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Quaker, N.J. Launch State Fund

While people might not associate New Jersey with biotech innovation, the Garden State is trying to change all that as it kick starts venture funding in its backyard. The **New Jersey Economic Development Authority (EDA)** and **Quaker BioVentures** announced last week the formation of the \$10 million Garden State Life Sciences Venture Fund.

The fund aims its to make investments in New Jersey companies in the life sciences sector. Quaker will leverage an additional \$30 million for the fund, meaning it will invest \$3 of its own funds for every \$1 it invests from the New Jersey fund.

In the past few years, various state governments have sought to bolster their homegrown technology markets and spur job growth through state venture funds. There is evidence to suggest this not all wishful thinking or election year pandering. A study sponsored by the **National Venture Capital Association** and conducted by economic forecasting firm **Global Insight** shows that companies receiving venture backing outperformed those that did not. New venture funds with state government backing have recently sprouted in Connecticut, Hawaii, Iowa, Ohio, Oklahoma and Utah.

The New Jersey fund is Quaker's second such foray into a state-specific venture vehicle. The firm also manages

the **Quaker BioVentures Tobacco Fund**, a \$20 million fund it operates on behalf of the **Commonwealth of Pennsylvania**, which invested a portion of funding it received from tobacco companies.

The New Jersey fund comes as Quaker is scheduled to announce this week a final close on **Quaker BioVentures I**, the firm's first fund, says **Richard Kollender**, a principal with the firm. Kollender wouldn't reveal more details of the inaugural fund, but it had a \$300 million target and fund-raising began two years ago, according to documents filed with the **Securities & Exchange Commission**. Recent SEC filings show that the firm's limited partners include the **Pennsylvania State Employees' Retirement System**, **Pennsylvania Public School Employees' Retirement System** and the **City of Philadelphia Board of Pensions and Retirement**.

Kollender says that New Jersey falls within the firm's focus on the mid-Atlantic region. The Philadelphia-based life science venture investor also includes North Carolina in its target area. Though it is not traditionally considered a mid-Atlantic state, North Carolina is rich in life sciences research and startups. —M.S.