

State venture capital to be put to work

Fund raises \$200 million to bolster young tech companies

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A new, state-backed fund designed as a catalyst to attract more venture capital for growing young technology companies in Michigan has raised \$200 million and is ready to start investing, Gov. Jennifer Granholm is to announce today.

The Venture Michigan Fund I, to be managed by **Credit Suisse's Customized Fund Investment Group**, won't invest directly in companies. Rather, it will invest in other venture capital funds that have a presence in Michigan and that target investments in Michigan-based start-up companies engaged in research, technology, and new product development.

Michigan has been a backwater for venture capital investing compared to VC hotbeds such as California and Massachusetts. As a result, promising research that begins at Michigan universities or companies often ends up being commercialized by entrepreneurs and companies that leave the state to follow the money.

Venture capitalists often like to have their pet projects located nearby.

To keep more smart people and promising young companies in-state, the enabling legislation for the Venture Michigan Fund requires any other VC fund that wants to draw on the Venture Michigan Fund to invest a big chunk of money in Michigan companies.

To raise the \$200 million for the fund, Credit Suisse has promised investors a return that would be financed from the growth of VC firms that lend in Michigan and the success of the companies funded by them. Should the Venture Michigan Fund come up short on its projections, state tax vouchers would back the financing.

Investments will benefit a variety of emerging technologies targeted by the 21st Century Jobs Fund, including advanced manufacturing, alternative energy, health care and the life sciences, homeland security and information technology.

Credit Suisse has opened an office in Michigan staffed by Bob Payne, a former senior managing director with **Comerica Capital Advisors**, where he managed a private equity portfolio of more than 120 funds. Fund managers will be selected to receive capital from the Venture Michigan Fund through a competitive process.

Interested venture capital fund managers can get applications and more information from the <http://www.venturemichiganfund.org/> Web site.

Credit Suisse said it expects to make the first venture Michigan Fund commitments in the fourth quarter of 2006.

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