

The number assigned to this disaster for physical damage is 13067 B and for economic injury is 13068 0.

The State which received an EIDL Declaration # is Kansas.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

Dated: April 23, 2012.

Karen G. Mills,
Administrator.

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BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

Small Business Investment Companies—Early Stage SBICs

AGENCY: U.S. Small Business Administration.

ACTION: Call for Early Stage Fund Managers.

SUMMARY: This Call invites experienced early stage fund managers to submit the preliminary materials discussed in Section II, in the form of the Small

Business Investment Company (“SBIC”) Management Assessment Questionnaire (“MAQ”), for consideration by the Small Business Administration (“SBA”) to be licensed as Early Stage Small Business Investment Companies. Licensed Early Stage SBICs may receive SBA-guaranteed debenture leverage of up to 100 percent of their Regulatory Capital, up to a maximum of \$50 million. Early Stage SBICs must invest at least 50% of their investment dollars in early stage small businesses. For the purposes of this initiative, an “early stage” business is one that has never achieved positive cash flow from operations in any fiscal year. By licensing and providing SBA guaranteed leverage to Early Stage SBICs, SBA seeks to expand entrepreneurs’ access to capital and encourage innovation as part of President Obama’s Start-Up America Initiative launched on January 31, 2011. More information on the Early Stage SBIC Initiative and the regulations governing these SBICs may be found at www.sba.gov/inv/earlystage.

DATES: In order to expedite licensing of qualified applicants that have already raised the required capital, SBA has established two “tracks” for the Early Stage SBIC Licensing Process as follows:

► **Track 1—Applicants with Capital:** This includes all applicants that have signed commitments for at least \$15 million in Regulatory Capital and the remaining capital needed to achieve the minimum \$20 million in Regulatory Capital for Early Stage SBICs “soft-circled”. (This may include drop-down funds.) Track 1 applicants that receive a Greenlight will need signed commitments of at least \$20 million in Regulatory Capital when they file their Licensing Application on or before July 30, 2012. SBA will accept a commitment that is conditioned upon issuance of an Early Stage SBIC license and/or approval of the applicant’s organizational documents, but will not accept a commitment that is subject to any other conditions.

► **Track 2—All Other Applicants.** The following table provides the key milestones for each track.

Milestone	Track 1—Applicants with capital	Track 2—all other applicants
FAQ Process Closed	5 p.m. Eastern Time (“ET”) on May 18, 2012.	
Initial Review Period:		
• Management Assessment Questionnaires (“MAQs”) Due	5 p.m. ET	5 p.m. ET.
	May 25, 2012	June 19, 2012.
• Interview Period	June 6, 2012–June 13, 2012	July 23, 2012–August 3, 2012.
• Anticipated Greenlight Decision	June 29, 2012	September 28, 2012.
Licensing Period:		
• Licensing Applications Due with at least \$20 million in Regulatory Capital.	5 p.m. ET July 30, 2012	5 p.m. ET May 15, 2013.
• Anticipated Licensing Date	September 28, 2012	September 30, 2013.

NOTES:

- SBA will notify applicants with Greenlight Letters of any further Licensing Periods.
- SBA reserves the right to extend its interview, due diligence, committee, and approval timelines as appropriate. SBA will update its Web site at www.sba.gov/inv/earlystage should these dates change. Applicants will be notified by email should these dates change.
- SBA expects to issue additional calls for Early Stage Fund Managers on an annual basis. SBA will announce these calls via a call notice in the **Federal Register**.

ADDRESSES: Email MAQrequest@sba.gov to obtain a copy of the Management Assessment Questionnaire (“MAQ”) for your proposal as discussed in Section II. You must submit via express or next day delivery service two (2) paper copies of the MAQ to the following:

Chief Administrative Officer, Office of Investment, U.S. Small Business Administration, 409 3rd St. SW., Suite #6300, Washington, DC 20416.

You must provide with the MAQ a CD-ROM containing an electronic version of your completed MAQ in Word and Excel format. SBA will not accept MAQs via regular mail due to irradiation requirements nor will SBA accept MAQs via hand delivery or courier service.

SUPPLEMENTARY INFORMATION:

I. Background Information

SBA invites early stage fund managers to submit the preliminary materials, as discussed in Section II, in the form of a Management Assessment Questionnaire (“MAQ”) for the formation and management of an Early Stage SBIC. Early Stage SBICs represent a new sub-category of SBICs that will focus on making investments in early stage small businesses. Go to www.sba.gov/inv/earlystage for information on the Early Stage Initiative and links to the Early Stage SBIC Final Rule (“Final Rule”). This initiative is part of President Obama’s “Start-Up America Initiative” to promote

American innovation and job creation by encouraging private sector investment in job-creating startups and small firms, accelerating research, and addressing barriers to success for entrepreneurs and small businesses.

II. Management Assessment Questionnaire/License Application Materials

The first required submission in the Early Stage Licensing process is SBA’s MAQ. The MAQ consists of two forms that cover qualitative and quantitative information on the management team, the proposed strategy for the SBIC, the principals’ investment track record, and the proposed fund structure and economics. The MAQ consists of SBA

Form 2181 and the exhibits in SBA Form 2183.

If, after submitting the MAQ, you are invited to be interviewed (see paragraph III.B.2), you will be required to bring to the interview a completed Exhibit N from SBA Form 2182, consisting of your financial forecast and a written narrative which identifies how you will manage SBA leverage as part of your business plan. Whether you choose discounted leverage or standard leverage with a 5 year interest reserve, each as described in the Final Rule, your plan must address how you will meet interest payments after 5 years from the date of debenture issue.

Should SBA issue you a "Green Light letter" (described in paragraph III.B.6), you must submit the SBIC License Application, consisting of SBA Form 2181 (updated as needed) and SBA Form 2182, for the final licensing phase (paragraph III.D). Exhibit Q in SBA Form 2182 includes the fund's limited partnership agreement ("LPA"). Applicants should review Section IV of this notice for special instructions associated with the LPA for Early Stage SBICs.

To obtain a copy of the most recent versions of these forms, please send an email to MAQrequest@sba.gov. Read only examples of these forms may be found at www.sba.gov/content/application-forms.

III. Early Stage Licensing Process

There are four stages in SBA's Early Stage Licensing Process: (A) Call Period; (B) Initial Review; (C) Applicant Fundraising and Document Preparation; and (D) Licensing. Each of these stages is discussed below.

A. *Call Period*. This notice signals the start of the Fiscal Year 2012 Early Stage SBIC call period. SBA intends to hold no more than one Early Stage SBIC call period for accepting MAQs per fiscal year and SBA will issue a new notice in the **Federal Register** for the next call period. Interested parties should request a MAQ from SBA, per paragraph II above. Please take time to read the instructions included with each form identified in Section II. You should also review the information at www.sba.gov/inv/earllystage which includes a list of frequently asked questions ("FAQs") regarding the Early Stage Initiative. If you still have questions regarding the Early Stage process, please email your questions to startupamerica@sba.gov. SBA will endeavor to respond to your question within three business days, depending on volume. SBA may not be able to respond to fund specific questions or questions that require a legal opinion. SBA will not take any

further questions after the end of the Question and Answer Period identified under the Dates section.

B. *Initial Review*. At the end of the Initial Review phase, SBA will issue Green Light letters to those applicants that meet the evaluation criteria for an Early Stage SBIC, including the vintage year and geographic diversification criteria. Section V of this notice describes the criteria by which SBA will evaluate applicants. The process for SBA's Initial Review is as follows:

1. *Submit MAQ*. SBA must receive your completed MAQ no later than the date and time specified under the Dates section of this notice. SBA will send a confirmation that it has received your MAQ within 3 business days of your submission. If you have not fully completed all sections of the MAQ or provided sufficient information to allow SBA to evaluate your management team, you may be ineligible for this call period. If so, SBA will notify you by email.

2. *Pre-Screen*. SBA will review all MAQs against the evaluation criteria identified in Section V. SBA may engage a contractor to assist in evaluating MAQs received in response to this Call. The Investment Committee (composed of senior managers from the Office of Investment) will consider each MAQ, and if the Investment Committee concludes that the management team may be qualified for an Early Stage SBIC license, the entire team will be invited to SBA Headquarters in Washington, DC for an interview. Those applicants not invited for interviews will also be notified. SBA will provide feedback to applicants not selected for an interview after the first Early Stage SBIC Licensing cycle is complete.

3. *Interview Period*. SBA's invitation for an interview will identify a 1 hour time block during the Interview Period identified in the Dates Section, along with the topics that the applicants should be prepared to address. SBA will conduct interviews at SBA Headquarters, at 409 Third Street SW., Washington, DC. At the interview, you must bring your financial forecast as described under Section II of this document.

Track 1 applicants are encouraged to bring the following completed exhibits from SBA Form 2182 to the Interview:

- a. Exhibit B—Fingerprint cards and
- b. Exhibit C—Statements of Personal History.

If the applicant receives a Green Light letter, SBA will forward the fingerprint cards and Statements of Personal History to SBA's Office of Inspector General for processing by the FBI. (Note: Track 1 applicants may wait until the

licensing stage to submit these documents. However, you will not be able to draw SBA leverage until your FBI checks are complete.)

If after the Interview, the Investment Committee decides that an applicant does not meet the criteria for an Early Stage SBIC license, the SBA will notify the applicant that it will not be considered further for this call period. SBA will provide feedback to those applicants after the first Early Stage SBIC Licensing cycle is complete.

4. *Due Diligence*. SBA will conduct due diligence on all applicants that successfully pass the Interview process. SBA may be assisted in this process by a contractor engaged by SBA.

5. *Green Light Letter*. Following the interview and the completion of SBA's due diligence, the SBA will issue a "Green Light" letter to all applicants that meet the criteria identified in Section V, as determined by the Investment Committee. The "Green Light" letter formally invites an applicant to submit the SBIC License application for the Licensing stage. Applicants approved by the Investment Committee can expect to receive the Green Light letter via email within a few days of the Investment Committee's decision. The Green Light letter is only an invitation to proceed to the next stage in the process, not a guarantee that you will be issued an Early Stage SBIC license. Those applicants that do not receive a Green Light letter will also be notified by email within a few days of the Investment Committee's decision. SBA will provide feedback to those applicants that do not receive a Green Light letter after the first Early Stage SBIC Licensing cycle is complete.

C. *Fundraising and Document Preparation*. If you receive a Green Light letter, you will need to raise the minimum Regulatory Capital needed to execute your strategy (which can be no less than \$20 million) and submit your completed license application by the start of the licensing period identified in the Dates Section of this notice for your Track.

1. *Raise Regulatory Capital*. Early Stage SBIC applicants must have signed commitments for at least \$20 million in Regulatory Capital prior to filing their license application.

2. *SBIC Education*. All principals of an Early Stage SBIC applicant that has received a Green Light letter must attend a one-day SBIC Regulations training class. This training is normally held several times per year in Washington, DC. The purpose of this class is to familiarize SBIC principals with the SBIC rules, regulations and compliance procedures. Classes are

normally limited in size. Although an applicant may receive a license before all principals have completed the training, a majority must do so before licensing and all must do so before a licensed Early Stage SBIC will be permitted to draw leverage. (Track 1 applicants should note that training sessions are currently scheduled for June 14 and October 11, 2012.)

Information concerning registration for classes can be obtained at www.sbia.org. Certain non-principals such as members of a board of directors may also be required to take the class. In addition, any employees or consultants whom you have assigned to handle regulatory matters or to interact with the Office of Investment should attend the class.

3. Finalize Documents & Perform Checklist. The following items must be completed and submitted in order to proceed to the Licensing phase:

Item	<input checked="" type="checkbox"/>
Updated SBA Form 2181 (See Section II for more information.).	
SBA Form 2182 (See Section II for more information.).	
At least \$20 million in Regulatory Capital evidenced by signed Capital Certificate in Form 2182 (Exhibit M).	
\$25,000 Non-refundable licensing fee.	

D. *Licensing*. During this last stage, SBA will review your completed application, perform further due diligence and analysis if more than 3 months have passed since the Green Light Letter was issued, and make the final licensing decision. SBA will hold at most two Early Stage SBIC Licensing periods per year for those applicants that received a Green Light letter as a result of SBA's Initial Review. For calendar year 2012, SBA will only hold one licensing period. Early Stage SBIC applicants that receive a Green Light letter will be eligible to submit their license applications for the next two licensing periods after receipt of the Green Light letter. Track 1 applicants that receive Green Light letters in 2012 and wish to be licensed in 2012 will need to submit their completed license application no later than July 30, 2012. Any Track 1 applicants that are unable to raise the minimum \$20 million in Regulatory Capital and submit their license application by that date may submit their applications for the Track 2 licensing period. Similarly, Track 2 applicants that are unable to raise sufficient capital and submit their

license applications by the start of the Track 2 licensing period may submit their applications during the next Early Stage licensing period. SBA will notify Track 2 Green Light recipients when future licensing periods will take place. The process for Licensing is detailed below.

1. Submit License application. To proceed to the Licensing stage, applicants that have received a Green Light letter will need to submit all items listed in the Checklist above to the address indicated in your Green Light Letter. Upon receipt of the application, SBA will acknowledge receipt by email. Within three business days, SBA will determine whether the application is complete, meets the minimum capital requirements and satisfies management ownership diversity requirements. If so, SBA will formally accept the application. If the applicant did not submit a completed licensing application, SBA may defer the applicant to the next licensing cycle.

2. Background and Documentation Review. Once the application has been formally accepted, SBA will forward the fingerprint cards and Statements of Personal History to SBA's Office of Inspector General for processing by the FBI, if the applicant did not previously submit such information during or after the Interview. Following a review of the application and legal documents, SBA will provide the applicant with a "comment letter". Applicants must respond in writing to the comment letter, via mail, fax or email within one week after the date SBA sends the comment letter. Applicants that do not address, to SBA's satisfaction, all of the comments contained in SBA's comment letter will be moved to the next licensing cycle in order to provide SBA with sufficient time to resolve outstanding issues. Through this process, SBA hopes to resolve all issues specified in SBA's comment letter as expeditiously as possible. Promptness and responsiveness in responding to SBA's comment letter are important. Due to the short timeframe for Licensing, Early Stage SBIC Applicants may not make pre-licensing investments.

3. Divisional Licensing Committee. Once the applicant has satisfactorily addressed all issues and SBA has completed its review and any due diligence if necessary and the Office of General Counsel has signed off on legal sufficiency of the application (including the final form of the organizational and other legal documents), the license application is presented to the Divisional Licensing Committee. This committee is composed of the senior

managers of the Office of Investment. If approved by the Divisional Licensing Committee, the application is forwarded to the Agency Licensing Committee which is comprised of certain senior managers of the SBA. Prior to consideration by the Agency Licensing Committee, an applicant must provide a signed, up-to-date capital certificate showing that it has at least \$2.5 million in Leverageable Capital, consisting of cash on deposit and/or approved organizational and operational expenses paid out of partners' contributed capital, and at least \$20 million in Regulatory Capital. The applicant's selected bank must certify that the requisite funds are in the applicant's account and unencumbered. An applicant must also submit a commitment request for the amount of leverage it is seeking.

4. Agency Licensing Committee and Administrator Approval. If the Agency Licensing Committee approves your license application, it will be forwarded to the SBA Administrator or her designee for final action as soon as you submit fully executed copies of all legal documents. (Please note that the executed documents must be identical to the "final form" of the documents approved by SBA.) If the Administrator or her designee approves your application, your Early Stage SBIC license is issued.

5. Leverage Commitments. SBA has allocated only \$150 million in Fiscal Year ("FY") 2012 and \$200 million in FY 2013. SBA expects to allocate another \$200 million each in FYs 2014 and 2015 and \$250 million in FY 2016. If total leverage commitments requested for the FY 2012 licensing cycle exceed the amount available in FY 2012, SBA will allocate available leverage across all FY2012 Early Stage SBICs on a pro rata basis. Early Stage SBICs licensed in FY2012 will be eligible to request the remainder of their uncommitted leverage request in subsequent fiscal years based on availability. SBA expects to be able to commit the full amount of leverage that an Early Stage SBIC requests at the time of licensing. However, those commitments may be approved in multiple years, depending on availability in each year. Early Stage SBICs that raise additional private capital after licensing may request leverage commitments against that capital. However, such requests are subject to leverage availability and will not be considered until all other licensee requests are satisfied.

IV. Early Stage SBIC LPA and Organizational Instructions

A. *Early Stage SBIC Model LPA*. In order to expedite the review of Early

Stage SBIC license applications, SBA has adopted a Model Early Stage SBIC Limited Partnership Agreement (“Model LPA”) that incorporates in Bold Arial type those provisions required by SBA. You must download the Model LPA at www.sba.gov/content/earlystage-model-partnership-agreement. Applicants must use the Model LPA as a template and follow the organizational structure of the Model LPA. Further, Applicants must include in their limited partnership agreements all of those provisions of the Model LPA that appear in Bold Arial type in the Model LPA. Additions, deletions and other changes or modifications to any of those provisions of the Model LPA that appear in Bold Arial type will not be accepted. Applicants are required to submit a copy of their limited partnership agreement black-lined against the Model LPA, with all of the provisions of the Model LPA in Bold Arial type retained in Bold Arial type, as explained in the instructions provided at the beginning of the Model LPA. SBA provides the following further guidance on limited partnership agreements:

1. SBA encourages applicants to adhere to the Model LPA to the maximum extent possible. All deviations from those provisions of the Model LPA that do not appear in Bold Arial type must be accompanied by a narrative explanation for those deviations. Please note that any deviations must have a substantive basis and may not be deemed acceptable by SBA.

2. There must be no conditions or restrictions on the ability of the GP to call private capital commitments except under the “no fault termination of the investment period” or “key person” provisions included in the Model LPA.

3. Withdrawal rights are limited to those permitted by the Model LPA.

4. Applicants must adhere to SBA’s management fee policies available at www.sba.gov/content/sbic-technotes-number-7a-revised-april-2008. This policy sets a maximum allowable management fee only. The actual management fee will be set by negotiation between the management team and the limited partners and may be less than the maximum. Early Stage SBIC applicants should be aware that the calculation of an SBIC’s capital impairment percentage is affected by all fund expenses, including management fees. SBA will consider the management fee in its licensing evaluation criteria as part of fund economics. SBA believes that the primary incentive for fund managers should be carried interest rather than fees.

5. The designation of fund expenses and expenses to be paid out of the management fee must be consistent with SBIC program regulations (see 13 CFR 107.520).

a. Organizational costs, expenses incurred in applying for a license and forming the SBIC and its entity general partner (but not its parent fund or any other affiliate), are considered a partnership expense. Organizational expenses typically include items such as the licensing fee, cost of legal and other professional and consulting services, travel and other fundraising expenses, costs of preparing, printing and distributing the private placement memorandum or other offering materials, and other related expenses such as telephone and supply costs. SBA strongly encourages applicants to include in the LP agreement a reasonable cap on the total organizational costs to be paid by the applicant. Costs deemed excessive can be paid by the GP or management company or deducted from the applicant’s Regulatory Capital prior to licensing.

b. Unreimbursed expenses on deals that do not close may be designated as a partnership expense but must be capped at a reasonable level.

6. Right of limited partners to remove general partner—Provisions allowing removal of the general partner without cause (“no-fault divorce” provisions) are permitted only after the Early Stage SBIC has repaid all outstanding leverage and any other amounts payable to SBA and has surrendered its SBIC license.

7. SBA will not consider amendments to an Early Stage SBIC’s LPA for a minimum of six months after licensing.

B. *Organization.* Early Stage SBIC applicants must adhere to the following rules regarding organizational structure:

1. Applicant cannot be a BDC or other public entity or a subsidiary of any such entity.

2. All provisions governing the operation of the SBIC must be included in the limited partnership agreement (no side letters).

3. Applicant must adopt SBA Model Valuation Guidelines.

4. Drop-down SBICs.

a. The drop-down structure should be used only when it has a clear business purpose:

i. Example 1—Parent fund has already raised capital and begun operating and wants to commit a portion of its capital to an Early Stage SBIC.

ii. Example 2—Substantial capital will be retained for investment at the parent level (SBA suggests that managers consider the alternative of

structuring a non-SBIC fund side by side with the SBIC).

b. Drop-down funds must have one parent fund only and the parent fund must be a U.S. entity.

c. Parent must qualify as a traditional investment company based on established SBA precedent.

d. Parent must disclose the identity of all of its investors.

e. All of the investors in the parent fund (the SBIC’s “Class A” limited partner) must agree to be “Class B” limited partners of the SBIC with an obligation to fund the Early Stage SBIC capital calls if the Class A limited partner does not. The obligation of the Class B limited partners to the Early Stage SBIC is reduced dollar for dollar as the Parent Fund contributes capital to the SBIC. The Model LPA contains required provisions for drop-down funds.

f. The Class B limited partners’ commitments to the SBIC applicant must be expressed as a specific dollar amount (not just as the “proportionate share” of parent fund’s commitment).

g. The total dollar amount of Class B commitments must be equal to the Class A limited partner’s unfunded commitment to the SBIC. SBA will not require Class B commitments if the SBIC’s Regulatory Capital will not include any unfunded commitments from the Class A limited partner.

C. *Capitalization.* Applicants must raise the minimum \$20 million in Regulatory Capital by the time the license application is submitted (see section III.D).

1. Capital commitments from limited partners must be made directly to the SBIC (and its parent fund, in the case of a drop-down) with no intermediaries involved.

2. The Early Stage SBIC applicant must have the unconditional ability to legally enforce collection of each capital commitment.

3. Capital Certificate. Capital commitments must be documented in the capital certificate (Section M of SBA Form 2182) and comply with the following:

a. A signed Capital Certificate must be submitted with the license application.

b. The only permitted conditions on private capital commitments are:

iii. Receipt of Early Stage SBIC license
iv. Approval of limited partnership agreement.

c. Individual investors must list primary residence address, not a business address.

d. Street addresses are required (no P.O. Box addresses).

4. A dual commitment may be obtained to back up the commitment of

any direct investor in the SBIC who is not an Institutional Investor. SBA will not permit an Early Stage SBIC applicant that is a drop-down to utilize dual commitments.

5. Capital commitments by the principals, general partner, or their affiliates must be payable in cash when called (cannot be satisfied with notes or management fee waivers).

D. General Partner

1. All principals must:

a. Hold direct ownership interests in and be the direct individual managers of the general partner, with no intervening entities.

b. Receive carried interest directly from the general partner; for drop-down SBICs, carried interest may be received from the parent fund's general partner.

2. A maximum of 25% of the carried interest may be allocated to non-principals.

3. Any provision to remove or terminate a principal must be spelled out within the general partner's organizational document and must not be tied to events occurring under other agreements (e.g., a principal's employment agreement with the management company).

E. *Investment Advisor* ("Management Company"). Ownership of the Management Company that is highly disproportionate to the ownership of the general partner (e.g., one principal is the 100% owner) is not viewed favorably by SBA, but may be acceptable if there are adequate checks and balances on the powers of the dominant owner. Areas that cannot be subject to unilateral decision-making include the following:

1. Power to remove or terminate other principals.

2. Power to change the composition of the Early Stage SBIC's investment committee.

V. Early Stage SBIC Licensing Evaluation Criteria

A. *General Criteria*. SBA will evaluate an Early Stage SBIC license applicant based on the submitted application materials, Investment Committee interviews with the applicant's management team, and the results of background investigations, public record searches, and other due diligence conducted by SBA and other Federal agencies. SBA will evaluate an Early Stage SBIC license applicant based on the same factors applicable to other license applicants, as set forth in 13 CFR 107.305, with particular emphasis on managers' skills and experience in evaluating and investing in early stage companies. As discussed in the Final Rule, evaluation criteria fall into 4 areas:

(A) Management Team; (B) Track Record; (C) Proposed Investment Strategy; and (D) Organizational Structure and Fund Economics. You should review these regulations prior to completing your MAQ.

B. *Managing SBA Leverage*. SBA will pay particular attention to how a team's investment strategy works with proposed SBA leverage. Early Stage Debenture leverage either requires a 5 year interest and annual charge reserve from the date of issue or is structured with an original issue discount that covers the interest and annual charges for the first 5 years. In either case, Early Stage SBICs must identify how quarterly interest payments beginning in the 6th year from Debenture issue will be met. Sources of liquidity to make interest payments may include (a) private capital; (b) realizations; or (c) current income. As part of your plan of operations, you should carefully consider how your investment strategy will work with SBA leverage and make appropriate suggestions to manage risk. Risk mitigation strategies might include making some investments in current pay instruments; taking down less than a full tier of leverage, (i.e., leverage less than 100% of Regulatory Capital); taking leverage down later in the fund's life; lowering management expenses; and reserving more private capital. The strategies you choose to employ should be appropriate for your management team's track record and investment strategy.

C. *SBA Diversification Rights*. Per § 107.320, SBA reserves the right to maintain diversification among Early Stage SBICs with respect to (i) the year in which they commence operations ("vintage year") and (ii) geographic location.

1. *Vintage Year Diversification*. Vintage year has a major impact on the return expectations of a fund and excessive concentration in a single year could substantially increase program risk. Therefore, SBA reserves the right, when licensing Early Stage SBICs, to maintain diversification across vintage years. SBA believes that it will be able to manage vintage year diversification through its call process. For example, if SBA approves a significant number of Green Lights in FY 2012, it may not hold a call in FY 2013. This will also help facilitate the allocation of early stage debenture leverage. As such, potential applicants should not assume that SBA will hold calls for new MAQs each year. SBA will announce all new calls through the **Federal Register**.

2. *Geographic Diversification*. All Early Stage SBICs must first meet SBA's basic licensing criteria. After those

criteria are met, SBA reserves the right to maintain diversification among Early Stage SBICs with respect to where the Early Stage SBIC expects to invest.

Sean Greene,

Associate Administrator for Investment and Special Advisor for Innovation.

[FR Doc. 2012-10412 Filed 4-30-12; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

SBA Council on Underserved Communities

AGENCY: U.S. Small Business Administration.

ACTION: Notice of open Federal advisory committee meeting.

SUMMARY: The SBA is issuing this notice to announce the location, date, time, and agenda for the first meeting of the SBA Council on Underserved Communities Advisory Council. The meeting will be open to the public.

DATES: The meeting will be held on Monday, May 7 from 1 to 5 p.m. Central Time Zone.

ADDRESSES: The meeting will be held at the SBA Kansas City District Office located at 1000 Walnut Street, Suite 500, Kansas City, MO 64106.

SUPPLEMENTARY INFORMATION: Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (5 U.S.C., Appendix 2), SBA announces the meeting of the SBA Council on Underserved Communities. The SBA Council on Underserved Communities is tasked with providing advice, ideas and opinions on SBA programs and services and issues of interest to small businesses in underserved communities.

The purpose of the meeting is to discuss with the council the current status of small business across the United States and to discuss the agency's programs and initiatives especially in regards to underserved communities. The agenda includes an update of SBA's most recent programs and initiatives from Deputy Administrator Marie Johns as well as a meeting open to the public to hear from the members of the council.

FOR FURTHER INFORMATION CONTACT: The meeting is open to the public however advance notice of attendance is requested. Anyone wishing to attend and/or make a presentation to the SBA Council on Underserved Communities should please contact Nicole Nelson by May 3rd 2010, by fax or email in order to be placed on the agenda.