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DCA Capital Partners launches new private equity fund



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DCA Capital Partners launched a new private equity fund, which will look for investments in the range of about \$3 million to \$10 million. It also can make investments as small as \$1 million and the fund can also much larger investments with partners.

In its previous fund, DCA invested in seven companies. It makes equity investments and usually gets its investment back when the company sells. It has had exits from four of the seven investments in its previous fund, and the investments in which it is still active are still very promising, said Curt Rocca, partner at DCA.

The Roseville-based fund looks for companies with at least \$10 million in revenue that are looking for growth capital. Like its first fund, the second fund targets companies in growing markets that have a sustaining advantage in their market and that have a talented executive team, Rocca said.

In DCA's previous fund, one of its largest deals was leading a \$54 million recapitalization investment into Superior Vision. DCA made led the first investment into the company in February 2007.

In December, Superior Vision merged with Maryland-based Block Vision. Financial terms of that deal were not released.

DCA's portfolio companies either are sold, merged or invested in by even larger strategic investors, which is how DCA exits the deal and pays its investors. DCA doesn't do hostile takeovers, Rocca said. "We generally partner with people who have a five-year exit horizon. There is an alignment of interests from the beginning, and that avoids a lot of conflict at the back end."

DCA's previous fund was a 2005 vintage, and compared with the funds launched at that time, DCA's performance is in the top quartile, Rocca said. The fund doesn't give out specific financial metrics. That first fund invested in companies in the Sacramento region, Arizona and Nevada from about 2005 to 2007, which were among the region's hardest hit by the housing collapse and recession.

“We were staring into the barrel of the cannon for a couple of years,” Rocca said.

“We are exceptionally proud of the results we were able to achieve in our first fund — especially given the timing,” said Steve Mills, general partner of DCA Capital Partners. “It was this strong performance that allowed us to successfully launch our second fund. We are even more bullish about the returns we see possible with this new fund.”

One of the strengths DCA brings to companies is active consulting and monitoring, Mills said.

The first fund closed at \$12 million of investment money, which DCA can leverage to much larger investment placements with other investors and sources of financing. The goal for the second fund is an investment pool of \$25 million or more, Rocca said.

DCA invests in a variety of industries, including software, retail, medical and others. It does not invest in real estate, farming or mining, but it can invest in companies that serve those industries.

Investors into the first and now this second fund are high-net-worth people, mostly from the Sacramento area, Rocca said. Many of the investors on the second fund were investors in the first fund.