic objectives.

F. OCIB and Edge desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to Edge's performance of certain management services (as described below) for and on behalf of OCIB.

In consideration of the recitals and the mutual covenants set forth in this Agreement, the Parties hereby agree as follows:

1. **Term and Termination.** The term of this Agreement will commence on January 1, 2001, and continue for a period of 15 years thereafter, subject to the right of either Party to terminate this Agreement at any time (a) upon 90 days prior written notice to the other Party, without fault or cause, or (b) upon 10 days prior written notice to the other Party, in the event of material breach or default by the other Party, provided such default or breach is not cured during such 10 day period. In addition, OCIB shall have the right to terminate this Agreement, upon notice to Edge, in the event of a change of control of Edge.

2. **Services.** OCIB hereby retains Edge to perform, and Edge hereby agrees to perform, the following management services for and on behalf of OCIB, subject to the overall direction of the Board of Trustees of OCIB (the "Services"):

- (a) VIP related services, including without limitation the following:
  - (i) Funds which have received OCIB support:
    - (A) advisory board participation for each fund,
    - (B) attend annual meetings of each fund,
    - (C) review fund financials,
    - (D) calculate current and projected IRRs,
    - (E) meet capital calls on a timely basis,
    - (F) manage distributions and liquidations, and
    - (G) monitor the funds' efforts in meeting Oklahoma-specific strategic objectives.
  - (ii) New funds:
    - (A) recruit and market to new funds,
    - (B) introduce venture fund managers wanting to establish a presence within Oklahoma to the appropriate contacts within the state so that they can coordinate their efforts,
    - (C) review fund offerings that are received by OCIB,
    - (D) interview fund managers that have fund offerings which could contribute to OCIB's strategic objectives,
    - (E) perform due diligence work that includes background checks, site visits, etc.,
    - (F) prepare and present investment recommendation memoranda to OCIB for funds that the management team feels should receive OCIB backing, and
    - (G) negotiate the terms of the investments.
- (b) OCAP related services, including without limitation the following:

- (i) Maintain existing relationships with existing OCAP lenders;
  - (ii) Service the OCAP loan portfolio:
    - (A) process and maintain loan enrollment forms,
    - (B) process claims on a timely basis,
    - (C) maintain the OCAP database,
    - (D) provide lenders with quarterly OCAP reports showing outstanding loans, current quarter activity and reserve account balances;
  - (iii) Market program to potential OCAP lenders, as directed by OCIB; and
  - (iv) Coordinate with possible federal funding.
- (c) PDI related services, including without limitation the following:
- (i) Identify market needs for capital for Oklahoma businesses;
  - (ii) Design investment funds to serve identified markets;
  - (iii) Recruit fund managers;
  - (iv) Prepare and present investment recommendation memoranda to OCIB for funds that the management team feels should receive OCIB backing; and
  - (v) Negotiate the terms of the investments.
- (d) Administration of the trust, including without limitation the following:
- (i) OCIB's annual business plan:
    - (A) prepare the business plan,
    - (B) obtain approval of business plan by the trustees of OCIB, and
    - (C) obtain approval of business plan by Oklahoma Futures (including without limitation conducting a Futures subcommittee meeting to allow for evaluation of OCIB's business plan, and, after subcommittee approval, submitting the plan to the Futures committee).
  - (ii) Lead in the completion of the 10-year vision for OCIB and document OCIB's five-year plan as required by House Bill 1622.

(iii) Maintain, review and adjust the funding mechanism that OCIB utilizes to finance its investment programs and operations:

(A) perform steps necessary to maintain current tax credit commitments as well as negotiate additional commitments as appropriate,

(B) manage and maintain an arm's length contractual relationship with OCFC to adhere to Oklahoma State constitutional requirements,

(C) maintain relationships with banks that provide OCIB and OCFC their current lines of credit,

(D) monitor and negotiate the rates charged on these lines as conditions merit,

(E) renew or replace these lines as appropriate, and

(F) evaluate other options available to OCIB to finance its programs.

(iv) Provide support for the effective functioning of OCIB:

(A) assist in the recruitment and education of new OCIB trustees about OCIB programs as existing OCIB trustee terms expire,

(B) arrange quarterly and special meetings of OCIB's five member Board of Trustees,

(C) present investment recommendations,

(D) present progress reports on OCIB programs,

(E) prepare other items requested by the trustees of OCIB, and

(F) administer the OCIB bank accounts and pay OCIB's bills out of those accounts (with any payment to Edge or any of its affiliates requiring the signature of an OCIB Trustee).

(v) Meet all requisite reporting and purchasing procedure requirements:

(A) maintain and prepare monthly financials for OCIB,

(B) review monthly financials and annual audits of OCFC,

(C) coordinate the annual audit of OCIB,

(D) prepare OCIB's annual report,

(E) prepare and file reports as required by the various offices of state government (including without limitation an annual detailed equipment inventory report, an annual software and telecommunications report, an annual contracts report and other reports as requested), and

(F) maintain at least one certified procurement officer (CPO) on staff (which requires participation in a five-day training course conducted by the office of Central Purchasing and passing a certification exam, plus completion of a minimum of five hours of continued professional education course work on an annual basis).

(e) Maintenance and further development of strategic and organizational relationships of OCIB:

(i) Strategic relationships with Oklahoma governmental bodies and agencies shall include without limitation the following:

(A) House Economic Development Committee,

(B) Senate Economic Development Committee,

(C) Governor's Office,

(D) Secretary of Commerce,

(E) Oklahoma Futures,

(F) Oklahoma Department of Commerce,

(G) Oklahoma Center for the Advancement of Science and Technology, and

(H) Oklahoma Finance Authorities.

(ii) Organizational relationships require both support and participation in regional and national organizations contributing to the growth and expertise in related finance areas, which shall include without limitation the following:

(A) Institutional Limited Partners' Association (ILPA),

(B) National Association of Small Business Investment Companies (NASBIC),

- (C) Regional Association of Small Business Investment Companies (RASBIC),
- (D) Council of Development Finance Agencies (CDFA), and
- (E) Oklahoma Venture Forum (OVF).

3. **Management.** Robert G. Heard, president of Edge, shall have principal responsibility for the Services to be performed by Edge under this Agreement, and, at least during the first year of the term of this Agreement, he will spend a significant portion of his time on the performance of the Services. It is expected that Mr. Heard or another Edge employee approved by OCIB will have the title of President of OCIB; however, the position of President of OCIB is an elected position on an annual basis, and the determination of who will act as President of OCIB will be determined from time to time by the Board of Trustees of OCIB with the advice of Edge.

4. **Personnel.** Edge will employ, at its sole cost, all personnel required to perform the Services, including initially, but without limitation, Diana K. Mooney; provided, however, that it shall be within the sole discretion of Edge as to whether and to the extent Ms. Mooney is engaged in providing the Services.

5. **Costs and Expenses.** Edge shall bear and pay all of the costs and expenses involved in the performance of the Services. Edge shall not be responsible for, and OCIB shall bear and pay, the following:

- (a) fees and expenses of OCIB's auditors (currently Finley & Cook) and outside counsel (currently Conner & Winters), including without limitation fees and expenses associated with investments which do not close;
- (b) travel and meeting expenses for the Trustees of OCIB;
- (c) fees, costs and expenses paid to OCFC under the Advisory Agreement dated March 26, 1993, between OCIB and OCFC;
- (d) costs of special or additional outside services requested by OCIB;
- (e) any amounts which OCIB is obligated to pay to banks under lines of credit with OCIB and OCFC; and
- (f) losses on OCAP.

During the term of this Agreement, Edge shall have the right to use, at no cost or expense, the office furniture and equipment currently owned by OCIB for the performance of the Services.

6. **Fees.** OCIB shall pay to Edge, in consideration of Edge's provision of the Services, the following fees:

(a) an annual base fee in the amount of \$443,500 (\$36,958.33 per month), payable monthly in arrears during the term of this Agreement, with each monthly payment being due on or before the last day of each month, commencing with January 2000 ("**Annual Base Fee**");

(b) a variable annual management fee in an amount equal to 0.35% (35 basis points) of the amount of each commitment by OCFC to a new venture capital fund subsequent to January 1, 2001 ("**New Fund**"), with such fee being reduced (i) by 3.5 basis points each year starting in year 4 of the life of that New Fund, and (ii) to zero upon final distribution of that New Fund ("**Variable Management Fee**"), payable monthly in arrears during the term of this Agreement, with each monthly payment being due on or before the last day of each month; and

(c) a participation fee in an amount equal to 10% of the amount of: (i) the aggregate amount of cash distributions to OCFC from all New Funds, less (ii) the aggregate amount of capital contributed by OCFC to all New Funds, less (iii) the aggregate amount paid as Annual Base Fees during the lives of New Funds, less (iv) the aggregate amount paid as Variable Management Fees with respect to New Funds, less (v) interest on the OCFC line of credit to the extent allocable to amounts drawn to fund capital contributions to New Funds and Variable Management Fees paid with respect to New Funds (including without limitation interest on interest) ("**Participation Fee**"); provided, however, that once commitments by OCFC to New Funds is \$60 million, plus or minus 3%, subsequent commitments to New Funds shall constitute an additional portfolio of New Funds with a separate calculation for Participation Fees and a separate Participation Fee account (as described in paragraph 8, below) generally pursuant to the above formula.

7. **Vesting.** Edge's right to the Participation Fee with respect to any given New Fund shall vest as follows:

(a) 20% shall vest at the close of OCFC's commitment to such New Fund; and

(b) the remaining 80% shall vest on a straight line basis over a period equal to the shorter of (i) 10 years or (ii) the life of such New Fund.

Edge shall continue to have the right to receive the Participation Fee with respect to such New Fund following termination of this Agreement by OCIB or Edge (but not following termination as a result of default or breach by Edge).

8. **Participation Fees -- Payment and Limitations.** Participation Fees will be calculated on a cumulative basis and paid by OCIB quarterly to an interest bearing account which will track the distributions from all New Funds. Edge shall receive interest earned on such account quarterly. Withdrawals from the account (other than interest) shall be permitted by Edge based on the vesting schedule set forth in paragraph 7 above. Calculation and payment of Participation Fees shall be subject to the following provisions:

(a) **Clawback.** The Participation Fee (as described in paragraph 6(c) above, including the proviso thereto) will be recalculated at the end of the life of each New Fund. The amounts of distributions and fees with respect to the New Fund in question will be fixed at the end of such New Fund's life and not thereafter changed. If at any time withdrawals from a Participation Fee account exceed the amount vested, Edge shall promptly return the difference to the account.

(b) **Two-for-one Requirement.** Any Participation Fee payments that would otherwise be made will be postponed, if the overall statutory two-for-one requirement of dollars being invested in the State of Oklahoma is not being met, until such time as the requirement is met.

9. **Unforeseen Circumstances.** The Parties recognize that, over the term of this Agreement, unforeseen circumstances may arise such that Edge's costs of performing the Services may rise to an uneconomic level with respect to the fees being paid to Edge under this Agreement. In such event, OCIB and Edge shall meet to discuss the appropriate levels of the fees under the circumstances; provided, however, there shall be no change in such fees in the absence of mutual agreement between the Parties.

10. **Relationship of the Parties.** Edge shall be an independent contractor with respect of the performance of the Services under this Agreement, and at no time shall Edge or any of its employees be considered to be an employee, agent or partner of OCIB.

11. **Binding Effect; No Assignment.** This Agreement shall be binding on the Parties and their respective successors and assigns; provided, however, neither Party may assign, in whole or in part, any of its rights, obligations or benefits under this Agreement without the prior written consent of the other Party. In addition, Edge may not subcontract any portion of the Services without the prior written consent of OCIB.

12. **Notices.** All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be given by (a) personal delivery (effective upon delivery), or (b) registered or certified mail, return receipt requested and postage prepaid (effective on the third day after being so mailed), in each case addressed to the intended recipient as set forth below, or to such other address(es) as the recipient shall have notified the other party in like manner:

If to OCIB: Oklahoma Capital Investment Board  
301 N.W. 63rd Street, Suite 520  
Oklahoma City, Oklahoma 73116  
Attention: Michael Mitchelson, Chairperson

with a copy (which shall not constitute notice) to:

Conner & Winters  
3700 First Place Tower  
15 East Fifth Street  
Tulsa, Oklahoma 74103-4344  
Attention: Robert A. Curry

If to Edge: Institutional Equity Associates, LLC  
c/o Edge Development Capital, Inc.  
301 N.W. 63rd Street, Suite 500  
Oklahoma City, Oklahoma 73116  
Attention: Robert G. Heard

13. **Governing Law.** This Agreement shall be governed by and construed in accordance with the substantive law of the State of Oklahoma, without giving effect to the principles of conflicts of law thereof.

14. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

15. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties, and supersedes any prior understandings, agreements, arrangements and representations between the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

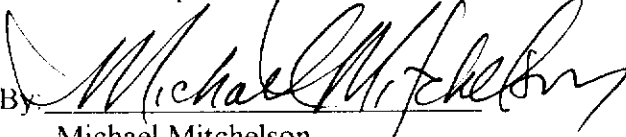
16. **Amendment.** This Agreement may not be modified or amended, nor may any term or provision hereof be waived or discharged, except by writing signed by both of the Parties.

17. **Persons and Interests.** Nothing in this Agreement, either express or implied, is intended to or shall be construed to confer any rights or remedies on any person other than the Parties, and, when permitted by paragraph 12 above, their respective successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

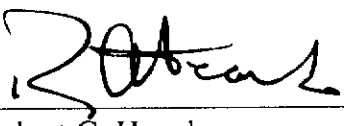
"OCIB"

Oklahoma Capital Investment Board

By:   
Michael Mitchelson  
Chairperson

"Edge"

Institutional Equity Associates, LLC

By:   
Robert G. Heard  
Manager

Institutional Equity Associates, LLC  
301 N.W. 63rd St., Suite 500  
Oklahoma City, OK 73116  
405/848-3572

January 23, 2001

Mr. Michael Mitchelson  
Oklahoma Capital Investment Board  
301 N.W. 63rd St., Suite 520  
Oklahoma City, OK 73116

Dear Mr. Mitchelson:

The management services agreement dated December 20, 2000 between the Oklahoma Capital Investment Board and Institutional Equity Associates, LLC contains a typographical error. In Section 6.a. it is written the monthly payment of the annual base fee shall commence in January 2000. Instead it should read January 2001.

To memorialize this clarification please add your signature below.

Thank you very much.

Regards,



Robert G. Heard  
Manager



Michael Mitchelson  
Chair  
Oklahoma Capital Investment Board