



NEWS RELEASE

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TNINVESTCO FUNDS CLOSE ON THE SALE OF \$120 MILLION IN TAX CREDITS *Sale Generates \$85 Million in Up Front Funding for Investment in Tennessee Companies*

NASHVILLE, Tenn. – Tennessee Commissioner of Economic and Community Development Matt Kisber and Commissioner of Revenue Reagan Farr announced today the sale of \$120 million in tax credits by the six TNInvestco funds has raised approximately \$85 million in early and mid stage capital for the funds to invest in Tennessee companies. The insurance companies participating in TNInvestco are capitalizing the program up front in exchange for tax credits allowing them to offset future gross premium tax liability on an annual basis beginning in 2012 through 2019.

“The response by insurance companies to the TNInvestco program has been very positive and very strong,” said Commissioner Kisber. “They understand immediately how TNInvestco can act as a catalyst for a surge of venture capital into Tennessee and how it can function as a win-win for the state of Tennessee, the investor companies and the companies who receive the capital they need to grow and create new jobs.”

“I’m very pleased by the response to the TNInvestco program,” said Commissioner Farr. “Tennessee has long been recognized for its strong entrepreneurial spirit and the TNInvestco funds can now begin investing in the types of companies capable of truly transforming Tennessee’s economy.”

On November 5, 2009, Commissioners Kisber and Farr announced the six TNInvestco funds participating in the program:

- Tennessee Community Ventures Fund, LLC, Nashville, Tennessee.
- XMi High Growth Development Fund, LLC, Nashville and Chattanooga, Tennessee.
- Limestone Fund, LLC, Nashville, Tennessee.
- Tri-Star Technology Fund, LLC, Nashville, Tennessee.
- Innova Fund II, LP, Memphis, Tennessee.
- Council & Enhanced Tennessee Fund, LLC, Nashville, Tennessee.

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Each TNInvestco fund was awarded a \$20 million allocation of premium insurance tax credits by the Tennessee Department of Revenue. The insurance companies who purchased the tax credits deposited funds into an escrow account administered by the Treasury Department of the state of Tennessee. The funds are then distributed to the TNInvestcos for investment in Tennessee companies by the Tennessee Department of Economic and Community Development (ECD) and are subject to annual audit. The legislation creating the TNInvestco program requires ECD and the Department of Revenue to submit a report on the program annually to the Tennessee General Assembly.

In addition to the six TNInvestco funds named November 5, 2009, Commissioner Kisber and Commissioner Farr have both stated their intent to ask the Tennessee General Assembly to fund two additional \$20 million tax credit allocations for Solidus-TNInvestco, LLC of Nashville, Memphis, Chattanooga and Oak Ridge and for the Tennessee Angel Fund of Nashville.

Businesses interested in seeking capital investment from the TNInvestco funds can do so online at www.tninvestco.gov. The web site also has FAQ's and additional information about the TNInvestco program.

About the Tennessee Department of Economic and Community Development

The Tennessee Department of Economic and Community Development's mission is to create higher skilled, better paying jobs for all Tennesseans. The department seeks to attract new corporate investment in Tennessee and works with Tennessee companies to facilitate expansion and economic growth. To find out more, go to www.tn.gov/e.cd.

About the Tennessee Department of Revenue

The Department of Revenue is responsible for the administration of state tax laws and motor vehicle title and registration laws established by the legislature and the collection of taxes and fees associated with those laws. The Department of Revenue collects approximately 92 percent of total state tax revenue. During the 2008-2009 fiscal year, the department collected \$10.2 billion in state taxes and fees. In addition to collecting state taxes, \$1.9 billion of local sales tax was collected by the department for local governments during the 2008-2009 fiscal year. Besides collecting taxes, the department enforces the revenue laws fairly and impartially in an effort to encourage voluntary taxpayer compliance. The department also apportions revenue collections for distribution to the various state funds and local units of government. To learn more about the department, log on to www.tn.gov/revenue.

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