



# NEWS RELEASE

## PRESS OFFICE

**Release Date:** August 1, 2001

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**Release Number:** 01-35

**Internet Address:** <http://www.sba.gov/news/indexheadline.html>

## **SBA EXTENDS DEADLINE FOR NEW MARKETS VENTURE CAPITAL COMPANIES TO RAISE FUNDS**

### **Conditionally Approved Companies Given Until January 9 to Raise Funds; Second Round of Funding for Program Approved**

**WASHINGTON** - The U.S. Small Business Administration announced today that the seven venture capital firms that have been conditionally approved as New Markets Venture Capital (NMVC) companies have been given until January 9, 2002, to raise the funds necessary for Final Approval.

On July 24, 2001, President Bush signed Public Law 107-20, the FY 2001 supplemental appropriations bill. The bill includes language making NMVC funds available until expended. The previous timeline of the program required the seven firms to raise private capital for the program, which will be supplemented by SBA grants and debentures, before September 14<sup>th</sup>. The short fund-raising window was dictated by the fact that the program was only enacted on December 21, 2000 and the time limitation of the availability of the FY 2001 appropriated funds.

With the four month extension, the NMVC companies should have ample time to raise the required capital, between \$5 million and \$12.5 million in private capital and between \$1.5 million and \$3.75 million in matching resources to be used for operational assistance to the smaller businesses in which they invest.

The extended availability of funds will also permit a second round of applications from additional individuals and groups interested in joining this unique venture capital initiative. The SBA estimates that a second round would be opened in late Spring, 2002, at the earliest.

The New Markets Venture Capital program is designed to bring investment capital to economically distressed urban and rural areas. SBA selected the seven new companies based on their qualifications and their coverage of low-income areas in the 15 states which the program will initially serve.

The new companies, their locations and the states they will target for their investments are:

- Adena Ventures, L.P.; Athens, Ohio; Ohio, West Virginia, Maryland and Kentucky.
- CEI Community Ventures Fund, LLC; Wiscasset, Maine; Maine, New Hampshire and Vermont.
- Dingman New Markets Growth Fund; College Park, Md.; Maryland and the District of Columbia.
- Murex Investments I, L.P.; Philadelphia, Penn.; Pennsylvania, New Jersey and Delaware.
- Pennsylvania Rural Opportunities Fund; University Park, Penn.; Pennsylvania.
- Southwest Development Fund, LLC; Phoenix, Ariz.; Arizona.
- The Southern Appalachian Fund, L.P.; Oak Ridge, Tenn.; Tennessee, Kentucky, Alabama and Georgia.

The criteria for the New Markets Venture Capital companies require that at least 80 percent of the total dollars invested by the companies must be invested in small businesses in low-income areas in their targeted states. Also, at least 80 percent of the businesses in which the NMVC company makes investments must have their principal office located in a low-income area.

Congress authorized the New Markets Venture Capital program for the 6-year period from FY 2001 through 2006. The program provides for \$150 million in debenture funding and \$30 million in technical assistance grant funds. It was fully funded through a one-time appropriation in FY 2001. The supplemental appropriations bill signed by the President on July 24 now makes the money available until expended.

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The NMVC program, which is administered by the SBA, is modeled after the agency's Small Business Investment Company program. The SBA will provide financial assistance in the form of matching investment funds and matching operational assistance funds.

The New Markets Venture Capital companies will be newly formed for-profit investment funds with private management. They will invest with the objective of promoting economic development in low-income areas and among low-income individuals by making equity-type investments in and providing technical assistance to smaller enterprises located in those low-income areas.

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For more information about this program, visit SBA's website at <http://www.sba.gov/inv>, or call the Investment Division at 202/205-6510.

*For more information about all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive Web site at [www.sba.gov](http://www.sba.gov).*

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