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SJF 'going green' with \$50M-\$75M fundraiser

Triangle Business Journal - by [Lee Weisbecker](#)

DURHAM – As one of the first “socially responsible” venture investors in the South, SJF Ventures wants to strike while the “go green” movement is white hot, laying plans to raise a third fund of up to \$75 million.

The decade-old organization was founded as the **Sustainable Jobs Fund** and originally focused on creating jobs in poor, inner-city neighborhoods. SJF hasn't lost sight of that mission, says co-founder and Managing Director David Kirkpatrick, but the organization has expanded its horizons to encompass a range of activities that are part of the “green” movement – “clean tech” (reducing carbon emissions), healthier food and creating better working environments.

Moreover, with a growing list of limited partners – including institutional and individual investors – to satisfy, SJF has become more entrepreneurial, celebrating portfolio “winners” as would any venture firm.

“If you do this, you’ve got to have those ‘buy, sell, hold’ investment instincts,” says Kirkpatrick, a **University of North Carolina at Chapel Hill MBA** who started two companies, a solar energy firm and an environmental research company, before turning to venture investing.

With a staff of about a dozen, a recently opened office in San Francisco, and a new headquarters in a restored former storefront in downtown Durham, SJF hosted its first “green economy summit” at the Durham Convention Center the week of June 2. The event drew a registration of more than 360.

But by far the biggest event in terms of the group's future will be the upcoming fundraiser. SJF's first investment fund totaled \$17 million. Its second, which closed in early 2007, amounted to \$28 million. The third, now on the drafting board, is envisioned at anywhere from \$50 million to \$75 million.

Kirkpatrick says he has no illusions about how difficult the fundraising environment has become and that the company may not actually hit the fundraising trail until the first or second quarter of 2010, if then.

“We’re bullish but very cognizant that we are in a recession,” he says.

On SJF's roster of limited partners are a number of big banks, including **Credit Suisse**, **Bank of America and Citigroup**; money and stock managers State Street and **Merrill Lynch**; foundations, including F.B. Heron; and high net worth individuals.



Steve Wilson

David Kirkpatrick co-founded and leads SJF Ventures.

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Green investing over time has come into favor with large institutional investors, says Michael Kanellos, editor of Cambridge, Mass.-based **Greentech Media**, which tracks the sector. “But even they have had to pull back in recent months,” he says. “They just haven’t had the money. I’m not sure it will be that way next year. 2010 should be a whole lot better than 2009.”

Emily Mendell, a spokeswoman for the Washington, D.C.-based **National Venture Capital Association**, says that while the group tracks the dollar volume of “green deals” – a record number were done in 2008, only to slump early this year – the association doesn’t track “green” fundraising per se.

“We don’t separate out the pure clean-tech funds from the others,” she says. “Too many existing (VCs) have moved to get involved in clean-tech investing as well.”

For the time being, Kirkpatrick says, SJF remains well capitalized.

It still holds roughly half of its second fund to make follow-on investments in its portfolio companies. SJF infusions range from \$1 million to \$5 million but most often are at the lower end of the scale.

Staying away from technologies still in the back-of-the-garage stage, the group’s investment targets are companies with tested products bringing in revenue of \$1 million-plus annually.

The SJF portfolio consists of 29 companies. Kennesaw, Ga.-based Ryla, a call center tech firm, was a “winner” in SJF’s first fund. Charlotte-based **Frontier Capital** pumped in a \$6.5 million equity investment into Ryla in April 2007, buying a chunk of the SJF stake.

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