

Tennessee companies get venture capital boost

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CHATTANOOGA — New and expanding companies in Tennessee have a new public-private venture fund to tap for money.

At a Tennessee Valley Corridor Summit here, Senate Majority Leader Bill Frist, R-Tenn., yesterday announced the creation of the Southern Appalachian Venture Capital Fund, which has drawn \$12.5 million from private and public sources.

The Tennessee Commerce Bank of Franklin is among several Tennessee and Kentucky banks that invested in the fund along with the Appalachian Regional Commission, the Tennessee Valley Authority, the U.S. Small Business Administration, the F.B. Foundation Heron Foundation and the John D. and Catherin T. MacArthur Foundation.

Clint Gwin, president of Southeast Community Capital in Nashville, said the banks saw an opportunity to help companies grow and build banking relationships with them at the same time.

The fund will invest \$200,000 to \$600,000 in companies that are opening or expanding in low-income communities in Tennessee, Kentucky and the Appalachian counties of Georgia, Alabama and Mississippi. Communities with median incomes less than 80% of the national average will qualify.

"This is exactly the kind of public-private partnership and multistate cooperative needed to take full advantage of the many science and technology assets we have here in the Tennessee Valley for new job creation and new business development," Frist said.

The Tennessee Valley Corridor is a regional group that organizes summits two times a year to bring together business, government and education leaders to discuss science and technology issues in the context of economic development.

Companies seeking assistance from the venture fund don't necessarily have to be in technology industries, assistant fund manager Grady Vanderhoofven said. For example, a company in light manufacturing could qualify.

However, "it won't be retail, restaurants or real estate," Vanderhoofven said. "We have a handful of companies we are looking at."

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Also at the summit, Gov. Phil Bredesen made a pitch for improving the state's ability to attract technology development. One idea was improving the University of Tennessee at Knoxville.

"We need to establish UT as a much better research university," Bredesen said.

The comment drew applause from the crowd.

He said the school first needs to establish a mission to be a better teaching and research institutions, and it needs more resources.

"I'm committed to finding those" resources, he said.

One of Bredesen's other suggestions was creating a technology commission that would bring experts from across the region to figure more ways to draw additional federal dollars.

Such a commission also would brainstorm ideas for what investments need to be made to create a better environment for technology development, he said.

The Associated Press contributed to this report